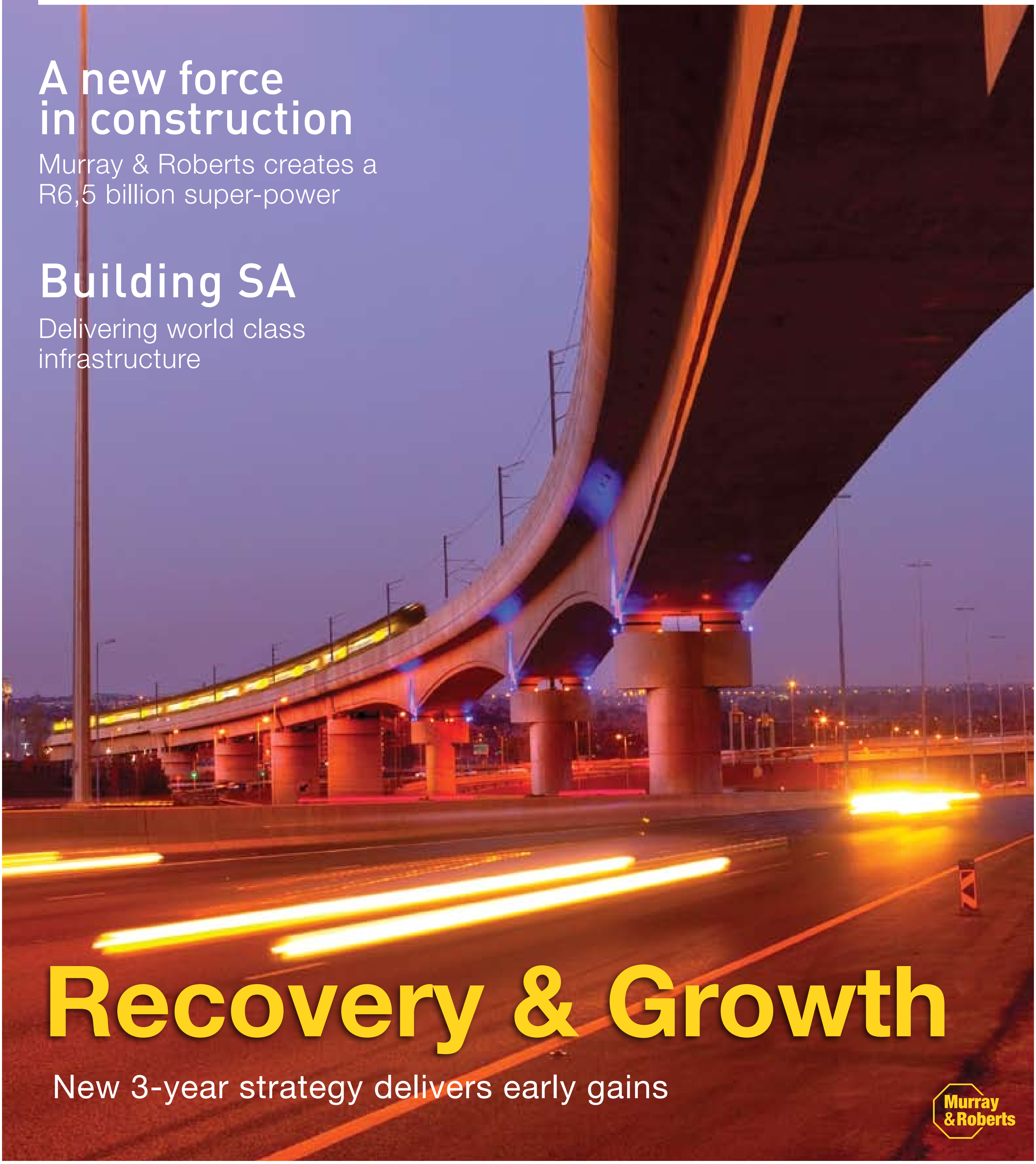
THE HALLMARK OF EXPERIENCE AND SKILL – 109 YEARS: 1902-2011

SEPTEMBER 2011

MURRAY & ROBERTS GROUP MAGAZINE

ROBUST



A new force in construction

Murray & Roberts creates a R6,5 billion super-power

Building SA

Delivering world class infrastructure

Recovery & Growth

New 3-year strategy delivers early gains

Murray & Roberts

COVER Gautrain crosses the N1 Highway between Tshwane and Johannesburg

4 Medupi power station under construction

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PROFIT PARTNERSHIP
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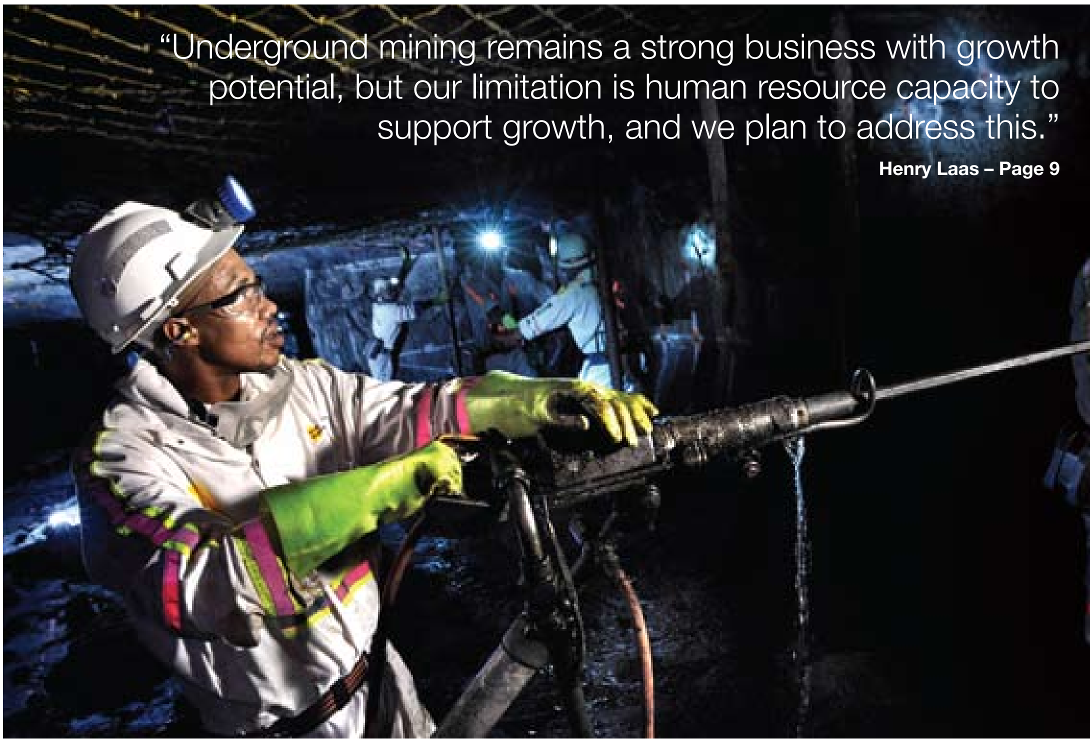


Henry Laas – Page 9

17 R6 billion Zayed University opens in Abu Dhabi

BRIAN BRUCE AND ROGER REES RETIRE

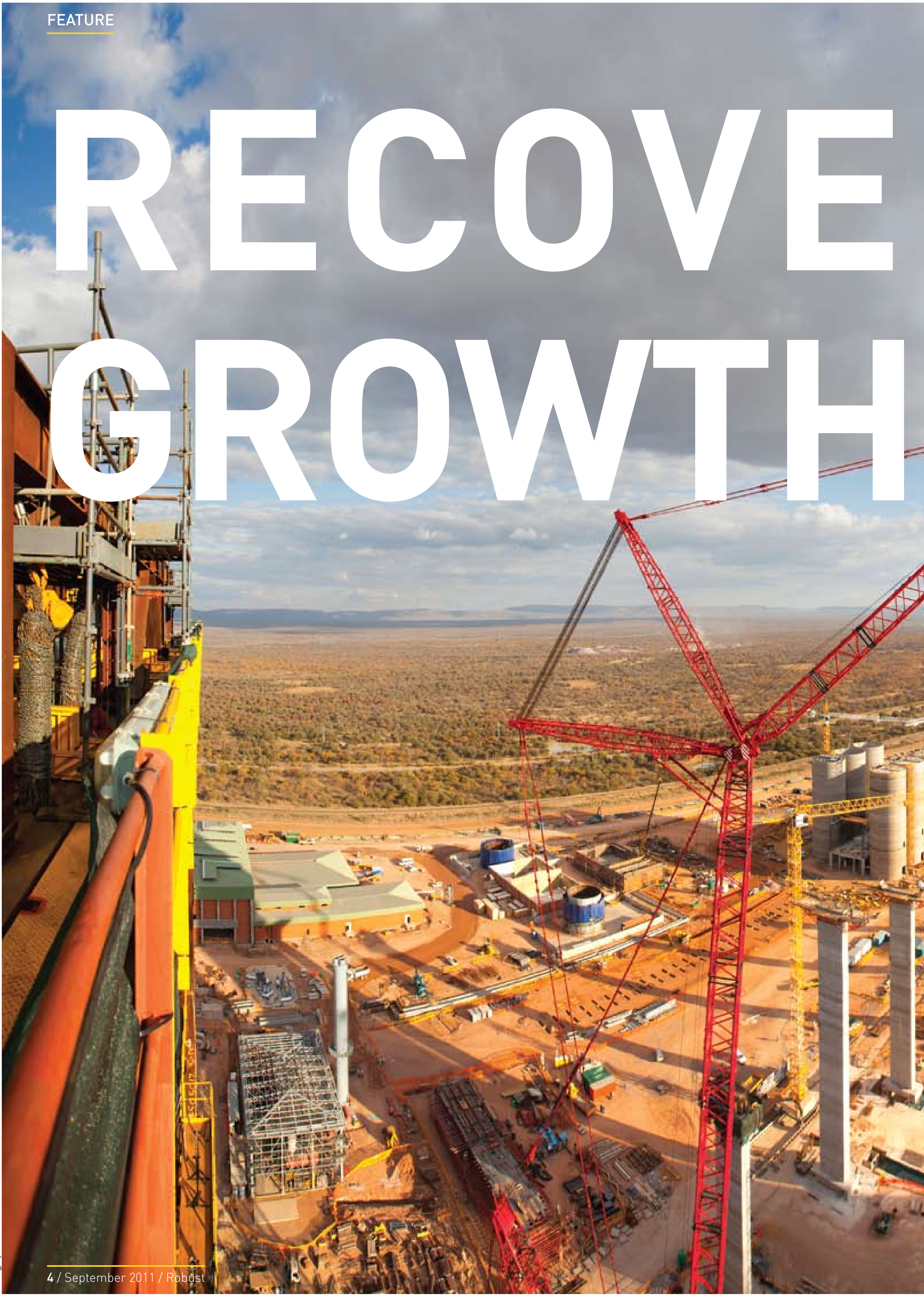
Brian Bruce

Roger Rees

Brian Bruce and **Roger Rees** retired on 30 June 2011 as directors of Murray & Roberts having served the Group over many years. We wish to thank Brian and Roger for their significant contribution to the Group and wish them the best for the future.

FEATURE

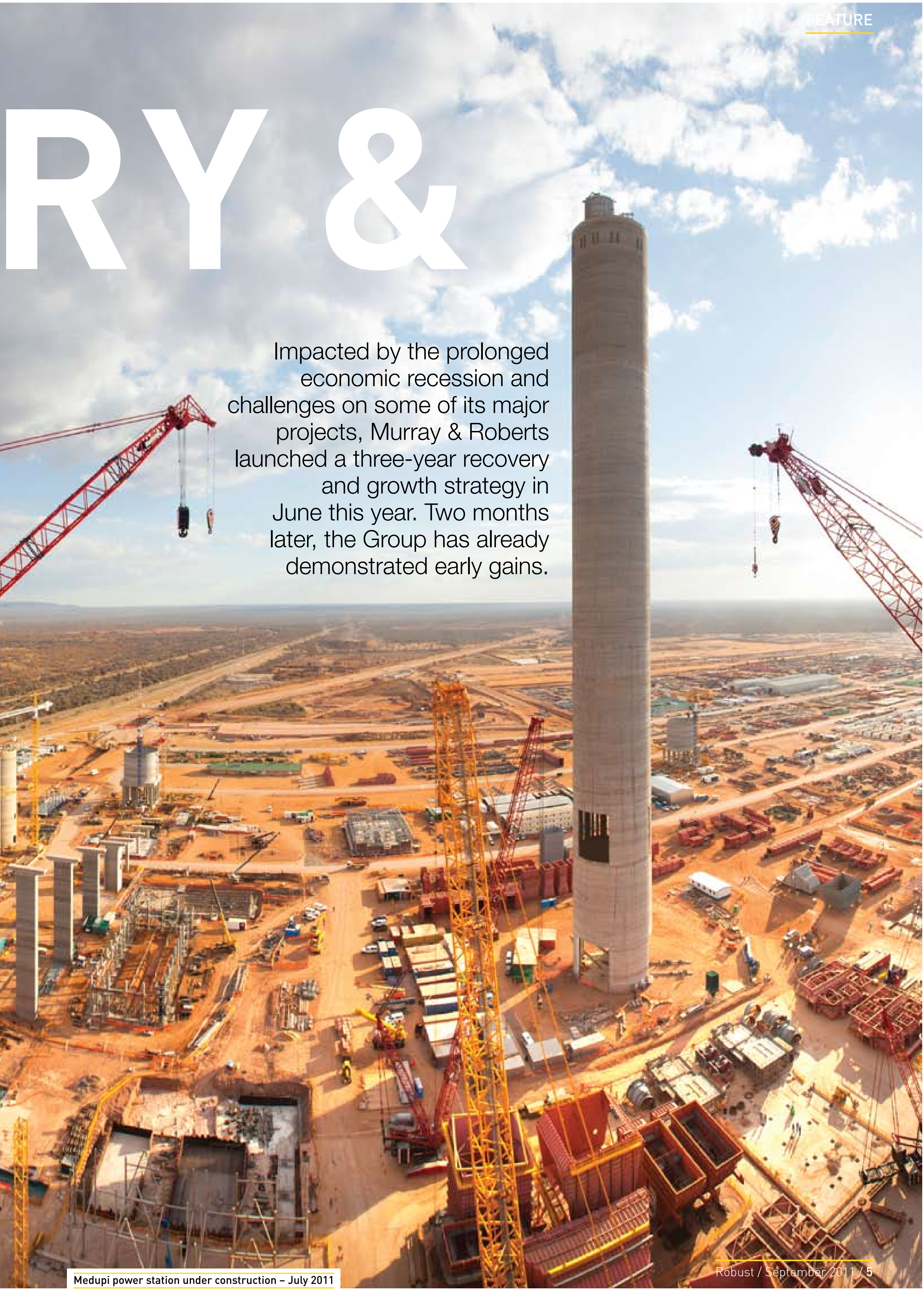
RECOVE
GROWTH



Photograph: Geoff Brown

RY &

Impacted by the prolonged economic recession and challenges on some of its major projects, Murray & Roberts launched a three-year recovery and growth strategy in June this year. Two months later, the Group has already demonstrated early gains.



Medupi power station under construction – July 2011

Investors rightly fear debt-laden companies. Too many liabilities without the cash to meet them more often than not results in financial difficulty. Even with a plan of action on the table, investors worry that a business in recovery mode is hard to value.

That's exactly why the new Murray & Roberts management team, group chief executive, Henry Laas and group financial director, Cobus Bester, aim to move fast. And they've done exactly that.

Having taken over the reins in July this year and presented their first set of results to the market just two months later, they emphasise that the results for the year to 30 June 2011 are a true reflection of a difficult trading environment and the additional challenges the Group has had to face on several projects, but also that management has a clearly defined recovery plan which is at an advanced stage of implementation.

One of the Group's main challenges has been its liquidity position. That's mainly attributable to difficulties it has experienced on the Gautrain and Barrow Island projects. A number of actions have been taken which have already substantially improved the cash flow position, but this has become only a part of the new management's vision for Murray & Roberts.

Even before his official appointment to the top executive position, Laas was in the process of developing a new medium-term strategy.

NEW MEDIUM-TERM STRATEGY

"We have adopted a three-year recovery and growth strategy, and we have already made good progress with the first phase of that strategy, which is recovery. This phase is vital to all that follows, because it concerns the establishment of a stable liquidity position. Growth cannot be contemplated in an environment of over-indebtedness," explains Laas.

The scale of Murray & Roberts' net indebtedness of R1,1 billion at 31 December 2010 called for immediate action.

Action has been taken, says Laas. "We have already achieved some very important targets that we established at the outset and, as a consequence, we have been able to demonstrate in our financial results to June 2011 a marked improvement in our liquidity, relative to the position at 31 December 2010. In particular, we have recovered more than R800 million in cash over and above our normal cash flows, largely as a result of the resolution of the Hitachi dispute, progress in resolving working capital issues on the Medupi Civils Joint Venture contract with Eskom, resolution of the Passenger Rail Agency of South Africa (PRASA) claim, and the collection of other long-outstanding debts.

"All of this has been achieved since April this year. We are pleased with the rate of progress and we believe that our decision to pursue a more challenging recovery plan rather than easier short-term solutions will stand the Group in good stead. We closed out the previous financial year on a much-improved liquidity and net-cash position," adds Laas.

THE NEXT STAGE OF RECOVERY

The first stage of the recovery plan has had to address immediate liquidity concerns but the new management team has also ensured that it has a concurrent strategy to seek future growth. The global financial crisis had taken a heavy toll on world markets, and there has been a dearth of construction opportunity in areas where previously Murray & Roberts prospered. The Group needed to be restructured to position itself for future growth.

Negotiating Murray & Roberts out of its indebtedness has required courage and resolution from everyone involved, says Laas, because the market has tended to clamour for quick solutions that would have impaired the Group's long-term growth prospects. "There have been calls for us to dispose of core assets or have a rights issue. These are options available to us, but our preference would be to only consider a rights issue to facilitate future growth, not to improve short-term liquidity."

Instead, phase two of the recovery plan concerns the ongoing disposal of non-core businesses, with the steel operations being the biggest, alongside two business units in the Middle East, and the marine construction business of Clough in Australia.

These transactions take time; even the sale of a core asset takes at least six months according to international norms. "The sale of the steel operation is the major disposal in the Group's plans and it is well advanced. We have letters of agreement regarding the disposal of the two Middle East businesses, but they involve conditions precedents that have to be met before the agreements are effective. Therefore, I anticipate that these disposals will only be finalised closer to December 2011."

The disposal of Clough's marine construction business has been concluded. Laas points out that the proceeds of this transaction will be used to invest in future growth in Clough, which will continue to intensify its focus on the many opportunities in the oil and gas and minerals markets of Australasia," he adds.

The recovery plan has not considered the resolution of the Bombela Concessions Company claim on the Gautrain project. Bester explains that the Group has submitted its statement of claim and will proceed to arbitration, though all avenues of resolution are being explored, including mediation.

> "By 2020 we will be the leading engineering and construction group in global underground mining and the emerging market natural resources and infrastructure sectors."

A key element of the recovery plan has been to develop a common set of values and a vision for the Group: "By 2020 we will be the leading engineering and construction group in the global underground mining market and the emerging market natural resources and infrastructure sectors," says Laas.

As part of this alignment process, operations have been structured under five operating platforms:

- Construction Africa and Middle East
- Construction Global Underground Mining
- Construction Australasia Oil & Gas and Minerals
- Engineering Africa
- Construction Products Africa ›

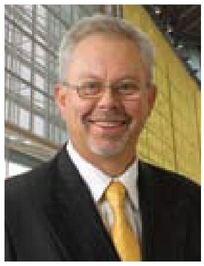
NEW MANAGEMENT TAKES CHARGE

Henry Laas was appointed group chief executive and successor to Brian Bruce on 30 June 2011, following his appointment as a director of Murray & Roberts Holdings and CEO designate on 1 April to ensure an orderly handover of responsibility.

Laas (52) holds a Bachelor of Engineering (Mining) degree from the University of Pretoria and an MBA from the University of the Witwatersrand. He has extensive experience in the mineral resources and mining contracting sectors. As MD of Murray & Roberts Cementation and its predecessor RUC Mining Contractors over 10 years from 2001 to 2011, he played an instrumental role in the expansion of the Cementation Mining Group's global footprint. During this period he significantly improved the overall performance profile of the South African company which recorded revenue growth from R420 million in 2001 to R3,6 billion in 2010, including the acquisition of the Cementation Mining Group in 2005.

Laas was appointed executive chairman of Murray & Roberts' engineering cluster of businesses (including the Group's involvement in the Eskom Power Programme) in January 2011 and a non-executive director of Clough in July 2011.

Commenting on his appointment, Murray & Roberts chairman, Roy Andersen said that after an extensive domestic and international search, he was confident that Laas was the best candidate to take the Group forward. "Henry has a proven track record of business development and management within the Murray & Roberts Group. We look forward to supporting him throughout his tenure as chief executive," he said.



Cobus Bester was appointed executive financial director of Murray & Roberts and successor to Roger Rees on 30 June 2011, after an extensive internal and external executive search.

Bester (51) is a Chartered Accountant with over 22 years of experience in the construction and engineering industry. He was the group FD of Basil Read and Concor Limited for three and six years respectively and was appointed MD of Concor in 2005. Concor was acquired by Murray & Roberts in 2006 and subsequently delisted from the JSE Limited. Bester has been a director of Murray & Roberts Limited since 2007 and was appointed a non-executive director of Clough in July 2011.

Bester notes that the operating platforms reflect the nature of the Group's focus: three are in construction, and the remaining two in engineering and manufacturing, are also construction related. "The operating platforms facilitate greater alignment and focus," he adds.

FUTURE GROWTH

With the plan for the recovery phase almost fully implemented well ahead of the one year deadline, Laas and his team will soon shift their focus to the growth phase which will be dominant in the following two years.

There will be three key strategic themes to the growth phase, in areas where the greatest growth can be achieved. These are:

Africa engagement

This strategy will benefit the construction, engineering and construction products operating platforms. The process for developing the Africa strategy is in place. A set of criteria or risk filters has been developed to assess each of the 54 countries on the continent to identify areas of greatest potential, and to distil market opportunities in the 54 countries to about five or six target markets which will probably become two or three regional hubs. For instance, were Kenya to be selected, it would be the hub for all of East Africa, and the same would apply in West Africa with hubs such as Nigeria or Ghana.

"Questions on implementation still have to be addressed as to whether we need to establish an office in each region, and whether our plan should include acquisitions of local businesses," says Laas.

Acquisitions

The second growth theme will involve potential acquisitions, primarily in Cementation's global mining construction markets. Cementation has achieved solid growth over the past five years and is expected to maintain that trend for at least another five years.

"However, we've realised that to effectively benefit from the opportunity that exists, we have to seek global growth opportunities. The first step will be to attain a critical mass in Australasia and thereafter look at a global acquisition to boost the overall contribution of this business to the Group," says Laas.

Potential acquisitions will also be considered in the domestic construction sector. Laas says the South African market is not big enough for all the current construction companies and consolidation may be required in the longer term.

MORE THAN **R800 million** RECOVERED IN CASH

Clough

The third leg of the growth plan involves Murray & Roberts' investment in the listed Australian company, Clough. The company is positioned in the oil and gas market, currently one of the fastest growing sectors in the world. "We are presently evaluating several options," says Laas.

Murray & Roberts management has developed plans for each of the five operating platforms. "For now we are finalising this strategy as we strengthen our balance sheet," says Laas, "but all operations will continue with their present business development plans."

GROWTH STRATEGY: FIVE BUSINESS PLATFORMS FOR GROWTH

	Companies	Geography	Segments
Construction Africa and Middle East	Murray & Roberts Construction, Murray & Roberts Marine, Murray & Roberts Middle East, Concessions, Tolcon	Africa Middle East	Metals & Minerals Industrial Infrastructure Building
Construction Global Underground Mining	Murray & Roberts Cementation, Cementation Canada, RUC Cementation, Cementation Sudamerica	Africa Australia Americas	Metals & Minerals
Construction Australasia Oil & Gas and Minerals	Clough, Forge	South East Asia Africa	Industrial (Oil and Gas) Metals & Minerals
Engineering Africa	Murray & Roberts Projects, Wade Walker, Concor Engineering, Genrec	Africa	Metals & Minerals Industrial Natural resources
Construction Products Africa	Hall Longmore, Building Products, Much Asphalt, Rocla, UCW	Africa	Metals & Minerals Industrial Infrastructure Building

Bester explains that there is no specific milestone that separates the recovery and growth phases: "It is a phased implementation that kicks in as liquidity improves and permits an acquisitive strategy. It will be dictated by availability of capital – in construction you cannot be hamstrung by debt. One event will trigger the next," he explains.

MARKET CONDITIONS

Laas describes conditions in the Group's markets as mixed.

Construction in Africa and the Middle East remain difficult markets and are not out of the recession. In South Africa, while there are several road and civil projects coming to tender, Bester comments that Government's recent policy has been to split these into smaller tender packages to enable the participation of emerging businesses. This is not ideal for larger companies like Murray & Roberts.

The construction products sectors are also impacted by the difficult conditions in the construction economy, but should start recording growth off a low base in 2012.

"Underground mining remains a strong business with growth potential, but our limitation is human resource capacity to support growth, and we plan to address this. In South Africa, there are a number of shaft sinking projects scheduled for the next few years and this will have significant spin-offs for our civil construction and engineering businesses," says Laas.

"Clough is in a good market and we expect it to grow and continue to do well.

"The Engineering Africa platform is well positioned for growth following the resolution of the Hitachi claim, and is largely dedicated to the current power projects which are likely to be ongoing for the next four to five years. However, there is a need to develop future business opportunities outside the power sector and a new managing director of Murray & Roberts Projects has been appointed to fulfil this mandate.

"As the construction economy recovers in the next year, we anticipate growth in all of our target markets over the next three years. We feel our destiny is in our own hands: our forecasts have not taken any account of the results of our growth strategy, and that will be superimposed onto our future growth forecasts," Laas concludes.

STRATEGY IN ACTION

RECOVERY PHASE 1:
Objectives achieved:
- More than R800 million in cash recovered, over and above normal cash flows
- Final resolution of Hitachi dispute
- Final resolution of PRASA dispute
- Progress in resolution of disputes on Medupi Civils with Eskom
- Collection of other long-outstanding debts
- Submission of Gautrain statement of claim
- Disposal of Clough's marine interests

RECOVERY PHASE 2:
Plans in progress:
- Disposal of non-core businesses (Steel, Johnson Arabia, BRC Arabia)
- Restructuring of operating platforms to align and improve focus

GROWTH STRATEGY:
Plans in development:
- Africa engagement
- Acquisitions
- Optimising the Group's investment in Clough.

"We have adopted a three-year recovery and growth strategy, and we have already made good progress with the first phase of that strategy, which is recovery."

BUILDING SA

Murray & Roberts has a leading role in a range of projects to upgrade South Africa's road, rail and power networks. Gautrain and the Medupi and Kusile power stations bear testimony to the Group's significant contribution to the development of world class social infrastructure.

GAUTRAIN

Following the successful opening of the Sandton - OR Tambo Airport Express for commercial service in time for the Soccer World Cup last year, the next phase of Gautrain opened on 2 August this year.

This section extends from Rosebank Station in Johannesburg to Hatfield Station in Tshwane and includes all stations in-between. The Gautrain bus services are also fully functional along this route.

FINAL PHASE TO PARK STATION

The final southward section from Rosebank Station to Park Station in Johannesburg CBD will be opened later in the year to accommodate additional engineering works. This is a precautionary measure to ensure that the highest passenger safety standards are adhered to while engineering works are in progress to address water ingress.

Train services operate daily between 05:30 and 20:30 and trains run at 12 minute intervals during peak hours on week days, at 20 minute intervals during off-peak periods and at 30 minute intervals during weekends.

A **PUBLIC SURVEY** conducted in February 2011 indicates a positive public response to Gautrain. The opinion survey shows that:

- Gautrain is seen as improving and transforming public transport
- Gautrain's leadership is seen as world class
- 80% of respondents are likely to use Gautrain
- Gautrain has a positive, distinctive and recognisable brand

Excerpt from speech to the Gauteng Legislature by Ismael Vadi, Gauteng MEC for Roads & Transport

www.gautrain.co.za

AHEAD OF SCHEDULE

Opening of the Sandton-OR Tambo Express (June 2010)

Thousands of commuters flocked to Gautrain stations on 2 August to be on the first trains travelling between Johannesburg and Tshwane.

"Cannot help but swell with pride when you experience Gautrain. Finally we have a quick and easy link between Joburg and Pretoria. Use it," **tweeted one commuter.**

"Best thing bout the Gautrain is not necessarily the speed but being traffic stress free at the destination," **twittered another.**

MEDUPI AND KUSILE POWER STATIONS

BOILER PROJECTS

Hitachi and Murray & Roberts have modified their agreement for the completion of the Medupi and Kusile Boiler Projects. The variation agreement allows for the settlement of all previous disputes and paves the way for a more cooperative approach to the completion of the projects.

The first boiler unit at the Medupi site (Medupi 6) has been deemed critical to Eskom's needs and the timely completion of this first unit has become the central focus of the project. The erection of structural steelwork is progressing well though early design difficulties continue to slow progress. Critical to timely completion of Medupi 6 is the work carried out on the boiler pressure parts, particularly the water/steam and the fuel firing systems which require tens of thousands of high quality welds. This work is being carried out by a highly skilled team from South Africa supplemented by highly qualified foreign artisans. This blending of teams is designed to ensure that a transfer of skills takes place over time to compensate for the loss of high quality artisan skilled operatives who have left South Africa over the past 20 years.

Murray & Roberts is also making good progress on the second boiler at Medupi (Medupi 5). This unit is on the point of commencing the pressure parts erection work which opens up more work faces for Class A skilled operatives.

The Kusile project is yet to commence erection work and the estimated start date is September 2011, once the civil engineering contractor has completed the foundations on the first unit.

To date, some 44 000 tonnes of structural steelwork has been fabricated by Murray & Roberts company Genrec and its sub-contractors and some 6 500 tonnes of ducting at the fabrication facilities at Medupi and Kusile.

TRAINING

The apprentice training programme at the Tlhalong Centre in Lephalale is achieving good results. The first intake of apprentices completed their trade tests and a 64% pass rate was achieved. The second intake of apprentices is preparing for testing. A total of 406 apprentices are currently in training at the training centre or at site.

> “Being a welder is not only about fusing material. It requires a lot of intelligence and passion. As a person you must love and enjoy what you are doing. Although I am an apprentice right now soon I will qualify as an artisan. I would like to further my studies and become an engineer one day, and maybe even start my own welding company.”

Hendrica Mogale, welder, first intake of trainees for the AATP at the Thlalong Centre in 2008 and a participant in the SA Institute of Welding Young Welder of the Year Competition.

HEALTH & SAFETY

Putting safety first

Safety is one of the key drivers on the power projects and the civil joint venture achieved a major milestone of four million lost time injury (LTI) free man-hours on 27 July 2011. The Medupi project started in April 2008 and to date the joint venture has achieved one million LTI free man-hours sixteen times.

“This achievement would simply not be possible without the determination and dedication of each and every one of our people who believe in and continually strive to ensure a healthy and safe working environment,” says Neil Watts, SHEQ executive, Murray & Roberts Projects.

The boiler project has reached over a million man hours worked without a lost time incident (LTI) on three occasions and the lost time injury frequency ratio currently stands at 0,9 per million man-hours.

Know your status

An HIV counselling and testing (HCT) campaign was conducted on the Medupi site between November 2010 and March 2011. 1 775 employees, including management, were tested on site during this period and 100 counsellors were mobilised for the campaign. Murray & Roberts aims to provide treatment to employees who test positive for HIV, in line with the protocol determined by the Government. This ensures that patients can remain on treatment even if they leave the company.

A NEW FORCE IN CONSTRUCTION

Murray & Roberts has merged its construction businesses, Murray & Roberts Construction and Concor, to form a super-construction company.

Based on its combined annual turnover of R6,5 billion, the merged entity, Murray & Roberts Construction, is one of the largest local construction companies in the African construction sector.

The two operating entities will function within the new company through seven operating divisions: Murray & Roberts Buildings, Murray & Roberts Western Cape, Murray & Roberts Plant, Concor Civils, Concor Engineering, Concor Mining and Concor Roads & Earthworks. These divisions will continue to grow their respective business segments, now boosted by the combined muscle of the previous companies' shared services.

Murray & Roberts Plant will support all the operating companies and in time, the central back office support functions, such as accounts, IT and payroll will also be consolidated.

To identify long-term and larger projects a Special Project Development division has been created and will function across all operating businesses to provide the marketing, tendering and engineering design skills that often exceeded the budgets of the former operating businesses.

Tolcon will operate as an independent company within Murray & Roberts Group but will receive appropriate support from Murray & Roberts Construction.

MERGER BENEFITS

- Stronger brand
- Shared services
- Effective core service offering
- Positioned for Africa

CONSTRUCTION NEWS

Winelands Toll Road Bid

Murray & Roberts Construction has entered into a joint venture with WBHO, Raubex and Halls Inglis as one of two recently appointed SANRAL consortia to put in a 'best and final offer' for the proposed Winelands Toll Road, which will see the upgrading of the N1 and N2 in what will be the biggest road contract ever undertaken in South Africa. The JV represents a strong construction grouping and will be supported by Concor Roads & Earthworks on this major project.

SA'S FIRST 5-STAR RATING FOR GREEN BUILDING

Engineering consultancy Aurecon's R130-million office building in Century City, Cape Town, is the first building in South Africa to achieve a five-star Green Star South Africa rating from the Green Building Council of South Africa. Murray & Roberts was the main contractor on the building project which was completed in July. The 7 000 m² office block is also the first certified building in Cape Town and only the fifth in South Africa to achieve Green Star accreditation from the GBCSA. The previously rated buildings all achieved a four-star rating.

Nigel Harvey at the helm

Newly appointed chairman of Murray & Roberts Construction, Nigel Harvey has assumed executive responsibility for the merged operation.

With a 30 year career in Murray & Roberts, Harvey was previously MD of Murray & Roberts (Contractors) Middle East. Before moving to Dubai, he was responsible for the building construction activities of Murray & Roberts in South Africa and Africa. He was appointed a director of Murray & Roberts Limited on 1 July and a non-executive director of Clough Limited in April 2010.

Commenting on the construction merger, Harvey says it will result in a stronger brand and a more effective core service offering, and will position Murray & Roberts to take advantage of business opportunities throughout Africa.

Future growth will be sought through acquisition. "We feel that now is the right time in the market to grow acquisitively and we will focus largely on expanding our roads and civils capacities in the Western and Eastern Cape."

ENERGY EFFICIENCY

Plant upgrades at Much Asphalt production sites have resulted in significant improvements in energy efficiency and reduced the company's carbon footprint.

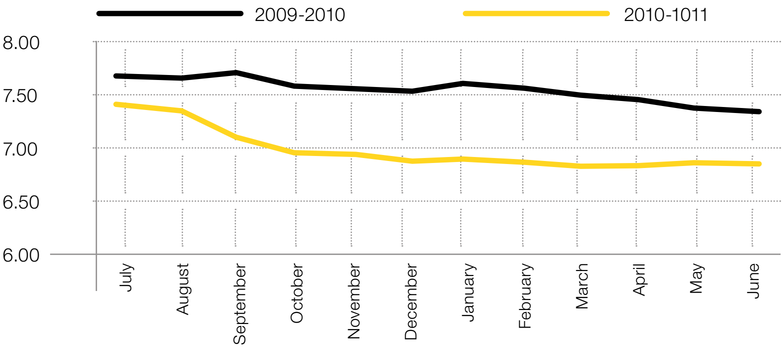
Much Asphalt has, for the past decade, monitored its energy usage at all of its production sites with a calculator that determines specific energy consumption in kilowatt hour per ton of asphalt produced.

The Specific Energy Calculator, which enables Much Asphalt to benchmark itself against global asphalt producers, identified the company's dependence on fuel oils in its heating and drying processes (fuel oils represent 75% of the total energy bill). The calculator also pinpointed less efficient sites, with some running at 8,5 litres/ton of asphalt produced (compared to the average of 7,3 litres).

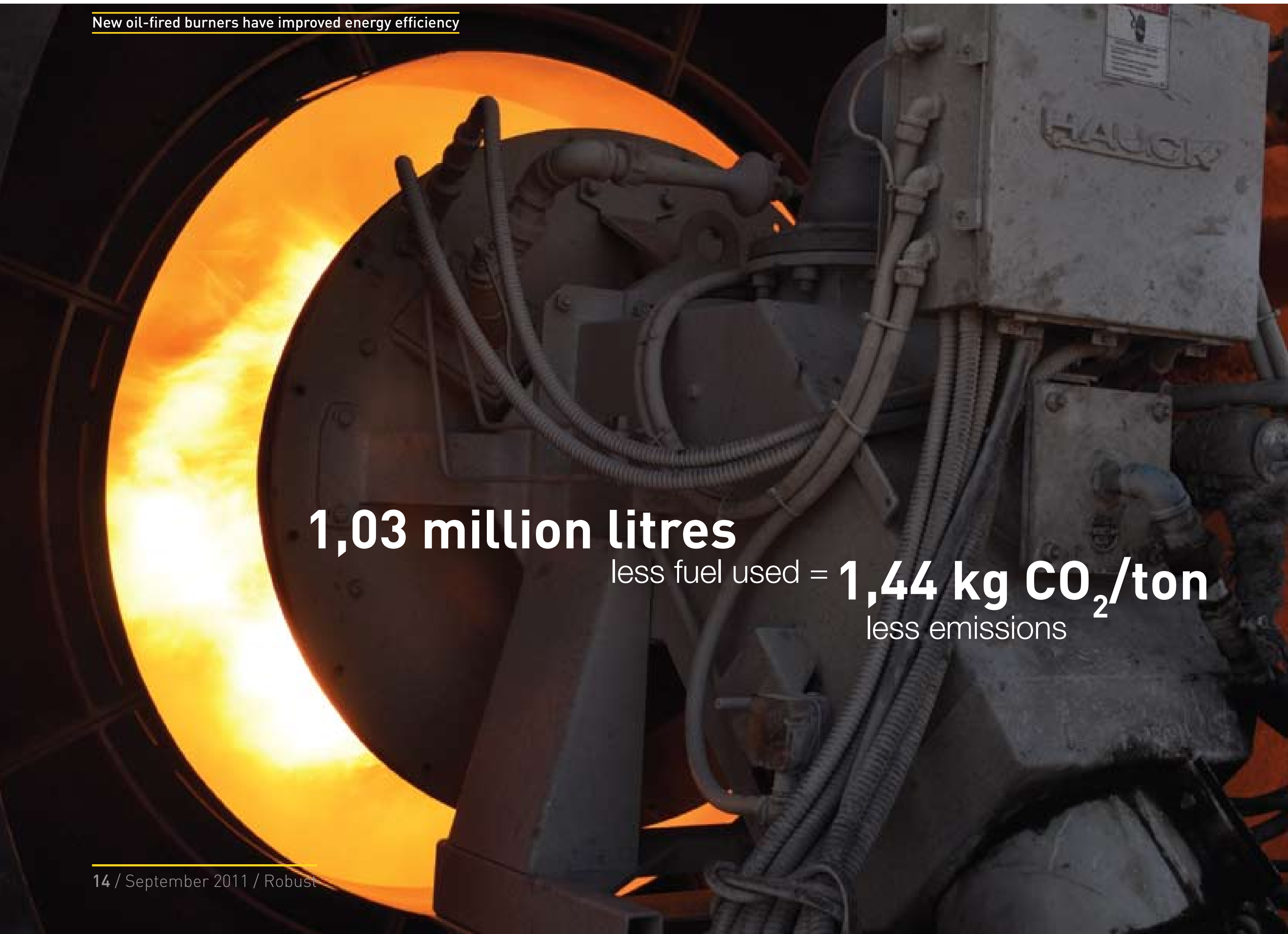
Two of these sites are among the higher production sites in the company and were selected to undergo an upgrade programme, including the installation of two new oil-fired burners imported from the USA that give the operator full control over the necessary parameters to ensure efficient combustion. Since their installation, the two sites have recorded a 22% improvement in fuel usage efficiency and a total saving of 7% for the company.

The effect of this improvement on the carbon footprint has also been noticeable. A saving of 7% over the past financial year has resulted in 1,03 million litres less fuel used, which is equal to 1,44 kg CO_2/ton less emissions than in the previous year (a 5% reduction).

Cumulative average fuel consumption (litres/ton)



The cumulative average fuel consumption in Much Asphalt reduced from 7,35 litres/ton of asphalt produced in 2010 to 6,86 litres/ton in 2011



New oil-fired burners have improved energy efficiency

INDUSTRY PERSPECTIVE

The Big Picture

Much Asphalt CE Phillip Hechter shares his views on the bitumen shortages that are stalling road construction in South Africa

It is a well known fact that the increase in public sector investment in the development of South Africa's infrastructure has resulted in substantial growth in demand for construction materials.

One of these materials is bitumen which is used to produce asphalt for road construction and is a critical component in the government's national programme to construct and maintain roads and airport runways (approximately 90% of local bitumen supply is used in government funded road and runway projects). However, in spite of its strategic importance, the road construction sector has been plagued by continuous interruptions in supply since the increases in public sector infrastructure investment commenced in 2007.

As the largest commercial supplier of hot and cold asphalt products to the road construction sector in southern African, and a key participant in the Government's road development programme, bitumen is the lifeblood of Much Asphalt. And yet, our business has been experiencing supply shortages of about 20% on average and in some months as much as 35% of demand over the past five years. We have been forced to divert scarce supplies to plants that are supplying the Gauteng Freeway Improvement Programme, to the detriment of our customers with less critical projects.

This crisis has been compounded by factors for which there appear to be no clear short-term resolutions. Bitumen is supplied to the local industry by four oil refineries. The primary purpose of these refineries is to manufacture petrol and diesel fuel from the crude oil they import and the residue from the crude oil refining process is used to manufacture bitumen. Because bitumen supply represents a relatively small part of their business, there is a concern that it is not in the interest of the refineries to invest heavily in the upgrade of their bitumen manufacturing and distribution facilities. The consequence is that the facilities are shut down for maintenance with increasing frequency.

In recent weeks, the protracted strike in the petroleum industry has placed even greater pressure on the production and distribution of bitumen, with three of the local refineries supplying limited quantities of the product and one due to shut down for planned maintenance between August and October.

> Shortages of 20% on average, increasing to 35% in some months, over the past five years

The bitumen shortages have far-reaching consequences: They result in delays in road infrastructure projects which, in turn, impact the economy and the businesses that participate in the road construction sector. Our business has lost many production shifts over the past 24 months as a result of bitumen shortages. The shortages increase the cost to taxpayers if contractors are able to negotiate contract extensions and all road users experience the impact of ongoing deterioration of the condition of South African roads.

In an effort to lessen the impact of bitumen shortages, Much Asphalt has had to take steps to diversify its source of bitumen, particularly to reduce its reliance on the refineries. We have the best interest of our customers at heart and will resolutely and aggressively seek alternative sources of this vitally important strategic material in order to ensure continuity of asphalt supplies to our clients.

NEW APPOINTMENTS

Kevin Gallagher has succeeded John Smith as CEO of Clough, Australian-based engineering and construction company in which Murray & Roberts has a controlling interest.

Gallagher brings 20 years of experience in oil and gas operations to the position, including 13 years of experience with Woodside Energy, where he led oil and gas operations in Australia, the USA and North and West Africa. He was previously executive vice president, North West Shelf Business Unit and CEO of North West Shelf Venture at Woodside.

Frank Saieva (51) joined Murray & Roberts and was appointed to the executive committee on 1 July 2011. He has executive responsibility for the Engineering businesses in SADC, including the Power Programme.

Frank has a Bachelor of Engineering (Mechanical) degree and joins Murray & Roberts from the Aveng Group, where he was MD of the Engineering and Projects Company.

PETER ADAMS (62)

Qualification: FRICS (Fellow, Royal Institution of Chartered Surveyors)
Position: Chairman of the individual businesses in the Cementation Mining Group which are coordinated from London; Chairman of the Cementation Joint Coordinating Committee

What are the most important milestones achieved since you started in this position: Safety is at the forefront of everything we do and our journey to zero harm shapes the way we do business. The Cementation Mining Group has achieved record growth in terms of turnover and profit in recent years. The decision to combine the businesses has proved to be a sustainable business model, producing the desired effect of leveraging the Group's global position by developing relationships with long-term clients and establishing a footprint in some of the world's largest mines. The creation of the Cementation Joint Coordinating Committee (CJCC) has broadened the Group's counsel and constituency, contributing to improved communication within Cementation and the broader Murray & Roberts Group, and achieving greater support for important strategic decisions.

What are the key challenges in your area of responsibility: One of our big challenges is securing resources for our projects and business and ensuring we have the right people in the right positions. Fortunately, we have some of the best leadership resources in the world running the individual businesses in the Cementation Mining Group and this tends to ensure that other key challenges such as risk management (including safety) are effectively addressed. Another big challenge is securing capital to support our future growth plans and the CJCC has been critical in securing buy-in from Murray & Roberts at important stages of our development.

What drives you: I am driven by people in my area of responsibility experiencing success, and by being able to facilitate that success by understanding the challenges in the business and helping to find solutions.

What are your main interests after-hours: My family – I travel a great deal and this makes me truly appreciate the time I spend with my family. Rugby – I am English and I support my national team but I also follow my son's professional career in rugby. He has played for top teams in England and France and will soon be joining the Rugby Club. (Rugby is a town in England credited as the birthplace of the sport.)

Who has influenced you most in your life: My wife. She has always supported me in everything I have done and has helped me make difficult decisions about my career and on our future as a family. She never complains, and has followed me all over the world, including some less pleasant locations.

CEMENTATION

STRONGER TOGETHER

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

The business is well positioned to benefit from ongoing global demand for natural resources, driven primarily by China.

The operations in South Africa, North America and Australia have all secured new contracts in the past year and continue to work on large long-term contracts. Cementation Sudamerica has pre-qualified for its first major shaft projects in Chile, and is well placed to participate in the shaft construction activity which is planned to commence during 2012, including two shaft sinking projects and a development contract for Chilean state mining organisation, Codelco at Chuquicamata, the world's largest copper mine.

Cementation is also considering acquisition or partnership opportunities to strengthen its presence in Australia and expand further afield into China and Southeast Asia.

Cementation's combined capacity is contributing to more effective safety processes and increased strength in engineering, raisedrilling and contracting.

GENREC / TOLCON

SAFETY FIRST

- **Genrec** achieved two million man-hours without a lost time injury on 12 August 2011. Genrec's previous LTI record was 1,2 million man-hours in March 2010.
- **Tolcon** celebrated its first LTI free quarter in August.

OPPORTUNITY CALLS

As the Dubai construction market flounders, significant new opportunities are opening up in the oil-producing countries of Abu Dhabi and Saudi Arabia, and in Qatar.

Murray & Roberts (Contractors) Middle East successfully handed over the R6 billion Zayed University project on schedule in July. The design build contract for Mubadala in Abu Dhabi involved construction of a complicated space-age roof.

Construction of the St Regis hotel, resort, and conference centre on Saadiyat Island is near completion and the operation is pursuing a number of other major opportunities in Abu Dhabi, including:

- Abu Dhabi International Airport's New Midfield Terminal, in partnership with Hilalco-Wade Adams
- Two major packages associated with the airport's expansion project, which include 36 km of roads and a major interchange
- The Louvre Museum, one of three museums to be built on Saadiyat Island
- A new Four Seasons Hotel and a large helicopter base in Al Ain

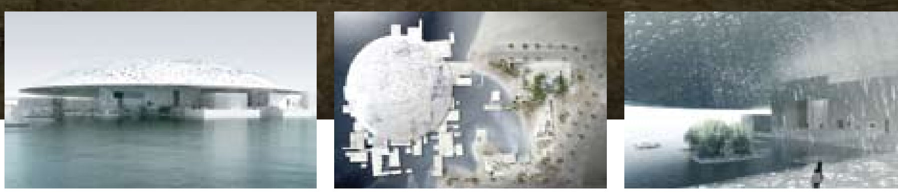
SOCCER WORLD CUP OFFERS OPPORTUNITY IN QATAR

Murray & Roberts in the Middle East has formed partnerships with other contractors and appointed a regional manager in Qatar to position itself for major opportunities associated with the 2022 FIFA World Cup in Qatar. The Group built the ultra modern Sports Training Complex Aspire which was successfully handed over for the Asian Games of 2006 and its experience in road and rail transport infrastructure in southern Africa is likely to prove invaluable. Key opportunities include the Qatar Public Works Authority's New Expressway Programme and the Doha Metro Rail System. Stadium projects will follow in three or four years.

GROWTH IN SAUDI ARABIA

Murray & Roberts has gained considerable experience in Saudi Arabia and currently has 20 senior project personnel working on a service tunnel contract for the Jeddah Airport expansion project and a major cultural centre in the Eastern Province. Plans are underway to develop existing operations by partnering with local contractors.

Murray & Roberts has successfully handed over the **R6 billion** Zayed University project



Artists' impressions of the Abu Dhabi Louvre Museum

SA RESERVE BANK

In 1984 Murray & Roberts and Stocks & Stocks were awarded the R117 million contract to construct the new head office building of the South African Reserve Bank – one of Pretoria's impressive landmarks.

The 148 m high building comprises two distinct aspects: a podium totalling 50 000 m^2 that comprises six levels (four of which are below ground) and a tower situated in the south west corner of the podium rising from the second floor.

- The podium and lower structures are of coffer and/or tough reinforced concrete construction
- The tower's typical floors were constructed at an average of one every six-and-a-half days and each contain some 500 cubic metres of concrete and 56 tonnes of reinforcing steel
- At any given time during the construction of the tower block approximately 200 men worked on 20 different structural levels covering an area of only 1 300 m^2 due to the complexity of the design
- At peak, a total complement of over 1 200 people worked on site, including employees of 40 subcontractors

148 metres high