

MUR - Murray & Roberts Holdings Limited - Allegations of Corrupt Practices

2 Sep 2009

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MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

JSE Share Code: MUR

ISIN Code: ZAE000073441

("Murray & Roberts" or "Group")

ALLEGATIONS OF CORRUPT PRACTICES

The Competition Commission published a statement through SENS on 1 September 2009 as part of a broader media campaign that listed Murray & Roberts as an industry participant amongst selected others, in alleged wide-spread and prevalent collusion in the construction industry; categorised joint ventures as collusive arrangements; implied price manipulation on a national scale to the extent that society is denied full, timely and affordable access to housing and essential infrastructure; all resulting in improper cost inflation such as to burden the state and economy.

In a subsequent business radio interview, the deputy commissioner of the Competition Commission stated categorically that "The confessions we've got thus far are indicating clearly that once again this is an industry norm."

Murray & Roberts categorically denies these allegations and statements of wide-spread and prevalent collusion and has lodged a formal objection with the Director General of the Department of Trade and Industry in this matter. The Director General has acknowledged the formal objection and has raised the matter with the Competition Commissioner.

The media campaign also alleges the existence of a steel producers` cartel where "there has been a long-standing culture of cooperation amongst the steel mills regarding the prices to be charged, and discounts to be offered, for their steel products."

Cape Town Iron & Steel Works (Pty) Limited (CISCO) is a subsidiary of Murray & Roberts and denies any knowledge of such a cartel. The forensic investigations undertaken by Murray & Roberts consequent to the so-called "dawn raids" by the Competition Commission, indicate that if anything, CISCO is a victim of predatory pricing by the larger inland steel mills.

Murray & Roberts does not deny that in isolated instances, individuals in the Group have acted fraudulently in what can be construed as collusive behaviour. This is the independent actions of individuals for personal gain. The Group has forensically investigated all its operations in the context of Competition Law and where such isolated irregularities have been found, it has engaged with and placed leniency markers with the Competition Commission.

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2 September 2009

Sponsor:

Deutsche Securities (SA) (Pty) Ltd

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