

These are the challenges we
are now engaging to ensure
our **legitimacy** in pursuit
of sustainable growth and value
creation into the future:

South Africa

- the pursuit of employment equity throughout our organisation;
- the economic empowerment of all sectors of society;
- our capacity to facilitate growth of direct investment into the economy.

International

- our financial performance measured in US Dollars against global benchmarks;
- our delivery performance measured against specified competitive criteria;
- the governance framework defining best business practice.

▶ Group Profile

We are **transforming** Murray & Roberts to meet the knowledge and solutions demand of the new economy...

A major group of world class companies serving the global value chain defined by the extraction, beneficiation and industrialisation of natural resources, with a strong presence in southern Africa and a focus on the construction economies of the developing world.

As a public company listed on the JSE Securities Exchange, Murray & Roberts generates more than half of total revenue from global markets and holds a significant investment in separately listed transport and logistics group, Unitrans Limited.

Employing over 15 000 people in its core operations in southern and South Africa, the Middle East and the United Kingdom, Murray & Roberts serves more than 50 countries around the world.

With a history spanning 100 years, the group has been responsible for constructing much of the built environment in southern Africa and has participated in some of the world's great engineering challenges.

The board of Murray & Roberts is committed to profitable growth as the primary generator of value.

We are transforming our business to meet the knowledge and solutions demand of the new economy, leveraging off our proven resource and asset base.

We are South African and will continue to pursue future growth in our chosen markets from our domestic base. Much of this growth will be achieved by organic expansion into economic sectors that are aligned to our business strategy and the acquisition of appropriate new business platforms.



► Core Values

...and striving for **legitimacy** by living our values.

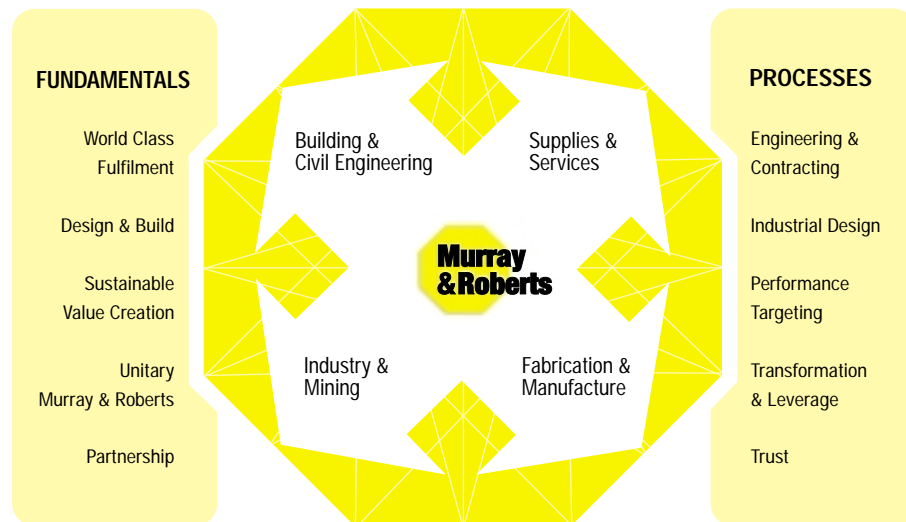
We are committed to:

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

► Value Proposition

The performance profile blueprint for Rebuilding Murray & Roberts is defined in terms of a strategic business model. Our non-negotiable commitment to sustainable earnings growth and value creation requires that we continuously interrogate every aspect of our business model to ensure that we remain focused on our strategic objective.

Over the past 100 years of our history we have developed advanced skills and experience in engineering as our core expertise and contracting as our core business. These form the basis of the Murray & Roberts value proposition and belief system.



Enhanced through our core competence in industrial design, where design and build functions are synergised, we deliver world class fulfilment in our projects and products to meet the performance and delivery expectations of our markets.

Every aspect of our business is performance targeted in support of our commitment to sustainable earnings growth and value creation.

Unitary Murray & Roberts is underpinned by the transformation of our business from a reliance on the mobilisation of assets and resources to their leverage through the application of knowledge and solutions.

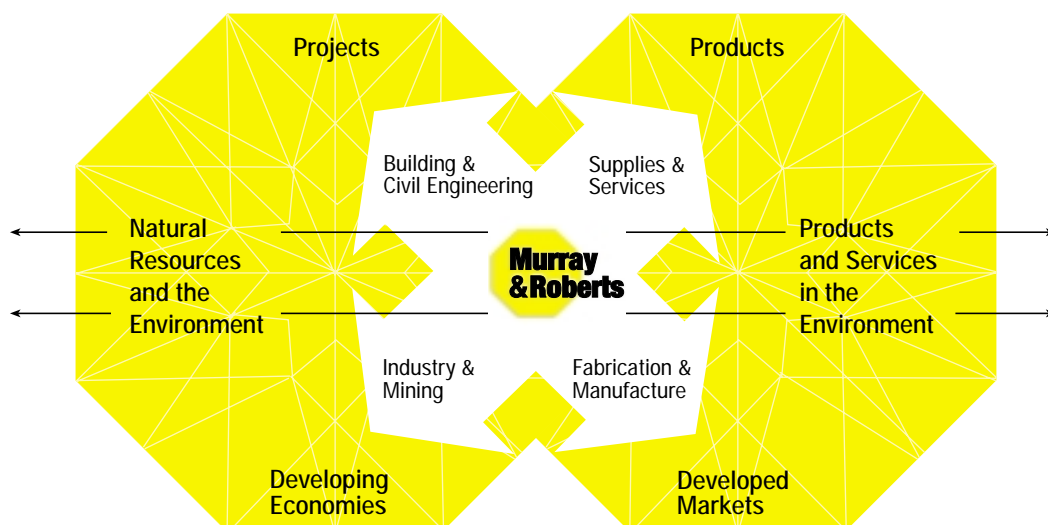


► Two Sides of the Same Coin

The value chain defined by the extraction, beneficiation and industrialisation of natural resources is the central market arena for the pursuit of Murray & Roberts' strategy.

The construction economy in its broadest context is the entry platform we choose for engagement of the front-end of this value chain, primarily within developing economies.

Our manufacturing capability in South Africa is the platform from which we leverage our products into developed markets.



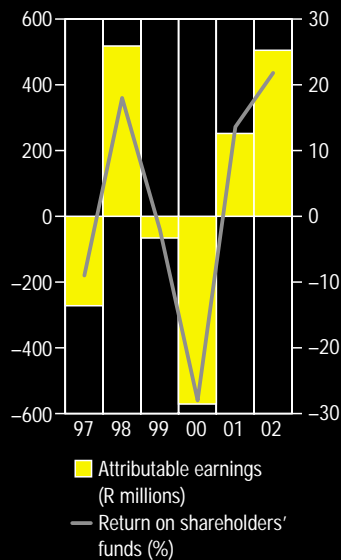
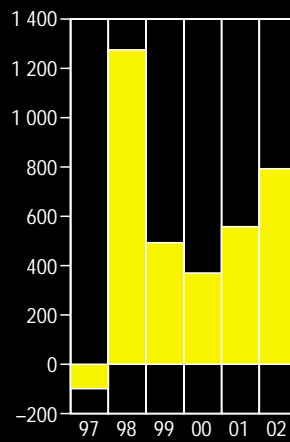
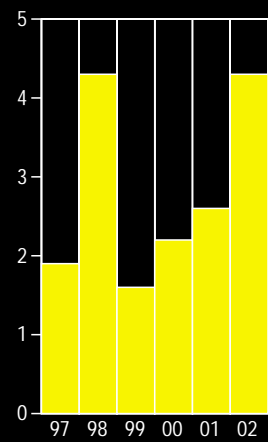
In Murray & Roberts' business model, we have concentrated our high-level value proposition between projects and products as forming two sides of the same coin.

The projects sector comprises Building & Civil Engineering and Industry & Mining serving the growing socio-economic needs of developing economies.

The products sector comprises Supplies & Services and Fabrication & Manufacture serving the large consumer markets of developed economies.

Our long-term performance target is to exceed 20% return on shareholder funds through leveraging the entire value chain as defined.

Earnings

Operating cash flow
(R millions)Operating margin
(%)

Financial Highlights

	2002	2001
Group Summary (R millions)		
Revenue	9 027	8 535
EBIT	386	218
Attributable earnings	505	252
Total assets	6 373	5 596
Operating cash flow	793	558
Value created	2 609	2 174
Payroll costs	1 811	1 617
Total number of employees	15 379	16 337
Ordinary Share Performance (cents)		
Attributable earnings per share	152	74
Headline earnings per share	154	76
Earnings per share excluding currency gain on offshore treasury funds, amortisation of goodwill and exceptional items	130	72
Operating cash flow per share	239	164
Dividend per share	35	-
Net asset value per share – 30 June	798	597
Market price per share – 30 June	925	630
Financial Statistics		
Operating margin (EBIT on revenue) (%)	4,3	2,6
Attributable earnings on average shareholders' funds (%)	21,8	13,6
Interest cover (times)	37,1	10,3
Ratios		
Debt / equity	0,19	0,28
Current	1,40	1,31



All business clusters delivered **strong** improvement

► Segmental Analysis

R millions	Revenue		EBIT	
	2002	2001	2002	2001
	9 027	8 535	386	218
Building and Civil Engineering	3 076	2 990	117	84
Building	1 980	2 077	76	42
Civil Engineering	1 096	913	41	42
Industry and Mining	1 736	1 328	101	77
Industry	1 289	915	73	59
Mining	447	413	28	18
Engineered Products	1 676	1 628	78	42
Automotive	1 033	1 048	27	9
Transport	643	580	51	33
Supplies and Services	2 479	2,545	181	124
Construction Services	924	917	81	64
Steel Conversion	1 555	1 628	100	60
Corporate	60	44	(91)	(109)

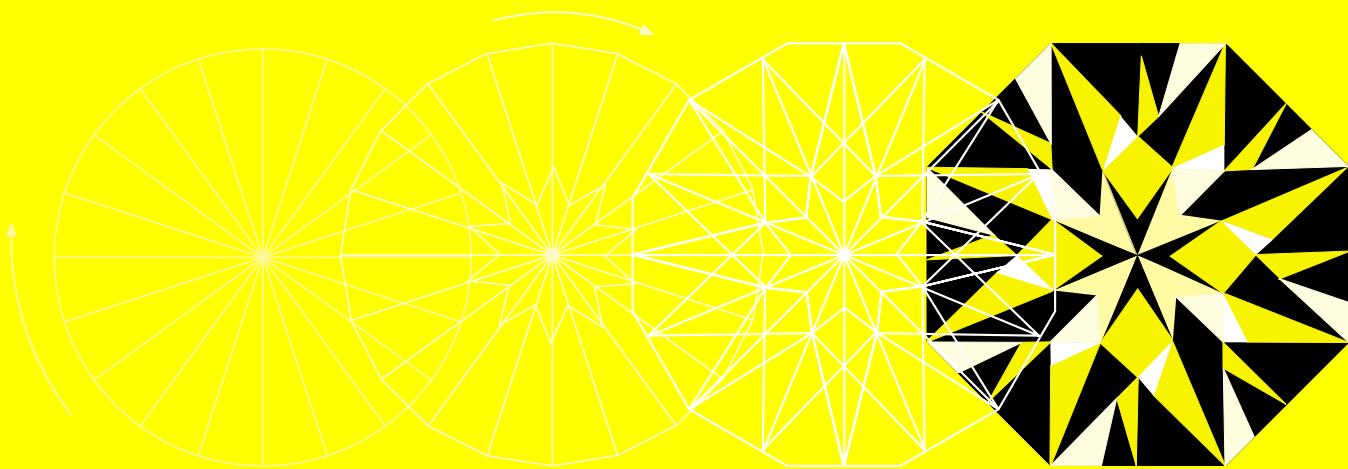
Notes

1. The segmental analysis has been restated for 2001 to reflect the consolidation of overhead costs.
2. Engineered Products will be renamed Fabrication and Manufacture from 1 July 2002.
3. Steel Conversion consolidates the activities of Reinforcing Steel Holdings, Hall Longmore, Harvey Roofing and, from 1 July 2002, Genrec Engineering.

▶ Chairman's Statement



David Brink



Dear Shareholder,

We are pleased to report further substantial progress with the Rebuilding Murray & Roberts strategy launched two years ago by group chief executive, Brian Bruce. Earnings for the year to 30 June 2002 have surpassed group targets with the attributable earnings return on average shareholders' funds climbing to a healthy 21,8%, up from 13,6% last year. As envisaged in the 2001 annual report, the achievement of our performance objectives has allowed the resumption of dividend payments, which is supported by a healthy improvement in margins and operating cash flow. Improved working capital management and the disposal of certain non-strategic assets has lifted the group cash balance to almost R2,0 billion at 30 June 2002 and has lowered the debt/equity ratio to 19%.

Associate company Unitrans Limited also achieved its objectives in a tough economic environment, posting a 21% growth in attributable earnings over the previous year and returning 20,1% on our average investment. Although the net asset value of the company increased by 20% over the same period, its market value on the Johannesburg Securities Exchange declined by 16,5%. Shareholders are referred to the Unitrans Limited published results and annual report for detailed information.



BUSINESS DRIVERS

South Africa has for many years been an exporting nation, with precious metals and minerals predominating. Manufacturing has made a strong showing in recent years boosted by government initiatives such as the Motor Industry Development Programme. The importance of minerals beneficiation in adding value to raw minerals is widely accepted, putting the spotlight on the need for continuous technology improvement and new investments.

Fixed investment into South Africa, particularly foreign direct investment related to expanding our export potential and minerals beneficiation capacity, is an important driver of growth in our group's activities in South Africa and the SADC region. High levels of fixed investment growth in emerging markets and a shift by the United States to sourcing its strategic oil requirements from West Africa will provide opportunities for our international engineering and contracting businesses. Continued demand from first world markets and growth in China provides an additional platform for growth, particularly for the group's automotive and transport systems manufacturing activities.

THE INTERNATIONAL ECONOMY

The global economy faces major potential threats. These include an ongoing decline in world financial markets; the Brazil default contagion effect on emerging markets; little potential for resolution in the Middle East and pending military action by the USA against Iraq; mixed signals such as higher unemployment and poor corporate profits in the USA and a two-speed economy in the UK (financials and services thriving, but manufacturing in recession). Even against this background, forecasters still expect improved GDP growth in the USA, in Europe and Japan later this calendar year with further improvements in 2003 and 2004.

THE SOUTH AFRICAN ECONOMY

The domestic economy has shown remarkable resilience largely due to sound macro management by the South African Treasury and Monetary Authorities. An unfortunate rise in producer and consumer inflation brought about by last year's

sharp depreciation in the Rand and a higher oil price is causing widespread concern, but this adverse trend should start to reverse late in 2002.

GDP growth over the next three years is expected to remain mediocre at between 2% and 3%, although lower interest rates and stronger demand from South Africa's trading partners for commodities in 2003 and 2004 may bring about more buoyancy.

These levels of growth are unlikely to satisfy the pent-up demand in our country for jobs, redistribution of opportunity and wealth and the provision of basic services for all. There is wide-ranging consensus in government, organised labour, business and the broader community that significant foreign direct investment is needed to push GDP growth rates up to the 5% or 6% per annum which will provide the opportunity to satisfy the needs of all our citizens.

It is as important to create a climate conducive to investment in South Africa as it is to promote tourism to our country. We all need to work continuously to enhance and sustain the confidence of the global investment community. Recognising the need for robust debate during South Africa's social and economic transformation, we will need to contextualise and balance this in a way that does not damage confidence in the stability and growth prospects of our economy or the value of our currency.

CORPORATE GOVERNANCE

We are fortunate as a nation that we have been working hard since 1994 to improve governance and ethical behaviour in both the public and private sectors. Progress is demonstrated by the large number of high profile prosecutions that have taken place, the tightening of standards and controls in our financial services sector and on the JSE Securities Exchange and finalisation of the King II recommendations on corporate governance.

Recent shocking incidents and disclosures from the American corporate world serve to emphasise the need for constant vigilance and the ratchetting up of reporting standards and

corporate behaviour. Murray & Roberts has emphasised and published its Core Values for the past 15 years and is committed to professionalism, integrity and transparency in all we do. We are proponents and supporters of sustainable development in its wider sense and are privileged to have partnered the 2002 World Summit on Sustainable Development held in Johannesburg.

APPRECIATION

Our thanks are due in full measure to our chief executive Brian Bruce and his executive leadership team for driving the implementation of Rebuilding Murray & Roberts and for their non-negotiable commitment to sustainable earnings growth and value creation.

They have confronted all of the difficult issues facing the group in an admirably transparent manner. Every aspect of our operation has been put under scrutiny and subjected to change or transformation of one form or another in the quest for continuous improvement. I wish to thank my colleagues on the board for their support of this process and their guidance throughout the year.

Change has also occurred in our top executive team. John Stanbury left the group and resigned as a director in November last year. Jo Grové resigned as a director in February this year after the repositioning of Unitrans as a non-strategic holding. Unitrans remains an important contributor to the group's bottom line and we thank Jo for his contributions as a director and appreciate his ongoing leadership of Unitrans.

André de Nysschen has made the decision to leave the group after 19 years of service and has resigned from the board with effect from 31 August 2002. André's career with Murray & Roberts related mostly to our manufacturing and structural engineering activities. In recent years he stabilised our investment in AWI, focusing on the company's operational efficiency. André leaves with our best wishes and warm gratitude.

It is with sadness that I report the passing of two of our former directors during 2002. JW (Robbie) Robertson passed away in

May. Robbie joined Murray & Stewart in 1936 and progressed from junior engineer level to become the managing director and then chairman. He was appointed a director of Murray & Roberts Holdings in 1964 and served as deputy chairman of that board from 1974 to 1978. Robbie played a major role in bringing about the full merger of Murray & Stewart and Roberts Construction in 1979.

Charl van der Merwe passed away in September. Charl joined Murray & Roberts in 1987 with the acquisition of Gillis-Mason, a company he helped to develop in the 1960's. He was appointed a director of Murray & Roberts Holdings in 1988 and retired in 1994. Charl was chief executive and chairman of Murray & Roberts Construction between 1989 and 1992. He made an important contribution to our group and to the South African construction industry over many years.


ANNUAL GENERAL MEETING

The notice convening the annual general meeting to be held on 28 October 2002 is set out on page 80 of this report. I would like to encourage shareholders to attend and participate in this meeting where directors will be present to address any matters which may be raised.

PROSPECTS

Murray & Roberts moves into the future with a healthy balance sheet, a record order book for its project activities and excellent demand for its products. The company is looking to grow both organically and by acquisition through the year ahead.

Chief executive Brian Bruce has a good story to tell about the last two years and what he plans for the years that lie ahead. Aggressive targets have been set through to 2005 with strong determination throughout his executive leadership team for their achievement.



David Brink
Chairman



100 Years OF INNOVATION

Murray & Roberts celebrates 100 years as a leading South African business this year.

As it moves into its second century, Murray & Roberts is transforming from a company that has traditionally relied on the mobilisation of assets and resources to one that will leverage its knowledge and experience to deliver world class solutions.

Over the past 100 years, Murray & Roberts has become an integral part of the fabric of southern African society, having produced numerous landmarks in roads, bridges and harbours, commercial, retail and entertainment centres and mining, industrial and manufacturing facilities.

For more than 30 years, Murray & Roberts has built a solid reputation in the international environment, serving the industrial, mining, construction, tank container and automotive industries worldwide.

Murray & Roberts is the result of a merger in 1967 between the Cape based Murray & Stewart and the Transvaal based Roberts Construction company, which created South Africa's leading engineering contracting company. Murray & Stewart had been established in 1902 by John Murray and James Stewart – two Scots who came to South Africa to explore opportunities – while Roberts Construction was started as a partnership between John Murray's son, Douglas Murray, and the entrepreneurial Roberts brothers, Douglas and Andrew.



The histories of these two companies were strongly influenced by their rapid response to the changing economic fortunes of South Africa. Much of their early growth as building contractors was generated by expansion in the motor and wool growing

industries during the 1920's and the development of the mining industry, which fuelled the construction of roads, railways and harbours, linking the mining cities of Johannesburg and Kimberley to the rest of the world.

While Douglas Murray diversified by market and product, particularly into the automotive component and specialist manufacturing sectors, the Roberts brothers diversified geographically.

In 1948, Roberts Construction Holdings became a public company and in 1951 it was listed on the Johannesburg Stock Exchange with the Roberts brothers and Douglas Murray retaining 66%.

Innovation has always been one of the most distinguishing characteristics of Murray & Roberts.

The company built the world's first concrete mining headgear and the prestressed concrete version that is commonly used today. It replaced structural steel with concrete in the boiler house structures of thermal power stations, significantly improving their efficiency.

Murray & Roberts also established the expertise, design and management capability to meet the stringent demands of the nuclear industry for safety, quality and risk management.

More recently, Murray & Roberts has integrated design, finance and procurement in its implementation of major projects to deliver sustainable economic value to customers.

As Murray & Roberts enters a new era in its history, it retains the best of its innovative past and moves forward into a very different and challenging future.

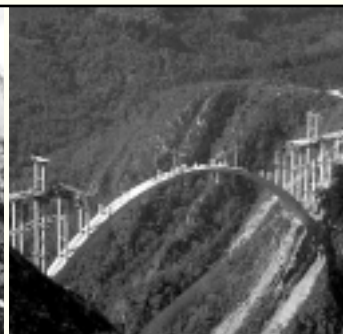
Above left: Douglas Roberts and Douglas Murray. Above centre: John Murray with Murray & Stewart Eastern Province's first lorry in front of the first office.



Carlton Centre, Johannesburg



Aviation fuel facility jetty at Chek Lap Kok airport, Hong Kong



Bloukrans Gorge Bridge, Western Cape



Burj al Arab hotel, Dubai

▶ Chief Executive's Report to Stakeholders

My reports to stakeholders in 2000 and 2001 highlighted a number of challenges we set ourselves as a leadership team to meet the strategic promise of Rebuilding Murray & Roberts. We report back on our performance:

▶ A Line in the Sand – 2000

- **Face up to the problems impacting on our credibility**
Our share price performance continues to reflect the improved confidence of investors in our group, our leadership team and our Rebuilding Murray & Roberts strategy.
- **Implement a disposal strategy for non-core operations**
The disposals of Johnson Crane and Alloy Wheels International in the United Kingdom were completed in the year. We continue to seek a strategic solution for our investment in Unitrans Limited as well as Johnson Access, Johnson Arabia and Criterion Equipment.
- **Fix the problem operations**
Genrec has been unbundled and the operating units with promising business potential absorbed elsewhere in the group. Murray & Roberts Civils, Murray & Roberts Foundries Group, Booker Tate and Improvair Environmental Solutions performed below expectation in the year. Appropriate action has been taken to ensure future performance.
- **Define the brand identity of Murray & Roberts**
The value proposition embodied within the Murray & Roberts brand has been developed further during the year, supporting the unitary nature of our business strategy.
- **Integrate the corporate structure for unity**
Interaction and risk management have been improved throughout the group. The corporate office plays a greater leadership role, unifying strategy, human capital development, marketing and communications, and systems integration.
- **Attract young people into the business**
The age profile of our leadership team has been significantly reduced with the promotion and appointment of new executives. We have attracted new young executives throughout the organisation and have committed to an enhanced bursary programme.
- **Build around our core competencies for growth**
We have clearly defined the core value proposition for Murray & Roberts and have found increasing interest from our customers to engage greater levels of involvement based on the benefits of more integrated design and build solutions.
- **Improve the operating margins**
We achieved a further improvement in the year on our journey to exceed a benchmark operating margin of 5%. In so doing, we achieved our short-term target return on average shareholders funds.
- **Deliver growth in headline earnings**
We have once again exceeded our performance targets in the year under review and delivered Murray & Roberts' best ever nominal headline earnings result.



▶ A Stake in the Future – 2001

- **Extend the cultural transformation throughout the group**

The process of leadership mentoring and executive coaching has been extended further into the group during the year. Key operations executives and their leadership teams are now benefiting from the process. Where necessary, we have instituted management changes to release the deeper potential of the organisation.

All group publications including Robust, the Employee, Citizenship and Annual Reports, as well as the numerous presentations given by executive and knowledge leadership are framed within the strategic concepts of Rebuilding Murray & Roberts.

A billboard advertising campaign has been developed that captures the essence of Murray & Roberts' culture and its value proposition.

- **Establish targets that stretch our performance**

Performance targeting has become increasingly entrenched in the thinking and planning of all operations throughout Murray & Roberts. During the year we engaged a number of intervention strategies with those operations not delivering to our expectation.

We have benchmarked world best practice in all our market sectors, established stretch performance targets and, where necessary, restructured our operations.

- **Embrace risk management within our culture**

We have recognised that our greatest potential area of risk lies in the commercial terms embodied within contract conditions for the implementation of project and product commitments over extended periods of time. We are committed to the enhancement of our commercial management capability throughout the group.

The correct allocation of executive leadership into our operations is the most effective strategy for all dimensions of risk management.

- **Enhance our business model for leverage**

In Murray & Roberts' business model, we have concentrated our high-level value proposition between Projects and Products as forming two sides of the same coin. Each of these principle business sectors comprises two clusters which themselves include two market segments each.

In the Projects sector, Building & Civil Engineering and Industry & Mining hold equal status, as do Fabrication & Manufacture and Supplies & Services in the Products sector.

The medium-term development of the group will be in terms of this business model.



Brian Bruce

► Performance Review – 2002

"If a person is living out his destiny, he knows everything he needs to know. There is only one thing that makes a dream impossible to achieve: the fear of failure."

"I'm not afraid of failing. It's just that I don't know how to turn myself into the wind."

"Well, you'll have to learn; your life depends on it."

"But what if I can't?"

"Then you will die in the midst of trying to realise your destiny. That's a lot better than dying like millions of other people, who never even knew what their destinies were."

"But don't worry," the alchemist continued. "Usually the threat of dying makes people a lot more aware of their lives."

Paulo Coelho – The Alchemist

Rebuilding Murray & Roberts is the realisation of our destiny as a South African world class enterprise, committed to sustainable earnings growth and value creation, serving the development of emerging economies and nations, in particular those within Africa and where a value system in the context of sustainable development has been defined and is evident.

For 100 years Murray & Roberts has directly and indirectly created employment, developed skills, installed infrastructure, delivered services, applied technology and built capacity throughout southern and South Africa, making a significant contribution to the socio-economic development of the region.

In its delivery of major projects to developing economies and manufactured products to developed economies, Murray & Roberts embraces the principles of sustainable development that apply not only to the work we do in the context of the natural environment but that meet social and economic needs as well.

Our business performance in the year to 30 June 2002 underpins the strategic promise of Rebuilding Murray & Roberts. This is an intervention strategy introduced through my

appointment as group chief executive in July 2000 and is aimed at the fundamental transformation of Murray & Roberts over a five-year period, to ensure a sustainable business model for earnings growth and value creation into the future.

In the two years to date of Rebuilding Murray & Roberts, shareholder value has grown by more than R2,0 billion underpinned by an increase in net asset value of more than R900 million off an improvement of more than 400% in operating profit and an increase of more than R1,0 billion in cash resources.

Capital expenditure of more than R700 million over the past two years has enhanced the productive capacity of the group, creating a solid foundation for improved performance in the years ahead.

In this year, earnings grew strongly as a result of improved operating margins and excellent cash generation from good capital management, lifting the return on average shareholders' funds above our short-term target of 20%. This is a year ahead of plan and has enabled the company to resume dividend payments to shareholders.



In the two years of Rebuilding Murray & Roberts, shareholder value has **grown** by more than R2 billion

PERFORMANCE

The Murray & Roberts share stabilised at around 900 cents prior to release of our results for the year. The subsequent increase to around 1 050 cents is up 350% on the base price of 300 cents in the two years to date of Rebuilding Murray & Roberts.

The financial result for the year under review exceeds the best nominal performance in the history of Murray & Roberts, better than headline earnings in 1995 of 126 cents per share and total earnings in 1998 of 150 cents per share.

With a balance sheet that includes cash of R2,0 billion (equivalent to 600 cents per share), we can now believe that the Rebuilding Murray & Roberts performance profile is sustainable through the full implementation period to 30 June 2005.

However, we remain vulnerable in the short to medium term in respect of certain legacy problems that have continued to erode value in our group.

Starting with property headleases, we have raised further provisions totalling R58,0 million in the year to cover our regularly updated assessment of projected liabilities. We are confident that our conservative treatment of this challenge will minimise any significant risk in the period to 2007. We believe that in the remaining period to 2015, the realisation of the bare dominium asset will offset ongoing liabilities. More importantly, we have reduced our exposure post-2007 by half.

Finally, we have engaged rigorous resolutions for the following few operational legacies in the group. These companies and their management teams now reflect the values and integrity embodied in Rebuilding Murray & Roberts.

The Genrec group has been unbundled with effect from 30 June 2002 following many years as a marginal high-risk performer. The structural steel and the mechanical, electrical and instrumentation (MEI) contracting units offer promising business potential and have been absorbed elsewhere within

Murray & Roberts. The remainder of the business will be disposed or closed.

Murray & Roberts Foundries Group has been impacted by more than a decade of under-investment and inadequate management. A new leadership team has been appointed and a focused investment plan, supported by the Motor Industry Development Programme (MIDP), offers a new value proposition into the future.

This year, Murray & Roberts Civils realised the consequences of poor commercial and management decisions going back over the past five years. Long-term road contracts in Benin, Uganda and Mozambique have disappointed at completion. The N3 Toll Road faces a complex challenge to overcome the financial consequences of vehicle overloading on the various contracted parties. All current problems are now fully understood and provided for and a comprehensive recovery plan has been agreed. A good order book and focused intervention under new leadership will return this company to an acceptable value proposition.

Serving the developing world markets of Africa and Southeast Asia presents a challenging business environment. We have experienced payment difficulties in Kenya and Indonesia during the year, notwithstanding that we have met all our contracted obligations. Our investments in public companies listed in Harare and Nairobi have underperformed and we are proceeding cautiously with work in Nigeria.

The remainder of our operations have performed well. In particular, the merged building and civil engineering operations in South Africa delivered an improved performance in the year, assisted by completion of the Bloemfontein Prison contract. The Kwazulu-Natal operation has been scaled down following years of marginal performance.

International construction activities throughout SADC and in the Middle East also improved on last year, with increased levels of activity evident in the order book. We refocused our

management team in the Middle East and placed a stronger leadership team into Nigeria where commencement of our first major project awaits receipt of the contracted advance payment.

In general, our road building activities delivered an improved result in the year. In particular, the N4 Platinum Highway concession project is proceeding ahead of schedule and within budget. This is the largest road contract yet undertaken in South Africa.

Overall, we are confident that the work done this year in the sector will lead to an enhanced performance for the 2003 financial year.

Increased levels of fixed investment into major industry and natural resources projects throughout the SADC region underpinned another solid performance from the operations serving the industry and mining sector. Aluminium smelter, gold mine and fertilizer plant expansions, new manufacturing capacity, as well as platinum and energy-related developments have provided the opportunity landscape.

The incorporation of MEI capability into our engineering offering has further enhanced our potential for delivery of integrated design and build solutions into this market. We are confident of further performance improvements in the 2003 financial year.

The Ford RoCam project advanced to 75% full production in the year, placing some stress on our older foundry assets. The capital expenditure programme supporting the project has proceeded well, giving increased performance levels. We have tested all systems at full target production of 1 000 units per day.

The domestic and international demand for safety-critical transport systems serving both trade and commuter markets, has strengthened in recent times. In South Africa, there is strong commitment to refurbish the aging and often vandalised

rolling stock asset, although the consistent allocation of funding remains a challenge. The global demand for ISO tank containers has improved in the year.

Following the closure of AWI Canada in 2001, the sale of AWI in the United Kingdom brings finality to this globalisation misadventure. The AWI facility in Port Elizabeth delivered a good result this year and we expect a maiden performance at acceptable returns on investment in the year ahead.

The companies consolidated within supplies and services have shown a further meaningful improvement on last year's turnaround. A focus on working capital management has unlocked significant cash flow in the year. Improved activity in the domestic and regional construction sector has increased demand, with most operations delivering excellent results.

During the year, we have consolidated those operations involved in the conversion of primary steel to finished products into a single business unit which processed almost 800 000 tons in the year.

We plan further consolidation action in the year ahead, underpinning a further improvement in performance.

The disposal of Johnson Crane was completed in the year. Although a constant performer over many years, the company did not match the Murray & Roberts strategic value proposition.

HUMAN CAPITAL

Murray & Roberts has a formidable team of executive leadership, supported by a management depth and supervisory competence that ensures our capability to meet the performance targets that define world class fulfilment. I am privileged to lead such capacity.

The key members of our leadership team are highlighted on the following pages, including their specific areas of performance responsibility.



► Human Capital

Transformation is our fundamental challenge.

There will be no compromise in this respect.



The executive leadership team includes:

From left to right standing: Dan Modzelewski, Sean Flanagan, Barbara Friend, Lionel Lindsay, Stephen Pell.

From left to right sitting: Terry Rensen, Roland Berndt, Brian Bruce, Roger Rees, Keith Smith.

EXECUTIVE LEADERSHIP

The executive leadership team in Murray & Roberts continues to develop from both within the organisation and through the introduction of new talent from without. During the year we have further consolidated compatible operations to create significant global business strategies under the leadership of key senior executives.

Keith Smith (52) has continued the development of a focused range of businesses that supply to and service the construction, mining and industrial sectors in southern and South Africa. This includes the formulation of a significant steel conversion cluster. Keith also leads the development of a strategy to enlarge our total offering into the economies of all SADC countries and is responsible for all equity investments into project related infrastructure and industrial facilities.

Stephen Pell (44) has been appointed to the board of Murray & Roberts Limited from 1 September 2002. He has since January 2002 managed the consolidation of our domestic building and civil engineering operations and has led the integration of the Africa and Middle East operations into our international construction strategy. Stephen also leads the development of a strategy to expand our construction service offering into the growing oil and gas related markets of West Africa.

Sean Flanagan (43) initiated the consolidation of our engineering-related operations into a single business enterprise capable of a complete design and build offering to the mining and industry sectors and for marine infrastructure. The addition of MEI capability following rationalisation elsewhere in the group has significantly enhanced this total service offering. Sean also leads the development of a strategy for expansion into the markets of Australasia and Southeast Asia.

Geoff Turner (56) is responsible for management and integration of all business activity outside South Africa as managing director of Murray & Roberts International based in Gaborone, Botswana. He has corporate responsibility as project director for our activities in Bahrain and Egypt and for the establishment of a new operation in the emerging market of Angola.

KNOWLEDGE EXECUTIVES

The core principles underpinning a unitary framework for Murray & Roberts are held champion by a group of knowledge executives based in corporate office but with collective group-wide responsibility.

Dan Modzelewski (43) joined the group in July 2001 and has brought significant new insight from a technical leadership perspective related to procurement, supply-chain logistics and systems connectivity.

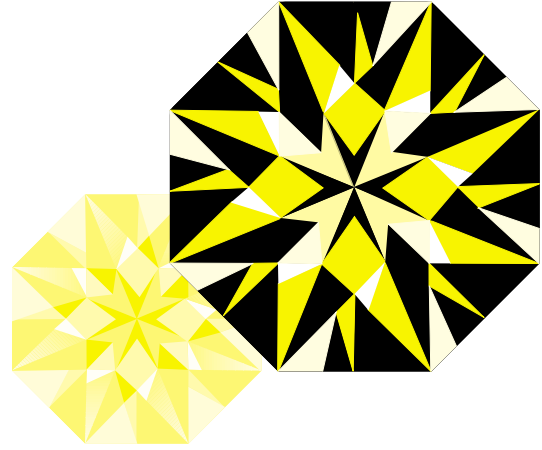
Barbara Friend (41) has accepted one of our most significant and complex leadership challenges for the years ahead, as champion of Human Capital development. The broad leadership team for Murray & Roberts beyond the tenure of current executives will grow from this initiative.

Roland Berndt (34) has taken the challenge to grow into the broader strategic demands of his role as knowledge leader for innovation and champion of industrial design as our core competence.

STRATEGIC KALEIDOSCOPE

A Unitary Murray & Roberts binds together all our people within a strategic framework depicted through our use of the kaleidoscope as a symbol. One dimension of our sustainable development challenge into the future is reflected through succession planning.

We have engaged the development of our human capital potential from the perspective of being South African, as well as to meet the requirements of our global aspiration. Our emerging leadership starts to reflect both, combining youth and energy with experience and wisdom, reflecting the societies in which we do business.



KEY OPERATIONS EXECUTIVES

A greater level of focus is directed into specific market sectors off a number of substantial performance platforms under the leadership of key operations executives, who have complete executive teams at their disposal.

Henry Laas (43), who joined the group in February 2001, is responsible for our worldwide underground mining contracting operations. He has rationalised the business to meet the world class demands of our global resources clients.

Bryan Dyer (53) joined the group in July 2001 and from his base in the United Kingdom, leads the transformation of our agricultural business from sugar alone to a focus on renewable resources and bio-energy development.

Terry Rensen (55) joined Murray & Roberts in January 2002 as group executive with corporate responsibility for the development of an integrated transport systems cluster embracing our capability in the design and build of ISO tank containers, rail coaches and traction units.

Edwin Hewitt (36) rejoined the group in August 2002 as responsible executive for the turnaround and future development of our foundry operations. He will focus the consolidated business on the automotive sector, building off our established expertise in grey iron and aluminium engine systems.

Rob Noonan (52) has executive responsibility for a number of operations that have been consolidated around the conversion of primary steel into finished products for the construction, mining and industrial markets.

Graham Mullany (47) joined the group in February 2002 as financial controller for our construction-related businesses. He fills an important strategic interface between corporate office and the key operations in this sector.

HIGH-LEVEL EXECUTIVE PROJECT DIRECTORS

Murray & Roberts has a proud history in the delivery of major projects throughout southern Africa and internationally. A major project is defined as any project where the challenge of fulfilment exceeds the inherent capacity of the organisation responsible for its delivery. In Murray & Roberts, this would arise, for instance, where a single project might exceed 50% of the business in the responsible operating unit.

Managing the risk of major projects requires leadership intervention and thoughtful structuring, often with joint venture partners and a project steering committee. The appointment of a high-level executive project manager is a prerequisite for success.

Peter Young (59) is responsible for the fulfilment of the RoCam project to Ford on behalf of Murray & Roberts. He has ensured the facilities and human capital expansion and upgrades necessary to meet the performance demand, working closely with corporate and operations management in partnership with Ford.

Duncan Barry (53) is responsible for the N3 and N4 Toll Road projects and for delivery of the Gautrain proposal and other concession opportunities on behalf of Murray & Roberts. These projects have complex partnership and financing structures with long-term operations and maintenance obligations.

► Performance Review – 2002 (continued)

UNITRANS

Unitrans reported a pleasing 21% increase in attributable earnings for the year, delivering a 20,1% return on our average investment. The company's share fared less well, closing 16,5% down on the previous year at 2 090 cents. To some extent this reflects the decline in the fortunes of the JSE but in our view undervalues the future potential of the business.

We are conscious of our responsibility to the minority shareholders of Unitrans, to ensure sound strategy, good governance and acceptable performance. Our investment in the company remains under strategic review and we continue to seek a solution that meets the best interest requirements of Murray & Roberts and its shareholders.

PROSPECTS

The challenge for the year ahead is to deliver the next stage of performance in Rebuilding Murray & Roberts. Although good

growth will still flow from the ongoing turnaround of under-performing operations, a material increase in earnings per share will result from real growth in revenues and a further improvement in profit margins.

We start the year with a project order book of R5,8 billion, up 53% on the previous year. There is particular strength in the mining and industry sector throughout the SADC region, in civil engineering throughout Africa and in building in the Middle East. Whereas the domestic building market is expected to remain flat throughout the year, the road building and maintenance market has improved appreciably.

The domestic economy is proving to be robust and higher levels of fixed investment in southern and South Africa offer increased levels of opportunity to our supplies and services businesses, all of which hold leading market positions in the region.

Our fabrication and manufacturing order books are at their best levels in many years. We are running full production lines in the

The corporate office is constantly reviewed as the unitary business model delivers improved value from the operations.

CORPORATE

As we have succeeded in establishing sound leadership teams in our key operations in the past year, so have we been able to shift the nature of the corporate office resource from centralised performance control to decentralised strategic engagement.

Corporate costs have shown a pleasing reduction in the year. The additional costs associated with our support of the 2002 World Summit on Sustainable Development and various NEPAD initiatives (approximately R6,0 million) have been covered by sundry revenue gains. Expenses in terms of our core Corporate Social Involvement programmes amounted to R5,0 million in the year.



manufacture of ISO tank containers and are busy with the refurbishment of railway coaches. MIDP continues to provide opportunity for the manufacture of automotive components for the global market. Our foundry operation is experiencing increased demand for engine components and the demand for alloy wheels has improved significantly.

We have worked on our value proposition throughout the year and wherever possible we seek to leverage our unique design and build capability on a partnership basis, offering best value pricing. This is a significant shift from traditional procurement processes that rely on lowest priced tender as the principle measure of value.

It is unfortunate that our industry is characterised as being driven by a need to just do work, without regard for long term shareholder returns or an appropriate level of reward relative to the risks involved. This is unsustainable and represents a past culture of value extraction rather than value creation.

Approximately R6,0 million was expensed on various strategic interventions supporting the Rebuilding Murray & Roberts process, some of which will be continued into the new financial year.

We established our international corporate office in Gaborone, Botswana during the year. Full accountability rests with this office to ensure that we meet all procedural and governance requirements relating to our international operations. International treasury responsibility remains with our office in the Isle of Man.

Exceptional items produced a net loss of R1,6 million in the year. Provisions amounting to R52 million in respect of warranties on disposals of businesses carried forward

We believe that sufficient opportunity will exist in our markets into the foreseeable future such that we can remain dedicated to improving the quality of performance in our market and investment sectors.

We have engaged a process to explore the best manner in which we can expand our business model and value proposition most effectively and sustainably into the developing markets of the world. These regions remain in a difficult economic condition, and our agricultural operations offer some insight into the challenges we face. We are confident that these markets hold good value in the context of the extraction, beneficiation and industrialisation of natural resources and the associated enabling infrastructure.

The world economy is experiencing a difficult period, with a great deal of tension surrounding the American market and that country's war on terror. Politics in the European Union seem on the move towards the right and the voice of the developing

from earlier years have been written back in the current year. An interim dividend of R9,0 million was received from the liquidation of AWI Canada. In the circumstances, it was considered prudent by the board to increase the property headlease provision by a total of R58 million for the year.

Through its listing on the Harare Stock Exchange, the Group holds 48% of the shares in Murray & Roberts (Zimbabwe) Limited. The company is not consolidated and the holding cost is reflected as a listed investment although it performs well in the context of the Zimbabwe economy. Our executive leadership participates actively in the direction of the company.

world is louder and more demanding. Stock markets are undergoing a significant revaluation, placing greater emphasis on tangible value.

We are South African. That is the commitment we make as business and corporate citizen. We will find the way in which to navigate our strategy through these troubled times in pursuit of our commitment to sustainable earnings growth and value creation.

The way forward looks good. Murray & Roberts is well set to deliver on its performance promise. We have performance targeted every aspect of our business and we will pursue our value proposition to the market with passion and vigour. We will continuously review and challenge those aspects within our business that are unable to meet our demanding performance criteria. We continue to build the leadership team that will ensure sustainable success into the future and we have committed the capital expenditure required by them to engage the market.

ACKNOWLEDGEMENTS

In writing this report, I have highlighted the core leadership team in Murray & Roberts and the significant responsibility and challenge they embrace in pursuit of our strategic value proposition. We are truly privileged to have such depth of capacity and dedication in the service of our investors, both shareholder and customer. I thank them for all they have achieved this year and for their ongoing commitment to our future development.

Roger Rees, Keith Smith, Sean Flanagan and Stephen Pell in particular, have taken proactive responsibility to lead Rebuilding Murray & Roberts as my partners and in the best interests of all our stakeholders. We enjoy a rigorous and open process of engagement and peer review that I trust will ensure

we do not place any "bricks in the wall" that might lead to future value destruction.

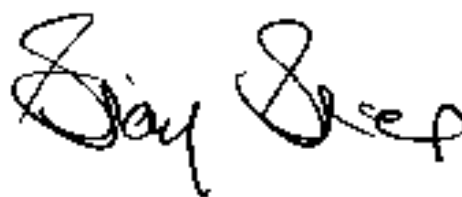
There are many executives and staff throughout the organisation who work under challenging physical and emotional conditions. I thank all of them, and their families, for their continued support and commitment to our company and customers.

In his statement, the chairman has acknowledged those senior executives who have left our employ since the last report.

It is our customers that make our business environment possible. Murray & Roberts is privileged to work with some of the world's leading corporations, many of whom have taken responsibility to redefine the basis under which capital investment projects are implemented.

Our business partners, too, have contributed to the success achieved in the year and are an integral element of our organisational capacity into the future.

The board committees in Murray & Roberts do much of the work to ensure that governance standards are applied in all aspects of the business. The remuneration, audit and risk management committees in particular have provided wise counsel and direction to the ongoing process of Rebuilding Murray & Roberts.



Brian Bruce

Group Chief Executive



► A New Horizon

We are South African

This statement is now embedded in the concepts, metaphors and vocabulary developed around Rebuilding Murray & Roberts. It has defined more clearly, the agenda with which we will finalise this first phase of our journey through the next 100 years of our being. It sets a challenge not only for how we embrace our national and business environment, but also how we engage the global investor community.

Murray & Roberts is a strong brand with a rich history and a promise of sustainable value creation. We offer our core competence and expertise to implement major project solutions into the developing economies of the world and, combined with our South African competitiveness, to supply engineered products under contract into the developed economies of the world, leveraging global partnerships as appropriate.

To prosper within our chosen markets we must exist as an integral and seamless element within each market. We must be legitimate. The various dimensions of our business environment have numerous criteria that will determine our legitimacy.

South Africa

To our stakeholders in South Africa, legitimacy will increasingly be measured by our visible commitment to the national agenda, including:

- the pursuit of employment equity throughout our organisation.
- the economic empowerment of all sectors of society.
- our capacity to facilitate growth of direct investment into the economy.

International

To our international stakeholders, legitimacy will be measured more by the manner in which we deliver on our performance promise, including:

- our financial performance measured in US Dollars against global benchmarks.
- our delivery performance measured against specified competitive criteria.
- the governance framework defining best business practice.

To be South African in a global context precludes too narrow a business focus, demands a clear common purpose, requires domicile in South Africa as the primary market, with a strong reach into those areas of the global economy where the reward is appropriate to the risk involved

▶ Group Directorate and Executive

Executive Directors

Brian Cameron Bruce (53)

PrEng, BSc Eng(Civil)

Group Chief Executive

Joined the group in 1967. Appointed group chief executive and a director of Murray & Roberts Holdings in 2000.

Roger William Rees (49)

BSc(Econ) Hons, FCA

Chief Financial Officer

Joined the group in 2000. Appointed chief financial officer and a director of Murray & Roberts Holdings in 2000.

Keith Edward Smith (52)

BCom

Joined the group in 1980. Appointed to Murray & Roberts Holdings board in 2001.

Additional directors of Murray & Roberts Limited

Sean Joseph Flanagan (43)

BSc(Building) (MSAIB)

Managing Director, Engineering Solutions

Joined the group in 1991. Appointed to Murray & Roberts Limited board in 2001.

Stephen David Pell (44)

BSc(Building Management)

Managing Director, Construction

Joined the group in 1979. Appointed to the Murray & Roberts Limited board in 2002.

Non Executive Directors

David Charles Brink (63)

MSc Eng(Mining), DCom (hc)

Chairman

Joined the group in 1970. Appointed to Murray & Roberts Holdings board in 1984.

Brigalia Ntombenhlope Bam (69)

MA(Sociology/Social Work)

Appointed to Murray & Roberts Holdings board in 1997.

Willem Petrus Esterhuyse (66)

DPhil

Appointed to Murray & Roberts Holdings board in 1990.

Sonwabo Edwin Funde (59)

MSc Eng(Elec)

Appointed to Murray & Roberts Holdings board in 2000.

Peter Gowar Joubert (69)

BA DPWM AMP

Appointed to Murray & Roberts Holdings board in 1993.

Sakumzi Justice (Saki) Macozoma (45)

BA

Appointed to Murray & Roberts Holdings board in 2001.

Allen John Morgan (55)

PrEng, BScB Eng(Elec)

Appointed to Murray & Roberts Holdings board in 2000.

Anthony Adrian Routledge (55)

BCom CA(SA)

Appointed to Murray & Roberts Holdings board in 1994.

Johannes Jacobus Marthinus (Boetie) van Zyl (63)

PrEng, BSc Eng(Mech)

Appointed to Murray & Roberts Holdings board in 1998.

Group Secretary

Lionel John Lindsay (57)

CA(SA)

Group Secretary

Joined the group in 1982.



From left to right standing: Brigalia Bam, Peter Joubert, Roger Rees, Brian Bruce, Willie Esterhuyse, Keith Smith, Allen Morgan.
From left to right sitting: Saki Macozoma, Dave Brink, Tony Routledge, Eddie Funde, Boetie van Zyl.



► Corporate Governance

Corporate Governance is the framework of corporate practices and conduct under which companies are managed.

Murray & Roberts is fully committed to and supports the principles embodied in the Code of Corporate Practices and Conduct ("the Code"). The Code has been revised in the King Report on Corporate Governance for South Africa 2002 and the revised version is applicable to the company's financial years commencing after 1 March 2002.

The board considers that Murray & Roberts substantially complies with the revised Code as well as the requirements for corporate governance that are included in the listing requirements of the JSE Securities Exchange South Africa. Areas of the revised Code that require our further attention will be addressed during the forthcoming year to ensure full compliance by 30 June 2003.

BOARD OF DIRECTORS

The Code emphasises that:

"The board is the focal point of the corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the company."

During the year under review the board comprised nine non executive directors and four executive directors and is chaired by Mr DC Brink, a non executive director. Mr AJ de Nysschen, an executive director, resigned as a director on 31 August 2002.

The board has considered the categorisation of non executive directors as set out in the Code and is of the view that Ms BN Bam, Prof WP Esterhuysen and Messrs SE Funde, PG Joubert, SJ Macozoma, AJ Morgan and JJM van Zyl are independent non executive directors. The board has designated Mr PG Joubert as the senior independent non executive director. Details of individual board members appear on page 24.

The board has recently undertaken an evaluation exercise under the guidance of an independent consultant. The results of this evaluation, and any apparent deficiencies in the current make up of the board, will be addressed on an ongoing basis. It is intended that this evaluation exercise will be performed on a regular basis in the future.

The board meets at least four times a year in formal meetings. In addition, an informal meeting is held each year prior to the

board meeting that will consider the group's budget and business plan in the context of the approved strategy. This meeting includes senior executives at the invitation of the group chief executive and facilitates a free ranging conversation on the group's strategy. Details of the number of meetings of the board and board committees held during the year under review and the attendance of each director is set out in table 1 on page 27 of this report.

The board is responsible to the shareholders for the strategic direction of the group. This includes the investment policy and the monitoring of performance criteria. The detailed implementation of the strategy and policies is delegated to management. Approved levels of delegated authorities ensure that decisions on major matters are made by the board.

As part of this process, the board is aware of the need to achieve a balance between the pursuit of new opportunities and the necessary constraints imposed by corporate governance practices.

Directors are kept informed between meetings of major developments affecting the group. All directors have access to the advice and services of the group secretary and are authorised to seek independent professional advice on the affairs of the group.

As recommended in the Code, a board charter is presently being developed which will define the board's responsibilities and will formalise existing corporate governance practices and the core values that have been in place in the group for some time.

BOARD COMMITTEES

Remuneration and audit committees have been in place in the group for many years. The latter committee has recently been renamed to incorporate some important aspects of risk management and a nomination committee has been constituted. Formal terms of reference of these committees were reviewed and approved by the board on 28 August 2002 and will be subject to regular updating, at least annually. The purpose of these committees is to assist the board in the performance of its responsibilities but the board accepts that, notwithstanding this assistance, the ultimate responsibility for the performance and affairs of the group remains with it.

Details of the composition of the committees and their activities are set out below:

Audit and risk management committee

The audit and risk management committee meets at least twice a year. The membership remained unchanged during the year and comprised Messrs PG Joubert (chairman), AJ Morgan and AA Routledge. All of the members are financially literate and the majority are independent non executive directors. The group chief executive and group financial director as well as the external auditor engagement partners attend all meetings by invitation. The committee's main activities include, inter alia:

- monitoring of and recommending to the board for approval, the group accounting policies in compliance with generally accepted accounting practice;
- reviewing the external auditor's reports for the interim review and year end audit;
- reviewing and recommending to the board for approval, the group's annual financial statements and the group's results as published in the interim and preliminary reports;
- reviewing and recommending to the board for approval, the group's statement on the maintenance of a sound system of risk management and internal control systems.

Remuneration committee

The remuneration committee meets at least three times a year. The membership remained unchanged during the year and comprised Messrs DC Brink (Chairman), PG Joubert, JJM van Zyl and BC Bruce. Its main activities include, inter alia:

- approval of significant changes in the group's employment framework and policies;
- approval of the fixed remuneration packages of executive directors and other senior executives;
- approval of the basis and final awards of performance related remuneration for executive directors and other senior executives;
- monitoring of succession plans in respect of executive directors and other senior executives;
- monitoring of major aspects of the group's retirement funding and other benefit schemes;
- approval of grants of options under the rules of the group Share Incentive Scheme;

- recommendation to the board on the function, role and mandate of the group chief executive and an assessment of the related performance;
- recommending to the board the levels of directors' fees payable and the fees payable for service on board committees and the chairman's fee.

Nomination committee

A nomination committee was formed on 27 June 2002 and comprises Messrs PG Joubert (chairman), SE Funde and JJM van Zyl. The committee will meet at least twice a year and its main activities will include, inter alia, recommendations to the board on:

- structure, size and composition of the board and board committees;
- continuation, or otherwise, in service of individual directors;
- continuation, or otherwise, in service of the chairman;
- new appointments to the board.

Corporate Social Involvement (CSI) committee

The CSI committee meets at least twice a year. The committee is chaired by Prof WP Esterhuysen and the membership included Messrs DC Brink, BC Bruce, AJ de Nysschen and KE Smith as well as appropriate executive management. Its main activities include, inter alia:

- recommending to the board the annual budget for the centrally administered CSI activities and the main target areas for such expenditure;
- receiving and adjudicating proposals for individual grants within the approved budget framework;
- monitoring the effects and benefits derived by the beneficiaries of past grants.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The board is responsible to ensure that the group maintains a system of reliable internal controls. Internal audit procedures are in place in Murray & Roberts Limited under the responsibility of the chief financial officer of the group.



Further details of the group's risk management policies are set out in the Risk Management report on page 28 of this report.

SHARE DEALINGS

In terms of the group's "closed period" policy, directors and specified named officers who could be expected to have access to price sensitive information, are precluded from dealing in the company's shares, as well as the shares of its listed associate company, for a period of six weeks prior to the release of the group's interim results and a period of three months prior to the release of the annual results. To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors and named officers must obtain permission from the chairman or group chief executive before any dealings in the above shares. Approved dealings in the company's shares by directors are disclosed to the JSE Securities Exchange South Africa and published on the Stock

Exchange News Service (SENS). All approved dealings are reported to the regular meetings of the board.

CORPORATE CITIZENSHIP

The group is committed to best practice in respect of health and safety, employment practices, sustainable development and environmental issues. Details of the group's philosophy and policies in this regard are set out in a statement on page 33 of this report.

GOING CONCERN

Based on the strength of the group's balance sheet, in particular the level of cash resources and banking facilities at 30 June 2002, and the consolidated budget for the ensuing financial year, the board is of the opinion that the group and the company have adequate resources to continue as a going concern for the foreseeable future.

Table 1: Record of directors' attendance at board and board committee meetings
– year ended 30 June 2002

	Board	Business Plan Briefing	Remuneration Committee	Audit Committee	CSI Committee
Number of meetings	4	1	3	2	2
DC Brink	4	1	3		2
BN Bam	2	–			
WP Esterhuysen	4	1			2
SE Funde	3	1			
PG Joubert	4	1	3	2	
SJ Macozoma	2	–			
AJ Morgan	4	1		2	
AA Routledge	3	–		2	
JJM van Zyl	4	1	3		
BC Bruce	4	1	3	2	2
AJ de Nysschen	4	1		2	1
KJ Grové *	1				
RW Rees	4	1	3	2	
KE Smith	4	1			2
JS Stanbury **	1				

* Resigned – February 2002

** Resigned – November 2001

► Risk Management

The Murray & Roberts enterprise wide risk management protocol aims to ensure that risk management takes place on a continuous basis enabling the group executive to have proper visibility of all areas of business risk. It allows appropriate review and decision-making within a pre-agreed authority framework.

The protocol comprises:

- A management and review structure including an internal audit function and incorporating the group audit and risk management audit committee.

Murray & Roberts' executive committee meets monthly and reviews the opportunities and risks that are presented. Where necessary, senior executives are appointed as project directors to deal with identified project risk.

- An authority framework to ensure that decisions and reviews occur at the appropriate level of responsibility and accountability.

Risks are classified into four main categories and common language and definitions are used throughout the group to ensure consistency of actions. The categories are:

- Strategic risks reserved for group executive attention and decision-making.

Mitigation of these risks normally cannot be dealt with by means of policies and procedures but requires extensive research and analysis. The group knowledge executives provide leadership in the identification and management of these risks in their areas of specialisation such as IT, Technology, Tax, Finance and Communications.

- Operational risks which arise largely from the activities and the products and services delivered by the group's operations.

These are dealt with by means of implementation and maintenance of world class 'loss control' systems such as ISO 9000 and QS 9000 in most of the group's

operations. The management of these risks is the responsibility of operating company managing directors and their executive teams.

The business model for executing major projects has been standardised with a unique but tried and tested Murray & Roberts format. This includes a project steering committee and corporate executive chairmanship.

- Compliance risks arising from the requirements of the numerous laws and regulations applicable to the group's operations, such as the management of environmental impacts and health and safety.

Implementation of systems such as ISO 14000 and NOSA are currently underway in order to ensure a high standard of compliance and the avoidance of serious loss.

- Governance risks which relate mainly to financial and personnel management.

These risks are mitigated by the employment of competent people and by the use of standardised policies and procedures.

Forensic review and investigation forms an important element of risk management and recovery.

Murray & Roberts contracts the services of a forensic management team to investigate, recover and prosecute, where possible, any incident of theft or corruption involving its employees, suppliers and partners.

An anonymous 'whistle blowing' system facilitates disclosure of governance lapses throughout the group. Murray & Roberts has outsourced the management of this service and actively promotes its use amongst all employees, suppliers and partners.

Both of these services are independent of internal audit and report to the group chief executive, who is also available to receive direct notification of inappropriate behaviour and non-performance by employees.



▶ Remuneration Report

for the year ended 30 June 2002

This report on remuneration and related matters covers issues dealt with by the group remuneration committee. Details of that committee are contained on page 26 of this report.

REMUNERATION PHILOSOPHY

The group's remuneration philosophy, which is aligned with its business strategy, is to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration. Remuneration is reviewed at regular intervals to achieve this.

EXECUTIVE DIRECTORS' REMUNERATION

The group uses independent remuneration consultants to advise on the profiling and appropriate related remuneration levels of executive directors and other senior executives, relative to benchmarked surveys of comparative South African

employer groups. The group remuneration committee is satisfied that fair remuneration practices are in place and that the executive directors are being remunerated in line with their responsibilities and performance and with the market.

The remuneration packages of executive directors and other senior executives include performance related remuneration which is determined in terms of incentive schemes operated at group and operating entity levels. These schemes have been designed and implemented, with assistance from the independent remuneration consultants, to competitively reward those directors and executives who have contributed to the group's sustainable earnings growth and value creation.

The remuneration of executive directors for the year ended 30 June 2002 is set out in table 1 below:

Table 1: Executive directors' remuneration – year ended 30 June 2002

(R'000)	BC Bruce	AJ de Nysschen	RW Rees	KE Smith	KJ Grové**	JS Stanbury***
Directors' fees	49	49	49	49	33	12
Salary	1 539	941	1 056	767	–	412
Retirement fund contributions	206	129	179	106	–	53
Allowances	4	95	5	183	–	94
Other benefits	110	35	80	17	–	1 615
Total guaranteed remuneration	1 908	1 249	1 369	1 122	33	2 186
Gain on exercise of share options	294	622	429	–	–	–
Performance related*	1 600	335	1 125	1 000	–	–
TOTAL	3 802	2 206	2 923	2 122	33	2 186

* Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end

** Directors fees only – resigned February 2002

*** Terminated November 2001 – includes termination payment

DIRECTORS' SHARE OPTIONS

Share option allocations are normally considered annually taking into account constraints of appropriate remuneration multiples and an annual allocation limit of approximately 0,5% of the company's issued capital. Resultant grants of options are offered in terms of the rules of the group's share incentive scheme which was implemented to, inter alia, promote the retention of key employees.

The options granted in 2001 and the current year were split. A portion of the allocation was granted under the standard conditions relating to the vesting of the options which require

only that the executive needs to be in the employ of the group on the vesting dates in order for the options to be exercisable. A second portion of the allocation was granted with hurdle conditions that imposed performance based vesting principles requiring the company's share price to increase by 25% per annum compounded from the original allocation date in order for the options to vest.

On 13 March 2002, a total of 790 000 share options were granted to executive directors at an option price of 693 cents per share.

The movements in share options of directors during the year ended 30 June 2002, are set out in table 2 below:

Table 2: Movements in directors' share options – year ended 30 June 2002

	Conditions	Outstanding	Granted	Surrendered	Exercised	Exercise			Outstanding
		options at				during	during	during	
		30 June	the year	the year	the year	date	(cents)	(R'000)	20 June
		2001							2002
DC Brink *	Standard	1 960 000	–	–	–				1 960 000
BC Bruce	Standard	2 285 855	200 000	–	62 500	18/3/02	233	294	2 423 355
	Hurdle	250 000	210 000	–	–				460 000
AJ de Nysschen	Standard	693 500	–	–	62 500	19/3/02	233	294	574 750
					56 250	9/5/02	316	328	
RW Rees	Standard	1 000 000	100 000	–	75 000	27/6/02	316	429	1 025 000
	Hurdle	200 000	110 000	–	–				310 000
KE Smith	Standard	656 070	85 000	–	–				741 070
	Hurdle	200 000	85 000	–	–				285 000
JS Stanbury	Standard	500 000	–	500 000	–				–
	Hurdle	200 000	–	200 000	–				–

* Options granted during service as an executive director



DIRECTORS' SERVICE CONTRACTS

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of twelve months. The retirement date of executive directors is at age 63 while non executive directors are required to retire at age 70 unless decided otherwise by the Board in its sole discretion.

NON EXECUTIVE DIRECTORS' REMUNERATION

The level of fees for service as a director, additional fees for service on board committees and the chairman's fee are reviewed annually.

The remuneration of non executive directors for the year ended 30 June 2002 is set out in table 3 below:

Table 3:

(R'000)	Directors Fees	Committee Fees	Chairman's Fee	Total
DC Brink	49	46	200	295
BN Bam	49			49
WP Esterhuyse	49	42		91
SE Funde	49			49
PG Joubert	49	65		114
SJ Macozoma	49			49
AJ Morgan	49	18		67
AA Routledge	49	18		67
JJM van Zyl	49	18		67

Details of service on board committees are set out on page 26 of this report.

The levels of non executive fees and committee fees have been unchanged since 1 July 1999. The approval of shareholders will be sought at the forthcoming annual general meeting to change the basis and quantum of the non executive directors' fees.

SHARE INCENTIVE SCHEME

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("the Scheme") was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust ("the Trust"). At 30 June 2002, the Trust held 14 276 278 shares against the commitment of options granted by the trust totalling 22 263 366 shares. It is expected that the shortfall will be satisfied from options surrendered from time to time and the purchase of shares by the Trust (including repurchases from participants exercising options and simultaneously disposing of the shares). If necessary, and at the board's discretion, the company could issue new shares within the maximum of 10% of the company's issued capital which was authorised by shareholders for this purpose.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2002 are set out in table 4 on page 32.

Table 4: Movement in Outstanding Share Options – year ended 30 June 2002

Schemes implemented on:		Outstanding	Granted	Surrendered	Exercised	Outstanding	Option price
		Options at				options at	
		30 June	during	during	during	30 June	(cents)
		2001	the year	the year	the year	2002	
10 July 1992		383 417	–	(29 261)	–	354 156	940
23 June 1993		372 286	–	(12 605)	–	359 681	980
30 June 1994		275 234	–	(20 564)	–	254 670	1 870
29 June 1995		228 715	–	(7 062)	–	221 653	2 150
27 June 1996		388 400	–	(17 500)	–	370 900	1 720
07 July 1997		620 921	–	(39 905)	(1 000)	580 016	913
06 January 1998		1 000 000	–	–	–	1 000 000	770
09 March 1998		2 143 890	–	(130 500)	(43 500)	1 969 890	805
17 March 1999		9 864 843	–	(249 000)	(2 364 643)	7 251 200	233
25 August 1999		99 000	–	–	–	99 000	440
08 May 2000		3 987 500	–	(472 900)	(358 500)	3 156 100	316
15 June 2000		1 150 000	–	–	(75 000)	1 075 000	316
29 August 2000		1 000 000	–	–	–	1 000 000	325
14 March 2001	Standard	2 535 000	–	(800 000)	–	1 735 000	460
14 March 2001	Hurdle	1 430 000	–	(430 000)	–	1 000 000	460
09 October 2001		–	20 000	–	–	20 000	700
13 March 2002	Standard	–	976 500	–	–	976 500	693
13 March 2002	Hurdle	–	839 500	–	–	839 500	693
TOTALS		25 479 206	1 836 000	(2 209 297)	(2 842 643)	22 263 266	

Notes:

1. For the 1998 and prior schemes, the options vest as to 50% at the fourth and 100% at the fifth anniversary of the grant.
2. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.
3. Each of the schemes terminate on the tenth anniversary of the grant and any unexercised options expire at that date.



► Corporate Citizenship

Murray & Roberts embraces a value system that places sustainable development and value creation at the heart of business strategy.

For more than 100 years, we have made a significant contribution to the socio-economic development of southern and South Africa.

We recognise that our business activities have an impact on natural, social and economic environments and we are committed to managing this impact responsibly.

In our challenge to deliver major projects to developing economies and manufactured products to developed economies, we embrace the principles of sustainable development that apply to the natural, social and economic environments.

In those parts of the developing world where we manage significant agricultural resources, we work to enhance the renewable potential of the agricultural environment and to create opportunities for people to develop and prosper.

MURRAY & ROBERTS EMPLOYEES

We are committed to:

- Enhancing diversity in our workforce, and
- Working in partnership to create a better future for all of our people.

Our group has, for several years, subscribed to principles of equity, inclusion and fairness in the development and training of all of our people. Internal and external sources of education and advancement have been used with a great deal of success.

The South African Employment Equity Act formalised much of what was already in place and we have fully embraced the principles and requirements of this legislation.

Murray & Roberts is committed to the transformation of South Africa into a society where all of our people have equal opportunity of employment and progression, irrespective of their race, gender, creed, sexual preference or disability.

Comprehensive and viable plans have been developed and agreed throughout the organisation, based on a code of good practice, and aimed at achieving realistic goals. Consultative committees, which include all stakeholders, meet on a regular basis, are active at all levels and are instrumental in communicating objectives, creating awareness and achieving consensus.

Plans are assessed and evaluated on an ongoing basis by the operational companies, as is progress towards attainment of agreed objectives and goals. The overall process is monitored and reviewed on a regular basis.

Set out below is an update of human resource issues for the year ended 30 June 2002. This report only covers our South African businesses. International operations and companies have been excluded from these statistics, as their employees are not governed by the South African Employment Equity Act and Labour Law legislation.

For purposes of this summary, and in accordance with the South African Employment Equity Act, designated groups include black people (Africans, Coloureds and Indians), women and people with disabilities.

NUMBER OF EMPLOYEES

The total number of employees for the entire group was 15 379 at 30 June 2002, compared with the 16 337 last year.

Total number of employees	2002	2001
Total	15 379	16 337
International	2 752	2 863
South Africa	12 627	13 474
South Africa non-permanent	3 140	3 602
South Africa permanent	9 487	9 872

The 6% decrease from 2001 is primarily caused by the disposal of certain businesses during the last 12 months. A breakdown of employees per business cluster is presented on page 79 of this report.

SOUTH AFRICAN WORKPLACE PROFILE AND MOVEMENT

Demographic Profile (South Africa) – as at 30 June 2002

Occupational levels	African	Coloured	Indian	White	Total
Top Management	1	1	2	64	68
Senior Management	9	15	15	261	300
Mid-management	18	58	42	419	537
Junior Management	456	471	144	1 024	2 095
Semi Skilled	2 933	641	221	445	4 240
Unskilled	2 000	222	12	13	2 247
Total Permanent	5 417	1 408	436	2 226	9 487

	Actual 2002	Target 2005*
Employment equity		
Employees with disabilities	140	45
Gender		
Female	1 039	1 094
Male	8 448	8 433
	9 487	9 527
Non-management-level by gender		
Female	773	734
Male	5 714	5 634
	6 487	6 368
Management-level by gender		
Female	266	360
Male	2 734	2 799
	3 000	3 159
Race		
Black, coloured and Indian	7 261	7 641
White	2 226	1 886
	9 487	9 527
Non-management-level by race		
Black, coloured and Indian	6 029	5 853
White	458	515
	6 487	6 368
Management-level by race		
Black, coloured and Indian	1 232	1 788
White	1 768	1 371
	3 000	3 159

* The 2005 targets are the consolidated figures for the South African operations and thus comparisons with actual levels on a group basis are not representative of actual situations.

HEALTH, SAFETY AND ENVIRONMENT

Murray & Roberts is committed to integrating sound health, safety and environmental management into all aspects of our business activities.

HEALTH & SAFETY

At Murray & Roberts, we continue to strive for a healthier and safer environment for all of our employees and the communities in which we conduct our business.

Our group is committed to the health and safety of our employees and to protecting the public against hazards associated with our activities. In South Africa, we operate within the framework of the Occupational Health & Safety Act of 1993, while our operations in other jurisdictions are committed, as a minimum, to the regulations that govern health, safety and environmental matters.

Adequate resources are provided at operational levels to ensure the understanding, implementation and maintenance of effective health and safety actions.

During the year under review, Murray & Roberts RUC's development project at the Palabora Underground Mining Project, received the National Occupational Safety Association (NOSA) Five Star award. Alloy Wheels International was upgraded by NOSA from three to four stars.

There has been a disappointing increase in the 12 month rolling average Disabling Injury Frequency Rate (DIFR) of certain group operations, while others have shown significant improvement. A systematic approach is being applied to reduce DIFR's which are currently above the international benchmark.

HIV/AIDS

Murray & Roberts recognises that the spread of HIV/AIDS poses a threat to certain areas of our business and to the broader socio-economic environment.



We make use of industrial theatre and other means to ensure awareness and understanding of the risks and scope of this threat and to encourage safe sexual and occupational behaviour. A number of our companies use the expertise of experienced counsellors for employees who are living with HIV.

Work is done on an ongoing basis to identify and understand the impact of HIV/AIDS on our company.

ENVIRONMENT

At Murray & Roberts, we recognise our interdependence with the communities in which we conduct our business activities and we are committed to managing the impact of our activities on the natural environment in a responsible manner.

Environmental assessments are conducted in accordance with international standards with the assistance of recognised institutions.

During the year under review, Alloy Wheels International and Gemtec achieved ISO 14001 certification, an internationally recognised standard for the implementation of an environmental management system. All other manufacturing plants in the group are working towards the fulfilment of ISO 14001 requirements as part of their challenge to be world class.

SOCIAL INVESTMENT

Murray & Roberts invests in mathematics, science and technology education, early childhood development, environmental management and the development of women.

Our strategy is guided by developmental priorities on the national agenda in South Africa and our other key markets and is also geared towards developing expertise and skills that will serve future human resource requirements of our group.

We continue to support development aimed at the fulfilment of human needs by enhancing the learning process, assisting in meaningful empowerment and promoting sustainable development. We respond to appeals from the communities within which we conduct our business activities and in which our employees live.

To leverage funding within these key areas, we seek opportunities for partnerships with other funders and we encourage our existing beneficiaries to apply their expertise to the benefit of new development projects.

MAJOR INITIATIVES

During the year under review, Murray & Roberts invested in the following major initiatives:

2002 World Summit on Sustainable Development

We chose to be a South African partner of the Johannesburg Summit to show our commitment to sustainable development and to contribute to the successful fulfilment of this important event in our country.

Business Trust

Murray & Roberts is one of the South African businesses that initiated the formation of the Business Trust in partnership with government. The Trust focuses on targeted job creation and capacity building programmes.

New Partnership for Africa's Development (NEPAD)

As a South African business enterprise committed to the sustainable growth and development of our continent, Murray & Roberts has declared its support for NEPAD and was a corporate sponsor of the "Unpacking NEPAD" conference in Johannesburg.

Rock Art Museum

South Africa's rock art is part of our nation's rich cultural heritage. It is also a learning resource and potential provider of long-term sustainable national income. In acknowledgement of this, Murray & Roberts is a sponsor of the new Rock Art Museum project at the University of the Witwatersrand (Wits).

The museum will be built on the Wits campus to conserve and display the Rock Art Research Institute's extensive collections and rock engravings. It will showcase South Africa's world-renowned rock art and establish a nationwide series of connected rock art sites.

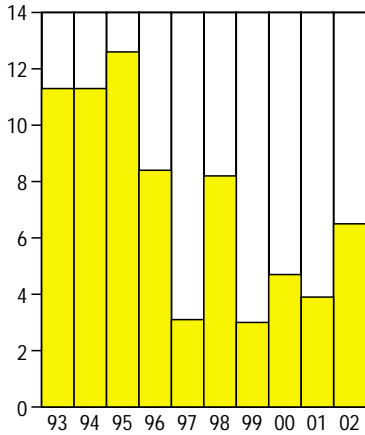
Murray & Roberts has supported the preservation of South African rock art for over 30 years through a long association with the Rock Art Institute, primarily through the JD Roberts – Harald Pager Rock Art Collection, which Murray & Roberts has endowed to the Institute.

CONCLUSION

We have made important progress in applying the principles of corporate citizenship throughout our organisation during the year under review, but we acknowledge that we have much to learn and contribute during the years ahead.

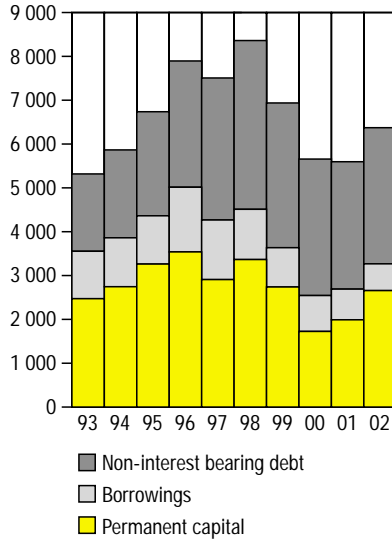
► Financial Performance

Return on average total assets
(%)



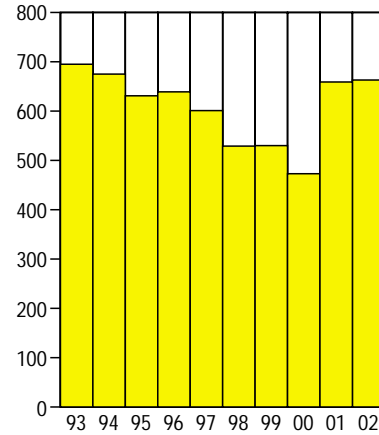
The EBIT return on total average assets rose to 6.5% as a result of better EBIT margins and an improved return on the group's assets.

Funding of assets
(R millions)



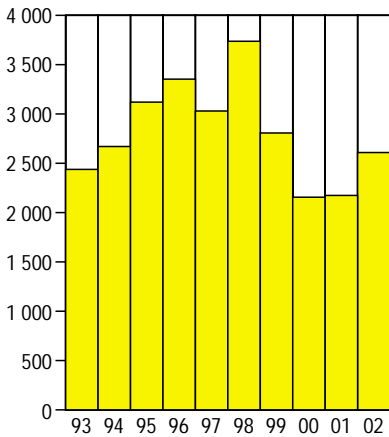
The result for the year has led to an increase in both permanent capital and cash on hand, as well as a reduction in borrowings. This will provide adequate financial buffers to meet all obligations and to ensure the availability of finance for expansion.

Productivity of assets
(assets per R1 000 turnover)



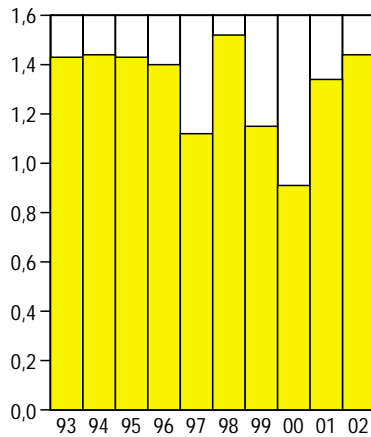
The productivity of assets has remained constant with the prior year. The movement from the mobilisation of assets and resources to the leveraging of knowledge and solutions will improve the productivity of our assets into the future.

Creation of value
(R'000)



The 20% increase in value created is the first "dividend" of the Rebuilding Murray & Roberts strategy of sustainable value creation and earnings growth.

People productivity value ratio

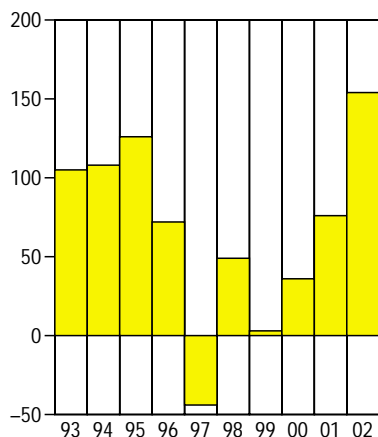


The further increase in the creation of value as a multiple of payroll costs is an important measure of the group's progress in achieving increased productivity.



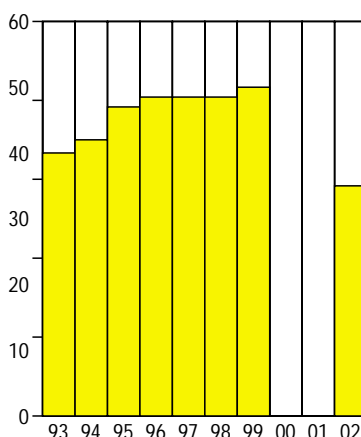
► Share Performance

Headline earnings per share
(cents)



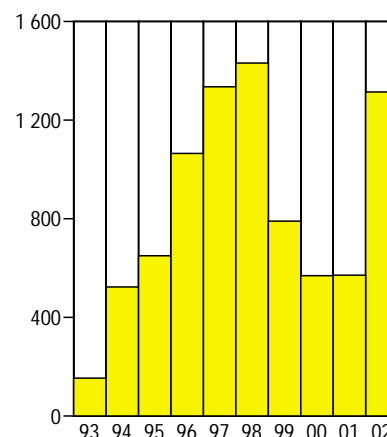
Significantly improved operating performance with headline earnings of 154 cents per share. (2001: 76 cents)

Dividends per share
(cents)



Dividend payments have been resumed with the declaration of a dividend of 35 cents per share.

Value of shares traded
(R millions)



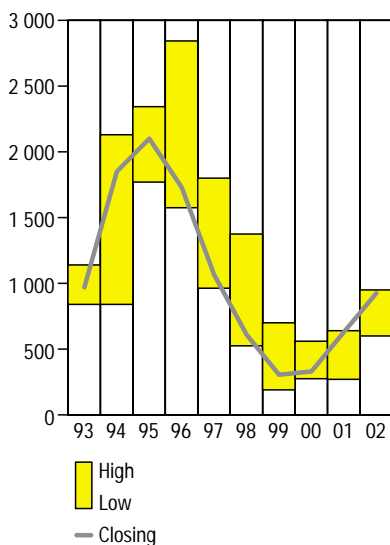
The value of shares traded during the year ended 30 June 2002 was R1 314 million – an average of R109,5 million per month.

The total number of shares traded was 177 million – an increase of 18% on last year.

The volume of shares traded during the year expressed as a percentage of the average number of shares in issue was 53%, which compares with 44% last year.

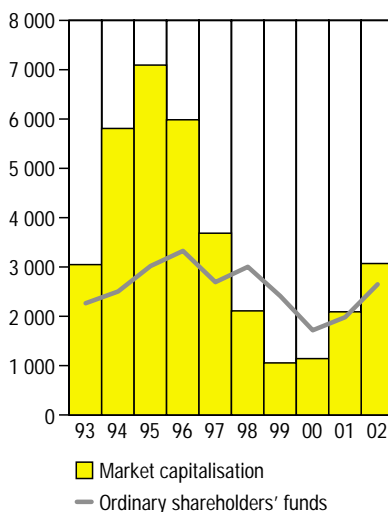
The total number of transactions recorded on the JSE Securities Exchange South Africa during the year was 8 226 (2001: 6 622).

Share price movement
(cents)



The year end price of the Murray & Roberts share was 925 cents compared to the price of 630 cents on 30 June 2001.

Market capitalisation
(R millions)



The higher share price resulted in Murray & Roberts' market capitalisation rising to R3 070 million at 30 June 2002.

► Analysis of Shareholders

1. Portfolio size	Number of shareholders	Percentage of share capital
1 – 1 000	2 123	0,3
1 001 – 10 000	2 327	2,7
10 001 – 100 000	705	6,6
100 001 and over	240	90,4
	5 395	100,0

2. Category of shareholders		
Individuals	4 030	6,1
Pension and provident funds	180	32,0
Banks, nominees and finance companies	95	13,4
Insurance companies	23	14,5
Trust funds and investment companies	873	32,2
Other corporate entities	194	1,8
	5 395	100,0

According to information received by the directors the only shareholders who beneficially held, directly or indirectly, in excess of 5% of the share capital of the company at 30 June 2002 were the Government Employee Pension Fund which held 17,0% and Old Mutual Life Assurance Company (South Africa) Limited which held 11,8%.

3. Shareholder spread

To the best knowledge of the directors and after reasonable enquiry, the spread of shareholders at 30 June 2002, as defined in the Listings Requirements of The JSE Securities Exchange South Africa, was as follows:

Public shareholders	63,9%
Non-public shareholders	36,1%