



PARTNER FOR SOCIO-ECONOMIC DEVELOPMENT

OUR COMMITMENT TO SUSTAINABLE EARNINGS GROWTH
AND VALUE CREATION IS NON-NEGOTIABLE

We are Murray & Roberts

We are South African

As business and corporate citizen we are committed to the national agenda of South Africa, including the pursuit of employment equity throughout our organisation, the economic empowerment of all sectors of our society and facilitation of the growth of direct investment into our economy. As a global enterprise we strive to meet the expectations of our international markets and investors, benchmarking our performance against best-in-class industry standards and our delivery against world class precedent, at all times conducting our business ethically in terms of best practice governance standards.

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Our mission and purpose

“Across the world, society and economies are in search of a different level of sustainable growth and development. There are significant disparities across all dimensions of humanity that make this a daunting challenge. Murray & Roberts is a global partner for sustainable development. We will use the year ahead to better prepare ourselves for this purpose, building on our more than 100 years of heritage and experience and our platform created over the past 10 years Rebuilding Murray & Roberts. **Our mission is to participate meaningfully in the design and construction of the social infrastructure and economic assets needed to deliver a better quality of life to all people.”**

BRIAN BRUCE

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

Green Point Stadium under construction

CAPABILITIES

Murray & Roberts directs its activities into the construction economies of Sub Saharan Africa, Middle East, Southeast Asia and the Americas.

Southern African Development Community (SADC)

CONSTRUCTION

- Building ▪ Civil Engineering ▪ Industrial
- Roads ▪ Earthworks

FOCUS

Large and medium sector construction markets

COMPANIES

- Murray & Roberts Construction
- Concor
- Companies in Botswana, Namibia and Zimbabwe

GEOGRAPHIC MARKET

South Africa
Rest of SADC

ENGINEERING

- Industrial ▪ Mining ▪ Power ▪ Marine

FOCUS

Large scale and specialist EPC projects

COMPANIES

- Murray & Roberts Projects
- Murray & Roberts Marine
- Wade Walker
- Genrec

GEOGRAPHIC MARKET

South Africa
Rest of Africa
Middle East
Southeast Asia

CONSTRUCTION PRODUCTS

- Steel ▪ Infrastructure ▪ Building

FOCUS

Value-added construction products (principal raw material inputs are steel, cement, aggregate, bitumen, clay)

COMPANIES

- Murray & Roberts Steel
- Hall Longmore
- Rocla
- Much Asphalt
- Murray & Roberts Building Products (Technicrete and Ocon Brick)

GEOGRAPHIC MARKET

South Africa
Rest of SADC



Global

MIDDLE EAST

- Commercial ▪ Infrastructure

FOCUS

Major commercial facilities and selected infrastructure projects where the Group has a defined competitive advantage

COMPANIES

- Murray & Roberts Contractors (Middle East)
- Murray & Roberts Contractors (Abu Dhabi)

GEOGRAPHIC MARKET

Gulf Cooperation Council (GCC) countries

CEMENTATION GROUP

- Shafts ▪ Declines ▪ Drilling
- Engineering ▪ Operations

FOCUS

Specialist underground services to the mining and metals resources sector worldwide

COMPANIES

- Murray & Roberts Cementation (Johannesburg, South Africa)
- Cementation Canada (North Bay, Ontario, Canada)
- RUC Cementation (Kalgoorlie, West Australia)
- Cementation Sudamérica (Santiago, Chile)

GEOGRAPHIC MARKET

Worldwide

CLOUGH

- Engineering ▪ Fabrication
- Construction ▪ Asset Support

FOCUS

Upstream oil and gas sector, with strategic focus on liquid natural gas (LNG) and deep water submarine umbilical and riser flow (SURF) markets

COMPANIES

- Clough Limited (62%)
- Forge Group Limited (31%) (Perth Australia)

GEOGRAPHIC MARKET

Oil provinces of Atlantic Ocean
Southeast Asia and Australia

Construction Economy

MARKET SECTORS:

Building ■ Infrastructure ■ Mining ■ Industrial ■ Energy ■ Power ■ Environment

The construction economy is a well defined element of every national economic framework and is identified as a component of gross fixed capital formation (GFCF) within gross domestic product (GDP).*

An established global benchmark is that GFCF should average between 20% and 30% of GDP and construction investment should represent between 20% and 30% of GFCF (4% to 9% of GDP).

The construction economy is represented by all expenditure associated with fixed investment into physical infrastructure, production and commercial facilities, and accommodation, as performed by general and specialist contractors, engineers, materials suppliers and service providers. It generally excludes the supply of process machinery and equipment.

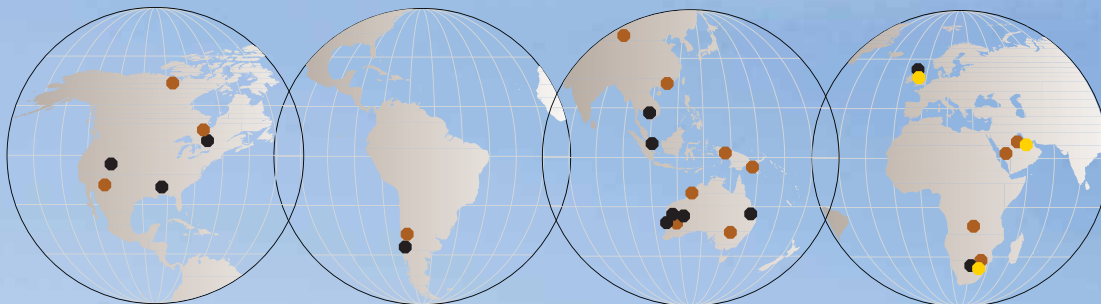
**GFCF is broadly equivalent to what was previously classified as gross domestic fixed investment (GDFI)*



Globalising Murray & Roberts

Murray & Roberts is positioned as one of the world's leading engineering and contracting groups with a portfolio of global best-in-class projects to its credit. The Group has contracted internationally for more than four decades and currently records 33% of its revenues from international markets.

- Johannesburg is the Group's head office and primary base for operations in southern Africa • London hosts a satellite corporate office that services international operations, coordinates the Cementation Group and oversees the operation in North Bay, Ontario, Canada, and the international treasury in the Isle of Man • Dubai is the centre of Middle East operations and primary base for group international activities • Perth is home to Clough and the point of access for the markets of Australia and Southeast Asia • Santiago in Chile has recently been established as the centre of South American operations.



International activity

Africa: Botswana, Democratic Republic of Congo, Ghana, Mali, Mauritania, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, Zimbabwe. **Middle East & Asia:** Bahrain, Hong Kong, Mongolia, Qatar, Saudi Arabia, United Arab Emirates. **Southeast Asia:** Australia, Indonesia, Malaysia, New Zealand, Singapore, Thailand. **The Americas:** Canada, Chile, Gulf of Mexico, United States of America.

● Murray & Roberts offices ● Clough and Cementation offices ● Key Resources projects

FINANCIAL HIGHLIGHTS

Group summary (R millions)

Revenue	
Earnings before exceptional items, interest and taxation (EBIT)	
Attributable profit before non-controlling interest	
Total assets	
Operating cash flow	
Value created	
Payroll cost	
Total number of employees – 30 June	

2010	2009
31 962	32 684
1 775	2 766
1 229	2 337
21 952	23 494
691	1 559
11 533	13 179
8 673	9 428
40 413	38 981
340	675
371	678
208	470
1 869	1 682
3 880	5 000
105	218
5,6	8,5
18,6	38,6
9,2	138,3
0,48	0,54
1,27	1,12

Ordinary share performance (cents)

Diluted headline earnings per share	
Diluted earnings per share	
Operating cash flow per share	
Net asset value per share	
Market price per share	
Total dividend per share	

Financial statistics

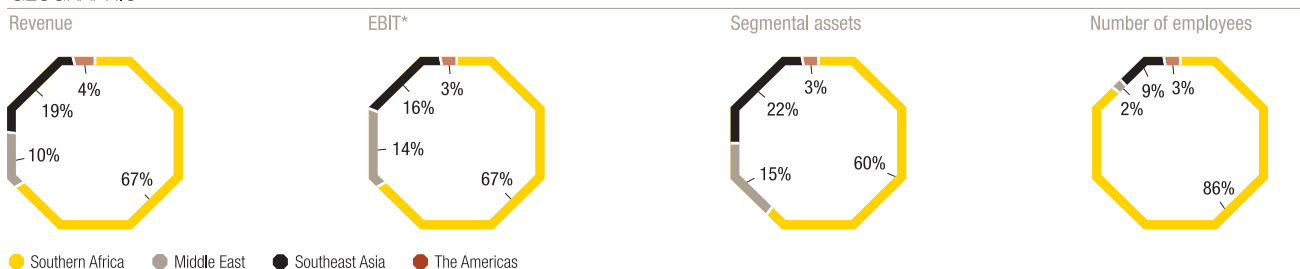
Operating margin (EBIT on revenue) (%)	
Attributable earnings on average shareholders' funds (%)	
Interest cover (times)*	

Ratio (times)

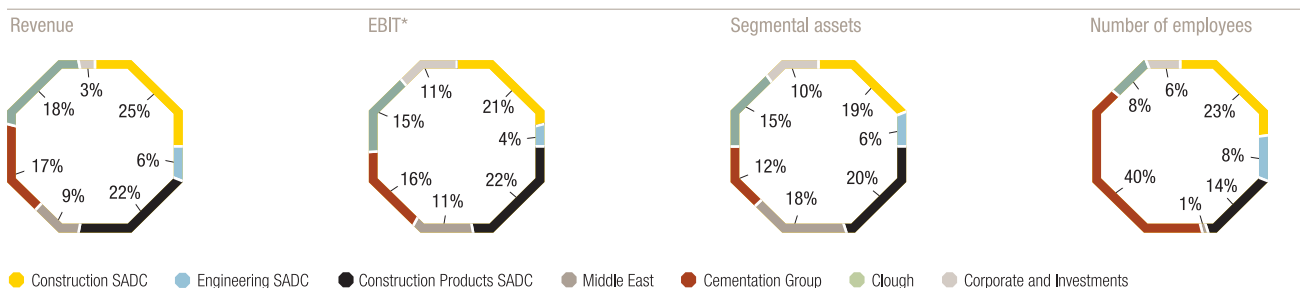
Debt/equity	
Current	

* EBIT divided by net interest expense.

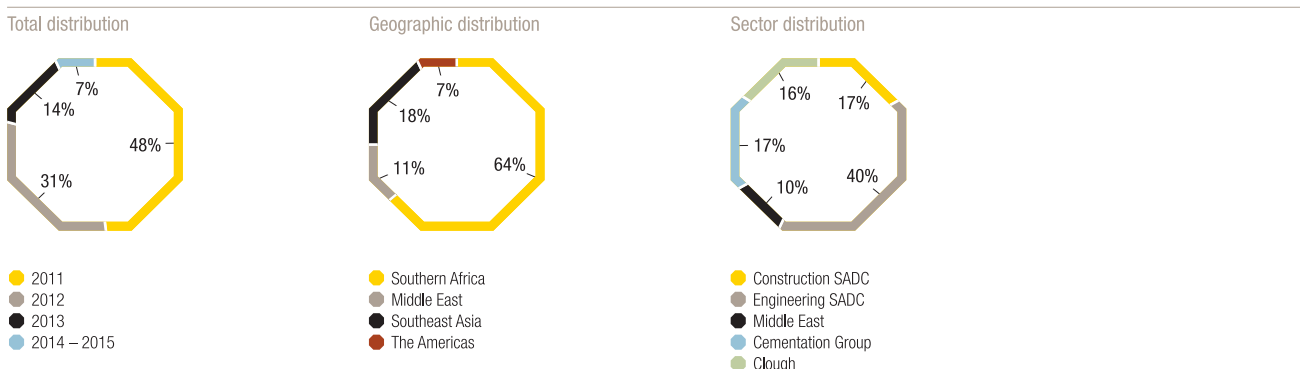
GEOGRAPHIC



SEGMENTAL



ORDER BOOK



* Excludes losses from Gautrain of R619 million and Corporate expenses of R345 million.

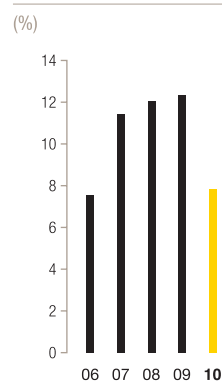
2010 highlights

- Order book stable at R42 billion
- Operating margin of 5,6% remains within strategic framework of 5,0% – 7,5%
- Successful delivery of a number of major world class projects
- A number of group companies performed ahead of expectation
- Healthy statement of financial position

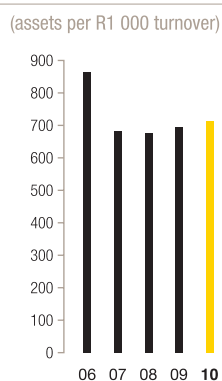
Challenges

- Manage the risk/reward profile of major projects
- Optimise performance in resurgent international markets
- Defend domestic status in challenging socio-economic conditions
- Minimise the impact of operations on society and the environment
- Focus on future initiatives that hold the greatest business impact

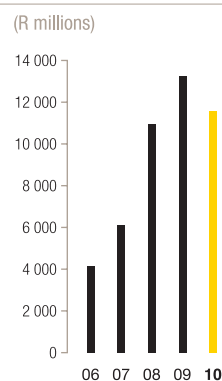
Return on average total assets



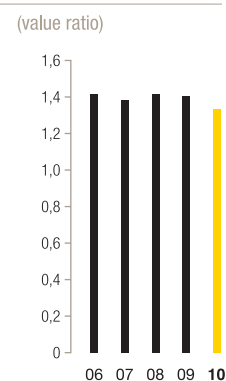
Productivity of assets



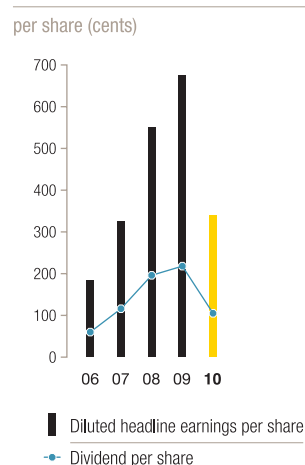
Creation of value



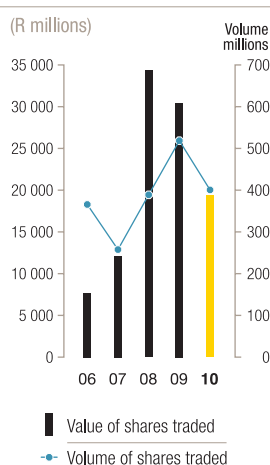
People productivity



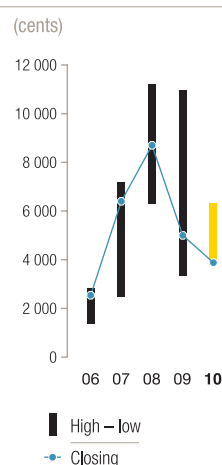
Diluted HEPS and dividends



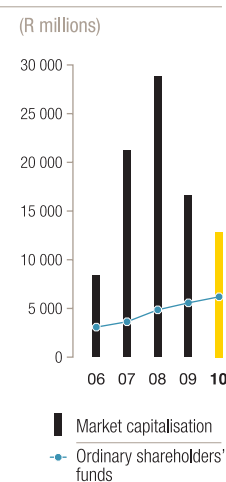
Shares traded



Share price movement



Market capitalisation



SEGMENTAL ANALYSIS

30 June 2010

All monetary amounts are expressed in millions of Rands	Group		Discontinued operations ¹		Corporate and Investments	
	2010	2009	2010	2009	2010	2009
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE						
Revenue	31 962	32 684	545	2 684	1 054	1 006
Earnings before exceptional items and interest	1 775	2 766	5	219	(52)	–
Exceptional items	101	8	–	–	97	20
Earnings before interest and taxation	1 876	2 774	5	219	45	20
Net interest (expense)/income	(193)	(20)	(3)	(37)	(6)	(65)
Earnings before taxation	1 683	2 754	2	182	39	(45)
Taxation	(470)	(612)	–	12	12	(30)
Earnings after taxation	1 213	2 142	2	194	51	(75)
Income from equity accounted investments	14	2	–	–	8	–
Profit from discontinued operations	2	194	–	–	–	–
Non-controlling interest	(131)	(320)	–	–	18	–
Earnings attributable to owners of the parent	1 098	2 018	2	194	77	(75)
SUMMARISED STATEMENT OF FINANCIAL POSITION						
Non-current assets	5 611	5 769	–	250	884	1 100
Current assets ²	15 787	17 235	653	2 411	1 990	2 207
Goodwill	554	490	–	–	–	–
Total assets	21 952	23 494	653	2 661	2 874	3 307
Equity	6 203	5 581	270	1 030	(360)	(545)
Non-controlling interest	974	1 053	165	342	(23)	(3)
Permanent capital	7 177	6 634	435	1 372	(383)	(548)
Non-current liabilities	2 383	1 447	–	49	924	601
Current liabilities ²	12 392	15 413	218	1 240	2 333	3 254
Total equity and liabilities	21 952	23 494	653	2 661	2 874	3 307
SUMMARISED STATEMENT OF CASH FLOWS						
Cash generated by operations before working capital changes	2 382	3 928	84	276	(141)	(69)
Property activities	(47)	(25)	–	–	(47)	(25)
Change in working capital	(931)	(1 290)	50	(47)	(168)	(217)
Cash generated by operations	1 404	2 613	134	229	(356)	(311)
Interest and taxation	(713)	(1 054)	(7)	(37)	8	(212)
Operating cash flow	691	1 559	127	192	(348)	(523)
FINANCIAL STATISTICS						
Operating margin (%)	5,6	8,5	0,9	8,2	–	–
Return on equity (%)	18,6	38,6	0,3	21,9	–	–

¹ Consists of Johnson Arabia LLC, BRC Arabia FZC and BRC Arabia LLC. Prior year includes PT Petrosea.

² Includes assets/liabilities classified as held-for-sale.

Construction SADC ³		Engineering SADC		Construction Products SADC		Middle East		Cementation Group		Clough	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
7 991	9 114	1 884	2 692	7 053	6 167	2 882	3 558	5 345	5 962	5 753	4 185
(37)	524	112	447	611	675	300	350	447	428	394	342
4	–	–	–	–	(12)	–	–	–	–	–	–
(33)	524	112	447	611	663	300	350	447	428	394	342
61	197	26	71	(265)	(193)	11	18	(7)	(17)	(13)	(31)
28	721	138	518	346	470	311	368	440	411	381	311
(134)	(203)	(80)	(110)	(82)	(109)	(1)	–	(136)	(141)	(49)	(19)
(106)	518	58	408	264	361	310	368	304	270	332	292
3	1	–	–	–	–	–	–	–	–	3	1
–	–	–	–	2	(67)	–	182	–	–	–	79
(1)	(4)	20	(42)	(31)	(24)	–	(68)	–	(33)	(137)	(149)
(104)	515	78	366	235	270	310	482	304	237	198	223
761	927	532	424	1 419	1 306	11	15	698	693	1 306	1 054
3 422	3 115	701	1 076	2 091	2 252	3 434	3 158	1 567	1 310	1 929	1 706
44	44	52	52	76	62	–	–	35	35	347	297
4 227	4 086	1 285	1 552	3 586	3 620	3 445	3 173	2 300	2 038	3 582	3 057
741	438	211	(24)	2 450	2 533	455	520	890	885	1 546	744
2	1	–	20	69	24	–	–	4	79	757	590
743	439	211	(4)	2 519	2 557	455	520	894	964	2 303	1 334
401	211	447	(33)	138	73	90	131	201	59	182	356
3 083	3 436	627	1 589	929	990	2 900	2 522	1 205	1 015	1 097	1 367
4 227	4 086	1 285	1 552	3 586	3 620	3 445	3 173	2 300	2 038	3 582	3 057
149	805	139	494	668	781	313	417	705	717	465	507
–	–	–	–	–	–	–	–	–	–	–	–
(1 003)	(675)	(272)	(64)	365	(727)	(161)	852	(95)	57	353	(469)
(854)	130	(133)	430	1 033	54	152	1 269	610	774	818	38
(208)	(22)	12	(109)	(314)	(342)	15	18	(112)	(230)	(108)	(120)
(1 062)	108	(121)	321	719	(288)	167	1 287	498	544	710	(82)
–	5,7	5,9	16,6	8,7	10,9	10,4	9,8	8,4	7,2	6,9	8,2
–	150,5	83,4	132,6	9,4	14,2	63,6	53,6	34,3	28,7	17,3	27,7

3 If the operating loss from Gautrain of R619 million were to be excluded, Construction SADC would have an operating margin of 7,2% and return on equity of 57% in the 2010 financial year.

SUSTAINABLE GROWTH

We believe implicitly in the competitiveness of South African enterprise and the platform that our domestic environment creates for sustainable growth and value creation

For 108 years, Murray & Roberts has played a leading role in the socio-economic development of South Africa and the Southern African region and has participated in some of the world's leading engineering projects at home and abroad.

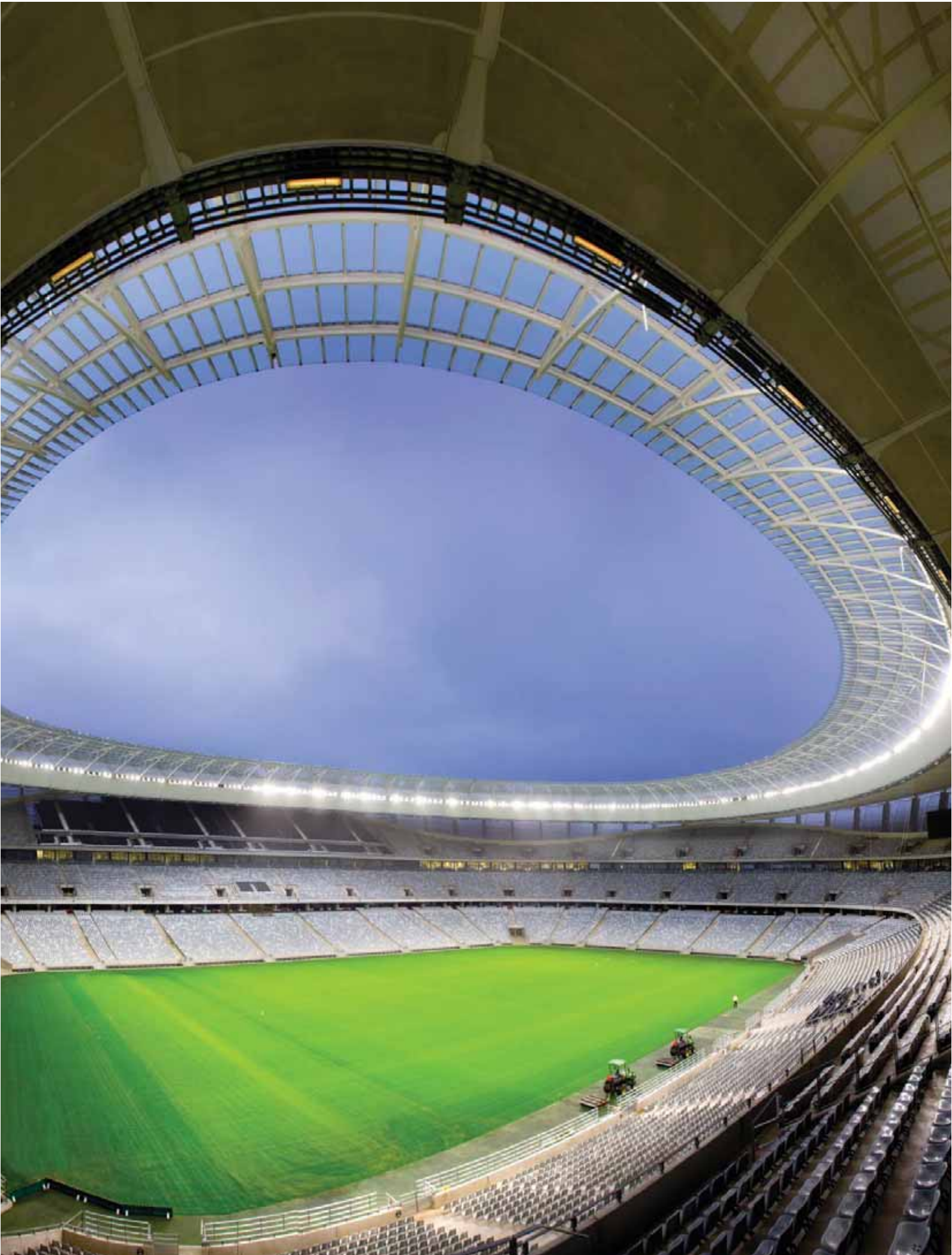
From humble beginnings in 1902 as an emerging house builder in the Cape Colony, Murray & Roberts steadily expanded throughout Southern Africa, across all industry sectors and into many international markets, pioneering the introduction of new technologies, materials and methodologies into its domestic construction and engineering industry.

From the platform created over more than a century, the Group serves its markets in Sub Saharan Africa, Middle East, Southeast Asia and the Americas.

Murray & Roberts has played a significant role in the built environment throughout its history, delivering the infrastructure and facilities required for sustainable socio-economic growth of the societies within which it operates.

Murray & Roberts is a federal structure of world class companies serving selected construction economies and leveraging its contracting and manufacturing competitiveness into global markets. To ensure our legitimacy in terms of our strategic commitments, we value:

- | | |
|---|---|
| Leadership | ▪ Applying the vision, experience and energy of a strong leadership team to the pursuit of profitable growth |
| Business | ▪ Professionalism and integrity in the conduct of our business
▪ Open and honest disclosure of information
▪ Resolution of disputes by direct personal discussion |
| Innovation | ▪ Encouraging new ideas and better solutions to maintain a competitive edge |
| Customers | ▪ Gaining preferred status by delivering the projects, products and services that fulfil customer requirements |
| Employees | ▪ Enhancing diversity in our workforce
▪ Working in partnership to create a better future for all our people |
| Shareholders | ▪ Delivering real growth and returns that maximise shareholder value |
| Partnership | ▪ Building trust with our partners, suppliers, financiers and advisors |
| Health, safety & environment | ▪ Integrating sound health, safety and environmental management into all aspects of our business activities to achieve zero harm |
| Corporate citizenship | ▪ Supporting a socially responsive, free market economy
▪ Participating in the economic development and sustainable growth of communities in which we operate |



Green Point Stadium

KEY FOCUS

Each year, Murray & Roberts identifies big issues and opportunities that demand priority executive attention to support delivery of our non-negotiable commitment to sustainable earnings growth and value creation. Each of the issues is prioritised under the direction of the Murray & Roberts Limited Board and dealt with through focused leadership and resource allocation.

Challenges

Key focus	Key actions
VULNERABLE COMPANIES AND PROJECTS	
Vulnerable companies are identified as those with special needs relative to current or future market dynamics. Vulnerable projects are those that either face future difficulty or require significant working capital.	▪ We have identified Murray & Roberts Construction, Steel, Building Products and Genrec for the year ahead. ▪ We will focus on Gautrain, Medupi Mechanicals and Gorgon MOF through the year ahead.
HEALTH, SAFETY & ENVIRONMENT	
We aspire to zero harm to our company, shareholders, employees, business partners and the societies in which we operate. Our safety targets are zero fatalities and disabling injuries and an LTIFR of less than 1,0 by 2012. We have suffered seven fatalities within the first three months of the 2011 financial year, five of which were in a single fall of ground incident.	▪ Forensic investigation is undertaken into every fatal and significant accident. ▪ Thokozani Mdluli has been appointed group chief safety executive. ▪ DuPont Sustainable Solutions has been appointed to perform a health & safety diagnostic across all South African operations.
ANTI-COMPETITIVE BEHAVIOUR	
We took an early industry lead to investigate possible collusion in our construction related businesses. Internal audits were conducted across all operations and a comprehensive program of communication and training was initiated to assist employees understand competition law and its implications for the Group.	▪ Where forensic investigation has uncovered any potential irregularity, we have placed leniency markers with the Competition Commission. ▪ In most instances, individuals have acted independently and fraudulently for personal gain. ▪ We cooperate with the authorities on an ongoing basis.
DISCRIMINATION	
While universal in nature, discrimination is a particularly South African concern. Our policy disallows discrimination based on any dimension of difference between our people and with the societies we serve.	▪ We have a particular challenge with age discrimination. We are refining our mentoring to create a bridge between new younger and longer serving older employees. ▪ Open communication mechanisms such as "Ask Brian" provide a platform for the exposure and resolution of discriminatory practices.
EQUITY AND EMPOWERMENT	
We are a responsible corporate citizen and drive employment equity throughout our Group, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.	▪ We are a level 4 contributor in compliance with the Codes of Good Practice relating to broad-based black economic empowerment. ▪ Our South African operations have been audited in terms of the Employment Equity Act and where necessary, we have submitted revised equity plans for approval.
COMMERCIAL ENTITLEMENT	
We are always challenged to deliver a predetermined financial reward for a defined service offering. Projects often experience variation and subjective assessment that impact final account settlement. We seek to ensure that financial entitlement under the terms of contract is solidly backed by sound commercial and administrative documentation.	▪ We always pursue our full commercial entitlement in terms of contracts and will invoke arbitration or litigation to achieve this objective. ▪ We will, however, preferably seek to resolve commercial disputes through direct personal engagement or alternative dispute resolution. ▪ The scale and duration of major projects often requires conservative revenue recognition that includes a portion of claims not yet resolved.

Opportunities

Key focus	Key actions
NUCLEAR AND RENEWABLE POWER	
Our research into potential mega-trends in fixed capital formation has identified a global trend to nuclear power and renewable energy technology. While nuclear is a medium term non-carbon solution to baseload power, solar systems must become viable within 50 years.	▪ We are geared to support South African plans to build a fleet of nuclear power stations and develop new industry capacity for global export. ▪ We are investigating solar energy technology developments.
CLOUGH AND OIL & GAS	
Clough is our preferred entry into Australia and Southeast Asia and the natural resources market in oil and gas.	▪ Clough acquired a strategic 31% stake in Forge Group in Australia, a majority stake in OFI in Houston and established Peritus International.
CEMENTATION AND MINING	
Cementation Group is the world's leading underground mining contractor. It has expanded into Asia and established a company in Chile to serve the South American market.	▪ Cementation Group is coordinated out of London and operates in every region of the world. ▪ Subsidiary Terracem is drilling the rescue shaft to the 33 trapped miners in Chile using its unique drilling equipment.
REST OF AFRICA	
We have developed a strategy to re-enter the resources and selected construction markets in the Rest of Africa, south of the Sahara Desert.	▪ China is a significant player and its business enterprises will play an increasing role in facilitating South African involvement in this market.
ACQUISITIONS	
Our strategy remains to acquire greater critical mass over time, both in the Group's domestic market and where appropriate, in support of its global business model.	▪ We continue to seek merger opportunities in our markets, either to build on existing capacity or add new capacity and extend our domestic and global footprint.

Human capital

The Murray & Roberts leadership teams are a key source of competitive advantage and the Group has implemented a rigorous process to prepare them for a period of sustainable growth.



Andrew Skudder,
group executive
responsible for
enterprise capability

Many of the human capital challenges facing the Group are industry-wide, requiring an holistic approach aimed at both supply side initiatives (growing the pool, diversifying the source and attracting better than the competition) and demand side activities (retention plans, accelerated development and reconsidering job designs) to ensure that the Group attracts, develops and retains the talent it requires to meet its transformation and growth objectives.

In the longer term, sustainable growth depends on the organic development of leadership talent. Murray & Roberts has adopted the Leadership Pipeline process to develop and retain its own talent with a comprehensive succession and development program, based on a common understanding of the roles of leadership at every level of the organisation.

This defines a long term succession planning process ensuring a full and flowing pipeline of leadership talent.

Murray & Roberts continuously strengthens its human capital development with formal management of its leadership pipeline. The Group is awarding more bursaries, facilitating more leadership development and providing more learnerships and artisan training.

The Murray & Roberts career website is accessible at www.careers.murrob.com. The career website is used to communicate with potential candidates for advertised vacancies and for bursary and graduate development opportunities.

Broad-based black economic empowerment

Murray & Roberts is a meritocracy and has embraced broad-based black economic empowerment in its South African businesses, addressing the full range of empowerment requirements across its diverse operations.

As the leading South African enterprise in its sector, Murray & Roberts has adopted a comprehensive broad-based black economic empowerment strategy which aims to achieve:

- appropriate broad-based empowerment ownership at all its operations through a tiered approach from Murray & Roberts Holdings Limited and from within selected operating subsidiaries
- a meaningful number of black senior executives throughout the Group
- an employee complement that reflects the diversity of South Africa's demographic profile
- a core complement of black professionals
- comprehensive skills development to enhance individual and organisational capability and capacity
- preferential procurement policies that leverage the broad-based principles of black economic empowerment

- enterprise and social development programs aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals and groups

The Group has a number of BEE business partners who have taken up equity in the following businesses:

- Elgin Engineering has a 51% share in Medupi Fabrication, a steel fabricator established for Eskom's Medupi power station project
- Lehumo Women's Investment Trust has a 26% share in certain Tolcon operations
- Royal Bafokeng Finance holds a 51% share in Bafokeng Concor Technicrete
- Strategic Partners Group is a 25% shareholder in the Bombela Concession Company and a 10% shareholder in Bombela Civils Joint Venture and Bombela Operating Company

Additional information is available in the sustainability report on page 88.

2010 Milestones

- R117 million invested in skills development
- 10 000 employees in skills and training development
- 220 employees attended leadership development programs
- 53 professional graduates joined the Group
 - 62% of these are black and 23% female
- 167 engineering & construction management bursars

2011 Focus

- Maintain an appropriate level of skills development spend
- Maintain the number of Murray & Roberts employees attending leadership development programs at more than 200
- Recruit at least 50 new professional bursars and graduates
- Increase focus on transformation within South African operations



Paul Deppe,
managing director,
Hall Longmore



Mark Johnston,
managing director,
Murray & Roberts
Western Cape



Laurence Savage,
managing director,
Genrec



Gary Steinmetz,
managing director,
Union Carriage and
Wagon



Tim Wakefield,
managing director,
Wade Walker



Albert Weber,
managing director,
Murray & Roberts
Building Products

2010 Milestones

- BBBEE rating improved to level 4
- 31,3% broad-based black ownership based on dti Codes of Good Practice
- 38% of voting rights held by black board members
- R74,9 million contributed to enterprise development
- R22,2 million invested in socio-economic development

2011 Focus

- Maintain BBBEE rating of level 4
- Improve employment equity and skills development ratings
- Maintain enterprise development



Thokozani Mdluli,
group chief safety
executive



Petrus Mulaudzi,
marketing executive,
UCW



Kelvin Pillay,
production executive,
Hall Longmore



Dhiren Singh,
group financial
manager



Wendy Tierlinck,
human resources
executive, Rocla



Elvis Tshivilinge,
quality divisional
manager, UCW

Risk management

The group risk principle is that opportunity is derived from acceptance of risk and value from management of risk.



Greg Ker-Fox,
group executive
responsible for risk
management

The Murray & Roberts enterprise risk management process is governed by the group risk framework which is adopted by all operating company boards and executive committees.

The process is applied in all areas of potential exposure to risk, including acquisitions, capital expenditure, project management, health, safety & environmental management and brand integrity.

Risk assessments are conducted at group, operational and project levels and collective group experience is leveraged to better understand potential exposures to threats and opportunities. Significant risk decisions are reviewed by the executive risk committee and then the Board.

Opportunity management relates to decision making on matters which change the Group's risk profile:

- acquisitions are subject to rigorous due diligence study before approval
- capital expenditure requirements are assessed as part of business planning
- project opportunities are regulated through the opportunity management system (OMS)

Risk mitigation promotes proactive management of risk once it has entered the Group. This involves accountability, planning and resource allocation, ongoing review and communication with affected stakeholders.

Risk based audit tests the integrity of controls mitigating significant exposures. Business plan risk mitigations are reviewed and audits of selected major projects, systems and processes are performed through a combined assurance model by management and internal audit, and selectively reviewed by experienced corporate executives and external service providers.

Additional information on risk management and major projects undertaken by Murray & Roberts is available on the Group's website at www.murrob.com

Major project risk management

Our non-negotiable commitment to sustainable earnings growth and value creation is possible only through a focus on risk management to preserve operating margin.

The Group has a long and proud record of major project delivery. It constructed much of the built environment in Southern Africa and has been involved in some of the world's great engineering challenges. In recent years the Group has entered a new era of major projects with potentially high risk profiles.

Murray & Roberts has developed the capacity to better assess and manage these projects. The bespoke opportunity management system (OMS) controls the project approval process to ensure all opportunities entered into the tender process are evaluated against a predetermined risk appetite. This scorecard approach allows management to determine the potential risk profile for a project, those which can proceed normally (green), and those which can proceed only after more rigorous evaluation (amber and red).

Unitary Murray & Roberts enables the Group to exploit unique synergies in its operations and engage major projects with collective strength. This approach has leveraged our ability to compete for some of the world's most challenging projects.

We benchmark our leadership and systems capacity against best-in-class in the engineering and construction sector. We have strengthened our operations, positioning them to offer superior propositions to their markets. A third generation development of OMS will utilise the system's technology platform to facilitate standardised project delivery across the Group.

A major project is one which exceeds the inherent capacity of an organisation to manage it within its existing resource and capacity. Partnership is a strategic imperative to mitigate this risk and we select our partners against criteria including market knowledge or technological expertise.

Murray & Roberts confidently seeks out risk to capitalise on its ability to benefit from its inherent opportunities. To achieve this, there is a need to coordinate and leverage the substantial resources within the organisation to improve the effectiveness of group risk management.

Additional information is available in the sustainability report on page 88 and the risk management committee report on page 120.

2010 Milestones

- Risk committee reviewed 11 major project bids
- Group risk completed two group-level risk assessments
- 19 business plan strategic risk assessments undertaken

2011 Focus

- Assess mega trends and emerging risk
- Develop and evaluate potential strategic responses mitigating exposure to longer term macro uncertainties impacting the Group

Risk management



Risk assessment

Establish exposure to threats and opportunities



Opportunity management

Take decisions which change Group's exposure to risk



Risk based audit

Test integrity of internal controls addressing significant areas of risk



Risk mitigation

Proactively reduce the likelihood and impact of threats
Exploit opportunities

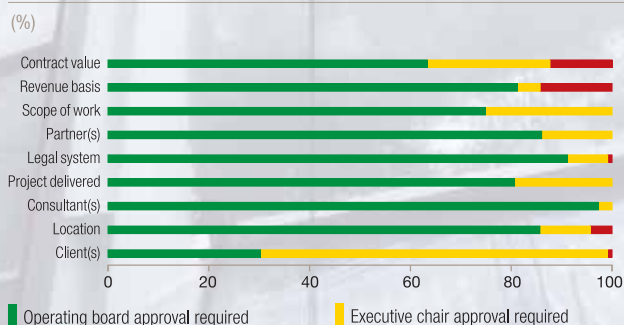
2010 Milestones

- All project companies now utilise the OMS, with a total 4 128 projects registered
- OMS supported 1 019 decisions and processed 7 096 transactions
- The group framework for standardised project delivery was produced
- Substantial progress was made with the development of OMS generation 3

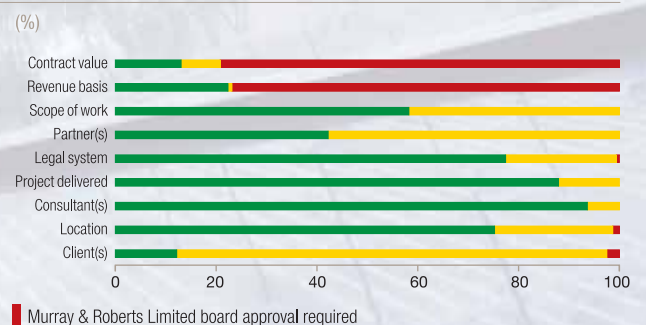
2011 Focus

- Implement OMS 3 with additional modules to support group wide client relationship management, business development and performance management
- Embed the framework for standardised project delivery
- Expand the OMS platform to accommodate all group companies

Number of project opportunities vs constraint filter



Value of project opportunities vs constraint filter



Assurance

The Murray & Roberts group assurance initiative has made significant progress in its first year.



Malose Chaba,
group executive
responsible for
assurance

Under leadership of executive director Malose Chaba, group assurance has consolidated internal audit with risk management to give improved oversight of technical and operations performance.

KPMG has been appointed as the Group's internal audit partner to cater for the increased scope and complexity of our operations. The rolling three-year internal audit plan has been enhanced as a result of the partnership. The priority for the 2011 financial year is to monitor implementation of King III, including a readiness survey and audits.

Standard key performance indicators (KPIs) have been agreed for all project and manufacturing businesses, that identify and measure technical and operational performance. These KPIs incorporate financial, schedule, contractual, performance, capacity utilisation, human resources, supply chain and safety parameters.

The opportunity management system (OMS) monitors the performance of all active projects which are reported on a monthly basis. Version 3 of the OMS is under development in a pilot study at Concor, Murray & Roberts Marine, Hall Longmore and Cementation.

Some policy and procedure gaps have been identified in information management, stakeholder management and legal compliance practices across the Group. These are being rectified with new standardised policies.

Health, safety & environment

We aspire for zero harm to the safety of all our employees, our company, its shareholders, clients and business partners, the natural and built environment impacted by our operations, and society at large.



Thokozani Mdluli,
group executive
responsible for safety

Zero harm is an aspiration that drives our strategy and response to health, safety and environmental (HSE) challenges. Strong leadership and continuous motivation and education of our employees to take responsibility for themselves, their colleagues and the environment are key elements of our HSE strategy. Through this we strive to embed HSE values and a safety culture built on the principle of STOP.THINK.

The social, economic and health dynamics in our South African environment have a profound impact on our employees. This increases the need for strong leadership and focused management to maintain personal responsibility and effective communication across every level of the organisation. In the strength of our geographic and cultural diversity lies a greater demand for clear, consistent and timely information on the importance and rationale for an

organisational culture that supports a zero harm philosophy.

To assist with a change in safety culture, Murray & Roberts has appointed DuPont Sustainable Solutions to undertake a comprehensive evaluation of the Group's South African operations against best practice standards and to develop a set of continuous improvement recommendations.

Murray & Roberts subscribes to the principle that the risks of climate change associated with increasing greenhouse gas (GHG) concentrations in the atmosphere should be addressed through accelerated action, guided by the United Nations Intergovernmental Panel on Climate Change. An energy management initiative has been launched to ensure effective and efficient use of energy, and to reduce energy cost without compromising productive output, while leading to a lower carbon footprint.

Additional information is available in the sustainability report on page 88.

2010 Milestones

- Internal audit partner appointed
- Internal audit plan implemented
- Standard KPIs developed for all project and manufacturing businesses

2011 Focus

- Expand internal audit function
- Finalise King III readiness survey and audits
- Implement standardised policies where gaps or inconsistencies are identified

2010 Milestones

- Fatal accidents remained at nine (2009: 9), but seven fatalities (including a fall of ground incident resulting in five fatalities) were recorded in the first seven weeks of the new financial year
- LTIFR decreased 23% to 2,20 (2009: 2,87)
- Employee wellness program utilisation increasing
- Carbon footprint established and energy management initiative launched

2011 Focus

- Comprehensive safety review in partnership with DuPont Sustainable Solutions
- Greater focus on leadership responsibility and accountability in safety management
- Reduce LTIFR to below 2,0
- Enhanced environmental reporting and impact mitigation



Denis Beaudoin,
corporate director,
health & safety,
Cementation Canada



Dineo Koontse,
health, safety &
environment director,
Murray & Roberts
Botswana



Marina Naude,
health, safety &
environment manager,
Murray & Roberts
Building Products



Koos Oosthuizen,
risk & HSE executive,
Murray & Roberts
Cementation



Jacqueline Pretorius,
divisional health &
safety executive,
Murray & Roberts
Steel



Shane van der Nest,
health, safety &
environment executive,
Murray & Roberts
Projects

Innovation

Innovation in Murray & Roberts dates back to the early history of the Group and is embedded in our culture as a key core value.



Carien Botha,
group executive
responsible for
innovation

Innovation is embedded within a number of our operations. It enhances our value offering to the market. The key driver of our innovation is to improve our service to society and to access new markets, improve our competitive position in established markets and fulfil our aspiration for zero harm.

We have invested significantly in the development of an integrated design and build solution for high quality and sustainable affordable living environments. We see this manifesting itself through medium to high density affordable housing projects in urban environments, using products and services of high quality and relative affordability.

All of our construction products businesses have new product development programs in various stages of commercialisation. During the year, Much Asphalt installed and commissioned its first warm mix asphalt plant for improved environmental impact. Murray & Roberts Steel introduced improved proprietary reinforcement products for mining which exceed global industry standards.

A Concrete Centre of Excellence has been established to improve the level of construction technology in the Group through the introduction of new technology to improve efficiency and reduce costs. Advanced research into the refinement of concrete technology is undertaken in partnership with the Council for Scientific and Industrial Research (CSIR).

The Cementation Group is committed to raising industry standards across various spheres of its mining operations. New era shaft sinking methodology has been introduced into our South African operations, including changes to the design of activities, ergonomics, mining technology and organisational dynamics. 3D visualisation and animation is used to refine planning, engineering, training and knowledge capture.

Cementation in Canada and Australia continue to develop improvements in specialised shaft sinking methodologies and raise boring equipment. Our bespoke Strata 950 raise bore technology supports the only raise drill in the world for underground raise drilling of up to six metre diameter and 1 000 metre depth. New technologies have been applied to the deep sewerage shafts in Hong Kong, addressing the challenges of working in confined spaces and high density urban environments.

Innovation is embedded in the Group's aspiration for zero harm to our business, employees, partners and the societies within which we operate. We have embarked on a coordinated drive to reduce our energy footprint across all operations. This includes ongoing initiatives to upgrade equipment with more energy efficient technologies and we are investigating the feasibility of alternative and renewable sources of energy.

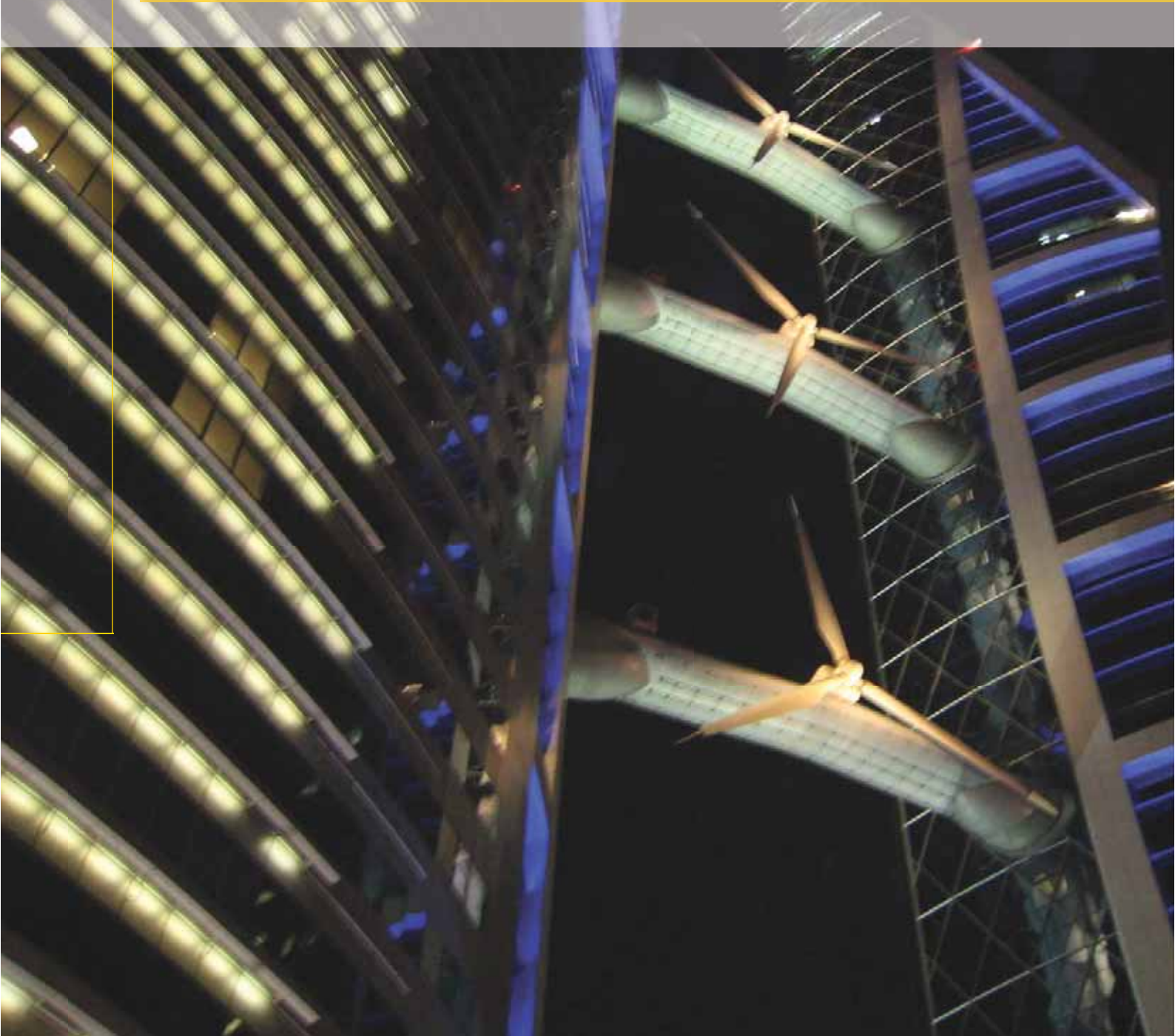
Wind turbines on the World Trade Centre in Bahrain generate 11% to 15% of the building's electricity needs

2010 Milestones

- Commissioning of warm mix asphalt plant and refinement of asphalt technology
- Development and industrialisation of advanced rebar products
- Establishment of Concrete Centre of Excellence
- Reduction of energy consumption and environmental footprint

2011 Focus

- Development and design of affordable housing solutions
- Implementation of new era shaft sinking and new mining technologies and methodologies
- Investment in technologies and materials to reduce environmental impact
- Refinement of construction methodologies and techniques



GAUTRAIN RAPID RAIL LINK

The Gautrain Rapid Rail Link is one of the largest public private partnerships in the world and offers a world class and cost effective, efficient, environmentally friendly and safe solution to commuter and transport challenges in the rapidly developing Gauteng Province. The project also seeks to provide partial relief to the challenge of road congestion by introducing an alternative mode of transport for commuters. It supports economic growth in the province and is creating as many as 7 000 employment opportunities during the construction and commissioning phase.

The project comprises five anchor stations in Johannesburg, Sandton, Pretoria and at OR Tambo International Airport. Additional stations along the route include Rosebank, Marlboro, Midrand, Centurion and Rhodesfield. There is a commuter link between Pretoria, Johannesburg and Kempton Park and an airport express between OR Tambo and Sandton.

The 20 year concession to design, build, part-finance, operate and maintain the 80 kilometre transport system is held by Bombela Concession Company (BCC). Murray & Roberts is a 25% shareholder in both BCC (where group CE Brian Bruce is chairman, Terry Rensen a director and Jerome Govender CEO) and turnkey contractor Bombela TKC (where Ian Thoms is project director and Keith Smith and Malose Chaba directors). Murray & Roberts is a 45% shareholder in the Bombela Civils Joint Venture (where Keith Smith is chairman and Cobus Bester a director). Murray & Roberts is a 24% shareholder in Bombela Operating Company, where Judy Van Es is chairman and the lead Murray & Roberts director.

Design and construction of the project commenced when commercial close was achieved in September 2006. Despite delays with the procurement and delivery of land and the resultant disruption of the works, Bombela ensured that completion of phase 1 (the network between Sandton and OR Tambo), was completed in time for the 2010 FIFA World Cup. Design and construction work was about 95% complete at year end. Phase 2 of the system from Park Station to Hatfield via Pretoria Station is being constructed concurrently with the operation of phase 1, but has been disrupted by delays in land delivery and considerable challenges with dolomites in the Centurion area.

LOCATION: Gauteng, South Africa

PROJECT CEO: Jerome Govender

PROJECT DIRECTOR: Ian Thoms

CLIENT: Gauteng Provincial Government acting through the Gautrain Management Agency

PARTNERS:

25% Strategic Partners Group,
17% Bombardier, 17% Bouygues

PROJECT TYPE: Public private partnership

VALUE: R25 billion plus claims and variations

DURATION: 54 months and 15,5 year operational concession

PROJECT START: September 2006



Jerome Govender



Ian Thoms

Milestones

- Operation of phase 1 commenced 19 days ahead of schedule and 3 days before the 2010 FIFA World Cup
- Approximately 400 000 passenger trips were recorded on Gautrain trains and buses in the first month of operation
- At end July 2010, The UCW Partnership had completed assembly of approximately 98% of its portion of the Gautrain rolling stock
- At end July 2010, approximately 65 million man hours had been achieved on the infrastructure portion of the project

Gautrain station at
OR Tambo International Airport



GREEN POINT STADIUM

South Africa is the first African nation to host the prestigious FIFA World Cup. New stadiums were built in Cape Town, Durban, Port Elizabeth, Polokwane and Nelspruit in preparation for the 2010 event, and other stadiums around the country were renovated to meet FIFA requirements.

The new Green Point Stadium, also known as Cape Town Stadium, was handed over to the City of Cape Town ahead of schedule on 21 December 2009. The stadium successfully hosted nine World Cup matches, including a semi-final, and will have a positive impact on communities and economic growth in the Western Cape Province for years to come.

The 68 000 seat stadium is located on Green Point Common close to the V&A Waterfront and Cape Town city centre. The stadium is 55 metres high with a fabric façade and a steel cable tensioned glazed roof.

This world class venue has been designed not only to offer football fans an unforgettable experience, but also with a view towards giving the people of Cape Town a versatile venue for decades.

A review team appointed by the Department of Environmental Affairs and Tourism has found that the Green Point Stadium meets high standards of environmental protection. Water and energy efficiency measures are part of the design and, when the old Green Point Stadium was demolished to make way for the new one, 95% of the components were recycled and reused. Water from the stadium roof and drainage from the pitch is pumped into ponds on Green Point Common, thus reducing dependency on potable water.

LOCATION: Cape Town, South Africa

PROJECT MANAGER: Andrew Fanton

CLIENT: City of Cape Town

PARTNER: 50% WBHO

PROJECT TYPE: Construction

VALUE: R3,6 billion

DURATION: 32 months

PROJECT START: March 2007

PROJECT COMPLETED: December 2009

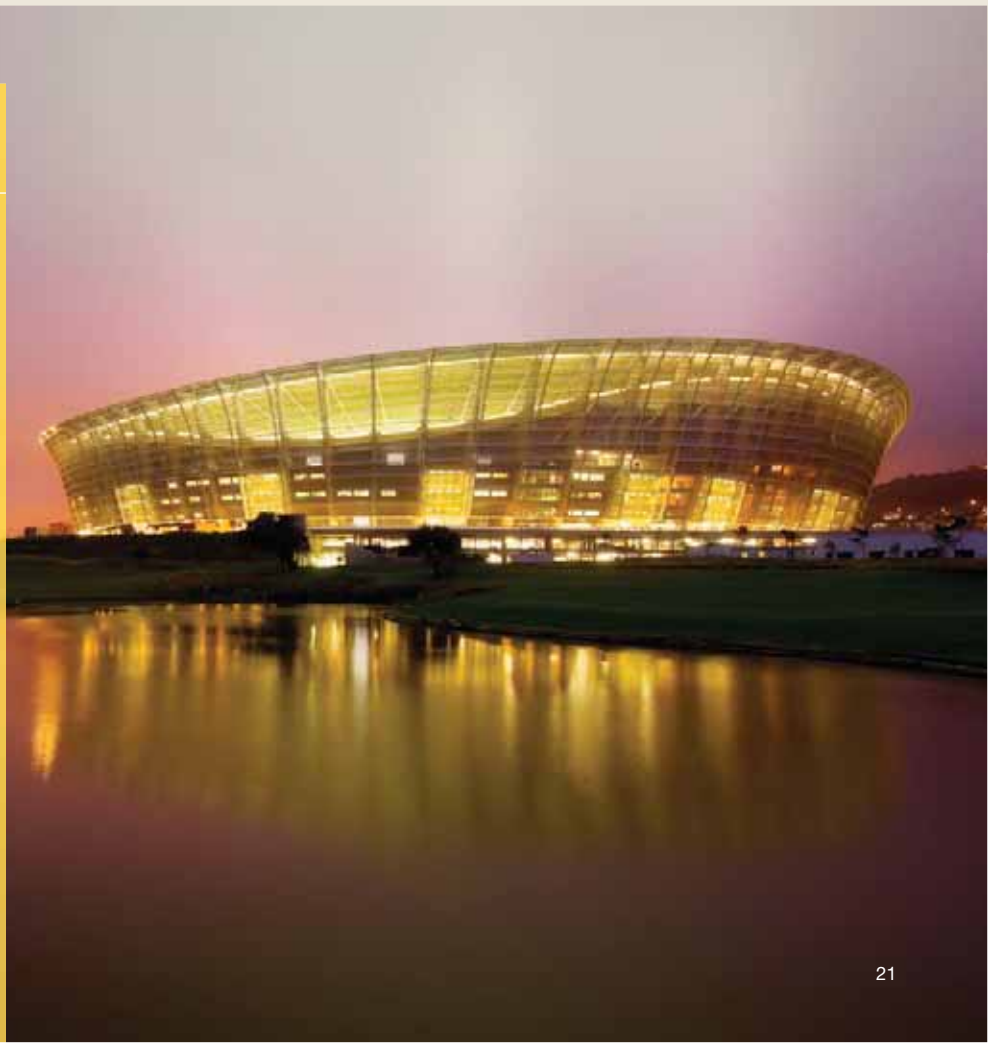


Andrew Fanton

Achievements

- The project was handed over to the client in December 2009, two months ahead of the original contract program
- 2,7 million lost time injury free hours were recorded to July 2009
- 1 200 trade employees were trained, graded and developed (The peak construction labour force comprised 2 300 employees)
- The project invested in community based social initiatives, including support for abused women and disadvantaged children
- More than 80 000 school learners attended construction presentations at the Visitor's Centre

Green Point Stadium



MEDUPI AND KUSILE

Murray & Roberts is playing a pivotal role in the development of South Africa's new power station infrastructure with its major involvement in the construction of the Medupi and Kusile power stations. These power stations are amongst the largest dry-cooled thermal power stations in the world.

The need for new electricity capacity in South Africa has reached a critical stage and the planned Eskom power generation program will reinstate reliable electricity supply to South Africa and its neighbours over the next 20 years.

A number of Murray & Roberts companies are engaged in this program. Murray & Roberts Projects, in partnership with Hitachi, is responsible for the boiler mechanical portion of the works, comprising 12 units of about 800 megawatt electrical (MWe) each. The Murray & Roberts scope includes structural steel fabrication, erection and mechanical installation works for both power stations. Structural steelwork is being fabricated by Genrec and steel ducting is being fabricated by Energy Fabrication.

Murray & Roberts leads the civil joint venture for the Medupi project where works have progressed well on the first three of the six units. Concor, in joint venture, has been awarded the chimneys and silo contracts for both the Medupi and Kusile projects.

The strategy and investment by the businesses during the early stages of the works to develop South African resources are starting to show great benefit on the projects. The ASGISA trade skills programs and learnerships are progressing well with approximately 720 artisans enrolled. The professional development of engineers is currently a focus area and will remain a priority over the next 18 months.

Both projects have been subjected to significant start-up delay as a result of late access, inadequate site services and design challenges.

LOCATION: Lephalale, Limpopo Province and eMalahleni, Mpumalanga Province, South Africa

PROJECT DIRECTORS: Bruce Neave (Medupi mechanicals), Coenie Vermaak (Medupi civils)

CLIENT: Eskom Holdings Limited

PARTNERS: Mechanical – Hitachi Power, Civil construction – Grinaker LTA (33%)

PROJECT TYPE: Power generation – mechanical, electrical and civil construction

VALUE: R18 billion (Medupi and Kusile), R4,5 billion (Medupi civil construction)

DURATION: 120 months in total

PROJECT START: November 2007



Bruce Neave



Coenie Vermaak

Milestones

- Medupi boiler 6 civil sectional contractual handover achieved with accelerated program
- Mechanical completion of mainframe and auxiliary bay structural steel for boiler 6
- Fabrication of over 12 000 tonnes structural steel
- Kusile duct workshop established and commissioned
- Over 2,7 million work hours achieved on boiler contract with LTIFR of 0,07; CJV LTIFR 0,87
- Over 14 million man hours worked

Medupi power station under construction (boiler mainframe and gas ducting in centre of photograph)



AQUARIUS PARTNERSHIP

The Kroondal and Marikana platinum mines are located 120 kilometres northwest of Johannesburg in the Bushveld Igneous Complex in the North West Province. This region is one of the world's most productive platinum regions. These mines are amongst the most cost effective underground platinum mines globally, with a total workforce of more than 6 200 people.

Murray & Roberts has a history dating back more than 80 years of serving the mining industry and is recognised as a leading mining contracting group worldwide with a presence in Africa, Australasia, Asia and North and South America. In 1999, Cementation Africa entered into a landmark contract with Aquarius Platinum to toll mine the shallow platinum ore body at Kroondal. A revised three year contract to the value of R2,5 billion annually was negotiated in July 2010.

Murray & Roberts Cementation provides most of the services required to undertake mining activities and carries a shared responsibility for day-to-day operation of the mine, limited to underground activities from initial production planning and mineral resources management (including survey and grade control) to the final delivery of ore to the surface stockpiles. The Kroondal processing plants are supplied from seven main producing shafts with a production output of about 850 000 tonnes of underground ore per month blended with 60 000 tonnes of opencast ore supplied by others. Mining ore is processed by Aquarius in the metallurgical plants to produce a concentrate which is supplied to Impala Refining Services and RPM in Rustenburg.

The capital intensive small mine concept at Kroondal has revolutionised the South African platinum mining industry and incorporates the use of key contractors, highly mechanised mining operations and the outsourcing of high-cost, high-risk smelting and refining operations.

In accordance with the client's business model, the operational activities at the mine are outsourced to two specialised contractors. Murray & Roberts Cementation, with a workforce of more than 5 950 people, performs underground mining and Minopex operates the metallurgical plants. Other contractors perform the duties and responsibilities of service departments such as rock engineering, ventilation and geology.

PROJECT DIRECTOR: Freddie Geldenhuys

CLIENT: Aquarius Platinum South Africa

PROJECTS: Kroondal, Marikana, Blue Ridge and Everest platinum mines

PROJECT TYPE: Contract mining

VALUE: R2,5 billion per annum

DURATION: Ongoing

PROJECT START: July 1999



Freddie Geldenhuys

Milestones

- Three million fatality free shifts on 26 February 2010*
- Overall safety performance compares favourably with industry
- Productivity levels ranked with best in industry

** Regrettably, subsequent to the year end, a fall of ground incident at the Marikana Mine on 6 July claimed the lives of five employees. Another fatality occurred on 13 August at the Kroondal Mine.*

Underground training
at Kroondal Mine

NATIONAL FREEWAY IMPROVEMENT PROJECTS

Through its asset preservation arm, SANRAL, the Department of Transport has recognised that Cape Town and Gauteng generate nearly 40% of the total value of South Africa's economic activities. As a result, development in housing, offices, retail and industrial properties in the two centres has grown significantly over the past 10 years, resulting in above average traffic growth. Provision of road infrastructure has not kept up with the increased traffic demand, resulting in a road and freeway network that is under capacity.

The Gauteng Freeway Improvement Project (GFIP) has been implemented to upgrade and expand the Gauteng freeway network to significantly reduce traffic congestion and unblock access to economic opportunities and social development projects. The GFIP will inject approximately R29 billion into the South African economy and approximately R13 billion into the provincial gross geographic product, creating nearly 30 000 direct jobs over its lifecycle.

In anticipation of this development, Much Asphalt upgraded its facilities and capacity and, as a consequence, has been contracted to supply about 70% of the asphalt required to complete phase 1 of the GFIP.

Phase 1 is due for completion before the end of 2010. The initiative that crosses the Johannesburg, Ekurhuleni and Tshwane metropolitan boundaries widens freeways to at least four lanes in both directions and in some sections up to six lanes. This phase of the project will upgrade 185 kilometres of the existing freeway network. Furthermore, over the lifespan of the project, a further 376 kilometres of upgraded and newly constructed freeways are planned for implementation. The network will provide an interconnected freeway system of inner and outer ring roads, incorporating the historically-neglected western and southern Gauteng settlements.

The most significant contribution the investment will make to ordinary citizens is the quality of life improvement that an upgraded road infrastructure will deliver.

LOCATION: Johannesburg and Cape Town

PROJECT DIRECTOR: Bennie Greyling

CLIENT: South African National Roads Agency (SANRAL)

CUSTOMER: 15 major South African contractors and joint ventures

PROJECT TYPE: Manufacture and delivery of asphalt surfacing materials

VALUE: R867 million

DURATION: 20 months

PROJECTS START: October 2008



Bennie Greyling

Milestones

- GFIP: 870 000 tonnes of five different specialist surfacing products (R610 million)
- R300, Cape Town: 266 000 tonnes EVA modified asphalt (R162 million)
- N1, Cape Town: 151 000 tonnes specialist surfacing products with recycled asphalt (R95 million)
- All contracts scheduled for substantial completion for 2010 FIFA World Cup delivered on time

Upgrading Gauteng freeways



MULTI-PRODUCT FUEL PIPELINE

To accommodate growth in demand for liquid fuels in Gauteng Province, Transnet allocated R11,2 billion for the construction of a new multi-product fuel pipeline from Durban to Johannesburg to replace and enlarge existing pipeline capacity. The National Multi-Product Pipeline (NMPP) will transport petrol, diesel and jet fuel from the second quarter of 2011. Although the pipeline has also been designed to transport crude oil, the wet commissioning using crude oil will take place at a later stage.

Murray & Roberts operation, Hall Longmore, was awarded the order to manufacture and supply the specialist pipe at a value of R2,4 billion. The order consists of approximately 560 kilometres of Ø610 mm line from Durban harbour to Nigel, and approximately 160 kilometres of Ø406 mm line from Nigel to Langlaagte, and from Watloo in Tshwane to the terminus near Kendal Power Station.

Hall Longmore's involvement with the NMPP began in 2006 with the submission of capability and feasibility information. Significant technical involvement with the NMPP Alliance Joint Venture culminated in the award of the order for the three layer coated pipe contract to Hall Longmore as part of the Impumelelo Pipeline Joint Venture. Final delivery took place in August 2010.

In preparation for the NMPP project, Murray & Roberts approved a significant capacity expansion at Hall Longmore, including a major upgrade of the electric resistance welded (ERW) plant and a new coating facility to a capacity of 250 000 tonnes per annum. The upgraded plant increases the company's capability to manufacture pipe by the more efficient ERW method. The upgrade to Ø610 mm and downstream improvements will enhance the company's capacity to take on future projects of this nature. Many positive spin-offs have emerged from the NMPP project that will minimise wastage and lead to more efficient pipe-making.

LOCATION: Johannesburg, South Africa

COMPANY: Hall Longmore

PRODUCTION EXECUTIVE: Kelvin Pillay

CLIENT: Transnet

PARTNERS: Kulungile Metals Group

PROJECT TYPE: Pipe manufacture

VALUE: R2,4 billion

DURATION: Two years

PROJECT START: August 2008



Kelvin Pillay

Achievements

- Manufacture of the first Ø610 mm pipe complying with American Petroleum 5L standards in grade X65 steel
- At 30 June 2010, supply of the Ø406 mm line was complete and 513 kilometres (90%) of the Ø610 mm pipeline had been delivered
- The project was completed in August 2010

The final delivery from
the NMPP pipeyard



GORGON LNG PROJECT

The Greater Gorgon gas fields, off Western Australia's Pilbara Coast, contain more than 40 trillion cubic feet (Tcf) of gas, representing some 25% of Australia's total known gas resources. The Gorgon project is the largest resource project in Australia's history and will be adding 15 million tonnes of LNG a year to Australia's current annual output of approximately 20 million tonnes in a phased manner between 2014 and 2015.

Clough is a key member of the Kellogg Joint Venture – Gorgon (KJV-G), which has been awarded by Chevron Australia the engineering, procurement and construction management (EPCM) contract for all downstream facilities on the project.

The onshore facilities will consist of three five million tonne per annum LNG trains, gas processing and treatment facilities, product storage and offloading, complete offsites, utilities and accommodations. The EPCM contract also includes a 300TJ/d domestic gas plant. The design of the facility features improvements in greenhouse gas emissions performance, including improved waste heat recovery and the injection of reservoir carbon dioxide into the subsurface.

The EPCM effort is planned as a fully modular construction strategy to minimise impact on the island during the construction phase, and is being conducted from two main operating centres located in Perth, Australia and London, UK with support from global centres in USA, Singapore, Indonesia and Japan. Global procurement and numerous international fabrication yards will be utilised to supply the key components of the project and KJV-G personnel will manage these global sites, including the critical supply chain management and logistics processes.

Early construction activity is well underway to ensure that the proper infrastructure and marine logistics capability is established. A work force in excess of 3 500 personnel will construct and commission the facilities over a three year period. It is anticipated that over 40% of the project expenditure will occur in Australia.

Murray & Roberts Marine has been awarded a joint venture subcontract to design and construct the material offloading facility for the Gorgon Project.

CLIENT: Chevron Australia Pty Ltd

LOCATION: Barrow Island, Western Australia

CLOUGH COO: Bill Boyle

CONTRACT VALUE: A\$2,7 billion
(Clough 20%)

PARTNERS: Kellogg Brown Root (KBR), JGC, Hatch

CONTRACT PERIOD: September 2009 – present

SAFETY PERFORMANCE:

Man hours to 30 June 2010: 5 309 945,
LTIFR: 0



Bill Boyle

Milestones

- Five million man hours completed without a days away from work (DAFW) incident
- Major contract and procurement commitments valued at about US\$14 billion were secured to 30 June 2010
- Quarantine compliance plan implemented on Barrow Island rated world class by Western Australian Government Environmental Protection Agency in 2009 EPA decision document

Gorgon Project, Barrow Island



COAL LINE AND ORE LINE

COAL LINE

The Richards Bay Coal Terminal (RBCT) is the second largest coal export facility in the world and is expanding its capacity to accommodate increased coal exports. The Coal Line railway system between eMalahleni (Witbank) and Richards Bay plays an important role in the successful operation of RBCT. The Coal Line upgrade project is part of Transnet's Main Line Locomotive Investment Program that seeks to optimise the operation of the railway system in support of the expansion of RBCT.

Murray & Roberts subsidiary, Union Carriage and Wagon, through The UCW Partnership (UCWP) and with Mitsui African Railway Solutions and Toshiba as its partners, is contracted to supply new locomotives for the Coal Line corridor. Through this project, Transnet will acquire 110 class 19E dual voltage electric locomotives to be made available by 2012. UCWP is responsible for the overall mechanical design, systems integration, fabrication and assembly of the locomotives. Toshiba contributes to the design, development and supply of the electrical propulsion equipment. The first 12 locomotives have successfully completed the mandatory tests and have been in revenue earning operation since the first half of 2010.

ORE LINE

A dramatic increase in demand for South African iron ore in recent years compelled Transnet to expand its locomotive fleet to facilitate higher volumes of iron ore exports.

In 2007, Transnet awarded UCWP, with its partners Mitsui and Toshiba, the project to supply 44 new class 15E 50 kV electric locomotives for the iron ore rail link from Sishen to Saldanha. This is the most energy efficient locomotive that Transnet has ever added into its fleet. At 30 June 2010, 10 locomotives had been delivered. The first consignment of three locomotives have successfully completed the mandatory tests and have been in revenue earning operation since the second quarter of 2010.

COMPANY: The UCW Partnership

CLIENT: Transnet Freight Rail

OPERATIONS DIRECTOR: Craig Holden

PARTNERS: Toshiba and Mitsui

PROJECT TYPE: Rolling stock infrastructure

VALUE: R2,1 billion

DURATION: Four years

PROJECT START: September 2006



Craig Holden

Milestones

- 800 new job opportunities secured
- First major new electric locomotive contracts in South Africa since 1994
- The program positions UCWP as a supplier of choice for future rolling stock opportunities
- Class 15E the most energy efficient locomotive ever delivered to Transnet
- At 30 June 2010, 35 new locomotives had been delivered to Transnet by the two projects

Class 19E dual voltage electric locomotive



GROUP DIRECTORATE – NON-EXECUTIVE DIRECTORS



Roy Cecil Andersen
(62)
*CA(SA) CPA (Texas),
independent non-executive
chairman*

Appointed to the Board in 2003 and appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee. Trustee of The Murray & Roberts Trust. Director of Aspen Pharmacare Holdings, Nampak and Virgin Active Group. Member of the King Committee on Corporate Governance.



David Duncan Barber
(57)
*FCA (England & Wales)
AMP (Harvard),
independent non-executive
director*

Appointed to the Board in 2008. Chairman of the audit committee. Member of the risk management committee. Director of AFGRI Limited.



**Alan De Villiers Charles
Knott-Craig**
(58)
*BSc Eng (Elec)
MBL DBL(hc)
DBA(hc), independent
non-executive director*

Appointed to the Board in 2008. Chairman of the health, safety & environment committee. Director of Nedbank Group, Nedbank and board member of CSIR and Right to Care. Telecommunications consultant.



Namane Milcah Magau
(58)
*BA EdD (Harvard) MEd BEd,
independent non-executive
director*

Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of companies, including Santam, Simmer & Jack Mines and Merrill Lynch South Africa. Member of the University of Cape Town Business School Advisory Board.



John Michael McMahon
(63)
*PrEng BSc Eng (Glasgow),
independent non-executive
director*

Appointed to the Board in 2004. Member of the health, safety & environment committee. Director of Central Rand Gold and Impala Platinum Holdings.



**Imogen Nonhlanhla
Mkhize**
(47)
*BSc Information Systems
MBA (Harvard),
independent non-executive
director*

Appointed to the Board in 2005. Member of the audit committee and risk management committee. Chairman of Richards Bay Coal Terminal. Director of companies, including Sasol, Mondi plc, Mondi and MTN Service Provider. Member of the Financial Markets Advisory Board and Rhodes University Board of Governors.



William Alan Nairn
(65)
*PrEng BSc Eng (Mining),
independent non-executive
director*

Appointed to the Board on 30 August 2010. Member of the risk management committee and health, safety & environment committee. Non-executive director of AngloGold Ashanti.



**Anthony Adrian
Routledge**
(62)
*BCom CA(SA), independent
non-executive director*

Appointed to the Board in 1994. Member of the audit committee, the remuneration & human resources committee and the social & ethics committee. Trustee of The Murray & Roberts Trust.



Mahlape Sello
(48)
*LLB, Master of Arts and
Law (Russia), independent
non-executive director*

Appointed to the Board in 2009. Chairman of the social & ethics committee and member of the audit committee. Serves on the Johannesburg Bar Council and member of the South African Law Reform Commission.



Sibusiso Patrick Sibisi
(55)
*BSc Physics (Hons) PhD
(Cambridge), independent
non-executive director*

Appointed to the Board in 2007. Chairman of the risk management committee and member of the nomination committee. President and CEO of the CSIR. Chairman of Denel and director of Liberty Group. Member of Roodepan School Board of Governors. Fulbright Fellow at the California Institute of Technology in 1988.



Royden Thomas Vice
(63)
*BCom CA(SA),
independent non-executive
director*

Appointed to the Board in 2005. Chairman of the remuneration & human resources committee. Member of the risk management committee and nomination committee. Trustee of The Murray & Roberts Trust. Chairman of Hudaco Industries. CE of Waco International. Governor of Rhodes University.

EXECUTIVE DIRECTORS



Brian Cameron Bruce
(61)
PrEng BSc Eng (Civil)
DEng (hc) HonFSAICE,
group chief executive

First joined the Group in 1967. Appointed to the Board and group CE in 2000. Member of health, safety & environment committee. Director of Clough. Director of National Business Initiative and member of Council of the University of the Witwatersrand.



Malose Phillip Chaba
(50)
PrEng BSc Eng (Elec) MSc,
group executive director

Joined the Group in 2004 and appointed to the Board in 2009. Head of group assurance. Responsible for Murray & Roberts Marine and Wade Walker. Member of the NEPAD Business Forum (Energy Working Group). Founder member of Black Business Council as well as the National Science and Technology Forum.



Orrie Fenn
(55)
BSc (Hons) Eng MPhil Eng
DEng,
group executive director

Joined the Group and appointed to the Board in 2009. Executive director responsible for the Group's Construction Products SADC cluster and development of group housing strategy.



Trevor George Fowler
(59)
BSc Eng (Civil),
group executive director

Joined the Group and appointed to the Board in 2009. Executive director responsible for Construction SADC. Deputy chairman of Health Systems Trust and member of Development Bank of Southern Africa.



Roger William Rees
(57)
BSc (Econ) Hons FCA,
group financial director

Joined the Group and appointed to the Board in 2000. Chairman of Murray & Roberts International Limited. Deputy Chairman of Clough Limited.

GROUP SECRETARY



Yunus Karodia
(38)
CFA CA(SA)

Joined the Group in 1999. Appointed group secretary in 2007.

Information correct as at 30 September 2010.

Additional information on the directors is available on pages 211 and 212 of this report.

ROY ANDERSEN, chairman



Challenges Murray & Roberts experienced in 2010 are reflected in our results but we remain financially robust and we continue to demonstrate our world class major project capability.

DEAR SHAREHOLDER,

Murray & Roberts is the leading engineering contractor for the largest and most complex projects in the South African Government's infrastructure investment program to build new power generation capacity and upgrade road, rail and pipeline infrastructure. The completion of Green Point Stadium and the first phase of Gautrain from Sandton Station to OR Tambo International Airport in time for the 2010 FIFA World Cup – and ahead of our contractual obligations – represent significant accomplishments of engineering, construction and project management. Many of our businesses play a leading role in other major infrastructural projects in the South African market, such as Eskom's Medupi and Kusile power stations, the Gauteng Freeway Improvement Program and Transnet's National Multi-Product Pipeline to transport fuel from Durban to Johannesburg. We have also undertaken major projects offshore, such as the Dubai International Airport Concourse 2.

However, our Group's achievements on these projects have to a certain degree been overshadowed by difficulties we have encountered in the largest of them and we have had to recognise that the size and complexity of major projects introduce significant new challenges to our business. The Gautrain project has encountered disruption and severe delays due primarily to the late procurement and delivery of land. This, combined with the significant acceleration required for the early completion of phase 1 of the project, resulted in an increase in working capital which had a financial impact on our Group during the year. Different challenges encountered on the Medupi project, associated largely with design changes, have delayed our work on both the civil engineering contract and the structural fabrication and erection of boilers. These challenges have been compounded by the difficulty we have faced securing payments in an economic downturn from a major client in Dubai.

Our financial results for the year to 30 June 2010 reflect the impact of these challenges on our business and the aftermath of the global economic downturn. Revenue and operating profits declined by 2% and 36% respectively, while diluted headline earnings per share declined by 50% to 340 cents. However, a number of our businesses performed exceptionally well in difficult



Green Point Stadium

market conditions. Clough achieved solid financial growth for a third consecutive year and the results of the Construction Products SADC cluster were strengthened by excellent performances from Hall Longmore and Much Asphalt.

Although the operating margin was impacted, it is encouraging to note that at 5,6% it remains within our strategic framework of 5,0% to 7,5%. The order book stabilised at R42 billion at 30 June 2010 – representing 176% of project revenue which exceeds global best practice – and the statement of financial position remains healthy.

I am pleased to report that the Board has declared a total dividend of 105 cents for the full year (2009: 218 cents).

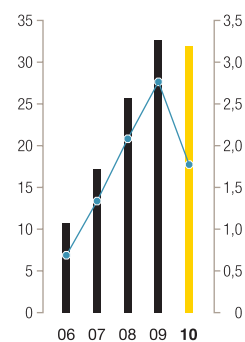
Safety

The Board has noted with great concern the deaths of nine employees, Joseph Tankiso Koenyana, Bhhekizenzo Moses Khumalo, Lephoto Abel Motloung, Tankiso Sidwell Hlalele, Shofiquel Azahar Ali, Soma Swamy Reddy Rajam, Gabangane William Masilela, Dawid Johannes Jacobus Burger and Clementi Rakeiti Lelimo, at work sites in South Africa and the Middle East during the year under review. Subsequent to the year end, a fall of ground incident at the Aquarius Marikana Mine on 6 July claimed the lives of five employees, Ntobeko Siguca, Otladising Petrus Kai, Tsielo Toko, Tshapo Jacob Motjotji and Zwelebango Manjawe. Two further fatalities occurred on 13 August at the Aquarius Kroondal Mine and on 17 August at Park Station, where Vasco Manuel Macamo and Lamulani Moyo respectively sustained fatal injuries. We express our condolences to the families of the deceased.

The Board has commissioned an independent review of the Group's safety policies, procedures and practices. Pending the outcome of the review, the Group will continue to implement measures such as the STOP.THINK campaign to make our operations safer and, to the fullest extent possible, injury-free. In another important development in this regard, a senior safety executive was appointed in May 2010 to support the Group's leadership in their efforts to strengthen health and safety standards and practices.

Revenue and EBIT

(R billion)

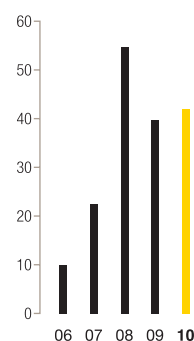


■ Revenue

— EBIT

Group order book

(R billion)



Africa, in particular, offers the prospect of significant growth in our targeted mining, oil & gas and construction sectors and we are exploring opportunities to strengthen our presence in the SADC region and expand beyond SADC.



Medupi power station
air cooled condensers

The group consolidated lost time injury frequency rate (LTIFR) of 2,20 (2009: 2,87) has maintained the trend of improvement that we have experienced in recent years and it demonstrates the strong commitment of all of our businesses to a safe working environment. Nevertheless, it also indicates that much work is still required for the achievement of our group target of zero fatalities and permanent disablement and a LTIFR below 1,0.

Business environment

The global economy recovered strongly during the past year in response to stimulatory fiscal and monetary policies, and a rebound in inventory and commodity prices boosted sectors such as manufacturing. However, the global economy has shown recent signs of softening as the stimulatory forces have run their course and evidence of sustainable growth in private effective demand remains limited. Countries that experienced more robust recoveries, such as China, are tightening control to prevent over-heating of their economies and economists are forecasting a slow recovery in the year ahead which is likely to support the current level of commodity prices.

South African manufacturing and mining sectors responded positively to the global recovery and the domestic economy started to move out of recession in the third quarter of calendar 2009. However, growth in private sector investment slowed sharply and is unlikely to revive until companies are confident of a sustained improvement in the business environment. Capital spending by the public sector has also tapered off following the completion of Soccer World Cup-related projects, and future growth in this area is likely to be constrained as Government pauses to digest the consequences of the recent high levels of capital expenditure. These declines in private and public sector investment are partially accountable for the delayed impact of the recession on our business.

The opening up of African markets offers new opportunities to South African companies that could compensate for weaker domestic growth. Although the euphoria of a so-called super cycle in commodities has dissipated, the shift in global growth trends from developed to developing and emerging markets still offers the prospect of further commodity and infrastructure-related development.

Strategic positioning

Murray & Roberts has undergone significant growth in recent years. Our strategy to maintain future growth in challenging and rapidly changing domestic and global environments prioritises organic growth and acquisitions required to build the scale and capacity necessary to remain competitive and maintain future growth in our targeted sectoral and geographic markets. Africa, in particular, offers the prospect of significant growth in our targeted mining, oil & gas and construction sectors and we are exploring opportunities to strengthen our presence in the SADC region and expand beyond SADC.

Sustainability

Murray & Roberts is committed to growing its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current shareholders and a sustainable future for generations to come. In response to the King Code of Governance Principles for South Africa 2009 (King III), we are preparing for our first integrated report in 2011 and our expanded 2010 sustainability report is written in accordance with the Global Reporting Initiative G3 Sustainability Reporting Guidelines and King III. To improve our sustainability reporting and ensure comparability year-on-year, the Group will commission independent assurance of the 2011 sustainability report.

Human capital

Murray & Roberts considers its people and leadership teams as a critical source of competitive advantage. The continuous development of our human capital resource – from our workforce to our executive leaders – is central to our business strategy, ensuring that we have the stability, capacity and ethical steadfastness required to meet the demands of our business environment.

We continue to invest significantly in the development of our employees at all levels, providing a range of training, learning and career development opportunities for our people. We place a high level of emphasis on developing skilled artisans and supervisors – and this has been particularly important during our current phase of involvement in major projects. We invest much time and effort in building our talent and have a leadership succession and development process which aims to ensure that we have the talent required to meet our strategic objectives. In addition to our Leadership Pipeline process, the Board has recently initiated a project with external consultants to assist in the identification and development of leadership talent at the junior, middle and senior levels of management.

In 2010, the investment in formal training and development across the Group amounted to R117 million (2009: R96 million), including wages and salaries of participants and capital expenditure in upgrading training facilities. We continue to invest in an Artisan Training Centre at Lephalale FET College, where 720 artisans will be trained for the Medupi power station. Furthermore, the Group funded 167 bursars at South African tertiary institutions and approximately 10 000 employees undertook formal skills enhancement and training development during the year.

Black economic empowerment

Murray & Roberts believes that broad-based black economic empowerment is essential for the long term economic and social stability of South Africa and the development of the construction, mining and engineering sectors.

We achieve important new milestones every year in the implementation of a comprehensive strategy to address the full range of empowerment requirements across our diverse range of operations serving the domestic construction economy. During the past year, an independent review of the Group's empowerment status concluded that our broad-based black economic empowerment rating improved to level four (2009: level five) and we registered 31,3% broad-based black ownership based on dti Codes of Good Practice.

The Letsema broad-based black economic empowerment (BBBEE) scheme has created wealth of more than R985 million for an estimated 20 000 employees and community participants and total dividends of R157 million have been paid to the trusts to date. In 2010, we contributed R74,9 million to enterprise development and R44,2 million to socio-economic development through our corporate social investment program and from the dividend gains of the Letsema BBBEE community trust. Furthermore, R21,7 million in education bursaries for employees' family members has to date been allocated by the Letsema BBBEE employee benefits trust to 124 bursars at secondary and tertiary schools.

At leadership level the composition of the Board and senior management will increasingly reflect the transformation of South African society. Currently, six directors are black, three of them women. Two of our managing directors are black men and one is a woman, and we have two black operational chairmen.

Community development

Murray & Roberts recognises that its business activities have an impact on the communities in which they are undertaken. The Group is committed to managing this impact responsibly and accepts that it has an obligation that extends beyond statutory requirements to the upliftment of society as a whole.

The Murray & Roberts corporate social investment program invested R22,2 million (2009: R21,1 million) in development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numeracy and literacy education in early childhood development, and environmental education. Murray & Roberts supports sustainable social development through many of its community initiatives. A number of employees participate in community development as champions of projects the Group supports.

In 2010, the investment in formal training and development across the Group amounted to R117 million (2009: R96 million).

The Murray & Roberts corporate social investment program invested R22,2 million (2009: R21,1 million) in development projects aligned with the Group's business strategy.

The Board is committed to the highest standards of corporate governance and has already begun taking steps to implement King III.



Gautrain Rhodesfield Station

Risk management

A critical element of our future sustainability is our ability to manage risk. The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders.

Corporate governance

The Board is committed to and fully endorses the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). The Board is satisfied that the main principles of the Code have been implemented and is of the opinion that Murray & Roberts complies with the Listings Requirements of the JSE Limited (JSE).

The JSE has made a number of amendments to the Listings Requirements. All changes relating to King III must be complied with in respect of financial years commencing on or after 1 March 2010. The Board is committed to the highest standards of corporate governance and has already begun taking steps to implement King III.

External appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The appraisals were benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. Committee self assessments were also performed during the year under review. The appraisals were positive and their recommendations are being followed through for implementation. Internal appraisals will be conducted next year. An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisal was positive.

King III recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted an assessment of the independence of its non-executive directors. All non-executive directors meet the criteria set out in King III for determining their independence in fulfilling their duties towards the company. The average length of service of the non-executive directors was less than six years during the year under review.

The Board approved the formation of a social & ethics committee with effect from 1 July 2010 in terms of the draft Companies Amendment Bill 2010. The committee met for the first time on 24 August 2010. After a year, the committee's merits will be reviewed.

Board of directors

It has been a great pleasure to welcome four new directors to the Board.

Malose Chaba was appointed an executive director with effect from 1 September 2009. Malose is an electrical engineer who joined the Group as managing director of Murray & Roberts Engineering Solutions in 2004 and was appointed group chief engineer and chairman of the engineering contracting cluster in 2008. In 2009, he was appointed to his current role as head of group assurance.

Trevor Fowler joined the Group and was appointed an executive director with effect from 25 September 2009. He succeeded Keith Smith as executive chairman of the Construction SADC cluster on 1 July 2010 and has assumed responsibility for expanding the Group's engagement with the rest of Africa. Trevor is a civil engineer and was previously chief operating officer in the South African Presidency.

Orrie Fenn was appointed an executive director with effect from 20 November 2009 and assumed executive responsibility for the businesses forming the Construction Products SADC cluster. Orrie was formerly the chief operating officer of PPC and obtained a doctorate in engineering while working at the Chamber of Mines Research Organisation.

Subsequent to the year end, Bill Nairn was appointed an independent non-executive director. He is currently an independent non-executive director of AngloGold Ashanti Limited and chairman of its Safety, Health and Sustainable Development Committee. He previously served on the boards of several companies including Anglo American plc, Anglo Platinum Limited and Kumba Resources Limited.

Sean Flanagan resigned from the Group and as an executive director with effect from 31 January 2010. Sean joined Murray & Roberts in 1991 and was appointed an executive director in 2004. He held principle executive responsibility for the Gautrain project, Green Point Stadium and the Eskom power program.

Imogen Mkhize has indicated that due to other work commitments she will not be available for re-election at the 2010 annual general meeting. Imogen was appointed an independent non-executive director in 2005 and has served as a member of the audit and risk management committees. She is a talented and respected member of the South African business community and Murray & Roberts has benefited from her wide-ranging experience. We wish her ongoing success in her career path.

Appreciation

The past year has placed a great deal of pressure on our business and our people and they have displayed great fortitude and resilience. I would like to express my appreciation for this to the people in all of our operations, from our top executive team, led by Brian Bruce, to our workforce. I am grateful to my fellow board members who have been an island of stability and wise counsel in challenging times. My thanks also go to our clients, our empowerment and commercial partners and our shareholders for their ongoing support.

Annual general meeting

Shareholders are reminded that the annual general meeting of the company will be held on 27 October 2010. The order of business is set out on pages 213 to 215 of this report.

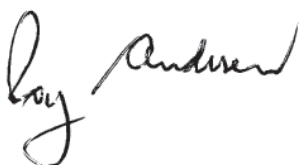
Prospects

The Group expects that growth is probable in the year ahead, coming off the low base caused by the Gautrain charge to the statement of financial performance. However, the level of this growth will depend on order book development and general economic activity, particularly in South Africa, settlement of major project final accounts, reduction of working capital including through the closure or disposal of underperforming assets, and progress with the Eskom power program.

A business update will be presented at the Group's annual general meeting.

The financial information on which this prospects statement is based has not been audited or reviewed by the Group's auditors.

The Group expects that growth is probable in the year ahead, coming off the low base caused by the Gautrain charge to the statement of financial performance.



Roy Andersen
Chairman

BRIAN BRUCE, group chief executive



Murray & Roberts has a clear strategy based on strong fundamental principles embodied in its purpose and its vision for the future. There is no reason why its successful actions in pursuit of this strategy through the past decade will not be capable of repetition through the decade ahead.

A TURBULENT END TO A DECADE OF GREAT CHANGE

In finalising our 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 our treatment of and response to a number of challenges associated with our major projects and ongoing volatility in some of our markets.

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

Elsewhere, larger natural forces have wrought havoc in various parts of the world. Earlier this year the earthquake in Haiti claimed an estimated death toll of at least a quarter of a million lives. More recently in Pakistan, tens of millions of people were rendered homeless and destitute following the worst floods in recorded history while in Russia, the highest ever recorded temperatures have led to environmental disaster and severe human suffering. In Africa it seems, the plight of millions of destitute people lies at the hand of its leadership.

The true essence of leadership is to venture further than before, where risk identification and mitigation become an extension of current knowledge. Human fallibility then becomes the weak link in the best laid of plans. No event encapsulates the interface risk between human technology and the forces of nature more than Deepwater Horizon in the Gulf of Mexico.

In Chile, the lives of 33 miners hang in the balance, trapped about 700 metres underground with only a slim chance of being rescued. Murray & Roberts through its Cementation Group has proposed a plan that may offer their only hope. But the plan requires that existing expertise and equipment must perform beyond current experience. This is the demand of leadership and the risk is high. There is no other option.

It is these same factors that have defined our engagement of major projects, be it Gautrain or the power station program in South Africa, the various LNG projects in Australasia, increasingly competitive project activity in the United Arab Emirates or the global spread of underground



Gautrain viaduct under construction at Centurion, Tshwane

mining activity. Murray & Roberts leads the way in these and other ventures. The battleground is mostly uneven and the engagement often unfair. There is no place for the meek, the stakes are very high and risk is ever present.

Murray & Roberts has grown significantly and continues to develop through its major project engagement. New leaders have emerged from the challenge while others have fallen by the way. Mistakes have been made that might still be expensive, but are accounted for. Significant damages have been suffered which form the basis of claims under the various contracts. Working capital has been invested and must be recovered. Some of this investment may be at risk in these stormy economic times, in which case prudent provision has been made.

This is what makes Murray & Roberts South Africa's leading engineering and construction group.

MAJOR PROJECTS 1

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 how to account for revenues earned relative to cash received. This is particularly the case on long duration major projects where significant costs might have been incurred, but for which payment is subject to claims resolution over an extended period.

A cumulative total of R1,4 billion in uncertified revenues has been conservatively recognised in the Group's financial accounts to date, up from R1,1 billion at 30 June 2009.

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.

The statement of financial performance recognises a loss in the Group's fabrication operations of R86 million, which are 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.

Over the past decade, Murray & Roberts has experienced significant growth.

- Order book has increased about 14 times to R42 billion
- Revenues have increased about 4 times to R32 billion
- Operating profit has increased about 26 times to R2,4 billion (before Gautrain provision)

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.

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

FINANCIAL YEAR TO 30 JUNE 2010

Revenue at R32,0 billion is 2,2% down on the previous year for continuing operations, with operating profit down 36% to R1,8 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. Had this charge not been recognised, the operating margin would have been 7,5%.

The direct impact of increased working capital funding on both Gautrain and The UCW Partnership has seen a significant increase in net finance cost to R193 million compared to R20 million for the previous financial year.

The consequence of these matters is a 50% decline in diluted headline earnings per share to 340 cents compared to 675 cents in the previous year.

Shareholder funds increased 11% to R6,2 billion giving an attributable earnings return of 18,6% on average shareholder funds for the year, which is temporarily below the Group's target return of 20%.

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

- The construction economy conventionally lags general economic activity. However, the South African construction sector, including Murray & Roberts, has been somewhat shielded in the short term by the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup.
- A decision by Bombela that delivered phase 1 of the Gautrain project between Sandton and OR Tambo Airport ahead of schedule in time for this event crystallised the realisation of how challenging it might be to reach commercial finalisation of the project. While good progress has been made since November 2009, including key personnel changes and a revised resolution process, Murray & Roberts has taken a prudent position and provided for its share of the projected additional costs to complete above what was recognised as a minimum recoverable in June 2009.

There is no tax relief against the Gautrain write down as this has occurred in a joint venture company in which the Group has a share of 45%.

- 
- The Group successfully delivered a number of major world class projects in the year, including the Green Point Stadium and the Sorbonne University in Abu Dhabi.
 - The Eskom power program is an important current opportunity for the Group, which has suffered significant start-up delay and disruption, reducing expected revenues against costs incurred in the year. The Group has invested proactively in its response to these challenges, which will enable the program to proceed expeditiously as the start-up issues are systematically resolved by our two clients, Eskom and Hitachi.
 - A number of companies have performed well ahead of expectation in the year including Concor, Much Asphalt, Hall Longmore, Murray & Roberts Cementation, Middle East, Clough and Murray & Roberts in Botswana and Namibia.
 - Market conditions for some companies such as Murray & Roberts Steel, Johnson Arabia and Wade Walker were negatively impacted by the effects of the global financial crisis.
 - The unexpected ongoing strength of the SA Rand has translated the very good financial results of our international operations into a relatively lower consolidated performance.
 - Working capital demand increased through the year, particularly on Gautrain and at UCW, which was funded through proceeds on the disposal of non-core assets and short term borrowing, which led to a higher interest charge to the statement of financial performance. Advance payments are also being utilised, marginally reducing available cash in the year.

Amicable settlement processes are underway on the Dubai International Airport Concourse 2 and other final accounts in Middle East. Final completion of the Gautrain project is due within the 2011 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 2011 financial year.

The Group invested R1,1 billion in capital expenditure during the year, which was significantly down on the previous year, ending the year with a solid statement of financial position and cash reserves of about R2,6 billion against various loan arrangements of about R2,2 billion.

Rebuilding Murray & Roberts

It is a full 10 years ago that Rebuilding Murray & Roberts was approved as the strategy that would deliver the Group out of its late 1990s state of crisis. This followed an extended 25 year period of decline in the economically and politically isolated South African construction economy, the latter period of which saw the Group win temporary respite in an industrial diversification strategy. This strategy was resoundingly defeated by the cold winds of global competition that followed our reintegration as a democratic society after the 1994 election.

The gravity of the year 2000 decision Rebuilding Murray & Roberts should not be underestimated. The very future of Murray & Roberts was at stake. The authority given to the new leadership team was to make whatever decisions and changes were necessary to take the Group back to its construction and engineering roots and reinstate as a first objective, the January 1996 share price high of 2 850 cents within five years.

The chart alongside places some perspective on this year's performance relative to the past two years, the decade Rebuilding Murray & Roberts and the two decades since 1990. We have clearly created a more robust business and a theoretical reallocation of the current Gautrain provision back over the life of the project to date (the blue line), offers the formula for a sustainable business model for the Group.

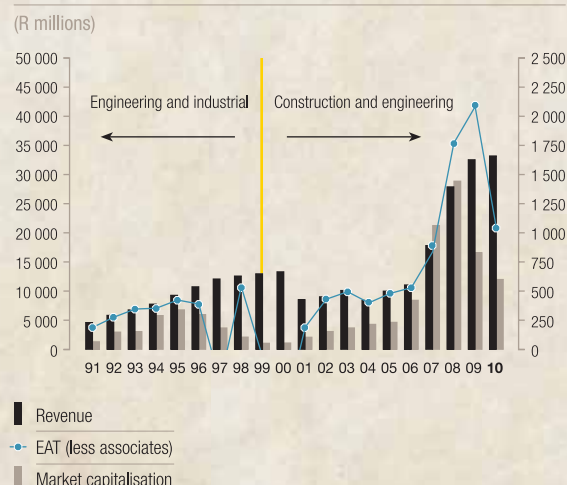
The share price objective of 2 850 cents was met in March 2006, at a more conservative price to earnings (p:e) ratio of 12 compared to the ratio of 20 in January 1996.

Our long term experience suggests a market capitalisation p:e ratio for the construction sector of between 8,0 and 12,0 at a premium of between 1,5 and 3,0 times net asset value. This is on the basis of a sustainable attributable earnings model that should deliver about 5,0% on revenue, which, for Murray & Roberts, is based on a tax rate less than 25%, near zero cost of finance and our strategic operating margin range of 5,0% to 7,5%.

The Group's share traded erratically through the year. It rose from the previous year close of 5 000 cents to a brief high of 6 600 cents in September 2009, with cautious news flow from the annual general meeting and November 2009 trading update causing a decline to its current range of between 3 750 cents and 4 250 cents.

The share closed the year at 3 880 cents on a p:e ratio of 11,5 and NAV premium of 1,9 times 2 069 cents, which indicates that valuation upside is possible on good forward prospects.

Murray & Roberts performance



Murray & Roberts share price



REFLECTING ON OUR FUTURE

The Murray & Roberts heritage is rich and eventful, extending back more than a century to before the company was founded in 1902 in Cape Town, embracing the skill, resilience and enterprise of two Scottish immigrants who had met on the boat trip to Cape Town in 1899. This was at the height of the Anglo Boer war and 11 years ahead of the Act of Union that in 1910 brought about a unified South Africa, but crystallised the path to a divided nation.

For its first 65 years until 1967, Murray & Roberts comprised its two separate but interconnected constituent companies, Murray & Stewart and Roberts Construction Company, each led by their founding families. During this period the separate enterprises grew in pace with South Africa's development, extending their reach into numerous international markets.

In retrospect, that decade of the sixties most reflects the Group's recent experience.

Fifty years ago on 17 June 1960 Roberts Construction signed a contract in the USA to design and build a nuclear research facility outside Pretoria, which included South Africa's first nuclear reactor (6,67 MWe). In modern terminology, this was an EPC (engineer, procure and construct) contract with Allis Chalmers subcontracted to provide the nuclear systems and Hall Longmore all piping and tanking. A government requirement to import and localise the systems' advanced technological capacity saw 90% of all procurement and 100% of all non-nuclear engineering performed in South Africa. The project was a resounding success and was delivered and commissioned within its five year schedule and budget.

Murray & Roberts went on to engineer and construct much of the remainder of the Pelindaba facility, including its uranium enrichment capability.

That decade was one of significant growth for the sector but ended on a subdued note for the Group following a difficult major project to build the Carlton Tower and Hotel project in downtown Johannesburg. The Carlton was at the time, the largest building project in the world and is still today, the tallest building in Africa. It was a mega project by every definition, with Anglo American as client using an American architect, who simply failed to recognise local conditions and demanded a performance regime that changed the way things were done in South Africa. This was a "coming of age" for Murray & Roberts.

Murray & Roberts had been let down at the 11th hour by its own American contracting partner and was forced to draw on the limited resources of its constituent companies in a booming construction economy. The cost was high and Roberts Construction came perilously close to failure. This was averted only as a consequence of the merger that had occurred in 1967 with its sister company Murray & Stewart, to form Murray & Roberts.

The following is an edited extract from an in-house MUST Magazine in 1974.

"Murray & Roberts signed the [Carlton] contract at R39 million (2010: R3,5 billion) but the contract conditions made inadequate provision for escalation and eventually a substantial loss was incurred. However, much was learned from the contract. In Mr Skeen's words, "on such highly sophisticated intensely serviced modern complexes the method and structure of the management should be vastly different from what we had previously regarded as the normal way of doing things". Roberts Construction had been severely hampered by the fact that the USA Architect had never before handled such a large project in one phase and did not appreciate the need to issue their information so as to enable Murray & Roberts to build simultaneously and without breaks on all the major structures. Further, due to the building boom [in South Africa] Murray & Roberts was caught in the middle of a very severe period of cost and labour escalations, labour shortages and productivity drop-offs for which we received very little sympathy from the client."

1967 was the year I first joined the Group in Port Elizabeth, initially as a clerk and later as an intern prior to securing my bursary to study civil engineering. I remember the many projects underway across the country and overseas during my years at university and the first decade of my career.



Carlton Hotel

When Murray & Roberts was awarded the R39 million contract (2010: R3,5 billion) to build the Carlton Tower and Hotel it was the largest building project in the world and is still today the tallest building in Africa. It was a mega project by every definition.

In South Africa, the majority of medium to major players in the sector have been fully or partially shielded this past year by the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup. However, a significant decline in the sector is now evident in South Africa, with growth in general economic activity only expected to pick up later in the year ahead.

THE SOUTH AFRICAN CONSTRUCTION ECONOMY

The construction economy lags at both the front and back end of general economic activity, which, depending on the relative critical mass of a particular company, could be anywhere between six and 18 months.

Following the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup, a significant decline in the sector is now evident, with growth in general economic activity only expected to pick up later in the year ahead. On the other hand, the Group's international markets have all shown good recovery following the global financial crisis, although competitive levels have increased across the board.

South African gross fixed capital formation (GFCF) is expected to reach 25% of gross domestic product (GDP) for the first time in 35 years (since 1975). This is a function of the impact of the final investment in the 2010 FIFA World Cup against the backdrop of a severe decline in South African GDP as a consequence of the global financial crisis.

The South African government has shown consistent commitment to a long term program of capital spend, encompassing all aspects of socio-economic infrastructure investment. Despite a sovereign cash flow challenge brought on by the severe impact on the South African economy of the global financial crisis, Treasury has indicated it will increase borrowings to fund the program.

This presents a new opportunity for private sector investment and involvement in both the implementation and operations of new and existing public infrastructure and facilities.

ENTERPRISE CAPABILITY

If you cannot change the people, change the people! This is the hardest mantra on which to deliver, but one that every executive leader will admit is of utmost importance. The change (or transformation) we require of our people must be clear, so as to determine whether we have the correct people. My experience over 40 years in Murray & Roberts and the construction industry, and through the past 10 years as group chief executive, is that individual passion and belief are key leadership and performance differentiators.

Over the past decade, Murray & Roberts has experienced significant growth:

- order book has increased about 14 times to R42 billion
- revenues have increased about 4 times to R32 billion
- operating profit has increased about 26 times to R2,4 billion (before Gautrain provision)

The appointment of Andrew Skudder to the role of enterprise capability director two years ago was designed to enhance our focus on and coordination of solutions for the unique demands and challenges we face as a South African based global business. These include:

- leadership development and succession, including employment equity
- broad-based black economic empowerment
- sustainability management and reporting
- health and safety management
- corporate social responsibility

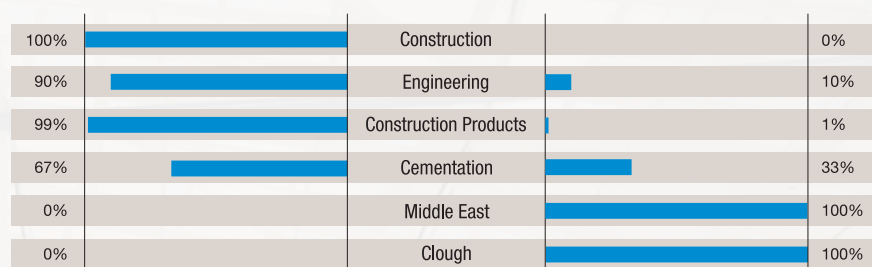
As we close out this first decade of the 21st century, the Group has expanded its brand and operations globally, with projects covering all four corners of the earth.

While wholly focused on selected aspects of the construction economy, Murray & Roberts is now a diverse organisation operating in a federal structure, with a strong corporate office that leads the Group through strategic interventions on matters of universal importance.

Revenue

Southern Africa 67%

International 33%



Leadership development and succession

The combination of growth in size and global scale of Murray & Roberts has demanded a significant upgrade in executive and leadership capacity across the Group. As a first principle, we have adopted the Leadership Pipeline model as our basis of talent management.

We have learned that in most instances, specific experience trumps general management as the preferred appointment criteria for operations leadership. However, if the former is not available, which is often the case in South Africa, a general management appointment must possess specialist skills and intellectual capacity that overcome the experience shortfall.

While new executive capacity has been recruited into all levels of the Group on a regular basis over the past ten years, internal transfers and appointments are always prioritised.

Employment equity

The appointment of employment equity candidates is prioritised in general, although we have experienced only limited success to date finding sufficient experience in candidates for senior executive positions. There is a dearth of deep experience in the industrial and mining sector in general, which is only now in the early stages of resolution through increased output from our university and college bursary and graduate development programs.

Murray & Roberts prioritises internal appointment, with recruitment from the South African market as its back-up option. Only in special circumstances will an appointment be made from outside of South Africa, other than for the career development of key executives from our international operations.

Broad-based black economic empowerment

Murray & Roberts values its South African and entrepreneurial heritage and has set a clear ambition to remain an independent business, listed on the JSE Limited, with the majority of its activities in Southern Africa under the leadership and direction of executive management and its Board.

It is this philosophy that crystallised the groundbreaking Letsema empowerment strategy that saw the Group acquire 10% of its shares from the market in 2006 and distribute them amongst four broad-based black economic empowerment (BBBEE) trusts.

The Group's international shareholder base, recorded as 57% at 30 June 2010, its 33% international business footprint and significant BBBEE initiatives across all its South African operations, ensures an effective BBBEE shareholding above 30% and rating of level 4.

In Australia, the Group holds about 62% of the shares in Clough Limited, sharing ownership with the people of Australia through their pension and superannuation investments in ASX, the Australian Stock Exchange. In Canada, Cementation has a number of joint business ventures with the indigenous Kitikmeot peoples of North Saskatchewan.

The combination of growth in size and global scale of Murray & Roberts has demanded a significant upgrade in executive and leadership capacity across the Group. As a first principle, we have adopted the Leadership Pipeline model as our basis of talent management.

The true value of a company is not reflected purely in its market capitalisation, but includes the value placed on it by the society to which it belongs and contributes.

Sustainability management and reporting

Over the years, companies have developed different levels of response to the increased demand for triple bottom line reporting. The introduction of King III in South Africa has recently formulated our governance requirements for sustainability reporting.

Murray & Roberts has reported in terms of the Global Reporting Initiative (GRI) and has developed a comprehensive sustainability report, included in the annual report.

Health and safety management

The success of STOP.THINK over the past four years can be measured in the increased awareness of safety across the Group and the significant reduction in measured safety statistics. However, the fatality count in our South African operations has not abated.

With three fatalities in May and June 2010 and the multiple five fatality underground incident in July, we have crossed a tipping point. Management and the Board have resolved to engage DuPont to assist with a safety diagnostic of our South African operations leading to the implementation of its world renowned safety management system across the Group.

A number of action initiatives have arisen from this process which will receive priority attention into the future in terms of a prioritised program of engagement.

Corporate social responsibility

The true value of a company is not reflected purely in its market capitalisation, but includes the value placed on it by the society to which it belongs and contributes. And a company only contributes meaningfully to its society through the commitment of its leadership to and their personal involvement in, the aspiration and direction of development of that society.

Murray & Roberts recognises the real challenge faced by South African society to build on its past development history. So apart from the contribution it makes through an organised corporate social investment program, the Group chooses to play a leading role in the development, design, construction and operation where possible, of the key socio-economic infrastructure and facilities that make it possible for improved quality of life for all of society into the future.

MAJOR PROJECTS 2

Our non-negotiable commitment to sustainable earnings growth and value creation is the mission that has been the fundamental definer of performance within Murray & Roberts over the past decade. Construction is an economic lag sector and the general exuberance throughout all our markets leading up to the global financial crisis though 2008 and 2009, served to drive both order book and valuations to unprecedented highs.

Within this mission, the success of our hard-won globalisation and acquisition strategies has been offset for now by the difficulty we face in extracting value from our major projects strategy.

There are six key initiatives we have engaged to manage our prospects under the current economic market conditions:

- Manage the risk/reward profile of our major projects
- Optimise performance in our resurgent international markets
- Rationalise our domestic operations to match economic conditions
- Minimise the impact of all our operations on society and the environment
- Focus on future initiatives that hold the greatest business impact
- Deliver resolution of and value from our historic major project operations

It is in this context that we have concluded the financial year to 30 June 2010 and engaged our prospects for the period ahead.

Middle East public sector

At the height of the global financial crisis, Murray & Roberts and its partners voluntarily terminated about R40 billion of order book (Murray & Roberts value R17 billion) with clients in the United Arab Emirates, including the contract to build the Dubai International Airport Terminal 3. This proactive strategy while traumatic at the time, served to significantly reduce the future working capital risk profile of the Group in the region.

However, there are outstanding amounts due on two contracts:

- Dubai International Airport Concourse 2 where Dubai Civil Aviation (DCA) has slowed final account settlement notwithstanding that the project was completed on schedule in October 2008. Murray & Roberts and its partners have instituted arbitration proceedings, which have been temporarily suspended by agreement with DCA pending negotiated mediation.
- Al Salaam Project in Bahrain, where Sama Dubai is considering a term-based settlement of the account on termination.

Both project final accounts have been thoroughly audited and are deemed recoverable.

South African public sector

With the order book terminations in Middle East and despite a rapid recovery in the Group's international markets following the global financial crisis, the South African public sector remains the principle source of Murray & Roberts order book.

It is a conscious strategy that Murray & Roberts becomes the principal South African player in South Africa and the region's major projects future. While this has been successfully implemented to date and increased capacity has been deployed where appropriate, we have to overcome a number of internal and external challenges before we can be confident of the long term value proposition.

Union Carriage and Wagon (UCW) is the only private sector rolling stock manufacturer of substance in South Africa. Excluding the troubled DORTS contract in the mid 1990s, about 15 years with no work in its mainline operation had been partly offset by a regular program of coach refurbishment for the Passenger Rail Association of South Africa (PRASA).

There are two sources of working capital stress in the company:

- The Transnet locomotive program, where component inventory build-up has been faster than production. However, under its new management, UCW is producing the model 19E locomotive on a five day cycle with the model 15E locomotive rapidly approaching that cycle.
- The metro coach refurbishment program, where PRASA has withheld contracted payment for refurbished and delivered model 10M coaches. UCW has issued notice in the South Gauteng High Court against PRASA for recovery of the debt.

The net amount outstanding to Murray & Roberts in this latter respect is about R150 million.

Gautrain

The Bombela Consortium was formulated as far back as 2001 in advance of a request for qualification from Gauteng Province to design, build, finance and operate the proposed Gautrain Rapid Rail Link project in a public private partnership. At that stage the value of the project was estimated by Gauteng Province in the order of R4,0 billion.

Murray & Roberts was at that early stage still in a state of relative financial distress and the Group decided to play its lead local role as the concessionaire, with the project development process led by international partners, Bouygues (infrastructure) and Bombardier (system).

The South African public sector remains the principle source of Murray & Roberts order book. It is a conscious strategy that Murray & Roberts becomes the principal South African player in South Africa and the region's major projects future.



Contractors have always been easy targets for slowed, deferred or non-payment. Our terms and conditions of contract bind us to “progress” and “complete” the works regardless of cash flow, and our only remedy is the contract.

Although Gautrain was not originally linked to the 2010 FIFA World Cup, once the event was announced in favour of South Africa in July 2004, this became the primary driver in finalising the concession terms of contract, program and award. Initial tenders had been submitted as far back as September 2003 with a significantly higher price than anticipated.

An extended engagement and adjudication process followed with the final of four re-tenders submitted more than 18 months later in April 2005. Preferred contractor status was awarded in July 2005 leading to commercial close 15 months later in September 2006 on condition of financial close within six months.

In its final form the concession agreement contains rights and obligations for Bombela and Gauteng Province, as well as third party lenders, including what was required to achieve phase 1 completion in time for the 2010 FIFA World Cup.

The contracted parties have become embroiled in disputes over a number of cause and financial effect consequences of a failure to deliver on various obligations against the value of various rights embodied in the contract. Negotiations are advanced, including through arbitration, to resolve these weighty and complex disputes.

Eskom power program

The Eskom power program is a major project of global scale. Murray & Roberts has secured a critical role as key implementation contractor, incorporating the foundation, chimney and boiler works at Medupi and the chimney and boiler works at Kusile. These projects represent about R18 billion of order book for Murray & Roberts, about R1,7 billion of which had been converted to revenue by 30 June 2010.

From inception, the power program has been beset by delays and disruption. The Group is well behind its expected revenue curve from the two projects. While this holds some benefit for the near future in a work scarce market, revenues have been impacted in the current year.

The first phase foundation works at Medupi were partially accelerated to offer mechanical access earlier than would otherwise have been possible. However, a significant delay in access to the later phases has only recently been lifted.

There have been significant delays in the receipt of basic engineering for Medupi and subsequently, thousands of design changes have disrupted the detailed engineering and steel fabrication program. This has impacted the Kusile project as well.

Murray & Roberts has deployed significant leadership and resource to deal with and address these matters. This includes the development of sustainable solutions that will assist Eskom and Hitachi to recover the impact of their delays and recovery of our rights under the separate contracts.

Working in the public sector

Cash flow uncertainty and the recognition of uncertified revenues increases the risk profile of a contractor. Murray & Roberts has signalled over an extended period that a shift to public sector works brought the risk of a working capital increase.

The majority of our clients today are in the public sector, most of whom suffered initially as a result of rampant price increases during the economic bull run, but more recently due to liquidity constraints brought about by the global financial crisis.

Contractors have always been easy targets for slowed, deferred or non-payment. Our terms and conditions of contract bind us to “progress” and “complete” the works regardless of cash flow, and our only remedy is the contract. In South Africa, we are prevented in law from seeking legal redress outside of the contract, other than for misrepresentation, and in Dubai we must receive official sanction to proceed against any government body.

In South Africa, our major public sector clients are governed (albeit in different ways) by the Public Finance Management Act No.1 of 1999 (PFMA). Our legal advice on the PFMA itself informs us of its influence on the behaviour control and decision making of public officials when dealing with major contracts such as Gautrain or the power program.

Section 66 of the PFMA recognises the particular characteristics of contracts where payment by an institution to which the PFMA applies may only be made under a contract as follows:

- the amount of the contract for the work done in terms of the contract as approved under the PFMA prior to award of the contract
- the amount of a variation to the contract only as authorised by a variation notice issued under an approval in advance by the relevant authority provided under the PFMA
- the amount and/or time of a claim (other than a variation) as resolved in terms of the conditions of contract through mediation, arbitration and/or litigation as applicable

ORDER BOOK

The significant loss of order book between November 2008 and March 2009 has been felt in the current financial year, where short term work to fill the void in some operations has just not been available.

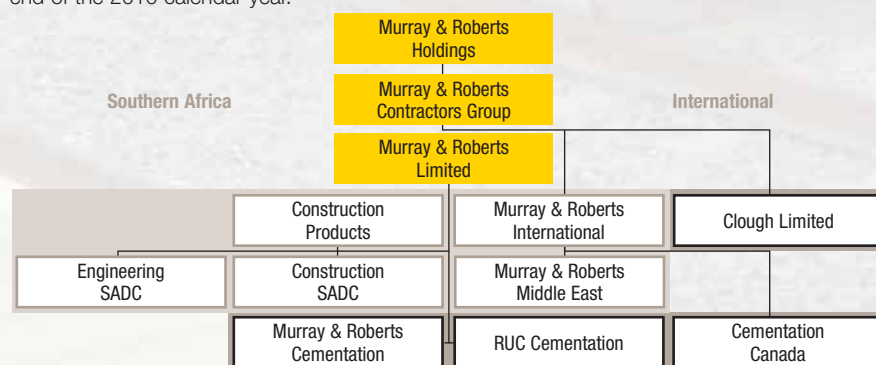
While we have managed to sustain a steady order book at about R40 billion over the past 15 months, winning more-or-less as much new work as we have been consuming, this has been in favour of our international operations, where markets have recovered faster and more robustly than in South Africa.

The consequence is that Construction SADC has become stressed with lower than ideal order book development and we will certainly feel the impact in Construction Products SADC during the year ahead.

LEADERSHIP, ORGANISATIONAL AND STATUTORY CHANGE

Murray & Roberts has an ongoing succession & development program under the auspices of the remuneration & human resources committee that involves about 150 senior managers and executives across the Group.

We have continued to streamline our statutory and organisational structure to offer increased efficiency and a more comprehensive link between responsibility and accountability. The following is the outline statutory and management structure that should be in place before the end of the 2010 calendar year.



Murray & Roberts may have a global reach and client base, but it is a South African company driven by South African dynamics. Its principal relationships are in South Africa, as are the majority of its employees.

The mainly USA emerging market funds that currently hold 57% of Murray & Roberts shares are invested in the company because it is South African, not because it is global.

Overall, there is significant potential in the future profile of Murray & Roberts. To realise this potential we will have to solve our current challenges at the same time as we develop our future plans.

PROSPECTS

While disappointed with the need to recognise the Gautrain provision and its impact on our performance this financial year, it is a correct, prudent decision under the circumstances.

Notwithstanding our rather cautious prospects statement last year, many of our companies delivered exceptional performance in some difficult markets, while there are a few whose market conditions prevented any form of performance.

Overall, there is significant potential in the future profile of Murray & Roberts. To realise this potential we have to solve our current challenges as we develop our future plans.

We cannot undo the past. But we can and will recover what is rightfully ours through whatever process is feasible. We will rationalise what is not working in the current economic market and streamline our operations to suit the circumstances. We will build forward from whatever platform must result from these processes in this current year.

Murray & Roberts has a clear strategy based on strong fundamental principles embodied in its purpose and its vision for the future. There is no reason why its successful actions in pursuit of this strategy through the past decade will not be capable of repetition through the decade ahead. This includes merger, acquisition, closure and disposal; new market development; and participation in major projects both locally and in the international domain.

We have no limitation other than ourselves: the quality and capability of our leadership and people, the strength of our statement of financial position, and the selection of our partners.

APPRECIATION

I acknowledge the significant contribution of the great majority of our people who work every day within our operations, often under difficult conditions both in South Africa and elsewhere across the world where Murray & Roberts is present. We constantly strive to make this a better experience.

I regret the consequence of our operations where people's lives may have been changed through accident, injury or death. We constantly strive to make our workplace healthier and safer with minimal impact on society and the environment.

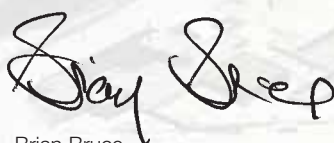
I welcome the many new people who joined our Group in the year and wish you an exciting and rewarding career in Murray & Roberts. We constantly strive to improve our systems and procedures to meet the changing needs of our younger generation of leaders.

I wish those who have left for a variety of reasons well in your new ventures. We constantly strive to make the Murray & Roberts experience one that will stay with you forever.

I extend my deep appreciation to the Murray & Roberts leadership team across the full spectrum of our domestic and global operations. We constantly strive to recognise your considerable commitment and achievement in delivering the Murray & Roberts value proposition to your various stakeholders.

I wish to thank the directors of Clough led by chairman Mike Harding for their work on behalf of the company and all its shareholders. Mike Harding will retire as chairman and as a director at the upcoming annual general meeting and will be succeeded as chairman by Keith Spence.

Finally, I thank the directors of Murray & Roberts who, led by our chairman Roy Andersen, have upheld the highest levels of governance during the year.



Brian Bruce
Group chief executive

MURRAY & ROBERTS EXECUTIVE COMMITTEE

				
Brian Bruce ■●▲	Roger Rees ■●▲	Malose Chaba ▲	Orrie Fenn ▲	Trevor Fowler ▲
				
Peter Adams ■	Cobus Bester ▲	Nigel Harvey ■●	Ian Henstock ■▲	Henry Laas ■▲
				
Andrew Langham ▲	Roger Mower ●■	Rob Noonan ▲	Richard Pope ■	Andrew Skudder ▲
	▲ Murray & Roberts Limited ■ Murray & Roberts International Limited ● Clough Limited ○ Company secretary			
Keith Smith ▲				Yunus Karodia ○

The Murray & Roberts executive committee has been enhanced over the years through the appointment of key operations managing directors and corporate executives, taking into consideration the following factors:

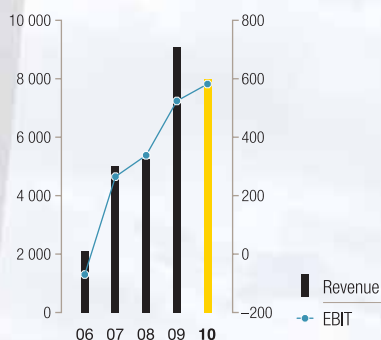
- the scale that has developed in the Group and in many of our operations
- the increased complexity of our business model
- growth of the international dimension of the Group
- growth in new areas of market opportunity, such as power, oil & gas, Australasia
- the demands of employment equity in South Africa
- accelerated succession across all levels and dimensions of the Group

CONSTRUCTION SADC

Murray & Roberts has a leading role in a number of long term projects associated with South Africa's infrastructure investment program.

Construction SADC

(R millions)



* EBIT excludes loss from Gautrain of R619 million.

Financial performance

The Construction SADC cluster recorded a solid performance in a challenging economic environment, with strong performances by Concor's civil engineering and roads & earthworks operations and the Gauteng operations of Murray & Roberts Construction. These results were supplemented by the successful completion of the Green Point Stadium which offset the additional expenses associated with the accelerated completion of phase 1 (OCD 1) of the Gautrain project.

Murray & Roberts Construction holds a 45% share of the Gautrain infrastructure contract and 50% of Green Point Stadium, while the Group's 67% share of the Medupi Civils contract is shared equally between Concor and Murray & Roberts Construction.



Medupi power station construction site



Trevor Fowler



Cobus Bester

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

* R millions

Background

The operations that form the construction cluster in the SADC region stem from the original Murray & Stewart in the Western Cape dating back to 1902, its initial expansion into the Transvaal gold fields through Roberts Construction in the 1930s and into the rest of Africa from the 1940s, as well as a number of key acquisitions, including Gillis Mason in the 1980s and Concor in 2006.

The cumulative and collective pedigree of this group of businesses is formidable, covering almost every aspect of economic and infrastructural development in South Africa and the SADC region over the past century. The Group has undertaken contracts on every continent going back into the 1950s and by the late 1970s had developed a significant global presence, well ahead of its peers anywhere in the world. Although there were many periods of low economic activity during this time, it was the increasing political isolation of South Africa from 1976 that brought about a 25 year deterioration in fixed capital formation and severe construction industry decline that ended only in 2002.

In recent decades, global competitive forces have driven consolidation in the sector and large international construction groups have emerged with significant capacity to engage ever increasing scale, risk and complexity in major projects.

Market environment

The South African government is engaged in a significant capital expansion program, including new power generation capacity, road, rail and pipeline infrastructure, water and sanitation facilities, and others. A combination of capacity constraint and limited access to finance continues to delay the process.

The impact of the global financial crisis has been felt most severely in commercial and residential building and the year under review was characterised by a limited supply of large projects and erosion of margins on smaller projects due to competitive forces. The Western Cape and KwaZulu Natal operations were particularly hard hit as anticipated workloads failed to materialise resulting in increased holding costs with a redeployment of people to the Group's major infrastructure projects in Gauteng. The KwaZulu Natal operation has been

closed and the company will only participate with selected clients when the opportunity arises. There has been a cautious return by private investors to industrial and mining markets but many planned capital expansion programs have remained on hold.

The regional operations in Namibia and Botswana benefited from ongoing demand in the commercial and retail building and civil infrastructure markets and resurgence in the Botswana resources economy.

In recent years, Murray & Roberts Construction and Concor have sought to combine their significant capacity to tender for large building and civil engineering projects in the industrial market. A natural progression of this trend will be to extend collaboration between the businesses to the sharing of certain services and pooling of capacity in building and civil engineering, thereby eliminating duplication, optimising the use of plant and other resources for greater efficiency and strengthening the focus of the individual businesses. This process will gain momentum in the new financial year and will be accompanied by a strong focus on building engineering capacity in the Group's construction businesses, and further developing the synergies that exist between them.

Construction



Anton Botha



Graham Mullany



Leon Botha



Mark Johnston



Craig Lawrence



Piet Martins

Leadership

Keith Smith resigned as executive chairman of the Construction SADC cluster with effect from 30 June 2010 but will remain chairman of the Medupi Civils Joint Venture and a director of Murray & Roberts Construction for the foreseeable future. Since his appointment in 2006 Keith has transformed the constituent businesses, integrated Concor into the Group and facilitated the resourcing and completion of a number of 2010 FIFA World Cup related projects, such as Gautrain and Green Point Stadium.

Trevor Fowler joined the Group in September 2009 and succeeded Keith as executive chairman of the Construction SADC cluster on 1 July 2010. Trevor is leading various initiatives to transform the businesses, expand their engagement into the rest of Africa and restructure the cluster to position it for future growth in the economically challenged South African fixed investment and construction market.

Concor managing director Cobus Bester has played an important role in streamlining the Construction SADC cluster through the transfer of people, assets and market responsibility between the various operations.

Murray & Roberts Construction

The Murray & Roberts Construction market strategy is to target selected and repeat clients and focus on major projects in the commercial, retail, hospitality and airport facilities sectors. The business has established systems and processes to ensure project delivery, human capital retention and recruitment, and customer relationship management. It is a major participant in all forms of public private partnership initiatives.

Building

Piet Martins has executive responsibility for building operations in South Africa. Building projects were well executed during the year and new work was secured in a competitive environment. The R1 billion ABSA Towers West project is well advanced and has benefited from value engineering in the aftermath of the global financial crisis. The project commenced in 2008 and is on track for final completion in 2010. Work on the R200 million Protea Place office facility in Sandton is also due for completion later in 2010. Shopping facilities at Melrose Arch precinct were successfully completed and additional work was secured during the year. A number of other new projects were awarded, including a new head office for SANRAL in Midrand and expansions to the Adcock Ingram facility in Aeroton.

The Galleria Retail Centre and Holiday Express contracts in Durban were both completed under difficult circumstances in the year.

Western Cape

Mark Johnston was appointed managing director of Murray & Roberts Western Cape from 1 March 2010. He was previously managing director of Murray & Roberts Namibia which recorded significant growth during his tenure.

Andrew Fanton was project director of Green Point Stadium for the 2010 FIFA World Cup which represented a significant achievement by the Western Cape operation. About 65% of the operation's resources were allocated to the project and it was handed over to the City of Cape Town on 21 December 2009, two months ahead of the original completion date. The stadium successfully hosted nine World Cup matches, including a semi-final. Approximately 10 500 workers were employed on the site during construction and almost 1 200 artisans received training from the contractors.

The five star Taj Hotel and four star Crystal Towers Hotel in Cape Town were both completed in time for the World Cup. The anticipated award of the Old Mutual Portside project did not materialise and the Western Cape operation incurred significant holding costs in preparation for the project for which it had been selected as preferred bidder in November 2008.

Civils & Infrastructure

Anton Botha is responsible for the civil and infrastructure operations which target the industrial and mining, minerals beneficiation, power generation, water and effluent, and petrochemical markets.

A number of projects were successfully completed during the year. The market has, however, become more competitive with less work available. Projects include a rock crusher building for Foskor and mine development work at the Amandelbult No. 4 shaft for Anglo Platinum, a klinker silo for Afrisam and civils works at a number of mining projects. New projects have been secured in the mining and sewerage treatment sectors.

Murray & Roberts Construction and Concor lead a joint venture for civil construction work on the 4,8 GW Medupi dry-cooled coal-fired power station. There have been severe delays in access to the works and provision of site services, which were partially overcome by an acceleration program instructed by Eskom. The boiler foundation for Unit 6 of the project was successfully handed over to Eskom on 18 December 2009 to allow for accelerated commencement of boiler and turbine erection. The works were about 47% complete at 30 June 2010.



Murray & Roberts Construction also plays a key role in the Gautrain infrastructure works. In cooperation with Gauteng Province, phase 1 completion (OCD 1) was achieved on 8 June 2010, ahead of the contracted schedule and in time for the 2010 FIFA World Cup. This required significant acceleration, particularly at Sandton Station where the company has a discreet contract to build the structure and station finishes, excluding all mechanical and electrical systems.

Phase 2 of the system (OCD 2) from Park Station to Hatfield via Pretoria Station is being constructed concurrently. This section has experienced considerable challenges with dolomites in the Tshwane area.

Project timeline

2000 FEBRUARY	▪ Project announced
2001 JUNE	▪ Bombela Consortium formed
2002 APRIL	▪ Request for qualification submitted
2002 MAY	▪ Bombela announced as 1 of 2 bidders
2003 SEPTEMBER	▪ Request for proposal 1 submitted
2004 JULY	▪ 2010 FIFA World Cup South Africa announced
2005 APRIL	▪ Final best and final offer submitted
2005 JULY	▪ Bombela announced as preferred bidder
2006 SEPTEMBER	▪ Commercial close and commencement of works
2007 JANUARY	▪ Financial closure
2010 JUNE	▪ Operational commencement
2011 JUNE	▪ Operational commencement
2026 SEPTEMBER	▪ End of concession

All aboard for the 2010 FIFA World Cup

“The Sandton Station site operated 24 hours a day, seven days a week in extremely challenging conditions with all the subcontractors who would normally work at different stages on site at the same time. The last worker left the site at 04:00 in the morning on 8 June 2010 and the first train left the station on schedule at 05:25.”

This describes the “Herculean” effort required to make the OR Tambo International Airport to Sandton stage of the Gautrain Rapid Rail Link operational in time for the 2010 FIFA World Cup.

Completion of this first phase of the project was contractually scheduled for 27 June 2010, and under normal circumstances would have been significantly delayed by the many obstacles encountered during the early stages.

But, a significant acceleration and the extraordinary drive and commitment by the people of Murray & Roberts who worked on the project, ensured that Gautrain was ready to collect World Cup visitors who flew to Johannesburg from 8 June 2010.

Botswana



Karl Redinger



Dineo Koontse

Namibia



Deon Agenbach



Etienne Marais

Murray & Roberts Botswana

Murray & Roberts Botswana has been buoyed by the award of new contracts in the commercial and retail building and civil infrastructure markets as the Botswana economy rebounded after the collapse of mining activity in 2009. Work continued on non-mining projects in Gaborone and Francistown and new awards included work on the airport road project in Gaborone, Debswana's Jwaneng Cut 8 diamond mine and a clinic in Zambia.

Murray & Roberts Namibia

Murray & Roberts Namibia again delivered consistent quality workmanship and high levels of productivity that have contributed to its significant growth in recent years. The company is a major participant in the private sector building and infrastructure markets and made good progress on various civil engineering works for electrification projects and the Trekkopje seawater intake pipeline in partnership with Murray & Roberts Marine.

Work has commenced on a medical centre for the University of Namibia and a new university in Windhoek. Murray & Roberts established a concrete readymix company, Dynamic Concrete Solutions in July 2009, strengthening its service to the Namibian market and reducing dependence on the current single supplier.

Murray & Roberts Zimbabwe

The Group holds 46,9% of the shares in Harare listed associate company Murray & Roberts (Zimbabwe) Limited. The company is being restructured to reposition its business model for anticipated future opportunities in the infrastructure, commercial and mining sectors. However, there will be no recapitalisation pending clarity on the country's future stability and indigenisation legislation.

Concor

Concor is a major general contractor in South Africa's construction sector and participates in the building, civil engineering, roads & earthworks, structural and mechanical and opencast mining markets.

Building

Brad Wantenaar is responsible for the building operation which focuses primarily on the Gauteng region. The R1,3 billion public private partnership head office complex for the Department of International Relations and Cooperation in Tshwane was completed in September 2009 (the project received the SAPOA 2010 Award). The Midrand and Hatfield stations for Gautrain were completed in the year, as well as a new laboratory for Sasol. However, a shortage of quality new work led to a small loss for the year. This business will be consolidated into the Murray & Roberts Construction building division in the new financial year.

Civils

Graham Browne is responsible for the civils operation which produced strong revenue and profit growth in the year, including its share of the Medupi power station civils project. Concor Civils was awarded a R1 billion joint venture contract to design and construct two chimney structures and nine coal and fly-ash silos for Medupi. Work on the chimney structures has progressed to plan with the three-year project due for completion in 2012. A similar contract has since been awarded on the Kusile project. A R140 million crusher contract was completed for Assmang and a railway culvert for Transnet. Additional work was completed on the Ngqura container terminal.

Roads & Earthworks

Frik Venter is responsible for this operation, which is the principle contributor to the company, focused primarily on the construction of major road and rail projects. Work undertaken during the year included earthworks for dam construction and mining infrastructure. The R1,2 billion joint venture contract to build the Bramhoek and Bedford dams that will supply the Ingula hydro-electric pump storage scheme for Eskom proceeded well with the Bedford dam due for impoundment in October 2010 and both due for completion by early 2011.

Concor has preferred contractor status on major mining and resource beneficiation programs for Kumba Resources and BKM Assmang in the Northern Cape which have offered a number of opportunities over an

Zimbabwe



Canada Malunga



Stewart Mangoma



Marsden Sibanda



Morris Tsoka



David Meyer



Graham Browne



Jean Charoux



John Millward



Dirk Theron



Frikk Venter



Brad Wantenaar

extended period. A number of new mining infrastructure and railway projects were secured in this area during the year.

Bulk earthworks for Gautrain were completed early in the year and the upgrade of the N2 highway in an environmentally sensitive area of the Tsitsikamma forest at Storms River Bridge was completed ahead of schedule. Work has commenced on the R1,2 billion Trekkopje uranium mining contract in Namibia.

Opencast mining

The opencast mining division is involved with two significant projects. The R1,2 billion four year contract to deepen three pits for Lonmin was awarded in November 2009, with monthly platinum production of 80 000 tonnes. A R100 million Bulk Sample involving the removal of 40 000 tonnes of coal for the Sasol 4 Project Maphutu has been completed.

Engineering

Jean Charoux is responsible for this operation which provides structural erection and mechanical engineering services to the mining sector, where it is a preferred contractor to many clients. A satisfactory performance in a relatively quiet year saw completion of the Douglas Middelburg Optimisation (DMO) plant for BHP Billiton, a sugar mill contract in Mozambique and two petrochemical tanks.

A number of budgets and feasibility studies were completed for clients on projects that have since been released for tender. The business anticipates future growth from medium-sized contracts in the petrochemical sector.



A platform to demonstrate design capability

Construction of the two chimney structures for the Medupi power station is well underway. The R1 billion contract, in which Concor is participating as a joint venture partner, was awarded in April 2009 and involves the design and construction of two chimney structures and the construction of three coal silos and six fly-ash silos.

Design is not often included in a construction contract and this element of the project will allow the joint venture to demonstrate its civil engineering capabilities in the design and construction of these specialised structures.

The project is progressing well as the joint venture partners demonstrate world class expertise in chimney sliding. The sliding of the outer windshield of the first chimney was completed in mid-May, following six weeks of working continuously for 24 hours a day and seven days a week.

The Medupi chimneys are 220 metres high with three steel flues per chimney. These are different from the Eskom chimneys of the past which had brick flues. Installation of the nine metre diameter steel flues will comprise the next stage of the project. From an environmental perspective, the two chimneys are flue gas desulphurisation (FGD)-ready.

Construction of the coal and fly-ash silos has commenced and the first fly-ash silo was slid in July.

Medupi power station chimney

Tolcon



Judy Van Es



Grant Patmore



Chris Papas

Tolcon

Traffic volumes through the various road systems managed by the Tolcon group of companies (Tolcon) remained flat throughout the year. Tolcon operates the entire N3 toll route from Heidelberg in Gauteng to Cedara in KwaZulu Natal, including the Marianhill Toll Plaza; the N2 South Coast toll road; the Huguenot Tunnel; the Cape Point funicular and retail centres; Chapman's Peak Drive; and has a 33% shareholding in the operation of the N1/N4 Bakwena Platinum highway.

The company was recently awarded the N17 operations and maintenance contract and submitted a new tender for the Huguenot Tunnel operations contract. Tolcon is participating in the tenders for N1/N2 Winelands and R300 toll projects in the Cape as well as the N2 Wild Coast project. It has submitted proposals for the Intelligent Transport Systems (ITS) tender.

Tolcon has upgraded its internal training capability and implemented new initiatives to uplift staff capabilities and strengthen its performance. An employee recognition program called Personal Responsibility in Delivering Excellence (PRIDE) was introduced to strengthen customer service and productivity, and reward exceptional performance.

Tolcon managing director Judy Van Es is chairperson of Bombela Operating Company (BOC) in which the Group has a 24% share. BOC will operate ten Gautrain stations on full commissioning of the system, the bus feeder system (125 buses), the automatic fare collection system, the central control system and the maintenance of all facilities, including buildings, tracks, bridges, trains and buses.

Sustainability

Murray & Roberts Construction has led a comprehensive process of education, training and development and has made significant strides in the re-establishment of an internal skills base. About R37 million was spent on training during the year, including study assistance for staff members, 55 bursary students, nine graduates on the graduate development program and 59 executives, managers and specialists undergoing management development. More than 120 junior supervisors, 240 learners, 240 apprentices, 60 skilled workers and 75 operators received training and there were more than 23 100 skills training interventions.

The Elandsfontein training facility is accredited with the Construction Education & Training Authority (CETA) and is also a registered artisan Trade Test Centre and Further Education & Training (FET) College. It is recognised by CETA as a "centre of excellence". This successful skills development model will be expanded to group operations in Namibia and Botswana to support longer term growth in these regional markets. The company also spearheads the Group's involvement in an industry initiative to develop capacity in the Department of Higher Education to accelerate the development of construction skills at FET Colleges.

Concor has its own skills development and retention program which dovetails with the Murray & Roberts and industry initiatives. This is a key element of its strategy to create opportunities for growth and advancement.

A Concrete Centre of Excellence established by the Group in January 2010 with a mandate to raise the level of construction technology across the Group achieved an estimated saving of R43 million by the end of the financial year.

Murray & Roberts Construction regrettably suffered three fatalities (2009: two) at the Sandton Station, ABSA Towers and Medupi projects but recorded an improved lost time injury frequency rate (LTIFR), excluding Gautrain, of 1,2 (2009: 1,3). Plans and tactics to achieve zero harm include the STOP.THINK campaign to improve safety awareness. A new initiative to train and accredit all foremen as competent supervisors has been developed, and implementation has

commenced. Health and safety standards for the Medupi project remain world class with a LTIFR of 0,8 per million hours worked over 13 million hours completed.

Concor suffered no fatalities (2009: three) and achieved a LTIFR of 1,2 (2009: 1,0). The company has a strong commitment to a safe work environment and implements a range of measures to reinforce this commitment, including a weekly safety inspection on every work site by senior management. Concor operations achieved a total of 8,5 million LTI free hours and five million fatality free hours during the year.

A value-based organisational performance system, The Medupi Way, was implemented at the power station project to secure high levels of employee engagement, alignment and productivity. The Invocom System has been introduced to strengthen understanding, leadership and systems on the Medupi site. ASGISA trade skills programs and learnerships are progressing well and 310 employees undergoing skills development are scheduled to complete the program by December 2010. The challenge for the new financial year will be to obtain OHSAS 18001 and ISO 14001 certification.

Murray & Roberts Construction received a level 4 BBBEE rating during the year. Plans to improve on this achievement include ongoing transformation of the race, gender and disability profile of the company's management category and other employees. Such transformation utilises the company's bursary, graduate and mentorship programs. The Medupi project's target for BBBEE procurement was achieved before year end. Concor was rated a level 4 contributor on the dti scorecard and a level 5 contributor on the Construction Charter, and has targeted a level 4 in 2011. Tolcon was rated a level 3 BBBEE contributor and has BEE partnerships with the Lehumo Women's Investment Trust, Marib Holdings, Thebe Tourism and The Strategic Partners Group.

Prospects

Construction SADC, excluding Concor, ended the 2010 financial year with an order book of R3,5 billion (2009: R5,2 billion), which demonstrates the impact of the decline in the South African construction economy. The company is targeting municipal infrastructure projects, public private partnerships, and mining and power infrastructure programs in South Africa, Botswana and Namibia. The pipeline of construction work associated with the Eskom power station build program indicates 20 years of future work in this market.

Concor ended the 2010 year with an order book of R3,9 billion (2009: R3,4 billion). The company is likely to continue benefiting from its preferred status with many of its major clients in the power generation, railway and mining sectors



Department of International Relations and Cooperation

Trevor Fowler

Cobus Bester

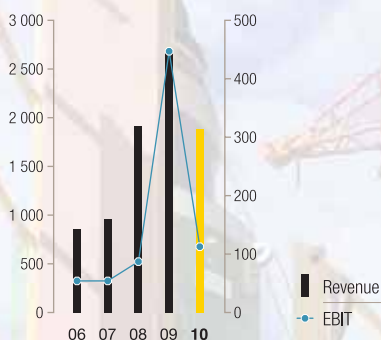


Bramhoek and Bedford Dams

ENGINEERING SADC

The significant power generation program in South Africa has brought both challenge and opportunity to Murray & Roberts.

Engineering SADC
(R millions)



Financial performance

Murray & Roberts Projects completed its first year as a newly consolidated business, but its performance was muted by the delayed start of mechanical erection on the South African power program.

Murray & Roberts Marine successfully completed its projects in Middle East and secured a design and construct subcontract for the Gorgon project in Western Australia.

Wade Walker suffered a significant decline in fortunes in the year, primarily as a result of a cancelled major project that could not be replaced in an African market severely impacted by the global financial crisis. A focus on cost and a steady domestic market supported a reasonable performance in the year.



Medupi power station boiler mainframe



Malose Chaba



Andrew Langham



Keith Smith

	Murray & Roberts 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

* R millions

Background

Murray & Roberts introduced mainstream engineering contracting into its portfolio of market offerings through the Pelindaba nuclear project in the early 1960s and enhanced its capability in the specialised marine infrastructure market with the acquisition of the southern hemisphere operations of Danish contractor Christiani & Nielsen in the 1970s.

When requested by the South African Government to develop the capacity to provide engineering services for its planned nuclear research facility at Pelindaba in 1960, Murray & Roberts established Engineering Management Services (later rebranded Murray & Roberts Engineering Solutions). This company went on to play a major role in the design and construction of a number of major mining & minerals, oil & gas and general industrial projects in South Africa and the region, including the Moss gas to liquids plant and offshore platform, Hillside and Mozal aluminium smelters, and key projects for Sappi, Sasol, Kumba (IsCOR), Anglo American, BHP Billiton, Xstrata, De Beers and many others.

A mechanical, electrical, instrumentation and piping (MEIP) contracting capability was established by the Group during the 1970s in KwaZulu Natal to serve the industrial expansion taking place in the region. Major projects for Mondi, Sappi, Tongaat Hulett and Illovo established and expanded their agri-industrial facilities over time. Subsequently, Sasol, Shell and Engen (Mobil) became major clients in the petrochemical sector and many projects have been completed for the mining and minerals sector.

Murray & Roberts Engineering Solutions and Murray & Roberts MEI were merged during the year to create Murray & Roberts Projects, a major EPC contractor more appropriately positioned to serve the minerals beneficiation, industrial, oil & gas, water and power sectors, including nuclear, which offers significant opportunity to the Group into the future.

The acquisition in 2007 of specialist electrical and instrumentation contractor, Wade Walker, has enhanced the Group's potential offering to these sectors.

Market environment

The private sector natural resources and industrial markets remained muted through the year despite strong commodity price increases. The predominance of activity remained in public sector power generation and infrastructure development programs.

The companies in this cluster are primarily focused on the Group's core competence in industrial engineering, which if properly applied in the early design and feasibility phases of projects, offers significant value to clients.

Leadership

Gary Wells was appointed managing director of Murray & Roberts Projects in July 2009 and Keith Smith was appointed chairman of the company in January 2010.

Tim Wakefield succeeded Tadhg Bergin as managing director of Wade Walker in April 2010, who in turn had succeeded founder Steve Walker in July 2009.

Ian Dryden is managing director of Murray & Roberts Marine.

Murray & Roberts Projects



Gary Wells



Adrian Plantema



Peter Wilson



Heavy lift at Medupi

Precision and safety

A major lift of 1 160 tonnes undertaken in July 2010 to erect the roof of the first Medupi boiler used a method called strand jacking to ensure the highest levels of precision and safety.

The process involved the lifting of a heavy steel grid that will house the boiler onto a 104 metre high steel frame.

Strand jacking is a construction process in which large construction elements such as concrete slabs and steelwork are lifted into position with computer-controlled hydraulic jacks. Because the multiple jacks can be moved in unison and with great precision, heavy structures can be assembled at ground level and then lifted into position rather than being built at higher levels. This allows for increased safety and it reduces costs.

The Medupi heavy lift was successfully completed with support from Swiss subcontractor, Hebetec Engineering, and Murray & Roberts company, Freyssinet. The transfer of valuable skills during the process will enable Murray & Roberts to complete the process for the other Medupi boilers.

Operations

These businesses leverage design, engineering, project and construction management expertise to deliver major projects in the energy, natural resources and industrial sectors.

Murray & Roberts Projects

The company is focused on the power sector, mining & minerals beneficiation, downstream oil & gas and is exploring the potential in the water supply sector.

Murray & Roberts Projects is the erection contractor for the twelve boiler house units at Medupi and Kusile coal fired power stations. The company is also leader of the in-house consortium, including Genrec as structural steel fabricator and Energy Fabrication as ducting fabricator.

The mechanical erection phase at Medupi was delayed by eleven months and commenced in February 2010. However, ongoing delays with the overall design and the civil engineering foundations continue to hamper progress. Approximately 6 000 tonnes of a total 18 500 tonnes of structural steelwork have been erected on the first boiler unit and welding of pressure parts for boiler assembly has progressed well. A major lift of 1 160 tonnes to erect the roof section of the first boiler was completed early in July 2010.

Early stage planning and mobilisation is underway at Kusile, with commencement of erection delayed more than nine months to later in 2010. First power into the national grid from Medupi is rescheduled to mid-2012 with Kusile following twelve months later.

Fabrication of the structural steelwork by Genrec has been hampered by late design and significant scope change, which has also impacted fabrication of ductwork by Energy Fabrication operating from its purpose built facility on site at Medupi.

Murray & Roberts Projects has been awarded a two-year EPC joint venture contract for the receiving tank farm located at Heidelberg (Terminal 2) of Transnet's National Multi-Product Pipeline. The scope of the project includes design, supply and erection of the multi-fuel tank farm to a capacity of 178 000 m³.

The company has lodged a proposal to a Chinese power station contractor together with Murray & Roberts Construction and Concor for multidisciplinary construction at Xstrata's Lesedi 300 MW coal fired power plant at the Tweefontein coal mine in Mpumalanga.

An expression of interest has been lodged in respect of IPP proposals for the Coega Development Corporation 3 200 MW combined cycle gas turbine power plant, which plans to use regasified imported liquid natural gas (LNG).

Murray & Roberts Marine

Murray & Roberts Marine, in joint venture, completed the Al Raha sea wall project in Abu Dhabi ahead of schedule in December 2009. Other smaller seawall projects in the region have also been completed. Together, these projects involved the design and construction of more than 20 kilometres of seawall protection for new developments.

The design and construction of a pipe stringing yard for the Abu Dhabi Crude Oil Pipeline (ADCOP) in Fujairah was completed in July 2010.

The project to design and construct the marine pipeline intake for Uramin's Trekkopje desalination plant in Namibia was impacted by geological variation and is due for completion after the 2010 year end.



Ian Dryden



Jason Coleman



Martin Lindsay-Scott



Derek Paul



Mike Scott

Murray & Roberts Marine has been awarded a joint venture subcontract to design and construct the material offloading facility for the Gorgon Project in Western Australia. The local partner has experienced liquidity problems and a solution with Clough has been finalised.

Wade Walker

The AngloGold Ashanti Iduapriem gold mine expansion project in Ghana was completed in the year, but little new opportunity became available in Africa as the global financial crisis continued to subdue investment in mining projects on the continent. Some work was acquired on smaller projects for First Quantum's Kansanshi copper mine in Zambia and at Guelb Moghreïn in Mauritania.

The company focused on the South African market where the contract for electrical work at all the Gautrain stations and tunnels proceeded well. Negotiations are well advanced to secure a long term subcontract with Alstom for instrumentation work connecting the Medupi turbines, boilers and water treatment works.

Genrec

Established in the 1950s, Genrec is a leading steel fabrication and erection contractor that has played a key role in numerous major infrastructural projects, including the Matimba Power Station and the Mossgas refinery in South Africa, and the iconic Burj al Arab Hotel in Dubai. Murray & Roberts acquired its first 30% investment in the company in 1974 and gained control of the business in the 1980s.

Genrec has focused exclusively on its steel fabrication contracts for the Medupi and Kusile power stations during the year. The company was impacted by significant challenges associated with delays and design changes in these contracts.

Genrec has the responsibility to detail engineer and fabricate about 240 000 tonnes of structural steel over a period of five years for the two thermal power station projects. A major upgrade was undertaken to increase production capacity to around 30 000 tonnes per annum and the company commenced delivery of structural steel to Medupi for the first boiler in 2009.

Basic engineering and technical support is the responsibility of Hitachi Power which secured the contract to design, build and commission the twelve boiler house units for the power stations. This process has suffered significant delay and disruption as a result of late basic engineering and an unreasonable subsequent sequence of design changes and variations. This has severely hampered detailed design and production efficiency at Genrec. Notwithstanding, the Group has made a significant investment to overcome the challenges and ensure the best possible outcome for South Africa's critical power program.



Al Raha sea wall project in Abu Dhabi



Genrec delivers steel columns to Medupi

Wade Walker



Tim Wakefield



Stuart Buss

Genrec



Laurence Savage



Geoff Mowatt

UCW



Gary Steinmetz



Guy Melville



Craig Holden

Genrec has subsequently improved production output and people productivity and initiated a drive to contain costs without compromising quality. A zero tolerance approach to safety is reflected in the decline in the company's LTIFR to 1,5 (2009: 10,9).

Laurence Savage joined the Group in August 2009 as managing director of Hall Longmore. He was appointed managing director of Genrec from February 2010, where he has made a significant difference in dealing with the design disruption on the Medupi and Kusile projects.

Genrec will only seek new opportunities from 2012 after the power station contracts peak.

UCW

Union Carriage and Wagon (UCW) was established in the 1950s to serve the South African rolling stock market in both passenger and freight sectors, and built the prestigious Blue Train in 1972. Murray & Roberts acquired ownership of the company through its acquisition of Standard Engineering in the early 1990s.

UCW has two major long term contracts to design, build and systems integrate the Ore Line and Coal Line locomotive projects as part of Transnet's Main Line Locomotive Investment Program. The contracts are in partnership with Mitsui and Toshiba and involve the supply of 110 new class 19E locomotives for the Coal Line corridor and 44 new class 15E locomotives for the Ore Line project. The company has delivered 27 of the 19E units to date, with 23 of these in active operation. In addition, it has delivered 10 of the 15E units, with an additional seven units on the production line. While both projects are running behind schedule due to historic challenges in the business, the introduction of more effective systems and a quality network has resulted in a significant improvement in the production cycle.

A three year project to refurbish 10M4 and 5M2A coaches for PRASA was completed in March 2010. UCW had delivered all 81 vehicles for Gautrain by September 2010.

The company was impacted by high interest charges in 2010 due to stock holding costs associated with delays in the progress of its locomotive contracts and a substantial outstanding payment by a major client.

Gary Steinmetz joined the Group and was appointed managing director of UCW from October 2009. He has brought a rare experience in complex systems fabrication and assembly to the Group and his partnership with operations director Craig Holden has significantly improved the performance of the company. A strong focus on safety has resulted in a significant reduction in the LTIFR to 5,1 (2009: 11,4).

UCW is awaiting confirmation of extensions to its 15E locomotive and PRASA coach refurbishment contracts and is pursuing other opportunities in the domestic and SADC markets.

Sustainability

A focus on safety across the cluster saw no fatalities or major incidents in the year. Murray & Roberts Projects reduced its LTIFR to 0,4 (2009: 1,1). Murray & Roberts Marine reported an LTIFR of 1,2 (2009: 0,0) and Wade Walker's LTIFR of 4,5 (2009: 0,0) was the result of five injuries suffered by a subcontractor in a road accident on the Gautrain project against a sharp reduction in hours worked during the year.



UCW manufacturing facility



UCW assembled 81 Gautrain vehicles

Murray & Roberts Projects increased capacity in human resource, health & safety, commercial and planning management through the year. The Medupi and Kusile management teams were restructured to improve overall effectiveness in the environment of delays and disruption that prevailed through the year.

The Group's integrated ERP system was enhanced to improve the standard of quality and discipline in project management and a sustainable development program was introduced to build core competencies in-house. This includes a key strategic drive to strengthen engineering competence and increase activity in the front-end engineering phase of projects. The company concluded agreements with two level 1 BBBEE engineering companies.

Murray & Roberts Marine and Wade Walker have strong operations management and business systems appropriate to the nature of the businesses.

Prospects

The Medupi and Kusile boiler projects make up about 40% of the Group's order book and provide an extended baseload of activity until 2016. While Murray & Roberts Projects is pursuing opportunities with independent power producers in South Africa, it is also positioning itself for future involvement in the minerals beneficiation, oil & gas and water sectors.

Murray & Roberts Marine expects to leverage market value from relationships established with new clients in recent years and is pursuing opportunities in the domestic market as well as Malaysia and East Africa.

Wade Walker has broadened the traditional scope of its business to include the power sector in the domestic market and Africa.

Malose Chaba

Andrew Langham

CONSTRUCTION PRODUCTS SADC

Each business in this cluster is a market leader in its own right, focused on service, quality, product development and price competitiveness.

Construction Products SADC

(R millions)



Financial performance

Murray & Roberts Steel was severely impacted by ongoing volatility in the price of scrap steel and in the market price of its products. Hall Longmore recorded a record year with revenue and earnings boosted by the NMPP Project. Much Asphalt played a key role in the Gauteng Freeway Improvement Project and other works ahead of the 2010 FIFA World Cup. Rocla continued to experience strong public sector demand for its products, but with increased market competition.

Technicrete and Ocon Brick continued to experience low demand from the residential and commercial building markets.



Much Asphalt's environmentally friendly double barrel green asphalt plant reduces energy consumption, lowers emissions and eliminates visible smoke



Orrie Fenn



Rob Noonan

	Steel		Hall Longmore		Rocla		Much Asphalt		Building Products	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues*	2 065	2 550	2 178	1 111	602	608	1 687	1 308	521	590
Operating profit*	1	133	156	133	152	178	266	172	36	59
Margin (%)	–	5,2	7,2	12,0	25,3	29,3	15,8	13,2	6,9	10,0
Assets*	1 653	1 669	792	1 040	291	220	466	440	360	381
People	1 713	2 089	787	788	1 341	1 361	416	394	1 395	1 439
LTIFR (Fatalities)	9,1 (0)	11,1 (0)	4,5 (0)	5,0 (1)	4,4 (0)	11,2 (0)	4,0 (0)	9,8 (0)	2,8 (0)	5,1 (0)

* R millions

Background

Murray & Roberts first entered the construction materials and services market in the 1950s, acquiring various businesses over time that manufactured and traded construction materials and services in the domestic and regional building and infrastructure markets. The nature and focus of the construction products and services businesses have changed often over the almost 50 years since then.

A fundamental business principle has always been to service the construction industry in general rather than vertically integrate within Murray & Roberts specifically. There are occasions, however, where it makes sense to combine various Murray & Roberts operations in a unitary structure for improved competitiveness. This philosophy has focused management teams on service, quality, product development and price competitiveness to the extent that group companies constitute only about 5% to 10% of the average debtor book.

The businesses in this cluster are market leaders, with management teams that understand the responsibility this brings to them and the Group.

Market environment

The primary commodity inputs for the construction products manufactured by Murray & Roberts are scrap steel, bitumen, cement, aggregate, clay and electricity. The commodity service to get the products to market is transport logistics.

Bitumen has been extremely volatile both in price and availability over the past year. Cement price increases remained in line with inflation and aggregate prices increased faster than inflation.

The price of scrap steel increased in the final quarter of the financial year. Electricity and transport logistics costs have increased steadily over a number of years at a level significantly ahead of inflation.

The impact of the global financial crisis on this sector over the past two financial years has been severe, compounded by declining activity in the building and construction sectors, but cushioned to an extent by Government's infrastructure investment. With the exception of

asphalt, reinforcing steel (rebar) and steel piping, product demand was down while pricing was more competitive.

Leadership

Orrie Fenn joined the Group in November 2009 and assumed full executive responsibility for the cluster. This released Andrew Langham to take up his appointment as financial director of Murray & Roberts Limited.

Key leadership remained stable during the year, with Rob Noonan, Phillip Hechter and Trevor Barnard responsible for Murray & Roberts Steel, Much Asphalt and Rocla, respectively.

New appointments were, however, made to strengthen leadership capacity. Paul Deppe transferred from Technicrete to take over responsibility for Hall Longmore, and Albert Weber transferred from his position as operations director at Rocla to managing director of the building products businesses, Technicrete and Ocon Brick.

Murray & Roberts Steel



Jimmy Windt



Pierre Zeeman



Dave Colville

Hall Longmore



Paul Deppe



Herman Uys



Francois Maurel

Operations

Murray & Roberts Steel

The CISCO steel mill operated at full capacity through the year and sold its production in the domestic and international markets. However, the increased cost of scrap metal and electricity, plus a static steel price in the domestic market for most of the financial year, placed severe pressure on profit margins. The introduction of an iron ore price levy, effective only for the last two months of the final quarter, offered some relief but this was largely negated by the higher scrap prices.

The Kosto mill in Mauritius finalised its capital expenditure program and commenced full production in the second half of the year. The mill performed satisfactorily, but was impacted by the prevailing economic environment as well as the high cost of stock acquired in the previous financial year. Planned public sector investment in transport, tourism and social infrastructure in Mauritius offers the potential for future growth in the Indian Ocean Island region.

Distribution volumes of rebar were supported in the first half year by the supply of product to the Gautrain project and work at the Medupi and Kusile power stations, but the availability of large new contracts at acceptable margins dissipated in the second half-year, causing the company to shift its focus to smaller projects in the domestic market.

A strong focus on safety was maintained during the year and this was reflected in a reduction in the LTIFR to 9,1 (2009: 11,1). The first intake of an apprentice school for artisans, initiated by Murray & Roberts Steel, all passed their first year of study and have started their second year. The second intake commenced studies in July 2010. Plans are underway to introduce a school for rebar fixers in Johannesburg in the future.

Volatility in global markets and local market dynamics have placed severe pressure on Murray & Roberts Steel and the Group has undertaken a strategic review and repositioning of the business. This may entail the closure or sale of underperforming assets.

Hall Longmore

The R2 billion contract to supply over 700 kilometres of steel pipe for Transnet's National Multi-Product Pipeline (NMPP) from Durban to Johannesburg accounted for approximately 70% of Hall Longmore's business during the year. In preparation for the NMPP project the company initiated a significant capacity expansion, including a major upgrade of the ERW plant and a new coating facility which has increased the company's overall pipe manufacturing capacity to 250 000 tonnes per annum. The first-part order of the pipeline was completed before year end and delivery of the large bore Ø610 mm pipeline was completed in August 2010.

The upgraded plant increases Hall Longmore's capability to manufacture pipe by the more efficient ERW method, but, while the company has a reasonably strong order book in the spiral

pipings market, it has had less success securing sufficient work in the ERW market to fill the capacity gap created by the completion of the NMPP project. The business has embarked on a strategy to develop export markets in Africa and further afield for this purpose, and is strongly focused on becoming the lowest cost producer in a competitive market environment.

Hall Longmore reduced its LTIFR to 4,5 (2009: 5,0). The company invested R600 000 in engineering and artisan bursaries in the year.

Much Asphalt

Much Asphalt supplied more than 1,4 million tonnes of asphalt to a number of major public sector road infrastructure programs in the year, including the Gauteng Freeway Improvement Program, projects on the R300 and N1 near Cape Town and the Johannesburg Bus Rapid Transport System. Despite severe constraints in the supply of aggregates and bitumen, the company delivered on its commitments throughout the year, and all contracts scheduled for substantial completion for the 2010 FIFA World Cup were completed on time.

Much Asphalt commissioned two new plants in the Johannesburg region, both of which utilise the latest environmental technology. The plants each have output in excess of 250 tonnes per hour and have increased overall capacity by 45%. They comply with environmental legislation and will enable Much Asphalt to reduce its carbon footprint.

Much Asphalt



Phillip Hechter



Spencer van Eden



Bennie Greyling



Herman Marais



Brian Mchunu



John Onraet



Ayden Volbrecht



Trevor Barnard



Jacques Myburgh



Gerhard Rossouw



Wendy Teirlinck



Craig Waterson

The company has made good progress in embedding a safety culture and ended the year with a LTIFR of 4,0 (2009: 9,8). Transformation is a key element of Much Asphalt's market strategy and this is reflected in the company's achievement of a level 3 BBBEE contributor status.

Rocla

Rocla focused on contracts to supply projects in the power, road, rail, water and sanitation infrastructure sectors while its markets in the residential and commercial development sectors declined to below 20% of revenue.

Rocla has adapted to increased competition as a result of recent growth in the South African market. Its strategy to improve operational efficiencies and pursue future opportunities in new product and geographic areas gained momentum as the business developed innovative products for the Gautrain and Gauteng Freeway Improvement projects and sought licence agreements with international suppliers of concrete products. Rocla is well positioned for growth in the sanitation market in the SADC region and future rail opportunities in South Africa.

The company focused strongly on improving safety standards in its operations and this is reflected in a significant reduction in its LTIFR to 4,4 (2009: 11,2). The company is a level 6 BBBEE contributor and appointed its first black branch manager during the year.

Building Products (Technicrete and Ocon Brick)

Murray & Roberts has brought Technicrete and Ocon Brick together under the umbrella of Murray & Roberts Building Products, which operates as one company to strengthen synergies and improve financial performance, but retains their distinctive individual brands.

In a challenging year in which work opportunities in its building, infrastructure and mining markets remained limited, Technicrete reduced its labour force by 17% and reallocated or mothballed equipment to achieve optimum efficiency. Future growth will be sought from the development of more specialised products as well as market consolidation.

Ocon Brick was heavily impacted by flat market conditions that prevailed for much of the year, although there are signs of improvement in the private residential development market. The business has been restructured to improve efficiencies.

Improvements in the safety records of both businesses were reflected in a combined LTIFR of 2,8 (2009: 5,1). Technicrete and Ocon Brick are level 6 and level 5 BBBEE contributors respectively.

Orrie Fenn

Building Products (Technicrete and Ocon Brick)



Albert Weber



Roy Robbins



Rashmi Desai



Trevor Ingram



Nico Kemp



Tony van der Berg



Christo van Zyl



Internationally recognised quality

Over 18 years Hall Longmore has developed relationships and been trading with stockists in the United States, namely Maurice Pincoffs, Houston Steel and Stemcor.

Houston Steel and Maurice Pincoffs both report that their stockists request Hall Longmore branded pipe in preference to competing products from the Far East. This bears testimony to the good name Hall Longmore has established over the years.

The company's success in this market is attributed to its proud history of delivering quality products manufactured to the internationally recognised API 5L specification.

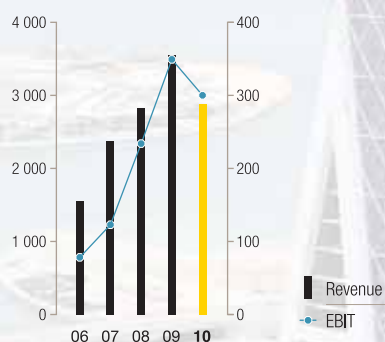
MIDDLE EAST

Murray & Roberts continues to find a steady flow of quality work in the region, particularly in Abu Dhabi and Saudi Arabia.

Financial performance

The cluster was impacted by the effect of the global economic crisis on the construction markets in Dubai and Bahrain but well-timed expansion into other markets in the region, together with a focused risk management regime, enabled it to deliver a solid financial result and maintain a healthy order book.

Middle East
(R millions)





Nigel Harvey



Dave Cox

	Middle East	
	2010	2009
Revenues*	2 882	3 558
Operating profit*	300	350
Margin (%)	10,4	9,8
Assets	3 133	2 521
People	369	408
LTIFR (Fatalities)	0,4 (2)	0,3 (0)
Order book*	4 393	4 172

* R millions

Background

Murray & Roberts was established in the Middle East in 1994 and, in partnership with Al Habtoor Group, completed its first project, the iconic Burj al Arab Hotel in Dubai. This was followed by a number of major projects in Dubai and Abu Dhabi which entrenched the Group's reputation as a world class contractor in the successful delivery of major and mega commercial projects.

Expansion into Bahrain (in partnership with Nass Group) and Qatar diversified the business and enhanced its reputation.

These partnerships have remained strong, bolstered in the United Arab Emirates (UAE) by the formation of the Habtoor Leighton Group which has significantly enhanced the contracting partnership in the UAE. A further partnership established with Saudi Oger in 2009 has already resulted in the award of two construction projects in Saudi Arabia and offers significant opportunity for future expansion in the region's largest construction market.

Murray & Roberts Marine established a presence in the Middle East in 1998 through the HIDD Port Project in Bahrain and has been active over a number of years constructing various marine infrastructure projects in Abu Dhabi in partnership with Overseas AST.

Johnson Arabia was established in the region in 1999 in partnership with Kanoo Group. Murray & Roberts has decided to withdraw from the capital equipment sector in the UAE and is in discussion with the Kanoo Group to facilitate the sale of Johnson Arabia and BRC Arabia.

Market environment

The Middle East region as a whole fared better than many other global economies in 2009 with the exception of Dubai, where construction work ground to a virtual standstill. While a return to previous levels of construction activity is not likely to occur in the near term, the local Dubai economy is buoyed by its close relationship with Abu Dhabi and its Gulf Cooperation Council (GCC) neighbours, where oil and gas prices are currently at levels that support ongoing infrastructure development.

Middle East



Ramsay Abassi



Peter Thomas



Zayed University library under construction



Arcapita Bank HQ with World Trade Centre in the background, Bahrain

Since 2005, Murray & Roberts Middle East has sought growth from government supported commercial infrastructure. This strategy has shielded the company from significant exposure to the speculative forces of the property market. As a consequence, the company has been able to bolster its order book by winning work in markets outside Dubai and Bahrain, particularly in Abu Dhabi and more recently in Saudi Arabia.

Final account settlement has always been a challenge in the Middle East, but has recently been compounded by the global financial crisis, particularly in Dubai. However, there are signs of improvement.

Leadership

Murray & Roberts engages the Middle East market from its base in Dubai with an international board of directors and an experienced local management team led by Nigel Harvey. Strong regional leadership and support capacity in Abu Dhabi through Ramsay Abassi and Bahrain through Peter Thomas, target and deliver growth opportunities in each market. This business model provides a platform supported by local partnerships that allow other Murray & Roberts companies to enter the market and support further development in the region.

The company employs people from a broad range of different nationalities and selects best-in-class construction talent from the international market. There is currently an emphasis on attracting and retaining a full staff complement in Saudi Arabia.

Operations

The R2,5 billion Paris Sorbonne University for Mubadala in Abu Dhabi was completed ahead of schedule in July 2010. The R6,0 billion Zayed University also for Mubadala is progressing well and has a target completion date of July 2011. Construction of the complicated space-age roof is underway, and the structure is starting to take shape.

Work on the new St Regis hotel, resort, and conference centre on Saadiyat Island in Abu Dhabi is proceeding to plan. The Al Habtoor-Murray & Roberts partnership continues to focus on its commitment to safety and the highest quality of construction expected by its client, the Tourism Development and Investment Company. The project commenced on site in August 2009 and is scheduled for completion in 2011.

In Bahrain, the Arcapita Bank headquarters building and mosque is almost ready for occupation. The building has a prominent position in Bahrain Business Bay.

Sustainability

Murray & Roberts Middle East has prioritised the immediate application of its health, safety, environmental and quality procedures to all new work environments and this is reflected in the 0,4 LTIFR (2009: 0,3). The St Regis hotel, resort and conference centre exceeded five million hours without a lost time injury during the year under review.

Regular auditing of quality standards and documentation for compliance is now in place and this will continue to drive standardisation, improvements and conformity to standards. New risk procedures have been implemented together with a stronger enforcement process, including a schedule of internal audits. This will ensure conformance to the requirements of the management system. Ongoing training will enable the best use of this important management tool.

Prospects

Several oil producing countries, most notably Saudi Arabia and Abu Dhabi, have accumulated cash surpluses in the past three years that are sustaining them through the global recession. This trend has, to a large extent, offset the construction market collapse in Dubai and mitigated the risk of insufficient workflow in the region.

A steady flow of quality work, particularly in Abu Dhabi, has maintained the company's order book. Major future opportunities will be in Abu Dhabi and Saudi Arabia where strong government-led infrastructure development is supported by oil revenues. The medium term outlook for Dubai remains conservative.

Competition in the region has continued to grow as international contractors seek to replace recessionary conditions in their domestic markets. Market analysis indicates a reduction in the number of mega projects as owners focus on tighter commercial models that satisfy their investment requirements. This has resulted in a perceptible shift towards infrastructure projects, and predominantly rail.

Successful partnerships with strong contractors in key markets and the development of new client relationships offer significant prospects for future expansion in the company's established markets and new territories in the region.

Nigel Harvey



Delivering the highest standards of construction to the world

The internationally acclaimed Emirates Terminal 3 and Concourse 2 in Dubai – undertaken by a joint venture led by Murray & Roberts with local partner Habtoor and airport systems specialist Takenaka of Japan – was opened to the public on schedule on 14 October 2008.

The scale and quality of the airport complex meets the highest international standards and has become another important landmark in Dubai – and a coup for Emirates as passenger footfall through the airport has increased significantly since its opening.

The new Etihad Terminal 3 in Abu Dhabi constructed by the Al Habtoor-Murray & Roberts joint venture was also recently completed on schedule, and has brought bespoke facilities for the new Airbus A380 aircraft to the capital.

In recent years, Murray & Roberts has successfully delivered a range of other major projects throughout the United Arab Emirates, including the BurJuman mixed-use development in Dubai, the Goldcrest Tower residential development in Jumeirah Lakes, Dubai, the Durrat Bridges and the World Trade Centre in Bahrain.

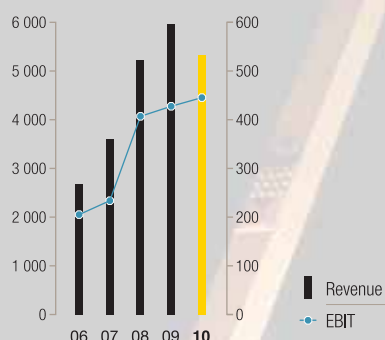
The Al Raha Beach project in Abu Dhabi, recently completed by Murray & Roberts Marine, has facilitated the formation of a new waterfront, with prime development land stretching over more than 14 kilometres of the new coastline.

CEMENTATION GROUP

Cementation is the world's leading underground mining contractor with operations in South and Southern Africa, North and South America, Australasia and Asia.

Cementation Group

(R millions)



Financial performance

A solid performance by Murray & Roberts Cementation underpinned the group which was impacted by cancelled projects following the global financial crisis. There are positive signs of an improving international market with new project awards to benefit performance in the new financial year.



Peter Adams



Richard Pope



Henry Laas



Roy Slack



Barry Upton



George Parker

	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)	0,0 (0)	1,2 (0)	6,0 (0)	2,5 (0)
Order book*	3 313	2 657	2 944	2 719	733	474

* R millions

Background

Murray & Roberts acquired Cementation Africa and Cementation Canada in July 2004 and integrated Cementation Africa with the Group's RUC branded operations in South Africa. Together with RUC Cementation in Australia, these companies form the Cementation Group. Cementation is the world's leading underground mining contractor with operations in the established mining markets of South and Southern Africa, North and South America, Australasia and Asia.

In December 2009, Murray & Roberts extended its fledgling presence in Chile with the establishment of Cementation Sudamérica to participate in planned expansion of underground mining in the country and region, and supplement the established raise drilling operations of 50% owned local company, TerraCem.

The Cementation Group is leveraging its combined global capacity to access new markets and significant opportunities that the individual operations may not have been able to undertake in their own right.

Market environment

Global demand for natural resources rebounded during the year, driven primarily by China, which resulted in a resurgence in commodity prices. The operations in South Africa, North America and Australia secured new contracts and continued work on large long term operations that provided a buffer during the economic downturn.

In South Africa, Murray & Roberts Cementation experienced no further contract terminations. However, no significant new contracts have come to market and this signalled a cautious approach, particularly by platinum producers which had resorted to rights issues during the recession to restore their statements of financial position before embarking on new capital projects.

The company was shielded from the impact of the downturn largely by its long term operating contracts with Aquarius Platinum South Africa.

Cementation Canada secured a number of new projects in a more buoyant gold market. In the USA, the company was re-awarded a contract on the Hecla 4 shaft which commenced operations after being deferred in 2009.

The economic recession following the global financial crisis took a heavy toll on the Australian resources sector. RUC Cementation suffered from the ongoing termination or deferral of mining projects during the first half of the financial year, including a major three year mine development contract at Burnakura for ATW Gold Corporation which had been awarded earlier in the year. The company focused much of its business development on activities further afield and was rewarded with the award of large international contracts in Hong Kong, Indonesia and Mongolia.

Murray & Roberts Cementation



Craig McCleary



Freddie Geldenhuys



Theunis Mienie



Mike Wells



Allan Widlake



Shaft sinking in challenging conditions

Murray & Roberts Cementation will apply its experience in mine development to deepen an existing shaft at the Gold Fields South Deep mine near Carltonville on the West Rand to 3 000 metres. The shaft is being extended to match the man and materials shaft adjacent to it, which is currently the deepest rock hoisting shaft in the world.

This is the latest in a portfolio of projects that Murray & Roberts Cementation is completing for the mine which includes the new mine development below 95 level. It will be undertaken in a challenging environment of extreme depth and will require a methodology that allows safe access below an existing shaft.

Murray & Roberts Cementation will blind sink the lower portion from 2 890 metres to the final depth while the upper sections will be raise drilled to create a central small diameter hole, then stripped out to the full width using conventional sinking techniques. After the two sinking phases have been completed, Murray & Roberts Cementation will equip the lower level section of the shaft.

Leadership

The Cementation Group is co-ordinated out of London by Peter Adams as chairman and Richard Pope as financial director. Each subsidiary operation is independently managed with specific responsibility for a defined geographic market.

Henry Laas is managing director of Murray & Roberts Cementation, the South African based operation which serves the African market and holds much of the Group's specialised technical and equipment capacity.

Roy Slack is president of Cementation Canada, responsible for the North and South America markets from its base in North Bay, Ontario, Canada. Mike Nadon is president of Cementation USA, based in Salt Lake City, Utah, United States.

Cementation Sudamérica is based in Santiago, Chile.

Barry Upton is managing director of RUC Cementation, which serves the Australian and Asian markets from its base in Kalgoorlie, West Australia.

Cementation Africa

South Africa is the primary market of Murray & Roberts Cementation. The company has a contract mining portfolio with Aquarius that has grown steadily over the past two years to about 55% of its revenues and is expected to record further growth in the new financial year. The contract for underground mining at the Kroondal and Marikana platinum mines was successfully renegotiated during the year and the current operations have a remaining life of eight years. An underground mining contract at the Kwezi Project for Aquarius was awarded during the year and, like Kroondal, will be renegotiated annually.

The mine development contribution to overall revenue is 35% and remains an important portfolio. Work continued on the Karee 4 shaft project for Lonmin with the installation of underground infrastructure between reef horizons and access shafts. Shaft sinking at the Thembelani 2 shaft for Anglo Platinum will be completed in the new financial year and the project will progress to off-shaft development work. The South Deep capital development project for Gold Fields progressed well and a contract was secured to deepen the ventilation shaft from 2 700 metres to 3 000 metres below surface. Work commenced successfully at BHP Billiton's Wessels manganese mine in the Northern Cape on a mine development and shaft project.

The mining services contribution to overall revenue declined to 10% due to the impact of the economic downturn. As a consequence, the company had idle capacity in its fleet of large diameter raise drilling machines, some of which were relocated to Australia for use on ventilation shaft projects at operating mines. New opportunities in this portfolio are expected to materialise towards the end of the new financial year.

Murray & Roberts Cementation is a significant company in the domestic mining sector. Its mine engineering division adds considerable value to clients and the company through its focus on design, feasibility studies and related engineering services.



Mike Nadon



David Setchell



Lois Henderson-Campbell



Eric Kohtakangas

Cementation Canada

In Canada, the Nickel Rim South project is an Xstrata Nickel operation near Sudbury, Ontario that comprises two shafts and over 10 000 metres of lateral development tunnelling. The mine went into production late in 2009 with Cementation Canada continuing underground construction of new mine infrastructure. Cementation Canada was the first contractor to be engaged in the potash boom in Canada with the award of the Potash Corporation of Saskatchewan's Picadilly project, located on Canada's east coast near Sussex, New Brunswick. The project involves sinking two shafts in water bearing ground. The concrete shaft headframes have been erected and the surface plant construction is nearing completion. The concurrent sinking of both shafts has commenced.

Underground development work has continued at the Diavik Diamond Mine in the Canadian Arctic near Lac de Gras in the Northwest Territories, along with some production drilling. This contract involves ramp and lateral tunnelling and has included work in permafrost and under the lake. It is a remote project accessed by air and in the winter by ice roads.

Cementation Canada is also the market and technology leader in large diameter hard rock raise boring in North America.

Cementation USA is carrying out the Resolution shaft project near Phoenix, Arizona, a major project for Rio Tinto controlled Resolution Copper that includes sinking a shaft of 8,53 metres in diameter to a depth of 2 133 metres. After being on hold during the downturn, the Hecla 4 shaft project for Hecla Mining in northern Idaho commenced operations during the year. Cementation engineering is designing the shaft works and crews are currently excavating access drifts and underground hoist rooms for the internal shaft sinking project.

Cementation Canada was recently awarded three gold projects. Crews are on site at Apollo Gold's Black Fox Mine near Matheson, Ontario and Northgate Mineral's Young-Davidson Mine near Matachewan, Ontario. Both projects are in North Eastern Ontario and involve First Nations Agreements. Black Fox Mine is transitioning from open pit to an underground operation and scope of work includes underground development and raise boring. The Young-Davidson project is an EPC contract to deepen an existing shaft and develop a new production shaft by raise boring.

Kitikmeot Cementation Mining & Development (KCMD) has been awarded the development program at Newmont's Hope Bay Project in Nunavut, north of the Arctic Circle. KCMD is a joint venture between Cementation Canada and Inuit partner Kitikmeot Corporation of Cambridge Bay, Nunavut.

Cementation Sudamérica

The Cementation Group was selected by Chilean state mining entity, Codelco, as a preferred contractor for the shaft design packages at the Chuquicamata copper mine in Chile – a development that marks the start of greater synergy between the mining contracting operations. The group was selected as a result of its experience in the design, engineering and installation of large capacity hoisting systems.

Cementation Sudamérica was established in 2009 at the request of Codelco, to bring international mining experience to Chile and particularly to facilitate the transition of the significant Chuquicamata mine from open-pit to underground. The company has a 10% non-controlling local partner and is undertaking design work on the project for Hatch. It has submitted prequalification documents for the shaft sinking and development work which will commence later in 2010.



Participants of Cementation Canada's First Nations new miner training program



Newmont's Hope Bay project in Nunavut, north of the Arctic Circle



A two boom jumbo about to be transported to Hope Bay project

RUC Cementation



Lawrence Newnham



John Walters



Strata 850 raise borer manufactured by RUC Cementation



Gossan Hill shaft head during slinging operation

RUC Cementation

Work has proceeded on the Newcrest Cadia East mine in New South Wales where an Australian raise drilling record was established for the largest diameter shaft at the greatest depth bored in the country. A three year extension of work on the project has been negotiated. A deferred raise drilling project for OZ Minerals in Tasmania was re-awarded later in the financial year and the company also secured a number of new shaft sinking projects across Australia. RUC Cementation is the largest raise drilling contractor in the world with 20 operational raise borers and box hole borer units and it expects to become the leading force in the Australian shaft sinking market in the new financial year.

Extending its focus on markets further afield, RUC Cementation has been able to secure a number of large international contracts which mitigated the dearth of work in Australia in 2009 (the Australian mining market rebounded in the second half of the financial year). The company is present in Indonesia and commenced work in February 2010 on a contract for the construction of three raise bored shafts of six metres in diameter and 550 metre depth over three years at Freeport Indonesia on Papua Island. A presence was also established in Mongolia and a contract was acquired for the raise drilling of two shafts to a depth of 1 300 metres at Ivanhoe Mines copper gold project in what is considered to be the finest copper and gold ore body in the world. The company also negotiated a subcontract with Gammon Construction for major shaft sinking works within a new sewerage system.

Sustainability

Murray & Roberts Cementation has a firm commitment to training and invested R45 million in training and development during the year, focusing strongly on development of the capacity of project managers and supervisors to fulfil the requirements of project delivery. Since January 2009 the company has trained 240 supervisors, and 40 employees have completed the customised Project Management Program at Wits Business School over the past two years. The company has provided support to 16 bursars, 81 learnerships and 21 graduates in the Murray & Roberts graduate development program. The focus on talent management has been strengthened to ensure the attraction, development and retention of key staff.

Murray & Roberts Cementation improved its LTIFR to 3,2 (2009: 5,2) and achieved three million fatality-free shifts at the Kroondal Platinum Mine. Regrettably, it suffered four (2009: three) fatalities in four separate accidents at the Blue Ridge Mine and Thembelani and Ezulwini shafts. Subsequent to the year end, five employees died tragically in a major fall of ground accident at the Marikana Platinum Mine 4 Shaft on 6 July 2010. A further fatality occurred on 13 August at the Kroondal Mine. To strengthen the safety and training systems implemented in previous years, the company is preparing to launch the First Choice program which will identify and promote safer behaviour and help to eradicate unsafe behaviour.

Murray & Roberts Cementation holds a level 6 BBBEE rating on the dti scorecard and is targeting level 5 in 2011. During the year, Murray & Roberts acquired the 20% non-controlling interest held by AKA Capital in the company and, as a consequence, Reuel Khoza resigned as chairman and Sam Nematswerani as a director. Tim Wakefield resigned as a director to take up an appointment as managing director of Wade Walker, and, on 1 June 2010, Andrew Langham and Freddie Geldenhuys were appointed as directors.

Cementation Canada has consistently over the years been recognised as one of Canada's top employers. The company is a Canadian leader in mine safety and continues to demonstrate that the target of zero injuries is possible on its projects. At June 2010, the North and South American operations had achieved 16 months without a lost time injury. Recruiting is ongoing as both operations and engineering build capacity. The engineering business has grown significantly in the past year and is well established in North Bay, Salt Lake City and Santiago.

RUC Cementation increased its workforce to 189 (2009:149) and is likely to record additional growth as the new projects ramp up. While no fatalities or serious injuries were recorded the LTIFR was 6,0 (2009: 2,5) due to two lost time injuries.

Prospects

The Cementation Group expects a return to growth in the new financial year as the benefit of significant new opportunities secured in North America, Mongolia and Indonesia begins to materialise. Group operations are pursuing significant shaft sinking opportunities in Australia, India, Philippines and Sweden. Acquisitions to strengthen capacity in Australia and the Americas are under consideration. The South African market, however, remains subdued.

Murray & Roberts Cementation started the new financial year with an order book of R3,3 billion (2009: R2,7 billion). The company will continue to work with existing clients in the platinum sector and is currently pursuing several new opportunities. Future opportunities are being targeted in the base metals (manganese and chrome) and coal sectors to offset the company's exposure to platinum. Having strengthened its capacity in coal mining in recent years, Murray & Roberts Cementation is exploring larger projects in this burgeoning sector.

Cementation Canada anticipates continued growth in the USA, based on its safety and productivity successes at Resolution and the start-up of the Hecla project. In Canada, the strong gold market has been key to acquiring new work in Ontario. Marketing will continue to focus on major projects where the company can add value, and emphasis will be placed on building engineering capacity through new teams in the USA and Chile, and increased resources through recruitment in all disciplines.

Cementation Sudamérica will supplement the already established operations of 50% owned local company TerraCem, which currently undertakes raise boring work and will offer shaft sinking mine development and engineering capabilities. It will also form the base for work in other South American countries.

RUC Cementation has commenced work on several significant raise drilling and shaft sinking projects in Hong Kong, Mongolia, Indonesia and Australia, which have strengthened its order book to record levels. The company expects to secure additional work from an increasing number of enquiries for large diameter raise drilling and shaft sinking projects. The lateral development market remains very competitive and the company will consider acquisition opportunities to strengthen its position in this sector.

Peter Adams

Henry Laas



Wan Chai sewerage works, Hong Kong



RB05 raise boring at Gwalia mine, Western Australia

The Cementation Group expects a return to growth in the new financial year as the benefit of significant new opportunities secured in North America, Mongolia and Indonesia begins to materialise.



Sinking team at Rosebery mine, Tasmania

CLOUGH LIMITED

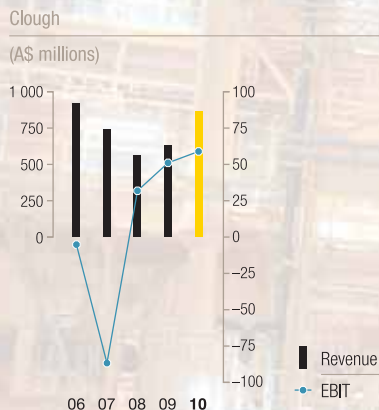
Clough delivered strong growth for the third consecutive year and continued to invest in its strategy to become an engineering-led EPC contractor in the oil and gas sector.



John Smith



Neil Siford



Financial performance

Clough increased revenue by 37% to A\$866 million, with earnings before interest and tax up by 16% to A\$59 million. This performance reflects increased activity in its Capital Projects division in the first half of the year. Cash holdings for the period also increased, closing at A\$141 million.



Complex engineering, construction and installation – Angel platform, North West Shelf, Western Australia



Mike Harding*



Keith Spence*



Emma Stein*



Brian Bruce



Nigel Harvey



Roger Rees

** Independent non-executive director*

	2010	2009
Revenues*	5 753	4 185
Operating profit*	394	342
Margin (%)	6,9	8,2
Assets*	2 667	4 294
People	3 212	2 222
LTIFR (Fatalities)	2,0 (0)	1,6 (0)
Order book*	6 685	2 508

** R millions*

Investing in the Future

Since 2008, Clough has been strategically repositioning its business, primarily to serve selected markets in the oil and gas sector, with a growth strategy to strengthen its engineering, procurement and construction (EPC) capability primarily in Australasia and globally within the offshore deepwater sector.

The sale of Indonesian mining company PT Petrosea was concluded in July 2009. Funds from the sale have been used to accelerate Clough's growth strategy through investment and acquisition in new core capacity.

Several key investments have been made to strengthen the company's marine engineering capabilities. Ocean Flow International, a Houston based deepwater engineering specialist, was acquired in August 2009 and has been augmented by an investment in start-up company Peritus International in January 2010. The formation of the Clough Helix Joint Venture, announced in February 2010, will deploy the Normand Clough, a first class, fully equipped deepwater vessel, to the Asia Pacific region to offer a wide range of subsea services from well intervention to subsea construction.

Clough acquired a 31% shareholding in and formed as strategic alliance with Forge Group in April 2010. This will substantially strengthen the company's onshore construction capability in Australia and offers a key partnership opportunity for Murray & Roberts in the mining & minerals markets of Australia and Africa. On a case by case basis Clough and Forge will work together to provide clients with an enhanced EPC capability and capacity in the local oil and gas market.

Clough Seam Gas was established in May 2010. A team of industry experts are dedicated to providing EPC services to the burgeoning coal seam gas industry in Queensland.

Leadership

Clough chief executive John Smith, an oil and gas industry specialist, has led the repositioning of Clough as a leading oil and gas EPC contractor over the past three years.

Neil Siford was appointed chief financial officer in November 2009 and an executive director of the company in August 2010. Gary Bowtell has been appointed executive vice president, engineering, raising the profile and importance of Clough's engineering both internally and externally.

John Cooper resigned as a non-executive director in January 2010 and has been succeeded by Murray & Roberts International director, Nigel Harvey. He joins Brian Bruce

and Roger Rees representing Murray & Roberts on the Clough Board.

Murray & Roberts executives Millard Arnold and Bal Panicker supported Clough's two year process in resolving the legacy G1 project with ONGC in India, putting an end to an untidy saga for Clough.

Operations

Clough has continued to win its share of world class oil and gas projects. A highlight for the period was the award of the A\$2.7 billion engineering, procurement and construction management (EPCM) contract for Australia's largest ever resource project, Chevron's Gorgon LNG Project. The contract was awarded to the Kellogg Joint Venture, in which Clough is a 20% partner.

Two major contracts on ExxonMobil's giant Papua New Guinea LNG project were awarded in November 2009. The upstream infrastructure project involves the upgrade of critical infrastructure in the region and will be executed in joint venture with Curtin Brothers (Clough 65%). The second contract involves the EPC for the Hides gas conditioning plant to be executed by the CBI Clough Joint Venture (Clough 35%). The total value of the two contracts is estimated at US\$1.8 billion.

The BAM Clough Joint Venture (Clough 50%) has recently been awarded the LNG condensate offloading jetty for this project, valued at about US\$ 260 million.

Capital Projects

Clough delivers an EPC service to gas projects, including domestic gas, LNG and coal seam gas projects, in the Australian and South East Asian region. On a case by case basis Clough may also service Australian mining & mineral and water infrastructure projects where its EPC skills and local expertise can add value.

Key projects for the year included Chevron's Gorgon LNG project, ExxonMobil's PNG

LNG upstream infrastructure and EPC4 gas conditioning plant projects, Apache's Devil Creek development project, Linkwater's Toowoomba pipeline, Newmont's Boddington gold mine and Iluka's Murray Basin mineral sands project.

Marine Construction

Clough offers engineering, procurement, installation and commissioning (EPIC) services to the offshore oil and gas industry, including platform and pipeline installation projects in Australia and Southeast Asia and subsea construction projects globally.

The Java Constructor pipelay vessel successfully installed the 750 ton Montara topside for PTTEP in August 2009. However, an unrelated hydrocarbon release and subsequent fire which destroyed the platform, caused the project to be abandoned. In June 2010 the vessel was contracted to provide offshore services to NuTech for the East Udang development project, located offshore Indonesia.

Subsea construction vessel Normand Clipper completed its contract with APL for the Neptune LNG project, offshore Boston, in November 2009, before being contracted to Bluewater Industries for the ATP Telemark hub project in the Gulf of Mexico. In March, the vessel was reclaimed temporarily by owner Solstad to help fulfil its chartering obligations. Clough has decided not to extend its charter of this vessel.

The Normand Clough completed a 14 month contract with Wild Well Inc in the Gulf of Mexico in February 2010, immediately sailing to Singapore to be fitted with well intervention and subsea construction equipment for the Clough Helix Joint Venture. The vessel mobilised in July for the JV's first project for CNOOC in the South China Sea.

Asset Support

Clough provides an engineering-led asset support service to the oil and gas industry. The overarching goal is to maximise the life and profitability of production facilities, both onshore and offshore, whilst creating a safer, cleaner, more efficient hydrocarbons industry.

Asset support services are delivered through a joint venture with AMEC and include brownfield engineering, operations and maintenance, shutdowns and turnarounds. The Asset Support business is undergoing a major injection of resources and organisational development as the focus on this significant market segment increases.

Underpinning the business is excellent delivery and performance on current long term asset support contracts with ConocoPhillips, Woodside, Chevron and Maersk.

Sustainability

Clough worked on 15 projects throughout the year, with an LTIFR of 2.0 (2009: 1.6).

Clough's workforce grew from 2 200 to over 3 000 skilled technical, professional and trades personnel over the past year. Approximately 1 000 people were recruited into the business, with a large proportion of this workforce located in Papua New Guinea to support ExxonMobil's PNG LNG upstream infrastructure and EPC4 projects. Chevron's Gorgon project also drove significant workforce growth with Clough staff being placed in Australia, Singapore and London to support this world class project.

Clough's Success Through People program continues to be the mainstay leadership development program with over 300 supervisory personnel having participated in the program since its launch in 2008.



**The Normand Clough deepwater vessel
in Table Bay, Cape Town**

Prospects

Clough ended the year with an order book of A\$1 billion (2009: A\$402 million). This is expected to increase significantly in the near term as it does not yet reflect future work orders for ExxonMobil's PNG LNG upstream infrastructure or the award of the PNG LNG jetty construction project.

While the general outlook for Clough remains positive, with a strong statement of financial position and anticipated increased contribution from investments, there is some uncertainty in the highly competitive Marine Construction sector. The company will continue to capitalise on opportunities in the oil and gas sector, in particular Australian domestic gas and LNG projects and as the market recovers, in the growing deepwater subsea production sector.



Woodside Pluto LNG project

John Smith

CORPORATE REVIEW

Financial performance – Corporate

Net corporate overheads increased to R256 million (2009: R217 million) in the year, before a R46 million (2009: R75 million) contribution from Properties and a charge of R47 million (2009: R26 million) related to share-based payments accounted for in terms of IFRS2.



Malose Chaba



Ian Henstock



Richard Pope*



Andrew Skudder



Roger Mower*



Richard Vaughan



Yunus Karodia



Ed Jardim



Greg Ker-Fox



Thokozani Mdluli



Gerard Moerdijk

* International



Frank Kruger



Ian Appleton



Carien Botha



Donique de Figueiredo



Mabuse Hlalele



Zelia Soares



Dhiren Singh



Daan van Schalkwyk



Cheryl van Bosch



Millard Arnold



Caswell Makama



Bal Panicker*

	Concessions		Properties		Corporate	
	2010	2009	2010	2009	2010	2009
Revenues*	20	85	137	126	–	–
Operating profit*	172	119	46	75	(303)	(243)
People	6	7	20	16	113	124

* R millions

Leadership

The directors of Murray & Roberts Limited form the group executive committee which meets monthly in Bedfordview and is responsible for overseeing the management and operations of the Group.

The chief executive forum meets quarterly and brings together the top 40 operational and corporate leadership executives in the Group.

The directors of Murray & Roberts International Limited meet at least quarterly in Dubai and on at least two further occasions in Canada and London as an executive committee.

We have continued to strengthen our corporate leadership capacity at a time of immense opportunity. Malose Chaba has been appointed an executive director of the Group and to the new role of head of group assurance. Andrew Langham has been appointed financial director of Murray & Roberts Limited. Trevor Fowler and Orrie Fenn joined the Group in the year and take on significant performance responsibility. Terry Rensen retired at the end of the financial year and we thank him for his contribution to the Group.

Secretarial and finance

Yunus Karodia is group secretary, custodian of our governance framework and chief liaison with the JSE Limited.

A full corporate governance report is published in the sustainability report on pages 116 to 119. A strong corporate finance team, led by Dhiren Singh, ensures reporting compliance and ensures technical accounting leadership to the Group. Ian Appleton is group tax manager.

Our treasury, managed by Cheryl van Bosch, provides the Group with access to local and foreign funding markets using a treasury system that operates within a framework of approved authority levels, products and counter parties.

The Group operates within a number of tax jurisdictions. Income tax, secondary tax on companies, capital gains tax and other taxes are planned in the context of our growth profile.

Legal and commercial

Millard Arnold is legal counsel in the office of the group chief executive. His primary role is legal due diligence and the management of reputational issues, particularly those flowing from regulatory attention to historic and alleged residual collusive activities in the construction sector. A free flow of information concerning legal matters in the Group is maintained to ensure that we learn from our varied experiences.

Ian Henstock is commercial director and plays a lead role in the many corporate initiatives underway, including the development of new business opportunity outside the framework of individual operations.

Assurance and risk

Group assurance has consolidated internal audit with risk management to give improved oversight of technical and operations performance. KPMG has been appointed as the Group's internal audit partner to cater for the increased scope and complexity of its operations.

Greg Ker-Fox is the group executive responsible for risk management. The Murray & Roberts enterprise risk management process is governed by the group risk framework which is adopted by all operating company boards and executive committees. Risk assessments are conducted at group, operational and project levels and collective group experience is leveraged to better understand potential exposures to threats and opportunities.

Communication

We are committed to open and honest communication with all our stakeholders, including shareholders, investors, media, customers, employees, communities, business associates and society at large.

This annual report is an important reporting medium that satisfies the Listings Requirements of the JSE Limited and reports our progress in complying with the recommendations of King III.

Ed Jardim is group communications executive and is responsible for the development and management of a range of communication platforms.

Mabuse Hlalele is client service manager, with a team of executives who engage the market on behalf of the Group and lead frontline management across the Group.

Corporate social investment

The Murray & Roberts corporate social investment (CSI) program demonstrates our commitment to sustainable social development. We recognise that our business activities have an impact on the communities in which we operate and we are committed to managing this impact in a responsible manner.

Our key focus areas and investments are outlined in the sustainability report on pages 106 and 107. Donique de Figueiredo is group CSI manager.

Health, safety & environment

We have established health, safety and environmental (HSE) management as an integral component of our leadership strategy. The primary role of our corporate HSE capacity is to oversee and lead the Group's commitment to zero harm.

We appointed Thokozani Mdluli as group chief safety executive during the year to champion our approach to health and safety, including responsibility for driving and coordinating detailed evaluation and strategy development for all our South African operations, further implementation of the STOP.THINK campaign and entrenching a proactive safety culture across our operations.

Details of our HSE framework and policies are published in the sustainability report on pages 96 to 101 and 108 to 111.



Douglas Roberts Centre, Johannesburg

Enterprise capability

Andrew Skudder is director of enterprise capability. A key strategic imperative is to ensure, amongst other initiatives, that our human capital and systems capability is a competitive advantage.

Murray & Roberts has a human capital strategic framework that defines global best practice and focuses on issues that have the greatest impact on our ability to achieve our objectives. A leadership succession and development plan aims to deliver the leadership required to achieve the Group's growth objectives. This framework is being implemented across the Group, coordinated by Zelia Soares, and includes a best practice performance management and development process and a CE-led leadership succession review. The Group's BBBEE Letsema Initiative ensures that the Group remains relevant in its domestic market.

Details of our HR framework and practices are outlined in the sustainability report on pages 101 to 103 and 125.



Murray & Roberts has again proved resilient with an operating margin within the long term strategic framework.

Murray & Roberts has again proved resilient. While R32 billion revenue is marginally down on last year, an operating profit of R1,8 billion (2009: R2,8 billion) has been reported at an operating margin of 5,6%, after absorbing a R619 million charge in respect of the infrastructure joint venture for the Gautrain Project. This charge 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.

The operating margin is within the Group's long term strategic framework of 5,0% to 7,5%. Excluding the charge for Gautrain, the operating margin for the year is 7,5%.

During a challenging year with a 36% reduction in EBIT and a R0,9 billion increase in working capital, the Group has ended the financial year in a positive net cash position after debt, with R1,2 billion of cash generated by operations in the second half-year.

The total order book of R42 billion at 30 June 2010 (2009: R40 billion) represents 176% of contracting & engineering revenue, while the one year order book is 85% of contracting & engineering revenue.

Statement of financial performance

Clough and Construction Products SADC have reported revenue increases over the prior year of 37% and 14% respectively. Clough's results are underpinned by a growing order book and Construction Products SADC by a strong performance from the steel piping division. Clough's operating profit increased by 15% while the operating profit of Construction Products SADC decreased by 10%, primarily due to under-performance in Steel trading which operated in a volatile market. Clough's results include R660 million revenue and R20 million operating profit from property disposals. This is the run off of the discontinuance of the property division.

Revenue of R5,3 billion (2009: R6,0 billion) of the Cementation Group declined by 10% due to weak market conditions in Canada. However, operating profit of R447 million showed a 4% increase on the prior year.

Excluding Gautrain, the R6,7 billion revenue (2009: R6,5 billion) of Construction SADC increased by 4% on the prior year and operating profit of R582 million (2009: R515 million) was achieved, representing an increase of 13% on the prior year. Gautrain reported revenue of R1,2 billion and an operating loss of R619 million.

Middle East revenues and operating profit declined primarily due to exchange rate translation with the average Rand exchange rate against the Dirham strengthening by approximately 20%. On revenues of R2,9 billion, a R300 million operating profit was achieved.

The R1,9 billion revenue of Engineering SADC decreased by R808 million against the prior year. While revenue continues to increase on the South African power projects there has been a R745 million reversal in Wade Walker whose order book was significantly impacted by the global economic crisis. Operating profit of R112 million (2009: R447 million) declined compared to the prior year primarily due to Wade Walker's reversal.

Net interest expense of R193 million compares to R20 million in the prior year. Increased working capital funding primarily for major projects and utilisation of advance payments further increased working capital demand. The Group's significant international cash holdings generated relatively lower interest income as global interest rates remained low.

The Group's effective tax rate was 27,9% (2009: 22,2%). The increase in the effective rate was primarily due to a conservative position taken on Gautrain losses. The Group continues to benefit from a zero tax regime in the Middle East markets. With the benefit of a tax loss brought forward, Clough Limited reported an effective tax rate of 12,7% (2009: 9,7%). Clough Limited has a A\$107 million tax loss carried forward.

Non-controlling interest of R131 million (2009: R320 million) is down on the prior year due to the buy-out of non-controlling interests in Murray & Roberts Cementation and Wade Walker.

Statement of financial position

The Group invested R1,1 billion in capital expenditure during the year (2009: R2,4 billion), in line with the commitment given in the 2009 annual report.

Capital expenditure in mining of R193 million was primarily project related. R218 million was invested in Construction Products SADC to ensure ongoing efficiencies in production facilities. Concor invested R216 million primarily to support the open cast mining division, while Engineering invested R181 million to support the power projects.

Cash generated by operations was R1,4 billion (2009: R2,6 billion). Operating cash flow was R691 million (2009: R1,6 billion). Working capital recorded an increase of R0,9 billion. Major projects uncertified revenue and increased utilisation of advanced payments were the primary reason for the increase.

The Group ended the financial year with R3,8 billion cash on hand and a R1,2 billion bank overdraft, giving a net cash position of R2,6 billion. After deducting R0,6 billion in short term loans and R1,6 billion in long term loans, the Group reported a net cash position of R0,4 billion at 30 June 2010. Although this is a R0,7 billion decrease compared to 30 June 2009, it is a R0,4 billion increase over the half year at 31 December 2009.

Interest bearing long term liabilities increased to R1,5 billion (2009: R770 million) with the Group utilising medium term facilities while pursuing the resolution of claims on the major projects.

Total goodwill in the Group's statement of financial position at 30 June 2010 was R554 million (2009: R490 million) with Clough's goodwill accounting for 63% of the total.

A substantial portion of the Group's investment properties were sold in the second half-year for approximately R600 million, resulting in a R95 million fair value adjustment reported under exceptional profit. Final completion of the disposal process is expected in the first half of the 2011 financial year.

During the year, the Group disposed of its shareholding in the Bakwena N4 Concession for a cash consideration of R255 million.

Clough

The Group holds a shareholding in Clough Limited of approximately 62%, an increase of 3% over last year due to the conversion of convertible notes in December 2009. These were converted at approximately 36 Australian cents per share.

Clough's net assets have increased to A\$305 million (2009: A\$167 million). At year end, Clough held A\$141 million cash on hand.

On 6 July 2009, Clough completed the disposal of its 82% shareholding in Indonesian listed subsidiary, PT Petrosea Tbk for a cash consideration of US\$83,8 million (R670 million). During the second half of the financial year Clough acquired a 31% strategic shareholding in Forge Limited at a cost of A\$55 million. Forge Limited, quoted on the Australian Stock Exchange, is currently trading at a 60% premium to acquisition cost. A number of small strategic acquisitions have also been made.

At 30 June 2010, Clough, which is listed on the Australian Stock Exchange, traded at a closing price of 77 Australian cents per share. This compares to the Group's average holding cost of 42 Australian cents per share. The Group holds approximately 478 million ordinary shares in Clough Limited.

Major projects

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 performance at 30 June 2010.

Earnings and dividend

The Group reported diluted headline earnings per share of 340 cents, compared to 675 cents in the prior year.

The total dividend for the year has been declared at 105 cents with a final dividend of 53 cents per share.

The Group's dividend policy is to declare a dividend within a cover range of 2,8 times to 3,2 times based on diluted headline earnings excluding Clough. In addition, the dividend received from Clough is passed through to Murray & Roberts shareholders.

Roger W Rees
Financial Director

SUSTAINABILITY REPORT



Our key sustainability challenges

HEALTH & SAFETY

Eliminate fatalities and disabling injuries and reduce LTIFR to below 1,0, attend to occupational health challenges and prevent environmental degradation.

ANTI-COMPETITIVE BEHAVIOUR

Zero tolerance for collusive misconduct, defend our brand and statement of financial position against any investigation and continue executive education.

DISCRIMINATION

Challenge the *status quo* of endemic tendency to discriminate on multiple dimensions of difference in the workplace.

TRANSFORMATION AND BLACK ECONOMIC EMPOWERMENT

More high-level appointments, retention of professional entrants, maintain BBBEE score and partnership with government.

Developments in 2010

FINANCIAL SUSTAINABILITY

- Strong focus on cash and working capital management, with net capital expenditure decreasing to R1,1 billion (2009: R2,4 billion).
- The Group's order book grew marginally to R42 billion despite the challenging trading environment.

HEALTH & SAFETY

- Despite a 23% improvement in the Group's consolidated lost time injury frequency rate (LTIFR) to 2,20, the Group regrettably recorded nine (2009: nine) fatal accidents during the course of the year.
- Appointed DuPont Sustainable Solutions, a global leader in health & safety management, to undertake a comprehensive evaluation of the South African operations' safety culture and systems against best practice standards.

OUR EMPLOYEES

- Investment in formal employee training and development increased 22% to approximately R117 million (2009: R96 million).

TRANSFORMATION & LOCAL ECONOMIC DEVELOPMENT

- The Group's main board composition reflects the transformation of South African society. Six (40%) directors are black, three (20%) of whom are women.
- The group achieved an enhanced BBBEE rating of level 4 (2009: level 5).
- Preferential procurement increased significantly to 46% (2009: 27%) of the South African operations' procurement expenditure of approximately R15,1 billion.

COMMUNITY DEVELOPMENT

- Investment of R22,2 million (2009: R21,1 million) in CSI projects supporting mathematics, science and technology education, numeracy education in early childhood development and environmental education.
- Investment of R22,0 million (2009: R20,4 million) through the Letsema Sizwe Broad-Based Community Trust to support youth and sports development.

ENVIRONMENTAL

- Enhanced environmental reporting, particularly for energy usage and carbon footprint, which increased by 8,8% to 809 090 tonnes CO₂e.
- Launched an energy management initiative in early 2010 for South African operating companies to ensure effective and efficient use of energy and to reduce energy cost.

ETHICS

- Extensive training on the South African Competition Act, with more than 1 350 employees receiving online training and assessment during the year.



Caring for the environment

A firm commitment to minimising the impact on the environment underpinned all work done by Concor Roads & Earthworks during a recent upgrade of the N2 highway between Tsitsikamma and Witelsbos. In a key intervention, 6 000 m³ of top soil was stored and reused on the project to rehabilitate verges.

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

Message from the group chief executive

Murray & Roberts has adopted a non-negotiable commitment to sustainable earnings growth and value creation, enhancing the growth of its business and adding value in a responsible and sustainable manner. This non-negotiable commitment is extended to:

Zero harm to

- Company and employees
- Business partners and shareholders
- Fatality & Disabling injury = 0
- Societies and environments we serve and within which we operate

People development

- Leadership, management and skills
- Diversity and empowerment
- Training & succession
- Representative of society

This commitment drives strategy and decision making and reinforces responsibility to create value for current and future stakeholders and generations.

The safety of our employees, contractors and visitors to our sites is a key priority and receives significant focus from me personally and the Group's operating leadership teams. Despite our efforts, nine of our colleagues lost their lives while working for us during the year under review. The new financial year started on a sad note following the death of six Murray & Roberts employees and one contractor employee in three separate incidents. Five colleagues working on the Murray & Roberts Cementation Marikana project passed away tragically in a fall of ground incident on 6 July 2010. Regrettably, another Murray & Roberts Cementation employee passed away at the Kroondal Kopenang shaft on 13 August 2010 after a load haul dumper accident. The third incident occurred on 17 August 2010 at Park Station on the Gautrain project, when a contractor employee fell approximately seven metres and sustained fatal injuries. Every fatality touches all of us and I am personally committed to eliminating hazards and inappropriate behaviour to ensure that all our people go home safely at the end of each day.

The South African competition authorities have initiated a wide ranging investigation into all aspects of potential collusion in the construction industry. In compliance with its legal obligation, Murray & Roberts took an industry lead before any public concern was expressed on possible corruption in the sector. The Group was a founding signatory to the Partnership against Corruption Initiative of the World Economic Forum in 2004. It initiated internal audits



A 20 metre span two metre high bridge was constructed to protect the roots of a 500 year old yellowwood tree growing alongside the recently upgraded N2 highway between Tsitsikamma and Witelsbos

across its various operations and continues a program of communication and training to assist employees in understanding competition law and its implications for the Group. Where any evidence of possible collusion is uncovered, disclosure is made and full cooperation is given to the authorities.

We continue to play an important role in social development through employment and training opportunities, infrastructure provision, local business development and payment of taxes in our host countries.

We are committed to supporting the communities within which we operate through our corporate social investment and Letsema empowerment trusts, which support university and school upliftment, early childhood development and the development of youth affected and infected by HIV/AIDS and impacted by poverty.

We continue to invest significantly in the training and development of our employees at all levels, providing a range of training, learning and career development opportunities for our people. We place a high level of emphasis on developing skilled artisans and supervisors. We invest much time and effort on building our pipeline of talent and have a well established leadership succession and development process which aims to ensure that we have the required talent to meet our strategic objectives.

Murray & Roberts broadly reflects the demographic profile of the communities within which it operates. This results in a diverse workforce on multiple dimensions. Discrimination across these dimensions invariably exists in our workplaces and we continuously challenge the *status quo* of this endemic tendency to discriminate.

We have continued to build our broad-based black economic empowerment and employment equity profiles with many operations having improved their ratings through the year. However, transformation within our South African operations still remains a challenge and we will continue to strive for a more representative make-up of our leadership and workforce.

Murray & Roberts aspires for zero harm in all aspects of its business – its people, partners and clients, the natural environment in which it operates and society in general. It is up to all of us to make this happen, and it starts with me and our leadership teams.

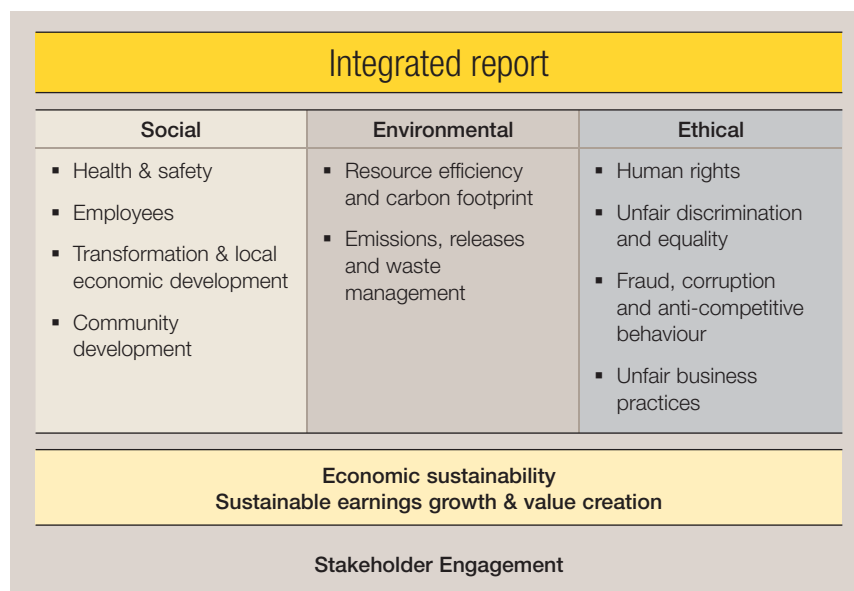
Brian Bruce
Group chief executive

Sustainability framework and context

Murray & Roberts is integral to the societies within which it operates. It is influenced by society and the environment and through its business activities has an impact on society and the environment. As a consequence, the sustainability of Murray & Roberts and the delivery of sustainable earnings growth and value creation is dependent on:

- accepting appropriate opportunity and risk
- effective management of opportunity and risk
- world class operations
- engaged employees and productive assets
- minimising the impact of our operations on society and the environment

Murray & Roberts has adopted the following sustainability framework to guide its approach to sustainable development:



Murray & Roberts
aspires for zero
harm in all aspects
of its business –
its people, partners
and clients,
the natural
environment
in which it operates
and society
in general.

The economic sustainability of Murray & Roberts is dependent on its ability to minimise its impact on the societies within which it operates and the natural environment and to undertake its operations in an ethical way. The ability to apply the appropriate resources to minimise our impact is equally dependent on the sustainability of our earnings.

The issues considered and reported on have been identified through a high level internal process of engagement across the business to determine what would substantively influence the performance of Murray & Roberts and the assessments and decisions of stakeholders. Murray & Roberts will during the course of the next financial year assess its process for reviewing material issues and engage key stakeholders to comment on risks and opportunities that may be associated with the Group's social, environmental and ethical behaviour.

Our sustainability report has been written in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and the King Code of Governance Principles for South Africa 2009 (King III). Continuous improvement in reporting systems and measures is undertaken to present useful and accurate information. The data provided is derived from the Group's many operations around the world,

and, in some cases, grouped data is not strictly comparable. To further improve the data collection process and ensure comparability year-on-year, the Group will employ independent assurance for the next sustainability report.

The audit committee will oversee the integrated report, including the sustainability report, in the 2011 financial year. The audit committee will review a summary of the GRI.

This sustainability report encompasses the performance of operating subsidiaries that generate sustainability impacts and over whose operating policies and practices Murray & Roberts exercises control or significant influence. The report includes Clough, which has an independent board of directors. Information on Clough's sustainability approach can be obtained from www.clough.com.au.

Statistics in this report cover the 12 month period to 30 June 2010. Past sustainability reports are contained in previous annual reports available on www.murrob.com. A GRI index is included at the end of the sustainability report for ease of reference.

Stakeholder engagement

Murray & Roberts communicates constantly with its stakeholders and engages in a constructive and transparent manner. Key stakeholders are generally identified as groups or individuals impacted by our operations, with an interest in what we do or the ability to influence our activities, in proximity to our operations or dependent on Murray & Roberts. Our stakeholders include shareholders, analysts, customers, suppliers, governments, communities impacted by our operations, our employees and special interest groups, for example NGOs, industry associations and trade unions. We are in the process of reviewing the identification of important stakeholder groupings, which involves mapping out stakeholders by operation and region and then profiling them to establish their level of influence on our operations and to prioritise our engagement with them.

Mutual trust and understanding with our stakeholders is imperative and we use specific means of communication for each stakeholder group. We engage through our operations where, for example, stakeholder queries may relate to impacts on local employment and procurement, and through our corporate office on matters relating to the broader issues of Murray & Roberts and our industry, including broad-based black economic empowerment (BBBEE), human capital development, risk management, health, safety and environmental (HSE) management and assurance. As part of our stakeholder mapping and prioritisation, we will review and develop appropriate mechanisms and processes to constructively engage with our stakeholders. The outcome of this process will be a strategy and policy for the management of relations with stakeholders.

Shareholders and investment community

Murray & Roberts has a diverse shareholding; 57% of our shareholders are international investors, and 80% of our shares are held by institutional investors. General communication with shareholders is facilitated by:

- the Group's annual and interim reports
- the Murray & Roberts website **www.murrob.com**
- the annual general meeting
- media releases
- the Stock Exchange News Service (SENS)
- operational news
- the Murray & Roberts client service centre
- financial results presentations in February and August each year

Additional information is provided to the investment community through:

- one-on-one meetings with the group chief executive and group financial director
- investor conferences
- subject-specific presentations

Feedback from the market is obtained by:

- broker reports

- one-on-one contact
- the CE discussion forum on **www.murrob.com**

Customers

The Group's customer base includes corporate institutions, government departments, state owned enterprises, mining houses, large businesses, other contractors and private developers. Our stated objective is to gain preferred status through world class implementation of projects, and supply of products and services that fulfil customer requirements. Specific initiatives to enhance our customer/client relationships include:

- identification of customer/client needs
- staff training programs
- strategic alliances
- market engagement
- innovation and education
- focus on quality, cost and performance delivery

Measures are in place to monitor customer/client satisfaction. These include questionnaires and regular customer surveys, with key account and project managers maintaining regular contact with customers/clients. Some operations have call centres



Murray & Roberts seeks to create a mindset and an environment where people believe it is possible to work injury free

which field enquiries and undertake to resolve complaints within a specified period of time. A group client service centre assists to bridge the knowledge gap between Murray & Roberts and its people, potential clients, existing clients and the general public. This facility processes about 2 500 calls per month.

Contract terms and conditions typically provide the mechanism for managing contractual disputes. These may be adjudicated by a third party, arbitration or litigation. Disputes are managed at the appropriate level under the guidance of responsible executives and, where necessary, are escalated to executive director level.

Employees

Our workforce is large and diverse, with employees and limited duration employees in more than 25 countries. Our employees are concerned about their own health and safety and that of their fellow workers. They also have an interest in decent working conditions, fair remuneration and career development opportunities.



We engage with our employees by a variety of means, including:

- direct communication through immediate supervisors and management
- performance and development discussions
- group and operations newsletters and general communications
- monthly safety messages and SMSs
- the Murray & Roberts website and intranet
- the Murray & Roberts client service centre
- participation in various forums and initiatives

Feedback is obtained from our employees by:

- direct communication with immediate supervisors and management
- performance and development discussions
- “Ask Brian”, an internal discussion forum personally engaged by the group CE

- “Tip Offs Anonymous”, a confidential call centre to report unethical conduct
- employee surveys conducted by some operations

Suppliers

There are policies and procedures in our operations for the selection of suppliers. The following performance deliverables are important:

- pricing
- reliability
- quality
- BBBEE

The creditworthiness, and safety and environmental records of joint venture partners or subcontractors are also considered.

The performance of our suppliers is monitored regularly and supplier audits are conducted from time to time within our operations.

Communities

Murray & Roberts has more than 200 project and fixed sites across the globe. As a consequence, the Group operates in many communities and has the potential to influence the communities within which it operates both positively and negatively. Murray & Roberts encourages constructive and transparent engagement with these communities through its operations which are best placed to understand the impact and concerns of communities.

Governments

Murray & Roberts operates a global business and has a presence in over 25 countries, with approximately 67% of its activity in the SADC region. The Group engages with government entities at national, provincial and local levels as clients and regulators. Relationships are maintained at corporate and operational levels, as appropriate. Any engagement must be undertaken in a manner that adheres to high standards of ethics and complies with the law.

Special and other interest groups

Murray & Roberts engages several other stakeholders, including NGOs, industry associations, trade unions and the media, which represent a broad range of interests groups. We engage NGOs as partners in our corporate social investment process and as opinion leaders or advocates of particular issues of importance to Murray & Roberts. We engage trade unions as part of our collective bargaining arrangements with our employees to address some of our employee needs. The media represents a broad range of issues reflecting all stakeholder interests and we engage them through media releases, presentations and interviews.

We welcome the feedback of all stakeholders through:

- Murray & Roberts Client Service:
 - +27 11 456 1144
 - clientservice@murrob.com
- CE discussion forum
 - www.murrob.com

Sustainability performance

Performance Dimension	Performance		Movement
	2010	2009	
FINANCIAL & ECONOMIC			
Revenue	31 962	32 684	↓
Net operating costs	30 086	29 910	↑
Year end net cash position (positive cash less overdraft)	2 566	2 877	↓
Operating cash inflow (before dividends)	691	1 559	↓
Order book relative to construction & engineering revenues	1,7 times	1,6 times	↑
Opportunities in the active pipeline (Rm)	61	67	↓
Project procurement system (OMS) workflow transactions	7 065	3 641	↑
Project procurement system (OMS) decisions supported	1 019	482	↑
Value added to employees	8 673	9 428	↓
Value added to providers of finance (net)	618	376	↑
Value added to government	3 019	3 373	↓
Value added to maintain and expand the Group	1 773	2 763	↓
% preferential procurement spend South Africa	45,7	27,3	↑
SOCIAL			
Safety			
Fatalities	9	9	↔
FIFR (per million hours worked for the year)	0,05	0,05	↔
RIFR (per million hours worked for the year)	0,6	0,8	↓
LTIFR (per million hours worked for the year)	2,2	2,9	↓
OHSAS 18001 management system implementation (% coverage)	± 67	± 69	↓
Health			
Voluntary HIV/AIDS tests	8 063	>3 500	↑
HIV/AIDS prevalence of employees tested (%)	About 14	About 17	↓
New cases of tuberculosis	82	58	↑
Noise induced hearing loss (NIHL)	103	65	↑
Alcohol random tests	271 460	4 445	↑
% positive alcohol random tests	0,2	5,6	↓
Drug random tests	7 012	3 396	↑
% positive drug random tests	3,0	3,9	↓
Employees			
Spending on formal employee training and development (Rm)	117	96	↑
Skills development on black employees (%)	71	76	↓
Total number of bursars	167	193	↓
% of bursars who are black	57	55	↑
% of bursars who are female	32	31	↑
Graduate recruitment	53	88	↓
% of graduates who are black	62	68	↓
% of graduates who are female	23	25	↓
Leadership development program	220	269	↓
% of participants who are black	45	46	↓
% of participants who are female	16	26	↓
Transformation & local economic development			
BBBEE rating based on the dti Codes of Good Practice	Level 4	Level 5	↑
Wealth created through Letsema BBBEE share ownership transaction (Rm)	988	1 227	↓
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	12,0	5,4	↑
Dividends distributed to 14 125 employee shareholders through the Letsema employee share ownership scheme (Rm)	4,5	9,2	↓
% of South African based employees who are female	13,9	10,8	↑
% of South African based employees who are black	82,8	85,5	↓
% of South African based employees designated as management who are female	11,1	10,4	↑
% of South African based employees designated as management who are black	44,3	47,8	↓
Community			
Corporate social investment in community programs (Rm)	22,2	21,1	↑
Letsema broad-based community commitments (Rm)	22,0	20,4	↑
ENVIRONMENTAL			
Energy usage (MW-h)	2 013 497	1 772 416	↑
Water usage (kilolitres)	± 1,2 million	± 1,6 million	↓
Carbon footprint (tonnes of carbon dioxide equivalent)	809 090	743 804	↑
ISO 14001 management system implementation (% coverage)	± 64	± 62	↑

Financial & economic

Financial sustainability

The financial sustainability of construction and engineering businesses is driven by:

- the statement of financial position's strength which impacts the Group's credit rating for performance bonds and working capital
- sound cash flows to support investment and growth
- a formalised project procurement system which defines our risk appetite
- the project order book relative to revenue

The year end net cash position was R2,6 billion (2009: R2,9 billion) after a 53% decrease in net capital expenditure to R1,1 billion (2009: R2,4 billion). Operating cash inflow for the year was down 56% at R691 million (2009: R1,6 billion) after a R0,9 billion increase in working capital

(2009: R1,3 billion increase). The increase in working capital relates to funding on Gautrain and utilisation of advance payments.

Procurement of projects is the primary medium through which risk enters the Group. The group risk appetite sets the operational environment for risk. Prospects are filtered against criteria such as value, country, legal system and scope, and the level of authorisation required is indicated. The opportunity management system (OMS) supports the evaluation and approval of project opportunities in the context of the risk appetite. At 30 June 2010 opportunities in the active pipeline amounted to R61 billion

(2009: R67 billion). During the year the system supported 1 019 (2009: 482) decisions and processed 7 065 (2009: 3 641) workflow transactions.

The Group's order book grew marginally to R42 billion despite the challenging trading environment. The table below reflects order book development relative to construction and engineering revenues where global best practice indicates that for sustainable performance, the order book should be within the range 75% to 125% of current year revenues. Less than 75% would indicate stagnation.

Financial year	Order book	Relative to contracting revenue
30 June 2008	R55 billion	2,4 times 2008 revenue
30 June 2009	R40 billion	1,6 times 2009 revenue
30 June 2010	R42 billion	1,7 times 2010 revenue

Economic contribution

Value added is the measure of wealth the Group creates through its operations by adding value to the cost of raw materials, products and services purchased. The table opposite shows total wealth created and how it was shared between stakeholders who contributed to its creation. Also shown is the amount retained and reinvested in the Group for the replacement of assets and further development of people and operations.

Everything that is not the natural or agricultural environment is the built environment. This is where Murray & Roberts has played a significant role throughout its 108 year history, delivering the infrastructure and facilities required for sustainable growth of the economies within which it operates. One of our great human challenges is to satisfy the growing global demand for transport & logistics; power & energy; water & sanitation; telecommunications; health & education; and accommodation & facilities infrastructure.

The quantifiable benefits to society of our contribution are not easily identified, but considering the positive impact of an adequate built environment on socio-economic development and the scale required to make the difference measurable, the significance Murray & Roberts has attained in its market over more than 108 years, offers some testimony in this respect.

STATEMENT OF VALUE CREATED for the year ended 30 June 2010

All monetary amounts expressed in millions of Rands	2010	%	2009	%
Revenue	31 962		32 684	
Less: Cost of materials, services and subcontractors	(20 530)		(19 513)	
Exceptional items	101		8	
Value created	11 533		13 179	
Distributed as follows:				
To employees – Payroll costs	8 673	75	9 428	72
To providers of finance				
– Lease costs and net interest on loans	618	6	375	3
To government – Company tax	470	4	612	4
To maintain and expand the Group				
– Reserves available to ordinary shareholders	1 098		2 018	
– Depreciation	649		711	
– Amortisation	25		35	
	1 772	15	2 764	21
	11 533	100	13 179	100
Number of employees	40 413		38 981	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	470		612	
Indirect taxation	1 200		1 475	
Employees' tax	1 313		1 260	
Rates and taxes	27		15	
Customs and excise duty	9		11	
	3 019		3 373	

Social

Health & safety

Providing a safe and healthy work environment for employees, contractors and other stakeholders remains one of our key focus areas. We have set a challenging goal of achieving zero harm across all of our operating entities.

Murray & Roberts seeks to create a mindset and an environment where people believe it is possible to work injury free, regardless of where they are in the world, what role they undertake, or in which operation they work. Although significant progress has been made in understanding health and safety risks associated with our environment and implementing mitigating measures, our performance is still far from our aspiration.

Safety performance

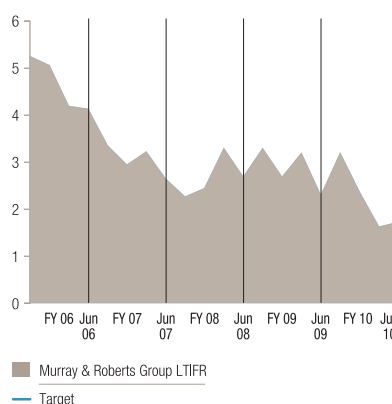
Regrettably, the Group recorded nine (2009: nine) fatal accidents during the financial year, seven from South African operations and two from Middle East operations. It is also regrettable that the new financial year started on a sad note following the death of

six Murray & Roberts employees and one contractor employee in three separate incidents. The first incident occurred on 6 July 2010 where five employees lost their lives in a massive fall of ground (FOG) incident at Aquarius Marikana shaft number 4. The second incident was on 13 August 2010 where an employee sustained fatal injuries after he was caught between two load haul dumpers (LHDs) at Aquarius Kopaneng shaft. The third incident occurred on 17 August 2010 at Park Station on the Gautrain project, when a contractor employee fell approximately seven metres and sustained fatal injuries.

Four (2009: three) of the fatalities during the financial year occurred in underground mining operations in South Africa and five (2008: five) were recorded in the construction operations. We are deeply disappointed by the occurrence of fatalities despite our relentless effort to improve health and safety. Comprehensive investigations were conducted to determine root causes and corrective measures implemented to prevent re-occurrence.

The group consolidated lost time injury frequency rate (LTIFR), measured over a million man hours, improved to 2,20, a 23% improvement from the 2009 performance. Our target over the next two years is to reduce the LTIFR by 33% per annum in order to achieve our objective of less than 1,0. The graph below illustrates the Group's historic performance against target.

Murray & Roberts Group LTIFR
(per million hours worked)



Safe workplaces – our approach

We believe that management is ultimately responsible for providing a safe and healthy workplace. However, this cannot be achieved without the participation of highly motivated employees and other stakeholders. As a result, appropriate strategies, structures and resources are continuously implemented to make this partnership possible.

In line with sound corporate governance principles, a health, safety & environment (HSE) committee reviews operational performance in safety, health and environment and provides strategic guidance to improve performance. Below this structure are various health and safety management committees whose purpose is to review and advance the health and safety program with the involvement of all relevant stakeholders.

The Group appointed Thokozani Mdluli as the group chief safety executive in May 2010. He will be responsible for supporting the Group's leadership in enhancing its health and safety standards and practices.

The Group has appointed DuPont Sustainable Solutions, a global leader in health and safety management, to undertake a comprehensive evaluation of the Group's South African operations against best practice standards. Murray & Roberts wants to achieve sustained excellence in safety performance and in order to do this the Group recognises that a safety culture change is necessary, which focuses on the safe behaviour and actions of people and key process safety management elements. To begin the change process a better understanding of the current state is



Thokozani Mdluli

necessary, where the process will identify strengths and opportunities from which to build sustainable improvement. A comprehensive set of continuous improvement recommendations will be developed and implemented across the Group. We recognise that this is not a quick fix solution but rather a sustained journey to zero harm.

Responding to safety challenges

Further enhancements were made in our approach to managing safety by developing and implementing a model that clearly articulates the roles, responsibility and accountability of corporate office versus the operations.

Our approach to safety is incorporated in our charter, which states that we value health, safety and the environment by integrating sound health, safety and environmental management into all activities to achieve zero harm.

The group health and safety framework seeks to implement a continuous improvement risk-based approach to better understand and treat the exposures facing Murray &

Roberts. The framework serves to guide operational health and safety management, policies, standards and procedures.

The group HSE policy outlines Murray & Roberts' aspiration of zero harm to the health and safety of its employees, sub-contractors and suppliers, visitors and others under its managerial control. This aspiration is reflected in our group wide targets of:

- zero fatalities and permanent disablement
- 33% reduction in LTIFR per annum to achieve <1,0 by 2012
- comprehensive incident reporting

Leadership and line accountability

Strong safety leadership is essential in our journey to achieve zero harm. The Murray & Roberts leadership succession and development model provides guidelines on the characteristics required of a Murray & Roberts leader. Managers at all levels, from executive to frontline management, are accountable for health and safety. They are expected to lead by example and demonstrate a visible commitment to health and safety.

In order to improve the competency of all managers, Murray & Roberts will introduce health and safety leadership interventions that include:

- identifying critical and highly visible behaviours to be demonstrated by leaders that set the tone for health and safety commitment
- implementing a leadership visibility program where leaders go to the shop floor and engage employees on health and safety matters
- incorporating health and safety into performance appraisals and holding managers accountable for health and safety performance in their areas
- training leaders in health and safety legislation and company standards

While every initiative taken seeks to positively impact the behaviour of both employees and leaders in our organisation, we have also sought further guidance from experts to advance our knowledge and skills on this subject. DuPont Sustainable Solutions, one of the leading companies on behaviour based safety, was appointed to facilitate a senior leadership safety summit on the executive role in safety management, including:

- vision and commitment
- accountability
- leadership and participation
- integration of safety in business planning

Strong safety leadership is essential in our journey to achieve zero harm, as is the participation of highly motivated employees



Implementation of critical safety standards

Elimination of work related fatalities is the first priority in our journey to zero harm. Information from risk assessments and incident investigations indicates a few activities that are associated with the majority of our fatal and serious incidents. A response strategy focusing on measures to address these risks has been formulated and will be implemented across the Group during the new financial year. Fatal risk control protocols (FRCPs), will be implemented to address risks associated with the following activities:

- working at heights
- underground ground control
- surface ground control
- mobile equipment
- safeguarding against falling and rolling objects
- lifting operations
- lockout and isolation
- equipment safeguarding
- confined space
- light motor vehicle
- explosive management
- hazardous materials management

A plan to train employees on the requirements of the FRCPs, implementation of the requirements on the shop floor and vigorous auditing to track progress will be rolled out during the next financial year. The aim is to achieve sustainable compliance over a reasonably short period of time. Progress on implementation will be closely monitored at the highest level within the organisation.

Safety indicators

Murray & Roberts currently utilises a set of lag indicators to measure overall safety effectiveness and performance – some of our operations have made significant advances in this process of measurement and now include leading indicators to track health and safety performance.

During the past year we reviewed our key indicators and aligned them with best practices. From 1 July 2010, the Group will track the following lag indicators:

- recordable case rate, which includes cases of fatality, permanent disability, lost time, restricted work day and medical treatment
- lost time injury rate, which includes permanent disability and lost time injuries
- total injuries frequency rate which includes all cases mentioned and first aid cases

These measurements will assist in comparing our performance with that of our clients and other players in the industry.

The use of leading health and safety indicators has been identified as one of the key focus areas in our effort to achieve a proactive health and safety culture. We have identified leading indicators that will be monitored at group level. Examples include:

- number of safety interactions/observations/audits/inspections conducted versus planned
- incidents reported versus investigated
- implementation of action plans resulting from audit findings
- number of near misses reported
- safety related disciplinary actions taken

More leading indicators will be implemented at operational level and we plan to learn from their experiences and include more at group level.

In order to effectively manage a mix of leading and lagging indicators, a more sophisticated reporting system will be deployed across the Group which will also lead to greater consistency in reporting across the operating entities.

Communication and safety awareness

The Murray & Roberts STOP.THINK campaign focuses on raising health and safety awareness across all Murray & Roberts sites. The Group has developed an extensive collection of collateral that is used on work sites, including:

- STOP.THINK awareness video
- STOP.THINK safety clothing
- STOP.THINK decals
- STOP.THINK industrial theatre
- STOP.THINK change room

During the year, a series of STOP.THINK Moments videos were developed to re-enact serious incidents and highlight the behavioural contributors to the incident. STOP.THINK Moment videos use actors to recreate actual incidents (fatal and disabling) that occurred on Murray & Roberts sites and projects. Where possible, family members, friends and colleagues are interviewed to add a touch of reality to each video.

An extension of our STOP.THINK brand is the *Impilo Yethu* print medium comic strip communication platform. *Impilo Yethu* was originally created with a predominant focus on safety related issues at work, but has since broadened its mandate to safety at home, protecting the environment, lifestyle choices and general health. *Impilo Yethu* is used in the mornings in toolbox talks to brief and educate employees on site.

Hand signals allow workers to communicate vital safety messages to each other in noisy environments, over vast distances and at differing heights.



STOP.THINK



I'm safe



Danger



Help



The Murray & Roberts STOP.THINK campaign focuses on raising health and safety awareness at all work sites

SMS is another key medium of communication, used to establish membership of an *Impilo Yethu* club and communicate HSE messages. The Group has created a database of more than 10 000 mobile telephone numbers from club membership and previous entries into *Impilo Yethu* competitions. Early morning SMS messages to employees reinforce core messages such as “Don’t forget to STOP.THINK today!” or “Don’t forget to hook up today!”

The STOP.THINK initiative provides a strong foundation for communicating current and future improvement initiatives across the Group.

Hazard identification and control

A variety of workplace interactions, observations and audits are to be implemented to encourage all employees to STOP.THINK and act safely. We have, however, identified that employees often fail to identify hazards before commencing their tasks. To address this challenge we will implement a training program to develop employees’ skills in hazard identification and control.

The program will go beyond hazard identification and include training to enhance skills in conducting safety observation/interactions amongst employees. Safety observation is a process where employees observe one another to identify good practices, as well as unintentional at-risk behaviours. The greatest benefit of safety observations is the discussion that takes place following the observation, where employees reinforce the safe activities and identify better ways of controlling the associated hazards.

Where we experience lost time, disabling or fatal incidents, we require operations to conduct thorough investigations to determine the root causes and prevent re-occurrence. A need was identified to train managers and health and safety professionals in conducting good quality investigations. 86 employees were trained on the TapRoot process, an internationally recognised incident investigation process. More training sessions are scheduled for the early part of 2011.

A process has been put in place to facilitate sharing of lessons learned from incidents across the organisations. Operations are expected to use this information to conduct gap analysis in their areas and close the loop to prevent the repeat of similar incidents.

Contractor safety

Murray & Roberts makes extensive use of contractor companies in some of its activities and they are a key contributor to our health and safety statistics. Programs aligned with the new construction regulations have been implemented to ensure that contractors comply with legal requirements and Murray & Roberts standards. More time will be spent on ensuring

a consistent and proactive approach towards management of contractors across the Group.

Operational performance review

In addition to lagging and leading indicators the focus of the health and safety program will be on evaluating the effectiveness of operational plans. The internal and external audit program will place specific emphasis on the implementation of critical health and safety standards and legal requirements.

Occupational and societal health

Identifying and controlling undesirable impacts that our operations may have on the health and wellbeing of employees, contractors and other stakeholders is central to our sustainability strategy. We implement medical surveillance and industrial hygiene programs to ensure successful identification and management of potential health risks and implementation of remedial strategies.

Hearing loss is a major occupational health risk in our operations. 103 (2009: 65) new noise induced hearing loss cases were recorded in the year. The Group has engaged specialised service providers to assist with mitigation measures which include engineering controls to eliminate or reduce impact to acceptable levels or use of personal protective equipment (PPE) where the risk cannot be completely eliminated. Employees receive regular training in the potential health impacts in the workplace and protective measures.

Sub-Saharan Africa remains the region most heavily affected by HIV worldwide, accounting for over two thirds (67%) of all people living with HIV and nearly three quarters (72%) of AIDS-related deaths in 2008. The nine countries in southern Africa continue to bear a disproportionate share of the global AIDS burden, each with an adult HIV prevalence greater than 10%. Murray & Roberts operates in and employs migrant workers from several of these countries. With an adult HIV prevalence of 26% in 2007, Swaziland has the most severe level of infection in the world; Lesotho's epidemic seems to have stabilised, with a prevalence of about 23% in 2008; Botswana has a prevalence of 25% and South Africa continues to be home to the world's largest population of people (an estimated 5,7 million) living with HIV. The prevalence rate amongst adults aged 15 to 49 is estimated to be about 17%. It is estimated that the prevalence rate within Murray & Roberts employees is in line with these levels.

This poses several risks for Murray & Roberts' southern African operations including:

- safety incidents due to fatigue and illness
- lower employee productivity
- heightened absenteeism

CASE STUDY: MURRAY & ROBERTS CEMENTATION HIV/AIDS PROGRAM

Murray & Roberts Cementation believes that knowing your HIV/Aids status helps you to change lifestyle behaviour. The company has implemented voluntary counseling and testing (VCT) campaigns as a preventative measure against HIV infections. The VCT campaigns are conducted twice a year at each site and 3 063 Murray & Roberts Cementation employees were tested in 2010, with 511 being identified as HIV positive. This is an HIV prevalence rate of employees tested of about 17%. The following statistics have been identified through this program:

- *The HIV prevalence rates of employees tested range from about 8% to 33% on a per site basis*
- *About 16% of male tested employees are HIV positive*
- *About 23% of female tested employees are HIV positive*
- *About 28% of HIV positive tested employees are on anti-retroviral treatment*
- *About 28% of HIV positive tested male employees are on treatment*
- *About 40% of HIV positive tested female employees are on treatment*

Murray & Roberts Cementation applies these measures to ensure confidentiality:

- *management and company officials never participate in employee VCT processes*
- *the service provider deals directly with the employees on all VCT processes*
- *the service provider never divulges the status of any employees to anyone except the individuals themselves*

Pre-testing and post-testing counseling are conducted by the service providers during the VCT process and individuals who need further counseling are referred to the Group's EWP service provider. Employees who test positive are referred for further disease management by the VCT service provider.

The majority of operations have installed extensive societal health programs, including random substance abuse tests and voluntary HIV/AIDS tests. The Group's risk-based HIV/AIDS policy promotes voluntary testing, non-discrimination and awareness about preventing the spread of the disease and mitigating its effects. This is aimed at a further reduction in the incidence of societal health problems.

A major societal health problem is drug and alcohol abuse. Of the 7 012 drug tests conducted, 3,0% (2009: 3,9%) returned positive. Of the 271 460 alcohol tests conducted, 0,2% (2009: 5,6%) returned positive. These employees receive counseling on the negative effects of substance abuse.

The major health risks identified for each operating environment are:

- Lung function disorders from dust exposure – primarily construction
- Fatigue and heat stress – primarily mining
- Repetitive strain and ergonomic injuries – primarily fixed facility sites

Preventative and corrective mitigation measures are being implemented to eliminate the underlying causes and hazards of all health risks. Training and the use of PPE contribute to a reduction in the impact of health risks.

The Group employee wellness program (EWP) is committed to creating a caring and supportive working environment that is people-centred and people-driven. The Murray & Roberts EWP is designed to assist employees experiencing personal and/or work-related difficulties and to ensure optimal performance by employees.

In the six months to June 2010, 1 701 EWP safety risk assessment cases were reported. This is a significant increase when compared to the previous year, where 596 cases were reported. The increase is due to the increased marketing initiatives in a number of divisions, implementation of several on-site clinics, introduction of more effective marketing material, an increase in the number of ICAS client representatives, a better appreciation in our operations of the benefits of a comprehensive EWP program and the introduction of the ICAS safety risk assessment service.

Organisational issues (work relationships and working conditions) are the more frequently presented problems and personal relationships and money management are other key issues addressed. Our operations and EWP service provider address these issues through various means, including education and referral to necessary support services.

Although not represented in the top five problems, a number of traumatic safety events occurred during the period and our EWP service provider provided on-site trauma counseling for 63 employees during 2010. 44 employees were counseled at Murray & Roberts Cementation in June 2010 following two fatal incidents.

Murray & Roberts undertook a safety risk assessment as part of its EWP service in several of its operations. These assessments provide an in-depth understanding of the risks that could, if left untreated, result in workplace injuries and lost time. Once assessed, employees are either deemed fit to work in safety critical positions or fit / unfit subject to appropriate interventions. 928 assessments were conducted in 2010. The key risks identified were alcohol abuse, stress and depression. Our EWP service provider has worked closely with the relevant operations to refer employees to the necessary support services in order to assist in reducing the associated risk.



Our employees

The capacity and capability of our employees is a cornerstone of sustainability in Murray & Roberts. The Group aims to be an employer of choice in the construction and engineering sectors and its world class delivery of products and services is a reflection of the capability of its diverse but experienced workforce.

The Murray & Roberts employment value proposition is equal to global practices of high performing employers of choice. It focuses on issues that enable our human capital to achieve the strategic objectives of our Group by:

- attracting competent and fitting employees
- retaining employees
- supporting employee performance
- transitioning and developing employees
- communicating with employees

Due to the diversity of Murray & Roberts, individual business entities are encouraged to tailor their human resource plans to their specific needs, but they are required to align their plans with the Group's employment value proposition.

Murray & Roberts endorses employee rights contained within the Constitution of South Africa 108 of 1996, including the right to freedom of association. The Group's policies and procedures are aligned with the constitution and the laws of South Africa and where appropriate, other countries in which we operate.

Human resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all group operations.



The capacity and capability of our people is a cornerstone of our sustainability

Capacity development

A global benchmark study conducted by Murray & Roberts revealed that human capital development is one of five key characteristics of best-in-class engineering & construction companies. Building world class leadership, as well as individual and organisational capability and capacity, is crucial to Globalising Murray & Roberts. The Group complies with prevailing skills development legislation and provides a range of training, learning and career development opportunities for its people. In 2010, investment in formal employee training and development was approximately R117 million (2009: R96 million), including wages and salaries of participants and capital expenditure in upgrading training facilities. Approximately 10 000 employees undertook formal skills enhancement and training development during the year.

Murray & Roberts plays a leading role in addressing the skills deficit in South Africa through public sector initiatives, including the requirements of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) that govern our involvement in the power generation projects, particularly the Eskom power program. Enhancement of academic knowledge in power related subjects and establishment of large scale skills development capability is prioritised within communities surrounding major power stations and selected other developments.

The National Business Initiative's Education College Industry Partnerships program with South Africa's Department of Education has been enhanced by the Group's continued investment in artisan training and in particular the Tlhahlong artisan training centre at the Lephalale FET College. Murray & Roberts Construction runs a construction skills and supervisory training centre and has been recognised by the Construction Education and Training Authority as a Construction Centre of Excellence.

CASE STUDY: TLHAHLONG ARTISAN TRAINING CENTRE

In 2007, Murray & Roberts Projects (formerly Murray & Roberts MEI) was awarded a contract by Hitachi Power Africa to supply and install structural steel, ducting, bunkers, piping and free issue boiler and ancillary equipment for the Medupi power station. The project is based in Lephalale, Limpopo near the Matimba power station.

Murray & Roberts Projects has agreed to meet significant targets of ASGISA: 700 artisans will be trained for the Medupi power station project through the Tlhahlong artisan training centre. The centre covers a space of 6 000 m² and includes: classrooms, storerooms, workshops as well as a simulation area for steel erecting and rigging. Training is taking place in conjunction with the following key stakeholders:

- Murray & Roberts Projects
- The FET College in Lephalale
- Gijima AST (the training provider)
- The merSETA (manufacturing, engineering & related services SETA)

Murray & Roberts aims to leave a positive legacy in communities where the company undertakes large projects. Through the Medupi project, Murray & Roberts will contribute substantially to the upliftment of the local community with the transfer of skills and the development of new skills.

Training at the centre is based on the Accelerated Artisan Training Program (AATP) module which was introduced by the merSETA to address the skills shortage in the country. Training consists of 26 weeks of institutional training at the Tlhahlong Centre, and workplace experience is undertaken at the Medupi site according to a structured log book with activities signed off by a qualified artisan who also acts as coach. The minimum period of the workplace exposure is 54 weeks. The entire training period ends with a trade test that needs to be completed and passed.

The total capital investment by Murray & Roberts to erect and equip the Tlhahlong centre was just under R27 million. Afrox made a donation to the value of R1,2 million in the form of welding equipment and consumables.

As Limpopo is one of the poorest provinces in South Africa with a large number of unskilled inhabitants and a high rate of unemployment, the Tlhahlong Centre provides a unique opportunity for individuals to qualify as artisans, therefore empowering the community and, in turn, building skills capacity in the country.

This model will be extended to facilitate localised development of higher level artisan skills for other infrastructure investment programs.

Murray & Roberts actively attracts and develops young talented people to fulfil its human capital and transformation needs. The Group has established an integrated graduate pipeline to supplement the learnerships and traineeships offered by many of its operations. This pipeline comprises a tertiary education bursary scheme, a graduate development program (GDP) and a campus engagement initiative.

The Murray & Roberts bursary scheme provides financial assistance to full-time students, enabling them to qualify for a degree or national diploma at a recognised South African University or University of Technology, and to contribute to the Group's medium and long term needs for qualified staff. The scheme is aimed primarily at engineering and built environment fields of study. The number of bursaries awarded annually depends on the Group's needs.

Murray & Roberts currently has a total of 167 bursars (2009: 193), 57% of whom are black students and 32% female. The Group aims to increase the number of black bursars in the year ahead to at least 70%.

The GDP is part of the Leadership Pipeline approach to addressing human capacity and transformation issues. It aims to provide a steady pipeline of future leaders. The GDP is in its fifth year with an ex-bursary intake of 53 graduates (2009: 88). Currently, 62% of the graduates are black and 23% female.

Murray & Roberts and its operations offer skills development programs, from adult basic education to learnerships and leadership programs. The Group had 1 140 (2009: 438) people undertaking learnerships at 30 June 2010, 91% of whom are black, and 559 (2009: 276) black employees on adult basic education and training initiatives.

The Group has implemented a comprehensive leadership performance and development process for its corporate and senior operational leadership teams. Performance reviews are formal and in most instances conducted biannually, and monthly performance and development discussions are encouraged. There are more than 720 managers active in the system. Leadership development initiatives comprising four differentiated and role aligned programs ensure that Murray & Roberts people are well equipped to meet current and future leadership opportunities. The programs are designed to support development of individuals throughout their careers and to help individuals to understand:

- the role they are assigned to
- what work they value at present and what work they should value to become more effective and to prepare for a transition
- where and on what they invest their time at present and how
- they should change their time application to become more effective and to prepare for a transition
- the core skills, knowledge and experience required to be effective at their level
- their own level of performance and development needs

The leadership development program, excluding new graduates, has 167 (2009: 181) delegates, 40% of whom are black managers and 14% female.

The Group conducts an annual leadership succession review to identify and plan key activities to ensure that the right people assume leadership positions across the Group now and into the future. The leadership review extends the Group's

business planning process by solely focusing on people selection, performance, development and succession aligned to the Group's business plans.

Murray & Roberts is committed to the national agenda of South Africa, including the pursuit of employment equity throughout the organisation, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.

“Thank you Letsema!”



LETSEMA KHANYISA TRUST
Education Bursaries



Contact your HR Department for an application form
or call Murray & Roberts Client Services on (011) 456-1144.

CLOSING DATE 30 JUNE 2010.



Transformation & local economic development

Diversity and employment equity

Murray & Roberts embraces diversity and is committed to transformation, non-discrimination and freedom of association.

The Group's employment equity approach provides for equal opportunity and fair treatment in employment. While this enables compliance with South African employment equity legislation, the Group emphasises diversity to maximise its talent pool, strengthen capacity and increase innovation by introducing different ways of thinking.

Murray & Roberts has in recent years attracted a number of historically disadvantaged employees and executives who see in the company a long term career rather than a short term opportunity. Skills shortage and the impact of increased transformation pressure have created challenges to the retention of experienced black executives, engineers and other built environment professionals.

The Group's main board composition reflects the transformation of South African society. Six directors are black, three of whom are women. 83% of South African-based employees are black, while 14% are female. Approximately 44% (2009: 48%) of all levels designated as management in the domestic market are black, and 11% (2009: 10%) female.

Each of the Group's South African business operations compiles employment equity plans and reports for the Department of Labour. Employment equity forums representing employees, contribute to the pursuit of employment equity targets and objectives.

Analysis of the Group's employment equity profile indicates that more work is required if the Group is to make greater progress in achieving its long term targets. An holistic approach aimed at both supply side initiatives (growing the pool, diversifying the source and attracting better than the competition) and demand side activities (retention plans, accelerated development and reconsidering job designs) is utilised across the Group to ensure that it attracts, develops and retains the talent it requires to meet its transformation and growth objectives.

Non-South African operating companies are required to achieve a diverse representation of the people within their geographic location and comply with the relevant legislation in the country in which they operate.

Consolidated summary of the Murray & Roberts employment equity profile in South Africa – 30 June 2010

Occupational levels	Male				Female				Total excluding Foreigners	Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	
Top management	5	1	1	72	1	1	0	3	84	7	0	91
Senior management	17	3	8	183	2	4	2	25	244	16	0	260
Professionally qualified and experienced specialists and mid-management	110	50	55	655	33	8	15	85	1 011	41	1	1 053
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1 617	239	88	1 910	176	36	20	215	4 301	136	1	4 438
Semi-skilled and discretionary decision making	8 479	239	61	452	1 051	87	52	338	10 759	3 719	10	14 488
Unskilled and defined decision making	5 490	164	3	134	1 034	63	0	11	6 899	1 563	15	8 477
TOTAL PERMANENT	15 718	696	216	3 406	2 297	199	89	677	23 298	5 482	27	28 807
Temporary employees	1 109	117	7	161	134	23	2	31	1 584	88	0	1 672
GRAND TOTAL	16 827	813	223	3 567	2 431	222	91	708	24 882	5 570	27	30 479

Broad-based black economic empowerment

Murray & Roberts follows the provisions of the Broad-Based Black Economic Empowerment Act 53 of 2003 and the principles embodied in the Codes of Good Practice on BBBEE, by instituting a policy for the upliftment of the historically disadvantaged in South Africa.

The group achieved an enhanced BBBEE rating of level 4 (2009: level 5) through an independent verification process.

A review of the Group's current empowerment criteria was conducted during the year and confirmed that the Group's empowerment status is compliant with various industry charters and current legislation. The key areas for improvement are targeted procurement, skills development and employment equity. BBBEE remains a priority challenge for the Group. There is much to be done to ensure we meet our expectations as well as maintain our commitment to meritocracy as the basis for appointment and reward.

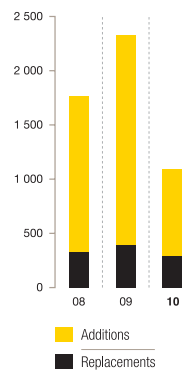
Additional information on our black economic empowerment strategy and practices is available on page 12 of the annual report.

The Letsema BBBEE shareholding offers previously disadvantaged employees their families and some of the communities in which Murray & Roberts operates a stake in the company and its future. Since Letsema was launched in 2005, wealth of more than R985 million has been created for participants and total dividends of R157 million have been paid to the trusts.

Local economic development

Murray & Roberts is committed to the principle of supporting local economic development in the economies within which it operates with the aim of supporting government and client localisation strategies. Murray & Roberts has made a significant investment in its plant and equipment over the past three years with a cumulative capital expenditure of R5,2 billion. R4,2 billion has contributed to the expansion of our productive base.

Capital expenditure
(R millions)



This investment has created more jobs both directly and indirectly and provides a platform for future growth and economic development in the economies within which Murray & Roberts operates

Preferential procurement increased significantly to 46% (2009: 27%) of the South African operations' total procurement expenditure of approximately R15,1 billion. This is a 121% increase in preferential procurement spend in the South African operations.

CASE STUDY: GENREC ENGINEERING

R252 million has been invested over the last three years to increase the structural steel fabrication capacity at Genrec Engineering's Wadeville (Germiston) facility.

The expenditure was incurred in the purchase of CNC saws, drills and profile cutting machines. Automated welding machines and a CNC machining centre were also acquired. The workshop facility has been expanded by extending the current bays and creating two new stock handling bays. The craneage capacity was also increased significantly. The adjacent property including an additional workshop and office block were also acquired.

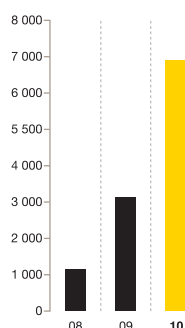


Capacity has been increased by almost 100% to 36 000 tonnes per annum of light and heavy structural steel fabrication.

This expenditure has enabled Genrec Engineering to be ideally placed to fabricate the structural steel requirements for South Africa's current and future power generation, particularly the Medupi and Kusile boiler projects, which are projects of national importance.

Preferential procurement
– all suppliers

(R millions)



Murray & Roberts also significantly increased its procurement from small and micro enterprises, more than 50% black owned businesses and black women owned business, as depicted below.

Procurement expenditure (R millions)	2010	2009	% Increase
Qualifying small enterprises & exempted micro enterprises	1 605	577	178
Suppliers that are >50% black owned	1 166	582	100
Suppliers that are >30% black women owned	260	51	409

The improvements are partly attributable to better recording of preferential procurement but primarily to the commitment by Murray & Roberts to support local empowered suppliers.

In line with the Codes of Good Practice on BBBEE targets for preferential procurement, the Group aims to achieve 50% BBBEE procurement expenditure from all suppliers based on the BBBEE procurement recognition levels as a percentage of total measured procurement expenditure by 2012.

The Group's preferential procurement policy requires each operating entity to verify its suppliers and alternatively to source empowered suppliers, should the existing suppliers not be appropriately empowered.

Community development

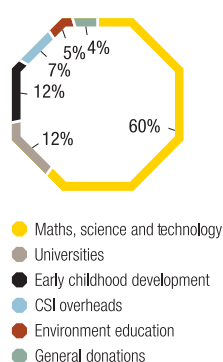
Murray & Roberts is integrated with its society and its business activities have an impact on the communities in which they are undertaken. The Group is committed to managing this impact responsibly and accepts that its obligation extends beyond statutory requirements to the upliftment of society as a whole.

The Murray & Roberts corporate social investment (CSI) program focuses on development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numeracy and literacy education in early childhood development and environmental education. Murray & Roberts supports sustainable social development through many of its community initiatives. A number of employees participate in community development as champions of projects the Group supports.

Investment of R22,2 million (2008: R21,1 million) in CSI projects during the year under review includes funding for the Murray & Roberts TRAC Laboratories at the University of Zululand Science Centre, Richards Bay and at Observatory, Johannesburg; South African Institute of Mechanical Engineers Technology Olympiad; Maths, Science and Technology in Engineering project developed by the Maths Centre; the National Business

Initiative's Mathematical Literacy Pilot Project: Professional Development of Teachers; laboratory upgrades for the School of Civil and Environmental Engineering at the University of the Witwatersrand; and The Molteno Institute for Language and Literacy. Murray & Roberts has seconded a senior executive to the University of Witwatersrand to assist with the university's significant capital expansion program.

2010 CSI expenditure



The Murray & Roberts construction businesses undertake project specific socio-economic development initiatives. An example includes a partnership with the South African Department of Defence,

where 23 members were trained at the Murray & Roberts Construction Centre of Excellence in construction supervision and a further 75 in various trades, including bricklaying, plastering and tiling, carpentry and painting, and decorating. The Department of Defence members graduated with Construction Education and Training Authority recognised qualifications and related site exposure.

Murray & Roberts supports the Chair of Environmental Education at Rhodes University, a Chair of Mechanical Engineering at the University of the Witwatersrand, the Chair in Collaborative Governance and Accountability at the University of South Africa and the Chair in Construction Management at the University of Stellenbosch. Murray & Roberts has also funded the Next Generation Scholars Project at the University of Johannesburg, which is a subvention partnership aimed at establishing world class academic capacity in science and engineering disciplines.

A number of awards are made each year to recognise and reward initiatives that contribute to the enhancement of society. These include the Jack Cheetham Memorial Award for development in sport and the Letsema Award for sportspeople with disabilities, the Des Baker Award for students of architecture and the JD Roberts Award for environmentally sustainable solutions to human dilemmas.

CASE STUDY: TRAC LEPHALALE

Lephalale is located in the far northwest area of Limpopo province. It is approximately 280 kilometres from the nearest town, Mokopane, and 50 kilometres from the Botswana border. Lephalale will also be home to the Medupi power station. Although there has been an increase in activity in the area due to the construction of the power station, many remain unemployed and live in poverty. Lephalale has a population of 105 000 people, of whom only 19 500 are urbanised. The majority of the population live in remote villages where access to basic service is non-existent. There are several schools but their conditions are not conducive to adequate learning and teaching.

In 2009, as Murray & Roberts commenced contracting work for Eskom at Medupi, we undertook to make a meaningful impact in the community. Colleagues at TRAC South Africa indicated a need to support physical science education in the community. TRAC contacted the district office of the Department of Education (DoE) to identify schools that would benefit from assistance. Eight schools were identified according to their most recent physical science examination results and the DoE informed them and they became part of the TRAC program.



The mobile TRAC lab commenced work in the area on 15 February 2010 and relationships have been established between the TRAC manager, district education officials and Murray & Roberts employees at the Tlhahlong Training centre. To date, the TRAC manager has visited the schools 20 times. The total number of learners reached to date is 1 050 with learners being exposed to hands-on experiments.

Murray & Roberts also supports the work of the South African Business Coalition Against HIV and AIDS, the World Wildlife Fund and the Business Trust. Through our contributions of R1,5 million, Murray & Roberts is one of many partner companies within the Business Trust and these funds have contributed to the achievement of program objectives and provided income and work for some 1,5 million people. We have supported Business Against Crime for several years, allocating over R700 000 towards efforts aimed at crime prevention strategies and projects.

In addition, the Letsema Sizwe Broad-Based Community Trust (Sizwe) provides benefits to national and regional community groupings. The aim is to promote and enable social upliftment of the communities within which Murray & Roberts operates, including black youth, aged people, disabled people and black women. To date, the Sizwe trust has distributed R60,6 million towards the empowerment of designated groups.

In 2010 Sizwe distributed R22,0 million to more than ten beneficiary organisations, including the Jack Cheetham Memorial Award and the Letsema Award winners and runners up. The majority of the funds were distributed to the following beneficiary organisations, which have been beneficiaries of Sizwe since 2007:

- Disability Empowerment Concerns Trust
- Heartbeat Centre for Community Development
- Kurisani Investment for LoveLife Youth Development Trust

- Outward Bound South Africa
- Soul City Broad-Based Empowerment Company & Soul City Institute

Murray & Roberts undertakes various enterprise development activities through its group operating companies. Activities include the procurement of subcontractors from small, medium and micro enterprises (SMMEs), early payment to SMME suppliers, preferential credit terms for buyers and administration support for certain customers.

The Group and its subsidiaries belong to all the associations and organisations relevant to our sector, including the South African Federation of Civil Engineering Contractors, the Steel and Industries Federation of South Africa and the National Business Initiative, where we are actively involved in their Education College Industry Partnerships (CIP) program aimed at building strategic partnerships between companies and Further Education and Training (FET) colleges to address skills shortages. The CIP's biggest contribution to date to the FET sector has been the revision of the National Curriculum Vocational Building and Civil program in collaboration with the previous administration of the Department of Education. Coupled with the revision and roll out of a new curriculum that is more relevant and responsive to the needs of the world of work, the partners have also funded extensive lecturer support opportunities. These efforts include the training of approximately 200 civil and building lecturers on the revised curriculum since 2008. The training takes place in Cape Town and Tshwane and is open to lecturers across all 50 FET colleges demonstrating the wider reach of the partnership in the country at no cost to the colleges apart from transport and accommodation.

Murray & Roberts is committed to the principle of zero harm to the natural environment in all operations and activities conducted. The Group's performance against environmental standards remained acceptable during the year, with more attention given to recording and reporting of environmental data and incidents.

Environmental

The major environmental risks impacting the Group's operations are presented in the table below:

Environmental risk	Applicability/group segment
Release of hydrocarbons	All operating environments
Water/ground water pollution	All operating environments
Air pollution	Fixed facility sites
Waste management	All operating environments
Hazardous material handling	Fixed facility & construction sites

In this context, a group environmental framework has called for explicit measures of environmental performance, including the following indicators against which risks and opportunities can be assessed and managed for:

- resource efficiency and carbon footprint
- emissions, effluents, and waste management

The framework aims to enable operations to better understand and identify hazards and risks and their potential effects, and the preventative measures required to achieve the Group's zero harm aspiration.

Murray & Roberts requires that operating companies adopt the most stringent standards, implementation and compliance to ISO 14001, a standard that addresses environmental management systems (EMS), whether they are imposed by client management plans, local and national legislation, or the Group. Currently, 64% of the Group's operations are certified to ISO 14001. Murray & Roberts will be tracking progress towards compliance as part of its internal assurance plan.

Resource efficiency and carbon footprint

Energy usage

Increasing industrialisation and urbanisation, increasing fossil fuel consumption, rising energy costs and climate change are a concern for broader society and Murray & Roberts. Murray & Roberts consumed approximately two million MW-h of energy from a variety of fuel sources, with bituminous coal, diesel oil and electricity accounting for 81% of the Group's energy usage. The table below indicates the amount of energy used by the Group and the major users.

Fuel source	MW-h	% of Total	Major user – %
Bituminous coal	686 786	34,1	Ocon Brick – 95
Diesel oil	657 918	32,7	Clough – 74
Electricity	288 819	14,3	CISCO – 56
Heavy fuel oil	275 869	13,7	Much Asphalt – 60
Petrol	56 693	2,8	Concor – 24
LPG	36 145	1,8	Technicrete – 85
Natural gas	7 882	0,4	Hall Longmore – 100
Naphtha	3 380	0,2	UCW – 100

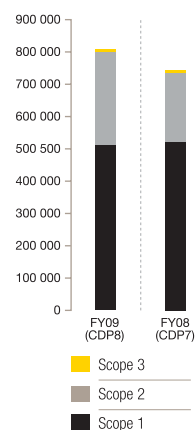
Carbon footprint

Murray & Roberts has participated in the Carbon Disclosure Project (CDP) for the past three years, to evaluate the impact its activities might have on climate change. The Group completed the CDP 8 (8th edition) questionnaire in May 2010.

The Group's carbon footprint reported last year was 1 376 379 tonnes of carbon dioxide equivalents (CO₂e). This value has been reviewed and corrected to 743 804 tonnes CO₂e. The difference is due firstly to the elimination of bitumen, which was previously captured as an energy source rather than as an additive to asphalt production and secondly, carbon emissions were recalculated with updated emission factors.

The Group's carbon footprint increased by 8,8% to 809 090 tonnes CO₂e for the year 2009 (CDP 8). This increase is the result of a significant improvement in monitoring and reporting of carbon emissions across the Group.

Tonnes of CO₂e



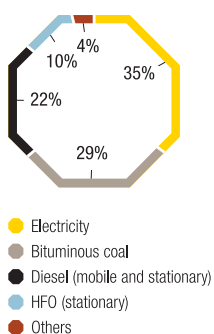
Approximately 79% of the Group's carbon footprint is attributable to its South African operations with the Construction Products SADC cluster accounting for 67% of the total carbon footprint. Construction Products SADC operations consume most of scope 1 (e.g. coal in Ocon Brick) and electricity (scope 2). CISCO accounts for 56% of the Group's 288 million kilowatt hours of electricity consumption.

The table on the following page illustrates the contribution to the footprint by operational cluster.

Operational cluster	FY 2009/CDP 8				
	Scope 1	Scope 2	Scope 3	Total	% Total
Construction Products SADC	327 837	211 758	0	539 595	66,7
Clough	128 210	1 612	1 560	131 382	16,2
Construction SADC	17 911	34 901	24	52 836	6,5
Engineering SADC	24 433	14 846	0	39 279	4,9
Cementation Group	7 382	19 815	1 705	28 902	3,6
Middle East	7 931	1 252	246	9 429	1,2
Corporate	35	2 582	5 051	7 668	0,9
TOTAL (tonnes CO₂e)	513 738	286 767	8 585	809 090	100

The figure below indicates percentage contribution to the Group's carbon footprint by emission source. Electricity (scope 2 emission source), bituminous coal (scope 1), diesel for mobile use (scope 1) and heavy fuel oil (HFO) (scope 1) are the largest contributors to the carbon footprint.

Sources of greenhouse gas emissions



The Scope 3 emissions were restricted to employee travel. Scope 3 emissions for South African operations were consolidated and reported under Corporate.

Murray & Roberts has identified the key climate change risks and opportunities, which are summarised below.

Category	Risk and opportunity
Regulatory	- Fuel/taxes and regulations - Carbon taxes - General environmental regulations, including planning (building codes and legislation)
Physical	- Changes in precipitation patterns - Changes in frequency of extreme weather events - Induced changes in human, natural and cultural resources
Reputational	Litigation exposures, insurance costs and unforeseen environmental remediation expenses resulting from the increasing number and scope of regulatory requirements
Financial	Increased transportation costs: carbon tax and fuel levies will increase transportation costs
Market	- Trade and market risks of carbon intensive products (steel, asphalt, clay bricks) compared to lower carbon alternatives - Demand of low carbon solutions from clients
Others	Changes in the availability and costs of goods and services

The implications for Murray & Roberts include:

- Increased expenses (purchasing emissions permits, penalties for over running caps, reporting costs), increase in electricity costs and business running costs
- Increased rate of diseases, damage and disruption to operations near coastlines, increased logistics and insurance costs and availability of materials due to physical risks
- Revenue protection as well as the value of any existing assets in carbon intensive sectors, new contract awards reduced by inability to offer these low carbon solutions/demands by client

Murray & Roberts attempts to be proactive rather than reactive in terms of potential regulatory risks. Possible changes in regulation are anticipated and actions are planned in advance of regulatory changes. Furthermore, Murray & Roberts engages regulatory authorities to understand, and potentially advise on impending changes. Potential physical risks from climate change are constantly monitored at operational level and where they are material, they form part of each company's risk register.

Murray & Roberts launched an energy management initiative in early 2010 for all its South African operating companies with the objective of:

- ensuring effective and efficient use of energy, and to reduce energy cost without compromising productive output
- ensuring use of the most effective source of energy
- improving efficiency by reducing all sources of waste in energy, hence a reduction in carbon footprint

It is too early to report on the impact of this initiative, but several initiatives are being investigated.

The setting of green house gas (GHG) reduction targets for a large diversified company such as Murray & Roberts requires understanding and the support of all of the companies and operations involved. Murray & Roberts recognises that setting a group GHG target cannot be done without interaction with all of the relevant companies. As such the company has started a process of engaging those operations which contribute most to the overall group carbon footprint to determine emission reduction actions, opportunities and possible targets. Details of our actions to date are provided in our public response to the Carbon Disclosure Project (www.cdproject.net).

CASE STUDY: GREENING ASPHALT PRODUCTION

Much Asphalt has introduced new technology to lower the carbon footprint and energy use of asphalt production at its Benoni, South Africa plant. Much Asphalt introduced double barrel green system technology which allows for temperature reductions of up to 30° celsius, thereby reducing energy and heavy fuel oil consumption, and the associated carbon footprint. This technology reduces the carbon footprint of asphalt on an intensity basis (kg CO₂/tonne of asphalt) of between 20% and 25%. Murray & Roberts will continue to investigate the feasibility of retrofitting the existing Much Asphalt plants with the new foam technology. This will allow the company to differentiate itself competitively by offering a low carbon source of asphalt.



Water usage

Murray & Roberts operates in several water constrained environments, including South Africa, Western Australia and the UAE. Fresh water resources are dwindling, with 98% of South Africa's available water resources being fully utilised. The estimated water usage for the Group was about 1,2 million kilolitres, mainly supplied by local municipal systems. Cementation Group and our construction operations do not report on water used as it is accounted for on site by clients. Murray & Roberts is, however, evaluating the possibility of participating

in the CDP Water Disclosure project in an effort to more accurately measure its water footprint, better understand the water related risks and opportunities and then effectively manage water usage through responsible water stewardship.

Emissions, releases, and waste management

Air emissions

The Group's manufacturing operations measure and monitor air emissions in accordance with permit requirements. For example, Oconbrick undertakes a monthly monitoring and measurement of air quality and Much Asphalt monitors particulate matter and gaseous emissions at all of its sites. Much Asphalt Polokwane, Nomad and Witbank plants were regrettably not compliant with dust emissions, with 6,6 tonnes of particulate matter being released at the Polokwane plant, the only plant without a filtration system. Capital expenditure has been allocated to remedy the situation in Polokwane and the Nomad and Witbank plants have been repaired and the situation remedied. Gaseous emissions (CO, CO₂, SO₂, NO₂) are a bi-product of Much Asphalt's fuel combustion from burners and all tests conducted in this regard have been within legal limits.

No testing is undertaken by our mining operations as it is carried out by clients. Asphalt plants at the sites of Concor Roads & Earthworks are tested extensively and all tests have passed. Murray & Roberts Construction and Gautrain only monitor dust on sites.

Surface and ground water releases

The Group recorded several minor hydrocarbon spillages of less than 25 litres, with the Gautrain project reporting approximately 80 oil spill incidents. In addition, there were two significant hydrocarbon spillages on the Gautrain project of 300 and 500 litres of hydraulic oils and fuel, which have been remedied.



Murray & Roberts engages its operations which contribute most to the overall group carbon footprint to determine emission reduction actions

The formal directive issued to Bombela by the South African Department of Water Affairs and Forestry (DWAF) on 12 December 2008 remains in place over the Gautrain project. However, some aspects have been closed. Bombela has been allowed to pump water to storm at one of four permanent discharge points, namely Sandspruit and rehabilitation of Mushroom Farm Park is complete. A number of items are still outstanding and Bombela expects to be granted approval after construction is complete for the other three permanent discharge points. Final water crossing works are in process and Bombela expects to gain clearance on this issue by end September 2010. The remedial actions have to date been implemented to the Group's satisfaction and we will continue to monitor the situation.

Murray & Roberts Cementation reported two contraventions during the year, where the construction of a "French drain" system at Pandora 3 Shaft was not compliant with the client's environmental management plans and at PK 2 Shaft where disposal of hazardous waste was done without having the required safe disposal certificates. Both incidents have been remedied.

Waste generation and disposal

Waste generated by Murray & Roberts includes scrap steel, paper and plastic, waste bricks, concrete and hydrocarbons

(oil and fuel). Waste generated is measured and monitored at an operational level, however the data is currently inconsistent and incomplete so no aggregation of data is possible at this time. Non-hazardous waste (concrete, brick, paper, steel) is either recycled or reused. Hazardous hydrocarbons and plastic waste is removed and recycled where possible.

Ethics

Murray & Roberts acknowledges that the "tone at the top" sets the foundation for an ethical culture within an organisation. A company builds an ethical culture in informal and formal ways. Formal means include compiling an ethics risk and opportunity profile, developing a statement of business principles (commonly referred to as a code of ethics) and integrating ethical standards into its business activities and reporting on and disclosing the company's ethics performance. Murray & Roberts is in the process of finalising its statement of business principles which aims to promote and encourage ethical behaviour. The statement of business principles will apply to all Murray & Roberts employees irrespective of geographic location.

The Group ensures compliance with all its legal and regulatory requirements through application of its governance policies and procedures. Directors are bound by a board mandated Code of Conduct which contains standards of accepted behaviour.

Human rights

Murray & Roberts endorses employee rights contained within the Constitution of South Africa 108 of 1996, including the right to collective bargaining. Murray & Roberts acknowledges the right of individuals to freedom of association and rejects child and forced labour. A large portion of the Group's employees, particularly in the South African mining activities, are represented by trade unions. Murray & Roberts, through its operating entities, actively participates in national bargaining forums, including its membership of the South African Federation of Civil Engineering Contractors and the Steel and Engineering Industries Federation of South Africa. Site-based forums are established where recognition and procedural agreements are in place and voluntary bargaining forums are often aligned to specific industries.

Murray & Roberts occasionally experiences industrial action within its operating entities. Procedures are in place in the operating companies to manage employee relations, industrial action and trade union negotiations.

Murray & Roberts respects the rights of indigenous people and partners with indigenous and local communities where appropriate. Examples include:

- the introduction of broad-based trusts as 10% shareholders in the Group in December 2005 to support socio-economic development of the South African communities within which it operates
- supporting the requirements of ASGISA where Murray & Roberts seeks to develop skills and enhance procurement within communities surrounding its major projects
- Cementation Canada's partnership with the Kitikmeot communities through Kitikmeot Corporation of Nunavut, in northern Canada. Kitikmeot Corporation is the economic development arm of the Kitikmeot Inuit Association, and is responsible for developing business opportunities for the Kitikmeot region.

Unfair discrimination and equality

Discrimination of any form is viewed in a very serious light by Murray & Roberts and appropriate disciplinary action is taken against offenders. Murray & Roberts believes that no person may unfairly discriminate, directly or indirectly, on one or more grounds including race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, health (including HIV) status, conscience, belief, political opinion, culture, language and birth.

Murray & Roberts furthermore believes that it is not unfair discrimination to promote affirmative action consistent with the Employment Equity Act or to prefer or exclude any person on the basis of an inherent job requirement.

Fraud, corruption, anti-competitive behaviour and unfair business practices

The Partnering Against Corruption Initiative (PACI) was launched at the 2004 annual meeting of the World Economic Forum, backed by a set of principles for countering bribery in business. Murray & Roberts is a founding signatory to PACI and undertakes to counter corruption and bribery in the Group and its markets.

Murray & Roberts was one of only two construction companies which participated in the Ethics Institute of South Africa's 2009 Corporate Ethics Indicator. The benchmark study which is in line with the recommendations of King III, provides the Group with independent, and statistically reliable information on the ethics management practice within the organisation.

Senior corporate and operating entity executives have undergone advanced training on the legislation covering anti-competitive behaviour and the Group has reviewed all operating entities to identify potential competition law risks. Where there is any possibility that such risks might exist, the competition authorities have been informed and appropriate actions taken to protect the company and its shareholders. Management and the Board are committed

to the elimination of this unacceptable practice.

The Group has undertaken extensive training on the South African Competition Act, with more than 1 350 employees receiving online training and assessment during the year.

On 24 August 2010, the South African Competition Commission referred a collusion case against 13 scrap merchants in the markets for the supply of ferrous and non-ferrous scrap metal to the Competition Commission Tribunal. The Commission has asked the Tribunal to impose an administrative penalty of 10% of annual turnover on each of the firms involved. This includes National Scrap Metal (Pty) Ltd (NSM), an associate company of Murray & Roberts. Murray & Roberts has a 42% effective shareholding in NSM. No relief is sought against Murray & Roberts subsidiary Cape Town Iron and Steel Works (Pty) Ltd (CISCO) in these proceedings.

The group chief executive hosts "Ask Brian" on the Interchange and the CE Discussion Forum on the website to promote transparent direct communication on matters of importance to employees and broader society. He is also the direct point of contact for "Tip-offs Anonymous", an independent hotline service that supports reporting of workplace dishonesty including discrimination, theft, fraud and corruption. The Group through its chief executive, engages a professional firm of forensic consultants and investigators to investigate all reported cases. Appropriate disciplinary and legal action is taken for any form of dishonest conduct.





Gautrain viaduct at Centurion, Tshwane

Corporate governance

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Corporate governance

Statement of compliance

The Board of Murray & Roberts Holdings Limited (Board) is committed to and fully endorses the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). In supporting the Code, the Board recognises the need to conduct the business of the Group with openness, integrity and accountability. A corporate governance framework has been in operation in the Group for many years and is reviewed from time to time and updated where appropriate. The Board is satisfied that the main principles of the Code have been implemented.

The Board is committed to the highest standards of corporate governance and has already begun taking steps to implement the King Report on Governance for South Africa 2009 (King III) which must be complied with in respect of financial years commencing on or after 1 March 2010. Sound governance principles remain one of the top priorities of the Board.

Board of directors

At the date of this annual report, Murray & Roberts has a unitary Board with 16 directors, 11 of whom are independent non-executive and five executive.

The Board is responsible for approving the strategic direction of the Group and is governed by a charter that sets out the framework of its accountability, responsibility and duty to the company. The Board is committed to corporate governance best practice above the minimum requirements set by the Code.

The Board conducts its business in the best interest of the company and ensures that the Group performs in the best interests of its broader stakeholder group, including present and future investors in the Group, its customers and clients, its business partners, employees and the societies in which it operates.

In order to address its accountability and responsibility, the Board:

- provides ethical leadership and gives direction to the Group in all matters and

approves the strategic plan developed by management in the context of the board charter

- monitors implementation of the strategic plan by management

- acknowledges that strategy, risk, performance and sustainability are inseparable by:

- monitoring key risk areas and key operational performance areas of the company

- ensuring that the strategy will result in sustainable outcomes

- considering sustainability as a business opportunity that guides strategy formulation

- directs the commercial and economic fortunes of the company

- ensures the company is a responsible corporate citizen by considering the impact of the business operations of the company on its people, society and the environment

- monitors that the company complies with all relevant laws, regulations and codes of business practice, considers adherence to non-binding rules and standards

- the company communicates with all relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form

- defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to management

- monitors performance through the various board committees established to assist in the discharge of its duties without abdicating its own responsibilities

- ensures directors act in the best interest of the company by adhering to legal standards of conduct, disclosing real or perceived conflicts to the Board and dealing in securities only in accordance with a developed policy

- determines policy and processes to ensure the integrity of:

- risk management, effective risk-based internal audit and internal controls

- executive and general remuneration
- external and internal communications
- director and chairman selection, orientation and evaluation

Directors adhere to a Code of Conduct which incorporates agreed standards of accepted behaviour and guidance in decision making, promotes integration and coordination and reaffirms the directors' commitment to the Group.

The independent non-executive directors complement the executive directors through the diverse range of skills and experience they bring from their involvement in other businesses and sectors. They bring independent perspectives on corporate governance and general strategy to the Board as a whole.

During the year, non-executive directors were paid an annual retainer of R150 000 each with a deduction for non-attendance of R13 000 per meeting. Five scheduled and two special meetings were held during the year. Non-executive directors were paid R26 000 per special board meeting.

Based on a review of non-executive directors' fees undertaken during the year, it is proposed that shareholders approve a revised remuneration structure, at the annual general meeting on 27 October 2010, that non-executive directors be paid a fixed annual fee of R160 000. The deduction for non-attendance and *ad hoc* fee for special board meetings increases to R14 000 and R27 500 respectively.

The proposal is based on a minimum of five scheduled meetings a year and takes into account additional committee workload.

Board meetings

The Board meets at least five times a year in formal meetings. In addition, the directors meet ahead of the scheduled meeting at which the Group's budget and business plan is examined in the context of the approved strategy.

At this meeting, senior executives in the Group engage with the directors in a broad conversation on implementation of the Group's strategy. The Board has adopted a policy to visit key operations on an annual

basis. All directors are kept informed between meetings of major developments affecting the Group. The record of attendance by each director at the board meetings held during the year under review is reflected in the table on page 123 of this report.

Changes to the board

The Board appointed executive directors MP Chaba, TG Fowler and O Fenn with effect from 1 September, 25 September and 20 November 2009, respectively.

Non-executive director WA Nairn was appointed with effect from 30 August 2010.

SJ Flanagan resigned as an executive director of the company and employee of the Group with effect from 31 January 2010.

Chairman and group chief executive

The roles of chairman and group chief executive are separate and they operate under separate mandates issued by the Board that clearly differentiate the division of responsibilities within the company ensuring a balance of power and authority.

The chairman, who is an independent non-executive director, presides over the Board, providing it with effective and directed leadership and ensuring that all relevant information and facts are placed before the Board for decision. The group chief executive is charged with responsibility for the ongoing operations of the Group. He develops the Group's long term strategy and recommends the business plan and budgets to the Board for consideration.

The group chief executive and the chairman are appointed by the Board. The Board is responsible for the annual appraisal of the chairman and the remuneration & human resources committee is responsible for the annual appraisal of the group chief executive.

The remuneration & human resources committee assesses the remuneration of the Board, chairman and group chief executive and the nomination committee is responsible for succession planning of the Board.

Board committees

The Board has established and mandated a number of permanent standing committees to perform specific work on its behalf in various key areas affecting the business of the Group. These committees are:

- executive
- audit
- health, safety & environment
- nomination
- remuneration & human resources
- risk management
- social & ethics

The committees assist the Board in the discharge of its duties and responsibilities without abdicating its own responsibilities.

The Board and each committee give attention to both new and existing matters of governance and compliance within their respective mandates. A statement from the chairman of the Board and chairman of each committee is included in this annual report.

Each committee operates according to Board-approved terms of reference. With the exception of the executive committee, all other committees are chaired by an independent non-executive director of the Board.

There is a full report-back from each committee chairman to the Board at each board meeting. Each committee chairman attends the annual general meeting and is available to respond to shareholder questions on committee activities.

For the period under review, all committees, with the exception of the social & ethics committee which was established on 1 July 2010, conducted a self assessment to evaluate their effectiveness. The outcome was positive. All committee terms of reference were reviewed and updated during the year.

The record of attendance by each member of the respective committees for the year under review is reflected in the tables on page 123 of this report.

The Board approved the formation of a social & ethics committee in terms of the draft Companies Amendment Bill 2010. The committee met for the first time

on 24 August 2010. After a year, the committee's merits will be reviewed.

Selection of directors

The Board has approved a policy on the criteria for the selection and continuation of office for directors and the nomination and evaluation processes to be followed.

The nomination committee considers and makes appropriate recommendations regarding appointments and re-election of directors to the Board. This process encompasses an evaluation of skills, knowledge and experience, considers transformation imperatives and ensures the retention of appropriate long term memory on the Board. All recommended appointments and re-election to the Board are made in terms of a formal and transparent process.

As recommended by King III, the independence of the non-executive directors was assessed by the Board, assisted by the nomination committee. All non-executive directors meet the criteria set out in King III for determining their independence in fulfilling their duties towards the company.

Independent advice

There is an agreed procedure for directors to seek professional independent advice at the company's expense.

Board effectiveness

An appraisal of the effectiveness of the Board was conducted externally during the year. The appraisal was benchmarked against the strategic requirements of Murray & Roberts to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive and its recommendations are being followed through for implementation. The appraisal next year will be conducted internally.

Orientation program

It has been the practice of the Group to ensure that non-executive directors appointed to the Board engage in an

induction process to familiarise themselves with the Group. The process includes visits to key operations in the company and extensive discussions with group leaders.

Group secretary

All directors have access to the advice and services of the group secretary who is responsible for ensuring the proper administration of the Board and sound corporate governance procedures. All directors have full and timely access to information that may be relevant to the proper discharge of their duties. The group secretary provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.

Executive committee

The directors of Murray & Roberts Limited and Murray & Roberts International Limited serve as the members of the executive committees of the Board. Meetings are chaired by the group chief executive and group financial director, respectively. The directors support the group chief executive in his responsibility to:

- implement the strategies and policies of the Group

- manage the business and affairs of the Group
- prioritise the allocation of capital, technical know-how and human resources
- establish best management practices and functional standards
- approve and monitor the appointment of senior management
- fulfil any activity or power delegated to the executive committee by the Board that conforms to the company's articles of association

Risk management, systems of control and internal audit

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders. Details of the Group's risk management status are set out on page 120 of this report.

Share dealings

The Group has an insider trading policy that requires directors and officers who could be expected to have access to price sensitive information, to be precluded from dealing in the Group's shares as well as the shares of Clough Limited for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the Group's annual results. To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors, officers and participants in the share incentive scheme must at all times obtain permission from the chairman, group chief executive or group financial director before dealing in the shares of the Group. Approved dealings in the Group's shares by directors are disclosed to the JSE and published on the Stock Exchange News Services (SENS) of the JSE Limited. All approved director dealings are reported in arrears to the scheduled meetings of the Board.

Audit committee

The audit committee operates under an approved charter assisting the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate financial systems and controls. It does so by evaluating the findings of internal and external audits, actions taken and the appropriateness and adequacy of the systems of internal financial and operational controls.

The chairman of the audit committee reports to the Board on the committee's deliberations and decisions. The internal and external auditors have unrestricted access to the committee. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and reported upon.

The committee is satisfied that the external auditor is independent for the year under review and has nominated for shareholder approval at the annual general meeting, that Deloitte & Touche be reappointed as independent auditors and AF Mackie as the designated auditor.

Membership

The committee consists of four independent non-executive directors. DD Barber served as chairman of the committee with IN Mkhize, AA Routledge and M Sello as members, all of whom are suitably skilled and experienced.

The group chairman, group chief executive, group financial director, group head of assurance and external auditors, all attend meetings by invitation.

The committee is formally re-appointed annually by the Board and met five times during the year under review.

Terms of reference

The committee's responsibilities include:

- assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial control matters
- monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders

- making recommendations to the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing the scope, nature and priority of the internal and external audits
- nominating an independent auditor for shareholder approval, determining external auditor fees and terms of audit engagement
- reviewing the quality and effectiveness of the external audit process
- reviewing the internal and external auditor reports
- reviewing the Group's annual financial statements and the Group's financial results and recommending to the Board their publication in the interim and preliminary reports and the annual report
- reviewing price sensitive information such as trading statements

The committee terms of reference and policy for non-audit services were reviewed and approved by the Board during the year.

The committee's responsibilities for the following year have been expanded to include sustainability matters.

Financial director

The committee has for the period under review formally considered and satisfied itself of the appropriateness of the expertise and experience of the group financial director, RW Rees.

Audit and administration

Financial leadership within Murray & Roberts is continuously strengthened to cater for growth in the business, including ongoing employment and redeployment of senior financial executives.

The co-sourcing approach to internal audit is tasked with performing risk based audit throughout the Group and adjusts its coverage and focus based on the changing strategic and operational needs of the Group. Internal audit coverage includes review of strategic risk mitigations, an independent validation of control self assessment results,

selected review of major systems, processes and projects, CoBIT maturity assessments and related IT Audits. A combined assurance model is adopted to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the company.

The audit committee chairman, group financial director and lead external audit partner attend selected contract and subsidiary reviews at half year and full year end. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all operating entities in the Group and a consolidated report is presented to the audit committee.

David Barber
Chairman

Risk management committee

The risk management committee operates under an approved charter assisting the Board to fulfil its corporate governance supervision responsibilities over the development and implementation of the group risk framework.

Membership

The committee consists of four independent non-executive directors. During the year under review SP Sibisi served as chairman of the committee with DD Barber, IN Mkhize and RT Vice as members. The group chief executive, group financial director, group head of assurance and group risk manager attend meetings ex officio.

Subsequent to the year end, WA Nairn was appointed a member of the committee.

The committee met twice during the year under review.

The committee terms of reference were reviewed and approved by the Board during the year.

Risk management

The group risk framework is largely implemented and significant risk management structures now exist. The framework serves to regulate the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities.

A risk committee of the Murray & Roberts executive committee (Murray & Roberts Limited) acts as custodian of the group risk appetite, reviews group level risk and interrogates key decisions prior to board approval. During the year, the committee reviewed 11 major project bids.

Currently 16 of the Group's project companies utilise the opportunity management system (OMS). This world class project portfolio management system was developed in-

house to filter and highlight project risks entering the Group's environment. At 30 June 2010 opportunities in the active pipeline amounted to R68 billion. During the year the system supported 1019 decisions and processed 7065 workflow transactions.

Two group level risk assessments were conducted with group executives, in support of the 2010 half year and year end results. Nineteen business plan strategic risk assessments were conducted by the operating companies, as well as a range of project risk assessments. Taking risk management to the next level is a strategy to capitalise on the collective wisdom of the organisation and identify and pre-empt the major, but sometimes less obvious, risks in the environment.

Internal audit

The Group has a risk based approach to internal audit, aimed at testing the integrity of controls managing significant exposure. An internal audit coverage plan has been developed with co-sourced internal audit partners, KPMG. In addition to Group Internal Audit, assurance is provided by audit specialists; dedicated operational resources; peer review at operational level and management review at board, executive committee or project meetings. Approximately two thirds of operating companies within the Group are ISO 9001 accredited.

Insurance

Murray & Roberts has a group insurance program covering asset and liability risks.

Claims and litigations

The group commercial director and commercial executives in the operations, supported and advised by external legal and commercial consultants manage the Group's contractual risk.

The group commercial director leads the engagement of general litigation and reputation risks to the Group, supported as appropriate by external legal advice.

Bonds and guarantees

The OMS establishes a process discipline ahead of the issuing of bonds and guarantees, which is integrated with the treasury management system utilised for guarantee administration.

Forensics

The Group employs a firm of forensic consultants and investigators that report directly to the group chief executive. "Ask Brian" on the Interchange and the CE Discussion Forum on the website promote transparent direct communication with the group chief executive. "Tip-offs Anonymous", an independent hotline service provider, is available to report inappropriate behaviour in the workplace.

Global engagement

The Group is a founding member of the Engineering & Construction Risk Institute (ECRI), an association of global engineering and construction companies which aims to institutionalise sound risk management practice in the global industry.

Murray & Roberts is a signatory to the United Nations Global Compact on Transparency and Crime.

Sibusiso Sibisi
Chairman

Health, safety & environment committee

The health, safety & environment (HSE) committee operates under an approved charter, assisting the Board to fulfil its corporate governance and supervision responsibilities relating to the integration of sound HSE management into all aspects of the Group's business activities.

The committee reviews operational performance in health, safety & environment and provides strategic guidance to management and the Board. It also evaluates the appropriateness and adequacy of policies and strategies against global best practice.

Membership

The committee consists of four non-executive directors and the group chief executive and is chaired by ADVC Knott-Craig, an independent non-executive director. During the year under review, independent members RC Andersen, NM Magau and JM McMahon served on the committee.

Subsequent to the year end, WA Nairn was appointed a member of the committee.

The group executive directors, executives responsible for enterprise capability and health and safety attend meetings by invitation. The committee met five times during the year under review.

Terms of reference

The committee's responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical developments and practice in HSE management
- reviewing compliance by the company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters

- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with international best practice

The committee terms of reference were reviewed and approved by the Board during the year.

Fatal accidents

The committee deeply regrets the nine fatal accidents recorded during the year (2009: nine fatalities).

The new financial year started on a sad note following the death of five Murray & Roberts employees who lost their lives in a massive fall of ground (FOG) incident at Aquarius Marikana shaft number 4. The incident occurred on 6 July 2010.

A further two incidents regrettably occurred on 13 and 17 August 2010, at Aquarius Kroondal Kopenang shaft and the Gautrain Park Station site respectively, resulting in the death of one Murray & Roberts employee and a contractor's employee.

The committee extends its sincere sympathies to the families, colleagues and friends of the deceased.

The committee reviews each fatal incident in detail to ensure that the root causes are identified and that corrective actions are implemented with the aim of preventing recurrence of similar incidents.

Further information on the Group's safety performance is provided in the sustainability report on pages 96 to 99. Reference is also made to the Chairman statement and the group chief executive report to stakeholders on pages 30 and 36 respectively.

Safety evaluation

Our goal is to achieve zero harm (zero fatalities and zero disabling injuries) at all our

operations. While significant progress has been made to reduce injuries, our performance is still far from this goal. A total culture transformation is necessary to drive our health and safety performance to another level. Committed and felt leadership is key to making this a reality.

At the proposal of the committee, the Board approved the appointment of DuPont Sustainable Solutions to undertake a comprehensive evaluation of the Group's South African operations against best practice safety management standards and to develop a set of continuous improvement recommendations. We recognise that this is not a quick fix solution but rather a sustained journey to zero harm.

Murray & Roberts aspires to achieve zero harm from all activities conducted, which encompasses all aspects of health (societal and occupational), safety and the natural environment.

Alan Knott-Craig
Chairman

Nomination committee

The nomination committee operates under an approved charter and ensures that the structure, size, composition and effectiveness of the Board and board committees are maintained at levels that are appropriate in the context of the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the chairman and directors, evaluating the effectiveness of board committees and making recommendations to the Board.

Membership

The committee comprises the chairman of the Board and two other independent non-executive directors. The chairman of the committee is appointed by the Board.

RC Andersen served as chairman of the committee and SP Sibisi and RT Vice as members.

The committee met four times during the year under review. The committee terms of reference were reviewed and approved by the Board during the year.

Board & committee appraisal

External appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The appraisals were benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. Committee self assessments were also performed during the year under review. The appraisals were positive and

their recommendations are being followed through for implementation. Internal appraisals will be conducted next year.

An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisal was positive.

Succession

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was addressed. The committee takes cognisance of the importance of institutional memory to a developing board and the need to balance this with the introduction of new ideas and experience. During the year, the Board appointed MP Chaba and TG Fowler as executive directors. These appointments were confirmed at the 2009 annual general meeting. Subsequent to the 2009 annual general meeting, the Board appointed O Fenn as an executive director and WA Nairn as a non-executive director. SJ Flanagan resigned as executive director of the company and Group.

Non-executive director, IN Mkhize, has indicated that, due to work commitments, she will not be available for re-election at the 2010 annual general meeting.

The committee reviewed the performance of directors NM Magau, JM McMahon and RT Vice who, in terms of the articles of association, retire by rotation at the 2010 annual general meeting. O Fenn and WA Nairn also retire at the 2010 annual general meeting. The committee recommends their re-election to the Board.

The King Code of Governance Principles for South Africa 2009 (King III) recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted an assessment of the independence of its non-executive directors. All non-executive directors meet the criteria set out in King III for determining their independence in fulfilling their duties towards the company.

The average length of service of the non-executive directors was less than six years during the year under review.

Roy Andersen

Chairman

Record of attendance

Record of attendance at board meetings for the 2010 financial year

		Scheduled					Special ⁵	
		26/08/09	25/11/09	24/02/10	21/04/10	23/06/10	07/10/09	21/10/09
RC Andersen	Independent Chairman	√	√	√	√	√	√	√
BC Bruce	Chief Executive	√	√	√	√	√	√	√
DD Barber	Independent	√	√	√	√	√	√	√
MP Chaba ¹	Executive	–	√	√	√	√	√	√
O Fenn ²	Executive	–	√	√	√	√	–	–
SJ Flanagan ³	Executive	√	√	–	–	–	X	√
TG Fowler ⁴	Executive	–	√	√	√	√	√	√
ADVC Knott-Craig	Independent	√	X	√	√	√	√	√
NM Magau	Independent	X	√	√	√	√	√	√
JM McMahon	Independent	√	√	√	√	√	√	X
IN Mkhize	Independent	√	√	√	√	√	√	X
RW Rees	Executive	√	√	√	√	√	√	√
AA Routledge	Independent	√	√	√	√	√	√	√
M Sello	Independent	√	X	√	√	√	√	√
SP Sibisi	Independent	√	√	√	√	√	√	√
RT Vice	Independent	√	√	√	√	√	√	√

Record of attendance at board committee meetings for the 2010 financial year

		Special				
		24/08/09	22/02/10	21/06/10	02/10/09	20/04/10
AUDIT COMMITTEE						
DD Barber (Chairman)		√	√	√	√	√
IN Mkhize		√	√	√	√	√
AA Routledge		√	√	√	√	√
M Sello		√	X	√	√	√
HEALTH, SAFETY & ENVIRONMENT COMMITTEE						
ADVC Knott-Craig (Chairman)		√	√	√	√	√
RC Andersen		√	X	√	√	√
BC Bruce		√	√	√	√	√
NM Magau		√	√	√	√	√
JM McMahon		√	√	√	√	√
NOMINATION COMMITTEE						
RC Andersen (Chairman)			√	√	√	√
SP Sibisi			√	X	√	√
RT Vice			√	√	√	√
REMUNERATION & HUMAN RESOURCES COMMITTEE						
RT Vice (Chairman)					√	√
RC Andersen					√	√
NM Magau					√	√
AA Routledge					√	√
RISK MANAGEMENT COMMITTEE						
SP Sibisi (Chairman)					√	√
DD Barber					√	√
IN Mkhize					√	X
RT Vice					√	√

¹ Appointed 1 September 2009. ² Appointed 20 November 2009. ³ Resigned 31 January 2010. ⁴ Appointed 25 September 2009.

⁵ Special meetings called at short notice can result in some directors being unavailable.

Social & ethics committee

The social & ethics committee, which was established on 1 July 2010, operates under an approved charter and the draft Companies Amendment Bill 2010. It assists the Board to fulfill its corporate governance responsibilities and to ensure the Group's commitment to zero harm from the impact of its business on the wellbeing of the company, all its employees, shareholders, clients and business partners and society in general, and to monitor its ethical practices.

Membership

The committee comprises the group chairman and two independent non-executive directors. M Sello serves as chairman of the committee with RC Andersen and AA Routledge as members. The group chief executive, group financial director, group head of assurance and enterprise capability executive attend meetings in an ex officio capacity.

The committee met on one occasion, the initial meeting of the committee.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations by:

- reviewing and approving the policy, strategy and structure to manage social and ethics issues in the Group
- monitoring to the best of its ability that subsidiaries, associate companies and significant investments develop policies, guidelines and practices congruent with the company's social and ethics policies
- assessing and measuring performance in social and ethics areas with reference to the United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the JSE Socially Responsible Investment Index, the Department of Trade and Industry Broad-based Black Economic Empowerment scorecard, International Labour Organisation protocols and the King Code of Governance Principles for South Africa 2009 (King III)

- reviewing compliance by the company, its subsidiaries and associates with policy, guidelines and appropriate local and international standards and relevant local laws in social and ethics matters including competition laws
- considering substantive national and international regulatory developments as well as practice in the fields of social and ethics management
- reviewing the Murray & Roberts Socially Responsible Investment Index and broad-based economic empowerment performance disclosures
- as appropriate, consulting and communicating with internal and external stakeholders with respect to social and ethics issues
- reporting annually to shareholders at the company's annual general meeting on social and ethics issues
- ensuring that management has allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements

Committee scope

At its first meeting, the committee reviewed its terms of reference, the Group's Corporate Social Investment program and the committee's role in reviewing the company's future integrated report.

It was agreed that a significant amount of work is planned for the committee during the coming year. The committee will consider, inter alia, the following items:

- policy, strategy and structure
- JSE Socially Responsible Investment Index profile
- broad-based black economic empowerment rating and profile
- group Corporate Social Investment and Letsema programs
- compliance with policy, guidelines and appropriate local and international standards and relevant local laws, including:

- Competition Act
- Employment Equity Act
- International Labour Organisation protocol on decent work and working conditions
- King III
- OECD Guidelines for Multinational Enterprises
- United Nations Global Compact Principles
- national and international regulatory and practice developments
- integrated report review

Integrated report

Going forward, the Group's integrated report will contain a large amount of information reviewed and considered during the course of the committee's future activities. As a consequence the committee will, prior to review by the audit committee, review content in the integrated report that is relevant to the social & ethics committee. This will be undertaken for the 2011 integrated report.

Corporate social investment

As South Africa's leading engineering and contracting group, Murray & Roberts has adopted a deliberate and targeted CSI strategy as a vehicle to influence and impact the delivery of quality education in South Africa and more specifically the shortage of critical skills needed in the engineering and construction industry. In 2010 Murray & Roberts contributed R22,2 million to CSI (2009: R21,1 million). Further details of the Group's CSI activities are contained in the sustainability report on pages 106 and 107.

Mahlape Sello
Chairman

Remuneration & human resources committee

The remuneration & human resources committee operates under an approved charter, assisting the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration philosophy with the company's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of shareholders.

Membership

The committee comprises the group chairman and three independent non-executive directors. RT Vice served as chairman of the committee with RC Andersen, NM Magau and AA Routledge as members. The group chief executive, group financial director, enterprise capability executive and independent advisor attend meetings in an ex officio capacity.

The committee met three times during the year under review.

The committee terms of reference were reviewed and approved by the Board during the year.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts employment framework and policies and the Group's remuneration philosophy.

The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the group chief executive, all managing directors of the Group's operating entities and senior group executives. It also considers and approves the remuneration

and benefits paid to general staff and has responsibility for oversight of the group pension, provident and other benefit plans.

An independent advisor reviews the Group's remuneration policies and practices.

The functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed. Succession planning to the group chief executive and senior executives is also considered by the committee.

The committee considers the Group's leadership succession and development strategy and the Group's employment equity status as described in the sustainability report.

Director and executive remuneration

The remuneration packages of executive directors and senior executives include performance related remuneration, which is determined in terms of incentive schemes operated at group and operating entity level. These schemes are disciplined and are designed and implemented with assistance from the independent remuneration consultant to competitively reward those directors and executives who have contributed to the Group's sustainable earnings growth and value creation.

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. The level of fees for service as directors, additional fees for service on board committees, fees paid to independent advisors and the chairman's fee are reviewed annually. The committee recommends fee structures, other than for services on this committee, to the Board following research into trends in director remuneration for approval by shareholders at the annual general meeting.

The Group's remuneration policy is described in the remuneration report on

pages 126 to 129. The remuneration of executive directors for the year ended 30 June 2010 is set out in note 46 to the consolidated financial statements. Remuneration details of non-executive directors for the year to 30 June 2010 are set out in note 46 to the consolidated financial statements and the proposed fee increase is included on page 116.

Retirement and other benefit plans

A number of retirement funds operate within the Group. In South Africa these are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although some funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 45 to the consolidated financial statements.

Royden Vice
Chairman

Remuneration report

Remuneration policy

To give effect to the general philosophy that directors, senior executives and staff should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders, the following broad principles are applied:

- remuneration consists of fixed and variable elements
- salary is set at a competitive level in order to attract and retain the services of high calibre employees

- the annual bonus plan aligns the interests of executives with those of shareholders in the short term through a focus on earnings growth and value creation and other key drivers reflected in key performance indicators (KPIs)
- the share incentive scheme offers share options to selected key executives so as to provide direct alignment with shareholders on long term value creation

The remuneration & human resources committee (committee) ensures that the mix of remuneration, including short term and long term incentives, meets the Group's strategic objectives. The objective is to average guaranteed salary at the 50th percentile throughout the Group, while achieving at least the 75th percentile for total package remuneration (salary plus annual bonus) based on target performance as below:

Grade	Indicative executive level	Lower quartile*	Median*	Upper quartile*	Upper decile*
L1	Group strategic leadership	100%	150%	167%	200%
L2	Group strategic executive	100%	135%	160%	180%
L3	Group executive	100%	130%	150%	170%
L4	Operations leadership	100%	125%	140%	150%
L5	Operations executive	100%	125%	135%	150%
L6	Functional executive	100%	120%	130%	140%
L7	Services executive	100%	115%	120%	135%
L8	Administration executive	100%	115%	120%	135%

* Total package remuneration relative to total fixed cost of employment (TFCE), including salary, benefits and retirement fund contributions

The Group's key business mission against which remuneration policy is aligned, is a non-negotiable commitment to sustainable earnings growth and value creation, zero harm and people development. This mission defines the key performance areas (KPA's) and KPIs applied to executive director and other senior executive remuneration. KPA's and KPIs are applied to executive gradings in determining individual remuneration packages. They are also used in determining eligibility for performance related remuneration (described later in this report) and the quantum of payments and awards made under these incentive schemes.

King Code of Governance Principles for South Africa 2009

The committee notes that King Code of Governance Principles for South Africa 2009 (King III) sets out principles and recommendations regarding executive remuneration, including disclosure in the company's annual report of remuneration paid to directors and certain other senior employees. These disclosures are included in note 46 to the consolidated financial statements and have been prepared with regard to the requirements of King III.

In accordance with King III, details of remuneration paid to senior employees other than directors have been disclosed. The six senior executives listed are the highest paid permanent employees, three representing the Group's South African operations and three representing its international operations, excluding Clough Limited (Refer to Clough annual report). Remuneration includes all cash payments, benefits and incentive awards received during the year under review. This information has been provided anonymously in this financial year.

A full review of the extent to which the Group's remuneration policy and practices comply with King III will be conducted during the first half of the 2011 financial year and reported on in the integrated report for the 2011 financial year.

Executive director and senior executive remuneration

The Group employs the services of an independent consultant to advise on the profiling and appropriate remuneration levels of executive directors and senior executives relative to market trends, and reviews the Group's remuneration policies and practices in light of this data. The committee is advised independently on remuneration matters.

The remuneration packages of executive directors and senior executives consist of the following:

- salary
- benefits
- retirement fund contributions
- annual bonus
- share incentive awards

There are no material payments made to executive directors and senior executives which are *ex gratia* in nature.

Salary

Salary levels are determined by reference to a job grade, set in accordance with an independently developed balanced scorecard.

Benchmarking is conducted bi-annually and referenced to updated online data to ensure that salary levels for each job grade are in line with the market. Data is collated for companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector, to Murray & Roberts. This includes companies in the construction, mining and industrial sectors. The objective is to set salary levels for executive directors and senior executives, on average, at the market median.

Benefits

Executive directors and senior executives are legally and contractually entitled to

certain benefits in addition to base salary. These benefits include travel allowance, insurance policies relating to death in service and disability, and medical aid. In addition, executive directors and senior executives are covered under the terms and conditions of the Group's personal accident policy.

Retirement fund contributions

A number of retirement funds operate within the Group. In South Africa these are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although some funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes. The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. The Group makes employer contributions to the retirement fund of all salaried employees, including executive directors and senior executives.

Together, salary, benefits and retirement fund contributions are referred to as the total fixed cost of employment (TFCE).

TFCE packages of executive directors and members of the executive leadership team are reviewed by the committee annually. The committee approves any changes to the annual TFCE package of the group chief executive.

Annual bonus

Executive directors and senior executives are eligible to participate in an annual bonus plan. Non-executive directors are not eligible to participate in this plan. The annual bonus plan together with the share incentive scheme make up the variable component of the remuneration package. The overall purpose of the annual bonus plan is to incentivise and reward those executive

directors and senior executives who contribute to the Group's mission of sustainable earnings growth and value creation, zero harm and people development. Participants may receive a cash payment at the end of each financial year, the amount of which is dependant upon company and personal performance. No deferral is applied.

Because of the cyclical nature of the construction industry primarily as a result of external economic factors, the Group operates a bonus pool system which is available for distribution under the annual bonus plan to all employees and which is calculated by reference to Group EBIT and attributable earnings. The bonus pool is generally capped at 10% of Group EBIT in the year for general staff, while for executive directors and operating managing directors, the bonus pool is calculated at 2,5% of attributable earnings.

The bonus pool is distributed to participating executive directors and senior executives based on a number of factors:

- The seniority of the individual i.e. salary level
- The individual's performance within their operation as tested against their KPIs

The earnings potential per salary level is benchmarked on an annual basis, collated by reference to companies listed on the JSE Limited of a similar size and nature to Murray & Roberts in terms of market capitalisation and other factors. This includes companies in the construction, mining and industrial sectors. The objective is to set the target annual earnings potential, as a percentage of TFCE, at the upper quartile of the market.

In respect of executive directors and senior executives, the target annual bonus earnings potential as a percentage of TFCE for the 2010 financial year is depicted below:

Indicative executive level	Grade	Normal performance			Super performance	
		25th percentile	50th percentile	75th percentile	50th percentile	75th percentile
Group Leadership	L1 – L3	42 to 34	50 to 40	75 to 61	100 to 80	125 to 112
Operations Leadership	L4 – L5	32 to 27	35 to 30	41 to 35	50 to 45	57 to 52
Senior Executives	L6 – L8	25	30	35	40	50

Measured against these performance benchmarks, the standard set for the 2010 financial year incentive framework was between the 25th and 50th percentiles of normal performance. There are individual achievements in the operations that commanded higher levels of reward.

The payments made to directors and senior executives for the 2010 financial year, calculated on the basis summarised above, are disclosed in note 46 to the consolidated financial statements.

Each year, the committee sets the principles of the annual bonus plan for the following year and proposes the awards to be made to executive directors and senior executives. No significant changes to the structure of the annual bonus plan are proposed for the 2011 financial year.

Share incentive scheme

Selected senior employees including executive directors and senior executives are eligible to participate in the Murray & Roberts Holdings Limited Employee Share Incentive Scheme (Scheme). Non-executive directors are not eligible to participate in the Scheme. The overall purpose of the Scheme is to provide general alignment between the executives and shareholders of the company. It also motivates and rewards executives who have contributed to the Group's real sustainable earnings growth and value creation over the long term.

Under the Scheme, participants are granted options to acquire shares in Murray & Roberts at a series of future dates. No consideration is paid by participants for the option grant but the purchase price for the shares is set at the date of grant and is the closing price of a share on the day immediately preceding the grant date.

At the end of each successive vesting period, participants can either defer exercising of the options or pay the purchase price and acquire the specified number of shares in Murray & Roberts and settle the taxation obligation that arises from the transaction. It is only at this point that participants become shareholders and acquire shareholder rights in respect of those shares.

The vesting period applicable to options granted under the Scheme after October 2004 is five years, with one third of shares vesting after three years, one third vesting after four years and the final one third vesting after five years, subject to the relevant conditions being met. All vested options must be exercised within six years from the date of grant, failing which they will lapse.

Historically, the committee granted some options under the Scheme subject to a performance condition, meaning they will vest only to the extent that the specific condition is satisfied. Where a performance condition is imposed, they are referred to as "hurdle" options. Where no performance condition has been imposed and vesting is subject to continued employment only, the options are referred to as "standard". Where the vesting terms of the options vary from those summarised above, they are referred to as "special".

Where a performance condition is imposed, it has been based on a target annual compound increase in share price, with prior conditions being 25% (for March 2002 and 2003 allocations) and CPI+4% (for all other allocations). This is considered to be an appropriate condition in that it supports the business strategy of value creation. In addition, it focuses on an increase in share price and aligns the interests of participants in the Scheme with those of shareholders.

Options are granted under the Scheme generally on an annual basis. However, to reflect the fact that special options were granted to certain executive directors and senior executives in March 2007 to secure their retention and performance through the Group's executive succession and development program up to and beyond 2010, these individuals will not be granted additional options under the Scheme until after 4 March 2011. The options granted in March 2007 were calculated using the Black-Scholes formula for future value to March 2011 but not subject to a performance condition, as their primary purpose was to retain the services of these individuals during a crucial period for the Group. These options become exercisable on the fourth and fifth anniversaries of grant. Details are disclosed in note 46 to the consolidated financial statements.

The value of options granted to executive directors and senior executives is set after consideration of the following:

- the general allocation is limited to 0,5% of the market capitalisation of the Group, which amounts to a maximum of 1,66 million shares for financial year 2010
- under the rules of the Scheme, a participant cannot accumulate within the Scheme, more than 1,0% of the number of issued shares in the Group (currently 3 318 926 shares)
- the number, and value, of shares already held under option
- the factor applicable to the individual's salary level. This ranges from 0,5 to 6 and relates to the value of unexercised options held by that individual as a percentage of TFCE as depicted below:

Factor	Indicative executive level	
6,0	Group chief executive	
5,0	Group financial director	
4,5	Group executive director	– Operations
4,0	Group executive director	– Staff
3,5	Group executive	– Operations
3,0	Group executive	– Staff
	Operations director	– Managing director
2,0	Operations director	– Operations and staff
	Operations executive	– Project/general manager
	Corporate executive	– Key function
1,5	Operations & Corporate	– Senior management
1,0	Operations & Corporate	– Middle management
0,5	Operations & Corporate	– Junior management

Shares required to satisfy options granted under the Scheme which are subsequently exercised, are provided by The Murray & Roberts Trust (Trust).

Under the rules of the Scheme, a maximum of 33 189 262 shares may be issued by The Murray & Roberts Trust (Trust). Under the rules of the Scheme, a maximum of 33 189 262 shares may be issued by Murray & Roberts under the Scheme. To date, the Trust has been funded through a policy approved by the committee to purchase Murray & Roberts shares in the market and the company has not issued shares to the Trust in order to satisfy options granted.

Details of the shares held by the Trust and the outstanding options granted under the Scheme as at 30 June 2010 are set out in note 12 to the consolidated financial statements.

On an annual basis, the committee reviews the share incentive scheme to ensure its continued contribution to shareholder value and proposes allocations for that year in accordance with the guidelines summarised above. The committee is also responsible for administering the Scheme.

Top, senior and mid-level Black executives of the Group's South African operations are eligible to participate in the Letsema Vulindlela Black Executives Trust (Vulindlela) share incentive scheme. Vulindlela was established in December 2005 as part of the Group's broad-based black economic empowerment share ownership scheme. Vulindlela aims to introduce Murray & Roberts Black executives as shareholders in Murray & Roberts, contribute to the attraction and retention of Black executives and align the interests of Black executives with all shareholders. Executive directors, senior executives and non-executive directors are not eligible to participate in Vulindlela.

Disclosure

The remuneration paid to executive directors and selected senior executives for the year ended 30 June 2010 is set out in note 46 to the consolidated financial statements.

Contracts of employment

Executive directors do not have fixed term contracts, but are subject to notice periods of between one and twelve months. Senior executives are subject to a notice period of between one and three months.

There is no material liability to the Group with respect to the termination of contract of any executive director or senior executive. The applicable contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts. Further, no agreements have been entered into with the executive directors or senior executives regarding restraint of trade.

The only provision in the contract of employment relating to a payment on termination of employment is to provide that where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual TFCE.

Normal retirement of executive directors and senior executives is at age 63 with two further option periods at the discretion of the company to 65 years and finally, 67 years.

Non-executive directors

Non-executive directors are appointed for a period of three years and, following this period, may be available for re-election for a further three year period. They are required to retire on reaching age 70.

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. The fee paid to the chairman includes his director's fee as well as his committee fees. The fee is calculated on the basis of five board meetings per annum. In addition to a fee, non-executive directors are entitled to claim travelling and other expenses incurred in carrying out the business of the company and attending board and committee meetings.

To the extent that a non-executive director does not attend a scheduled board meeting, an amount will be deducted from his/her fee. Where a director is required to attend a special board meeting, he/she will receive an additional fee in respect of his/her attendance. This fee structure reflects the skill and experience brought to the company by each non-executive director, responsibilities undertaken, the time commitment involved

and the importance of attendance at and contribution to board and committee meetings.

The level of fees for service as directors, additional fees for service on board committees, fees paid to independent advisors and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following independent research into trends in director remuneration for approval by shareholders at the annual general meeting.

Non-executive directors do not participate in the annual bonus plan or the Scheme and do not receive any benefits other than those disclosed.

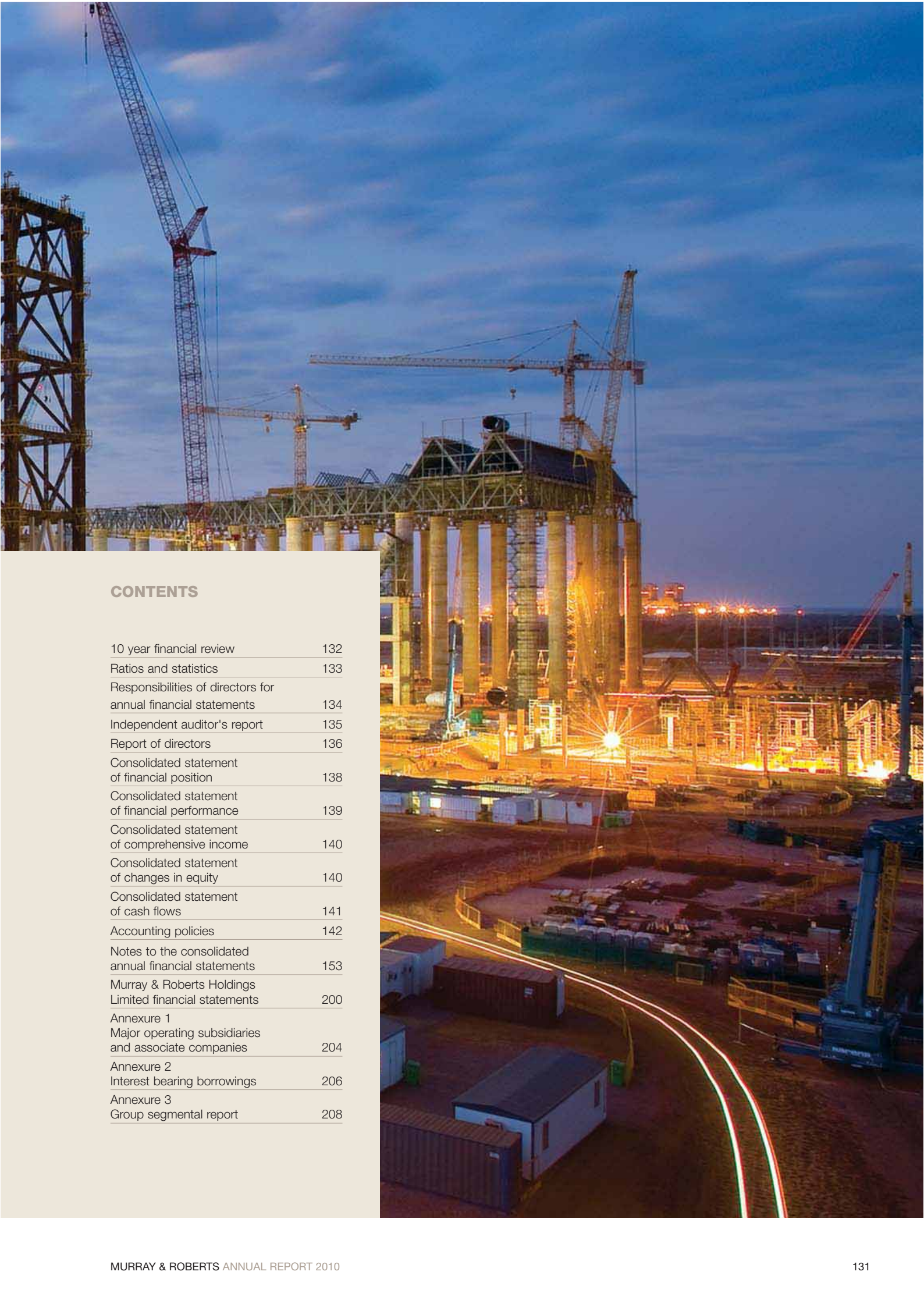
Details of the fees paid to non-executive directors for the year to 30 June 2010 are set out in note 46 to the consolidated financial statements and the proposed fee increases are set out on page 116.

ANALYSIS OF SHAREHOLDERS

June 2010

	Number of shareholders	% of shareholders	Number of shares	% of shares
Size of holding				
1 – 1 000	5 351	65,85	1 909 542	0,58
1 001 – 10 000	2 203	27,11	7 140 349	2,15
10 001 – 100 000	413	5,08	12 844 915	3,87
100 001 – 1 000 000	120	1,48	42 275 936	12,74
1 000 001 shares and over	39	0,48	267 721 877	80,66
Total	8 126	100	331 892 619	100
Category				
Unit Trusts/Mutual funds	164	2,02	106 148 298	31,98
Pension funds	112	1,38	92 270 581	27,80
Black Economic Empowerment	4	0,05	33 178 603	10,00
Insurance companies	11	0,14	17 108 684	5,15
Private clients	71	0,87	14 082 617	4,24
Foreign governments	15	0,18	11 681 457	3,52
Custodians	33	0,41	10 121 262	3,05
American Depositary Receipts	1	0,01	3 603 753	1,09
Hedge funds	2	0,02	795 062	0,24
Investment trusts	4	0,05	701 714	0,21
Charities	5	0,06	555 680	0,17
Universities	4	0,05	314 727	0,09
Local authorities	2	0,02	181 245	0,05
Other	7 698	94,74	41 148 936	12,41
Total	8 126	100	331 892 619	100
			Number of shares	% of shares
Major shareholders holding 5% or more of the company's ordinary shares				
Government Employees Pension Fund (ZA)			41 621 608	12,54
Lazard Emerging Markets Portfolio (US)			30 554 225	9,21
Fund managers holding 5% or more of the company's ordinary shares				
Public Investment Corporation (ZA)			41 621 608	12,54
Lazard Asset Management LLC (Various)			53 985 537	16,27
Capital Group Companies Inc (Various)			23 698 525	7,14
	Number of shareholders	% of shareholders	Number of shares	% of shares
Shareholder spread				
Non-public*	10	0,12	43 051 834	12,97
Public	8 116	99,88	288 840 785	87,03
Total	8 126	100	331 892 619	100
Domestic			142 512 051	42,94
International			189 380 568	57,06
			331 892 619	100

* Includes directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.



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10 YEAR FINANCIAL REVIEW

30 June 2010

All monetary amounts are expressed in millions of Rands										
	2010	2009	2008	2007	IFRS restated*		SA GAAP		2002	2001
					2006	2005	2004	2003		
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE*										
Revenue	31 962	32 684	25 752	17 207	10 719	9 764	8 424	10 111	9 027	8 535
Earnings before exceptional items and interest	1 775	2 766	2 084	1 338	689	520	421	633	386	218
Exceptional items	101	8	145	(168)	(82)	11	(16)	(5)	(2)	(3)
Earnings before interest and taxation	1 876	2 774	2 229	1 170	607	531	405	628	384	215
Net interest (expense)/income**	(193)	(20)	39	(9)	(6)	(33)	10	(66)	71	(6)
Earnings before taxation	1 683	2 754	2 268	1 161	601	498	415	562	455	209
Taxation	(470)	(612)	(490)	(352)	(170)	(155)	(27)	(76)	(36)	(27)
Earnings after taxation	1 213	2 142	1 778	809	431	343	388	486	419	182
Income/(loss) from equity accounted investments	14	2	9	(107)	1	78	114	97	90	71
Non-controlling interest	(131)	(320)	(349)	(94)	(49)	(30)	(25)	(9)	(4)	(1)
Profit from discontinued operations	2	194	276	94	129	72	–	–	–	–
Earnings attributable to owners of the parent	1 098	2 018	1 714	702	512	463	477	574	505	252
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	5 268	5 464	4 835	3 953	3 389	2 547	2 422	2 082	2 007	1 761
Current assets	15 787	17 235	16 118	8 836	6 797	5 475	3 671	4 211	4 504	3 819
Goodwill	554	490	488	206	147	48	5	10	15	16
Deferred taxation assets	343	305	208	16	52	34	33	–	–	–
Total assets	21 952	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596
Ordinary shareholders' equity	6 203	5 581	4 865	3 637	3 086	3 067	2 603	2 485	2 648	1 982
Non-controlling interest	974	1 053	960	178	108	97	54	13	9	8
Total equity	7 177	6 634	5 825	3 815	3 194	3 164	2 657	2 498	2 657	1 990
Non-current liabilities	2 383	1 447	1 290	1 103	1 028	890	734	713	733	700
Current liabilities	12 392	15 413	14 534	8 093	6 163	4 050	2 740	3 092	3 136	2 906
Total equity and liabilities	21 952	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596

* IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.

** Includes currency conversion effects on offshore treasury funds in 2002 and 2003.

RATIOS AND STATISTICS

30 June 2010

						IFRS restated*		SA GAAP			
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	
EARNINGS											
Earnings per share (cents)											
– Basic	373	685	577	239	168	145	150	181	152	74	
– Diluted	371	678	565	235	165	143	147	176	152	74	
Headline earnings per share (cents)											
– Basic	341	683	562	329	165	148	158	186	154	76	
– Diluted	340	675	550	325	162	146	155	181	154	76	
Dividends per share (cents)	105	218	196	116	60	45	45	53	35	–	
Dividend cover	3,2	3,1	2,8	2,8	2,7	3,2	3,4	3,4	4,4	–	
Interest cover	9,2	138,3	n/a	148,7	114,8	16,3	n/a	9,6	n/a	36,3	
PROFITABILITY											
EBIT on revenue (%)	5,6	8,5	8,1	7,8	6,4	5,3	5,0	6,3	4,3	2,6	
EBIT on average total assets (%)	7,8	12,3	12,0	11,4	7,5	7,3	6,8	9,9	6,4	3,9	
Attributable earnings on average ordinary shareholders' funds (%)	18,6	38,6	40,3	20,9	16,7	16,0	19,0	22,4	21,8	13,6	
PRODUCTIVITY											
Per R1 000 of revenue:											
Payroll costs (Rand)	271	288	301	256	275	255	216	188	201	189	
Total average assets (Rand)	711	691	673	680	862	729	738	634	671	659	
Value created (Rm)	11 533	13 179	10 885	6 078	4 152	3 829	2 606	2 913	2 609	2 174	
Value ratio	1,33	1,40	1,41	1,38	1,41	1,54	1,43	1,53	1,44	1,34	
FINANCE											
As a percentage of total equity:											
Total debt	48	54	35	36	40	32	30	38	25	28	
Total liabilities	206	254	272	241	225	156	133	153	146	181	
Current assets to current liabilities	1,27	1,12	1,11	1,10	1,10	1,35	1,34	1,36	1,44	1,31	
Operating cash flow (Rm)	691	1 559	3 116	1 935	598	663	289	356	712	558	
Operating cash flow per share (cents)	208	470	939	583	180	200	87	107	214	164	
OTHER											
Weighted average ordinary shares in issue (millions)	331,9	331,9	331,9	331,9	331,9	331,9	331,9	331,9	331,9	340,1	
Weighted average number of treasury shares (millions)	37,3	38,0	34,9	37,9	27,1	13,7	13,8	14,1	–	–	
Number of employees – 30 June**	40 413	38 981	45 654	33 466	23 867	23 904	13 149	15 827	15 379	16 337	

DEFINITIONS

Dividend cover	Diluted headline earnings per share divided by dividend per share	Value ratio	Value created as a multiple of payroll cost
EBIT	Earnings before interest, taxation and exceptional items	Permanent capital	Ordinary shareholders' equity and non-controlling interest
EBT	Earnings before taxation	Net asset value (NAV)	Ordinary shareholders' equity
EAT	Earnings after taxation	Average	Arithmetic average between consecutive year ends
Interest cover	EBIT divided by net interest expense		

* IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.

** Number of employees includes continuing and discontinued operations.

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010

The directors of the company and the Group are responsible for the preparation of annual financial statements that fairly present the state of affairs of the company and the Group at the end of the financial year and of the profit or loss and cash flows for that year in conformity with International Financial Reporting Standards and in the manner required by the Companies Act 61 of 1973 (as amended). The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls, accounting and information systems; and
- The audit committee recommends group accounting policies and monitors these policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, if not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the year under review.

The annual financial statements have been prepared in accordance with the Companies Act 61 of 1973 (as amended), and International Financial Reporting Standards and are based on appropriate accounting policies, supported by reasonable and prudent judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of the new or revised accounting standards as set out in note 1.

The directors are of the opinion that the company and the Group have adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

It is the responsibility of the auditors to express an opinion on the financial statements. Their unmodified report to the members of the company and Group is set out on page 135.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2010, set out on pages 136 to 210, were approved by the board of directors at its meeting held on 25 August 2010 and are signed on its behalf by:

RC Andersen

Chairman

BC Bruce

Group chief executive

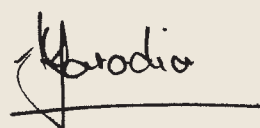
RW Rees

Group financial director

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2010

In my capacity as Company Secretary, I hereby certify, in terms of the Companies Act 61 of 1973 (as amended), that for the year ended 30 June 2010, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Y Karodia

Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Murray & Roberts Holdings Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of financial performance, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 136 to 210.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited as at 30 June 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standard, and in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditor

Per: AF Mackie
Partner
25 August 2010

Buildings 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton

National executive: **GG Gelink** Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Tax & Legal and Risk Advisory, **L Geeringh** Consulting, **L Bam** Corporate Finance, **CR Beukman** Finance, **TJ Brown** Clients & Markets, **NT Mtoba** Chairman of the Board, **MJ Comber** Deputy Chairman of the Board.

REPORT OF DIRECTORS

for the year ended 30 June 2010

This report presented by the directors is a constituent of the Group financial statements at 30 June 2010. Except where otherwise stated, all monetary amounts set out in tabular form are expressed in millions of Rands.

NATURE OF BUSINESS

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, construction materials & services and related fabrication sectors. The company does not trade and all of its activities are undertaken through a number of subsidiaries, joint ventures and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated annual financial statements.

Group financial results

Group earnings for the year ended 30 June 2010 were R1 229 million (2009: R2 337 million), representing diluted earnings per share of 371 cents (2009: 678 cents). Diluted headline earnings per share were 340 cents (2009: 675 cents).

Full details of the financial position and results of the Group are set out in these consolidated annual financial statements.

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 1.

Major Projects – Uncertified revenue

Included in Amounts Due from Contract Customers in the Statement of Financial Position is the Group's share of uncertified revenue that has been recognised through the Statement of Financial Performance in respect of claims and variation orders on three major projects (refer to note 9 of the consolidated annual financial statements).

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 advisers.

Adjudication 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 awarded finally, compared to that recognised in the Statement of Financial Position at 30 June 2010.

Exceptional items

During the year under review, the Group increased the fair value of its investment properties by R101 million in line with its policy on Investment Property (refer to note 3 and note 27 of the consolidated annual financial statements).

AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2010 are contained in note 11 of the financial statements.

There were no changes to the authorised and issued share capital during the year under review.

Particulars relating to The Murray & Roberts Trust (Trust) are set out in note 12.1 of the financial statements. During the year, the Trust granted an aggregate total of 2 325 000 options over ordinary shares (2009: 79 250 options) to senior executives, including executive directors.

At 30 June 2010, the Trust held 7 260 782 ordinary shares (2009: 8 392 766 ordinary shares) against the commitment of 11 204 625 ordinary shares (2009: 11 212 234 ordinary shares). The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme is limited to 10% of the total issued share capital of the company, currently 33 189 262 ordinary shares (2009: 33 189 262 ordinary shares).

Purchase of own shares

In terms of the general authority obtained at the last annual general meeting, the company or its subsidiaries may repurchase ordinary shares to a maximum of 10% of the issued ordinary shares. No ordinary shares were repurchased during the year in terms of this general authority. Approval will be sought at the forthcoming annual general meeting on 27 October 2010 to renew this general authority.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2010:

Interim dividend number 116 of 52 cents per ordinary share (2009: 85 cents)

Final dividend number 117 of 53 cents per ordinary share (2009: 133 cents)

SUBSIDIARIES

Acquisitions

Acquisition of non-controlling interest in Murray & Roberts Cementation (Proprietary) Limited.

The Group acquired the remaining 20% of the issued share capital of Murray & Roberts Cementation (Proprietary) Limited effective 1 July 2009.

Acquisition of a further interest in Clough Limited (Clough)

The Group increased its shareholding in Clough from 59% to 62% during the year through the conversion of convertible notes previously held.

Acquisition of Ocean Flow International LLC (Ocean Flow)

Clough acquired 70% of the share capital of Ocean Flow on 14 August 2009, with the remaining 30% to be acquired early in 2013.

Acquisition of Forge Group Limited (Forge)

On 20 April 2010, Clough announced that it had acquired a 31% interest in 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.

Disposals

Disposal of PT Petrosea Tbk

Clough disposed of 82% held Indonesian listed contract mining subsidiary PT Petrosea Tbk at a cash consideration of US\$83,8 million on 6 July 2009.

Disposal of non-core assets

During the year, the Group disposed of its interest in a toll road concession. The Group also entered into a process to dispose of investment properties for which Competition Commission approval was received subsequent to 30 June 2010.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions relating to name changes and reduction in share capital were passed by subsidiary companies during the year under review.

POST STATEMENT OF FINANCIAL POSITION 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 and company 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.

DIRECTORS

At the date of this report, the directors of the company were:

Independent non-executive

RC Andersen (chairman); DD Barber; ADVC Knott-Craig; NM Magau; JM McMahon; IN Mkhize; AA Routledge; M Sello; SP Sibisi; RT Vice.

Executive

BC Bruce (group chief executive); MP Chaba; O Fenn; TG Fowler; RW Rees (group financial director).

Executive director SJ Flanagan resigned on 31 January 2010.

MP Chaba, TG Fowler and O Fenn were appointed executive directors on 1 September, 25 September and 20 November 2009 respectively.

INTERESTS OF DIRECTORS

A total of 2 488 750 (2009: 2 792 500) share options are allocated to directors in terms of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme, further details are set out in note 46.

At 30 June 2010, the present directors of the company held direct and indirect beneficial and non-beneficial interests in 1 926 805 of the company's issued ordinary shares (2009: 2 026 805 ordinary shares). Details of ordinary shares held per individual director are listed below.

Beneficial	Direct	Indirect
RC Andersen	20 000	–
BC Bruce	1 404 805	–
DD Barber	2 000	–
Non-beneficial		
RW Rees		500 000

At the date of this report, these interests remain unchanged.

SECRETARY

The Secretary's business and postal addresses are:

Douglas Roberts Centre 22 Skeen Boulevard Bedfordview 2007	PO Box 1000 Bedfordview 2008
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AUDITORS

Deloitte & Touche continued in office as external auditors. At the annual general meeting of 27 October 2010, shareholders will be requested to appoint Deloitte & Touche as external auditors for the 2011 financial year. AF Mackie will be the individual and designated registered auditor who will undertake the audit.

25 August 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2010

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	2	4 233,4	4 280,3
Investment property	3	51,7	510,1
Goodwill	4	553,7	490,3
Other intangible assets	5	71,5	58,5
Investments in associate companies	6	376,1	11,8
Other investments	7	216,2	483,4
Deferred taxation assets	20	343,4	305,0
Non-current receivables		319,1	119,2
Total non-current assets		6 165,1	6 258,6
Current assets			
Inventories	8	1 707,0	2 168,9
Derivative financial instruments		45,6	17,1
Amounts due from contract customers	9	6 614,1	5 899,9
Trade and other receivables	10	2 049,3	2 673,0
Current taxation assets	36	111,7	–
Cash and cash equivalents	24	3 811,1	4 663,4
Total current assets		14 338,8	15 422,3
Assets classified as held-for-sale	32	1 448,4	1 812,6
TOTAL ASSETS		21 952,3	23 493,5
EQUITY AND LIABILITIES			
Share capital and premium	11	737,1	718,7
Reserves		215,1	122,8
Retained earnings		5 251,1	4 739,0
Equity attributable to owners of the parent		6 203,3	5 580,5
Non-controlling interest	15	974,0	1 053,0
Total equity		7 177,3	6 633,5
Non-current liabilities			
Long-term loans	17	1 535,3	770,0
Obligations under finance headleases	18	–	13,9
Retirement benefit obligation	45	9,3	–
Deferred taxation liabilities	20	380,5	271,5
Long-term provisions	19	84,4	78,1
Subcontractor liabilities	22	293,7	313,3
Non-current payables		80,2	–
Total non-current liabilities		2 383,4	1 446,8
Current liabilities			
Amounts due to contract customers	9	3 273,3	3 601,3
Trade and other payables	21	4 391,1	5 489,3
Short-term loans	25	636,4	995,4
Current taxation liabilities	36	102,0	150,4
Provision for obligations	23	387,3	479,0
Subcontractor liabilities	22	2 104,8	1 853,4
Derivative financial instruments		1,7	15,8
Bank overdrafts	24	1 244,9	1 786,9
Total current liabilities		12 141,5	14 371,5
Liabilities directly associated with assets classified as held-for-sale	32	250,1	1 041,7
Total liabilities		14 775,0	16 860,0
TOTAL EQUITY AND LIABILITIES		21 952,3	23 493,5

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands			
	Notes	2010	2009*
<i>Continuing operations</i>			
Revenue	26	31 962,4	32 684,0
Earnings before exceptional items and depreciation		2 449,2	3 512,0
Amortisation of intangible assets		(25,1)	(34,7)
Depreciation		(649,2)	(711,0)
Earnings before exceptional items and interest		1 774,9	2 766,3
Exceptional items	27	101,2	7,8
Earnings before interest and taxation		1 876,1	2 774,1
Interest expense	29	(376,7)	(336,2)
Interest income	30	183,4	316,2
Earnings before taxation		1 682,8	2 754,1
Taxation expense	31	(469,6)	(612,3)
Earnings after taxation		1 213,2	2 141,8
Income from equity accounted investments	6	13,9	1,8
Earnings for the year from continuing operations		1 227,1	2 143,6
Profit from discontinued operations	32	2,3	193,7
Earnings for the year	28	1 229,4	2 337,3
<i>Attributable to:</i>			
Owners of the parent		1 098,3	2 017,5
Non-controlling interest	15	131,1	319,8
		1 229,4	2 337,3
Weighted average ordinary shares ('000)			
Weighted average ordinary shares in issue		331 893	331 893
Weighted average ordinary shares held by The Murray & Roberts Trust		(7 658)	(7 815)
Weighted average ordinary shares held by the Letsema BBBEE trusts		(28 946)	(28 946)
Weighted average ordinary shares held by Murray & Roberts Limited		(676)	(676)
Dilutive adjustment for share options		1 233	3 257
		295 846	297 713
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	33.1	371	678
– Basic	33.1	373	685
Earnings per share from continuing operations (cents)			
– Diluted	33.2	371	646
– Basic	33.2	372	653
Total dividend per ordinary share (cents)**	34	105	218

* Reclassified as a result of discontinued operations.

** Based on the year to which the dividend relates.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

All monetary amounts are expressed
in millions of Rands

	2010	2009
Earnings for the year	1 229,4	2 337,3
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	123,0	(315,3)
Effects of cash flow hedges	(11,0)	9,0
Taxation related to components of other comprehensive income	–	(4,5)
Other comprehensive income for the year net of taxation	112,0	(310,8)
Total comprehensive income for the year	1 341,4	2 026,5
<i>Total comprehensive income attributable to:</i>		
Owners of the parent	1 163,6	1 777,4
Non-controlling interest	177,8	249,1
	1 341,4	2 026,5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Hedging and translation reserve	Other capital reserves	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total equity
Balance at 30 June 2008	29,7	939,4	211,9	123,7	3 559,9	4 864,6	960,1	5 824,7
Total comprehensive income for the year	–	–	(240,1)	–	2 017,5	1 777,4	249,1	2 026,5
Treasury shares acquired (net)	(0,3)	(250,1)	–	–	–	(250,4)	–	(250,4)
Net acquisition/(disposal) of non-controlling interest	–	–	–	–	(212,6)	(212,6)	(136,9)	(349,5)
Net movement in non- controlling interest loans	–	–	–	–	–	–	42,0	42,0
Transfer to non-controlling interest	–	–	(1,8)	(8,0)	–	(9,8)	9,8	–
Recognition of share-based payments	–	–	–	37,5	–	37,5	–	37,5
Dividends declared and paid	–	–	–	–	(625,8)	(625,8)	(71,1)	(696,9)
Recycled to the statement of financial performance	–	–	(0,4)	–	–	(0,4)	–	(0,4)
Balance at 30 June 2009	29,4	689,3	(30,4)	153,2	4 739,0	5 580,5	1 053,0	6 633,5
Total comprehensive income for the year	–	–	65,3	–	1 098,3	1 163,6	177,8	1 341,4
Treasury shares acquired (net)	0,1	18,3	–	–	–	18,4	–	18,4
Recognition of financial instrument on acquisition of business	–	–	–	(54,7)	–	(54,7)	–	(54,7)
Disposal of business	–	–	7,0	–	–	7,0	–	7,0
Net acquisition/(disposal) of non-controlling interest	–	–	–	–	(14,2)	(14,2)	(142,9)	(157,1)
Net movement in non- controlling interest loans	–	–	–	–	–	–	(1,7)	(1,7)
Transfer to non-controlling interest	–	–	2,1	15,6	–	17,7	(17,7)	–
Recognition of share-based payments	–	–	–	57,0	–	57,0	–	57,0
Dividends declared and paid	–	–	–	–	(572,0)	(572,0)	(94,5)	(666,5)
Balance at 30 June 2010	29,5	707,6	44,0	171,1	5 251,1	6 203,3	974,0	7 177,3

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands			
	Notes	2010	2009
Cash flows from operating activities			
Receipts from customers		32 057,0	36 096,1
Payments to suppliers and employees		(30 653,1)	(33 482,5)
Cash generated by operations	35	1 403,9	2 613,6
Interest received		187,6	318,6
Interest paid		(383,1)	(365,2)
Taxation paid	36	(517,0)	(1 007,4)
Operating cash flow		691,4	1 559,6
Dividends paid to owners of the parent		(572,0)	(625,8)
Dividends paid to non-controlling shareholders		(94,5)	(71,1)
Net cash inflow from operating activities		24,9	862,7
Cash flows from investing activities			
Acquisition of business		(77,0)	–
Associate company – loans (paid)/received		(20,1)	1,8
Dividends received from associate companies		1,7	1,7
Acquisition of non-controlling interests		(59,0)	(390,3)
Acquisition of associates		(340,6)	(6,3)
Increase in investments		(113,0)	(6,4)
Purchase of intangible assets other than goodwill		(28,0)	(32,1)
Purchase of property, plant and equipment		(1 092,7)	(2 336,0)
Replacements		(255,0)	(388,6)
Additions		(837,7)	(1 947,4)
Proceeds on reduction in investments and investment property		49,0	162,3
Proceeds on disposal of property, plant and equipment		177,4	105,6
Proceeds on disposal of business		669,0	–
Cash transferred to asset held-for-sale		(153,9)	–
Proceeds on disposal of investments		255,0	14,1
Other		(5,7)	–
Net cash outflow from investing activities		(737,9)	(2 485,6)
Cash flows from financing activities			
Net movement in borrowings	38	378,3	662,4
Net acquisition of treasury shares		18,4	(250,4)
Net cash inflow from financing activities		396,7	412,0
Net decrease in net cash and cash equivalents		(316,3)	(1 210,9)
Net cash and cash equivalents at beginning of year		2 876,5	4 277,5
Effect of foreign exchange rates		6,0	(190,1)
Net cash and cash equivalents at end of year	24	2 566,2	2 876,5

ACCOUNTING POLICIES

for the year ended 30 June 2010

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

These accounting policies are consistent with the previous period, except for the changes set out below.

The following new and revised Standards and Interpretations have been adopted in the current period:

IAS 1 (as revised in 2007) has introduced terminology changes and changes in the format and content of the financial statements. This change resulted in a change to disclosure of financial information presented and did not impact the amounts disclosed in these financial statements.

IFRS 3 (as revised in 2008) as adopted in the current year affected the accounting for business combinations in the current period. In accordance with the relevant transitional provisions, this standard has been applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on 1 July 2009. The impact of the adoption of IFRS 3 Business Combinations has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of their net identifiable assets of the acquiree;
- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; with any subsequent adjustments to the contingent consideration recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

Amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

The Group has adopted IFRS 8 Operating Segments which is effective for annual periods beginning on or after 1 January 2009. This Standard 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. Refer to Annexure 3 for further information.

IAS 23 (as revised in 2007) The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.

Borrowing costs 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.

1.1 Basis of preparation

These consolidated and separate financial statements have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments, financial assets and financial liabilities held-for-trading, financial assets designated as fair value through profit and loss and investment property. Non-current assets and disposal groups held-for-sale, where applicable, are stated at the lower of its carrying amount and fair value less costs to sell.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRS) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in note 49.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 50.

1.2 Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and the AC 500 Standards as issued by the Accounting Practices Board.

1.3 Basis of consolidation

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited (Company), its subsidiaries, its interest in joint ventures and its interest in associates.

1.4 Investments in subsidiaries

Subsidiaries are entities, including special purpose entities such as The Murray & Roberts Trust controlled by the Group.

Control exists where the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying an interest of more than half of the voting rights. In assessing

control, potential voting rights that are exercisable or convertible presently are taken into account.

Subsidiaries are never excluded from consolidation. If a subsidiary is acquired but control is expected to be temporary because the intention is that the subsidiary will be sold within 12 months from acquisition, the acquired subsidiary is still consolidated but is accounted for as a disposal group or a discontinued operation.

The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated but are considered an indicator of impairment of the asset transferred.

Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Any increase or decrease in ownership interest in subsidiaries without a change in control is recognised as equity transactions in the consolidated financial statements. Accordingly, any premium or discount on subsequent purchases of equity instruments from or sales of equity instruments to non-controlling interests are recognised directly in equity of the parent shareholder.

1.5 Joint ventures

Joint ventures are those entities in which the Group has joint control. The proportion of assets, liabilities, income and expenses and cash flows attributable to the interests of the Group in jointly controlled entities are incorporated in the consolidated financial statements under the appropriate headings. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

Inter-company transactions, balances and unrealised gains on transactions between the Group and its joint ventures are eliminated on consolidation. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

1.6 Investments in associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.7 Stand-alone company's financial statements

In the stand-alone accounts of the Company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

1.8 Foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign currency monetary items

Monetary assets denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at the reporting date. Exchange differences arising on translation are credited to or charged against income.

Monetary liabilities denominated in foreign currencies are translated into the functional currency at the closing rate of the exchange ruling at reporting date. Exchange differences arising on translation are credited to or charged against income.

Monetary Group assets and liabilities (being Group loans, call accounts, equity loans, receivables and payables) denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at the reporting date. Exchange differences arising on translation are credited to or charged against income except for those arising on equity loans that are denominated in the functional currency of either party involved. In those instances, the exchange differences are taken directly to equity as part of the foreign currency translation reserve.

Exchange differences arising on the settlement of monetary items are credited to or charged against income.

Foreign currency non-monetary items

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on translation are credited to or charged against income except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such items, any exchange component of that gain or loss is also recognised directly in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at historical exchange rates.

Foreign operations

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in the statement of other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in the statement of other comprehensive income and accumulated in the translation reserve. On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.9 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are stated at amortised cost. Amortised cost represents the original amount less principle repayments received, the impact of discounting to net present value and a provision for impairment, where applicable.

When a loan has a fixed maturity date but carries no interest, the carrying value reflects the time value of money, and the loan is discounted to its net present value. The unwinding of the discount is subsequently reflected in the statement of financial performance as part of interest income.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

The provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Contract receivables and retentions

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis.

All short-term cash investments are invested with major financial institutions in order to manage credit risk.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting date

date and impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit and loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Non-trading financial liabilities

Non-trading financial liabilities are recognised at amortised cost. Amortised cost represents the original debt less principle payments made, the impact of discounting to net present value and amortisation of related costs.

Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade and other payables are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Subcontractor liabilities

Subcontractor liabilities represent the actual unpaid liability owing to subcontractors for work performed including retention monies owed. Subcontractor liabilities are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Investments

Service concession investments are designated as fair value through profit and loss. All other investments are classified as non-trading financial assets or loans and receivables and accounted for accordingly.

Financial assets designated as fair value through profit and loss

Financial instruments, other than those held for trade, are classified in this category if the financial assets or liabilities are managed, and their performance evaluated, on a fair value basis in accordance with a documented investment strategy, and where information about these financial instruments are reported to management on a fair value basis. Under this basis the Group's concession equity investment is the main class of financial instruments so designated. The fair value designation, once made is irrevocable.

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets. Fair value is determined in the manner as described in note 7. Where management has identified objective evidence of impairment, provisions are raised against the investment. Assets are considered to be impaired when the fair value of the assets is considered to be lower than the original cost of the investment.

Available-for-sale assets

Available-for-sale assets include financial instruments normally held for an indefinite period, but may be sold depending on changes in exchange, interest or other market conditions. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs, and subsequently carried at fair value. Fair value is based on market prices for these assets. Resulting gains or losses are recognised in statement of other comprehensive income and accumulated as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in profit or loss.

Where management has identified objective evidence of impairment, a provision is raised against the investment. When assessing impairment, consideration is given to whether or not there has been a significant or prolonged decline in the market value below original cost.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the contract date, which includes transaction costs. Subsequent to initial recognition derivative instruments are stated at fair value with the resulting gains or losses recognised in profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the statement of financial performance.

Where a legally enforceable right of offset exists for recognised derivative financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

The Group generally makes use of three types of derivatives, being foreign exchange contracts, interest rate swap agreements and embedded derivatives. The majority of these are used to hedge the financial risks of recognised assets and liabilities, unrecognised forecasted transactions or unrecognised firm commitments (hereafter referred to as "economic hedges").

Hedge accounting is not necessarily applied to all economic hedges but only where management made a decision to designate the hedge as either a fair value or cash flow hedge and the hedge qualifies for hedge accounting.

Hedging activities

Economic hedges where hedge accounting is not applied: When a derivative instrument is entered into as a hedge, all fair value gains or losses are recognised in the profit or loss.

Economic hedges where hedge accounting is applied:

Hedge accounting recognises the offsetting effects of the hedging instrument (i.e. the derivative) and the hedged item (i.e. the item being hedged such as a foreign denominated liability).

Hedges can be designated as fair value hedges, cash flow hedges, or hedges of net investments in foreign entities.

Fair value hedges

When a derivative instrument is entered into and designated as a fair value hedge, all fair value gains or losses are recognised in profit or loss.

Changes in the fair value of a hedging instrument that is highly effective and is designated and qualifies as a fair value hedge, are recognised in profit or loss together with the changes in the fair value of the related hedged item.

Cash flow hedges

Where a derivative instrument is entered into and designated as a cash flow hedge of a recognised asset, liability or a highly probable forecasted transaction, the effective part of any gain or loss arising on the derivative instrument is recognised as part of the hedging reserve until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in profit or loss.

If the underlying transaction occurs and results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity must be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that interest income or interest expense is recognised). However, if the Group expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it shall reclassify into the profit or loss the amount that is not expected to be recovered.

If the underlying transaction occurs and results in the recognition of a non-financial asset or a non-financial liability, or a forecasted transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains or losses that were recognised directly in equity are included in the initial cost or other carrying value of the asset or liability.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

1.10 Contracts-in-progress and contract receivables

Contracts-in-progress represents those costs recognised by the stage of completion of the contract activity at the reporting date.

Anticipated losses to completion are expensed immediately in profit or loss.

Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

1.11 Business combinations and goodwill on acquisitions

The Group uses the acquisition method to account for the acquisition of businesses.

Goodwill is recognised as an asset at the acquisition date of a business, subsidiary, associate or jointly controlled entity. Goodwill on the acquisition of a subsidiary and joint venture company is included in intangible assets. Goodwill on the acquisition of an associate company is included in the investment in associates.

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the business combination. Any impairment loss of the cash generating unit is first allocated against the goodwill and thereafter against the other assets of the cash generating unit on a pro-rata basis.

Whenever negative goodwill arises, the identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities is reassessed. If negative goodwill still remains, it is recognised in profit or loss immediately.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals where there is a change in ownership, in other words a portion of the goodwill is expensed as part of the cost of disposal. For partial disposals and acquisitions with no change in ownership, goodwill is recognised as a transaction with equity holders.

1.12 Intangible assets other than goodwill

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the Group has control over the asset; it is probable that economic benefits will flow to the Group; and the cost of the asset can be measured reliably.

Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are capitalised as intangible assets only if it qualifies

for recognition. In all other cases these costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products and technology) are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably.

Other development expenditure is recognised as an expense as incurred. Development expenditure previously recognised as an expense is not capitalised as an asset in a subsequent period.

Development expenditure that has a finite useful life and that has been capitalised is amortised from the commencement of the commercial production of the product on a systematic basis over the period of its expected benefit.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairments.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred and is not capitalised.

Subsequent expenditure

Subsequent costs incurred on intangible assets are included in the carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to profit or loss on a systematic basis over the estimated useful life of the intangible asset from the date that they are available for use unless the useful lives are indefinite. Intangible assets with indefinite lives are tested annually for impairment.

The average amortisation periods are set out in note 5.

1.13 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. Property, plant and equipment could be constructed by the Group or purchased by the entities. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

The useful lives of items of property, plant and equipment have been assessed as follows:

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Measurement

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that revaluation date.

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Day-to-day servicing costs are recognised in profit or loss in the year incurred.

Revaluations

Property, plant and equipment is not revalued.

Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Depreciation

Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its residual value over its estimated useful life. The average depreciation periods are set out in note 2.

Depreciation commences when the asset is in the location and condition for its intended use by management and ceases when the asset is derecognised or classified as held-for-sale.

The useful life and residual value of each component is reviewed annually at year end and, if expectations differ from previous estimates, adjusted prospectively as a change in accounting estimate.

Impairment

Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying value in line with its recoverable amount.

Dismantling and decommissioning costs

The cost of an item of property, plant and equipment includes the initial estimate of the costs of its dismantlement, removal, or restoration of the site on which it was located.

1.14 Impairment of assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable value of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible asset not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.15 Investment property

Investment property is any land, building or part thereof that is either owned or leased by the Group under a finance lease for the purpose of earning rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis.

Initially, investment property is measured at cost including all transaction costs. Subsequent to initial recognition investment property is stated at fair value, with any movements in fair value recognised in profit or loss.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gain or loss on the derecognition of an investment property is recognised in profit or loss in the year of derecognition.

1.16 Non-current assets held-for-sale and discontinued operations

Non-current assets, disposal groups, or components of an enterprise are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, disposal groups, or components of an enterprise classified as held-for-sale are stated at the lower of its previous carrying value and fair value less costs to sell.

An impairment loss, if any, is recognised in profit or loss for any initial and subsequent write-down of the carrying value to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised first reduces the carrying value of the goodwill allocated to the disposal group, and the remainder to the other assets of the disposal group pro-rata on the basis of the carrying value of each asset in the disposal group.

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the write-down as they are assessed for impairment according to the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be proportionately allocated to these other assets of the disposal group on the basis of the carrying value of each asset in the unit (group of units), but not to goodwill.

Assets held-for-sale are not depreciated or amortised. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

When the sale is expected to occur beyond one year, the costs to sell are measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as an interest expense.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the statement of financial position. The sum of the post-tax profit or loss of the discontinued operation, and the post-tax gain or loss on the remeasurement to fair value less costs to sell is presented as a single amount on the face of the statement of financial performance.

1.17 Inventories

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or for general servicing purposes. Consumable stores are recognised in profit or loss as consumed.

Inventories are valued at the lower of cost or net realisable value.

The cost of inventories is determined using the following cost formulas:

- raw materials – First In, First Out (FIFO) or Weighted Average Cost basis.
- finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity.

For inventories with a different nature or use to the Group, different cost formulas are used. The cost of inventories includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchase costs, where applicable.

In certain business operations the standard cost method is used. The standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. These are regularly reviewed and, if necessary, revised in the light of current conditions. All abnormal variances are immediately expensed as overhead costs. All under absorption of overhead costs are expensed as a normal overhead cost, while over absorption is adjusted against the inventory item or the cost of sales if already sold.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs incurred in marketing, selling and distribution.

Property development

Property developments are stated at the lower of cost or realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

1.18 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Greater weight is therefore given to those features which have a commercial effect in practice. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

All headleases in which the Group has a controlling interest in the property at the end of the lease are classified as finance leases. All other headleases are classified as onerous operating leases.

Finance leases

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct cost incurred in negotiating or arranging a lease is added to the cost of the asset. The present value of the cost of decommissioning, restoration or similar obligations relating to the asset are also capitalised to the cost of the asset on initial recognition. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the

straight-line or unit of production basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values. Where it is not certain that an asset will be taken over by the Group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

Finance lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to operating costs as they become due.

Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the Group to enter into the agreement, such as up front cash payments or an initial rent-free period. These benefits are recognised as a reduction of the rental expense over the lease term, on a straight-line basis.

Finance headleases

Headlease assets, where part of finance headleases, are capitalised as investment property at their fair values and a corresponding liability is raised.

Land is not depreciated. Buildings are depreciated using the straight-line basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values.

Operating headleases

A long-term provision is raised in respect of the onerous headleases that are classified as operating headleases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating lease payments are recognised in the profit or loss on a straight-line basis over the lease term.

1.19 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the reporting date, and are discounted to present value when the effect is material.

Provisions are reflected separately on the face of the statement of financial position and are separated into their long-term and short-term portions. Contract provisions are, however, deducted from contracts-in-progress.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs that will be incurred in meeting contract obligations are in excess of the economic benefits expected to be received from the contract.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18: Revenue.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised in the statement of financial position.

1.20 Share-based payment transactions

An expense is recognised where the Group receives goods or services in exchange for shares or rights over shares (equity-settled transactions) or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions).

Employees, including directors, of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external value using the binomial lattice and Monte Carlo Simulation models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1.21 Employee benefits

Defined contribution plans

Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits, is borne by the employee. Such plans include multi-employer or state plans.

Employee and employer contributions to defined contribution plans are recognised as an expense in the year in which incurred.

Defined benefit plans

Under defined plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer plan or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average working lives of participating employees.

The current service cost in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past-service costs, experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing employees are expensed over the remaining service lives of these employees. Adjustments relating to retired employees are expensed in the year in which they arise. Deficits arising on these funds, if any, are

recognised immediately in respect of retired employees and over the remaining service lives of current employees.

The defined benefit obligation in the statement of financial position, if any, represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and are reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

1.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value of the grant is credited to the item of property, plant and equipment and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

1.23 Taxation

Income taxation includes both current and deferred taxation.

Current taxation assets and liabilities

Current taxation is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

Deferred taxation liabilities/assets are recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profits, and is accounted for using the statement of financial position liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in business combinations, of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred taxation liabilities are recognised for the taxable temporary differences arising from investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future.

The carrying amount of a deferred taxation asset is revised at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

1.24 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.25 Revenue

Revenue is the aggregate of turnover of subsidiaries and the Group's share of the turnover of joint ventures and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from services is recognised over the period during which the services are rendered.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Long-term and construction contracts

Where the outcome of a long-term and construction contract can be reliably measured, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be reliably measured. Anticipated losses to completion are immediately recognised as an expense in contract costs.

Where the outcome of the long-term and construction contracts cannot be estimated reliably, contract revenue is recognised to the extent that the recoverability of incurred costs is probable.

In limited circumstances, contracts may be materially impacted by a client's actions such that the Group is unable to complete the contracted works at all or in the manner originally forecast. This may involve dispute resolution procedures under the relevant contract and/or litigation. In these circumstances the assessment of the project outcome, whilst following the basic principles becomes more judgemental.

1.26 Exceptional items

Exceptional items are material items which derive from events or transactions that fall outside the ordinary trading activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

1.27 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1.28 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decisionmakers who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Committees who make strategic decisions. The basis of segmental reporting is set out on Annexure 3.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment principally include property, plant and equipment, investments, inventories, contracts-in-progress and receivables, net of allowances. Cash balances are excluded.

Segmental liabilities

All operating liabilities of a segment principally include accounts payable, subcontractor liabilities and external interest bearing borrowings.

1.29 Black economic empowerment

IFRS 2: Share-based payment requires share-based payments to be recognised as an expense in profit or loss. This expense is measured at the fair value of the equity instruments issued at the grant date.

Letsema Vulindlela Black Executives Trust

Once selected, black executives become vested beneficiaries of the Letsema Vulindlela Black Executives Trust and are granted Murray & Roberts shares. In terms of their vesting rights, the fair value of these equity instruments, valued at the various dates on which the grants take place, are recognised as an expense over the related vesting periods.

Letsema Khanyisa Black Employee Benefits Trust and Letsema Sizwe Community Trust

These trusts are established as 100-year trusts. However, after the lock-in period ending 31 December 2015, they may, at the discretion of the trustees be dissolved in which event any surplus in these trusts after the settlement of all the liabilities, will be transferred to organisations which engage in similar public benefit activities. An IFRS 2 expense will have to be recognised at such point in time when this surplus is distributed to an independent public benefit organisation.

1.30 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.31 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2010

All monetary amounts are expressed
in millions of Rands

2. PROPERTY, PLANT AND EQUIPMENT

	2010			2009		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Immovable property	784,0	(72,3)	711,7	664,5	(78,7)	585,8
Plant and machinery	5 428,7	(2 262,8)	3 165,9	5 256,8	(2 122,1)	3 134,7
Other equipment	531,8	(176,0)	355,8	719,2	(159,4)	559,8
	6 744,5	(2 511,1)	4 233,4	6 640,5	(2 360,2)	4 280,3
Reconciliation of property, plant and equipment			Immovable property	Plant and machinery	Other equipment	Total
At 30 June 2008			463,6	2 706,6	523,3	3 693,5
Additions			286,2	1 192,1	857,7	2 336,0
Disposals			–	(87,8)	(1,1)	(88,9)
Transfer to investment property			(21,9)	–	–	(21,9)
Transfer to assets classified as held-for-sale			(173,2)	(625,5)	–	(798,7)
Transfer from contract work-in-progress and inventory			–	24,2	–	24,2
Foreign exchange movements			18,0	(116,0)	65,5	(32,5)
Reclassified			40,7	787,1	(827,8)	–
Depreciation			(27,6)	(726,6)	(51,8)	(806,0)
Net impairment loss			–	(19,4)	(6,0)	(25,4)
At 30 June 2009			585,8	3 134,7	559,8	4 280,3
Additions			183,1	689,6	220,0	1 092,7
Disposals			(3,0)	(146,0)	(22,0)	(171,0)
Transfer to inventory			–	–	(6,3)	(6,3)
Disposal of business			(11,3)	(1,7)	(0,2)	(13,2)
Transfer to assets classified as held-for-sale			(7,1)	(222,9)	(17,1)	(247,1)
Transfer to investment property			(18,8)	–	–	(18,8)
Transfer to other intangible assets			–	–	(1,3)	(1,3)
Foreign exchange movements			(1,2)	4,7	2,3	5,8
Reclassified			14,1	310,0	(324,1)	–
Depreciation			(29,9)	(589,3)	(61,3)	(680,5)
Net impairment (loss)/reversal			–	(13,2)	6,0	(7,2)
At 30 June 2010			711,7	3 165,9	355,8	4 233,4

Details in respect of immovable property are set out in a register which may be inspected at the Group's registered office.

The Group has pledged certain assets as security for certain interest bearing borrowings (note 16, Secured liabilities).

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– Immovable property – land	Not depreciated	
– Immovable property – building	20 to 40 years	on a straight-line basis
– Plant and machinery	3 to 30 years	on a straight-line basis
– Other equipment	3 to 10 years	on a straight-line basis

All monetary amounts are expressed in millions of Rands

3. INVESTMENT PROPERTY

2010	Opening balance	Additions	Disposals	Transfers to assets held-for-sale	Other transfers*	Fair value adjustments	Total
Headlease property	148,7	–	–	(157,2)	(8,0)	16,5	–
Investment property	361,4	34,9	(7,7)	(448,4)	26,8	84,7	51,7
	510,1	34,9	(7,7)	(605,6)	18,8	101,2	51,7

* Other transfers consist of transfers between investment property of R8 million and transfers from property, plant and equipment of R18,8 million.

	Opening balance	Additions	Transfer to investment property	Transfer from property, plant and equipment	Total
2009					
Headlease property	268,6	3,8	(123,7)	–	148,7
Investment property	213,2	2,6	123,7	21,9	361,4
	481,8	6,4	–	21,9	510,1

Details in respect of the investment property are set out in a register which may be inspected at the Group's registered office.

The fair value of the investment properties at 30 June 2010 has been arrived at on the basis of a valuation carried out by Murray & Roberts Properties Group, a related party, on an open market basis.

The headlease investment property forms part of the Group's headlease and property activities and cannot be realised until the headleases are settled (note 18, Obligations under finance headleases).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to R137,7 million (2009: R125,6 million). Direct operating expenses arising from the investment property in the period amounted to R91,7 million (2009: R50,7 million).

4. GOODWILL

2010	Opening balance	Additions through business combinations	Foreign exchange movements	Total
Goodwill	490,3	66,3	(2,9)	553,7
			Additions through business combinations	
2009				
Goodwill		488,1	2,2	490,3

Goodwill is allocated to the Group's cash generating units identified according to the business segments that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following business segments:

	2010	2009
Construction SADC	44,2	44,2
Engineering SADC	52,2	52,2
Construction Products SADC	75,4	62,6
Cementation Group	34,7	34,7
Clough	347,2	296,6
	553,7	490,3

Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market.

The discount rates below, used for impairment testing, are pre-tax and reflect the acquiree's weighted average cost of capital adjusted for relevant risk factors:

Construction SADC	14,4%
Engineering SADC	14,4%
Construction Products SADC	16,4%
Cementation Group	14,2%
Clough	14,0%

All monetary amounts are expressed
in millions of Rands

5. OTHER INTANGIBLE ASSETS

	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	4,2	(0,4)	3,8	4,2	(0,2)	4,0
Computer software	206,0	(158,8)	47,2	177,5	(137,3)	40,2
Mineral rights	19,9	(9,0)	10,9	19,9	(7,9)	12,0
Other intangible assets	19,9	(10,3)	9,6	9,9	(7,6)	2,3
	250,0	(178,5)	71,5	211,5	(153,0)	58,5

	Opening balance	Additions	Acquisition of businesses	Disposals	Transfer from property, plant and equipment	Foreign exchange movements	Amortisation	Total
2010								
Patents, trademarks and other rights	4,0	–	–	–	–	–	(0,2)	3,8
Computer software	40,2	28,0	–	(1,3)	1,3	0,5	(21,5)	47,2
Mineral rights	12,0	–	–	–	–	–	(1,1)	10,9
Other intangible assets	2,3	–	9,6	–	–	–	(2,3)	9,6
	58,5	28,0	9,6	(1,3)	1,3	0,5	(25,1)	71,5

	Opening balance	Additions	Disposals	Transfer to assets classified as held- for-sale	Foreign exchange movements	Amortisation	Total
2009							
Patents, trademarks and other rights	–	4,2	–	–	–	(0,2)	4,0
Computer software	65,1	10,7	(0,2)	–	(2,5)	(32,9)	40,2
Mineral rights	23,4	16,1	–	(24,7)	(1,1)	(1,7)	12,0
Other intangible assets	1,5	1,1	–	–	(0,3)	–	2,3
	90,0	32,1	(0,2)	(24,7)	(3,9)	(34,8)	58,5

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Other intangible assets include a technology agreement in Canada of R1,3 million (2009: R1,2 million) that has an indefinite useful life.

The following amortisation periods are used for the amortisation of intangible assets:

– Patents, trademarks and other rights	20 years	on a straight-line basis
– Computer software	2 to 4 years	on a straight-line basis
– Mineral rights	7 years	per usage of clay
– Other intangible assets	3 to 5 years or indefinite	on a straight-line basis

All monetary amounts are expressed
in millions of Rands

in millions of Rands		2010	2009		
6.	INVESTMENTS IN ASSOCIATE COMPANIES				
6.1	Investments in associate companies				
	The Group's share of associate companies included in the consolidated statement of financial position is:				
	As at beginning of year	31,9	31,0		
	Acquisition of businesses	340,1	–		
	Additions	0,5	6,3		
	Transfer to assets classified as held-for-sale	–	(6,0)		
	Dividend received	(1,7)	(1,7)		
	Share of post-acquisition earnings	13,9	2,2		
	Foreign exchange movements	(8,6)	0,1		
		376,1	31,9		
	The carrying value of the investments can be analysed as follows:				
	Investments in associate at cost	353,5	21,5		
	Share of post-acquisition earnings, net of dividends received	22,6	10,4		
		376,1	31,9		
	Loans from associate companies	–	(20,1)		
		376,1	11,8		
	The loans from associate companies bore interest at 8,75% and were repayable on demand.				
6.2	Valuation of shares				
	Construction SADC				
	Murray & Roberts (Zimbabwe) Limited	56,9	53,9		
	The investment in Murray & Roberts (Zimbabwe) Limited is fully impaired.				
	Other associates				
	Directors' valuation of unlisted associates	376,1	31,9		
6.3	Summarised financial information in respect of the Group's associates:				
	Total assets	1 913,3	307,8		
	Total liabilities	793,3	275,9		
	Net assets	1 120,0	31,9		
	Revenue	4 583,9	5 810,6		
	Attributable earnings for the year	26,7	3,3		
6.4	Details of associate companies				
		Place of incorporation	% of ownership and votes		
	Name of significant associates		2010	2009	Main activity
	Gryphon Logistics (Proprietary) Limited	South Africa	30,0	30,0	Transport
	SA Rebar (Proprietary) Limited	South Africa	26,0	26,0	Materials & services
	Bombela TKC (Proprietary) Limited	South Africa	26,0	26,0	Construction
	Forge Group Limited	Australia	31,3	–	Construction

All monetary amounts are expressed
in millions of Rands

			2010	2009
7. OTHER INVESTMENTS				
7.1 Financial assets designated as fair value through profit and loss				
<i>Investments in infrastructure service concessions</i>				
At beginning of year			443,8	437,1
Additional investments, disposals and repayments received			(255,0)	(128,3)
Fair value adjustment recognised in statement of financial performance			182,3	135,0
Transfer to assets classified as held-for-sale			(160,0)	–
			211,1	443,8
Directors' valuation R211,1 million (2009: R443,8 million).				
The financial assets designated as fair value through profit and loss comprise of the Group's interest in the following infrastructure service concessions:				
	% Interest	Remaining concession period		
Bombela Concession Company (Proprietary) Limited*	25,00	16 years	211,1	124,9
Bakwena Platinum Corridor Concessionaire (Proprietary) Limited**	10,68	22 years	–	211,4
N3 Toll Concession (Proprietary) Limited**	14,07	20 years	–	107,5
			211,1	443,8
* The fair value of the Bombela Railway Concession has been calculated using discounted cash flow models and a market discount rate. The discounted cash flow models are based on patronage, forecasted operating costs, inflation rates and other economical fundamentals.				
** The fair value of the toll road investment has been calculated using discounted cash flow models and market discount rates. The discounted cash flow models are based on traffic estimates, forecasted operating costs, inflation rates and other economic fundamentals.				
There were no changes in fair values which resulted from a change in credit risk.				
7.2 Available-for-sale financial assets				
<i>Unlisted investments</i>				
At beginning of year			4,5	4,6
Additions, disposals and other movements			–	(0,1)
Value of unlisted investments			4,5	4,5
<i>Listed investments</i>				
At beginning of year			–	11,0
Disposal of business			–	(9,8)
Foreign exchange movements			–	(1,2)
Fair value of listed non-trading investments			–	–
7.3 Loans and receivables measured at amortised cost				
<i>Unsecured loans and receivables</i>				
Balance at beginning of the year			35,1	64,8
Additional loans made			14,0	1,5
Write-off of loans			–	(45,0)
Reversal of provision for impairment			–	45,0
Disposals and repayments			(48,7)	(30,5)
Foreign exchange movements			0,2	(0,7)
Amortised cost of unsecured loans and receivables			0,6	35,1
Total other investments			216,2	483,4

Details in respect of the other investments are set out in a register that may be inspected at the Group's registered office. Included in loans and receivables is an amount of Rnil (2009: R25,3 million) receivable from related parties. Further details of these amounts are set out in note 46.

All monetary amounts are expressed
in millions of Rands

	2010	2009
8. INVENTORIES		
Raw materials	853,0	1 124,5
Work-in-progress	135,4	286,5
Finished goods and manufactured components	373,7	300,3
Consumable stores	132,3	138,6
Property development	212,6	319,0
	1 707,0	2 168,9
Inventories are valued at the lower of cost or net realisable value.		
9. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts-in-progress at year end	2 426,4	2 682,2
Amounts receivable on contracts (net of impairment provisions)	2 543,4	2 511,3
	4 969,8	5 193,5
Advances received in excess of work completed	(2 023,0)	(3 326,9)
Amounts receivable from contracts	2 946,8	1 866,6
Retentions receivable (net of impairment provisions)	394,0	432,0
	3 340,8	2 298,6
Amounts due from contract customers	6 614,1	5 899,9
Amounts due to contract customers	(3 273,3)	(3 601,3)
	3 340,8	2 298,6
Amounts of Rnil (2009: R80,6 million) are due for settlement after more than 12 months from reporting date.		
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	1 415,0	1 808,3
Provision for doubtful debts	(144,9)	(123,1)
Operating lease receivables recognised on a straight-line basis	3,9	26,9
Amount owing by joint venture partners	198,7	380,7
Prepayments	217,1	187,8
Other receivables	359,5	392,4
	2 049,3	2 673,0
Details in respect of the Group's credit risk management policies are set out in note 44.		
The directors consider that the carrying amount of the trade and other receivables approximate their fair value.		

All monetary amounts are expressed
in millions of Rands

	2010	2009
11. SHARE CAPITAL AND PREMIUM		
11.1 Share capital		
<i>Authorised</i>		
500 000 000 authorised ordinary shares of 10 cents each (2009: 500 000 000 of 10 cents each)	50,0	50,0
<i>Issued and fully paid</i>		
331 892 619 ordinary shares of 10 cents each (2009: 331 892 619 of 10 cents each)	33,2	33,2
Less: Treasury shares held by The Murray & Roberts Trust at par value	(0,7)	(0,8)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at par value	(2,9)	(2,9)
Less: Treasury shares held by Murray & Roberts Limited at par value	(0,1)	(0,1)
Net share capital	29,5	29,4
<i>Unissued</i>		
At reporting date the number of unissued shares was 168 107 381 (2009: 168 107 381)		
11.2 Share premium		
Share premium	1 639,6	1 639,6
Less: Treasury shares held by The Murray & Roberts Trust at net cost	(486,8)	(505,2)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost	(429,5)	(429,4)
Less: Treasury shares held by Murray & Roberts Limited at net cost	(15,7)	(15,7)
Net share premium	707,6	689,3
Total share capital and share premium	737,1	718,7
11.3 Treasury shares		
Market value of treasury shares:		
The Murray & Roberts Trust	281,7	419,6
The Letsema BBBEE trusts and companies	1 123,1	1 447,3
Murray & Roberts Limited	26,3	33,8
	Number of shares	Number of shares
Reconciliation of issued shares:		
Issued and fully paid	331 892 619	331 892 619
Less: Treasury shares held by The Murray & Roberts Trust	(7 260 782)	(8 392 766)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	(28 945 903)	(28 946 803)
Less: Treasury shares held by Murray & Roberts Limited	(675 644)	(675 644)
Net shares issued to public	295 010 290	293 877 406

12. SHARE INCENTIVE SCHEMES

12.1 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (Trust). Subsequent amendments to the Scheme and Trust were approved by shareholders in October 2009.

At 30 June 2010, the Trust held 7 260 782 (2009: 8 392 766) shares against the commitment of options granted by the Trust totalling 11 204 625 (2009: 11 212 234) shares. In order to settle the shortfall and subject to shareholders' approval, the Company could issue new shares within the maximum of 10% of the Company's total issued share capital, being 33 189 262 ordinary shares.

17,84% of the outstanding options at 30 June 2010 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2010 were as follows:

Schemes implemented		Outstanding options at 30 June 2009	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2010	Option price per share (cents)	Weighted average share price on exercise (cents)
25 August 1999		10 000	–	(10 000)	–	–	440	–
08 May 2000		43 250	–	–	(40 250)	3 000	316	4 703
13 March 2002	Standard	31 875	–	–	(9 375)	22 500	693	6 450
13 March 2002	Hurdle	31 875	–	–	(9 375)	22 500	693	6 450
06 March 2003	Standard	90 000	–	–	(35 000)	55 000	1 100	6 331
06 March 2003	Hurdle	108 750	–	–	(48 750)	60 000	1 100	6 403
15 March 2004	Standard	207 500	–	–	(55 000)	152 500	1 304	6 079
15 March 2004	Hurdle	160 250	–	–	(51 250)	109 000	1 304	6 064
07 September 2004	Standard	37 500	–	–	(37 500)	–	1 200	3 828
07 September 2004	Hurdle	25 000	–	–	(25 000)	–	1 200	3 828
28 June 2005	Standard	646 875	–	(30 625)	(235 000)	381 250	1 400	5 354
28 June 2005	Hurdle	446 250	–	(32 500)	(201 250)	212 500	1 400	5 704
03 March 2006	Standard	1 122 359	–	(87 500)	(274 234)	760 625	2 353	5 439
03 March 2006	Hurdle	375 000	–	(30 000)	(110 000)	235 000	2 353	5 627
06 March 2007	Hurdle	1 250 000	–	(100 000)	–	1 150 000	5 060	–
06 March 2007	Special	4 875 000	–	(435 000)	–	4 440 000	5 060	–
30 August 2007	Standard	10 000	–	–	–	10 000	7 200	–
02 November 2007	Standard	55 000	–	(10 000)	–	45 000	9 352	–
26 February 2008	Standard	1 356 500	–	(110 000)	–	1 246 500	9 201	–
26 February 2008	Special	250 000	–	(250 000)	–	–	9 201	–
01 July 2008	Standard	45 500	–	–	–	45 500	8 651	–
26 August 2008	Standard	33 750	–	–	–	33 750	9 372	–
26 August 2009	Standard	–	2 185 000	(105 000)	–	2 080 000	4 774	–
08 December 2009	Standard	–	140 000	–	–	140 000	4 542	–
		11 212 234	2 325 000	(1 200 625)	(1 131 984)	11 204 625		

Notes:

1. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.
2. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.
3. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.
4. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.
5. For the 2004 to 2007 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.
6. The 2007 special scheme is time-related with the first tranche exercisable in 2011 and the expiry date being extended from 2013 to 2015.
7. The Group has no legal or constructive obligation to repurchase or settle the options in cash.
8. Options are forfeited if the employees leave the Group before the options vest.

12. SHARE INCENTIVE SCHEMES (continued)

12.1 Equity-settled share incentive scheme – The Murray & Roberts Trust (continued)

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Binomial lattice model
Hurdle scheme	Hybrid of binomial lattice and Monte Carlo Simulation models
Special scheme	Binomial lattice model

The inputs into the models were as follows:

Schemes implemented		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
06 March 2003	Standard	1 100	41,9%	06 March 2013	9,7%	3,0%	508
06 March 2003	Hurdle	1 100	41,9%	06 March 2013	9,7%	3,0%	254
15 March 2004	Standard	1 304	35,8%	06 March 2014	9,5%	4,0%	523
15 March 2004	Hurdle	1 304	35,8%	15 March 2014	9,5%	4,0%	334
07 September 2004	Standard	1 200	34,0%	07 September 2014	9,6%	4,0%	463
07 September 2004	Hurdle	1 200	34,0%	07 September 2014	9,6%	4,0%	302
28 June 2005	Standard	1 400	31,1%	28 June 2011	7,6%	4,3%	433
28 June 2005	Hurdle	1 400	31,1%	28 June 2011	7,9%	3,0%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	3,0%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	3,0%	733
06 March 2007	Hurdle	5 060	29,0%	06 March 2013	8,2%	2,0%	1 629
06 March 2007	Special	5 060	29,0%	06 March 2013	8,2%	2,0%	1 838
30 August 2007	Standard	7 200	29,0%	30 August 2013	9,5%	1,0%	2 586
02 November 2007	Standard	9 352	29,5%	02 November 2013	8,9%	1,0%	3 278
26 February 2008	Standard	9 201	30,8%	26 February 2014	9,6%	1,0%	3 484
26 February 2008	Special	9 201	31,2%	30 June 2012	9,6%	1,0%	3 279
01 July 2008	Standard	8 651	31,3%	01 July 2014	11,6%	5,0%	2 829
26 August 2008	Standard	9 372	32,4%	26 August 2014	9,7%	5,0%	2 824
26 August 2009	Standard	4 774	38,3%	26 August 2015	8,4%	5,0%	1 499
08 December 2009	Standard	4 542	39,2%	08 December 2015	8,7%	5,0%	1 525

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R33,1 million (2009: R14,2 million) relating to these share options during the year.

12.2 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust

The Letsema Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's Broad-based Black Economic Empowerment transaction. This transaction operates through various broad-based entities of which the Letsema Vulindlela Black Executives Trust (Vulindlela Trust) is one. The purpose of the Vulindlela Trust is to facilitate ownership in the Company's ordinary share capital by black executives. At 30 June 2010, the Vulindlela Trust held 9 956 779 (2009: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 1 911 344 (2009: 1 295 801) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the Trust will be offset against the outstanding balance of the loan. After the expiry of the five year lock in period but before 31 December 2016, provided that the prevailing market value exceeds the adjusted amount due in respect of those shares, the black executive may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such election, the black executives will be required to make a contribution to the Trust in order to settle the outstanding loan amount. Should the value of the shares be less than the outstanding loan amount, the Trust must return the shares to the Company and the loan will be cancelled.

12. SHARE INCENTIVE SCHEMES (continued)

12.2 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust (continued)

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2010 were as follows:

Schemes implemented	Outstanding options at 30 June 2009	Granted during the year	Surrendered during the year	Outstanding options at 30 June 2010	Option price per share (cents)
02 March 2006	388 501	–	(39 207)	349 294	2 353
27 June 2006	10 500	–	(2 333)	8 167	2 431
28 August 2006	50 500	–	–	50 500	3 002
06 March 2007	515 200	–	(66 567)	448 633	5 200
25 June 2007	96 900	–	(28 800)	68 100	6 619
28 February 2008	171 900	–	(24 900)	147 000	9 201
28 August 2008	62 300	–	(9 400)	52 900	9 508
25 August 2009	–	881 550	(94 800)	786 750	4 774
	1 295 801	881 550	(266 007)	1 911 344	

Notes:

1. The options can only be exercised after five years from date of allocation.

2. Options are forfeited if the employee leaves the Group before the options vest.

The estimated fair values of options granted were determined using the Monte Carlo Simulation model.

The inputs into the models were as follows:

Schemes implemented	Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
02 March 2006	2 353	31,0%	31 December 2016	7,2%	2,7%	1 253
27 June 2006	2 431	36,0%	31 December 2016	8,7%	2,3%	1 395
28 August 2006	3 002	29,0%	31 December 2016	8,9%	2,0%	1 621
06 March 2007	5 200	29,0%	31 December 2016	8,2%	2,0%	2 590
25 June 2007	6 619	29,0%	31 December 2016	8,9%	2,0%	3 588
26 February 2008	9 201	31,0%	31 December 2016	9,6%	2,5%	4 209
28 August 2008	9 508	33,0%	31 December 2016	9,6%	5,0%	4 772
25 August 2009	4 774	40,3%	25 August 2014	8,2%	5,0%	2 133

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R13,9 million (2009: R12 million) relating to these share options during the year.

All monetary amounts are expressed
in millions of Rands

	2010	2009
13. OTHER CAPITAL RESERVES		
Capital redemption reserve fund		
At beginning and end of the year	1,7	1,7
Statutory reserve		
At beginning and end of the year	23,1	23,1
Other non-distributable reserve		
Financial instrument recognised on acquisition of business	(35,4)	–
Share-based payment reserve		
At beginning of the year	128,4	98,9
Recognition of share-based payments	53,3	29,5
	181,7	128,4
Total other capital reserves	171,1	153,2
The capital redemption reserve fund represents retained earnings transferred to a non-distributable reserve on the redemption of previously issued redeemable preference shares of group companies. The statutory reserve represents retained earnings of foreign subsidiary companies that are not available for distribution to shareholders in accordance with local laws. The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments. The other non-distributable reserve represents the option that Clough Limited has to acquire the remaining non-controlling interest in Ocean Flow International LLC.		
14. HEDGING AND TRANSLATION RESERVES		
Hedging reserve		
At beginning of the year	2,3	–
Cash flow hedges	(11,0)	2,3
Disposal of business	7,0	–
	(1,7)	2,3
Foreign currency translation reserve		
At beginning of the year	(32,7)	211,9
Foreign currency translation movements	78,4	(244,6)
	45,7	(32,7)
Total hedging and translation reserves	44,0	(30,4)
The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges. The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional currency of the holding company.		

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
15. NON-CONTROLLING INTEREST			
<i>Non-controlling interest comprises</i>			
15.1 Non-controlling interest in reserves			
Opening balance		980,3	926,4
Share of attributable earnings		131,1	319,8
Dividends declared and paid		(94,5)	(71,1)
Acquisition of non-controlling interest		(22,9)	(136,9)
Transfers from reserves		(17,7)	9,8
Disposal of business		(120,0)	–
Foreign exchange movements		46,8	(67,7)
		903,1	980,3
15.2 Equity loans from non-controlling interest			
At beginning of the year		72,7	33,7
Additional loans raised		0,5	42,5
Loan repayments		(2,2)	(0,5)
Foreign exchange movements		(0,1)	(3,0)
		70,9	72,7
The loans from the non-controlling shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.			
Total non-controlling interest		974,0	1 053,0
16. SECURED LIABILITIES			
Liabilities of the Group are secured as follows:			
Loans secured over land and buildings with a book value of Rnil million (2009: R375,7 million)		–	183,0
Loans secured over plant and machinery with a book value of R977,4 million (2009: R1 141,3 million)		845,3	773,9
		845,3	956,9
Reflected in the statement of financial position under:			
Long-term loans	17	376,5	392,5
Capitalised finance leases	17	250,8	67,9
Short-term loans	17	218,0	496,5
		845,3	956,9

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
17. LONG-TERM LOANS			
17.1 Interest bearing secured loans			
Payable			
Within 1 year		75,0	381,4
Within the 2 nd year		66,4	77,6
Within 3 to 5 years		310,1	314,9
		451,5	773,9
Less: Current portion	25	(75,0)	(381,4)
		376,5	392,5
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		376,0	371,6
Within the 2 nd year		901,0	–
Within 3 to 5 years		–	309,6
		1 277,0	681,2
Less: Current portion	25	(376,0)	(371,6)
		901,0	309,6
17.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		36,4	88,1
Within the 2 nd year		3,2	–
Within 3 to 5 years		3,8	–
		43,4	88,1
Less: Current portion	25	(36,4)	(88,1)
		7,0	–
17.4 Capitalised finance leases			
Minimum lease payments			
Within 1 year		156,0	126,1
Within the 2 nd year		135,1	55,4
Within 3 to 5 years		133,4	16,4
		424,5	197,9
Less: Future finance charges		(30,7)	(14,9)
Present value of lease obligations		393,8	183,0
The present value of lease obligations can be analysed as follows:			
Within 1 year		143,0	115,1
Within the 2 nd year		122,8	51,8
Within 3 to 5 years		128,0	16,1
		393,8	183,0
Less: Current portion	25	(143,0)	(115,1)
		250,8	67,9
Total long-term loans		1 535,3	770,0

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 16. Details of Group's interest rate risk management policies are set out in note 44.

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
18. OBLIGATIONS UNDER FINANCE HEADLEASES			
Payable			
Within 1 year		6,0	39,2
Within the 2 nd year		–	13,9
		6,0	53,1
Less: Current portion	25	(6,0)	(39,2)
		–	13,9

Details of the repayment terms of the obligations and the related interest rates are set out in Annexure 2.

Details of the Group's interest rate risk management policies are set out in note 44.

19. LONG-TERM PROVISIONS

	Opening balance	Additional raised	Released during the year	Utilised during the year	Foreign exchange movements	Total
2010						
Decommissioning and other provisions	69,6	24,2	(8,4)	(3,4)	0,7	82,7
Headleases and other property activities	8,5	–	–	(6,8)	–	1,7
	78,1	24,2	(8,4)	(10,2)	0,7	84,4
	Opening balance	Additional raised	Utilised during the year	Transfer to liabilities held-for-sale	Foreign exchange movements	Total
2009						
Decommissioning and other provisions	82,8	29,4	(20,4)	(16,9)	(5,3)	69,6
Headleases and other property activities	19,3	–	(10,8)	–	–	8,5
	102,1	29,4	(31,2)	(16,9)	(5,3)	78,1

The decommissioning provisions are based on the directors' best estimate of the decommissioning costs to be incurred.

All monetary amounts are expressed
in millions of Rands

	2010	2009
20. DEFERRED TAXATION		
20.1 Deferred taxation assets		
Inventory	0,1	3,7
Uncertified work and other construction temporary differences	–	(42,3)
Plant	(37,0)	(65,8)
Taxation losses	104,5	41,9
Receivables	–	5,6
Provisions and accruals	199,6	233,0
Advance payments received net of taxation allowances	14,0	146,8
Fair value adjustments	16,8	–
Prepayments	(1,3)	(7,1)
Other	46,7	(10,8)
	343,4	305,0
20.2 Reconciliation of deferred taxation assets		
At beginning of the year	305,0	208,2
Transfer from deferred taxation liabilities	(4,9)	(24,7)
Transfer to deferred taxation liabilities	(51,7)	–
Credit to the statement of financial performance	85,4	172,0
Credit to the statement of financial performance in respect of discontinued operations	–	56,4
Charge directly to equity	–	(4,5)
Deferred taxation asset transferred to assets classified as held-for-sale	–	(70,9)
Foreign exchange movements	9,6	(31,5)
	343,4	305,0
20.3 Deferred taxation liabilities		
Inventory	(9,1)	(1,0)
Uncertified work and other construction temporary differences	774,9	538,6
Plant	333,4	179,0
Taxation losses	(29,6)	(1,6)
Receivables	(32,3)	(20,4)
Provisions and accruals	(195,3)	(33,2)
Advanced payments received net of taxation allowances	(530,4)	(475,9)
Fair value adjustments	36,1	66,4
Finance leases	(2,4)	(5,3)
Prepayments	24,2	14,0
Other	11,0	10,9
	380,5	271,5
20.4 Reconciliation of deferred taxation liabilities		
At beginning of the year	271,5	205,9
Transfer to deferred taxation assets	(4,9)	(24,7)
Transfer from deferred taxation assets	(51,7)	–
Disposal of businesses	–	(0,4)
Deferred taxation liability transferred to liabilities directly associated with assets held-for-sale	(32,6)	–
Charge to the statement of financial performance	189,2	88,5
Foreign exchange movements	9,0	2,2
	380,5	271,5
20.5 Unused taxation losses		
At 30 June 2010, the Group had unused taxation losses of R1 423 million (2009: R1 229 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R457 million (2009: R145 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R966 million (2009: R1 084 million) due to the unpredictability of future profit streams.		

All monetary amounts are expressed
in millions of Rands

	2010	2009
21. TRADE AND OTHER PAYABLES		
Trade payables	1 141,5	1 355,4
Payroll accruals	704,0	683,6
Accruals and other payables	2 545,0	3 424,0
Operating lease payables recognised on a straight-line basis	0,6	26,3
	4 391,1	5 489,3

The directors consider that the carrying amount of the trade and other payables approximate their fair value.

22. SUBCONTRACTOR LIABILITIES		
Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.		
Non-current subcontractor liabilities	293,7	313,3
Current subcontractor liabilities	2 104,8	1 853,4
	2 398,5	2 166,7

23. PROVISIONS FOR OBLIGATIONS

	Opening balance	Additional raised	Released during the year	Utilised during the year	Transfer to liabilities classified as held-for-sale	Foreign exchange movements	Total
2010							
Payroll	471,4	244,7	(30,7)	(289,0)	(15,4)	3,7	384,7
Warranty and other	7,6	–	–	(5,0)	–	–	2,6
	479,0	244,7	(30,7)	(294,0)	(15,4)	3,7	387,3

	Opening balance	Additional raised	Released during the year	Utilised during the year	Transfer to liabilities classified as held-for-sale	Foreign exchange movements	Total
2009							
Payroll	440,9	416,6	(16,2)	(342,3)	(0,8)	(26,8)	471,4
Warranty and other	0,3	7,3	–	–	–	–	7,6
	441,2	423,9	(16,2)	(342,3)	(0,8)	(26,8)	479,0

The payroll provisions relate to staff bonus and severance pay obligations.

	2010	2009
24. NET CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	2 478,0	2 897,0
Restricted cash	1 333,1	1 766,4
Bank overdraft	(1 244,9)	(1 786,9)
	2 566,2	2 876,5
Restricted cash		
Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:		
Held in joint ventures	1 261,9	1 741,0
Held in trust accounts for sublease tenants	8,0	7,3
Other agreements with banks and other financial institutions	63,2	18,1
	1 333,1	1 766,4

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
25. SHORT-TERM LOANS			
Current portion of long-term loans			
– interest bearing secured	17	75,0	381,4
– interest bearing unsecured	17	376,0	371,6
– non-interest bearing unsecured	17	36,4	88,1
Current portion of capitalised finance leases	17	143,0	115,1
Current portion of obligations under finance headleases	18	6,0	39,2
		636,4	995,4
26. REVENUE			
Construction contracts		23 942,0	26 345,9
Sale of goods		7 017,1	6 027,2
Rendering of services		201,6	185,3
Properties		801,7	125,6
		31 962,4	32 684,0
27. EXCEPTIONAL ITEMS			
Investment property fair value adjustments		101,2	–
Gain on closure of business		–	10,0
Profit on sale of subsidiaries		–	10,3
Loss on disposal of land and buildings		–	(11,9)
Other		–	(0,6)
		101,2	7,8
28. EARNINGS FOR THE YEAR			
Earnings for the year is arrived at after taking into account:			
Items by nature			
<i>Investment income other than interest:</i>			
Dividends received		3,6	1,3
Fair value gain on investments designated as fair value through profit and loss	7	182,3	135,0
Rentals received		18,1	25,7
<i>Other items:</i>			
Amortisation of other intangible assets		25,1	34,7
<i>Auditors' remuneration:</i>			
Fees for audits		36,9	34,2
Other services		3,0	4,2
Expenses		0,9	0,7
Total auditors' remuneration from continuing operations		40,8	39,1
Total auditors' remuneration from discontinued operations	32	0,7	1,5
		41,5	40,6
Compensation income from insurance claims		18,4	29,4
<i>Depreciation:</i>			
Immovable property		29,0	17,6
Plant and machinery		560,0	642,4
Other equipment		60,2	51,0
Total depreciation from continuing operations		649,2	711,0
Total depreciation from discontinued operations	32	31,3	95,0
		680,5	806,0
<i>Employee benefit expense:</i>			
Salaries and wages from continuing operations		8 508,4	9 298,9
Salaries and wages from discontinued operations	32	96,6	395,6
		8 605,0	9 694,5

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
28. EARNINGS FOR THE YEAR (continued)			
Share option expense		46,7	26,0
Share option expense (Clough Limited)		10,0	11,3
Pension costs – defined contribution plans	45	92,5	80,6
Other post-employment benefits	45	15,4	11,0
<i>Fees paid for:</i>			
Managerial services		73,6	52,2
Technical services		35,8	12,9
Administrative services		83,7	28,5
Secretarial services		0,5	0,7
Impairment loss recognised on plant and equipment		16,1	31,4
Impairment loss recognised on inventory		57,7	40,2
<i>Impairment charges:</i>			
Trade receivables		76,8	25,6
Contract receivables		3,0	18,6
Other receivables		7,2	25,2
Reversal of impairment loss recognised on plant and equipment		8,9	6,0
Profit on disposal of property, plant and equipment: continuing operations		45,5	24,6
Profit on disposal of property, plant and equipment: discontinued operations	32	1,2	3,8
		46,7	28,4
Loss on disposal of property, plant and equipment		40,3	12,2
Net fair value profit on financial instruments		11,7	74,8
<i>Operating lease costs:</i>			
Immovable property		165,7	93,0
Plant and machinery		235,9	246,5
Other equipment		23,1	16,0
Operating lease costs: continuing operations		424,7	355,5
Operating lease costs: discontinued operations	32	1,6	3,6
		426,3	359,1
Research and development		2,6	0,8
Items by function*			
Cost of sales**		27 923,1	27 585,1
Distribution and marketing costs		367,9	383,4
Administration costs		2 698,9	2 491,7
Other operating income		802,4	542,5

* Excluding discontinued operations.

** Cost of sales includes R5 829,7 million (2009: R4 962,2 million) relating to the cost of inventories sold during the year.

All monetary amounts are expressed
in millions of Rands

	2010	2009
29. INTEREST EXPENSE		
Bank overdrafts	248,0	164,6
Present value expense	20,5	16,4
Capitalised finance leases	3,9	13,6
Loans and other liabilities	104,3	141,6
	376,7	336,2
30. INTEREST INCOME		
Bank balances and cash	131,7	261,3
Present value income	5,1	5,9
Capitalised finance leases	14,2	–
Unlisted loan investments and other receivables	32,4	49,0
	183,4	316,2
31. INCOME TAXATION EXPENSE		
Major components of the taxation expense		
<i>South African taxation</i>		
Normal taxation – current year	168,1	479,5
Normal taxation – prior year	(35,3)	(30,6)
Secondary taxation on companies	58,1	52,7
Deferred taxation – current year	62,1	(58,9)
Deferred taxation – prior year	33,8	(7,5)
<i>Foreign taxation</i>		
Normal income taxation and withholding taxation – current year	163,4	186,7
Normal income taxation and withholding taxation – prior year	11,5	7,5
Deferred taxation – current year	12,2	(27,0)
Deferred taxation – prior year	(4,3)	9,9
	469,6	612,3
South African income taxation is calculated at 28% (2009: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at rates prevailing in those relevant jurisdictions.		
Reconciliation of effective rate of taxation to the standard rate of taxation	%	%
Effective rate of taxation	27,9	22,2
Reduction in rate of taxation due to:		
Capital and non-taxable items	7,0	2,2
Taxation on foreign companies	10,2	6,4
Taxation losses utilised	–	0,1
Prior year adjustments	0,1	0,3
	45,2	31,2
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	(8,4)	(0,6)
Current year's losses not recognised	(4,5)	–
Foreign withholding taxation	(0,8)	(0,3)
Imputed foreign income	(0,1)	(0,1)
Secondary taxation on companies	(3,4)	(2,2)
South African standard rate of taxation	28,0	28,0

All monetary amounts are expressed
in millions of Rands

	2010	2009
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE		
32.1 Earnings for the year 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 the reclassification of assets and liabilities, to assets and liabilities held-for-sale. The prior year includes financial information for PT Petrosea.		
Profit from discontinued operations is analysed as follows:		
Revenue		
Sale of goods	185,1	430,7
Construction contracts	–	1 582,7
Rendering of services	359,9	670,2
Properties	–	0,8
	545,0	2 684,4
Earnings before interest and depreciation ¹	35,8	314,0
Depreciation and amortisation	(31,3)	(95,1)
Earnings before interest and taxation ¹	4,5	218,9
Interest expense	(6,4)	(45,5)
Interest income	4,2	8,4
Earnings before taxation	2,3	181,8
Taxation	–	11,5
Income from equity accounted investments	–	0,4
Profit from discontinued operations	2,3	193,7
Cash flows from discontinued operations		
Cash flows from operating activities	71,8	163,0
Cash flows from investing activities	(39,9)	(363,3)
Cash flows from financing activities	(44,5)	148,9
	(12,6)	(51,4)

All monetary amounts are expressed
in millions of Rands

	2010	2009
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)		
32.1 Earnings for the year from discontinued operations (continued)		
<i>¹Comprises:</i>		
<i>Auditors' remuneration:</i>		
Fees for audits	0,7	1,5
<i>Depreciation:</i>		
Immovable property	0,9	10,0
Plant and machinery	29,3	84,2
Other equipment	1,1	0,8
Amortisation: Other intangible assets	–	0,1
<i>Employee benefit expense:</i>		
Salaries and wages	96,6	395,6
Share option expense	0,3	0,2
Profit on sale of property, plant and equipment	1,2	3,8
<i>Fees paid for:</i>		
Managerial services	3,8	13,9
Administrative services	0,8	0,8
Impairment loss recognised on inventory	3,3	98,9
<i>Impairment charges:</i>		
Trade receivables	–	23,6
Contract receivables	–	162,2
<i>Operating lease costs:</i>		
Immovable property	1,4	2,9
Plant and machinery	–	0,4
Other equipment	0,2	0,3
Items by function		
Cost of sales*	500,3	2 115,7
Distribution and marketing costs	3,2	3,8
Administration costs	59,6	448,8
Other operating income	22,6	102,8
<i>* Cost of sales includes R164,9 million (2009: R336,5 million) relating to the cost of inventories sold during the year.</i>		
32.2 Assets classified as held-for-sale		
Assets held-for-sale include assets relating to Johnson Arabia LLC, BRC Arabia FZC, BRC Arabia LLC, investment property and other investments. These disposals are expected to occur within the next 12 months and have therefore been classified as assets held-for-sale. The proceeds from disposals are expected to exceed the net carrying amount of the assets, and accordingly no impairment loss has been recognised on the classification of these assets as held-for-sale.		
The major classes of assets comprising the assets held-for-sale are as follows:		
Property, plant and equipment	247,1	962,7
Investment property	605,6	–
Contracts-in-progress and contract debtors	–	421,0
Operating lease receivables	–	2,3
Deferred taxation asset	–	70,9
Other investments	177,8	32,7
Inventories	40,7	59,3
Trade and other receivables	223,3	173,6
Other intangible assets	–	23,3
Cash and cash equivalents	153,9	66,8
	1 448,4	1 812,6

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)			
32.3 Liabilities directly associated with assets classified as held-for-sale			
Long-term loans		71,9	669,9
Other payables		90,4	194,0
Trade payables		39,6	72,5
Subcontractor liabilities		–	80,4
Current provisions		15,4	7,9
Deferred taxation liabilities		32,6	–
Short-term loans		0,2	–
Non-current provisions		–	17,0
		250,1	1 041,7
33. EARNINGS AND HEADLINE EARNINGS PER SHARE			
33.1 From continuing and discontinued operations			
The calculation of basic and diluted earnings per share attributable to owners of the parent is based on the following data:			
<i>Earnings</i>			
Earnings attributable to owners of the parent		1 098,3	2 017,5
<i>Number of shares ('000)</i>			
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 the Letsema BBBEE trusts		(28 946)	(28 946)
Less: Weighted average number of shares held by Murray & Roberts Limited		(676)	(676)
Weighted average number of shares in issue used in the determination of basic per share figures		294 613	294 456
Add: Dilutive adjustment for share options		1 233	3 257
Weighted average number of shares in issue used in the determination of diluted per share figures		295 846	297 713
Earnings per share from continuing and discontinued operations (cents)			
– Diluted		371	678
– Basic		373	685
33.2 From continuing operations			
The calculation of basic and diluted earnings per share from continuing operations attributable to owners of the parent is based on the following data:			
<i>Earnings</i>			
Earnings attributable to owners of the parent		1 098,3	2 017,5
<i>Adjustments:</i>			
Profit from discontinued operations	32	(2,3)	(193,7)
Non-controlling interest		1,0	100,0
Earnings for the purposes of basic and diluted earnings per share from continuing operations		1 097,0	1 923,8
<i>Number of shares</i>			
The denominators used are the same as those detailed above for both basic and diluted earnings per share.			
Earnings per share from continuing operations (cents)			
– Diluted		371	646
– Basic		372	653

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
33. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)			
33.3 From discontinued operations			
The calculation of basic and diluted earnings per share from discontinued operations attributable to owners of the parent is based on the following data:			
<i>Earnings</i>			
Profit from discontinued operations	32	2,3	193,7
Non-controlling interest		(1,0)	(100,0)
		1,3	93,7
<i>Number of shares</i>			
The denominators used are the same as those detailed above for both basic and diluted earnings per share.			
Earnings per share from discontinued operations (cents)			
– Diluted		–	32
– Basic		1	31
33.4 Headline earnings			
The calculation of basic and diluted headline earnings per share attributable to owners of the parent is based on the following data:			
		Taxation and non- controlling interest impact	Net impact
2010	Notes	Gross	
Earnings attributable to owners of the parent		1 699,0	1 098,3
<i>Adjustments:</i>			
Investment property fair value adjustments	3	(101,2)	(87,0)
Profit on disposal of subsidiaries		(10,1)	(10,1)
Other		1,0	0,7
Non-controlling interest effects on adjustments		–	4,0
Headline earnings		1 588,7	1 005,9
2009			
Earnings attributable to owners of the parent		2 949,6	2 017,5
<i>Adjustments:</i>			
Profit on disposal of business	27	(20,3)	(20,3)
Loss on disposal of land and buildings		11,9	11,9
Headline earnings		2 941,2	2 009,1
<i>Number of shares</i>			
The denominators used are the same as those detailed above for both basic and diluted earnings per share.			
Headline earnings per share (cents)			
– Diluted		340	675
– Basic		341	683

All monetary amounts are expressed
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	2010	2009
34. ORDINARY DIVIDENDS		
Final dividend No. 117 of 53 cents declared on 25 August 2010 and payable on 18 October 2010	175,9	–
Interim dividend No. 116 of 52 cents declared on 24 February 2010 and paid on 16 April 2010	172,6	–
Final dividend No. 115 of 133 cents declared on 26 August 2009 and payable on 16 October 2009	–	441,4
Interim dividend No. 114 of 85 cents declared on 25 February 2009 and paid on 14 April 2009	–	282,1
	348,5	723,5
Less: Dividends relating to treasury shares	(38,7)	(79,5)
	309,8	644,0
In respect of final dividend No. 117, the directors have declared a dividend of 53 cents per share which will be paid to shareholders on 18 October 2010. This dividend has not been included as a liability in these financial statements. The proposed dividend is payable to shareholders recorded in the register at the close of business on 15 October 2010. The secondary taxation on companies payable on this dividend is estimated to be R18 million.		
35. CASH GENERATED FROM OPERATIONS		
Earnings before exceptional items and interest	1 779,4	2 985,2
Adjustments for non-cash items:		
Amortisation of other intangible assets	25,1	34,8
Depreciation	680,5	806,0
Fair value adjustments on concession investments	(182,3)	(135,0)
Movements in retirement benefit assets and liabilities	11,2	(1,4)
Long-term provisions raised, released and utilised	5,6	(1,7)
Net provisions raised, released and utilised	(80,0)	65,4
Net profit on disposal of property, plant and equipment	(6,4)	(16,2)
Share-based payment expense	57,0	37,5
Other non-cash items	30,4	14,8
Impairment of inventory	61,0	139,1
Adjustment for cash items:		
Headlease and other property activities	(47,0)	(25,3)
Change in working capital	(930,6)	(1 289,6)
Inventories	371,3	(457,4)
Trade and other receivables	421,4	(263,1)
Contracts-in-progress and contract receivables	(759,0)	343,0
Trade and other payables	(888,3)	(37,9)
Subcontractor liabilities	(76,0)	(874,2)
	1 403,9	2 613,6

All monetary amounts are expressed
in millions of Rands

	2010	2009
36. TAXATION PAID		
Taxation unpaid at beginning of the year	(150,4)	(420,0)
Foreign exchange movements	8,9	2,0
Disposal of businesses	–	0,8
Taxation charged to statement of financial performance, excluding deferred taxation	(365,8)	(695,8)
Taxation charged to statement of financial performance under discontinued operations	–	(44,8)
Taxation (due)/unpaid at end of the year	(9,7)	150,4
	(517,0)	(1 007,4)

37. ACQUISITION OF BUSINESSES

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 a consideration of US\$9,1 million. Ocean Flow has contributed revenue of R73 million and attributable profit of R9 million to Clough.

The net assets acquired and the goodwill arising are as follows:

	Notes	Acquiree's carrying value	2010 Fair value
Bank balances		(6,9)	(6,9)
Derivative financial instrument		(7,4)	(7,4)
Other intangible assets		–	(9,6)
Other current assets		(0,4)	(0,4)
Accounts payable and contracts-in-progress		2,2	2,2
Net assets acquired			(22,1)
Non-controlling interest*			3,7
Fair value of net assets acquired			(18,4)
Goodwill	4		(51,9)
Total investment in Ocean Flow			(70,3)
Net cash outflow arising on consolidation			63,4

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.

	2010	2009
38. NET MOVEMENT IN BORROWINGS		
Loans raised	702,0	754,8
Loans repaid	(472,7)	(67,1)
	229,3	687,7
Capitalised leases raised/(repaid)	149,0	(25,3)
	378,3	662,4

39. NON-CASH ITEMS

Non-cash items include those marked as such in note 35.

All monetary amounts are expressed
in millions of Rands

40. JOINT VENTURES

40.1 Joint venture arrangements

A proportion of the Group's operations are performed through joint ventures.

The Group operates through two types of joint ventures:

Joint venture entities

– these are incorporated arrangements such as jointly controlled companies.

Joint venture operations

– these are unincorporated arrangements such as partnerships and contracts.

*The Group's aggregate proportionate share of joint ventures included
in the consolidated statement of financial position is:*

	2010	2009
Non-current assets	10,3	127,9
Current assets	4 255,2	2 652,6
Total assets	4 265,5	2 780,5
Non-current liabilities	51,7	99,9
Current liabilities	3 567,6	2 245,4
Total liabilities	3 619,3	2 345,3
Net assets	646,2	435,2

*The Group's aggregate proportionate share of joint ventures included
in the consolidated statement of financial performance is:*

	2010	2009
Revenue	8 536,1	8 418,4
Earnings after taxation	1 233,3	1 058,1

40.2 Details of significant joint ventures

Business segment

%

%

The Group has the following significant joint venture entities

	Business segment	%	%
Bombela Civils Joint Venture (Proprietary) Limited	Construction SADC	45,0	45,0
Alert Steel Polokwane (Proprietary) Limited	Construction Products SADC	50,0	50,0
Freyssinet Posten (Proprietary) Limited	Construction Products SADC	50,0	50,0
Precast Reinforcing Steel (Proprietary) Limited	Construction Products SADC	50,0	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited	Construction Products SADC	50,0	50,0
National Metal Cape Town (Proprietary) Limited	Construction Products SADC	42,0	40,0
Clough Amec (Proprietary) Limited	Clough	50,0	50,0
S&B/Civils JV Goedgevonden	Construction SADC	50,0	–
Overseas AST Murray & Roberts Joint Venture	Engineering SADC	50,0	50,0
AI Habtoor – Murray & Roberts – Takenaka Joint Venture	Middle East	40,0	40,0
AI Habtoor – Murray & Roberts Joint Venture	Middle East	50,0	50,0
Vresap Civils Joint Venture	Construction SADC	40,0	40,0
Mpumalanga Pipeline Contractors Joint Venture	Construction Products SADC	25,0	25,0
Murray & Roberts Enza Construction Joint Venture	Construction SADC	80,0	80,0
Murray & Roberts/WBHO Joint Venture	Construction SADC	50,0	50,0
Murray & Roberts Construction SPG Construction Joint Venture	Construction SADC	65,0	65,0
A A Nass – Murray & Roberts Joint Venture	Middle East	50,0	50,0
Vulindlela Joint Venture	Construction Products SADC	33,3	33,3
Medupi Reinforcing Steel Joint Venture	Construction Products SADC	50,0	50,0
Medupi Civils Joint Venture*	Construction SADC	67,0	67,0
Wade Walker Alstom Joint Venture	Engineering SADC	50,0	50,0
Harbourwork Clough Joint Venture	Clough	50,0	50,0
Braamhoek Dams Joint Venture	Construction SADC	40,0	40,0

* The Group's 67% share of the Medupi Civils contract is shared equally between Concor and Murray & Roberts Construction. The Group does not have a controlling interest as unanimous decisions need to be made by all parties.

All monetary amounts are expressed
in millions of Rands

	2010	2009
41. CONTINGENT LIABILITIES		
The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material adverse effect on the financial condition or future of the Group.		
The ascertainable contingent liabilities at 30 June being	344,5	260,5
Total financial institution guarantees given to third parties on behalf of Group companies amounted to	9 693,4	9 805,6
The directors do not believe any exposure to loss is likely.		
Contingent liabilities arising from interest in joint ventures included above amounted to	5 095,8	4 658,5
The directors do not believe any exposure to loss is likely.		
42. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided for in the statement of financial position	200,9	293,1
Approved by the directors, not yet contracted for	754,2	1 236,7
	955,1	1 529,8
Capital expenditure will be financed from internal resources and existing facilities.		
The capital commitments relate primarily to the acquisition of project related capital expenditure.		
43. OPERATING LEASE ARRANGEMENTS		
43.1 General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease costs		
Operating lease costs recognised in the statement of financial performance are set out in note 28.		
Minimum lease payments due		
Due within 1 year	365,1	444,8
Due between 2 and 5 years	925,0	1 040,1
Due thereafter	856,2	843,5
	2 146,3	2 328,4
43.2 Operating headleases		
Operating headlease payments represent rentals payable by the Group for the headlease properties in which the Group does not have a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
The future minimum sublease payments expected to be received for the next three years on the leased properties are R6,7 million (2009: R13,5 million).		
Minimum lease payments due		
Due within 1 and 2 years	7,4	13,9

All monetary amounts are expressed
in millions of Rands

in millions of Rands		2010	2009	
44. FINANCIAL RISK MANAGEMENT				
44.1 Capital risk management				
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through optimisation of the debt and equity balance.				
The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 17 and 25, and equity attributable to owners of the parent, comprising issued reserves and retained earnings as disclosed.				
The Board reviews the capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.				
There are no externally imposed requirements with regards to managing capital. The Group's overall strategy remains unchanged since 2009.				
There has been no change to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.				
44.2 Financial instruments				
The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.				
In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, derivatives, accounts receivable and payable and interest bearing borrowings.				
Categories of financial instruments				
Financial assets				
Financial assets designated as fair value through profit and loss (Level 3)		211,1	443,8	
Loans and receivables		12 577,2	13 390,6	
Available-for-sale financial assets carried at fair value (Level 3)		4,5	4,5	
Derivative financial instruments (Level 2)		45,6	17,1	
Financial liabilities				
Loans and payables		13 441,9	14 823,5	
Derivative financial instruments		1,7	15,8	
The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair values:				
Level 1 – quoted prices for similar instruments				
Level 2 – directly observable market inputs other than Level 1 inputs				
Level 3 – inputs not based on observable market data.				
44.3 Foreign currency risk management				
The Group has major operating entities in the Middle East, Australia and Canada and hence an exposure to fluctuations in exchange rates. All material foreign loans are recovered, in terms of Group policy, by forward foreign exchange contracts except where a hedge against the underlying transaction exists.				
Foreign currency sensitivity				
The Group is mainly exposed to the currencies of United States of America, Australia and United Arab Emirates. The following table details the Group's major foreign currency balances at year end and the sensitivity of a 1% decrease in the Rand against the relevant currencies. The sensitivity includes only foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. A positive number indicates an increase in profit and equity where the Rand weakens against the relevant currencies.				
	Assets		Liabilities	
	2010	2009	2010	2009
UAE Dirham	13,7	19,1	(12,5)	(18,3)
Australian Dollar	10,0	7,2	(2,0)	(8,5)
US Dollar	9,4	14,9	(5,6)	(12,4)

44. FINANCIAL RISK MANAGEMENT (continued)

44.3 Foreign currency risk management (continued)

Forward foreign exchange contracts

The Group's policy is to cover forward all trade commitments in order to hedge significant future transactions and cash flows. Each operation manages its own trade exposure. In this regard the Group has entered into certain forward foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

All forward foreign exchange contracts are valued at fair value on the reporting date with the resultant gain or loss included in the statement of financial performance with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded directly in equity and either recycled to profit or loss when the hedged transaction affects profit or loss or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

At reporting date, the notional amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	2010 Foreign amount	2010 Rand amount	2009 Foreign amount	2009 Rand amount
Related to specific statement of financial position items				
Bought:				
Australian Dollar	0,9	6,2	6,6	43,8
US Dollar	6,0	47,5	3,5	27,7
European Euro	2,8	26,5	9,5	111,2
Thai Baht	125,9	28,8	221,2	49,8
		109,0		232,5
Sold:				
US Dollar	1,1	8,0	23,1	177,8
European Euro	3,9	46,8	–	–
		54,8		177,8

At 30 June 2010, the fair value of the Group's currency derivatives is estimated to be a loss of approximately R1,7 million (2009: R1,8 million profit). These amounts are based on quoted market prices for equivalent instruments at the reporting date, which comprise Rnil million assets (2009: R17,1 million) and liabilities of R1,7 million (2009: R15,8 million).

R11 million relating to currency derivatives that have been designated as cash flow hedges have been recognised in the statement of comprehensive income during the year (2009: R9 million).

The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

All monetary amounts are expressed
in millions of Rands

	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.3 Foreign currency risk management (continued)		
The carrying amounts of the significant financial assets are denominated in the following currencies:		
Bank balances and cash		
Australian Dollar	591,0	237,8
Bahraini Dinar	107,4	126,9
Botswana Pula	55,0	33,4
British Pound	32,3	54,4
Canadian Dollar	133,9	125,2
Egyptian Pound	8,6	5,4
European Euro	177,7	114,1
Malaysian Ringgit	18,2	17,4
Qatari Rial	16,0	18,4
South African Rand	956,2	2 099,6
Thai Baht	55,9	55,2
UAE Dirham	838,6	1 202,2
US Dollar	767,7	531,5
Other	52,6	41,9
	3 811,1	4 663,4
Trade and net contract receivables		
Australian Dollar	412,4	305,9
Bahraini Dinar	101,8	164,2
Botswana Pula	64,4	56,2
British Pound	33,4	0,4
Canadian Dollar	346,2	329,7
Egyptian Pound	–	1,4
European Euro	7,0	29,1
Malaysian Ringgit	6,6	0,3
Mauritian Rupee	26,8	19,7
South African Rand	2 725,4	2 891,0
Thai Baht	15,8	11,7
UAE Dirham	533,5	685,7
US Dollar	169,3	173,8
Other	22,8	207,5
Gross receivables	4 465,4	4 876,6
Present value and other adjustments	(113,0)	(125,0)
	4 352,4	4 751,6
The carrying amounts of the significant financial liabilities are denominated in the following currencies:		
Bank overdrafts		
Botswana Pula	8,5	4,1
Mauritian Rupee	–	5,0
South African Rand	1 232,2	1 769,3
US Dollar	–	2,5
Other	4,2	6,0
	1 244,9	1 786,9

All monetary amounts are expressed
in millions of Rands

	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.3 Foreign currency risk management (continued)		
Trade payables and subcontractor liabilities		
Australian Dollar	174,5	222,5
Bahraini Dinar	148,9	126,8
Botswana Pula	35,0	31,8
British Pound	58,2	28,4
Canadian Dollar	88,4	44,9
Egyptian Pound	–	1,3
European Euro	22,9	66,6
Malaysian Ringgit	–	0,1
Qatari Rial	5,1	7,3
Singapore Dollar	5,3	7,9
South African Rand	1 461,0	1 438,0
Thai Baht	31,2	15,8
UAE Dirham	1 000,1	1 063,9
US Dollar	157,8	62,0
Other	68,1	86,8
Gross liabilities	3 256,5	3 204,1
Present value and other adjustments	(10,2)	4,7
	3 246,3	3 208,8
Interest bearing liabilities		
Australian Dollar	26,8	370,1
Singapore Dollar	–	4,7
Canadian Dollar	149,0	91,4
European Euro	–	3,1
South African Rand	1 550,5	754,4
UAE Dirham	–	95,8
US Dollar	402,0	371,7
	2 128,3	1 691,2
Non-interest bearing liabilities		
Australian Dollar	17,8	61,2
Malaysian Ringgit	11,6	11,6
South African Rand	7,2	11,6
US Dollar	3,4	3,7
Other	3,4	–
	43,4	88,1

44.4 Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds on both fixed and floating interest rates through bank overdrafts and other interest bearing liabilities, as well as in local and foreign markets. The Group manages this risk by a central treasury function which looks at the cash requirements of the various businesses and meets these requirements internally. The Group's treasury function also considers future interest rate forecasts and borrows at a fixed rate where necessary.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes that the stipulated change takes place at the beginning of the financial year and held constant throughout that reporting period in case of instruments with floating rates.

All monetary amounts are expressed
in millions of Rands

	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.4 Interest rate risk management (continued)		
The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables held constant. A positive number indicates an increase in profit and equity as a consequence of change in interest rates.		
Based on the prime interest rates of the countries listed below:		
South Africa		
Basis points increase	100,0	100,0
Effect on profit and loss	(23,6)	(4,3)
Australia		
Basis points increase	100,0	100,0
Effect on profit and loss	5,0	(1,3)
United Arab Emirates		
Basis points increase	100,0	100,0
Effect on profit and loss	2,3	11,0
Canada		
Basis points increase	100,0	100,0
Effect on profit and loss	(0,2)	0,3
United States of America		
Basis points increase	100,0	100,0
Effect on profit and loss	3,6	1,5

44.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of trade accounts receivables, short-term cash investments and non-current unsecured loan receivables.

Trade receivables consist mainly of a widespread customer base. Credit risk is managed by performing credit checks on customers and setting of credit limits where necessary. Group companies monitor the financial position of their customers on an ongoing basis and where appropriate, use is made of credit guarantee insurance. Contract receivables and retentions are usually secured by means of a lien over the property or payment guarantee from a respectable local bank.

Included in trade receivables and amounts due from contract customers are amounts due directly or indirectly, from South African parastatals and government of R429 million (2009: R183 million) and R209 million (2009: R147 million) respectively. None of the amounts receivable are considered to be impaired. An amount of R194 million (2009: R15 million) is considered to be past due, but not impaired.

Provision is made for specific bad debts and at year end, management believed that any material credit risk exposure was covered by credit guarantees or bad debt provisions.

The Group deposits short-term cash investments with major financial institutions.

The following represents the Group's maximum exposure, at reporting date to credit risk, before taking into account any collateral held or other credit enhancements and after allowance for impairment and netting where appropriate.

All monetary amounts are expressed
in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 Credit risk management (continued)

	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
2010								
Cash and cash equivalents	810,3	254,3	186,3	791,6	232,7	915,3	620,6	3 811,1
Trade and other receivables (net of provisions)	226,1	99,3	1 106,8	153,9	217,1	233,4	58,3	2 094,9
Contract receivables	2 146,4	206,8	19,0	2 488,1	977,6	546,2	230,0	6 614,1
Total assets subject to credit risk	3 182,8	560,4	1 312,1	3 433,6	1 427,4	1 694,9	908,9	12 520,1
Assets not subject to credit risk	1 044,0	724,9	2 447,1	491,6	872,7	1 887,2	1 964,7	9 432,2
Total assets	4 226,8	1 285,3	3 759,2	3 925,2	2 300,1	3 582,1	2 873,6	21 952,3
2009								
Investments in infrastructure service concessions	–	–	–	–	–	–	10,7	10,7
Cash and cash equivalents	1 254,6	376,1	215,9	1 225,6	229,4	394,9	966,9	4 663,4
Trade and other receivables (net of provisions)	337,5	51,6	1 121,3	378,9	86,3	145,3	569,2	2 690,1
Contract receivables	1 498,2	480,3	15,9	1 928,5	879,0	826,7	271,3	5 899,9
Total assets subject to credit risk	3 090,3	908,0	1 353,1	3 533,0	1 194,7	1 366,9	1 818,1	13 264,1
Assets not subject to credit risk	995,8	644,2	2 557,4	214,1	843,2	3 485,5	1 489,2	10 229,4
Total assets	4 086,1	1 552,2	3 910,5	3 747,1	2 037,9	4 852,4	3 307,3	23 493,5
Financial assets subject to credit risk*								
2010								
Not past due	3 153,9	593,8	1 260,9	3 283,8	1 403,5	1 696,2	732,1	12 124,2
Past due	53,6	19,5	183,6	149,8	43,7	21,6	179,1	650,9
Provisions for impairments	(24,7)	(52,9)	(132,4)	–	(19,8)	(22,9)	(2,3)	(255,0)
Carrying value of financial assets	3 182,8	560,4	1 312,1	3 433,6	1 427,4	1 694,9	908,9	12 520,1
2009								
Not past due	2 910,8	811,5	1 306,5	3 438,5	1 108,9	1 330,7	1 818,8	12 725,7
Past due	187,2	153,0	124,4	123,1	107,3	65,3	1,7	762,0
Provisions for impairments	(7,7)	(56,5)	(77,8)	(28,6)	(21,5)	(29,1)	(2,4)	(223,6)
Carrying value of financial assets	3 090,3	908,0	1 353,1	3 533,0	1 194,7	1 366,9	1 818,1	13 264,1

* Past due relates to an invoice past the expected payment date.

All monetary amounts are expressed
in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 Credit risk management (continued)

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but the Group believes that impairment is not appropriate as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

The age of receivables that are past due, but not impaired is:

	Past due less than 1 year	Past due longer than 1 year
2010		
Trade receivables	119,5	71,8
Contract receivables	327,3	91,6
Other receivables	38,6	2,1
	485,4	165,5
2009		
Trade receivables	137,8	0,6
Contract receivables	594,0	12,0
Other receivables	14,8	2,8
	746,6	15,4

Financial assets individually assessed to be impaired

In determining the recoverability of a contract receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
2010								
Trade receivables	6,2	–	129,6	–	6,8	–	2,3	144,9
Contract receivables	18,5	52,9	2,8	–	13,0	22,9	–	110,1
	24,7	52,9	132,4	–	19,8	22,9	2,3	255,0
2009								
Trade receivables	7,7	1,9	74,9	28,6	7,6	–	2,4	123,1
Contract receivables	–	54,4	2,9	–	13,9	29,1	–	100,3
	7,7	56,3	77,8	28,6	21,5	29,1	2,4	223,4

All monetary amounts are expressed
in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 Credit risk management (continued)

Reconciliation of total impairments

	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
2010								
Balance at the beginning of the year	7,7	56,3	78,0	28,6	21,5	29,1	2,4	223,6
Transfer to assets held-for-sale	–	–	(0,5)	(28,1)	–	–	–	(28,6)
Raised during the year	22,3	1,0	74,7	–	–	1,6	–	99,6
Utilised during the year	(0,5)	(0,8)	(3,7)	(0,1)	–	–	(0,1)	(5,2)
Released during the year	(4,7)	(3,6)	(15,4)	–	(2,1)	(8,1)	–	(33,9)
Foreign exchange movements	(0,1)	–	(0,7)	(0,4)	0,4	0,3	–	(0,5)
	24,7	52,9	132,4	–	19,8	22,9	2,3	255,0
2009								
Balance at the beginning of the year	3,3	9,5	77,3	9,4	25,3	26,4	1,6	152,8
Acquisition of businesses	–	(0,1)	1,4	(0,1)	0,1	(18,0)	0,1	(16,6)
Raised during the year	5,2	55,1	19,6	22,3	4,8	22,7	0,4	130,1
Utilised during the year	(0,8)	(7,6)	(18,2)	–	–	–	–	(26,6)
Released during the year	–	(0,6)	(2,0)	–	(7,1)	(3,0)	–	(12,7)
Foreign exchange movements	–	–	(0,3)	(3,0)	(1,6)	1,0	0,3	(3,6)
	7,7	56,3	77,8	28,6	21,5	29,1	2,4	223,4

All monetary amounts are expressed
in millions of Rands

2010

2009

44. FINANCIAL RISK MANAGEMENT (continued)

44.6 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below.

Borrowing capacity

The Company's borrowing capacity is unlimited in terms of its articles of association.

Borrowing facility

Total borrowing facility	7 883,8	6 014,2
Current utilisation	3 203,5	3 120,1
Borrowing facilities available	4 680,3	2 894,1

44.7 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as follows.
These profiles represent the undiscounted cash flows that are expected to occur in the future.

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	3 811,1	–	3 811,1
Amounts due from contract customers	6 614,1	–	6 614,1
Trade and other receivables	2 049,3	–	2 049,3
Non-current receivables	–	319,1	319,1
Derivative financial instruments	45,6	–	45,6
Other investments	–	216,2	216,2
Financial liabilities			
Bank overdrafts	1 244,9	–	1 244,9
Interest bearing liabilities	600,0	1 528,3	2 128,3
Non-interest bearing liabilities	36,4	7,0	43,4
Amounts due to contract customers	3 273,3	–	3 273,3
Trade and other payables	4 391,1	–	4 391,1
Derivative financial instruments	1,7	–	1,7
Subcontractor liabilities	2 104,8	293,7	2 398,5
Non-current payables	–	80,2	80,2

45. RETIREMENT AND OTHER BENEFIT PLANS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No. 24 of 1956 (as amended).

45.1 Defined contribution plans – pension funds

In South Africa, the Group operates the following privately administered defined contribution pension plans for salaried employees:

Murray & Roberts Retirement Fund (M&RRF)

Concor Defined Contribution Pension Fund (Incorporated into the M&RRF with effect from 1 May 2010)

The Pension Fund (previously known as Investment Solutions Pension Fund (closed to new members))

The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund	31 December 2009
Concor Defined Contribution Pension Fund	28 February 2009
The Pension Fund	31 December 2006

The total cost to the Group in respect of the above funds for the year ended 30 June 2010 was R90,2 million (2009: R78,3 million).

45. RETIREMENT AND OTHER BENEFIT PLANS (continued)

45.2 Defined contribution plans – provident funds

In South Africa, the Group operates the following privately administered defined contribution provident plan for salaried employees: Murray & Roberts Provident Fund.

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members.

The fund was actuarially valued on 28 February 2010 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2010 was R2,3 million (2009: R2,3 million).

All monetary amounts are expressed
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45.3 Defined benefit plan – retirement benefits

The Murray & Roberts Retirement Fund is a defined contribution scheme that provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of scheme reserves, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 3 336 pensioners as members.

	2010	2009
Present value of funded liability	1 924,4	1 865,4
Fair value of plan assets	(2 395,1)	(2 177,5)
Funded status	(470,7)	(312,1)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	470,7	312,1
Present value of the defined benefit obligation – wholly unfunded	–	–
	–	–

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2010 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

The components of the pension expense included in the statement of financial performance are:

Interest cost	160,3	189,8
Expected return on plan assets	(231,3)	(260,0)
(Losses)/gains recognised due to paragraph 58A	(87,6)	87,3
Cumulative actuarial gain/(loss) unrecognised due to paragraph 58A limits	158,6	(17,1)
	–	–

The principal actuarial assumptions used for accounting purposes were:

Discount rate	9,0%	9,0%
Inflation rate	6,0%	6,0%
Expected return on plan assets	10,5%	10,6%
Pension increase allowance	4,5%	4,5%

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by the Group.

The actual return on plan assets was R354,3 million (2009: R82 million loss). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2011.

All monetary amounts are expressed
in millions of Rands

	2010	2009
45. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
45.4 Defined benefit plan – post-retirement medical aid		
Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.		
Present value of funded liability	68,9	59,2
Fair value of plan assets	(85,7)	(70,1)
Funded status	(16,8)	(10,9)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	16,8	10,9
	–	–
The disclosure of the funded status is for accounting purposes only and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2010 by NMG Consultants & Actuaries. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method.		
Costs for the year included in payroll costs (note 28) and interest expense (note 29) in the statement of financial performance:		
Current service cost	13,7	14,4
Interest cost	5,8	6,5
Expected return on plan assets	(6,3)	(8,6)
Net actuarial loss recognised	3,1	16,6
	16,3	28,9
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(10,9)	(18,8)
Amounts recognised in the statement of financial performance	16,3	28,9
Net transfer for new continuation members	2,8	2,2
Contributions	(13,2)	(23,2)
Restriction on assets not recognised	16,8	10,9
Transfer of assets from disability benefits	(11,8)	–
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,0%	9,0%
Post-retirement discount rate	9,0%	9,0%
Expected return on plan assets	9,0%	9,0%
Long-term increase in medical subsidies	6,0%	6,3%

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R9,3 million (2009: R2,2 million loss). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R16 million to its post-retirement medical aid defined benefit plan in 2011.

All monetary amounts are expressed
in millions of Rands

	2010	2009
45. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
45.5 Defined benefit plan – disability benefits		
With effect from 1 March 2010, disability benefits for qualifying salaried employees are provided through a registered insurer. Disability benefits for existing claimants are provided via the Murray & Roberts Group Employee Benefits Policy. The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits may be reviewed annually, and increases are discretionary and not guaranteed.		
Present value of funded liability	31,1	37,2
Fair value of plan assets	(46,2)	(59,7)
Funded status	(15,1)	(22,5)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	15,1	22,5
	–	–
The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2010 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.		
Costs for the year, included in payroll costs (note 28) and interest expense (note 29) in the statement of financial performance:		
Current service cost	13,4	10,5
Interest cost	3,3	4,6
Expected return on plan assets	(5,4)	(5,3)
Net actuarial gain	(7,1)	(11,6)
	4,2	(1,8)
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(22,5)	(6,5)
Amounts recognised in the statement of financial performance	4,2	(1,8)
Contributions	(8,6)	(14,2)
Restriction on assets not recognised	15,1	22,5
Transfer of assets to post-retirement medical aid	11,8	–
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,0%	9,0%
Expected return on plan assets	9,0%	9,0%
Long-term increase in disability benefits	6,0%	6,3%

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R5,5 million (2009: R7,7 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

All monetary amounts are expressed
in millions of Rands

	2010	2009
45. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
45.6 Defined benefit plan – pension scheme		
The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.		
Present value of funded liability	46,3	48,9
Fair value of plan assets	(37,0)	(33,2)
Unrecognised actuarial loss	9,3	15,7
The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2010 by Barnett Waddingham LLP. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.		
The components of the pension expense included in the statement of financial performance are:		
Current service cost	–	0,1
Interest cost	2,7	3,6
Expected return on plan assets	(1,4)	(2,3)
Net actuarial loss	11,6	–
	12,9	1,4
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	–	(17,7)
Amounts recognised in the statement of financial performance	12,9	1,4
Unrecognised actuarial gains	–	8,2
Foreign exchange movements	(3,6)	9,4
Restriction on assets not recognised	–	(1,3)
	9,3	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	5,3%	6,2%
Expected return on scheme assets	5,0%	5,0%
Rate of increase in pension payments	3,3%	3,3%
Rate of increase in pensions in deferment	3,3%	3,3%
Rate of inflation	3,3%	3,3%
The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by, the Group.		
The actual return on plan assets was a loss of R12,3 million (2009: R3,1 million loss). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.		
The Group does not expect to contribute any amount to this defined benefit plan in 2011.		

All monetary amounts are expressed
in millions of Rands

	2010	2009
46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS		
46.1 Identity of related parties		
The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 6), joint ventures (note 40), retirement and other benefit plans (note 45) and with its directors and executive officers.		
46.2 Related party transactions and balances		
During the year the Company and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.		
Balances between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of balances with other related parties are disclosed below.		
Consani Engineering (Proprietary) Limited	–	154,5
Impairment provision	–	(129,2)
	–	25,3
The loan amounts were unsecured, interest free and had no fixed terms of repayment. Refer to note 7.		
Amounts owed to related parties		
Unsecured interest bearing borrowings		
Amounts owing to joint ventures	193,1	137,6
The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carrying interest at 10% (2009: 7%) per annum.		
46.3 Transactions with key management personnel		
Interest of the directors in the share capital of the company is set out in the directors' report.		
The key management personnel compensation, excluding the directors, is:		
Salaries	30,4	28,9
Retirement fund contributions	2,3	3,5
Allowances	1,5	4,1
Other benefits	0,2	1,0
Total guaranteed remuneration	34,4	37,5
Gain on exercise of share options	14,5	20,8
Performance related	17,8	15,6
	66,7	73,9

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

Executive directors

The remuneration of executive directors for the year ended 30 June 2010 was as follows:

	Salary R'000	Retirement fund contributions R'000	Car allowance/ Company car R'000	Other benefits R'000	Total guaranteed remuneration R'000	Performance related* R'000	Total R'000
2010							
BC Bruce ⁴	4 068	445	233	104	4 850	–	4 850
MP Chaba ¹	1 909	204	190	14	2 317	750	3 067
O Fenn ²	1 971	171	40	18	2 200	750	2 950
TG Fowler ³	2 016	239	81	7	2 343	750	3 093
RW Rees	2 900	327	300	23	3 550	1 500	5 050
	12 864	1 386	844	166	15 260	3 750	19 010
2009							
BC Bruce	3 660	433	300	117	4 510	5 000	9 510
RW Rees	2 620	300	358	172	3 450	3 000	6 450
	6 280	733	658	289	7 960	8 000	15 960

SJ Flanagan resigned as a director and an employee of the Group on 31 January 2010 (2010 remuneration: R2,4 million (2009: R6 million)).

* Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.

1 Appointed 01 September 2009.

2 Appointed 20 November 2009 – Excludes compensation for loss of benefits in relation to prior employment of R1,5 million.

3 Appointed 25 September 2009.

4 The Group Chief Executive voluntarily declined a salary increase for the year ahead and declined an incentive allocation in respect of the 2010 financial year.

The remuneration of executive directors and key management personnel is determined by the remuneration & human resources committee having regard to the performance of individuals and market trends.

Details of service on Board committees are set out in the Corporate Governance Report.

Interest of the directors in the share capital of the Company is set out in the directors' report.

The executive directors of the Company hold in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 0,75% (2009: 0,84%) of the ordinary shares of the Company. These options are subject to the terms and conditions of the employee share scheme.

Key management*RSA*

	Salary R'000	Retirement fund contributions R'000	Allowances R'000	Other benefits R'000	Total guaranteed remuneration R'000	Performance related* R'000	Total R'000
2010							
Employee A	2 621	300	300	28	3 249	1 500	4 749
Employee B	2 443	349	144	24	2 960	1 500	4 460
Employee C	1 699	246	144	57	2 146	2 100	4 246
	6 763	895	588	109	8 355	5 100	13 455
2009							
Employee A	2 405	272	300	48	3 025	2 500	5 525
Employee B	2 240	336	102	72	2 750	2 250	5 000
Employee C	1 466	209	144	129	1 948	1 850	3 798
	6 111	817	546	249	7 723	6 600	14 323

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

International

2010	Salary USD'000	Retirement fund contributions USD'000	Allowances USD'000	Other benefits USD'000	Total guaranteed remuneration USD'000	Performance related* USD'000	Total USD'000
Employee A	424	–	–	–	424	170	594
Employee B	324	–	–	–	324	158	482
Employee C	253	–	13	7	273	575	848
	1 001	–	13	7	1 021	903	1 924
2009							
Employee A	404	–	–	–	404	211	615
Employee B	308	–	–	–	308	197	505
Employee C	244	–	13	7	264	1 303	1 567
	956	–	13	7	976	1 711	2 687

* Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.
Clough Limited's key management emoluments are excluded from the above as they are disclosed in Clough's Annual Report.

Non-executive directors

The level of fees for service as director, additional fees for service on the Board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2010 was:

	Directors' fees R'000	Non- attendance R'000	Special Board R'000	Committee fees R'000	Chairman's fee R'000	Total 2010 R'000	Total 2009 R'000
RC Andersen	–	–	–	–	988	988	910
DD Barber	147	–	52	211	–	410	303
ADVC							
Knott-Craig	147	(13)	52	101	–	287	137
N Magau	147	(12)	52	128	–	315	260
M McMahon	147	–	26	64	–	237	224
I Mkhize	147	–	26	138	–	311	280
AA Routledge	147	–	52	138	–	337	280
MJ Shaw ¹	–	–	–	–	–	–	97
SP Sibisi	147	–	52	133	–	332	263
JJM van Zyl ¹	–	–	–	–	–	–	80
M Sello	147	(13)	52	74	–	260	70
RT Vice	147	–	52	181	–	380	305
	1 323	(38)	416	1 168	988	3 857	3 209

¹ Retired 28 October 2008.

The remuneration of non-executive directors is submitted to the annual general meeting for approval in advance of such payment being made.

The chairman's fee includes attendance at committee meetings.

Details of service on Board committees are set out in the Corporate Governance Report.

Interest of the directors in the share capital of the Company is set out in the directors' report.

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

The movements in share options of directors during the year ended 30 June 2010 are:

Grant date	Conditions	Outstanding options at 1 July 2009	Strike price	Granted during the year	Exercised during the year	Net gain (R'000)	Average exercise price	Surrendered during the year	Outstanding options at 30 June 2010	Expiry date
Bruce, BC										
15 Mar 2004	Standard	35 000	13,04	–	–	–	–	–	35 000	15 Mar 2014
15 Mar 2004	Hurdle	17 500	13,04	–	–	–	–	–	17 500	15 Mar 2014
28 Jun 2005	Standard	67 500	14,00	–	–	–	–	–	67 500	28 Jun 2011
28 Jun 2005	Hurdle	67 500	14,00	–	–	–	–	–	67 500	28 Jun 2011
06 Mar 2007	Special	800 000	50,60	–	–	–	–	–	800 000	06 Mar 2013
		987 500		–	–	–	–	–	987 500	
Rees, RW										
06 Mar 2003	Standard	16 250	11,00	–	–	–	–	–	16 250	06 Mar 2013
06 Mar 2003	Hurdle	25 000	11,00	–	–	–	–	–	25 000	06 Mar 2013
15 Mar 2004	Standard	45 000	13,04	–	–	–	–	–	45 000	15 Mar 2014
15 Mar 2004	Hurdle	45 000	13,04	–	–	–	–	–	45 000	15 Mar 2014
28 Jun 2005	Standard	15 000	14,00	–	–	–	–	–	15 000	28 Jun 2011
03 Mar 2006	Standard	150 000	23,53	–	–	–	–	–	150 000	03 Mar 2012
03 Mar 2006	Hurdle	100 000	23,53	–	–	–	–	–	100 000	03 Mar 2012
06 Mar 2007	Special	380 000	50,60	–	–	–	–	–	380 000	06 Mar 2013
		776 250		–	–	–	–	–	776 250	
Chaba, MP¹										
28 Jun 2005	Standard	110 000	14,00	–	50 000	1 279	39,74	–	60 000	28 Jun 2011
28 Jun 2005	Hurdle	40 000	14,00	–	20 000	826	55,52	–	20 000	28 Jun 2011
03 Mar 2006	Standard	25 000	23,53	–	–	–	–	–	25 000	03 Mar 2012
03 Mar 2006	Hurdle	20 000	23,53	–	15 000	398	50,26	–	5 000	03 Mar 2012
06 Mar 2007	Standard	365 000	50,60	–	–	–	–	–	365 000	06 Mar 2013
		560 000		–	85 000	2 503		–	475 000	
Fenn, O²										
08 Dec 2009	Standard	–	45,42	125 000	–	–	–	–	125 000	08 Dec 2015
Fowler, TG³										
26 Aug 2009	Standard	–	47,74	125 000	–	–	–	–	125 000	26 Aug 2015

¹ Appointed 01 September 2009.

² Appointed 20 November 2009.

³ Appointed 25 September 2009.

SJ Flanagan resigned as a director and an employee from the Group on 31 January 2010. There were no outstanding options at 30 June 2010 (2009: 1 028 750). All options outstanding at 1 July 2009 were either exercised or surrendered during the year.

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

Interests of directors in contracts

A register detailing directors' interests in the Company is available for inspection at the Company's registered office.

Directors' service contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the termination of contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

47. SUBSIDIARY COMPANIES

A list of the major subsidiary companies is set out in Annexure 1.

Although the Group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2010	2009
Murray & Roberts Abu Dhabi LLC	49	49
Murray & Roberts Contractors (Middle East) LLC	49	49
Johnson Arabia LLC	49	49
BRC Arabia FZC	49	49
BRC Arabia LLC	49	49
The following entity is not consolidated as the Group does not have control:		
Entilini Concession (Proprietary) Limited	75	75

48. POST STATEMENT OF FINANCIAL POSITION EVENTS

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.

49. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

Revenue recognition and contract accounting

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- the estimation of costs to completion and the determination of the percentage of completion;
- the recoverability of over claims;
- the recognition of penalties and claims on contracts; and
- the recognition of contract incentives.

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.

Involvement in major transport system, power station, locomotive, pipeline, stadium and contracting projects makes this a permanent feature of the Group's accounts. The Group directors and executives have ensured the right level of capacity and external advice to manage this feature.

Murray & Roberts has a 25% share in the 20 year concession for the Gautrain project and in the system operator. In addition, it has a 45% share in the construction of infrastructure for the project. The project has suffered delay and disruption against which claims and variation notices have been submitted, but not yet resolved in terms of the relevant contracts.

The Group has a 40% share in the Dubai Concourse 2 project where the final account settlement has been in progress since hand-over to the client in October 2008.

The level of revenue recognition on the above projects, which includes a portion of the claims submitted, is prudent and justifiable in terms of each contract, given the complexity and magnitude of claims and variation orders still to be resolved.

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 4.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 12.

Estimated value of employee benefit plans

Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 45.

Other estimates made

The Group also makes estimates for the:

- calculation of provision for doubtful debts;
 - determination of useful lives and residual values of items of property, plant and equipment;
 - calculation of provision for obsolete inventory;
 - calculation of any provision for claims, litigation and other legal matters;
 - calculation of any other provisions including warranties, guarantees and bonuses;
 - assessment of impairments and the calculation of recoverable amount of assets;
 - recognition of deferred taxation assets;
 - calculation of fair value of financial instruments including service concessions (refer to note 7); and
 - calculation of fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, and determination of taxation liabilities.
-

50. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

50.1 Standards and interpretations not yet effective in the current year

Set out below are the significant new and revised accounting standards and interpretations that apply in the future. Management is currently assessing the impact of these amendments and new interpretations.

	Accounting Standard/Interpretation	Type	Effective date
IAS 24 (Revised):	Related Party Disclosures	Revised	Financial years commencing on or after 1 January 2011
IAS 32 (Amendment):	Financial Instruments: Presentation – Classification of Rights Issues	Amendment	Financial years commencing on or after 1 February 2010
IFRS 2 (Amendment):	Share-based Payments – Group Cash-settled Share-based Payment Transaction	Amendment	Financial years commencing on or after 1 January 2010
IFRS 9:	Financial Instruments	New	Financial years commencing on or after 1 January 2013
IFRIC 14 (Amendment):	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of minimum funding requirements	Amendment	Financial years commencing on or after 1 January 2011
IFRIC 19:	Extinguishing Financial Liabilities with Equity Instruments	New Interpretation	Financial years commencing on or after 1 July 2010
	Certain improvements to IFRS's 2009	Improvement	Financial years commencing on or after 1 January 2010
	Certain improvements to IFRS's 2010	Improvement	Each improvement has its own effective date the earliest being 1 July 2010

51. AUDIT COMMITTEE

The chairman of the audit committee (committee) reports to the Board on the committee's deliberations and decisions. The internal and external auditors have unrestricted access to the committee. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and reported upon.

The committee is satisfied that the external auditor is independent for the year under review and has nominated for shareholder approval at the annual general meeting, that Deloitte & Touche be re-appointed as independent auditors and AF Mackie as the designated auditor. Refer to page 119 for further details on the composition, role, purpose and principle functions of the audit committee.

The committee is formally re-appointed annually by the Board and met five times during the year under review.

MURRAY & ROBERTS HOLDINGS LIMITED FINANCIAL STATEMENTS

All monetary amounts are expressed
in millions of Rands

	Notes	2010	2009
STATEMENT OF FINANCIAL POSITION			
at 30 June 2010			
Non-current assets			
Investment in subsidiary company	2	0,4	0,4
Total non-current asset		0,4	0,4
Current assets			
Amount owing from subsidiary company	2	1 389,8	1 358,1
Amount owing from The Murray & Roberts Trust	3	281,6	467,7
Trade and other receivables		0,3	–
Cash and cash equivalents		0,8	0,7
Total current assets		1 672,5	1 826,5
TOTAL ASSETS		1 672,9	1 826,9
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	4	1 672,8	1 672,8
Non-distributable reserve		0,9	0,9
Retained earnings		(4,4)	150,2
Total ordinary shareholders' equity		1 669,3	1 823,9
Current liabilities			
Trade and other payables		3,6	3,0
Total current liabilities		3,6	3,0
TOTAL EQUITY AND LIABILITIES		1 672,9	1 826,9
STATEMENT OF FINANCIAL PERFORMANCE			
for the year ended 30 June 2010			
Revenue			
Dividend received from subsidiary company		614,0	677,1
Fees received from subsidiary company		4,7	4,2
Total revenue		618,7	681,3
Total expenses		(4,7)	(4,2)
Auditors remuneration		(0,7)	(0,6)
JSE fees		(0,1)	(0,1)
Other		(3,9)	(3,5)
Earnings before taxation		614,0	677,1
Taxation		–	–
Earnings for the year		614,0	677,1
STATEMENT OF COMPREHENSIVE INCOME			
for the year ended 30 June 2010			
Earnings for the year		614,0	677,1
Other comprehensive income		–	–
Total comprehensive income for the year		614,0	677,1

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Capital redemption reserve fund	Retained earnings	Attributable to owners of the parent
STATEMENT OF CHANGES IN EQUITY					
for the year ended 30 June 2010					
Balance at 30 June 2008	33,2	1 639,6	0,9	150,2	1 823,9
Total comprehensive income for the year	–	–	–	677,1	677,1
Dividends declared and paid	–	–	–	(677,1)	(677,1)
Balance at 30 June 2009	33,2	1 639,6	0,9	150,2	1 823,9
Total comprehensive income for the year	–	–	–	614,0	614,0
Dividends declared and paid	–	–	–	(614,0)	(614,0)
Impairment of loan to The Murray & Roberts Trust	–	–	–	(154,6)	(154,6)
Balance at 30 June 2010	33,2	1 639,6	0,9	(4,4)	1 669,3

All monetary amounts are expressed
in millions of Rands

	2010	2009
STATEMENT OF CASH FLOWS		
for the year ended 30 June 2010		
Earnings before taxation	614,0	677,1
<i>Adjustments:</i>		
Dividends received	(614,0)	(677,1)
Change in working capital	0,3	(0,3)
Increase/(decrease) in trade and other payables	0,6	(0,3)
Increase in trade and other receivables	(0,3)	–
Cash generated by operations	0,3	(0,3)
Taxation paid	–	–
Operating cash flow	0,3	(0,3)
Dividends paid	(614,0)	(677,1)
Cash flows from operating activities	(613,7)	(677,4)
Dividend received	614,0	677,1
Cash flows from investing activities	614,0	677,1
(Increase)/decrease in amounts owing from subsidiary company	(31,7)	254,9
Decrease/(increase) in amounts owing from The Murray & Roberts Trust	31,5	(255,5)
Cash flows from financing activities	(0,2)	(0,6)
Net increase/(decrease) in cash and cash equivalents	0,1	(0,9)
Net cash and cash equivalents at beginning of year	0,7	1,6
Net cash and cash equivalents at end of year	0,8	0,7

NOTES TO THE MURRAY & ROBERTS HOLDINGS LIMITED FINANCIAL STATEMENTS

for the year ended 30 June 2010

All monetary amounts are expressed
in millions of Rands

	2010	2009
1. ACCOUNTING POLICIES		
The accounting policies are set out on pages 142 to 152.		
2. INVESTMENT IN SUBSIDIARY COMPANY		
Shares at cost	0,4	0,4
Amount due	1 389,8	1 358,1
	1 390,2	1 358,5
The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms (refer Annexure 1 for details).		
3. AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST		
Amount due	436,2	467,7
Impairment of amount owing	(154,6)	–
	281,6	467,7
The amount due from The Murray & Roberts Trust (Trust) is unsecured, interest free and does not have any fixed repayment terms.		
The Company has subordinated its claims against the Trust in favour of all other creditors of the Trust. The agreement between the Trust and the Company will remain in force and effect for as long as the liabilities of the Trust exceed its assets, fairly valued.		
4. SHARE CAPITAL AND PREMIUM		
Share capital		
<i>Authorised</i>		
500 000 000 ordinary shares of 10 cents each (2009: 500 000 000 of 10 cents each)	50,0	50,0
<i>Issued and fully paid</i>		
331 892 619 ordinary shares of 10 cents each (2009: 331 892 619 of 10 cents each)	33,2	33,2
Share premium	1 639,6	1 639,6
Total share capital and share premium	1 672,8	1 672,8

All monetary amounts are expressed
in millions of Rands

	2010	2009
5. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	21,4	25,1
Non-executive directors (paid by the company)	3,9	3,2
Number of directors at year end	15	13
Details of individual director emoluments are disclosed in note 46 on the consolidated financial statements.		
6. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the ascertainable contingent liabilities at 30 June covered by such guarantees being	900,0	214,8
7. DERIVATIVE FINANCIAL INSTRUMENTS: CALL OPTIONS		
In terms of the Broad-based Black Economic Empowerment transaction approved by shareholders on 21 November 2005, the Company has two call options to repurchase the shares in Murray & Roberts Letsema Khanyisa (Proprietary) Limited and Murray & Roberts Letsema Sizwe (Proprietary) Limited (BBBEE subco's) at market value and on the following conditions:		
a) 31 December 2010 call option		
On 31 December 2010, if after review, all parties agree in writing that it is not economically viable to continue with the structure, and		
b) 31 December 2015 call option		
On 31 December 2015, being the date on which the lock-in period expires, if the value of the shares owned by the BBBEE subco's is less than the aggregate redemption amount of the funding.		
No value has been placed on these call options as they give the Company an option to repurchase the shares at its market value and therefore do not expose the Company to any potential loss or gain.		

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

(All companies shown are registered in South Africa except where indicated otherwise)

(a) Direct

	Issued share capital amount in Rand	Interest in issued share capital		Cost of investment		Loan account	
		2010 %	2009 %	2010 Rm	2009 Rm	2010 Rm	2009 Rm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	1 389,7	1 358,1

(b) Indirect

	Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest		Proportion of voting power held	
		2010 %	2009 %	2010 %	2009 %
Murray & Roberts Limited	59	100	100	100	100
Construction SADC					
Murray & Roberts Construction (Proprietary) Limited	100	100	100	100	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD 80 000	100	100	100	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP 2	100	100	100	100
Concor (Proprietary) Limited	6 673 797	100	100	100	100
Murray & Roberts Contractors (Zambia) Limited (incorporated in Zambia)	ZMK 22 000 000	100	100	100	100
Engineering SADC					
Murray & Roberts Engineering Solutions (Proprietary) Limited (merged with Murray & Roberts Projects (Proprietary) Limited)	2	100	100	100	100
Murray & Roberts Projects (Proprietary) Limited (formerly Murray & Roberts MEI (Proprietary) Limited)	1	100	100	100	100
Wade Walker (Proprietary) Limited	101	100	100	100	100
Genrec Engineering (Proprietary) Limited	200	100	100	100	100
Murray & Roberts Marine (Proprietary) Limited	2	100	100	100	100
Energy Fabrication (Proprietary) Limited	100	100	100	100	100
Construction Products SADC					
BRC Arabia (FZO) Limited	AED 2 000 000	49	49	50	50
Murray & Roberts Steel (Proprietary) Limited	100	100	100	100	100
Hall Longmore (Proprietary) Limited	100	100	100	100	100
Much Asphalt (Proprietary) Limited	100	100	100	100	100
Rocla (Proprietary) Limited	250 000	100	100	100	100
Oconbrick Manufacturing (Proprietary) Limited (merged with Murray & Roberts Building Products (Proprietary) Limited)	1 000	100	100	100	100
Murray & Roberts Building Products (Proprietary) Limited (formerly Concor Technicrete (Proprietary) Limited)	100	100	100	100	100
Cementation Group					
Cementation Canada Inc (incorporated in Canada)	CAD 2 700 010	100	100	100	100
Murray & Roberts Cementation (Proprietary) Limited	1 750 000	100	80	100	80
RUC Cementation Mining Contractors (Proprietary) Limited	AUD 808 754	100	100	100	100

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES (continued)

(b) Indirect (continued)

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest		Proportion of voting power held	
			2010 %	2009 %	2010 %	2009 %
Middle East						
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	49	49	100	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	100	100	100	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	49	49	100	100
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	49	49	50	50
Clough						
Clough Limited (incorporated in Australia)	AUD	229 728 000	62	59	62	59
Corporate and Investments						
Interbuild Insurance Limited (incorporated in British Virgin Islands)	USD	170 000	100	100	100	100
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	100	100	100	100
P.T. Murray & Roberts Indonesia (incorporated in Indonesia)	USD	250 000	100	100	100	100
Tolcon-Lehumo (Proprietary) Limited		100	74	74	74	74
Union Carriage and Wagon Company (Proprietary) Limited		8 160 000	100	100	100	100
The UCW Partnership			70	70	70	70
Murray & Roberts Concessions (Proprietary) Limited		100	100	100	100	100
Toll Road Concessionaires (Proprietary) Limited		12 000	100	100	100	100
Murray & Roberts Properties Services (Proprietary) Limited		2	100	100	100	100
Associate companies						
Forge Group Limited	AUD	42 836 560	31,3	–	31,3	

ANNEXURE 2 – INTEREST BEARING BORROWINGS

		Closing interest rate (effective NACM)		Amount	
	Financial years of redemption	2010 %	2009 %	2010 Rm	2009 Rm
Secured					
Equal monthly instalments with one balloon payment at the end	2011	–	6,50	–	70,6
Equal monthly instalments	2013	–	6,62	–	13,7
Equal monthly instalments	2014	4,50	4,50	100,6	48,2
Equal quarterly instalments	2014	7,36	7,16	350,9	345,4
Equal quarterly instalments	2009	–	7,42	–	9,6
Equal quarterly instalments	2010	–	8,83	–	97,7
Equal quarterly instalments	2010	–	7,01	–	177,2
Term loans equal quarterly instalments	2010	–	6,30	–	11,5
No fixed terms of repayment					
				451,5	773,9
Unsecured					
One bullet repayment	2010	9,25	11,80	23,5	143,5
Clough convertible notes – external	2010	–	10,00	–	34,9
One bullet repayment	2011	9,83	–	300,0	300,0
One bullet repayment	2012	9,78	–	300,0	–
One bullet repayment	2012	10,39	–	300,0	–
Equal monthly instalments	2012	6,18	–	16,3	–
No fixed terms of repayment	2015	12,80	–	21,9	–
No fixed terms of repayment	2011	6,00	–	19,4	–
No fixed terms of repayment	2010	1,7	3,60	46,9	45,4
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				249,0	157,4
Bank overdrafts				1 244,9	1 786,9
				2 521,9	2 468,1
Capitalised finance leases					
Plant and equipment				189,8	127,6
IT equipment rentals				1,4	5,9
Specific project plant and equipment				201,3	46,4
Various plant and equipment financing				1,3	3,1
				393,8	183,0

ANNEXURE 2 – INTEREST BEARING BORROWINGS (continued)

	Financial years of redemption	Closing interest rate (effective NACM)		Amount	
		2010 %	2009 %	2010 Rm	2009 Rm
Obligations under finance headleases					
Monthly instalments	2011	17,90	17,90	6,0	13,9
Monthly instalments	2010	–	18,90	–	39,2
				6,0	53,1
Total Group				3 373,2	3 478,1
Reflected in the notes under:					
Long-term loans (note 17)					
Interest bearing secured loans				376,5	392,5
Interest bearing unsecured loans				901,0	309,6
Capitalised finance leases				250,8	67,9
Obligations under finance headleases (note 18)				–	13,9
Bank overdrafts				1 244,9	1 786,9
Short-term loans (note 24)					
Current portion of long-term borrowings				451,0	753,0
Current portion of capitalised finance leases				143,0	115,1
Current portion of obligations under finance headleases				6,0	39,2
				3 373,2	3 478,1

ANNEXURE 3 – GROUP SEGMENTAL REPORT

The operating segments have been amended to reflect the management structure of the Group and the manner in which performance is evaluated and resources allocated as managed by the Group's chief decision maker, as required per revised IFRS 8 Operating Segments.

In the prior year segment information reported externally was organised into four main business segments which were Construction & Engineering, Construction Materials & Services, Fabrication & Manufacture and Corporate & Properties.

In the current year, the Group's operating segments are categorised as follows:

Construction SADC engages the large to medium sector building, civil engineering, industrial and roads & earthworks construction markets of South Africa, Botswana, Namibia and Zimbabwe and pursues selected project opportunities elsewhere in SADC.

Engineering SADC engages large scale EPCM (engineer, procure, construct and manage) and EPC (engineer, procure and construct) projects in the industrial, mining, power and marine infrastructure markets. Apart from Murray & Roberts Marine which has an Africa, Middle East and Asia focus, the primary market is South Africa and Rest of Africa.

Construction Products SADC 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.

Cementation Group comprises of four constituent companies based in Johannesburg, South Africa, North Bay in Ontario, Canada, and Kalgoorlie, West Australia, and coordinated out of London. Cementation Sudamérica was established in Santiago, Chile during the year. The Group provides specialist engineering, construction and operational services in the underground mining environment worldwide.

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.

Clough is based in Perth West Australia and is focused on the upstream oil & gas sector and strategically focused on the LNG (liquid natural gas) markets of Australasia and deep water SURF (submarine umbilical and riser flow) markets within the various oil provinces of the Atlantic Ocean along the North and South America and Africa coastlines.

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.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts-in-progress and receivables, net of allowances. Cash balances are excluded.

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, subcontractor liabilities and external interest bearing borrowings.

All monetary amounts are expressed in millions of Rands

	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
2010								
Revenue*	7 991	1 884	7 053	2 882	5 345	5 753	1 054	31 962
Earnings before exceptional items and interest	(37)	112	611	300	447	394	(52)	1 775
Exceptional items	4	–	–	–	–	–	97	101
Earnings before interest and taxation	(33)	112	611	300	447	394	45	1 876
Net interest income/(expense)	61	26	(265)	11	(7)	(13)	(6)	(193)
Earnings before taxation	28	138	346	311	440	381	39	1 683
Taxation	(134)	(80)	(82)	(1)	(136)	(49)	12	(470)
Earnings after taxation	(106)	58	264	310	304	332	51	1 213
Income from equity accounted investments	3	–	–	–	–	3	8	14
Profit from discontinued operations	–	–	2	–	–	–	–	2
Non-controlling interest	(1)	20	(31)	–	–	(137)	18	(131)
Earnings attributable to owners of the parent	(104)	78	235	310	304	198	77	1 098

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

All monetary amounts are expressed
in millions of Rands

		Construction	Engineering	Construction	Middle	Cementation		Corporate	
		SADC	SADC	Products	East	Group	Clough	and	
2009				SADC				Investments	Group
Revenue*		9 114	2 692	6 167	3 558	5 962	4 185	1 006	32 684
Earnings before exceptional items and interest		524	447	675	350	428	342	–	2 766
Exceptional items		–	–	(12)	–	–	–	20	8
Earnings before interest and taxation		524	447	663	350	428	342	20	2 774
Net interest income/(expense)		197	71	(193)	18	(17)	(31)	(65)	(20)
Earnings before taxation		721	518	470	368	411	311	(45)	2 754
Taxation		(203)	(110)	(109)	–	(141)	(19)	(30)	(612)
Earnings after taxation		518	408	361	368	270	292	(75)	2 142
Income from equity accounted investments		1	–	–	–	–	1	–	2
Profit from discontinued operations		–	–	(67)	182	–	79	–	194
Non-controlling interest		(4)	(42)	(24)	(68)	(33)	(149)	–	(320)
Earnings attributable to owners of the parent		515	366	270	482	237	223	(75)	2 018

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

Operating segments

		Construction	Engineering	Construction	Middle	Cementation		Corporate	
		SADC	SADC	Products	East	Group	Clough	and	
2010	Notes			SADC				Investments*	Group
Statement of financial position									
Segmental assets	1	3 451	1 010	3 562	3 133	2 042	2 667	1 821	17 686
Segmental liabilities	2	3 400	1 056	989	3 139	1 329	1 453	1 682	13 048
Investment in associate company		28	–	14	–	–	334	–	376
Loans to associate companies		–	–	–	–	–	–	–	–
Non-current assets held-for-sale		47	–	173	480	–	–	748	1 448
Non-current liabilities held-for-sale		–	–	63	155	–	–	32	250
Other information									
Purchases of property, plant and equipment		254	210	218	43	193	123	52	1 093
Purchases of other intangible assets		–	2	–	–	18	3	4	27
Depreciation		201	57	111	4	181	57	38	649
Amortisation of other intangible assets		2	1	–	–	17	3	2	25
Impairment of property, plant and equipment		–	–	6	–	10	–	–	16
Impairment of receivables		9	–	72	–	2	–	4	87
Number of employees		9 226	3 193	5 652	815	15 810	3 212	2 505	40 413

* Corporate segmental assets include the inter-segment eliminations of group loans and receivables.

All monetary amounts are expressed
in millions of Rands

2009	Notes	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments*	Group
Statement of financial position									
Segmental assets	1	2 790	1 167	3 750	2 521	1 775	4 294	2 229	18 526
Segmental liabilities	2	3 522	1 534	1 031	2 840	1 013	2 726	1 985	14 651
Investment in associate company		18	–	14	–	–	–	–	32
Loans to associate companies		–	–	–	–	–	–	20	20
Non-current assets classified as held-for-sale		18	–	–	–	–	1 795	–	1 813
Non-current liabilities classified as held-for-sale		–	–	–	–	–	1 042	–	1 042
Other information									
Purchases of property, plant and equipment		246	298	459	120	283	794	136	2 336
Purchases of other intangible assets		3	1	5	1	3	18	1	32
Depreciation		272	40	94	2	230	52	21	711
Amortisation of other intangible assets		13	3	2	–	5	8	4	35
Impairment of property, plant and equipment		–	–	6	–	25	–	–	31
Impairment of receivables		1	3	24	24	3	15	–	70
Number of employees		9 117	3 511	6 071	891	12 383	4 465	2 543	38 981

* Corporate segmental assets include the inter-segment eliminations of group loans and receivables.

NOTES

	2010	2009
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	21 952	23 494
Cash and cash equivalents	(3 811)	(4 663)
Current taxation receivable	(112)	–
Deferred taxation assets	(343)	(305)
Segmental assets	17 686	18 526
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	14 775	16 860
Bank overdraft	(1 245)	(1 787)
Current taxation payable	(102)	(150)
Deferred taxation liabilities	(380)	(272)
Segmental liabilities	13 048	14 651

DETAILED GROUP DIRECTORATE

NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen (62)

CA(SA) CPA (Texas)

Independent non-executive chairman

Appointed to the Board in 2003. Appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee with effect from 1 July 2010. Trustee of The Murray & Roberts Trust. Director of Aspen Pharmacare Holdings Limited, Nampak Limited, Virgin Active Group Limited and Business Against Crime. Member of the King Committee on Corporate Governance. Previously chairman of Sanlam Limited. Former chief executive and deputy chairman of Liberty Group.

Roy served as executive president of the JSE Limited from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. Roy was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence. He is a member of the Defence Staff Council and the Military Command Council.

David Duncan Barber (57)

FCA (England & Wales) AMP (Harvard)

Independent non-executive director

Appointed to the Board in 2008. Chairman of the audit committee. Member of risk management committee. Director of AFGRI Limited. Former global chief financial officer of Anglo Coal, a division of the Anglo American plc Group with operations in Australia, Canada, Venezuela, Colombia, China and South Africa. Former chief financial officer of Anglo American Corporation of South Africa. The majority of his career was spent in the Anglovaal Group prior to its unbundling where he held the position of group chief financial officer. He has served as a non-executive director and member of the audit committee for several companies, including Anglo Platinum Limited, Barnard Jacobs Mellet Holdings Limited, Telkom, Highveld Steel and Vanadium Corp Limited. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

Alan De Villiers Charles Knott-Craig (58)

BSc Eng (Elec) MBL DBL (hc) DBA (hc)

Independent non-executive director

Appointed to the Board in 2008. Chairman of the health, safety & environment committee. Director of Nedbank Group Limited and Nedbank Limited. Board member of Council for Scientific and Industrial Research (CSIR) and Right to Care. Previously chief executive of Vodacom Group. Alan is a telecommunications consultant and was recently awarded an Honorary Professorship in Business Leadership.

Namane Milcah Magau (58)

BA EdD (Harvard) MEd BEd

Independent non-executive director

Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of Santam Limited, Simmer & Jack Mines, Monara Empowerment Rating (Proprietary) Limited,

Xhumani Zandla Bafazi Investments (Proprietary) Limited and Merrill Lynch South Africa (Proprietary) Limited. Member of Women In Sport cc and the Advisory Board of University of Cape Town Business School. Dr Magau is currently director of her own consulting company and was formerly the director of group human capital services at the SABC. She came to the SABC from the CSIR where she was vice president of human resources.

John Michael McMahon (63)

PrEng BSc Eng (Glasgow)

Independent non-executive director

Appointed to the Board in 2004. Member of the health, safety & environment committee. Director of Central Rand Gold Limited and Impala Platinum Holdings Limited. Former chairman of Gencor Limited and Impala Platinum Holdings Limited. Former director of Gold Fields. Michael was a project manager at Murray & Roberts during the 1970s.

Imogen Nonhlanhla Mkhize (47)

BSc Information Systems (Rhodes) MBA (Harvard)

Independent non-executive director

Appointed to the Board in 2005. Member of the audit committee and the risk management committee. Chairman of Richards Bay Coal Terminal. Director of companies including Sasol Limited, Mondi plc, Mondi Limited and MTN Service Provider (Proprietary) Limited. She is a member of the Financial Markets Advisory Board and Rhodes University Board of Governors.

Imogen was CEO of the 18th World Petroleum Congress from June 2003 to July 2006. Previously, she was the executive chairman of the Zitek Group and managing director of Lucent Technologies South Africa. Her formative employment history also includes Anglo American, Andersen Consulting and Nedcor. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow.

William Alan Nairn (65)

PrEng BSc Eng (Mining)

Independent non-executive director

Appointed to the Board on 30 August 2010. Member of the risk management committee and the health, safety & environment committee. Director of AngloGold Ashanti Limited. Previously served on the boards of several companies including Anglo American plc, Anglo Platinum Limited and Kumba Resources Limited.

Anthony Adrian Routledge (62)

BCom CA(SA)

Independent non-executive director

Appointed to the Board in 1994. Member of the audit committee, remuneration & human resources committee and social & ethics committee with effect from 1 July 2010. Trustee of The Murray & Roberts Trust. Former executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

Mahlape Sello (48)

LLB, Master of Arts and Law (Russia)

Independent non-executive director

Appointed to the Board in 2009. Chairman of the social & ethics committee with effect from 1 July 2010 and member of the audit committee. Serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission. Former chairman of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

Sibusiso Patrick Sibisi (55)*BSc Physics (Hons) PhD (Cambridge)*

Independent non-executive director

Appointed to the Board in 2007. Chairman of the risk management committee and member of the nomination committee. President and CEO of the CSIR. Chairman of Denel and director of Liberty Group Limited. Co-founder of a research-based enterprise at Cambridge. Fulbright Fellow at the California Institute of Technology in 1988. Former deputy vice chancellor, research and innovation, University of Cape Town.

Royden Thomas Vice (63)*BCom CA(SA)*

Independent non-executive director

Appointed to the Board in 2005. Chairman of the remuneration & human resources committee. Member of the risk management committee and the nomination committee. Trustee of The Murray & Roberts Trust. CE of Waco International Limited and chairman of Hudaco Industries Limited. Previously CEO of Industrial and Special Products of the UK-based BOC Group. Previously chairman of African Oxygen Limited (Afrox), Afrox Healthcare and Consol Glass Limited. Governor of Rhodes University.

EXECUTIVE DIRECTORS

Brian Cameron Bruce (61)*PrEng BSc Eng (Civil) DEng (hc) HonFSAICE*

Group chief executive

Appointed to the Board and group CE in 2000. First joined the Group in 1967. Director of Clough Limited. President (1994) of South African Institution of Civil Engineering. Member of University of Witwatersrand Council.

Previously chairman (2001 to 2004) and member (2004 to 2007) of Construction Industry Development Board. Director of National Business Initiative. Recipient of awards and active leader in development of strategic future of the regional and international construction and engineering sector.

Malose Phillip Chaba (50)*PrEng BSc Eng (Elec) MSc*

Group executive director

Joined the Group in 2004 and appointed to the Board in 2009. Head of group assurance which oversees all aspects of the Group's risk management, internal audit, health, safety & environment, technical and project review and systems compliance.

Appointed director of Murray & Roberts Limited and in 2008 appointed group chief engineer and executive director responsible for Murray & Roberts Marine and Wade Walker. Member of the NEPAD Business Forum (Energy Working Group). Founder member of Black Business Council and the National Science and Technology Forum.

Orrie Fenn (55)*BSc (Hons) Eng MPhil Eng DEng*

Group executive director

Joined the Group and appointed to the Board in 2009. Appointed executive director for the Group's Construction Products SADC cluster as well as development of group housing strategy. Previously chief operating officer of PPC. Former project director in Blue Circle Cement and spent seven years at the Chamber of Mines Research Organisation, where he obtained a doctorate in engineering. Member of the SA Institute of Mining and Metallurgy, a fellow of the Institute of Quarrying and holds a government Certificate of Competency (Mines and Works).

Trevor George Fowler (59)*BSc Eng (Civil)*

Group executive director

Joined the Group and appointed to the Board in 2009. Appointed executive director responsible for Construction SADC. Previously chief operations and accounting officer in the South African Presidency. Has extensive professional experience earned in Canada, USA, Botswana and South Africa in civil, structural and development engineering ranging from design, construction, teaching, policy development and implementation. Subsequent to 1990, played a leading role in Gauteng Provincial and National Government administrative and political developments. Served on the Technical Team of the Provincial Demarcations Commission of CODESA as well as the Technical Services Task Team of the Local Government Negotiating Forum which negotiated the Local Government Transition Act of 1993. Served as advisor to the Minister of Water Affairs and Forestry, political advisor to a former Gauteng Premier and also served as Gauteng MEC for Development Planning and Local Government as well as the Speaker of Gauteng Legislature. Former chairman of the boards of the Institute for Research and Local Government (Inlogov) and Trans Caledon Tunnel Authority (TCTA). Deputy chairman of Health Systems Trust and board member of Development Bank of Southern Africa.

Roger William Rees (57)*BSc (Econ) Hons FCA*

Group financial director

Joined the Group and appointed to the Board in 2000. Early career development with Arthur Andersen in London and Johannesburg. Held financial leadership positions in the international food, tobacco and media sectors. Has extensive international experience in corporate finance activities including due diligence, mergers and acquisitions. Chairman of Murray & Roberts International Limited. Deputy chairman of Clough Limited.

GROUP SECRETARY

Yunus Karodia (38)*CFA CA(SA)*

Joined the Group in 1999. Appointed group secretary in April 2007. Previously financial manager at Murray & Roberts International Limited based in Dubai and financial manager of Murray & Roberts Concessions. Trustee of Letsema Vulindlela Black Executives and Sizwe Broad-Based Community Trusts.

Sean Joseph Flanagan resigned as a director on 31 January 2010.

NOTICE TO MEMBERS

Murray & Roberts Holdings Limited

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

Notice is hereby given that the sixty-second annual general meeting of the company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 27 October 2010 at 11:00 to conduct the following business:

1. ORDINARY RESOLUTION NUMBER 1:

To receive and consider the annual financial statements of the Group and company for the year ended 30 June 2010.

2. ORDINARY RESOLUTION NUMBER 2:

To elect as directors:

- O Fenn as executive director and WA Nairn as non-executive director, who were appointed since the last annual general meeting, and in accordance with the company's articles of association, retire at this annual general meeting.
- NM Magau, JM McMahon and RT Vice as non-executive directors, who in terms of the articles of association retire by rotation.

All the above retiring directors are eligible and available for re-election. Their profiles appear on pages 28, 29, 211 and 212. The Board recommends the re-election of these directors.

IN Mkhize retires by rotation and is not available for re-election.

3. ORDINARY RESOLUTION NUMBER 3:

To appoint a firm of external auditors for the company and note the remuneration of the external auditors as determined by the audit committee of the Board.

The audit committee has nominated for re-appointment Deloitte & Touche as independent auditors and in particular AF Mackie, being the individual and designated auditor who will undertake the company's audit for the financial year ending 30 June 2011.

Particulars of the auditors' remuneration can be found in note 28 of the annual financial statements.

4. ORDINARY RESOLUTION NUMBER 4:

To approve the proposed fees payable quarterly in arrears to non-executive directors with effect from the quarter commencing 1 October 2010 as follows:

		Proposed per annum	Previous per annum
Chairman fee	Includes director and committee fees	¹ R1 025 000	R1 025 000
Director fees	Per annum	^{2 & 3} R160 000	R150 000
Committee fees:			
Audit	Chairman	R160 000	R150 000
	Member	R80 000	R75 000
Health, safety & environment	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Nomination	Chairman	⁴ R50 000	R50 000
	Member	R34 500	R32 500
Remuneration & human resources	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Risk management	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Social & ethics ⁵	Chairman	R108 500	–
	Member	R69 000	–

¹ Effective from 1 January 2011 payable monthly in arrears. RC Andersen voluntarily declined a proposed fee increase for 2011.

² Calculated on the basis of 5 meetings per annum.

³ A deduction of R14 000 per meeting will apply for non-attendance at a scheduled meeting and R27 500 will be payable for attendance at a special board meeting.

⁴ Included in chairman fee.

⁵ New committee established 1 July 2010.

SPECIAL BUSINESS

To consider and if deemed fit, to pass, with or without modification the following special resolution:

5. SPECIAL RESOLUTION NUMBER 1:

"RESOLVED THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's ordinary shares subject to the provisions of the Companies Act 61 of 1973, as amended (Companies Act) or as may be required under the Companies Act 71 of 2008, as amended (New Companies Act) and the Listings Requirements of the JSE Limited provided that:

- a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
- b) any general purchase by the company and/or any of its subsidiaries of the company's ordinary shares in issue shall not in aggregate in any one financial year exceed 10% (ten percent) of the company's issued ordinary share capital at the time that the authority is granted;
- c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market value of the ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;
- d) the repurchase of the ordinary shares are effected through the order book operated by the JSE Limited's trading system and done without any prior understanding or arrangement between the company and the counter party;
- e) the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;
- f) the company and/or any of its subsidiaries may not repurchase ordinary shares during a prohibited period unless they have in place a repurchase program where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the program have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- g) authorisation thereto given by the company's articles of association;
- h) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the company; and
- i) should the company and/or any of its subsidiaries cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements of the JSE Limited."

Having considered the effect on the company of the maximum repurchase under this general authority, the directors are of the opinion that:

- i) the company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- ii) the assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited financial statements of the company and the Group for the year ended 30 June 2010;
- iii) the share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and
- iv) the working capital of the company and the Group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

A general repurchase of the company's shares shall not be effected before the JSE Limited has received written confirmation from the company's sponsor to the effect that the directors have considered the solvency and liquidity of the company as required in terms of section 85(4) of the Companies Act or as may be required under the New Companies Act. Furthermore, the company will consult its sponsor before it repurchases securities on whether the financial position of the company has changed materially from the date when the sponsor first issued its written confirmation in order for the sponsor to review the validity of its letter issued when the general authority was granted.

Reason for and effect of special resolution number 1:

The reason for special resolution number 1 is to grant the company's directors a renewable general authority or permit the company or a subsidiary of the company to acquire ordinary shares of the company. The effect of this special resolution is to confer a general authority on the directors of the company or permit a subsidiary company to repurchase ordinary shares of the company which are in issue from time to time.

The Board has considered the impact of a repurchase of up to 10% (ten percent) of the company's shares. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares.

For the purposes of considering special resolution number 1 and in compliance with paragraph 11.26 (b) of the Listings Requirements of the JSE Limited, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

Directors and management of the company can be found on pages 28 and 29, major shareholders of the company can be found on page 130, directors' interest in securities of the company can be found on page 137 and note 46 to the consolidated financial statements, and the share capital of the company can be found in note 11.

Directors' responsibility and litigation statement

The directors, whose names are set out on pages 28 and 29 of this report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and that there are no legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the previous 12 months a material effect on the company and the Group's financial position.

Material change

Other than the facts and developments reported on in the annual report of which this notice of meeting forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice of annual general meeting.

VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of representation to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, by no later than 11:00 on Monday, 25 October 2010.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the Board

Per: Yunus Karodia

Group Secretary

30 September 2010

SHAREHOLDERS' DIARY

Financial year end	30 June 2010
Mailing of annual report	30 September 2010
Annual general meeting	27 October 2010
Publication of half year results 2010/11	23 February 2011
Publication of preliminary report 2010/11	31 August 2011

DIVIDEND

Interim dividend

▪ SA cents per share	52
▪ Date declared	24 February 2010
▪ Last date traded cum dividend	9 April 2010
▪ Trading ex dividend commenced	12 April 2010
▪ Record date	16 April 2010
▪ Date paid	19 April 2010

Final dividend

▪ SA cents per share	53
▪ Date declared	25 August 2010
▪ Last date traded cum dividend	8 October 2010
▪ Trading ex dividend commences	11 October 2010
▪ Record date	15 October 2010
▪ Date payable	18 October 2010

ADMINISTRATION

COMPANY NAME	Murray & Roberts Holdings Limited
COMPANY REGISTRATION NUMBER	1948/029826/06
JSE SHARE CODE	MUR
ISIN	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE

Douglas Roberts Centre,
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa

POSTAL & ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS

PO Box 1000, Bedfordview 2008	
Republic of South Africa	
Telephone	+27 11 456 6200
Fax	+27 11 455 3524
Email	info@murrob.com
Website	www.murrob.com

SHARE TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
PO Box 4844, Johannesburg 2000
Republic of South Africa

Telephone	+27 11 630 0800
Fax	+27 86 674 4381

SPONSORED LEVEL 1 AMERICAN DEPOSITORY RECEIPT (ADR) PROGRAM

US Exchange	OTC
US Ticker	MURZY
Ratio of ADR to Ordinary Share	1:1
CUSIP	626805204
Depository Bank	Deutsche Bank Trust Company Americas

AUDITORS

Deloitte & Touche

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited

FORM OF PROXY

Murray & Roberts Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1948/029826/06)

(JSE share code: MUR) (ISIN: ZAE000073441)

(company)

If you are a dematerialised shareholder, other than with own name registration, do not use this form. Dematerialised shareholders, other than with own name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the custody agreement entered into between the shareholder and the CSDP or broker.

I/We

(please print full names)

of

do hereby appoint (see note 3 and 5)

1.

2.

3. the chairman of the annual general meeting

as my/our proxy to vote for me/us on my/our behalf at the sixty-second annual general meeting which will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 27 October 2010 at 11:00 and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s) in accordance with the following instructions (see note 6):

	Insert number of votes		
	For	Against	Abstain
1. Approval of annual financial statements			
2. Re-election of directors			
2.1 O Fenn			
2.2 WA Nairn			
2.3 NM Magau			
2.4 JM McMahon			
2.5 RT Vice			
3. Re-appointment of external auditors			
4. Approval of the fees payable to non-executive directors			
5. Special resolution number 1			
General authority to repurchase shares			

Signed at

on

2010

Signature

Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

NOTES TO PROXY

Instructions on signing and lodging the annual general meeting proxy form

1. The following categories of members are entitled to complete a proxy form:
 - a) certificated members whose names appear on the company's register;
 - b) own name electronic members whose names appear on the sub-register of a Central Securities Depository Participant (CSDP);
 - c) CSDPs with nominee accounts; and
 - d) brokers with nominee accounts.
2. Certificated members wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are registered in their name.
3. Beneficial members whose shares are not registered in their own name but in the name of another, for example, a nominee, may not complete a proxy form, unless a proxy is issued to them by the registered member and they should contact the registered member for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend the annual general meeting.
4. All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in own name, must provide the CSDP or broker with their voting instruction. Alternatively, should such a member wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such member may request the CSDP or broker to provide the member with a letter of representation.
5. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
6. Please insert number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. Where the proxy is the chairman, failure to comply, will be deemed to authorise the chairman to vote in favour of the resolution. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
7. Forms of proxy must be received at the office of the company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 11:00 South African time on Monday 25 October 2010.
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced.
12. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes, if he is satisfied as to the manner in which the member wishes to vote.

MURRAY & ROBERTS INTERNATIONAL OFFICES

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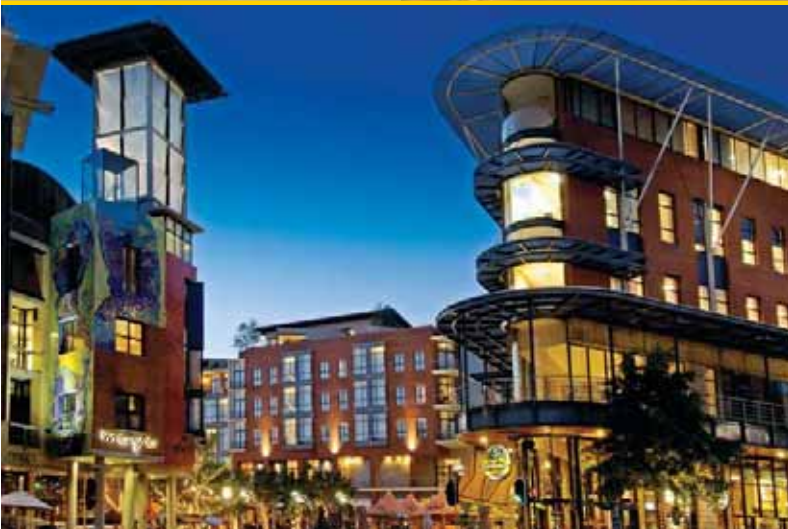
Murray & Roberts (Zimbabwe) Limited

44 Tilbury Road,
Willowvale, Harare
PO Box CY490
Causeway, Harare, Zimbabwe
Tel: +263 4611641-5 or +263 4611741-6
Fax: +263 4612986
Email: info@murrob.co.zw

Disclaimer – Annual Report

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.



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