



2023

Interim Results

for the six months ended
31 December 2022





SALIENT FEATURES

REVENUE FROM CONTINUING OPERATIONS

R5,9 BILLION

(FY2022 H1: R4,2 billion)*

PROFIT BEFORE INTEREST AND TAX FROM CONTINUING OPERATIONS

R80 MILLION

(FY2022 H1: R18 million earnings)*

ATTRIBUTABLE LOSS OF

R2,5 BILLION

(FY2022 H1: R55 million earnings) after loss of control of MRPL and its subsidiaries

DILUTED CONTINUING HEADLINE LOSS PER SHARE

30 CENTS

(FY2022 H1: 25 cents loss)*

* Restated for discontinued operations.



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



FINANCIAL RESULTS

ORDER BOOK OF

R16,1 BILLION

(FY2022 H1: R18,0 billion)*

NEAR ORDERS OF

R14,4 BILLION

(FY2022 H1: R11,7 billion)*

NET DEBT OF

R2,0 BILLION

(FY2022 H1: R0,9 billion net cash)

LOST-TIME INJURY FREQUENCY RATE OF

0,49

(FY2022 H1: 0,42)

Sadly, a fatal incident occurred at RUC Cementation Mining in Western Australia

The Group does not pay interim dividends. The board of directors of the Company considers a dividend on an annual basis, post year end. Considering the Group's current debt levels, it is not envisaged that a dividend will be declared this year.



RESTATEMENT OF COMPARATIVE PERIOD INTERIM RESULTS

During the past three years, culminating in the last six months, the Group suffered the devastating impact of the pandemic and the war in Ukraine, especially on the Energy, Resources & Infrastructure business platform, specifically Clough Limited's ("Clough") portfolio of large fixed-price contracts. Particular areas of impact include, amongst others, the disruption in supply chains, delays to project schedules and the associated deferral of numerous milestone payments and global inflation, which added to an already difficult commercial environment.

The compounding impact on project progress and ultimately liquidity came to the fore during October 2022, resulting in the placing of Murray & Roberts Pty Ltd ("MRPL"), the Group's Australian holding company, and its subsidiary company Clough, into voluntary administration on 5 December 2022.

As a consequence of the voluntary administration, the Group lost control of MRPL and its subsidiaries, which include RUC Cementation Mining Contractors Pty Ltd ("RUC"). In the financial result, MRPL, Clough and RUC have thus been deconsolidated from the Group with effect from 5 December 2022.

The comparative financial results for the six months to 31 December 2021 have been restated with MRPL and its subsidiaries, previously reported as continuing operations, now reported as discontinued operations.

STAKEHOLDER REPORT – SIX MONTHS TO DECEMBER 2022# MRPL and Clough voluntary administration

Shareholders are referred to the SENS announcements released in the months of October and November 2022, but more specifically, the announcement of 5 December 2022, regarding the termination of the proposed disposal by Murray & Roberts to Webuild of its interest in Clough, and the subsequent placing of Clough and MRPL into voluntary administration.

Shareholders are further referred to the SENS announcement of 15 February 2023, regarding the second creditors meeting in relation to Clough's voluntary administration process, which was held on 15 February 2023. At this meeting, creditors followed the recommendation of the Administrators and voted in favour of the proposed Deed of Company Arrangement ("DOCA"), which brought a conclusion to Clough's voluntary administration with the final loss of Clough to the Group.

MRPL's voluntary administration process is progressing, which includes MRPL and all subsidiary entities (including RUC) not part of the Clough DOCA. The Group is, however, considering options to regain control of RUC even though the probability of success is low. There should be more clarity on the outcome of MRPL's voluntary administration during April 2023.

Current Group structure

Both Clough (effectively the Energy, Resources & Infrastructure business platform) and RUC (which was part of the Group's Mining business platform), have been deconsolidated from the Group. Operationally, the Group now delivers projects through two business platforms: the Mining platform, comprising its two regional businesses in Africa and North America (USA and Canada), and the Power, Industrial & Water ("PIW") platform which focuses on Sub-Saharan Africa.

FINANCIAL REPORT

Financial Results

Revenue and profit before interest and tax for continuing operations increased to R5,9 billion (FY2022 H1: R4,2 billion*) and R80 million (FY2022 H1: R18 million*) respectively.

Interest for the reporting period was R136 million (FY2022 H1: R82 million*) and the tax charge was R66 million (FY2022 H1: R30 million*). The tax charge is high as a deferred tax asset could

not be raised against interest and corporate cost incurred in South Africa.

Diluted continuing headline loss per share was 30 cents (FY2022 H1: 25 cents loss*).

The Group recorded an attributable loss of R2,529 million (FY2022 H1: R55 million earnings) after accounting for the deconsolidation of MRPL, Clough and RUC as discontinued operations.

Following the deconsolidation, equity reduced to R2,2 billion (FY2022: R5,7 billion). Net asset value per share was R5 (FY2022 H1: R13).

The Group reported a net debt position of R2,0 billion (FY2022 H1: R0,9 billion net cash). The Group's debt is expected to reduce further by circa R1,3 billion upon conclusion of the disposal of its 50% share in the Bombela Concession Company (RF) (Pty) Ltd ("Bombela") during the second half of this financial year.

The impact of the voluntary administration of the Group's companies in Australia has been accounted for in this reporting period, and it is expected that any potential additional residual impact will be insignificant.

The Group's order book was R16,1 billion (FY2022 H1: R18,0 billion*), and the project pipeline remains strong.

Dividend

The Group does not pay interim dividends. The board of directors of the Company ("Board") considers a dividend on an annual basis, post year end. Considering the Group's current debt levels, it is not envisaged that a dividend will be declared this year.

ORDER BOOK, NEAR ORDERS AND PROJECT PIPELINE

The Mining platform represents R14,1 billion of the Group's total order book of R16,1 billion, and the PIW platform represents R2 billion. The Mining platform holds the equivalent value in near orders as it has in its order book, presenting a significant growth opportunity for the Group in relation to its continuing operations. The PIW platform has secured several orders in South Africa's renewable energy sector which offers a strong pipeline for future work.

R billions	Pipeline				
	Order book	Near orders	Category 1	Category 2	Category 3
Mining	14,1	14,2	11,3	39,3	38,0
Power, Industrial & Water	2,0	0,2	9,0	61,7	9,0
31 December 2022	16,1	14,4	20,3	101,0	47,0
30 June 2022*	17,6	16,2	26,0	78,0	45,9
31 December 2021*	18,0	11,7	29,0	49,5	41,9

* Restated for discontinued operations.

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

OPERATIONAL REPORT

Mining Platform

This multinational business platform now comprises two regional businesses in Africa and the Americas (USA and Canada). RUC, which focused on Australasia, previously part of the Group's Mining platform, was deconsolidated from the Group with effect from 5 December 2022.

The platform's service offerings span the project lifecycle for a range of specialised mining project services, including feasibility studies, engineering, shaft sinking and construction, raise drilling, mine development, contract mining and material handling solutions.

R billions	Africa		The Americas		Total	
	2022	2021	2022	2021	2022	2021*
Revenue	1 955	1 955	3 481	1 756	5 436	3 711
Operating profit	21	59	151	20	172	79
Margin (%)	1	3	4	1	3	2
Order Book	8 214	10 049	5 891	7 490	14 105	17 539
LTIFR (fatalities)	0,73(0)	0,79(0)	0,65(0)	0,00(0)	0,74(1)	0,42(0)

* Restated for discontinued operations.

Revenue increased to R5,4 billion (FY2022 H1: R3,7 billion*) and operating profit increased to R172 million (FY2022 H1: R79 million*). The order book reduced to R14,1 billion (FY2022 H1: R17,5 billion*). Near orders increased to R14,2 billion (FY2022 H1: R10,5 billion*).

The price outlook for most major commodities remains strong in the medium term, which is expected to drive growth in mining investment with an emphasis on brownfields expansion, production optimisation and restarts. Prices for commodities required for decarbonisation are expected to escalate further in the medium term as demand lifts.

All projects in the Mining platform are progressing according to expectations.

Power, Industrial & Water Platform

R billions	Power & Industrial		Water		Solar, Transmission & Distribution		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	124	235	2	11	336	234	-	-	462	480
Operating profit/(loss)	34	29	(4)	(6)	11	(22)	(78)	(66)	(37)	(65)
Margin (%)	27	12	(200)	(55)	3	(9)	-	-	(8)	(14)
Order book	53	103	-	117	1 912	247	-	-	1 965	467
LTIFR (fatalities)									0,00(0)	1,12(0)

This Sub-Saharan-focused PIW platform provides project services mainly to the power and energy market sectors.

Revenue was maintained at R0,5 billion (FY2022 H1: R0,5 billion) and the platform recorded a reduced operating loss of R37 million (FY2022 H1: R65 million operating loss). The order book increased to R2,0 billion (FY2022 H1: R0,5 billion) following the award of renewable energy sector contracts by EDF Renewables (Pty) Ltd, with a combined value of circa R1,2 billion attributable to OptiPower Projects. As a result of these awards, current near orders are modest, although Category 1 opportunities increased to R9 billion (FY2022 H1: R6,7 billion), reflective of opportunities in the renewable energy and transmission market sectors.

South Africa's constrained transmission and distribution infrastructure requires urgent investment to support additional capacity, which presents longer-term prospects for OptiPower Projects. The Group believes that the current emphasis on increasing investment in utility scale renewable energy projects is expected to enable the platform to return to sustainable profitability in the near term.

Investments

Shareholders are referred to the SENS announcement of 1 December 2022, wherein the Group announced the sale of its 50% share in Bombela to Intertoll International Holdings B.V. At a meeting held on 20 February 2023, Murray & Roberts shareholders voted in favour of the proposed transaction and the Group expects to implement and close the transaction by the end of March 2023. The proceeds from the disposal, of circa R1,3 billion, will be applied towards reducing the Group's debt.

In the period under review, in relation to its investment in Bombela, the Group recorded a final fair value profit adjustment of R17 million (FY2022 H1: R102 million), as the asset is being disposed of at book value.

R billions	Bombela Investments	
	2022	2021
Revenue	-	-
Operating profit	17	102

DISCONTINUED OPERATIONS

R billions	MRPL, Clough and RUC		Middle East		Other		Total	
	2022	2021*	2022	2021	2022	2021	2022	2021*
Revenue	11 898	9 074	-	-	-	-	11 898	9 074
Operating (loss)/profit	(2 250)	319	(10)	(37)	(25)	(31)	(2 285)	251

* Restated for discontinued operations.

MRPL, Clough and RUC

The R2,3 billion loss from these entities comprises of an operating loss in Clough of R1,3 billion, an operating profit in RUC of R129 million and a loss of R2,3 billion through the deconsolidation of assets and liabilities. A foreign currency translation reserve ("FCTR") profit of R1,2 billion was realised as a result of the deconsolidation.

Middle East operations

Shareholders are referred to the SENS announcement published on 31 August 2022, containing information on the Group's proposed exit from the Middle East. As announced, the Group entered into a sale and purchase agreement for the sale of two of its companies in the Middle East, comprising the majority of its operations in the region. This transaction remains subject to regulatory approval and as previously communicated, a FCTR loss of circa R404 million (based on the exchange rate as at 31 December 2022) will be accounted for as part of discontinued operations, as and when this transaction is concluded. This FCTR adjustment is a non-cash item that will not impact the Group's equity nor its net asset value.

Costs incurred for the period under review of R10 million (FY2022 H1: R37 million) mainly relate to managing potential contingent liabilities in the Middle East, until the sale of the companies is concluded.

UPDATE ON THE GROUP'S CLAIMS PROCESSES

The Group's uncertified revenue decreased to R375 million over the past six months (FY2022: R2,9 billion), mainly due to the exclusion of previously recognised uncertified revenue through the deconsolidation of Clough (FY2022: R2,3 billion).

A full and final settlement has been reached in relation to claims and disputes on the Group's contracts at Medupi and Kusile, other than for remaining works to be undertaken on a cost reimbursable basis, capped at R80 million, and to be completed by 30 November 2023.

HEALTH AND SAFETY

The Board is deeply saddened by the passing of a colleague at RUC, who sustained fatal injuries in October 2022 while performing his duties on a project in Western Australia. The Board again offers its deepest sympathies to his family and friends.

The Group is implementing technically challenging projects in high-risk environments and aspires to deliver projects with Zero Harm to its people, local communities, and the environment. The Group's lost-time injury frequency rate was 0.49 (FY2022 H1: 0.42), which is an industry leading performance.

CHANGES TO THE BOARD

Shareholders are referred to the SENS announcements published on 31 August 2022 and 10 January 2023. There were no subsequent director changes.

PROSPECTS STATEMENT

The Group is much smaller following the loss of its investments in Clough and RUC, and is currently navigating a challenging period considering its debt position. The Group continues to evaluate options to de-lever the balance sheet to achieve a sustainable capital structure.

The Group remains optimistic about the existing prospects for its multinational Mining platform, and the new opportunities for the PIW platform, specifically in the renewable energy and transmission sectors in South Africa.

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

On behalf of the directors:

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

Bedfordview
1 March 2023

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MURRAY & ROBERTS HOLDINGS LIMITED

Registration number: 1948/029826/06

DIRECTORS

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

SECRETARY

L Kok

** 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 six months ended 31 December 2021.

DISCLAIMER

This announcement includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21E 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.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the six months ended 31 December 2022

R millions	6 months to 31 December 2022	Restated* 6 months to 31 December 2021	Restated* 30 June 2022
<i>Continuing operations</i>			
Revenue (note 2)	5 899	4 193	8 762
Profit before interest, depreciation and amortisation	269	220	490
Depreciation	(177)	(193)	(384)
Amortisation of intangible assets	(12)	(9)	(24)
Profit before interest and taxation (note 3)	80	18	82
Interest expense	(140)	(89)	(200)
Interest income	4	7	11
Loss before taxation	(56)	(64)	(107)
Taxation expense	(66)	(30)	(71)
Loss after taxation	(122)	(94)	(178)
Loss from equity accounted investments	–	–	–
Loss from continuing operations	(122)	(94)	(178)
(Loss)/profit from discontinued operations* (note 4.1)	(2 411)	149	311
(Loss)/profit for the period	(2 533)	55	133
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(2 529)	55	135
– Non-controlling interests	(4)	–	(2)
	(2 533)	55	133
(Loss)/earnings per share from continuing and discontinued operations (cents)			
– Diluted	(627)	14	33
– Basic	(627)	14	34
(Loss)/earnings per share from continuing operations (cents)			
– Diluted	(29)	(24)	(44)
– Basic	(29)	(24)	(44)

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

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2022

R millions	6 months to 31 December 2022	Restated* 6 months to 31 December 2021	Restated* 30 June 2022
(Loss)/profit for the period	(2 533)	55	133
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	309	483	483
Translation of foreign entities reclassified through profit or loss on derecognition (note 16)	(1 248)	–	–
Total comprehensive (loss)/income for the period	(3 472)	538	616
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(3 467)	541	618
– Non-controlling interests	(5)	(3)	(2)
	(3 472)	538	616

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

R millions	31 December 2022	31 December 2021	30 June 2022
ASSETS			
Non-current assets	2 143	8 104	8 431
Property, plant and equipment	1 351	4 131	4 397
Goodwill (note 7)	415	1 370	1 372
Deferred taxation assets	84	575	563
Investments in associate companies	2	2	2
Other non-current assets (note 9)	291	2 026	2 097
Current assets	5 808	12 152	10 860
Inventories	267	518	495
Trade and other receivables	584	2 176	1 768
Amounts due from contract customers (note 8)	2 915	5 351	6 292
Taxation assets	31	50	47
Investment at fair value through profit or loss (note 10.1)	1 329	–	–
Cash and cash equivalents	682	4 022	2 256
Other current assets	–	35	2
Assets classified as held for sale (note 4.3)	983	914	1 012
TOTAL ASSETS	8 934	21 170	20 303
EQUITY AND LIABILITIES			
Total equity	2 204	5 613	5 713
Attributable to owners of Murray & Roberts Holdings Limited	2 166	5 592	5 662
Non-controlling interests	38	21	51
Non-current liabilities	818	1 158	1 390
Long-term liabilities ¹	605	902	1 193
Long-term provisions	12	47	25
Deferred taxation liabilities	88	130	89
Other non-current liabilities	113	79	83
Current liabilities	5 031	13 556	12 355
Amounts due to contract customers (note 8)	696	4 838	2 514
Trade and other payables	2 259	6 439	7 505
Taxation liabilities	33	96	187
Bank overdrafts ¹	300	1 394	1 526
Short-term liabilities ¹	1 743	789	623
Liabilities classified as held for sale (note 4.3)	881	843	845
TOTAL EQUITY AND LIABILITIES	8 934	21 170	20 303

¹ Interest-bearing borrowings.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2022

R millions	6 months to 31 December 2022	6 months to 31 December 2021	30 June 2022
Cash (utilised)/generated by operations	(105)	1 049	255
Interest received	4	12	23
Interest paid	(168)	(100)	(223)
Taxation paid	(133)	(156)	(253)
Taxation refund	3	2	24
Operating cash flow	(399)	807	(175)
Dividends paid to non-controlling interests	(8)	–	–
Net cash (outflow)/inflow from operating activities	(407)	807	(175)
Purchase of intangible assets other than goodwill	(1)	(59)	(113)
Purchase of property, plant and equipment	(410)	(429)	(884)
– Replacements	(158)	(35)	(97)
– Additions	(443)	(688)	(1 703)
– Acquisition of assets by means of a lease (non-cash)	191	294	916
Proceeds on disposal of property, plant and equipment	8	17	82
Proceeds on disposal of intangible assets other than goodwill	11	–	9
Payment for acquisition of subsidiaries, net of cash acquired	(6)	(288)	(288)
Dividends received from the Bombela Concession Company	130	155	185
Cash and cash equivalents in deconsolidated subsidiaries	(1 297)	–	–
Proceeds on disposal of assets held for sale	45	3	3
Other	–	–	(3)
Net cash outflow from investing activities	(1 520)	(601)	(1 009)
Disposal of treasury shares	51	72	94
Acquisition of treasury shares	(67)	(5)	(6)
Net movement in borrowings	1 531	(221)	(631)
– Loans raised	2 006	147	635
– Loans repaid	(373)	(214)	(845)
– Leases repaid	(102)	(154)	(421)
Net cash inflow/(outflow) from financing activities	1 515	(154)	(542)
Total (decrease)/increase in net cash and cash equivalents	(412)	52	(1 726)
Net cash and cash equivalents at beginning of period	743	2 291	2 291
Effect of foreign exchange rates	65	306	178
Net cash and cash equivalents at end of period[^]	396	2 649	743
[^] Cash and cash equivalents balance comprises:			
– Cash	682	4 022	2 256
– Included in non-current assets held for sale	14	21	13
– Overdraft	(300)	(1 394)	(1 526)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2022

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 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	2 665	1 660	1 267	5 592	21	5 613
Total comprehensive loss/income for the period	–	(3)	80	77	1	78
Treasury shares acquired	(1)	–	–	(1)	–	(1)
Treasury shares disposed	22	–	–	22	–	22
Recognition of share-based payment	–	1	–	1	–	1
Increase in shareholding of subsidiaries	–	–	(29)	(29)	29	–
Balance at 1 July 2022	2 686	1 658	1 318	5 662	51	5 713
Total comprehensive loss for the period	–	(938)	(2 529)	(3 467)	(5)	(3 472)
Treasury shares acquired	(67)	–	–	(67)	–	(67)
Treasury shares disposed	51	–	–	51	–	51
Recognition of share-based payment	–	(13)	–	(13)	–	(13)
Utilisation of share-based payment reserve	16	(16)	–	–	–	–
Dividends declared and paid	–	–	–	–	(8)	(8)
Balance at 31 December 2022	2 686	691	(1 211)	2 166	38	2 204

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the six months ended 31 December 2022

R millions	6 months to 31 December 2022	Restated* 6 months to 31 December 2021	Restated* 30 June 2022
Revenue²			
Bombela	–	–	–
Power, Industrial & Water	462	480	810
– Construction contracts	337	392	641
– Sale of goods	125	88	169
Mining	5 436	3 711	7 948
– Construction contracts	5 335	3 651	7 698
– Rendering of services	101	60	250
Corporate & Properties	1	2	4
– Properties	1	2	4
Continuing operations	5 899	4 193	8 762
Discontinued operations	11 898	9 074	21 107
– Clough	9 858	7 352	17 286
– RUC	2 040	1 722	3 821
– Other	–	–	–
	17 797	13 267	29 869
<i>Continuing operations</i>			
Profit/(loss) before interest and taxation³			
Bombela	17	102	193
Power, Industrial & Water	(37)	(65)	(155)
Mining	172	79	234
Corporate & Properties	(72)	(98)	(190)
Profit before interest and taxation	80	18	82
Interest expense	(140)	(89)	(200)
Interest income	4	7	11
Loss before taxation	(56)	(64)	(107)
Taxation	(66)	(30)	(71)
Loss from continuing operations	(122)	(94)	(178)
<i>Discontinued operations</i>			
(Loss)/profit before interest and taxation³			
– Clough	(1 266)	215	406
– RUC	124	104	217
– Other	(35)	(68)	(113)
(Loss)/profit before interest and taxation³	(1 177)	251	510
Interest expense	(31)	(14)	(25)
Interest income	5	6	13
(Loss)/profit before taxation	(1 203)	243	498
Taxation	(100)	(94)	(187)
Loss on loss of control of subsidiary (note 16)	(2 356)	–	–
– Clough	(993)	–	–
– RUC	(1 005)	–	–
– Other	(358)	–	–
Translation of foreign entities reclassified through profit or loss on derecognition	1 248	–	–
(Loss)/profit from discontinued operations	(2 411)	149	311

² Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R86 million (FY2022 H1: R39 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.

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

CONDENSED SEGMENTAL ASSETS (CONTINUING & DISCONTINUED)

at 31 December 2022

R millions	31 December 2022	Restated* 31 December 2021	Restated* 30 June 2022
Bombela	1 330	1 384	1 444
Power, Industrial & Water	715	723	649
Mining	4 745	4 127	4 357
Corporate & Properties ⁴	173	124	64
Continuing operations	6 963	6 358	6 514
Discontinued operations ⁵	1 174	10 165	10 923
	8 137	16 523	17 437
Reconciliation of segmental assets			
Total assets	8 934	21 170	20 303
Deferred taxation assets	(84)	(575)	(563)
Current taxation assets	(31)	(50)	(47)
Cash and cash equivalents	(682)	(4 022)	(2 256)
	8 137	16 523	17 437

CONDENSED SEGMENTAL LIABILITIES (CONTINUING & DISCONTINUED)

at 31 December 2022

R millions	31 December 2022	Restated* 31 December 2021	Restated* 30 June 2022
Bombela	180	215	214
Power, Industrial & Water	629	506	466
Mining	2 481	1 511	1 761
Corporate & Properties ⁴	1 043	425	394
Continuing operations	4 333	2 657	2 835
Discontinued operations ⁵	1 095	11 280	9 952
	5 428	13 937	12 787
Reconciliation of segmental liabilities			
Total liabilities	5 849	15 557	14 589
Deferred taxation liabilities	(88)	(130)	(89)
Current taxation liabilities	(33)	(96)	(187)
Bank overdrafts	(300)	(1 394)	(1 526)
	5 428	13 937	12 787

⁴ Corporate segmental assets and liabilities include the inter-segment eliminations of group balances and transactions.

⁵ Discontinued operations include the Murray & Roberts Pty Ltd ("MRPL") Group, Middle East Operations as well as retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses.

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

NOTES

1. BASIS OF PREPARATION

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

The condensed consolidated interim financial statements for the period ended 31 December 2022 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 2022.

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. Their review report includes an emphasis of matter paragraph in respect of a material uncertainty related to going concern, and an unmodified review conclusion, and 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 2022 and 31 December 2021. The comparative information presented in respect of the year ended 30 June 2022, has been derived from the audited consolidated annual financial statements for the year then ended. Comparative information has been restated for discontinued operations where required (refer to note 16 for further details). A copy of the auditor's report, together with the audited consolidated annual financial statements for the year ended 30 June 2022, 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 2022	31 December 2021*	30 June 2022*
Construction contracts (over time)	5 672	4 043	8 339
Sale of goods (point in time)	125	88	169
Rendering of services (over time)	101	60	250
Properties (over time)	1	2	4
	5 899	4 193	8 762

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

Orderbook time distribution is as follows: (FY2023: R4,8 billion; FY2024: R5,6 billion; >FY2024: R5,7 billion).

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

R millions	31 December 2022	31 December 2021*	30 June 2022*
South Africa	2 255	2 120	4 106
Rest of Africa	161	316	536
Australasia & South East Asia	25	21	27
North America & other	3 458	1 736	4 093
	5 899	4 193	8 762

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

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

3. PROFIT BEFORE INTEREST AND TAXATION

R millions	31 December 2022	31 December 2021*	30 June 2022*
Items by function			
Revenue	5 899	4 193	8 762
Cost of sales	(5 294)	(3 803)	(7 844)
Distribution and marketing expenses	(9)	(10)	(20)
Administration costs	(614)	(546)	(1 131)
Other operating income	98	184	315
Profit before interest and taxation	80	18	82

Depreciation of R145 million is included in cost of sales and R32 million in administration costs.

Amortisation of R8 million is included in cost of sales and R4 million in administration costs.

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

4. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

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

Murray & Roberts Pty Ltd Group

On 5 December 2022, the MRPL Group (comprising the MRPL, Clough and RUC businesses) was placed into voluntary administration (refer to note 16 and 17 for further details). As a result of this, in the Group accounts, the MRPL Group has been deconsolidated with effect from 5 December 2022. The financial results of these three businesses, and the impact of the deconsolidation, are reported under discontinued operations as from the start of the comparative period for Statement of Financial Performance, Statement of Comprehensive Income and the Statement of Cash Flows up to 5 December 2022.

The deconsolidation of the MRPL Group resulted in a loss from discontinued operations of R2,3 billion, comprising an operating loss in Clough of R1,3 billion, an operating profit in RUC of R129 million, a loss of R2,3 billion through the deconsolidation of the net asset value of these businesses. A foreign currency translation reserve ("FCTR") profit of R1,2 billion, was realised as a result of this deconsolidation. Refer to note 16 for details relating to the loss on deconsolidation.

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. By 30 June 2021, the discussions to dispose of the Middle East Operations 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 2022, the sale and purchase agreement is still 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. The one-year period has been exceeded due to a delay in the sale as a result of circumstances beyond the Group's control. The long-stop date has been extended to 15 March 2023.

Subsequent to period-end, the Court of Cassation ruled against the joint venture that delivered the Al Mafraq Hospital project in Abu Dhabi, refer to note 17 for further details. Included in the current period loss from discontinued operations are operating costs incurred in the Middle East of R10 million.

4.1 RESULTS FROM DISCONTINUED OPERATIONS

R millions	31 December 2022	31 December 2021*	30 June 2022*
Revenue	11 898	9 074	21 107
(Loss)/profit before interest, depreciation and amortisation	(811)	515	1 203
Depreciation	(339)	(230)	(619)
Amortisation of intangible assets	(27)	(34)	(74)
(Loss)/profit before interest and taxation	(1 177)	251	510
Interest expense	(31)	(14)	(25)
Interest income	5	6	13
(Loss)/profit before taxation	(1 203)	243	498
Taxation	(100)	(94)	(187)
	(1 303)	149	311
Loss on loss of control of subsidiary (note 16)	(2 356)	-	-
Translation of foreign entities reclassified through profit or loss on derecognition	1 248	-	-
(Loss)/profit from discontinued operations	(2 411)	149	311
Attributable to:			
- Owners of Murray & Roberts Holdings Limited	(2 411)	149	311
- Non-controlling interests	-	-	-
	(2 411)	149	311

4.2 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

R millions	31 December 2022	31 December 2021*	30 June 2022*
Cash flow from operating activities	(63)	1 007	(163)
Cash flow from investing activities	(1 572)	(714)	(1 096)
Cash flow from financing activities	229	(114)	(358)
Net (decrease)/ increase in cash and cash equivalents	(1 406)	179	(1 617)

4.3 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The assets and liabilities classified as held for sale below relate mainly to the Middle East Operations.

R millions	31 December 2022	31 December 2021	30 June 2022
Major classes of assets comprising the assets held for sale			
Property, plant and equipment	82	27	114
Other receivables	4	4	3
Investment in joint ventures	-	33	33
Amounts due from contract customers	883	829	849
Cash and cash equivalents	14	21	13
	983	914	1 012

4. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS continued

4.3 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

R millions	31 December 2022	31 December 2021	30 June 2022
Major classes of liabilities comprising the liabilities held for sale			
Trade and other payables	123	177	143
Subcontractor liabilities	6	26	18
Short-term borrowings	752	640	684
	881	843	845

* Restated for discontinued operations. Refer to note 16 for further details.

5. WEIGHTED AVERAGE NUMBER OF SHARES

	31 December 2022	31 December 2021	30 June 2022
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	(25 198)	(30 910)	(28 922)
Less: Weighted average number of shares held by the subsidiary companies	(16 481)	(18 201)	(17 671)
Weighted average number of shares used for basic per share calculation	403 057	395 625	398 143
Add: Dilutive adjustment	647	10 511	7 416
Weighted average number of shares used for diluted per share calculation	403 704	406 136	405 559

6. RECONCILIATION OF HEADLINE (LOSS)/EARNINGS

R millions	31 December 2022	31 December 2021*	30 June 2022*
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	(2 529)	55	135
Profit on disposal of property, plant and equipment	(5)	(9)	(15)
Loss on disposal of property, plant and equipment	-	5	1
Reversal of impairment on property, plant and equipment	-	-	(1)
Impairment of Goodwill	126	-	-
Loss on loss of control of subsidiary	2 356	-	-
Translation of foreign entities reclassified through profit or loss on derecognition	(1 248)	-	-
Taxation effects on adjustments	1	-	4
Headline (loss)/earnings	(1 299)	51	124
<i>Adjustments for discontinued operations:</i>			
(Loss)/profit from discontinued operations	2 411	(149)	(311)
Profit on disposal of property, plant and equipment	4	2	3
Loss on disposal of property, plant and equipment	-	(5)	(1)
Impairment of Goodwill	(126)	-	-
Loss on loss of control of subsidiary	(2 356)	-	-
Translation of foreign entities reclassified through profit or loss on derecognition	1 248	-	-
Taxation effects on adjustments	(1)	1	(1)
Headline loss from continuing operations	(119)	(100)	(186)
Headline (loss)/earnings per share from continuing and discontinued operations (cents)			
- Diluted	(322)	13	31
- Basic	(322)	13	31
Headline loss per share from continuing operations (cents)			
- Diluted	(30)	(25)	(47)
- Basic	(30)	(25)	(47)

* Restated for discontinued operations. Refer to note 4 and 16 for further details.

7. GOODWILL

R millions	31 December 2022	31 December 2021	30 June 2022
Goodwill	415	1 434	1 436
Accumulated impairment losses	-	(64)	(64)
	415	1 370	1 372
At beginning of period	1 372	1 102	1 102
Acquisition of businesses	5	116	110
Loss on loss of control of subsidiary [#]	(859)	-	-
Foreign exchange movements	23	152	160
Impairment	(126)	-	-
	415	1 370	1 372

[#] In the current period, the Group placed MRPL into voluntary administration. As a result of this, the above amount was derecognised from the statement of financial position. Refer to note 16 for further details.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. Based on the impairment tests performed in the current period, the goodwill relating to Clough USA Inc.'s Saulsbury Industries' Gulf Coast Division was fully impaired (reflected in the reconciliation above). The goodwill in respect of Clough carried by the Group was impaired on 5 December 2022 and is included in the loss on loss of control of subsidiary. No changes in key assumptions (with the exception of the Saulsbury Industries' Gulf Coast Division and entities derecognised as a result of loss of control) that would cause the carrying amount to exceed the recoverable amount were noted.

8. AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS

R millions	31 December 2022	31 December 2021	30 June 2022
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	889	1 470	1 742
Uncertified claims and variations	375	778	1 159
Amounts receivable on contracts (net of impairment provisions)	1 407	2 321	2 656
Retentions receivable (net of impairment provisions)	244	782	735
	2 915	5 351	6 292
Amounts received in excess of work completed	(696)	(4 838)	(2 514)
	2 219	513	3 778
<i>Disclosed as:</i>			
Amounts due from contract customers	2 915	5 351	6 292
Amounts due to contract customers	(696)	(4 838)	(2 514)
	2 219	513	3 778

The decrease in the current period of amounts due from and to contract customers relates mainly to the Group placing MRPL into voluntary administration. As a result of this, previously recognised amounts were derecognised from the statement of financial position. Refer to note 16 for further details.

9. OTHER NON-CURRENT ASSETS

R millions	31 December 2022	31 December 2021	30 June 2022
Other non-current assets comprise of the following:			
Investment at fair value through profit or loss (note 10.1)	-	1 381	1 442
Intangible assets excluding goodwill	289	641	650
Other non-current receivables	-	1	2
Net investment in the lease	-	2	1
Other investments	2	1	2
	291	2 026	2 097

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 at 31 December 2022.

R millions	31 December 2022	31 December 2021	30 June 2022
Categories of financial instruments			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	1 329	1 381	1 442
Financial assets measured at amortised cost	2 818	8 763	7 036
Financial assets measured at amortised cost – held for sale	897	850	862
Financial liabilities			
Financial liabilities measured at amortised cost	3 973	8 460	9 427
Financial liabilities measured at amortised cost – held for sale	881	843	845

10.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

R millions	31 December 2022	31 December 2021	30 June 2022
<i>Investment in infrastructure service concession (level 3)⁶</i>			
At beginning of period	1 442	1 434	1 434
Realisation of investment	(130)	(155)	(185)
Fair value adjustment recognised in the statement of financial performance ⁷	17	102	193
	1 329	1 381	1 442

⁶ The fair value of the investment in Bombela Concession Company Proprietary Limited ("BCC") has been determined in accordance with IFRS 13: Fair Value Measurement. The investment has been reflected at fair value through profit or loss, as the investment was accounted for in accordance with IFRS 9.

In the period under review, the board entered into an agreement to dispose of the investment in BCC to Intertoll BCC Holdco 1 Proprietary Limited for a consideration value of R1,386,000,000, subject to shareholder approval granted on 20 February 2023.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date (an exit price) i.e. 'fair value' is defined as the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

As there is a consideration amount agreed upon with a counterparty at arm's length, this value is determined to be the fair value of the investment. It is considered that the costs incurred to facilitate this sale are essential to the sales transaction, the costs to sell are deducted from the consideration to derive a "fair value" as defined in IFRS 13.

This resulted in the investment being adjusted to a fair value with reference to the consideration agreed upon in the sales agreement, net of related transaction costs approximating R48,000,000.

This classification of the investment will remain as a financial instrument held at fair value through profit or loss due to the fact that investments measured under IFRS 9 are excluded from the scope of IFRS 5. Therefore, the classification of the investment will remain as a non-current financial instrument.

⁷ 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 claims, and they are aggregated and disclosed as contingent liabilities. The decrease in the current period is mainly due to the full and final settlement that has been reached in relation to claims and disputes on the Power Programme.

In Abu Dhabi, on 21 February 2023, the Court of Cassation, ruled against the joint venture that delivered the Al Mafraq Hospital Project in Abu Dhabi, in which Murray & Roberts Contractors (Abu Dhabi) LLC is a member. Legal advice obtained confirmed that the judgment is flawed, and the joint venture is within its legal rights to refer the judgment for review by the same court. An extension of the stay on all intervening actions in anticipation of this review will be sought through the court system. There is a Group parent company guarantee in place for a circa AED150 million facility (R683 million at period end) that is tied into this legal dispute, and legal advice obtained confirmed that there is no immediate threat of a call on this guarantee until the Court of Cassation review process has run its course. The threat of any claim arising insofar as the Group is concerned is contingent on a number of court proceedings going against it in the UAE and potentially in South Africa. 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).

R millions	31 December 2022	31 December 2021	30 June 2022
Contingent liabilities	2 615	7 053	5 334
Financial institution guarantees given to third parties ⁸	3 234	8 976	8 518

⁸ Until the airport claim in the Middle East is resolved, which is now over 14 years post delivery of the project, through existence of a parent company guarantee, the Group has a potential contingent liability for any adverse determination against the Group by a Tribunal. No such tribunal has been established and it is the Group's expectation that the matter should be resolved in its favour. No amount is included above due to the unlikelihood of any such claim and no tribunal being established to determine any such amount. Neither is an amount included for Abu Dhabi for the ruling against the joint venture. Refer to comment above for further details.

12. DIVIDEND

The Group does not pay interim dividends. The board of directors of the Company ("Board") considers a dividend on an annual basis, post year end. Considering the Group's current high levels of debt, it is not envisaged that a dividend will be declared this year.

13. COVENANTS

The Group has covenants in Cementation Canada Inc. and its South African operations. The covenants for each of these respective entities have been reflected in the table below:

Facility	SA Lenders - SA Group	Toronto Dominion Bank Facility – Cementation Canada Inc.
Covenant Trigger and Proximity to being breached	1) Interest Cover: Greater than 1.65x 2) Debt to EBITDA: Less than 7.5x 3) Headroom: Greater than R50 million on a six-month forward looking basis 4) Capex: No Capex to be incurred by obligors (SA Group) unless as a result of a permitted acquisition, or provided for in referenced agreed model, otherwise to not exceed R10 million in any financial year. 5) Guarantor Threshold Test: Defined aggregate EBITDA and Gross assets of the Obligors (excl. MRUK) greater than 90% of the aggregated EBITDA and Revenue of SA Group and 85% of aggregated gross assets of the SA Group The term loan has been classified as current in the period under review as the financial covenant conditions would not have been met had it been measured at 31 December 2022. Lenders have subsequently agreed that the first measurement period for the financial covenants will be 30 June 2023.	1) Current Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.20:1 2) Debt Service Coverage Ratio: Requirement – equals or exceeds 1.25:1; Actual – 3.30:1 3) Total Funded Debt/ EBITDA Ratio: Requirement – does not exceed 2.5:1; Actual – 1.04:1 4) Concentration of EBITDA and fixed assets in Obligors: Requirement – minimum of 90%; Actual – 100% 5) Capital Expenditures: Requirement – maximum of CAD40 million; Actual – CAD11,5 million 6) Investments: Requirement – maximum of CAD15 million; Actual – CAD13 million 7) Acquisitions: Requirement – maximum of CAD25 million; Actual – CADnil Sufficient headroom deemed available for all debt covenants reflected above.

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

14. SUPPLEMENTARY INFORMATION

	31 December 2022	31 December 2021	30 June 2022
Net asset value per share (Rand)	5	13	13
Dividends per share (cents)	–	–	–

15. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2022 or any transactions outside the normal course of business.

16. LOSS OF CONTROL OF SUBSIDIARY

As a result of delays in numerous milestone payments and slower than anticipated close out of disputes, cash flow pressures in the ERI business resulted in it needing a capital injection to realise its full potential value. As the Group wasn't able to provide the capital injection, it commenced a process to sell Clough Limited ("Clough"). When the transaction terminated at a late stage, cash requirements that hinged on the sale did not materialise and Clough went into voluntary administration on 5 December 2022.

Clough held a loan receivable from MRPL, the Group's Australian holding company, which also held the shares in RUC Cementation Mining Contractors Pty Ltd ("RUC"). As the receivable could be called by Clough and MRPL could not settle the receivable on demand, MRPL also went into voluntary administration. The Group lost effective control over MRPL and its Australian subsidiaries through this development.

In the Group accounts, the MRPL Group (MRPL, Clough and RUC businesses) has been deconsolidated with effect from 5 December 2022. The financial results of these three businesses, and the impact of the deconsolidation, are reported under discontinued operations as from the start of the comparative period for Statement of Financial Performance, Statement of Comprehensive Income and the Statement of Cash Flows up to 5 December 2022.

16. LOSS OF CONTROL OF SUBSIDIARY continued

Included in the disposal group are the assets and liabilities of the MRPL Group and its subsidiaries, Clough Limited and RUC Cementation Mining Contractors Pty Ltd. The carrying amounts of these assets and liabilities at 5 December 2022 were:

R millions	RUC	Clough	Other	Total
Non-current assets				
Property, plant and equipment	895	2 360	(10)	3 245
Goodwill	5	854	–	859
Other intangible assets	10	322	–	332
Deferred taxation asset	–	–	478	478
Non-current receivables	–	2	–	2
Total	910	3 538	468	4 916
Current Assets				
Inventories	161	178	–	339
Amounts due from contract customers	652	4 401	–	5 053
Trade and other receivables	394	1 227	(32)	1 589
Cash and cash equivalents	340	998	8	1 346
Total	1 547	6 804	(24)	8 327
Assets classified as held-for-sale	21	–	–	21
Total Assets	2 478	10 342	444	13 264
Non-current liabilities				
Long-term loans	286	382	(103)	565
Long-term provisions	–	20	–	20
Deferred taxation liability	40	48	–	88
Total	326	450	(103)	673
Current liabilities				
Amounts due to contract customers	158	2 098	–	2 256
Trade and other payables	605	5 861	59	6 525
Short-term loans	333	224	124	681
Subcontractor liabilities	–	594	–	594
Provisions for obligations	7	51	6	64
Current taxation liabilities	44	22	–	66
Bank overdrafts	–	49	–	49
Total	1 147	8 899	189	10 235
Liabilities directly associated with a disposal group held-for-sale	–	–	–	–
Total liabilities	1 473	9 349	86	10 908
Net assets	1 005	993	358	2 356
Consideration received	–	–	–	–
Loss on loss of control of subsidiaries	1 005	993	358	2 356
Translation of foreign entities reclassified through profit or loss on derecognition	–	–	–	(1 248)
Loss on loss of control of subsidiaries	–	–	–	1 108

17. GOING CONCERN AND LIQUIDITY STATEMENT

Working capital and banking facilities

The Group's liquidity came under prolonged pressure due to the cumulative impacts of the COVID pandemic and the effects of the war in Ukraine. Specific causes of the impact include, amongst others, the disruption in supply chains, delays to project schedules and the associated deferral of milestone payments, as well as the effects of unforeseen price escalations caused by higher levels of global inflation which all add to an already difficult commercial environment.

These impacts were particularly felt in the Energy, Resources & Infrastructure ("ERI") platform, where several large, fixed price projects were underway and the impact from supply chain disruption and price escalations was most evident. The unprecedented challenges prevalent in the emergent commercial environment placed pressure on the Group's working capital requirements. As a result of delays in numerous milestone payments and slower than anticipated close out of disputes, cash flow pressures in the ERI business resulted in it needing a capital injection to realise its full potential value. As the Group wasn't able to provide the capital injection, it commenced a process to sell Clough Limited ("Clough"). When the transaction terminated at a late stage, cash requirements that hinged on the sale did not materialise and Clough went into voluntary administration on 5 December 2022.

Clough held a loan receivable from MRPL, the Group's Australian holding company, which also held the shares in RUC Cementation Mining Contractors Pty Ltd ("RUC"). As the receivable could be called by Clough and MRPL could not settle the receivable on demand, MRPL also went into voluntary administration. The Group lost effective control over MRPL and its Australian subsidiaries through this development.

In the Group accounts, MRPL, Clough and RUC have been deconsolidated with effect from 5 December 2022. The financial results of these three companies, and the impact of the deconsolidation, are reported under discontinued operations as from the start of the comparative period for Statement of Financial Performance, Statement of Comprehensive Income and the Statement of Cash Flows up to 5 December 2022.

Following the developments in Australia, the Group now delivers projects through two business platforms: the Mining platform, comprising its two regional businesses in Africa and the Americas, and the Power, Industrial & Water ("PIW") platform which focuses on Sub-Saharan Africa.

For half year reporting purposes, the Group had to update its going concern assessment considering these developments.

As a mature business, contracting on conventional terms, the Mining platform does not experience the same levels of demand on working capital. It is also operating in a strong performing sector with potential for growth.

During the 6-month reporting period, the PIW platform experienced renewed growth and the order book of R2 billion (FY2022 H1: R0,5 billion) is reflective of opportunities in the renewable energy and transmission market sectors.

Cash flow forecasts for each of the respective platforms to the end of the 2024 financial year have been stress-tested for key judgements and assumptions relating to project margins, unsecured order book income and timing of cashflows.

Based on these cash flow forecasts, the Group has taken the following considerations into account in addressing its liquidity needs and for working capital purposes to support the growth potential of the Group and the impact on assessing going concern:

- 1) The debt refinancing and restructuring process, which was concluded in November 2022, resulted in a term loan facility of R1,35 billion and a short-term overdraft facility of R0,65 billion, totalling a combined facility of R2 billion which reduced the Group's pre-existing overdraft. The potential impact of the deconsolidation of MRPL, Clough and RUC on the Group's South African facilities has been considered. If financial covenants were assessed at 31 December 2022, which was required by the loan terms in effect on this date, covenants would not have been met. Subsequent to December 2022, Lenders agreed that the first measurement period for the related financial covenants will be 30 June 2023.
- 2) A sale and purchase agreement (SPA) for the Group's investment in the Bombela Concession Company ("BCC") was signed on 30 November 2022. To date, the key conditions precedent (CPs) have been fulfilled, including shareholder approval which was obtained on 20 February 2023 in relation to the proposed sale. The transaction is expected to close in March 2023 and the proceeds of R1,3 billion are expected to significantly deleverage the Group with respect to the repayment of direct finance and the term debt.
- 3) The term loan tenor of 18 months is in the process of being extended for a further 4 months to August 2024. This will be in relation to the balance of the term loan (post the payment of R1,0 billion from the pending BCC disposal proceeds and a further R50 million payment in September 2023).
- 4) As at 31 December 2022, the Group had direct local banking facilities (including asset-based finance) in place of R2,8 billion, with R0,4 billion of unutilised facilities available. The direct foreign banking facilities (including asset-based finance) in place were R1,4 billion with R1,1 billion of unutilised facilities available. The indirect local banking facilities in place were R3,6 billion with R0,7 billion of unutilised facilities available. The indirect foreign banking facilities in place were R1,0 billion with R0,6 billion of unutilised facilities available. Some of these facilities have limited availability for Group-wide use due to dividend distribution and intra-group limitations.
- 5) Excluding RUC and Clough, the Group's order book of R16,1 billion (FY2022: R17,6 billion) includes high-profile, multi-year projects.

In terms of the November 2022 facilities restructuring agreement, the term debt should be mostly settled from the net proceeds from the sale of the investment in BCC. The remainder will be settled through funds raised from a restructured asset backed finance facility of the mining platform's equipment, and if this is not achieved, a capital raise would need to be initiated.

The BCC disposal is still subject to customary closing conditions precedent which are expected to be met in due course. The term loan has debt covenants that will be impacted by the deconsolidation of the Australian business absent a sale of the Group's interest in BCC. Although the Group has no reason to believe that the remaining conditions will not be met, if the net investment in BCC is not sold, settling the term loan in accordance with the current contractual maturity terms of April 2024 would require implementation of additional financial restructuring or a capital raise.

Middle East

In Abu Dhabi, on 21 February 2023, the Court of Cassation, the highest court in the Emirate, ruled against the joint venture that delivered the Al Mafraq Hospital project in Abu Dhabi, in which Murray & Roberts Contractors (Abu Dhabi) LLC is a member. Legal advice obtained confirmed that the judgment is flawed, and the joint venture is within its legal rights to refer the judgment for review by the same court. This process of review will be initiated in the weeks ahead. An extension of the stay on all intervening actions in anticipation of this review will be sought through the court system. There is a Group parent company guarantee in place for a circa AED150 million facility (R683 million at period end) that is tied into this legal dispute, and legal advice obtained confirmed that there is no immediate threat of a call on this guarantee until the Court of Cassation review process has run its course. The threat of any claim arising insofar as the Group is concerned is contingent on a number of court proceedings going against it in the UAE and potentially in South Africa. It is the Group's view, supported by legal counsel that strong legal defences are available to support the Group should any claims materialise.

General

The Group is confident that it would be able to implement the sale of the net investment in BCC and any remaining financial restructuring or capital raises as may be required. Should, however, the net investment in BCC not be realised, or the Middle East parent company guarantee is successfully called and enforced, it will give rise to a material uncertainty regarding the potential for further financial restructuring which may cast significant doubt on the group and the company's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

18. EVENTS AFTER REPORTING DATE

Events after reporting date noted have been disclosed in note 11 and 17.

The directors are not aware of any other matter or circumstance, other than noted above, 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 2022 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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