



**Murray
& Roberts**

2019 ANNUAL RESULTS

FOR THE
12 MONTHS ENDED
30 JUNE 2019

“During the past year, the Group further diversified its market positioning through strategic acquisitions in each of the three business platforms, which will strengthen its earnings potential and resilience against market volatility.”



SALIENT FEATURES

Strong quality order book of **R46,8 billion** and near orders of R14,4 billion. The order book includes several multi-year contracts.

Four new businesses acquired (one post-year-end) and strategic joint venture established for a total consideration of **R0,8 billion.**

Outstanding safety performance in the year. No fatal incidents and the lost-time injury frequency rate ("LTIFR") improved to 0,71 (FY2018: 0,86).

FINANCIAL RESULTS

R20,2 billion

Revenue from continuing operations decreased by 7%

(FY2018: R21,8 billion)

R337 million

Attributable earnings increased by 26%

(FY2018: R267 million)

101 cents

Diluted continuing HEPS decreased by 10%

(FY2018: 112 cents)

55 cents

Increased gross annual dividend of 55 cents per ordinary share

(FY2018: 50 cents)

R1,8 billion

Cash, net of debt, decreased to R1,8 billion

(30 June 2018: R2 billion)

Record earnings

delivered by the Underground Mining platform.

Prudent level of gearing and a **robust** cash position.

**Murray
& Roberts**

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



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STAKEHOLDER REPORT FOR THE YEAR ENDED 30 JUNE 2019[#]

The implementation of the Group's strategy as a multinational provider of specialised engineering and construction services, primarily in the metals and minerals, oil and gas & power and water market sectors, is showing strong delivery.

With a quality order book approaching record levels, a prudent level of gearing and robust cash position, the Group is well positioned to pursue its growth plans and the prospects for an improvement in earnings in the near term is encouraging. Furthermore, the Group maintained annual dividend payments for the past five years and is intent to be consistent in this regard going forward.

The Group's focus on *Engineered Excellence*, underpinned by continuous improvement and innovative approaches, will be the bedrock of its competitiveness, resilience and reputation – the cornerstones of sustainable value creation. Recognition for expert knowledge and competitive edge is the differentiation the Group is working towards in all its business platforms.

STRATEGIC FLEXIBILITY – ACQUISITIVE ACCELERATION SUPPORTING ORGANIC GROWTH

During the year, the Group further diversified its market positioning in each of the three business platforms, which will strengthen its earnings potential and resilience against market volatility. These businesses have increased the Group's exposure to the natural resources market sectors in selected geographic regions, and to the different phases of the engineering and construction project lifecycle:

- A strategic milestone in the internationalisation of the Oil & Gas platform, was the acquisition of Saulsbury's Gulf Coast Houston based downstream and chemical petrochemical engineering, procurement and construction ("EPC") business, rebranded as Clough USA. Post year-end, this business secured a R9,4 billion EPC project in the USA.
- The Underground Mining platform acquired Terra Nova Technologies ("TNT") in the USA, an international provider of underground and aboveground material handling solutions for mines. TNT adds a new capability to the platform's service offering, diversifying its revenue and risk profile.
- The Underground Mining platform established a 49% shareholding in the Boipelo joint venture, a business providing contract mining services to coal mine owners in South Africa. This further diversifies the platform's contract mining exposure.
- In Australia, the Underground Mining platform acquired a 30% stake in Insig Technologies, a specialist in the application of automation technology. This partnership is expected to provide significant competitive advantage in the platform's contract mining operations, especially in reducing safety risk and improving productivity.
- The acquisition of OptiPower Projects, with effect 1 July 2019, has given the Power & Water platform the capability to undertake work in the transmission, distribution and substation sub-sectors of the power market, with substantial growth potential in these segments in the next few years in both South Africa and sub-Saharan Africa.

FINANCIAL REPORT

FINANCIAL RESULTS

Revenue from continuing operations decreased by 7% to R20,2 billion (FY2018: R21,8 billion). Attributable earnings increased by 26% to R337 million (FY2018: R267 million). Diluted continuing headline earnings per share ("HEPS") decreased by 10% to 101 cents (FY2018: 112 cents). Cash, net of debt, marginally decreased to R1,8 billion (30 June 2018: R2 billion), buoyed by circa R1 billion of project advance payments, partly offset by acquisitions of R0,8 billion. The order book for continuing operations increased by 55% to R46,8 billion (FY2018: R30,1 billion).

Capital expenditure for the year under review was R816 million (FY2018: R436 million), predominantly in the Underground Mining platform, of which R775 million (FY2018: R358 million) was for expansion and R41 million (FY2018: R78 million) for replacement.

The effective taxation rate of 40% (FY2018: 36%) is high, mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in jurisdictions where a deferred tax asset cannot be recognised.

DIVIDEND

The Board of directors of the Company ("Board") reconsidered the Company's dividend policy and decided to maintain a stable annual dividend. This annual dividend will be subject to the Group's financial position and market circumstances and may be supplemented from time-to-time with a special dividend.

Considering the Group's strong cash position, the Board resolved to increase the gross annual dividend for the year under review to 55 cents per ordinary share (FY2018: 50 cents). The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 44 cents per share to those shareholders who are not exempt from paying tax on dividends. The dividend has been declared out of income reserves.

The number of shares in issue as at the date of this declaration is 444 736 118 and the Company's tax reference number is 9000203712.

The relevant dates are:

Event	Date
Last day to trade cum-dividend	Tuesday, 1 October 2019
Shares to commence trading ex-dividend	Wednesday, 2 October 2019
Record date (date shareholders recorded in books)	Friday, 4 October 2019
Payment date	Monday, 7 October 2019

No share certificates may be dematerialised or rematerialised between Wednesday, 2 October 2019 and Friday, 4 October 2019, both dates inclusive.

On Monday, 7 October 2019, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. No dividend will be paid to shareholders who have not provided their banking details to the transfer secretary (Link Market Services South Africa Proprietary Limited). Accordingly, for non-compliant shareholders, their cash dividend will remain unpaid until such time as they have provided relevant banking details to the transfer secretary. No interest will be paid on unpaid dividends.

Shareholders who hold their shares in dematerialised form will have their accounts held by the Central Securities Depository Participant or broker credited with their dividend on Monday, 7 October 2019.

OPERATIONAL REPORT

ORDER BOOK, NEAR ORDERS AND PROJECT PIPELINE

The Group reported a significantly increased order book and substantial near orders. The order book includes several multi-year contracts. Strong growth has been recorded in the Oil & Gas platform order book and there is opportunity for both the Oil & Gas and Underground Mining platforms to further grow their order books. The lower and declining order book in the Power & Water platform is reflective of the Medupi and Kusile projects nearing completion and prevailing market conditions in South Africa. The Oil & Gas platform's order book and Category 1 pipeline opportunities are encouraging and reflective of the success of the platform's strategy of domestic diversification and international oil and gas. Subsequent to year-end, the Oil & Gas platform secured the R8,7 billion project recorded as near orders in the table below:

R billions	Pipeline				
	Order book	Near orders	Category 1	Category 2	Category 3
Oil & Gas	23,1	8,7	158,2	12,7	238,3
Underground Mining	22,8	5,2	36,7	48,4	32,7
Power & Water	0,9	0,5	5,5	12,1	23,2
30 June 2019 totals	46,8	14,4	200,4	73,2	294,2
30 June 2018 totals	30,1	7,9	63,8	125,9	417,4

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

OIL & GAS PLATFORM

R millions	Engineering		Construction		Global Marine		Commissioning & maintenance		Corporate & other		Total	
June	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	910	971	2 995	504	–	–	2 496	6 894	327	173	6 728	8 542
Operating profit/(loss)	28	77	(190)	4	(44)	(26)	468	466	(360)	(312)	(98)	209
Margin (%)	3%	8%	(6%)	1%	–	–	19%	7%	–	–	(1%)	2%
Order book	557	639	21 652	3 552	–	–	853	2 245	–	–	23 062	6 436
Segment assets											3 220	2 808
Segment liabilities											3 811	2 334
LTIFR (fatalities)											0,17(0)	0,14(0)

Revenue decreased to R6,7 billion (FY2018: R8,5 billion) as projects were completed during the year and securing replacement work was delayed. In a competitive market with pressure on margins, the platform recorded an operating loss of R98 million (FY2018: R209 million operating profit). The loss is primarily due to a delay in the progressing and awarding of new projects resulting in insufficient project earnings to cover overhead costs, and losses incurred on two, now largely completed projects. The order book increased significantly to R23,1 billion (FY2018: R6,4 billion). The increase follows the award of several projects in recent months, including Clough's R18,6 billion share of the Snowy Hydro project. Considering the large and growing order book, the platform is expected to return to profitability in FY2020 and to grow earnings steadily thereafter.

The Oil & Gas platform strategy of domestic diversification and international oil and gas, is now embedded in the business and is delivering positive results in the Australian infrastructure and mining markets, and further, there are early signs of a medium-term recovery in the oil and gas markets.

The International Energy Agency expects a 10% rise in oil consumption, mainly for petrochemicals, and demand for natural gas to grow sharply by 45% in the next decade. Natural gas is forecast to surpass coal to become the second-largest source of fuel worldwide by 2030. Demand for new capacity in North America is expected to result in high capital expenditure growth, which bodes well for Clough USA as demonstrated by the post year-end award of a R9,4 billion petrochemical EPC project.

The platform is targeting oil and gas projects in Australia, Canada, USA, Mozambique, Kazakhstan and Papua New Guinea, with meaningful growth anticipated in the medium term.

UNDERGROUND MINING PLATFORM

R millions	Africa		Australasia		The Americas		Total	
June	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	2 853	3 524	3 148	1 779	4 860	2 701	10 861	8 004
Operating profit	239	215	253	109	322	147	814	471
Margin (%)	8%	6%	8%	6%	7%	5%	7%	6%
Order book	13 812	10 738	3 391	4 799	5 613	6 533	22 816	22 070
Segment assets	1 085	879	1 715	1 167	2 780	1 711	5 580	3 757
Segment liabilities	1 150	1 007	978	484	1 406	504	3 534	1 995
LTIFR (fatalities)	1,73(0)	1,75(0)	0,21(0)	1,49(0)	0,87(0)	3,0(0)	1,08(0)	1,89(0)

The platform delivered an outstanding result in a buoyant market for underground mining services. Revenue increased to R10,9 billion (FY2018: R8,0 billion) and operating profit reached a record R814 million (FY2018: R471 million). The order book increased marginally to R22,8 billion (FY2018: R22,1 billion).

As one of the largest underground mining contractors in the world, the platform has significant market share in its targeted mining jurisdictions. Commodity prices have generally been stable in the last two years resulting in greatly improved balance sheets of many mining companies. Although a few greenfields projects have come to market, many mining houses have mainly invested in brownfields projects extending the capacity and lives of existing mines.

In the context of a recovery in commodity markets, the platform has done well to capitalise fully on its growth potential, substantially growing its regional market shares.

Capital expenditure in the mining and mining services markets is expected to level off over the next three years. Although the Group believes there is still considerable opportunity for the Underground Mining platform, it expects earnings to show measured growth from current levels. Accelerating innovation is a key strategic theme for the platform to ensure that it stays ahead of its competition and retains its leading position as a global provider of underground mining services.

POWER & WATER PLATFORM

R millions	Power ¹		Water		O&G and R&I		Electrical & Instrumentation		Corporate & other		Total	
June	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	2 025	4 180	21	95	434	412	37	138	–	4	2 517	4 829
Operating profit/(loss)	228	287	(21)	(8)	(143)	(87)	(5)	32	(91)	(90)	(32)	134
Margin (%)	11%	7%	(100%)	(8%)	(33%)	(21%)	(14%)	23%	–	–	(1%)	3%
Order book	419	1 278	–	–	511	188	5	13	–	–	935	1 479
Segment assets											709	1 292
Segment liabilities											937	956
LTIFR (fatalities)											0,40(0)	0,12(0)

¹ All power sector projects, including Power Programme (Medupi & Kusile)

Revenue and order book decreased to R2,5 billion (FY2018: R4,8 billion) and R0,9 billion (FY2018: R1,5 billion) respectively. The platform recorded an operating loss of R32 million (FY2018: R134 million operating profit). The loss is due to reducing levels of revenue with limited new project opportunities in South Africa, as well as a loss incurred on a project for Sasol, which is in dispute.

Strategically, the platform has taken all the right steps to position it well for the future, but there is a lack of project opportunity in the African power and water sectors. The platform is targeting maintenance contracts from Eskom for its aging fleet of power stations. Furthermore, investment in renewable energy and in new fuel storage terminals should also provide complementary market opportunities.

Substantial investment in the short to medium term is expected in the transmission and distribution sub-sector of the power market, for which the recently acquired OptiPower Projects is well positioned. Notwithstanding the ailing water infrastructure in South Africa, investment in the water sector remains very low with few project opportunities coming to market.

Given the depressed state of the African power and water sectors, the platform has also extended its service offering to complementary markets, including petrochemicals, metals and minerals, and paper and pulp.

The commercial close-out on the Medupi and Kusile power projects is likely to be complicated and protracted. However, the accounting position on these projects is considered to be prudent and risk provisions are adequate.

The sustainability of this platform is dependent on the level of investment in the South African economy, which has been disappointing in recent years. The Group expects the platform to return to profitability in the medium term.

INVESTMENTS

R millions	Bombela Investments		Middle East		Total	
June	2019	2018	2019	2018	2019	2018
Revenue	–	–	54	468	54	468
Operating profit/(loss)	306	277	(56)	(34)	250	243
Order book	–	–	–	141	–	141
Segment assets	1 441	1 379	999	1 682	2 440	3 061
Segment liabilities	379	36	1 168	1 290	1 547	1 326

The Group's investment in the Bombela Concession Company yielded earnings of R306 million (FY2018: R277 million).

MIDDLE EAST BUSINESS

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year and the business recorded an operating loss of R56 million (FY2018: R34 million operating loss), primarily due to ongoing legal costs and a small overhead cost. Going forward, the business in the Middle East is expected to be accounted for as a discontinued operation.

Unfortunately, the arbitration outcome of the Dubai Airport claim was inconclusive and the claims and counter claims will have to be finally settled by agreement between the parties. Current deliberations with our legal team are focused on defining the best possible way forward in determining the final account for this project.

DISCONTINUED OPERATIONS

R millions	I&B businesses and other ²		Clough Properties		Genrec Engineering		Total	
June	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	–	269	23	3	68	253	91	525
Operating loss	(60)	(143)	(8)	(2)	(22)	(128)	(90)	(273)

² Includes Construction Products Africa.

The operating loss from discontinued operations for the year was R90 million (FY2018: R273 million) and mainly relates to final costs associated with the disposal of Genrec and the infrastructure and buildings businesses.

UPDATE ON THE GROUP'S CLAIMS PROCESSES

Uncertified revenue decreased to R0,7 billion (FY2018: R1,3 billion). This reduction includes an adjustment following the implementation of the new revenue accounting standard, IFRS 15. In terms of IFRS 15, revenue can only be recognised to the extent that it is "highly probable" that a significant reversal will not occur in future. This new standard increases the threshold

for revenue recognition, as the previous threshold was "probable". The Group remains confident that all revenue recorded as uncertified will be certified and paid once attendant commercial matters have been resolved.

HEALTH AND SAFETY

The Group achieved an outstanding safety performance in the year. No fatal incidents were suffered and the LTIFR remains at an industry leading level of 0.71 (FY2018: 0.86). This outcome was achieved across a global project portfolio of more than 100 projects.

GRAYSTON TEMPORARY WORKS COLLAPSE – UPDATE

The inquiry established by the Department of Labour into the tragedy that occurred in October 2015 at the Grayston Pedestrian Bridge project in Sandton, Johannesburg has been concluded, however, the findings have not yet been made available.

PROSPECTS STATEMENT

Implementation of the *New Strategic Future* plan gathered momentum in the year, with the Group's business platforms making headway in consolidating their strategic positions, competitive advantages and growth prospects. A strong, quality order book of R46,8 billion and near orders of R14,4 billion underscores the Board's confidence that the Group's strategy is starting to yield the planned outcomes.

The Group is in a strong cash position and debt is within its targeted range. The Group's financial position, even after a number of years of subdued profits, is robust and sufficient to fund its organic and acquisitive growth plans.

The prospects for an improvement in operational performance are encouraging and the Group remains optimistic about the longer-term outlook for natural resources markets.

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

INDEPENDENT BOARD UPDATE ON THE MANDATORY OFFER BY ATON GMBH ("ATON")

Implementation of ATON's mandatory offer ("Mandatory Offer") to acquire up to 100% of the issued ordinary shares of Murray & Roberts, not already owned by ATON ("Merger"), remains subject to certain suspensive conditions, specifically receipt of the required regulatory approvals. Shareholders are referred to the various announcements released on SENS between 19 July and 6 August 2019.

The Competition Commission of South Africa ("Commission") and the Competition Tribunal ("Tribunal") are independent institutions that investigate and adjudicate mergers, taking into consideration a multitude of factors, including the views of customers and competitors of the entities seeking merger approval.

On Friday, 19 July 2019, the Commission recommended that the Merger be prohibited ("Recommendation") and ATON has followed its right to contest the Recommendation. A pre-hearing conference was held on Tuesday, 6 August 2019, at which a timetable was settled for contested proceedings to be conducted before the Tribunal. The hearing of the matter has been set down from Monday, 9 December 2019 until Friday, 13 December 2019 and Monday, 20 January 2020 to Tuesday, 28 January 2020. The Group has received the expanded report from the Commission regarding its Recommendation and the contents thereof are only available to the affected parties at this stage. The Independent Board will continue to engage with regulators on a factual and objective basis until the conclusion of the process.

Shareholders are reminded that ATON's cash offer price of ZAR17.00 per Murray & Roberts' ordinary share is below the independent board's ("Independent Board") fair value price range for securing control of the Company, of between ZAR20.00 and ZAR22.00 per share. In June 2019, the Independent Board refreshed its valuation, taking into account the latest market developments and maintained its view of the fair value price range.

The Independent Board will update shareholders as and when required. It accepts responsibility for the information contained in this update and certifies that, to the best of the knowledge and belief of its members, the information contained in this announcement is true and nothing has been omitted which is likely to affect the accuracy and relevance of the information.

On behalf of the directors:

Suresh Kana	Henry Laas	Daniël Grobler
<i>Chairman of the Board</i>	<i>Group Chief Executive</i>	<i>Group Financial Director</i>

Bedfordview

28 August 2019

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MURRAY & ROBERTS HOLDINGS LIMITED REGISTRATION NO.

1948/029826/06

DIRECTORS

SP Kana* (*Chairman*) HJ Laas (*Managing & Chief Executive*)
DF Grobler R Havenstein* NB Langa-Royds* AK Maditsi*
TE Mashilwane* XH Mkhwanazi* DC Radley* KW Spence*^

SECRETARY

L Kok

^ Australian

* Independent non-executive

* The operating performance information disclosed has been extracted from the Group's operational reporting systems. The Corporate & Properties segment has been excluded from the operational narrative. Unless otherwise noted, all comparisons are to the Group's performance as at and for the 12 months ended 30 June 2018.

DISCLAIMER

This announcement includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; and the Group's liquidity and capital resources and expenditure. These forward-looking statements speak only as of the date of this announcement and are not based on historical facts, but rather reflect the Group's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this announcement or to reflect the occurrence of any unexpected events. Neither the content of the Group's website, nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this announcement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2019

	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
R millions		
<i>Continuing operations</i>		
Revenue	20 167	21 847
– Continuing operations excluding Middle East	20 113	21 379
– Middle East	54	468
Profit before interest, depreciation and amortisation	1 268	1 331
Depreciation	(418)	(429)
Amortisation of intangible assets	(59)	(38)
Profit before interest and taxation (note 2)	791	864
– Continuing operations excluding Middle East	847	898
– Middle East	(56)	(34)
Net interest expense	(53)	(41)
Profit before taxation	738	823
Taxation	(297)	(298)
Profit after taxation	441	525
(Loss)/income from equity accounted investments	(4)	21
Profit from continuing operations	437	546
Loss from discontinued operations (note 3)	(91)	(278)
Profit for the period	346	268
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	337	267
– Non-controlling interests	9	1
	346	268
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	83	66
– Basic	85	67
Earnings per share from continuing operations (cents)		
– Diluted	105	134
– Basic	108	137
Supplementary information		
Net asset value per share (Rands)	13	15
Dividends per share (cents)	55	50
Number of ordinary shares in issue ('000)	444 736	444 736
Reconciliation of weighted average number of shares in issue ('000)		
Weighted average number of ordinary shares in issue	444 736	444 736
Less: Weighted average number of shares held by The Murray & Roberts Trust	–	(5)
Less: Weighted average number of shares held by the Letsema BBEE trusts	(31 696)	(31 696)
Less: Weighted average number of shares held by the subsidiary companies	(15 564)	(14 893)
Weighted average number of shares used for basic per share calculation	397 476	398 142
Add: Dilutive adjustment	8 485	7 803
Weighted average number of shares used for diluted per share calculation	405 961	405 945
Earnings per share from continuing operations (cents)		
– Diluted	105	134
– Adjusted diluted earnings per share excluding Middle East	118	142
– Diluted earnings per share contributed by Middle East	(13)	(8)
– Basic	108	137
– Adjusted basic earnings per share excluding Middle East	121	145
– Basic earnings per share contributed by Middle East	(13)	(8)
Headline earnings per share from continuing and discontinued operations (cents) (note 4)		
– Diluted	78	46
– Basic	80	47
Headline earnings per share from continuing operations (cents) (note 4)		
– Diluted	101	112
– Adjusted diluted headline earnings per share excluding Middle East	114	120
– Diluted headline earnings per share contributed by Middle East	(13)	(8)
– Basic	103	114
– Adjusted basic headline earnings per share excluding Middle East	116	122
– Basic headline earnings per share contributed by Middle East	(13)	(8)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
R millions		
Profit for the period	346	268
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Effects of remeasurements on retirement benefit obligations (net of tax)	(3)	3
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Exchange (losses)/gains on translating foreign operations and realisation of reserve	(28)	96
Total comprehensive income for the period	315	367
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	305	363
– Non-controlling interests	10	4
	315	367

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019

	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
R millions		
ASSETS		
Non-current assets	5 685	5 253
Property, plant and equipment	2 203	1 996
Investment property	–	–
Goodwill (note 5)	916	616
Deferred taxation assets	422	385
Investments in associate companies	5	3
Investment in joint ventures	111	72
Amounts due from contract customers (note 6)	–	568
Other non-current assets	2 028	1 613
Current assets	10 632	8 982
Inventories	337	279
Trade and other receivables	1 669	1 076
Amounts due from contract customers (note 6)	5 157	5 089
Current taxation assets	14	74
Cash and cash equivalents	3 455	2 464
Assets classified as held for sale	21	51
Total assets	16 338	14 286
EQUITY AND LIABILITIES		
Total equity	5 751	6 744
Attributable to owners of Murray & Roberts Holdings Limited	5 717	6 696
Non-controlling interests	34	48
Non-current liabilities	1 423	505
Long-term liabilities ³	1 127	147
Long-term provisions	80	126
Deferred taxation liabilities	74	75
Other non-current liabilities	142	157
Current liabilities	9 164	7 037
Amounts due to contract customers (note 6)	2 820	1 527
Trade and other payables	5 677	5 102
Current taxation liabilities	135	63
Bank overdrafts ³	36	111
Short-term liabilities ³	496	234
Liabilities classified as held for sale	–	–
Total equity and liabilities	16 338	14 286

³ Interest-bearing borrowings.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

R millions	Stated capital	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2017 (Audited)	2 566	997	2 978	6 541	64	6 605
Total comprehensive income for the year	–	96	267	363	4	367
Treasury shares disposed (net)	25	–	–	25	–	25
Recognition of share-based payment	–	22	–	22	–	22
Utilisation of share-based payment reserve	–	(55)	–	(55)	–	(55)
Transfer to retained earnings	–	(1)	1	–	–	–
Dividends declared and paid	–	–	(200)	(200)	–	(200)
Repayment of equity loans from non-controlling interests	–	–	–	–	(20)	(20)
Balance at 30 June 2018 (Audited)	2 591	1 059	3 046	6 696	48	6 744
Impact of IFRS 9 adjustment	–	–	(9)	(9)	–	(9)
Impact of IFRS 15 adjustment	–	–	(1 072)	(1 072)	(24)	(1 096)
Balance at 1 July 2018 (Restated)	2 591	1 059	1 965	5 615	24	5 639
Total comprehensive (loss)/income for the year	–	(32)	337	305	10	315
Treasury shares disposed (net)	3	–	–	3	–	3
Recognition of share-based payment	–	32	–	32	–	32
Utilisation of share-based payment reserve	–	(32)	–	(32)	–	(32)
Transfer to retained earnings	–	(1)	1	–	–	–
Dividends declared and paid	–	–	(206)	(206)	–	(206)
Balance at 30 June 2019 (Reviewed)	2 594	1 026	2 097	5 717	34	5 751

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

R millions	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
Cash generated by operations	1 563	934
Interest received	74	66
Interest paid	(120)	(112)
Taxation paid	(206)	(174)
Operating cash flow	1 311	714
Dividends paid	(206)	(200)
Net cash inflow from operating activities	1 105	514
Dividends received from associate companies	–	20
Purchase of intangible assets other than goodwill	(50)	(13)
Purchase of property, plant and equipment by entities classified as held for sale	–	(1)
Purchase of property, plant and equipment	(142)	(311)
– Replacements	(41)	(78)
– Expansions	(775)	(358)
– Capitalised finance leases raised (non-cash)	674	125
Proceeds on disposal of property, plant and equipment	208	116
Acquisition of businesses	(665)	–
Acquisition of associate	(2)	–
Net inflow on disposal of business	–	40
Proceeds on disposal of investment in associate	–	87
Cash related to assets held for sale	–	2
Proceeds from realisation of investment	184	220
Purchase of additional investment	–	(358)
Other (net)	(2)	(2)
Net cash outflow from investing activities	(469)	(200)
Net movement in borrowings	550	(217)
Net acquisition of treasury shares	(36)	(29)
Net cash inflow/(outflow) from financing activities	514	(246)
Total increase in net cash and cash equivalents	1 150	68
Net cash and cash equivalents at beginning of period	2 353	2 253
Effect of foreign exchange rates	(84)	32
Net cash and cash equivalents at end of period	3 419	2 353
Net cash and cash equivalents comprises:		
Cash and cash equivalents	3 455	2 464
Bank overdrafts	(36)	(111)
Net cash and cash equivalents at end of period	3 419	2 353

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the year ended 30 June 2019

R millions	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
Revenue⁴		
Bombela & Middle East	54	468
Power & Water	2 517	4 829
Underground Mining	10 861	8 004
Oil & Gas	6 728	8 542
Corporate & Properties	7	4
Continuing operations	20 167	21 847
Discontinued operations	91	525
	20 258	22 372
<i>Continuing operations</i>		
Profit/(loss) before interest and taxation⁵		
Bombela & Middle East	250	243
Power & Water	(32)	134
Underground Mining	814	471
Oil & Gas	(98)	209
Corporate & Properties	(143)	(193)
Profit before interest and taxation	791	864
Net interest expense	(53)	(41)
Profit before taxation	738	823
<i>Discontinued operations</i>		
Loss before interest and taxation⁵	(90)	(273)
Net interest expense	(3)	(5)
Loss before taxation	(93)	(278)

⁴ Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R192 million (FY2018: R126 million).

⁵ The chief operating decision maker utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

SEGMENTAL ASSETS (CONTINUING & DISCONTINUED)

at 30 June 2019

R millions	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
Bombela & Middle East	2 440	3 061
Power & Water	709	1 292
Underground Mining	5 580	3 757
Oil & Gas	3 220	2 808
Corporate & Properties ⁶	428	324
Continuing operations	12 377	11 242
Discontinued operations ⁷	70	121
	12 447	11 363
Reconciliation of segmental assets		
Total assets	16 338	14 286
Deferred taxation assets	(422)	(385)
Current taxation assets	(14)	(74)
Cash and cash equivalents	(3 455)	(2 464)
	12 447	11 363

SEGMENTAL LIABILITIES (CONTINUING & DISCONTINUED)

at 30 June 2019

R millions	Reviewed Annual 30 June 2019	Audited Annual 30 June 2018
Bombela & Middle East	1 547	1 326
Power & Water	937	956
Underground Mining	3 534	1 995
Oil & Gas	3 811	2 334
Corporate & Properties ⁶	352	460
Continuing operations	10 181	7 071
Discontinued operations ⁷	161	222
	10 342	7 293
Reconciliation of segmental liabilities		
Total liabilities	10 587	7 542
Deferred taxation liabilities	(74)	(75)
Current taxation liabilities	(135)	(63)
Bank overdrafts	(36)	(111)
	10 342	7 293

⁶ Corporate segmental assets and liabilities include the inter-segment eliminations of group balances and transactions.

⁷ Discontinued operations includes final costs associated with the disposal of Genrec and the infrastructure and buildings businesses.

NOTES

1. BASIS OF PREPARATION

The Group operates in the mining, oil & gas and power & 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 provisional condensed consolidated financial statements for the year ended 30 June 2019 have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the minimum requirements of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008 ("Act"). These provisional condensed consolidated financial statements were compiled under the supervision of DF Grobler (CA)SA, Group financial director.

The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited consolidated financial statements for the year ended 30 June 2018 except that IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) have been implemented in the current financial year. Refer to note 10 for further details.

Deloitte and Touche have issued an unmodified review conclusion on the provisional condensed consolidated financial statements. A copy of their review report on the provisional condensed consolidated financial statements is available for inspection at the Company's registered office. The Stakeholder Report and any reference to future financial performance included in this announcement have not been audited or reviewed and reported on by the Group's external auditors. The auditor's review report does not necessarily report on all of the information contained in this announcement. 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 that report together with the accompanying financial information from the issuer's registered office.

The information presented in the notes below represent audited results for 30 June 2018 and reviewed results for 30 June 2019.

2. PROFIT BEFORE INTEREST AND TAXATION

R millions	30 June 2019	30 June 2018
Items by function		
Cost of sales	(17 924)	(19 597)
Distribution and marketing expenses	(15)	(13)
Administration costs	(2 135)	(1 984)
Other operating income	698	611

3. LOSS FROM DISCONTINUED OPERATIONS

Discontinued operations includes the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. These operations met the requirements in terms of IFRS 5 Discontinued Operations and have been presented as discontinued operations in the Group's statement of financial performance.

3.1 LOSS FROM DISCONTINUED OPERATIONS

R millions	30 June 2019	30 June 2018
Revenue	91	525
Loss before interest, depreciation and amortisation	(90)	(273)
Depreciation and amortisation	–	–
Loss before interest and taxation (note 3.2)	(90)	(273)
Net interest expense	(3)	(5)
Loss before taxation	(93)	(278)
Taxation credit	2	–
Loss after taxation	(91)	(278)
Income from equity accounted investments	–	–
Loss from discontinued operations	(91)	(278)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(91)	(278)
– Non-controlling interests	–	–
	(91)	(278)

3.2 LOSS BEFORE INTEREST AND TAXATION

R millions	30 June 2019	30 June 2018
Loss before interest and taxation includes the following significant items:		
Fair value adjustment on disposal group held for sale	–	(13)

3.3 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

R millions	30 June 2019	30 June 2018
Cash flow from operating activities	(12)	(172)
Cash flow from investing activities	1	40
Cash flow from financing activities	–	(2)
Net decrease in cash and cash equivalents	(11)	(134)

4. RECONCILIATION OF HEADLINE EARNINGS

R millions	30 June 2019	30 June 2018
Profit attributable to owners of Murray & Roberts Holdings Limited	337	267
Profit on disposal of property, plant and equipment (net)	(28)	(13)
Profit on disposal of investment in associate	–	(80)
Reversal of impairment of property, plant and equipment (net)	–	(2)
Fair value adjustment on disposal group held for sale	–	13
Taxation effects on adjustments	8	3
Headline earnings	317	188
<i>Adjustments for discontinued operations:</i>		
Loss from discontinued operations	91	278
Fair value adjustment on disposal group held for sale	–	(13)
Taxation effects on adjustments	–	–
Headline earnings from continuing operations	408	453

5. GOODWILL

R millions	30 June 2019	30 June 2018
At beginning of year	616	607
Acquisition of businesses ⁸	307	–
Foreign exchange movements	(7)	9
	916	616

⁸ Acquisition of businesses amount relates to goodwill that has been recognised as part of the acquisition of Terra Nova Technologies ("TNT") (R235,5m) and Salsbury's Gulf Coast downstream and chemical EPC division (R71,9m). Refer to note 11 for further details.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Based on the assessment performed as at 30 June 2019, no impairment was recorded.

6. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

R millions	30 June 2019	30 June 2018
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	1 716	1 796
Uncertified claims and variations less payments received on account of R290 million (FY2018: R288 million)	637	1 292
Amounts receivable on contracts (net of impairment provisions)	2 571	2 386
Retentions receivable (net of impairment provisions)	233	183
	5 157	5 657
Amounts received in excess of work completed	(2 916)	(1 527)
Uncertified claims and variations included in amounts received in excess of work completed	96	–
	2 337	4 130
<i>Disclosed as:</i>		
Amounts due from contract customers – non-current	–	568
Amounts due from contract customers – current	5 157	5 089
Amounts due to contract customers – current	(2 820)	(1 527)
	2 337	4 130

UPDATE ON THE GROUP'S CLAIMS PROCESSES

Uncertified revenue as at the end of the financial year decreased to R0,7 billion (FY2018: R1,3 billion), largely represented by claims on projects in the Middle East and the Power & Water platform. The decrease in uncertified revenue is mainly due to the implementation of IFRS 15. Refer to note 10.1 for further details.

7. 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.

R millions	30 June 2019	30 June 2018
Categories of financial instruments		
Financial assets		
Financial assets measured at fair value through profit or loss (level 3)	1 434	1 308
Amortised cost ⁹	7 715	6 094
Financial liabilities		
Amortised cost ¹⁰	6 503	4 746

⁹ Measurement category under the current IFRS 9. Prior period amount reflects loans and receivables as per IAS 39. Measurement basis has not changed.

¹⁰ Measurement category under the current IFRS 9. Prior period amount reflects loans and payables as per IAS 39. Measurement basis has not changed.

7.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

R millions	30 June 2019	30 June 2018
Investment in infrastructure service concession (level 3) ¹¹		
At beginning of year	1 308	893
Additions	–	357
Realisation of investment	(183)	(220)
Fair value adjustment recognised in the statement of financial performance	309	278
	1 434	1 308

¹¹ In the prior year the Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) Proprietary Limited ("BCC") for an adjusted purchase price of R357 million in December 2017. Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS 28.18 with regards to venture capital organisations or similar entities, as the transaction did not result in a change of control. In December 2018 the additional 17% BCC investment acquired in the prior year was pledged as security to raise funds through the issue of preference shares that bears interest with an all-in rate of 12.61% and is repayable by December 2022.

The fair value of BCC is calculated using discounted cash flow models and a market discount rate of 18% (2018: 18.5%). 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 year. 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 year.

A fair value gain of R55 million (FY2018: R50 million) was recognised following an amendment in the operating company fee structure due to a non-recurring event in each of the respective years which has resulted in a reduction of the fee payable to the operator. The reduction in the operator fee is a cost input in the fair value model which resulted in a corresponding increase in the fair value of the investment.

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 is subject to annual inflationary increases. The contract is subject to review every fifth year where increases of more than inflation are considered.

Operating cost also 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, then the result would be a decrease in the value of the concession investment of R306 million (2018: R301 million).

Revenue based on patronage is underpinned by the Gauteng Province. The Patronage Guarantee is the difference between the Minimum Required Total Revenue ("MTRT") and the Actual Total Revenue ("ATR") in each month. Due to the predictable nature of revenue it is not considered to be a significant unobservable input and therefore no quantitative information is provided. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R42,3 million (2018: R46,2 million).

The above investment is included in other non-current assets on the statement of financial position.

8. NET MOVEMENT IN BORROWINGS

R millions	30 June 2019	30 June 2018
Loans raised	877	59
Loans repaid	(162)	(109)
	715	(50)
Capitalised leases repaid	(165)	(167)
	550	(217)

9. 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 advisers and counsels, believes the claims are predicated on weak and/or spurious grounds, and Murray & Roberts has sound and strong defences, no provision is made for any such claim, and they are aggregated and disclosed as contingent liabilities. The 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.

R millions	30 June 2019	30 June 2018
Operating lease commitments	1 082	1 215
Contingent liabilities	3 490	2 297
Financial institution and Murray & Roberts guarantees granted to third parties	7 644	6 222

UPDATE ON THE GROUP'S CLAIM PROCESSES

Uncertified revenue as at the end of the financial year decreased to R0,7 billion (FY2018: R1,3 billion), largely represented by claims on projects in the Middle East and the Power & Water platform. The decrease in uncertified revenue is mainly due to the implementation of IFRS 15. Refer to note 10.1 for further details.

GRAYSTON TEMPORARY WORKS COLLAPSE – UPDATE

There is still no conclusion to the inquiry into the tragedy that occurred in October 2015 at the Grayston Pedestrian Bridge project in Sandton, Johannesburg. The inquiry established by the Department of Labour to determine the cause or causes of the collapse of the temporary works structure has been concluded, but the findings have not yet been made available to the parties involved.

10. IMPLEMENTATION OF IFRS 15 (REVENUE FROM CONTRACTS WITH CUSTOMERS), IFRS 9 (FINANCIAL INSTRUMENTS) AND IFRS 16 (LEASES)

On 1 July 2018 the Group implemented IFRS 15 and IFRS 9, as these standards are applicable to financial years commencing on or after 1 January 2018.

The Group decided to apply the modified retrospective approach to transition from existing IAS's to IFRS 15 and IFRS 9. Therefore comparatives were not restated. The cumulative effect of initially applying IFRS 15 and IFRS 9 was an adjustment to the opening balance of retained earnings at the date of initial application, being 1 July 2018.

Due to the fact that the modified retrospective approach has been applied for both IFRS 15 and IFRS 9, there is no resultant impact on IAS 33 (Earnings per share).

10.1 IMPLEMENTATION OF IFRS 15 (REVENUE FROM CONTRACTS WITH CUSTOMERS)

The Group has applied IFRS 15 for the first time in the current financial year. IFRS 15 superseded all previous revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers.

IAS 11 (Construction Contracts) stated that contract revenue shall comprise variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue.

IFRS 15:56 states that variable consideration should only be included in the transaction price, when recognising revenue, to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: Appendix A).

Due to the higher threshold required for recognition and measurement purposes, the application of IFRS 15 will result in the delayed recognition of variable consideration until such time that it is highly probable that the revenue will not be reversed when the uncertainty is resolved.

The cumulative effect of initially applying IFRS 15 was concluded at an amount of R1,1 billion at 1 July 2018. The IFRS 15 adjustment relates mainly to amounts in the Power & Water platform and the Middle East. The Group remains confident that all revenue recorded as uncertified will be certified and paid once attendant commercial matters have been resolved.

Impact of adoption

	R'm
Retained earnings impact:	
Retained earnings at 30 June 2018 (Audited)	3 046
IFRS 15 adjustment	(1 072)
Retained earnings – before IFRS 9 adjustment	1 974
Total assets impact:	
Non-current assets impact:	
Amounts due from contract customers at 1 July 2018	568
IFRS 15 adjustment	(239)
Restated amounts due from contract customers at 1 July 2018	329
Current assets impact:	
Amounts due from contract customers at 1 July 2018	5 089
IFRS 15 adjustment	(857)
Restated amounts due from contract customers at 1 July 2018	4 232

Revenue for the Group has been recognised as follows:

	2019
Construction contracts	19 212
Sale of goods	18
Rendering of services	603
Properties	7
Other revenue*	327
	20 167

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

10.2 IMPLEMENTATION OF IFRS 9 (FINANCIAL INSTRUMENTS)

The impairment requirements under IFRS 9 are based on an expected credit loss ("ECL") model that replaces the IAS 39 incurred loss model.

The cumulative effect of initially applying the ECL model to assess impairments of receivables in IFRS 9 was concluded at an amount of R9 million.

The Group's client base, in terms of revenue contribution, consists mostly of large firms, which secures funding for projects before the project is awarded.

The adjustment is consistent with low historical loss ratios as there is limited uncertainty once revenue has been certified.

Impact of adoption

	R'm
Retained earnings impact:	
Retained earnings – before IFRS 9 adjustment, after IFRS 15 adjustment	1 974
IFRS 9 adjustment	(9)
Restated retained earnings 1 July 2018 – IFRS 15 and IFRS 9	1 965

The balance sheet impact of the above IFRS 9 adjustment of R9 million is reflected under trade and other receivables.

Adoption of IFRS 9 has resulted in a change in measurement categories of financial instruments. For change in relevant measurement categories applied, refer to note 7.

10.3 IMPLEMENTATION OF IFRS 16 (LEASES)

IFRS 16 (Leases) is deemed to have a material impact on the Group and has therefore been assessed as follows:

MATTER

IFRS 16 requires lessees to account for all leases under a single statement of financial position model in a similar way to finance leases under IAS 17.

Exemptions in applying IFRS 16 includes short-term leases (less than 12 months) and low value leases. If the exemption is applied, the lease will be expensed on a straight-line basis.

For all leases where the exemptions are not applied, assets and debt would increase while the expense related to these leases would now be classified as depreciation and interest expense, rather than operating expenses.

EXPECTED IMPACT

The Group has decided that it will apply the modified retrospective approach to transition from existing IASs to IFRS 16. Therefore comparatives will not be restated. The cumulative effect of initially applying IFRS 16 will result in an adjustment to the opening balance of retained earnings at the date of initial application.

The cumulative effect of initially applying IFRS 16 is currently estimated to the recognition of an asset and liability of between R0,7 billion and R1,1 billion.

11. ACQUISITION OF BUSINESSES

11.1 ACQUISITION OF GULF COAST DIVISION

On 15 February 2019, Clough USA Inc., which forms part of the Oil & Gas platform, acquired the business of Saulsbury Industries Inc., Gulf Coast division for a consideration of R79 million.

In accordance with the asset purchase agreement an additional consideration of up to approximately R42 million may be payable to Saulsbury Industries Inc., subject to the successful award of a significant contract within the US to Clough USA Inc. R39 million of this amount has been recognised as contingent consideration at balance sheet date.

With respect to the above mentioned contingent consideration, in August 2019, Clough US Inc. was awarded a petrochemical engineering, procurement and construction contract (EPC) in the US, valued at US\$620 million. Clough US Inc. expects to receive full notice to proceed on the project by October.

The acquisition of the Gulf Coast division was structured through an acquisition of assets.

The Gulf Coast division's capabilities includes engineering services, a construction operation, equipment hire, a project controls organisation and a supply chain organisation. The acquisition aligned with Clough's strategy to extend the Oil & Gas platform's EPC service offering to the growing oil and gas and petrochemical sectors in North America.

The net cash outflow arising from the acquisition was R79 million.

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

R millions	Fair value
Plant and equipment	2
Intangible assets – customer relationships	56
Trade and other receivables	–
(Amounts due to contract customers)/work in progress/inventories	(11)
Trade and other payables	(1)
Contingent consideration	(39)
Net identifiable assets acquired	7
Add: Goodwill	72
Net assets acquired	79

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.

In the four months to 30 June 2019, the acquisition contributed revenue of R393 million and a loss of R24 million to the Group's results. If the acquisition had occurred on 1 July 2018, management estimates that consolidated revenue would have been an additional R680 million and the consolidated loss for the year would have been an additional R85 million.

Loss for the four-month and full year period includes acquisition-related costs of R15 million. These costs are expensed in the statement of financial performance and are included under operating cash flows in the statement of cash flows.

In determining these amounts, management have assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

11.2 ACQUISITION OF TERRA NOVA TECHNOLOGIES ("TNT")

On 1 May 2019, Cementation Americas, which forms part of the Murray & Roberts Underground Mining platform, acquired 100% of TNT for a total consideration of R635 million.

The acquisition of the TNT business was structured through an acquisition of assets of TNT USA Inc. and a 100% share purchase of TNT Chile Limitada.

TNT provides services to the global mining industry (both surface and underground) and design, supply and commission overland conveyors, crushing/conveying systems, mobile stacking systems, including dry stack tailings and heap leach systems, crushing and screening plants and in-pit crushing and conveying systems. TNT also provides process equipment for mining projects. The acquisition of TNT complements the engineering and construction services of Cementation Americas and the Murray & Roberts Underground Mining platform.

The net cash outflow arising from the acquisition was R586 million.

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

R millions	Fair value
Property, plant and equipment	1
Intangible assets – Customer relationships	273
Investment in joint ventures	44
Inventories	2
Amounts due from contract customers	468
Trade and other receivables	20
Cash and cash equivalents	7
Trade and other payables	(417)
Current taxation asset	1
Net identifiable assets acquired	399
Add: Goodwill	236
Net assets acquired	635
Less: Cash and cash equivalents included in net assets acquired	(7)
Less: Deferred consideration	(42)
Net outflow on acquisition of business	586

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.

In the two months to 30 June 2019, the acquisition contributed revenues of R122 million and a loss of R1 million to the Group's results. If the acquisition had occurred on 1 July 2018, management estimates that the consolidated revenues would have been an additional R730 million and the consolidated profit for the year would have been an additional R45 million.

Profit for the two-month and full year period includes acquisition-related costs of R13 million. These costs are expensed in the statement of financial performance and are included under operating cash flows in the statement of cash flows.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

12. DIVIDEND

A gross annual dividend, relating to the 30 June 2019 financial year, of 55 cents per share was declared in August 2019. In line with the approved dividend policy, the board of directors will only consider paying an annual dividend.

13. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2018 or any transactions outside the normal course of business.

14. EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising after the year ended 30 June 2019, not otherwise dealt with in the Group's annual results, which significantly affects the financial position at 30 June 2019 or the results of its operations or cash flows for the period then ended.

2019 ANNUAL RESULTS

FOR THE
12 MONTHS ENDED
30 JUNE 2019

**“Focused on the
natural resources
market sectors.”**

**Murray
& Roberts**

(Incorporated in the Republic of South Africa)
Registration number 1948/029826/06
JSE Share Code: MUR
ADR Code: MURZY
ISIN: ZAE000073441
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