



## Globalising Murray & Roberts

### Summarised consolidated income statement

R millions	Audited 30.6.05	Restated Audited 30.6.04
<b>Revenue</b>	<b>10,694</b>	8,424
<b>Earnings before interest, exceptional items, depreciation and amortisation (EBITDA)</b>	<b>793</b>	615
Amortisation of goodwill (note 2)	-	(5)
Depreciation	(250)	(189)
<b>Earnings before interest and exceptional items</b>	<b>543</b>	421
Exceptional items	13	(16)
Headlease and other discontinued property activities	11	(7)
Other	2	(9)
<b>Earnings before interest and taxation (EBIT)</b>	<b>556</b>	405
Net interest (expense) income	(5)	10
<b>Earnings before taxation</b>	<b>551</b>	415
Taxation	(150)	(27)
<b>Earnings after taxation</b>	<b>401</b>	388
Income from associates	77	114
Minority shareholders' interest	(30)	(25)
<b>Earnings attributable to ordinary shareholders</b>	<b>448</b>	477
<b>Reconciliation of headline earnings</b>		
Attributable earnings	448	477
Exceptional items as above	(13)	16
Taxation on exceptional items	16	-
Amortisation of goodwill	-	5
Non-headline portion of income from associate	2	5
<b>Headline earnings</b>	<b>453</b>	503
<b>Reconciliation of weighted average number of shares in issue (000)</b>		
Weighted average number of ordinary shares in issue	331,893	331,893
Less: weighted average number of shares held by The Murray & Roberts Trust	(13,664)	(13,788)
<b>Weighted average number of shares in issue used in the determination of basic per share figures</b>	<b>318,229</b>	318,105
Add: adjustment for share options	4,611	6,173
<b>Weighted average number of shares in issue used in the determination of diluted per share figures</b>	<b>322,840</b>	324,278
<b>Earnings per share (cents)</b>		
- Diluted	139	147
- Basic	141	150
<b>Headline earnings per share (cents)</b>		
- Diluted	140	155
- Basic	142	158
<b>Total dividend per ordinary share (cents)*</b>	<b>45.0</b>	45.0
<b>Operating cash flow per share (cents)</b>	<b>201</b>	87

\* Based on the year to which the dividend relate.

### Summarised consolidated balance sheet

R millions	Audited 30.6.05	Restated Audited 30.6.04
<b>ASSETS</b>		
Non-current assets	2,318	2,319
Property, plant and equipment	1,194	1,090
Investment property	259	271
Associate company - Unitrans Limited	-	653
Associate company - Clough Limited	505	-
Other investments	360	305
Current assets	4,796	3,775
Accounts receivable and other	2,863	2,671
Bank balances and cash	1,933	1,104
<b>Total tangible assets</b>	<b>7,114</b>	6,094
Goodwill	48	5
Deferred taxation assets	38	33
<b>TOTAL ASSETS</b>	<b>7,200</b>	6,132
<b>EQUITY AND LIABILITIES</b>		
Permanent capital	3,059	2,657
Ordinary shareholders' funds	2,967	2,603
Minority shareholders' interest	92	54
Non-current liabilities	820	632
Long-term provision	5	29
Obligations under finance headleases*	274	346
Other long-term liabilities*	339	139
Deferred taxation liabilities	202	118
Current liabilities	3,321	2,843
Accounts payable and other	2,940	2,560
Bank overdrafts and short-term loans*	381	283
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,200</b>	6,132
Net asset value per share (cents)	932	818
* Interest-bearing borrowings		
<b>SUPPLEMENTARY INFORMATION (R millions)</b>		
<b>Commitments</b>		
Capital expenditure		
- spent	303	353
- authorised but unspent	396	397
<b>Operating lease commitments</b>	<b>236</b>	262
<b>Contingent liabilities</b>	<b>157</b>	56

### Summarised consolidated cash flow statement

R millions	Audited 30.6.05	Restated Audited 30.6.04
Cash generated by operations before working capital changes	714	534
Cash outflow from discontinued headlease property activities	(68)	(114)
Decrease (increase) in working capital	33	(88)
Cash generated by operations	679	332
Interest and taxation	(11)	(43)
<b>Operating cash flow</b>	<b>668</b>	289
Dividends paid	(143)	(167)
Dividends paid to minority shareholders	(20)	(1)
Cash retained in operations	505	121
Net investment activities	107	(253)
Net funds flow	612	(132)

### Summarised statement of changes in equity

R millions	Audited 30.6.05	Restated Audited 30.6.04
Opening balance	2,603	2,484
Restatement (note 2)	-	3
Earnings attributable to ordinary shareholders	448	477
Movement in revaluation reserve	(1)	(2)
Movement in non-trading financial asset reserve	16	12
Movement in hedging reserve	3	2
Foreign currency translation movement on investments	61	(163)
Movement in treasury shares	(20)	(43)
Dividend declared and paid	(143)	(167)
	<b>2,967</b>	2,603

### Segmental analysis

R millions	Audited 30.6.05	Restated Audited 30.6.04
<b>REVENUE</b>		
Construction & engineering	6,237	4,153
Construction materials & services	3,381	2,886
Fabrication & manufacture	870	763
Corporate	1	1
Ongoing operations	10,489	7,803
Discontinued operations	205	621
<b>Revenue as reported</b>	<b>10,694</b>	8,424
<b>EBIT</b>		
Construction & engineering	226	177
Construction materials & services	337	274
Fabrication & manufacture	98	75
Corporate	(115)	(100)
Ongoing operations	546	426
Discontinued operations	(3)	(5)
<b>EBIT as reported</b>	<b>543</b>	421

### Notes:

- These consolidated summarised preliminary financial statements are prepared in accordance with AC127: Interim Financial Reporting. The accounting policies and methods of computation for the financial statements for the year ended 30 June 2005 are consistent with those applied in the prior year except as described in note 2 below and are in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act in South Africa.

- Restatements, changes in accounting policy and comparatives.

#### 2.1 AC140: Business Combinations

The Group adopted AC140: Business Combinations during the current year. The adoption of this statement resulted in a change in the accounting policy for goodwill. For all business combinations on or after 31 March 2004 goodwill is measured as the excess of the "cost of the acquisition" over the "interest in the fair value of the assets, liabilities and contingent liabilities acquired and recognised".

Until 30 June 2004, goodwill was:  
- amortised on a straight line basis over its useful life with a maximum of ten years.

In accordance with the provisions of AC140:  
- the Group ceased amortisation of goodwill from 1 July 2004;  
- accumulated amortisation as at 30 June 2004 has been eliminated with a corresponding decrease in the cost of goodwill; and  
- from 1 July 2004 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

Adoption of this accounting policy resulted in goodwill amortisation amounting to R5 million being ceased, and in a goodwill impairment charge of R5 million. The impact of the restatement on earnings and headline earnings per share is set out below.

The acquisition accounting for Clough Limited is still on a provisional basis.

#### 2.2 AC105: Leases

In prior years, operating lease payments were recognised in the income statement in the year incurred. Interpretative guidance by the South African Institute of Chartered Accountants, Circular 7/2005 issued in August 2005, requires minimum lease payments that are subject to fixed escalations to be spread over the life of the lease instead of as incurred.

#### R millions

The adjustments resulting from the restatement can be summarised as follows:	
Increase of 2003 accumulated profit opening balance	-
Recognition of deferred operating lease income accrual	108
Recognition of deferred operating lease cost accrual	(119)
Decrease of 2004 net profit	(11)
Increase of 2005 net profit	13

The impact of the restatement on earnings and headline earnings per share is set out below.

#### 2.3 Depreciation of headlease investment property

In prior years, the land element of the capitalised headlease investment property was incorrectly depreciated together with the building element. During the current year, this has been corrected by a reversal of R6 million in accumulated depreciation.

#### R millions

The adjustments resulting from the restatement can be summarised as follows:	
Increase in 2003 accumulated profit opening balance	3
Increase in 2004 net profit	3
Increase in 2005 net profit	3

The impact of the restatement on earnings and headline earnings per share is set out below.

#### 2.4 Impact on earnings and headline earnings per share

	Increase (decrease) in basic and diluted earnings per share (EPS)	
	2005 Cents	2004 Cents
Non-amortisation of goodwill	2	-
Impairment of goodwill	(2)	-
Recognition of operating lease payments and income on a straight-line basis*	4	(3)
Adjustments to the depreciation of headlease investment property*	1	1
<b>Total impact</b>	<b>5</b>	<b>(2)</b>

These adjustments had no impact on basic and diluted headline earnings per share (HEPS).

\* Relates to the headlease and other discontinued property activities

#### 2.5 Comparatives

- The comparative information presented has been restated for the following:
- reclassification of investment property from property, plant and equipment to investment property;
  - reclassification of an impairment provision from other accruals to other investments;
  - restatement of operating lease costs and income on a straight-line basis; and
  - restatement of the depreciation on headlease investment property.
- Total financial institution guarantees given to third parties on behalf of group companies amounted to R1 788 million (2004: R1 352 million). The directors do not believe any exposure to loss is likely.
  - These summarised financial statements and the annual financial statements from which they have been extracted have been audited by the company's auditors, Deloitte & Touche. Their unqualified audit opinions are available for inspection at the company's registered office.