# Murray & Roberts

# Preliminary Report

FOR THE YEAR ENDED 30 JUNE 2010

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

## Condensed consolidated statement of financial performance

for the year ended 30 June 2010

| R millions | Audited Annual 30.6.10 | Audited Annual 30.6.09* |
|---|---|---|
| **Revenue** | **31 962** | 32 684 |
| **Earnings before interest, exceptional items, depreciation and amortisation** | **2 449** | 3 512 |
| Depreciation | **(649)** | (711) |
| Amortisation of intangible assets | **(25)** | (35) |
| **Earnings before interest and exceptional items** | **1 775** | 2 766 |
| Exceptional items (note 3) | **101** | 8 |
| **Earnings before interest and taxation** | **1 876** | 2 774 |
| Net interest expense | **(193)** | (20) |
| **Earnings before taxation** | **1 683** | 2 754 |
| Taxation | **(470)** | (612) |
| **Earnings after taxation** | **1 213** | 2 142 |
| Income from equity accounted investments | **14** | 2 |
| **Earnings from continuing operations** | **1 227** | 2 144 |
| Profit from discontinued operations (note 4) | **2** | 194 |
| **Earnings for the year** | **1 229** | 2 338 |
| **Attributable to:** | | |
| – Owners of the parent | **1 098** | 2 018 |
| – Non-controlling interests | **131** | 320 |
| | **1 229** | 2 338 |
| **Earnings per share (cents)** | | |
| **– Diluted** | **371** | 678 |
| **– Basic** | **373** | 685 |
| **Earnings per share from continuing operations (cents)** | | |
| **– Diluted** | **371** | 646 |
| **– Basic** | **372** | 653 |
| **Total dividend per ordinary share (cents)**** | **105** | 218 |
| **Operating cash flow per share (cents)** | **208** | 470 |

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

**SUPPLEMENTARY STATEMENT OF FINANCIAL PERFORMANCE INFORMATION**

| Reconciliation of weighted average number of shares in issue (000) | | |
|---|---|---|
| Weighted average number of ordinary shares in issue | **331 893** | 331 893 |
| Less: Weighted average number of shares held by The Murray & Roberts Trust | **(7 658)** | (7 815) |
| Less: Weighted average number of shares held by Murray & Roberts Limited | **(676)** | (676) |
| Less: Weighted average number of shares held by the Letsema BBBEE trusts | **(28 946)** | (28 946) |
| **Weighted average number of shares used for basic per share calculation** | **294 613** | 294 456 |
| Add: Dilutive adjustment for share options | **1 233** | 3 257 |
| **Weighted average number of shares used for diluted per share calculation** | **295 846** | 297 713 |
| **Headline earnings per share (cents) (note 5)** | | |
| **– Diluted** | **340** | 675 |
| **– Basic** | **341** | 683 |
| **Headline earnings per share from continuing operations (cents)** | | |
| **– Diluted** | **339** | 644 |
| **– Basic** | **341** | 651 |

## Condensed consolidated statement of comprehensive income

for the year ended 30 June 2010

| R millions | Audited Annual 30.6.10 | Audited Annual 30.6.09 |
|---|---|---|
| Earnings for the year | **1 229** | 2 338 |
| Effects on cash flow hedges | **(11)** | 9 |
| Foreign currency translation movements | **123** | (316) |
| Taxation related to components of other comprehensive income | **–** | (5) |
| **Total comprehensive income for the year** | **1 341** | 2 026 |
| **Attributable to:** | | |
| – Owners of the parent | **1 163** | 1 777 |
| – Non-controlling interests | **178** | 249 |
| | **1 341** | 2 026 |

## Condensed consolidated statement of cash flows

for the year ended 30 June 2010

| R millions | Audited Annual 30.6.10 | Audited Annual 30.6.09 |
|---|---|---|
| Cash generated by operations before working capital changes | **2 382** | 3 928 |
| Cash outflow from headlease and other property activities | **(47)** | (25) |
| Increase in working capital | **(931)** | (1 290) |
| Cash generated from operations | **1 404** | 2 613 |
| Interest and taxation paid (net) | **(713)** | (1 054) |
| **Operating cash flow** | **691** | 1 559 |
| Dividends paid to owners of the parent | **(572)** | (625) |
| Dividends paid to non-controlling interests | **(95)** | (72) |
| **Cash flow from operating activities** | **24** | 862 |
| Property, plant and equipment and intangible assets (net) | **(943)** | (2 262) |
| Acquisition of associates | **(341)** | – |
| Acquisition of non-controlling interests | **(59)** | (390) |
| Business disposals/acquisitions (net) | **438** | – |
| Other investments (net) | **183** | 162 |
| Other (net) | **(14)** | 5 |
| **Cash flow from investing activities** | **(736)** | (2 485) |
| Net movement in borrowings | **377** | 663 |
| Treasury share acquisitions/disposals (net) | **19** | (251) |
| **Cash flow from financing activities** | **396** | 412 |
| **Net decrease in cash and cash equivalents** | **(316)** | (1 211) |
| Net cash and cash equivalents at beginning of year | **2 876** | 4 278 |
| Effect of foreign exchange rates | **6** | (191) |
| **Net cash and cash equivalents at end of year** | **2 566** | 2 876 |

## Condensed consolidated statement of financial position

at 30 June 2010

| R millions | Audited Annual 30.6.10 | Audited Annual 30.6.09 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | **6 165** | 6 258 |
| Property, plant and equipment | **4 233** | 4 280 |
| Investment property | **52** | 510 |
| Goodwill | **554** | 490 |
| Other intangible assets | **72** | 59 |
| Deferred taxation assets | **343** | 305 |
| Investment in associate companies | **376** | 12 |
| Other investments | **216** | 483 |
| Other non-current receivables | **319** | 119 |
| **Current assets** | **14 339** | 15 422 |
| Accounts and other receivables | **2 207** | 2 690 |
| Inventories | **1 707** | 2 169 |
| Amounts due from contract customers | **6 614** | 5 900 |
| Cash and cash equivalents** | **3 811** | 4 663 |
| **Assets classified as held-for-sale** | **1 448** | 1 813 |
| **TOTAL ASSETS** | **21 952** | 23 493 |
| **EQUITY AND LIABILITIES** | | |
| **Total equity** | **7 177** | 6 634 |
| Attributable to owners of the parent | **6 203** | 5 581 |
| Non-controlling interests | **974** | 1 053 |
| **Non-current liabilities** | **2 383** | 1 447 |
| Long-term provisions | **84** | 78 |
| Obligations under finance headleases* | **–** | 14 |
| Long-term liabilities* | **1 529** | 770 |
| Other non-current liabilities | **390** | 313 |
| Deferred taxation liabilities | **380** | 272 |
| **Current liabilities** | **12 142** | 14 370 |
| Accounts and other payables | **7 024** | 8 075 |
| Amounts due to contract customers | **3 273** | 3 601 |
| Bank overdrafts* | **1 245** | 1 787 |
| Short-term loans* | **600** | 907 |
| **Liabilities directly associated with assets classified as held-for-sale** | **250** | 1 042 |
| **TOTAL EQUITY AND LIABILITIES** | **21 952** | 23 493 |

*Interest-bearing borrowings
**Includes restricted cash of R1 333 million (2009: R1 766 million)

| SUPPLEMENTARY INFORMATION (R millions) | | |
|---|---|---|
| **Net asset value per share (cents)** | **1 869** | 1 682 |
| **Commitments** | | |
| **Capital expenditure** | | |
| – Spent | **1 093** | 2 368 |
| – Authorised but unspent | **955** | 1 529 |
| **Operating lease commitments** | **2 146** | 2 328 |
| **Contingent liabilities** | **345** | 261 |
| **Financial institution guarantees** | **9 693** | 9 806 |

## Condensed consolidated segmental analysis

for the year ended 30 June 2010

| R millions | Audited Annual 30.6.10 | Audited Annual 30.6.09 |
|---|---|---|
| **Revenue*** | | |
| Gautrain | **1 242** | 2 627 |
| Construction SADC | **6 749** | 6 487 |
| Engineering SADC | **1 884** | 2 692 |
| Construction Products SADC | **7 053** | 6 167 |
| Middle East | **2 882** | 3 558 |
| Cementation Group | **5 345** | 5 962 |
| Clough | **5 753** | 4 185 |
| Corporate and Investments | **1 054** | 1 006 |
| Continuing operations | **31 962** | 32 684 |
| Discontinued operations | **545** | 2 684 |
| | **32 507** | 35 368 |

*Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R729 million (2009: R962 million).

| | | |
|---|---|---|
| **Earnings before interest and exceptional items (EBIT)** | | |
| Gautrain | **(619)** | 9 |
| Construction SADC | **582** | 515 |
| Engineering SADC | **112** | 447 |
| Construction Products SADC | **611** | 675 |
| Middle East | **300** | 350 |
| Cementation Group | **447** | 428 |
| Clough | **394** | 342 |
| Corporate and Investments | **(52)** | – |
| Continuing operations | **1 775** | 2 766 |
| Discontinued operations | **5** | 219 |
| | **1 780** | 2 985 |
| **Segment assets** | | |
| Gautrain | **512** | 496 |
| Construction SADC | **2 939** | 2 294 |
| Engineering SADC | **1 010** | 1 167 |
| Construction Products SADC | **3 562** | 3 750 |
| Middle East | **3 133** | 2 521 |
| Cementation Group | **2 042** | 1 775 |
| Clough | **2 667** | 4 294 |
| Corporate and Investments | **1 821** | 2 228 |
| | **17 686** | 18 525 |
| **Reconciliation of segment assets** | | |
| Total assets | **21 952** | 23 493 |
| Deferred taxation assets | **(343)** | (305) |
| Current taxation receivable | **(112)** | – |
| Cash and cash equivalents | **(3 811)** | (4 663) |
| | **17 686** | 18 525 |

## Condensed consolidated statement of changes in equity

for the year ended 30 June 2010

| R millions | Share capital and premium | Other capital reserves | Hedging and translation reserves | Retained earnings | Non-controlling interests | Total |
|---|---|---|---|---|---|---|
| **Balances at 30 June 2008** | 968 | 123 | 213 | 3 560 | 961 | **5 825** |
| Total comprehensive income for the year | – | – | (241) | 2 018 | 249 | **2 026** |
| Purchase/(disposal) of non-controlling interests (net) | – | – | – | (213) | (137) | **(350)** |
| Net movement in non-controlling interest loans | – | – | – | – | 42 | **42** |
| Movement in treasury shares | (250) | – | – | – | – | **(250)** |
| Movement in share-based payment reserve | – | 38 | – | – | – | **38** |
| Transfer to non-controlling interests | – | (8) | (2) | – | 10 | **–** |
| Dividends declared and paid | – | – | – | (625) | (72) | **(697)** |
| **Balances at 30 June 2009** | 718 | 153 | (30) | 4 740 | 1 053 | **6 634** |
| Total comprehensive income for the year | – | – | 65 | 1 098 | 178 | **1 341** |
| Purchase/(disposal) of non-controlling interests (net) | – | – | – | (15) | (143) | **(158)** |
| Recognition of financial instrument on acquisition of business | – | (55) | – | – | – | **(55)** |
| Disposal of business | – | – | 7 | – | – | **7** |
| Net movement in non-controlling interest loans | – | – | – | – | (1) | **(1)** |
| Movement in treasury shares | 19 | – | – | – | – | **19** |
| Movement in share-based payment reserve | – | 57 | – | – | – | **57** |
| Transfer to non-controlling interests | – | 16 | 2 | – | (18) | **–** |
| Dividends declared and paid | – | – | – | (572) | (95) | **(667)** |
| **Balances at 30 June 2010** | 737 | 171 | 44 | 5 251 | 974 | **7 177** |

## Notes

**1. Basis of preparation**

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

The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2009, except for the following:

IAS 23 (Amendment), Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009): Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset in terms of IAS 23 form part of the cost of the asset and should be capitalised. In prior financial periods borrowing costs were expensed when incurred. This change in accounting policy has no impact on prior financial periods as the amendment is applied prospectively.

IAS 1, as revised in 2007, has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 is a disclosure standard and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Following the adoption, the identification of the Group's reportable segments has changed. The prior year operating segments have been reclassified accordingly.

The auditors, Deloitte & Touche, have issued their opinion on the Group's financial statements for the year ended 30 June 2010. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived and are consistent in all material respects with the Group financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

**2. Acquisitions**

**2.1 Acquisition of subsidiary**

On 14 August 2009, Clough Limited (Clough) acquired a 70% interest in Ocean Flow International LLC (Ocean Flow), a SURF engineering company based in Houston, USA for consideration of US$9,1 million. Ocean Flow has contributed revenue of R73 million and attributable profit of R9 million to Clough.

| R millions | 30.6.10 |
|---|---|
| Net asset value acquired | **22** |
| Non-controlling interest* | **(4)** |
| Fair value of net assets acquired | **18** |
| Goodwill | **52** |
| Purchase consideration | **70** |

Goodwill is attributable to Ocean Flow's position and profitability in the subsea engineering and construction management market, skilled workforce, expertise and synergies expected to arise from the acquisition and is accounted for on a provisional basis.

*Non-controlling interest is measured at the proportionate share of their net identifiable assets.

**2.2 Acquisition of associate**

On 20 April 2010, Clough Limited (Clough) announced that it had acquired a 31% interest in Forge Group Limited (Forge) and subsequently entered into an alliance with Forge for long-term strategic co-operation that is expected to generate substantial benefits for both companies. At 30 June 2010 the carrying amount of Clough's investment in Forge was A$51,6 million.

**3. Exceptional items**

| R millions | 30.6.10 | 30.6.09 |
|---|---|---|
| Property fair value adjustments | **101** | – |
| Profit on disposal of investments | **–** | 20 |
| Loss on disposal of land and buildings | **–** | (12) |
| **Exceptional profit** | **101** | 8 |

**4. Profit from discontinued operations**

A decision was taken to dispose of Johnson Arabia LLC, BRC Arabia FZC and BRC Arabia LLC. The Group has identified a buyer for the three businesses and expects the sale to be completed within the next 12 months. The Group has not recognised any impairment losses in respect of the reclassification of assets and liabilities, to assets and liabilities held-for-sale. The prior year includes financial information for Petrosea.

| R millions | 30.6.10 | 30.6.09 |
|---|---|---|
| Revenue | **545** | 2 684 |
| Earnings before interest and depreciation | **36** | 314 |
| Depreciation and amortisation | **(31)** | (95) |
| Earnings before interest and taxation | **5** | 219 |
| Net interest expense | **(3)** | (37) |
| Taxation | **–** | 12 |
| **Profit from discontinued operations** | **2** | 194 |
| **Non-controlling interests relating to discontinued operations** | **1** | 100 |
| **Cash flows from discontinued operations include the following:** | | |
| Cash flow from operating activities | **72** | 163 |
| Cash flow from investing activities | **(40)** | (363) |
| Cash flow from financing activities | **(45)** | 149 |
| **Net decrease in cash and cash equivalents** | **(13)** | (51) |

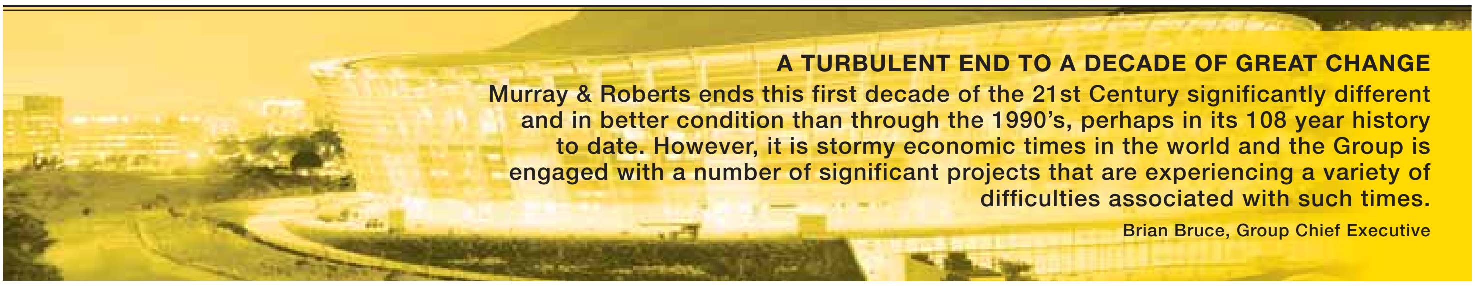
**5. Reconciliation of headline earnings**

| R millions | 30.6.10 | 30.6.09 |
|---|---|---|
| Earnings attributable to owners of the parent | **1 098** | 2 018 |
| Property fair value adjustments | **(101)** | – |
| Profit on disposal of subsidiaries | **(10)** | – |
| Profit on disposal of investments | **–** | (20) |
| Loss on disposal of land and buildings | **–** | 12 |
| Other | **1** | – |
| Non-controlling interest effects on adjustments | **4** | – |
| Taxation effects on adjustments | **13** | – |
| **Headline earnings** | **1 005** | 2 010 |

**6. Post balance sheet event**

The Group received Competition Commission approval on 29 July 2010 for the disposal of investment properties. This had no impact on the financial position of the Group at 30 June 2010.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group annual financial statements, which significantly affects the financial position at 30 June 2010 or the results of its operations or cash flows for the year then ended.



# A TURBULENT END TO A DECADE OF GREAT CHANGE

**Murray & Roberts ends this first decade of the 21st Century significantly different and in better condition than through the 1990's, perhaps in its 108 year history to date. However, it is stormy economic times in the world and the Group is engaged with a number of significant projects that are experiencing a variety of difficulties associated with such times.**

**Brian Bruce, Group Chief Executive**

## COMMENTARY

In finalising its Statement of Financial Performance for the past year, the Group has given careful consideration to all factors influencing its current and future performance prospects. This includes its treatment of and response to a number of challenges associated with its major projects and ongoing volatility in some of its markets.

## Major Projects

The scale and duration of major projects secured by the Group over the past few years presents a number of challenges, not least of which is revenue recognition, such that neither present nor future shareholders are unduly prejudiced or advantaged relative to one another.

The Group recognised a charge of R619 million to the Statement of Financial Performance in the year, following a thorough review of the estimated cost to completion of the infrastructure works for the Gautrain Project, including the additional cost of delivering Phase 1 in time for the 2010 FIFA World Cup.

This charge includes a best estimate of the remaining cost to complete the project and takes cognisance of the potential challenge of reaching settlement on all claims and variations within a reasonable time, including through arbitration.

The Statement of Financial Performance recognises a loss in the Group's fabrication operations of R86 million, being the estimated costs of overcoming significant disruption caused by delayed design and change in scope on the mechanical works for the Medupi power station project. These costs form part of a substantial claim.

The Transnet Locomotive Program is progressing to its revised plan with almost two locomotives a week coming off the production line at UCW.

A cumulative total revenue of R1,4 billion, being Amounts Due from Contract Customers, has been recognised in the Statement of Financial Position at 30 June 2010 (2009: R1,1 billion) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's three major projects. Recognition of these assets is supported by the Group's contract partners and by independent experts and advisors.

Adjudications of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being finally awarded compared to that recognised in the Statement of Financial Position at 30 June 2010.

## Financial Year to 30 June 2010

Revenue at R32,0 billion (2009: R32,7 billion) is 2,2% down on the previous year for continuing operations, with Operating Profit down 36% to R1,8 billion (2009: R2,8 billion) at an Operating Margin of 5,6%, which is within the Group's strategic range of 5,0% to 7,5%.

The R619 million charge in respect of the infrastructure joint venture for the Gautrain Project represents the Group's share of the increase in estimated cost to completion of the project in excess of the position recognised in the previous financial year.

A direct impact of increased working capital funding, primarily to support both Gautrain and The UCW Partnership, has seen a significant increase in net finance cost to R193 million (2009: R20 million).

The consequence of these matters is a 50% decline in diluted headline earnings per share to 340 cents (2009: 675 cents).

Shareholder funds increased 11% to R6,2 billion (2009: R5,6 billion) giving an Attributable Earnings return of 18,6% (2009: 38,6%) on average shareholder funds for the year. This is temporarily below the Group's target return of 20%.

A number of factors have influenced performance in the financial year:

- While the Construction Economy conventionally lags general economic activity, the South African construction industry has largely been shielded in the year by the intensity of activity required to deliver necessary infrastructure ahead of the 2010 FIFA World Cup.
- The Bombela Consortium invested in delivering Phase 1 of the Gautrain Project between Sandton and OR Tambo Airport ahead of schedule and in time for this event.
- The Group successfully delivered a number of major world class projects in the year including Green Point Stadium in Cape Town and the Sorbonne University in Abu Dhabi.
- The Eskom Power Program has suffered significant start-up delay and disruption, reducing expected revenues against costs incurred in the year. A proactive investment by the Group in response to these challenges will enable the program to proceed expeditiously as the start-up problems are systematically resolved by its clients.
- A number of companies have performed well ahead of expectation in the year while for others, markets have been negatively impacted by the global financial crisis. Wade Walker was severely impacted by the loss of a major project.
- Working capital demand increased through the year, particularly on Gautrain, which was funded through proceeds on the disposal of non-core assets and short-term borrowing resulting in a higher interest charge.

The year ahead will undoubtedly present both challenge and opportunity to the Group and its operations. Amicable settlement processes are in progress on the Dubai International Airport Concourse 2 and other final accounts in Middle East. Final completion of the Gautrain Project is due within the new financial year and every effort is being made under leadership of the Group to progress an acceptable contractual outcome.

It is expected that the Eskom Power Program may advance beyond its start-up problems in the first half of the year, offering for the first time the opportunity for uninterrupted progress of the works. The Transnet Locomotive Program is in full progress and will be substantially delivered by the end of the financial year.

The Group invested R1,1 billion (2009: R2,4 billion) in capital expenditure during the year and ended the year with a solid balance sheet and cash reserves of about R2,6 billion against various loan arrangements of about R2,1 billion.

## Dividend

Attention is drawn to the formal dividend announcement contained herein. The Directors are confident of the future prospects for the Group and in terms of the published Dividend Policy, have declared a final ordinary cash dividend of 53 cents per share (2009: 133 cents per share). This includes 21 cents per share (2009: 16 cents per share) from Clough Limited.

## Construction SADC

This cluster has been reorganised into two principal operations, each comprising a number of subsidiaries responsible for specific market segments. Concor has a discipline focus on the civil engineering, roads & earthworks and opencast mining markets of Southern Africa. Murray & Roberts Construction has a regional building focus in Gauteng, Western Cape, Botswana, Namibia and Zimbabwe and will lead all major construction projects in South and southern Africa, generally in partnership with Concor.

Consolidated revenues increased 4% to R6,8 billion (2009: R6,5 billion) with operating profit up 13% to R582 million (2009: R515 million) at a margin of 8,6% (2009: 7,9%). Gautrain is tabled separately and the Group's 67% share of Medupi Civils is shared equally between Murray & Roberts Construction and Concor.

| R millions* | Concor | | Construction RSA | | SADC | | Gautrain | |
|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| Revenues* | **3 558** | 3 156 | **2 612** | 2 952 | **579** | 379 | **1 242** | 2 627 |
| Operating Profit* | **367** | 338 | **140** | 130 | **75** | 47 | **(619)** | 9 |
| Margin (%) | **10,3** | 10,7 | **5,4** | 4,4 | **13** | 12,4 | **–** | – |
| Assets* | **1 824** | 1 264 | **933** | 868 | **182** | 162 | **512** | 496 |
| People | **3 852** | 3 940 | **3 590** | 2 390 | **931** | 706 | **853** | 2 081 |
| LTIFR (Fatalities) | **1,2 (0)** | 1,0 (3) | **1,2 (2)** | 1,3 (2) | **2,6 (0)** | 4,7 (0) | **4,2 (1)** | 4,0 (0) |
| Order Book* | **3 903** | 3 369 | **1 303** | 2 916 | **1 327** | 317 | **833** | 1 950 |

Mr Trevor Fowler was appointed executive chairman of the cluster in the year, succeeding Mr Keith Smith. Mr Cobus Bester is managing director of Concor.

## Engineering SADC

This cluster has been reorganised into two principal sectors comprising Murray & Roberts Projects for EPC (engineer, procure and construct) projects in the industrial, mining and power markets of South Africa, with Murray & Roberts Marine and Wade Walker separately focused on opportunities in Rest of Africa, Middle East and Australasia. Genrec will be incorporated into the Construction Products Cluster from 1 July 2010.

Consolidated revenues decreased 30% to R1,9 billion (2009: R2,7 billion) with operating profit down to R112 million (2009: R447 million) at a margin of 5,9% (2009: 16,6%).

| R millions* | Projects | | Wade Walker | | Marine | | Genrec | |
|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| Revenues* | **744** | 675 | **313** | 1 058 | **351** | 515 | **476** | 444 |
| Operating Profit* | **65** | (11) | **35** | 328 | **77** | 97 | **(65)** | 33 |
| Margin (%) | **8,7** | – | **11,2** | 31,0 | **21,9** | 18,8 | **–** | 7,4 |
| Assets* | **535** | 163 | **142** | 421 | **92** | 146 | **241** | 437 |
| People | **1 423** | 561 | **464** | 1 458 | **118** | 381 | **1 188** | 1 111 |
| LTIFR (Fatalities) | **0,4 (0)** | 1,1 (0) | **4,5 (0)** | 0,0 (0) | **1,2 (0)** | 0,0 (0) | **1,5 (0)** | 10,9 (0) |
| Order Book* | **10 863** | 11 151 | **177** | 368 | **502** | 222 | **4 926** | 6 742 |

Performance in the year was severely impacted by start-up delays to the Eskom Power Program, including significant disruption to Genrec production, and the loss of a major project at the start of the year in Wade Walker.

Mr Keith Smith was appointed executive chairman of Murray & Roberts Projects in January 2010. Mr Malose Chaba is chairman of Murray & Roberts Marine and Wade Walker.

## Construction Products SADC

The six companies forming this cluster manufacture and supply value-added construction products to the infrastructure and building markets of South Africa and the rest of SADC. Principal raw material inputs are steel, cement, aggregate, bitumen and clay.

Consolidated revenues increased 14% to R7,1 billion (2009: R6,2 billion) with operating profit down 10% to R611 million (2009: R675 million) at a margin of 8,7% (2009: 10,9%).

| R millions* | Steel | | Hall Longmore | | Rocla & Much | | Ocon & Technicrete | |
|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| Revenues* | **2 065** | 2 550 | **2 178** | 1 111 | **2 289** | 1 916 | **521** | 590 |
| Operating Profit* | **1** | 133 | **156** | 133 | **418** | 350 | **36** | 59 |
| Margin (%) | **–** | 5,2 | **7,2** | 12,0 | **18,3** | 18,3 | **6,9** | 10,0 |
| Assets* | **1 653** | 1 669 | **792** | 1 040 | **757** | 660 | **360** | 381 |
| People | **1 713** | 2 089 | **787** | 788 | **1 757** | 1 755 | **1 395** | 1 439 |
| LTIFR (Fatalities) | **9,3 (0)** | 11,1 (0) | **6,5 (0)** | 5,0 (1) | **4,6 (0)** | 2,2 (0) | **3,1 (0)** | 5,6 (0) |

Murray & Roberts Steel experienced a volatile year, with good volumes but low prices. Hall Longmore overcame its production challenges and delivered almost the full NMPP project before year-end. While Rocla experienced a slight falloff in demand, Much Asphalt made a significant contribution to the country's 2010 FIFA World Cup preparations by supplying its product to the road construction market virtually 24 hours a day 7 days a week. The housing and commercial building market remained at a low ebb during the year.

Dr Orrie Fenn succeeded Mr Andrew Langham as executive chairman of the cluster during the year and was appointed chairman of Genrec, which will be incorporated into this cluster from July 2010. Mr Rob Noonan is managing director of Murray & Roberts Steel.

## Middle East

The Middle East market is coordinated out of Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint venture with appropriate local partners. The primary market focus is major commercial facilities and selected infrastructure projects where the Group has a defined competitive advantage.

Primarily due to the impact of currency translation, consolidated revenues decreased 19% to R2,9 billion (2009: R3,6 billion) with operating profit down 14% to R300 million (2009: R350 million) at a margin of 10,4% (2009: 9,8%).

The Group secured two contracts in the Kingdom of Saudi Arabia with partner Saudi Oger in the year and tendered on the Jeddah Airport Terminal which is still to be awarded. Order Book in the region grew marginally to R4,4 billion (2009: R4,2 billion).

Mr Nigel Harvey is managing director of the Group's Middle East operation. The resolution of final accounts in Dubai and Bahrain will continue in the year ahead and the Group remains confident of its outstanding rights of recovery.

## Cementation Group

The four constituent companies based in Johannesburg South Africa, North Bay in Ontario Canada and Kalgoorlie West Australia are coordinated out of London. The group provides specialist engineering, construction and operational services in the underground mining environment worldwide. Cementation Sudamerica was established in Santiago Chile during the year and the non-controlling interest in Murray & Roberts Cementation was acquired.

Consolidated revenues decreased 10% to R5,3 billion (2009: R6,0 billion) with operating profit up marginally to R447 million (2009: R428 million) at a margin of 8,4% (2009: 7,2%).

| R millions* | Cementation Africa | | Cementation Canada | | RUC Cementation | |
|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| Revenues* | **3 569** | 3 440 | **1 372** | 2 137 | **404** | 385 |
| Operating Profit* | **270** | 198 | **138** | 199 | **39** | 31 |
| Margin (%) | **7,6** | 5,8 | **10,1** | 9,3 | **9,7** | 8,1 |
| Assets* | **1 031** | 966 | **738** | 588 | **273** | 221 |
| People | **14 498** | 11 530 | **1 123** | 704 | **189** | 149 |
| LTIFR (Fatalities) | **3,2 (4)** | 5,2 (3) | **1,3 (0)** | 1,2 (0) | **6,0 (0)** | 2,5 (0) |
| Order Book* | **3 313** | 2 657 | **2 944** | 2 719 | **733** | 474 |

In what has been described as an amazing feat of engineering, the Group's Chilean partner Terraservices has drilled a 690 metre relief hole to the 33 miners trapped underground for 17 days at the San Jose mine. The Group's subsidiary company Terracem will now drill and expand a new shaft using its specialist drilling equipment over the next four months, to enable the trapped miners to be brought to surface.

Murray & Roberts International executive director Mr Peter Adams is chairman of the four constituent companies from London together with financial director Mr Richard Pope. Mr Henry Laas is managing director of Murray & Roberts Cementation in South Africa and a director of the Australia and South America companies.

## Clough

The company is based in Perth West Australia and has secured a significant position servicing the Australasian oil & gas sector, particularly focused on the LNG (liquefied natural gas) market. During the year the company acquired Houston-based engineering company Ocean Flow International, supported the start up of engineering business Peritus International based in Perth, London and Houston and acquired a significant non-controlling interest (31%) in ASX listed mechanical and structural contractor Forge Group, with which it has established a strategic operating partnership.

Revenues increased 38% to R5,8 billion (2009: R4,2 billion) with operating profit up 15% to R394 million (2009: R342 million) at a margin of 6,8% (2009: 8,2%).

The company has its highest order book in five years at R6,7 billion (2009: R2,5 billion).

Mr Mike Harding will retire as chairman of the company at the upcoming annual general meeting and will be succeeded by independent director Mr Keith Spence.

Full details on the Clough financial results for the year to 30 June 2010 and its prospects are published on www.clough.com.au.

## Corporate and Investments

Murray & Roberts Properties, Murray & Roberts Concessions, Toll Road Concessionaires (Tolcon) and Union Carriage & Wagon (UCW) do not naturally fall within the above clusters and have been grouped as investments, each being the responsibility of an appropriate and focused executive team.

Consolidated revenues increased 8% to R1,1 billion (2009: R1,0 billion) with operating profit, excluding corporate costs, up marginally to R293 million (2009: R248 million) at a margin of 27,8% (2009: 24,7%).

BRC Arabia and Johnson Arabia have been classified as discontinued operations.

The Group reached agreement to dispose of the majority of its property investments in the year, for a cash consideration of R610 million at a premium of R94 million to book value. Competition Commission clearance for the disposal was received in July 2010.

A fair value adjustment of R139 million (2009: R135 million) has been recognised in the Statement of Financial Performance relating to the Group's concession assets. The Group disposed of its shareholding in the Bakwena N4 concession during the year for a cash consideration of R253 million.

## Health Safety and the Environment

The Group, its directors and management regret the loss of 9 (nine) employees in the year (2009: 9 employees) as a result of fatal accidents in the workplace. Subsequent to year-end, there have been a further 7 (seven) fatalities, including the loss of 5 (five) lives in a fall of ground accident at the Group's Marikana underground mining operation.

The Group's safety challenge persists primarily in South Africa, although there were two fatalities in Middle East during the year. A key safety indicator is the lost time injury frequency rate (LTIFR) per million hours worked, which continued a four year downward trend, finishing the year at 2,20 (2009: 2,87) towards the Group threshold target of 1,0.

Stop.Think has been the primary branding for health and safety awareness since 2006, and the Group has recently commissioned DuPont Sustainable Solutions to undertake a safety diagnostic analysis across all its South African operations. This will lead to a safety development plan for each operation based on a number of available tools.

The Group has appointed Mr Thokozani Mdluli as the Group Chief Safety Executive. He brings extensive experience to his responsibility of supporting the Group's leadership in driving its health and safety practices.

## Black Economic Empowerment and Employment Equity

The Group is a Level 4 contributor in compliance with the codes of good practice and legislation concerning broad-based black economic empowerment (BBBEE) in South Africa.

It has proved more challenging to meet employment equity targets. It seems that a challenge exists in the mining, industrial and construction sectors to create sufficient critical mass to breach the tipping point in this respect. The Group continues to strive for a better outcome.

## Leadership and Skills Training and Development

Despite the market slowdown in South Africa, the Group has continued its broad range of training and development interventions and programs. Skills enhancement initiatives are regularly undertaken in industry partnerships and in association with the South African Department of Education.

The Group funded 167 (2009: 193) bursars at various academic and technology universities in South Africa during the 2010 financial year and approximately 10 000 employees undertook skills enhancement and training development.

About 150 Group and operations management between the ages of 35 and 55 participated in a comprehensive personal career assessment as part of the Group's ongoing Leadership Pipeline development and succession initiative. Overall, the outcome is very positive, with good indicators for the future leadership potential available to the Group.

## Board of Directors and Management

Mr Trevor Fowler and Dr Orrie Fenn joined the Group during the financial year and were appointed executive directors on 25 September 2009 and 20 November 2009 respectively. Mr Malose Chaba was appointed as Group Head of Assurance and an executive director with effect from 1 September 2009.

An independent review of Board effectiveness was conducted during the second half-year. The review was generally positive and the recommendations are being followed through for implementation.

## Order Book and Prospects

The Project Opportunity Pipeline, which records opportunities of interest to the Group and that have already been filtered through the Opportunity Management System, stood at R68 billion at 30 June 2010 (2009: R71 billion). The Group's tender success ratio has declined in the year as market conditions have tightened, with South Africa showing little sign of recovery after the global financial crisis and 2010 FIFA World Cup.

Order Book remained steady at about R42 billion (2009: R40 billion) with decidedly more activity in the Group's international markets.

The Group expects good growth in the year ahead, coming off the low base caused by the Gautrain charge to the Statement of Financial Performance. The level of this growth will depend on order book development, particularly in South Africa; settlement of major project final accounts; reduction of working capital; and progress with the Eskom Power Program.

The 2010 Annual Report will be published on or about 30 September and includes more detailed information covering the performance and operations of the Group. A business update will be given at the annual general meeting of the Group to be held on Wednesday, 27 October 2010.

On behalf of the directors

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

Bedfordview
25 August 2010

## NOTICE TO SHAREHOLDERS

## Declaration of Final Ordinary Dividend (No. 117)

Notice is hereby given that the final ordinary cash dividend No. 117 of 53 cents per share (2009: 133 cents per share) in respect of the financial year ended 30 June 2010 has been declared payable to shareholders recorded in the register at the close of business on Friday 15 October 2010.

The salient dates for the final ordinary cash dividend are as follows:

| | |
|---|---|
| Last day to trade cum the dividend | Friday, 8 October 2010 |
| Shares commence trading ex dividend | Monday, 11 October 2010 |
| Record date | Friday, 15 October 2010 |
| Payment date | Monday, 18 October 2010 |

Share certificates may not be dematerialised or re-materialised between Monday, 11 October 2010 and Friday, 15 October 2010, both days inclusive.

On Monday, 18 October 2010 the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques will be dated and posted on 18 October 2010.

Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 18 October 2010.

By order of the Board

**Y Karodia**
Group Secretary

Bedfordview
25 August 2010

**Registered office:**
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PO Box 1000, Bedfordview 2008

**Registrar:**
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11 Diagonal Street, Johannesburg 2001
PO Box 4844, Johannesburg 2000

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

**Directors:** RC Andersen* (Chairman) BC Bruce (Managing & Group Chief Executive) DD Barber* MP Chaba O Fenn[1] TG Fowler ADVC Knott-Craig* NM Magau* JM McMahon* IN Mkhize* RW Rees[1] AA Routledge* M Sello* SP Sibisi* RT Vice*
[1]British *Non-executive

**Secretary:** Y Karodia