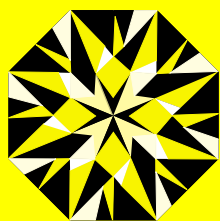


▶ Annual Financial Statements



[40](#) Financial Review [41](#) Ratios and Statistics [42](#) Responsibility for Annual Financial Statements [43](#) Report of the Independent Auditors [44](#) Report of the Directors [48](#) Consolidated Balance Sheet [49](#) Consolidated Income Statement [50](#) Consolidated Cash Flow Statement [51](#) Notes to the Consolidated Cash Flow Statement [53](#) Group Statement of Changes in Equity [54](#) Accounting Policies [58](#) Statement of Value Created [59](#) Notes to the Consolidated Financial Statements [74](#) Murray & Roberts Holdings Limited Financial Statements [75](#) Notes to the Murray & Roberts Holdings Limited Financial Statements [76](#) Annexure 1 – Major Operating Subsidiaries and Associate Company [78](#) Annexure 2 – Long and Short-term Loans [79](#) Annexure 3 – Group Segmental Report

▶ Financial Review

All monetary amounts are expressed in millions of rand

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
SUMMARISED INCOME STATEMENTS										
Revenue	9 027	8 535	13 318	12 972	12 586	12 082	10 746	9 283	7 765	6 779
Earnings before exceptional items and interest	386	218	294	203	545	227	575	741	594	530
Exceptional items	(2)	(3)	(697)	(76)	348	(118)	128	(8)	1	2
Earnings/(loss) before interest and taxation	384	215	(403)	127	893	109	703	733	595	532
Net interest received/(paid)	71	(6)	(64)	(109)	(262)	(308)	(182)	(120)	(107)	(78)
Earnings/(loss) before taxation	455	209	(467)	18	631	(199)	521	613	488	454
Taxation	(36)	(27)	(39)	(32)	(65)	(42)	(128)	(151)	(111)	(91)
Earnings/(loss) after taxation	419	182	(506)	(14)	566	(241)	393	462	377	363
Income from associate	90	71	–	–	–	–	–	–	–	–
Minority shareholders' interest	(4)	(1)	(65)	(52)	(48)	(31)	(18)	(54)	(37)	(30)
Earnings/(loss) attributable to ordinary shareholders	505	252	(571)	(66)	518	(272)	375	408	340	333
SUMMARISED BALANCE SHEETS										
Non-current assets	2 007	1 761	1 861	2 155	2 334	2 870	2 934	2 534	2 251	2 127
Current assets	4 351	3 819	3 796	4 631	5 758	4 135	4 253	3 499	2 915	2 473
Goodwill	15	16	–	151	269	502	708	704	700	718
Total assets	6 373	5 596	5 657	6 937	8 361	7 507	7 895	6 737	5 866	5 318
Ordinary shareholders' equity	2 648	1 982	1 717	2 410	3 003	2 693	3 326	3 019	2 503	2 265
Minority interest	9	8	8	329	362	215	213	243	242	207
Permanent capital	2 657	1 990	1 725	2 739	3 365	2 908	3 539	3 262	2 745	2 472
Non-current liabilities	610	700	819	896	1 146	1 359	1 476	1 101	1 116	1 082
Current liabilities	3 106	2 906	3 113	3 302	3 850	3 240	2 880	2 374	2 005	1 764
Total equity and liabilities	6 373	5 596	5 657	6 937	8 361	7 507	7 895	6 737	5 866	5 318

On 30 June 2000, the group's holding in Unitrans Limited reduced to 43,8% (30 June 2002: 44,9%) and Unitrans Limited became an equity accounted associate company.

► Ratios and Statistics

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
EARNINGS										
Earnings/(loss) per ordinary share (cents)	152	74	(165)	(19)	150	(79)	109	126	108	106
Headline earnings/(loss) per ordinary share (cents)	154	76	36	3	49	(44)	72	126	108	105
Dividends per ordinary share (cents)	35,0	–	–	50,0	48,5	48,5	48,5	47,0	42,0	40,0
Dividend cover	4,3	–	–	–	3,1	–	2,2	2,7	2,6	2,7
Interest cover	37,1	10,3	4,6	1,9	2,1	0,7	3,2	6,2	5,5	6,8
PROFITABILITY										
EBIT on revenue (%)	4,3	2,6	2,2	1,6	4,3	1,9	5,4	8,0	7,6	7,8
EBIT on average total assets (%)	6,5	3,9	4,7	3,0	8,2	3,1	8,4	12,6	11,3	11,3
Attributable earnings on average ordinary shareholders' funds (%)	21,8	13,6	(27,7)	(2,4)	18,2	(9,0)	11,8	14,8	14,2	15,1
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (rand)	201	189	177	188	196	223	223	234	240	251
Total average assets (rand)	663	659	473	530	529	601	639	631	675	695
Value created (Rm)	2 609	2 174	2 156	2 807	3 737	3 030	3 353	3 120	2 670	2 438
Value ratio	1,44	1,34	0,91	1,15	1,52	1,12	1,40	1,43	1,44	1,43
FINANCE										
As a percentage of permanent capital:										
Interest bearing debt	19	28	33	27	(23)	38	26	14	19	26
Total liabilities	140	181	228	153	85	143	111	92	98	104
Current assets to current liabilities	1,40	1,31	1,22	1,40	1,50	1,28	1,48	1,47	1,45	1,40
Operating cash flow (Rm)	793	558	370	493	1 275	(99)	210	418	633	420
Operating cash flow per ordinary share (cents)	239	164	107	142	369	(29)	61	129	201	134
OTHER										
Weighted average ordinary shares in issue (millions)	331,9	340,1	346,0	346,0	346,0	346,0	344,4	323,1	314,0	314,0
Number of employees – 30 June	15 379	16 337	26 098	32 361	43 268	48 464	49 489	49 087	49 754	47 608

The comparative figures for the years 1993 and 1994 relating to shares in issue and statistics per share have been adjusted to take account of the five for one sub division effective 15 May 1995.

DEFINITIONS

EBIT	Earnings before exceptional items, interest and taxation	Total liabilities	Borrowings, redeemable preference shares and non-interest bearing debt
EBT	Earnings before taxation	Permanent capital	Ordinary shareholders' equity and minority interest
EAT	Earnings after taxation attributable to ordinary shareholders	Net asset value (NAV)	Ordinary shareholders' equity
Interest cover	EBIT divided by interest	Average	Arithmetic average between consecutive year ends
Value ratio	Value created as a multiple of payroll cost		
Interest bearing debt	Borrowings and redeemable preference shares		

▶ Responsibility for Annual Financial Statements

for the year ended 30 June 2002

The directors are responsible for the preparation of financial statements that fairly present the state of affairs of the company and the group at the end of the financial year and of the profit or loss for that year in conformity with South African Statements of Generally Accepted Accounting Practice.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls, accounting and information systems; and
- The audit committee recommends group accounting policies and monitors these policies.

The annual financial statements have been prepared in accordance with the Companies Act, 1973, as amended, and South African Statements of Generally Accepted Accounting Practice and are based on consistently applied, appropriate accounting policies, supported by reasonable and prudent judgements.

The directors are of the opinion that the company and the group have adequate resources to continue in operation for the foreseeable future and the financial statements have accordingly been prepared on a going concern basis. The auditors concur with the directors' statement on going concern.

It is the responsibility of the auditors to report on the financial statements. Their report to the members of the company is set out on page 43.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group for the year ended 30 June 2002, set out on pages 44 to 79, were approved by the board of directors on 28 August 2002 and are signed on its behalf by:



DC Brink
Chairman



BC Bruce
Chief Executive



RW Rees
Chief Financial Officer

CERTIFICATION BY COMPANY SECRETARY

I hereby certify that in accordance with section 268G(d) of the Companies Act, 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, correct and up to date.



LJ Lindsay
Company Secretary

▶ Report of the Independent Auditors

To the members of Murray & Roberts Holdings Limited

We have audited the annual financial statements and group annual financial statements of Murray & Roberts Holdings Limited set out on pages 44 to 79. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

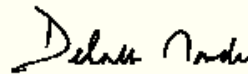
An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



Deloitte & Touche

Chartered Accountants (S.A.)

Registered Accountants and Auditors

Sandton

28 August 2002

► Report of the Directors

This report presented by the directors is a constituent document of the group annual financial statements at 30 June 2002. Except where otherwise stated, all amounts set out in tabular form are expressed in millions of rand.

GROUP FINANCIAL RESULTS

The profit attributable to ordinary shareholders totalled R505,2 million for the year ended 30 June 2002 as compared to a profit of R252,2 million in the previous year. Full details of the results are set out in the consolidated income statement on page 49.

Segmental contributions to the consolidated EBIT were as follows:

	2002	2001
Building and Civil Engineering	117	84
Industry and Mining	101	77
Engineered Products	78	42
Supplies and Services	181	124
Corporate	(91)	(109)
	386	218

Divisional head offices have been disbanded and the corporate overhead has been aggregated. The analysis for the prior period has been restated.

SHARE CAPITAL

During the year under review there were no changes to the authorised share capital of the company which remains at

R50 million consisting of 500 000 000 ordinary shares of 10 cents each.

The issued share capital of the company remains unchanged at R33 189 262 consisting of 331 892 619 ordinary shares of 10 cents each.

At the annual general meeting held on 24 October 2001, 50 000 000 unissued ordinary shares were placed under the control of the directors and these remained at the disposal of the directors at 30 June 2002.

Shareholders will be asked at the annual general meeting to be held on 28 October 2002 to:

- place ordinary shares in the company at the disposal of directors for the purpose of the continued implementation of the Employee Share Incentive Scheme, as more fully detailed in the paragraph dealing with the share scheme on the next page;
- place 50 000 000 unissued ordinary shares in the company under the control of the directors who are authorised to allot these shares on such terms and conditions as they deem fit, including, but not limited to, any allotment to shareholders as capitalisation awards; and
- authorise the directors to issue ordinary shares in the company for cash subject to the rules of the JSE Securities Exchange South Africa ("the JSE").

Shareholders will also be asked to pass a special resolution to give the directors authority for the company, or any

subsidiary company, to repurchase up to 20% of the outstanding issued shares, subject to the rules of the JSE.

STATEMENT OF CHANGES IN EQUITY

Ordinary shareholders' equity at 30 June 2002 amounted to R2 647,5 million (2001: R1 981,8 million). Details of the increase in the year under review of R665,7 million (2001: R264,6 million) are set out in the statement of changes in equity on page 53.

ACCOUNTING POLICIES

The accounting policies of the group are set out on pages 54 to 57 of this report and have been consistently applied in all material aspects.

In the current year, the group has adopted the following South African Accounting Standards for the first time:

- AC107 Events after the balance sheet date;
- AC116 Employee benefits; and
- AC135 Investment property.

Adoption of these standards has resulted in changes in the application of the group's accounting policies and modifications to the financial statement presentation. However, none of these amendments has materially affected the results for the current or prior years.

INVESTMENT IN UNITRANS LIMITED ("UNITRANS")

The group owns 44,9% of the issued shares in Unitrans. The resultant share of the earnings attributable to ordinary shareholders of Unitrans has been equity accounted in

the income statement and the group's holding cost has been reflected as an equity accounted investment in the balance sheet.

ACQUISITIONS

No significant acquisitions were made in the year under review.

DISPOSALS

Disposals were concluded during the year under review as part of the programme to rationalise non core activities and included:

- the sale of the Johnson Crane Hire division of Murray & Roberts Limited with effect from 1 January 2002;
- the sale of the Alloy Wheels International UK activities with effect from 30 June 2002.

CORPORATE GOVERNANCE

Your board endorses the principle of good corporate governance. The board believes that the group substantially complies with the recommendations of the Code of Corporate Practice contained in the King Report 2002. Areas of the code that require further attention will be addressed during the forthcoming year. Details of the group's corporate governance practices appear on page 25 to 27 of this report.

EMPLOYEE SHARE SCHEME

At the annual general meeting held on 21 October 1987, shareholders approved the establishment of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme

▶ Report of the Directors

(continued)

("the Scheme") which was designed as a share purchase scheme to be open-ended and ongoing into the future. This approval included certain specified rules that could not be altered without the prior approval of shareholders in general meeting. At the annual general meeting held on 24 October 2001, shareholders authorised the directors to amend the rules of the Scheme to introduce a maximum allocation of 1% to any one individual. This is a further rule that may not be amended without the approval of shareholders.

At the annual general meeting held on 22 October 1997, shareholders authorised the directors to amend the rules of the Scheme so as to enable the granting of options in the capital of the company. During the 1999 financial year, your board decided that existing share purchase agreements were no longer providing the incentives to employees that were originally envisaged. With the agreement of the employees concerned, these purchase agreements were cancelled and replaced by options granted to the employees by The Murray & Roberts Trust ("the Trust"). These options were granted in the same number of shares, at the same price and incorporated the same restriction periods as the original share purchase agreements.

During the year ended 30 June 2002, the Trust granted new options on a total of 1 836 000 shares to senior executives including executive directors.

The total shares that may be utilised for the purpose of the Scheme is limited to 10% of the total issued shares of the company from time to time, currently 33 189 262 shares.

At 30 June 2002, the Trust held 14 276 278 shares against the commitment of option agreements in favour of employees in respect of 22 263 366 shares. Shareholders will be asked at the forthcoming annual general meeting to place 18 912 984 unissued shares in the company at the disposal of directors for the continued implementation of the Scheme.

DIRECTORATE AND SECRETARY

Mr JS Stanbury terminated his services as a director of the company with effect from 30 November 2001. Mr KJ Grové resigned as a director on 27 February 2002.

At the date of this report the directors of the company were:

Non Executive

DC Brink (Chairman)

BN Bam

WP Esterhuysen

SE Funde

PG Joubert

SJ Macozoma

AJ Morgan

AA Routledge

JJM van Zyl

Executive

BC Bruce (Group Chief Executive)

AJ de Nysschen

RW Rees

KE Smith

There are no onerous or long term service contracts relating to the position of any director.

At the forthcoming annual general meeting and in accordance with the company's articles of association, Messrs BC Bruce, SE Funde, PG Joubert and AJ Morgan retire by rotation but, being eligible, offer themselves for re-election.

The interests of the directors in the share capital of the company are detailed in note 29 to the consolidated annual financial statements.

The secretary of the company is Mr LJ Lindsay. His business and postal addresses are shown on page 82.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

No special resolutions, the nature of which might be of significance to members in their appreciation of the state of affairs of the group, were passed by any subsidiary during the period covered by this report.

SUBSIDIARY AND ASSOCIATED COMPANIES

Information regarding the group's major subsidiary and associated companies appears in Annexure 1 to the consolidated annual financial statements. A full list of subsidiary companies is available to shareholders on request.

28 August 2002

▶ Consolidated Balance Sheet

at 30 June 2002

All monetary amounts are expressed in millions of rand

	Notes	2002	2001
ASSETS			
Non-current assets			
Property, plant and equipment	1 & 9	1 338,7	1 226,7
Goodwill	2	15,3	16,0
Investment in associate company	3	502,9	391,2
Other investments	4	164,5	143,4
Total non-current assets		2 021,4	1 777,3
Current assets			
Inventories	5	512,6	601,7
Contracts in progress and contract receivables	6	568,6	642,1
Accounts receivable	7	1 291,0	1 152,5
Bank balances and cash		1 979,0	1 422,4
Total current assets		4 351,2	3 818,7
TOTAL ASSETS		6 372,6	5 596,0
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	8	1 517,6	1 526,2
Non-distributable reserves		372,5	203,4
Accumulated profit		757,4	252,2
Total ordinary shareholders' equity		2 647,5	1 981,8
Minority interest		9,3	8,6
Permanent capital		2 656,8	1 990,4
Non-current liabilities			
Long-term loans	9 & 10	263,1	327,2
Long-term provision	11	293,4	315,6
Deferred taxation	12	53,0	57,2
Total non-current liabilities		609,5	700,0
Current liabilities			
Accounts payable and provisions	13	2 446,2	2 218,9
Sub-contractors	14	375,6	443,1
Taxation		46,0	10,4
Bank overdrafts and short-term loans	15	238,5	233,2
Total current liabilities		3 106,3	2 905,6
TOTAL EQUITY AND LIABILITIES		6 372,6	5 596,0

▶ Consolidated Income Statement

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	Notes	2002	2001
Revenue	16	9 027,4	8 535,0
Ongoing operations		8 588,6	7 514,9
Discontinued operations		438,8	1 020,1
Earnings before interest, exceptional items and depreciation		618,8	454,6
Amortisation of goodwill	2	(5,8)	(4,0)
Depreciation		(226,7)	(232,2)
Earnings before exceptional items and interest		386,3	218,4
Ongoing operations		374,0	196,9
Discontinued operations		12,3	21,5
Exceptional items	17	(1,6)	(2,5)
Earnings before interest and taxation	18	384,7	215,9
Interest paid	19	(98,5)	(90,7)
Interest received	19	88,1	69,4
Currency gain on offshore treasury funds		81,1	15,0
Earnings before taxation		455,4	209,6
Taxation	20	(35,8)	(27,5)
Earnings after taxation		419,6	182,1
Income from associate		89,5	71,0
Minority shareholders' interest		(3,9)	(0,9)
Earnings attributable to ordinary shareholders		505,2	252,2
Weighted average ordinary shares in issue (000)		331 893	340 103
Basic earnings per share (cents)		152	74
Headline earnings per share (cents)	21	154	76
Earnings per share excluding currency gain on offshore treasury funds, amortisation of goodwill and exceptional items (cents)	21	130	72
Dividend per ordinary share declared on 28 August 2002 (cents)	22	35	–

▶ Consolidated Cash Flow Statement

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	Notes	2002	2001
Cash flows from operating activities		789,9	557,5
Cash generated by operations	A	726,7	582,5
Net interest paid and currency gain		70,7	(6,3)
Taxation paid	B	(4,4)	(18,7)
Operating cash flow		793,0	557,5
Dividends paid to minority shareholders		(3,1)	–
Cash flows from investing activities		(246,5)	(58,2)
Acquisition of businesses	C	(12,0)	(96,4)
Acquisition of investments		(48,6)	10,2
Acquisition of additional shares in associate		(23,7)	–
Dividends received		20,8	–
Dividends received from associate		17,4	24,4
Purchase of property, plant and equipment		(456,3)	(248,4)
Replacement of property, plant and equipment		(71,0)	(36,3)
Additions to property, plant and equipment		(385,3)	(212,1)
Proceeds on disposal of investments		9,3	–
Proceeds on disposal of property, plant and equipment		87,0	74,5
Proceeds on disposal of businesses	D	159,6	177,5
Net cash generated		543,4	499,3
Cash flows from financing activities		(97,7)	(191,7)
Net movement in long-term loans	E	(64,1)	(74,7)
Repurchase of shares		–	(43,2)
Movement in Share Trust holding cost		(8,6)	(0,8)
Reduction in short-term loans		(25,0)	(73,0)
Net increase in bank balances and cash		445,7	307,6
Net bank balances and cash at beginning of year		1 291,8	984,2
Effect of foreign exchange rate changes		80,6	–
Net bank balances and cash at end of year	F	1 818,1	1 291,8

▶ Notes to the Consolidated Cash Flow Statement

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	2002	2001
A. CASH GENERATED BY OPERATIONS		
Earnings before exceptional items and interest	386,3	218,4
Adjustment for:		
Net cash (outflow) inflow from exceptional items	(5,0)	38,3
Amortisation of goodwill	5,8	4,0
Depreciation	226,7	232,2
Dividends received	(11,9)	–
Profit on disposal of investments	(1,7)	–
Net profit on disposal of property, plant and equipment	(8,9)	(12,9)
Change in working capital	135,4	102,5
Inventories	76,1	71,9
Contracts in progress and contract receivables	154,9	(203,7)
Accounts receivable	(193,3)	103,5
Accounts payable and provisions	165,2	114,3
Sub-contractors	(67,5)	16,5
	726,7	582,5
B. TAXATION PAID		
Taxation unpaid at beginning of year	(10,4)	(8,3)
Taxation charged to the income statement, excluding deferred taxation	(40,0)	(20,8)
Taxation unpaid at end of year	46,0	10,4
	(4,4)	(18,7)
C. ACQUISITION OF BUSINESSES		
During the year the group acquired businesses with a fair value of assets acquired and liabilities assumed of:		
Property, plant and equipment and investments	(5,3)	(30,1)
Current assets	(2,5)	(48,0)
Non-interest bearing debt	0,9	1,7
Goodwill	(5,1)	(20,0)
	(12,0)	(96,4)

▶ Notes to the Consolidated Cash Flow Statement

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001
D. PROCEEDS ON DISPOSAL OF BUSINESSES		
During the year the group disposed of businesses with a fair value of assets sold and liabilities released of:		
Property, plant and equipment and investments	121,2	78,2
Current assets	50,9	213,7
Non-interest bearing debt	(12,5)	(96,4)
Cash balances in businesses	2,7	17,8
Loss on disposal of businesses	–	(18,0)
Total proceeds	162,3	195,3
<i>Less: cash balances in businesses disposed</i>	<i>(2,7)</i>	<i>(17,8)</i>
	159,6	177,5
E. NET MOVEMENT IN LONG-TERM LOANS		
Loans raised	23,9	42,8
Loans repaid and reclassified as short-term	(84,9)	(104,0)
	(61,0)	(61,2)
Capitalised leases repaid	(3,1)	(13,5)
	(64,1)	(74,7)
F. NET BANK BALANCES AND CASH		
Bank balances and cash	1 979,0	1 422,4
Bank overdrafts	(160,9)	(130,6)
	1 818,1	1 291,8

▶ Group Statement of Changes in Equity

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	Share capital			Non-distributable reserves			Accumulated profit/(loss)	Total
	Share capital	Share premium	Murray & Roberts Share Trust	Capital redemption reserve fund	Revaluation of immovable properties and investments	Foreign currency translation reserve		
Balance at 30 June 2000	34,6	1 955,0	(145,8)	2,2	45,5	99,3	(273,6)	1 717,2
Movement in Share Trust holding cost			(0,8)					(0,8)
Repurchase and cancellation of shares	(1,4)	(41,8)						(43,2)
Transfer of funds to distributable reserve		(273,6)					273,6	-
Foreign currency translation movements on investments						56,4		56,4
Earnings attributable to ordinary shareholders							252,2	252,2
Balance at 30 June 2001	33,2	1 639,6	(146,6)	2,2	45,5	155,7	252,2	1 981,8
Movement in Share Trust holding cost			(8,6)					(8,6)
Foreign currency translation movements on investments						169,1		169,1
Earnings attributable to ordinary shareholders							505,2	505,2
Balance at 30 June 2002	33,2	1 639,6	(155,2)	2,2	45,5	324,8	757,4	2 647,5

► Accounting Policies

The financial statements are prepared in accordance with the historic cost convention, except for assets that are periodically revalued.

The principal accounting policies of the group, which are set out below, comply with South African Statements of Generally Accepted Accounting Practice. These accounting policies are consistent with those of the prior year except as noted below.

ADOPTION OF SOUTH AFRICAN ACCOUNTING STANDARDS

In the current year, the group has adopted the following South African Accounting Standards for the first time:

- AC107 Events after the balance sheet date;
- AC116 Employee benefits; and
- AC135 Investment property.

Adoption of these Standards has resulted in changes in the application of the group's accounting policies and modifications to the financial statement presentation. However, none of these amendments has materially affected the results for the current or prior years.

BASIS OF CONSOLIDATION

The group annual financial statements present the consolidated financial position and the operating results and cash flow information of the company and its subsidiaries. Entities in which the group has an interest of more than one half of the voting rights or the power to exercise control of the board of directors, have been consolidated as subsidiaries.

The results of subsidiaries are included for the period during which the group exercises control over the subsidiary. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the group.

JOINT VENTURES

Activities which are jointly controlled by way of contractual agreement between the group and other venturers are regarded as joint ventures. These joint ventures may take the form of jointly controlled operations, assets, partnerships or companies.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the group's

share of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line by line basis in the financial statements unless, in the opinion of the directors, circumstances indicate that it is prudent to account for income from such investments only as and when received.

The net difference of the cost of acquisition of joint venture companies and the group's share of the net assets, fairly valued, is recognised as goodwill on acquisition and accounted for as such.

GOODWILL

Goodwill, being the premium or discount on acquisition of subsidiary, associated and joint venture companies, is capitalised and amortised on a straight-line basis over its useful life with a maximum of ten years.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable unamortised goodwill is included in the determination of the profit or loss on disposal.

ASSOCIATED COMPANIES

Companies in which the group actively participates in the commercial and financial policy decisions and thereby exercises a significant influence, and which are not classified as subsidiaries or joint venture companies are regarded as associated companies. The group's share of the results of these companies is included in the financial statements from the effective dates of acquisition using the equity method. Attributable earnings since acquisition, less dividends received, are added to the book value of the investments in these companies.

The group's interest in associated companies is carried in the balance sheet at an amount that reflects its share of the net assets and the unamortised portion of goodwill on acquisition. Where, in the opinion of the directors, the value of the interest is below the carrying value and the diminution of value is not considered to be of a temporary nature, the investment is written down to the expected realisable value.

FOREIGN CURRENCIES

Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

Foreign entities

The financial statements of foreign entities are translated into South African rand as follows:

- assets, including intangibles such as goodwill, and liabilities, at rates of exchange ruling at the balance sheet date; and
- income, expenditure and cash flow items at average rates.

All resulting exchange differences are reflected as part of shareholders' equity. On disposal, these translation differences are recognised in the income statement as part of the cumulative gain or loss on disposal.

DEFERRED TAXATION

Deferred taxation is accounted for using the liability method for all temporary differences between the tax bases of the assets and liabilities and the carrying values for financial statement purposes.

In principle, liabilities are recognised for all taxable temporary differences and assets are recognised to the extent that it is probable that taxable profits within the group's budgeting horizon will be available against which deductible temporary differences can be utilised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises immovable properties, plant, machinery, vehicles and equipment.

Immovable properties are classified as either owner-occupied property or investment property and accounted for accordingly.

Land is not depreciated as it is deemed to have an indefinite life.

Owner-occupied property is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is initially measured at cost including transaction costs. After initial recognition, all investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses, if any.

Immovable properties are revalued at least every five years on the basis of current market values and major variations between such valuations and book values are incorporated into the financial statements by transfer to or from non-distributable reserves.

In the event of the sale of an immovable property that had been revalued, the revaluation is transferred to accumulated profit and taken into account in the calculation of the profit or loss on disposal.

All other property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is generally calculated on the straight line basis at rates considered appropriate to reduce the book value of the assets to estimated residual value over their useful lives as follows:

- | | |
|---------------------------|---------------|
| • owner-occupied property | 40 years |
| • investment property | 40 years |
| • plant and machinery | 5 to 10 years |
| • other equipment | 3 to 5 years |

FINANCIAL INSTRUMENTS

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables:

Trade and other receivables are stated at cost less provision for doubtful debts.

Financial liabilities:

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations of related costs.

▶ Accounting Policies

(continued)

Offset:

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

LEASED ASSETS

Assets leased in terms of financial leases, where material, are capitalised at their cash cost equivalent and a corresponding liability is raised.

Capitalised leased assets are depreciated using the straight line basis at rates considered appropriate to reduce the book values over the useful lives to the estimated residual values as set out in the property, plant and equipment policy. Where it is not certain that an asset will be taken over by the group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are charged to operating costs as they become due.

INVESTMENTS

Investments are stated at cost, less amounts written off.

Income from investments is only brought to account to the extent that dividends have been received or declared.

INVENTORIES

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Inventories are valued at the lower of cost and net realisable value generally determined on the first-in, first-out basis. Finished goods and work-in-progress, in addition to direct materials and labour, include a proportion of factory overheads appropriate to the stage of completion.

CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES

The valuation of contracts in progress and contract receivables takes account of all direct expenditure and related indirect expenditure on contracts and includes a

proportion of profit determined with reference to the stage of completion and the nature of each contract. Payments on account and anticipated losses to completion are deducted.

RETIREMENT BENEFITS

Post-retirement benefits incorporate the obligations of the group to current and retired employees, and are accounted for as follows:

Defined contribution plans:

Contributions to defined contribution plans are recognised as an expense in the year to which they relate.

Defined benefit plans:

The current service cost in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past-service costs, experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing employees are expensed over the remaining service lives of employees. Adjustments relating to retired employees are expensed in the year in which they arise.

Post-retirement medical benefits:

Post-retirement benefits are expensed over the working lives of employees. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

REVENUE

Revenue is the aggregate of the turnover of subsidiaries and the group's share of the turnover of joint ventures. Contracting turnover included therein comprises the value of work executed on contracts during the year.

Sale of goods

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rendering of services

Revenue from services is recognised over the period during which the services are rendered.

Long-term contracts

Where the outcome of a construction contract can be reliably measured, revenue and costs are recognised by

reference to the stage of completion of the contract at the balance sheet date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that agreement has been reached with the customer. Anticipated losses to completion are recognised as an expense in contract costs.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Dividends are recognised when the right to receive payment is established.

EXCEPTIONAL ITEMS

Exceptional items are material items which derive from events or transactions that fall outside the ordinary trading activities of the group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

DISCONTINUED OPERATIONS

Discontinued operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date and includes the operating results from this date, the difference between the proceeds on disposal and the net carrying value of the assets and liabilities to be disposed of, as well as all costs and expenses directly associated with the disposal.

If a loss is expected, full provision is made from the discontinuance date.

IMPAIRMENT OF ASSETS

The recoverability of long-term assets which includes properties, other fixed assets, goodwill and investments is continually assessed in relation to the estimated future discounted cash flows. Provision is raised for impairments, if any, if the carrying value of the assets exceeds the future discounted cash flows.

EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of ordinary shares in issue during the financial year. For the purpose of calculating the weighted average number of ordinary shares in issue, it is assumed that shares issued for the acquisition of shares in other companies were issued on the date from which the respective income is included in earnings, irrespective of the actual date of issue.

SEGMENTAL REPORTING

The group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

Segmental revenue and expenses:

All segment revenue and expenses are directly attributable to the segments.

Segmental assets:

All operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts in progress, and receivables, net of allowances. Cash balances are excluded.

Segmental liabilities:

All operating liabilities of a segment, principally accounts payable, sub-contractor liabilities and external interest bearing borrowings.

▶ Statement of Value Created

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	2002		2001	
Revenue	9 027,4		8 535,0	
<i>Less: Cost of materials, services and sub-contractors</i>	<i>(6 497,8)</i>		<i>(6 373,9)</i>	
	2 529,6		2 161,1	
Exceptional items	(1,6)		(2,5)	
Currency gain on offshore treasury funds	81,1		15,0	
Value created	2 609,1		2 173,6	
<i>Distributed as follows:</i>		%		%
To employees				
Payroll costs	1 810,8	69,4	1 616,9	74,4
To providers of finance				
Lease costs and net interest on loans	30,6	1,2	44,8	2,0
To government				
Company taxation	35,8	1,4	27,5	1,3
To maintain and expand the group				
Reserves retained	505,2		252,2	
Depreciation	226,7		232,2	
	731,9	28,0	484,4	22,3
	2 609,1	100,0	2 173,6	100,0
Number of employees	15 379		16 337	
State and local taxes charged to the group or collected on behalf of governments by the group				
Company taxation	35,8		27,5	
Indirect taxation	44,9		44,8	
Employees' tax	214,9		237,9	
RSC levies	12,6		11,9	
Rates and taxes	24,4		26,1	
Customs and excise duty	1,7		3,4	
Non-resident shareholders' tax	0,6		–	
Government grants and subsidies	(0,1)		(0,1)	
	334,8		351,5	

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002

All monetary amounts are expressed in millions of rand

	Immovable property	Plant and machinery	Other	Total
1. PROPERTY, PLANT AND EQUIPMENT				
Cost or valuation:				
At 30 June 2001	414,6	1 479,9	383,7	2 278,2
Additions	20,5	365,6	70,2	456,3
Additions of businesses	5,3	–	–	5,3
Disposals	(8,1)	(134,9)	(38,2)	(181,2)
Disposals of businesses	(14,8)	(171,9)	(8,4)	(195,1)
Reclassifications	6,8	–	–	6,8
Exchange rate adjustment	30,3	143,1	24,1	197,5
At 30 June 2002	454,6	1,681,8	431,4	2,567,8
Aggregate depreciation:				
At 30 June 2001	22,7	816,8	212,0	1,051,5
Charge for the year	7,2	182,6	36,9	226,7
Disposals	(0,8)	(73,4)	(28,9)	(103,1)
Disposals of businesses	(0,3)	(67,7)	(5,4)	(73,4)
Exchange rate adjustment	14,2	98,1	15,1	127,4
At 30 June 2002	43,0	956,4	229,7	1 229,1
Net book value:				
At 30 June 2002	411,6	725,4	201,7	1 338,7
At 30 June 2001	391,9	663,1	171,7	1 226,7

Details in respect of immovable property are set out in a register which may be inspected at the company's registered office.

Freehold immovable properties were valued in October 2001. The valuation was carried out by Murray & Roberts Properties Group, a related party, and the fair value approximates the carrying value.

Net book value of capitalised leased plant and machinery, motor vehicles, equipment and office furniture included in total property, plant and equipment amounted to R23,8 million (2001: R24,0 million). (Refer to note 9 Secured liabilities).

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001	
2. GOODWILL			
Goodwill at beginning of year	16,0	–	
Goodwill arising on acquisition of businesses	5,1	20,0	
Amortisation of goodwill	(5,8)	(4,0)	
	15,3	16,0	
3. INVESTMENT IN ASSOCIATE COMPANY			
The group's aggregate proportionate share of the associate company included in the consolidated balance sheet is as follows:			
Cost of investment	279,7	256,0	
At 30 June 2001	256,0	256,0	
Additions	23,7	–	
Share of retained earnings, net of dividends received	223,2	135,2	
Balance at year end	502,9	391,2	
Valuation of shares			
Market value of listed associate company (34 216 680 shares at R20,90 each)	715,1	830,0	
Aggregate of associate company's net assets and revenue			
Property, plant and equipment	817,0	708,0	
Total borrowings	108,4	77,6	
Working capital	318,6	231,3	
Revenue	5 995,0	5 278,7	
Details of the associate company are as follows:			
	% of ownership and votes	% of ownership and votes	
Name of associate	2002	2001	Main activity
Unitrans Limited	44,9	43,6	Transport and motor
4. OTHER INVESTMENTS			
Unlisted investments at cost less amounts written off (Directors' valuation R115,6 million, 2001: R116,5 million)	115,6	116,5	
Listed investments at cost less amounts written off (Market value R30,2 million, 2001: R19,7 million)	42,1	20,5	
Unsecured loans	6,8	6,4	
	164,5	143,4	

Details in respect of investments are set out in a register that may be inspected at the company's registered office.

All monetary amounts are expressed in millions of rand

	2002	2001
5. INVENTORIES		
At cost:		
Raw materials	132,8	131,6
Work-in-progress	108,6	107,9
Finished goods and manufactured components	149,4	178,5
Consumable stores	53,4	85,1
Property	68,4	98,6
	512,6	601,7
6. CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES		
Costs plus profits, less losses recognised on contracts in progress at year-end	107,6	91,5
Amounts receivable on contracts	499,9	521,2
	607,5	612,7
Advances received in excess of work completed	(220,0)	(164,9)
Net amounts receivable from contracts	387,5	447,8
Retentions receivable	181,1	194,3
	568,6	642,1
7. ACCOUNTS RECEIVABLE		
Trade receivables, net of provision for doubtful debts	1 051,2	944,3
Other receivables	239,8	208,2
	1 291,0	1 152,5
8. SHARE CAPITAL AND PREMIUM		
<i>Authorised</i>		
500 000 000 ordinary shares of 10 cents each (2001: 500 000 000 of 10 cents each)	50,0	50,0
<i>Issued and fully paid</i>		
331 892 619 ordinary shares of 10 cents each (2001: 331 892 619 of 10 cents each)	33,2	33,2
Opening balance	33,2	34,6
Repurchase and cancellation of shares	–	(1,4)
Share premium	1 639,6	1 639,6
Opening balance	1 639,6	1 955,0
Transfer of funds to distributable reserve	–	(273,6)
Repurchase of shares	–	(41,8)
	1 672,8	1 672,8
<i>Deduct</i>		
Shares held by the Murray & Roberts Trust at net cost	(155,2)	(146,6)
	1 517,6	1 526,2
Share Trust		
The shares held by the Trust had a market value at 30 June 2002 of 925 cents per share (2001: 630 cents per share) totalling R132,1 million (2001: R94,1 million).		
Unissued shares:		
(i) Shares available for allotment by the directors in terms of the employee share purchase scheme	18 912 984	18 246 043
(ii) Shares which the directors may allot, grant options over or otherwise deal with at their own discretion	50 000 000	50 000 000
(iii) Other unissued shares	99 194 397	99 861 338
	168 107 381	168 107 381

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001
9. SECURED LIABILITIES		
Liabilities of the group are secured as follows:		
Loans secured by mortgage on immovable property held as property, plant and equipment with a book value of R21,2 million (2001: R159,6 million)	32,1	72,5
Amounts due on loans and overdrafts secured over movable property with a book value of R35,2 million (2001: R155,4 million)	30,7	50,8
	62,8	123,3
Included in the balance sheet under:		
Long-term loans (note 10)	51,1	90,8
Bank overdrafts and short-term loans (note 15)	11,7	32,5
	62,8	123,3
10. LONG-TERM LOANS		
Secured loans		
Current year	11,7	32,5
Next five years excluding current	31,0	62,9
After five years	20,1	27,9
	62,8	123,3
Less: current portion (note 15)	(11,7)	(32,5)
Long-term secured loans	51,1	90,8
Unsecured loans		
Current year	56,1	54,4
Next five years excluding current	200,1	126,9
After five years	–	94,5
	256,2	275,8
Less: current portion (note 15)	(56,1)	(54,4)
Long-term unsecured loans	200,1	221,4
Capitalised finance leases		
Current year	9,8	15,7
Next five years excluding current	11,2	15,0
After five years	0,7	–
	21,7	30,7
Less: current portion (note 15)	(9,8)	(15,7)
Long-term capitalised finance leases	11,9	15,0
Total long-term loans	263,1	327,2
Included in unsecured loans is a pound denominated loan which has been recorded at the average exchange rate of the matched foreign exchange contracts: Loan at spot rate on 30 June	281,4	243,7
Matched foreign exchange contract	153,3	97,2
Included above	128,1	146,5
Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 9.		

All monetary amounts are expressed in millions of rand

	2002	2001
11. LONG-TERM PROVISION		
Headlease and other discontinued property activities		
At beginning of year	379,4	422,7
Additional provision charged to the income statement	58,0	56,0
	437,4	478,7
Trading losses	(66,3)	(56,0)
Cost of settling headleases	(7,8)	(43,3)
At end of year	363,3	379,4
Current portion included in accounts payable (note 13)	(69,9)	(63,8)
	293,4	315,6
The long-term provision is in respect of the expected headlease and other discontinued property activities which will have to be financed over the next eleven years (2001: twelve years). The majority of the leases will terminate during or before the year ending 30 June 2008. The provision is based on the projected losses being the difference between the gross headlease commitments of R1 224,9 million (2001: R1 373,6 million) and the projected net revenue inflows of R861,6 million (2001: R994,2 million).		
12. DEFERRED TAXATION		
The movement on the deferred taxation account is as follows:		
At beginning of year	57,2	50,5
Income statement charge	(4,2)	6,7
At end of year	53,0	57,2
<i>Comprising:</i>		
Deferred taxation liabilities		
Property, plant and equipment	27,2	32,3
Uncertified construction work and other construction temporary differences	25,8	24,9
	53,0	57,2
Calculated taxation losses available for set-off against future taxable income	781,0	805,0
13. ACCOUNTS PAYABLE AND PROVISIONS		
Trade and other payables	2 310,0	2 045,6
Payroll provisions	66,3	57,4
Warranty provisions on disposals of businesses	–	52,1
Short-term portion of long-term provision	69,9	63,8
	2 446,2	2 218,9

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001
14. SUB-CONTRACTORS		
Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.		
15. BANK OVERDRAFTS AND SHORT-TERM LOANS		
Bank overdrafts	160,9	130,6
Current portion of long-term borrowings (note 10)		
– secured	11,7	32,5
– unsecured	56,1	54,4
Current portion of capitalised finance leases (note 10)	9,8	15,7
	238,5	233,2
16. REVENUE		
Sale of goods	3 784,8	3 045,5
Rendering of services	550,1	200,9
Construction contract revenue	4 213,8	4 219,0
Other	39,9	49,5
	8 588,6	7 514,9
Discontinued operations	438,8	1 020,1
	9 027,4	8 535,0
17. EXCEPTIONAL ITEMS		
Headlease and other property provisions	(58,0)	(56,0)
Loss on disposals and closures	(4,6)	(6,5)
Release of warranties on disposals of businesses	52,1	–
Liquidation dividend received from AWI Canada	8,9	–
Investments realised, but not previously recognised	–	60,0
	(1,6)	(2,5)

All monetary amounts are expressed in millions of rand

	2002	2001
18. EARNINGS BEFORE INTEREST AND TAXATION		
Earnings before interest and taxation of the holding company, and subsidiary companies is arrived at after taking into account :		
Amortisation of goodwill	5,8	4,0
Auditors' remuneration:		
Fees for audits	11,0	11,8
Other services	2,6	3,7
Defined contribution funds	51,6	53,9
Dividends received	11,9	–
Depreciation:		
Immovable property	7,2	–
Plant and machinery	182,6	192,6
Other	36,9	39,6
Fees paid for:		
Managerial services	28,2	3,5
Technical services	6,9	3,7
Administrative services	3,4	1,3
JSE Fees	0,1	0,1
Payroll costs	1 810,8	1 616,9
Profit on disposal of investments	1,7	–
Profit on disposal of property, plant and equipment	13,8	20,2
Loss on disposal of property, plant and equipment	4,9	7,3
Net foreign exchange gains	60,4	39,6
Operating lease charges:		
Land and buildings	33,3	37,0
Plant, machinery and motor vehicles	12,2	15,7
Other assets	8,1	7,8
Research and development costs	4,0	3,7
Operating expenses by function		
Cost of sales	7 805,5	7 672,6
Distribution costs	17,1	16,3
Administration costs	1 023,3	784,3
Other operating income	204,8	156,6
	8 641,1	8 316,6

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001
19. NET INTEREST PAID		
Interest paid		
Banks	(22,4)	(4,8)
Loans	(70,7)	(92,1)
Other	(5,4)	6,2
Total	(98,5)	(90,7)
Interest received		
Banks	57,5	49,4
Loans	5,6	0,1
Other	25,0	19,9
Total	88,1	69,4
	(10,4)	(21,3)
20. TAXATION		
South African normal taxation		
Current year	3,8	2,0
Prior year	(5,9)	–
Foreign taxation	42,1	18,8
Deferred taxation	(4,2)	6,7
	35,8	27,5
Reconciliation of rate of taxation	%	%
Effective rate of taxation	7,9	13,1
Reduction in rate of taxation due to:		
Capital profits	0,1	2,5
Foreign income	12,2	8,5
Prior year losses	8,0	12,5
Prior year adjustments	2,8	–
	31,0	36,6
Increase in rate of taxation due to:		
Non-deductible expenditure	1,3	(1,3)
Current year's losses	(2,3)	(5,3)
South African normal taxation rate	30,0	30,0

All monetary amounts are expressed in millions of rand

	2002	2001
21. HEADLINE EARNINGS		
Earnings attributable to ordinary shareholders	505,2	252,2
Adjustments:		
Exceptional items (note 17), all non-headline	1,6	2,5
Goodwill amortisation	5,8	4,0
Headline earnings	512,6	258,7
Currency gain on offshore treasury funds	(81,1)	(15,0)
Earnings excluding currency gain	431,5	243,7
Weighted average ordinary shares in issue (000)	331 893	340 103
Headline earnings per share (cents)	154	76
Earnings per share excluding currency gain on offshore treasury funds, amortisation of goodwill and exceptional items (cents)	130	72
22. ORDINARY DIVIDENDS		
No. 101 of 35,0 cents per share declared on 28 August 2002 payable to shareholders registered on 18 October 2002	116,2	–
Dividends are accounted for on the date of declaration in accordance with AC107 and are not accrued as a liability in the financial statements.		
23. PROFIT AND LOSSES OF SUBSIDIARIES		
Aggregate profits	688,5	416,8
Aggregate losses	(183,3)	(164,6)
24. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited guarantees covering loans, banking facilities and other obligations of third parties, the ascertainable outstanding liabilities at 30 June covered by such guarantees being	11,0	38,5
The group is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. The board does not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect on the financial condition or future of the group.		
25. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the balance sheet	19,0	42,0
Approved by the directors, not yet contracted for	365,1	475,0
	384,1	517,0
Capital expenditure will be financed from internal resources and existing facilities.		

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

	2002	2001
26. OPERATING LEASE COMMITMENTS		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Due within one year	39,0	40,4
Due thereafter	68,0	64,0
	107,0	104,4

27. FINANCIAL RISK MANAGEMENT

The group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk. In order to manage these risks, the group may enter into transactions that make use of financial instruments. The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans to and from subsidiaries. The book value of all financial instruments mentioned above approximates fair value.

Treasury risk management

The group's treasury operations provide the group with access to local and foreign money markets and provide group subsidiaries with the benefits of bulk financing and depositing.

Foreign currency management

Loans

All material foreign loans are covered, in terms of group policy, by forward exchange contracts except where a natural hedge against underlying assets exists.

Trade exposure

The group's policy is to cover forward all trade commitments. Each division manages its own trade exposure. In this regard the group has entered into certain forward exchange contracts that do not relate to specific items appearing in the balance sheet, but were entered into to cover foreign commitments not yet due and proceeds not yet received. The risk of having to close out these contracts is considered to be low. The amounts represent the net rand equivalents of commitments to purchase and sell foreign currencies. The contracts will be utilised during the next 12 months.

Details of these contracts are as follows:

		2002		2001	
		Foreign amount million	Rand amount million	Foreign amount million	Rand amount million
Foreign currency					
Bought	US Dollars	5,3	56,1	0,8	6,3
	Euros	7,6	76,4	8,8	64,4
	British Pounds	0,4	6,7	0,3	3,0
	German Marks	–	–	11,7	43,8
	Other currencies	–	–	–	14,9
Total			139,2		132,4
Sold	US Dollars	12,6	141,4	4,3	35,1
	Euros	10,2	97,8	8,9	66,5
	Other currencies	–	–	–	0,4
	Total		239,2		102,0

All monetary amounts are expressed in millions of rand

27. FINANCIAL RISK MANAGEMENT (continued)

Maturity profile of financial instruments

The maturity profile of the recognised financial instruments is summarised as follows:

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	1 979,0	–	1 979,0
Trade and other receivables	1 859,6	–	1 859,6
Financial liabilities			
Bank overdrafts	160,9	–	160,9
Interest-bearing liabilities	77,6	263,1	340,7
Trade and other payables	2 685,6	–	2 685,6

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments.

Trade accounts receivable consists mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for both specific and general bad debts and at the year end management believed that any material credit risk exposure was covered by credit guarantee or a bad debt provision.

Group policy is to deposit short-term cash investments with major financial institutions.

Interest rate risk management

The group is exposed to interest rate risk through bank overdrafts and other interest-bearing liabilities. The group does not hedge its exposure. Group companies generally adopt a policy of ensuring that their borrowings are at market related rates to address their interest rate risk. The directors are of the opinion that the current process works effectively and is therefore sufficient.

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	2002	2001
<i>Borrowing capacity</i>		
The company's borrowings and guarantees are limited by its articles of association to	3 971,3	2 972,7
Total borrowings and guarantees	677,5	763,8
Unutilised borrowing capacity	3 293,8	2 208,9

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

28. RETIREMENT AND OTHER BENEFIT FUNDS

The retirement funds operated by the group in the Republic of South Africa are registered as pension funds and are accordingly governed by the Pension Funds Act no 24 of 1956.

Defined contribution plans – Pension funds

In South Africa, the group operates the privately administered defined contribution pension plans listed below:

Murray & Roberts Retirement Fund
RSH Retirement Fund

Membership comprises mainly salaried employees. The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds vest in the members who on exit, are entitled to the funds which have accrued to them. The group also participates in the Investments Solutions Pension Fund, an umbrella fund for its executives who are also members of the Murray & Roberts Retirement Fund. The funds were actuarially valued on the following dates:

Murray & Roberts Retirement Fund	31 December 2001
RSH Retirement Fund	30 June 2001
Investment Solutions Pension Fund	31 December 2001

The total cost to the group in respect of the above funds for the year ended 30 June 2002 was R51,6 million (2001: R53,9 million).

Defined benefit plans – Pension funds

The group does not have any defined benefit pension schemes in South Africa.

The group's subsidiary company in the United Kingdom (Booker Tate Limited) operates two defined benefit pension schemes for its employees, one for the UK workforce and one for the non-UK (generally referred to as "overseas") workforce. During the year the market value of the schemes' assets in relation to the schemes' liabilities, determined in accordance with FRS 17, moved from a net surplus of 2,5 million sterling to a deficit of 5,3 million sterling at 30 June 2002. This change was mainly occasioned by the fall in the market value of the assets of the schemes.

This loss has not been accounted for in the group annual financial statements, as in terms of the group's accounting policy these pension deficits are only recognised over the future remaining service lives of the employees.

	2002	2001
Present value of funded liability	(522,1)	(334,0)
Fair value of fund assets	437,7	362,5
Unrecognised actuarial losses/(gains)	84,4	(28,5)
Cost for the year included in the income statement	4,9	2,9
	%	%
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	5,8	5,8
Expected return on plan assets		
– Equities	8,5	7,3
– Bonds	5,0	5,3
– Cash	4,0	5,3
Pension increases	2,7	2,7
Salary growth	4,7	4,7

All monetary amounts are expressed in millions of rand

28. RETIREMENT AND OTHER BENEFIT FUNDS (continued)

Defined benefit plans – Post-retirement medical aid

Pensioners in receipt of a medical aid subsidy and employees who joined the group prior to 1 July 1996, and who satisfy certain qualifying criteria, have an entitlement in terms of this plan. The unfunded liability should be fully funded within the next two years. The amounts included in the balance sheet and income statement arising in respect of the group's obligation to the defined benefit medical aid plan are as follows:

Post-retirement medical aid liability	2002	2001
Present value of funded liability	(283,0)	(262,1)
Fair value of plan assets	244,6	208,6
Unrecognised service costs in respect of existing employees	38,4	53,5
Cost for the year included in the income statement:		
Current service cost	3,3	2,8
Interest cost	29,7	28,1
Expected return on plan assets	(23,4)	(18,9)
Contributions paid	24,7	36,7
	34,3	48,7
	%	%
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	11,8	11,8
Expected return on plan assets	11,0	11,0
Long-term increase in medical subsidies	7,0	7,0

Defined benefit plans – disability benefits

Disability benefits for mainly salaried employees are provided in the Murray & Roberts Group Employee Benefits Policy (Policy No 107385). The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits are reviewed annually, any increases being discretionary and not guaranteed. The amounts recognised in the balance sheet and income statement arising from the group's obligation in respect of the defined benefit disability plans are:

Disability liability	2002	2001
Present value of funded liability	(49,4)	(47,7)
Fair value of plan assets	67,4	61,9
Unrecognised actuarial gains	(18,0)	(14,2)
Cost for the year included in the income statement:		
Current service cost	13,5	19,8
Interest cost	5,1	4,9
Expected return on plan assets	(7,0)	(6,5)
Contributions paid	15,4	21,0
Total included in payroll costs	27,0	39,2
	%	%
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	11,8	11,8
Expected return on plan assets	11,5	11,5
Long-term increase in disability benefits	7,0	7,0

▶ Notes to the Consolidated Financial Statements

for the year ended 30 June 2002 (continued)

All monetary amounts are expressed in millions of rand

29. RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS

Related party transactions

During the year the company and its subsidiaries, in the ordinary course of business, entered into various inter group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

Associate company

Details of the investment in the associate company are disclosed in note 3, including details of net assets and revenue relating to the associate.

Interest of directors in the share capital of the company

At 30 June 2002, directors of the company held in aggregate, directly or indirectly, 0,7% (2001: 0,6%) of the ordinary shares of the company. The aggregate direct and indirect beneficial holdings per director are detailed below.

	2002 Number of shares	2001 Number of shares
Executive directors	533 937	227 687
BC Bruce	168 187	105 687
AJ de Nysschen	215 750	97 000
RW Rees	150 000	25 000
KE Smith	–	–
Non-executive directors	1 789 775	1 703 775
DC Brink	734 775	734 775
BN Bam	–	–
WP Esterhuyse	90 000	59 000
SE Funde	–	–
PG Joubert	100 000	100 000
SJ Macozoma	–	–
AJ Morgan	115 000	60 000
AA Routledge	–	–
JJM van Zyl	750 000	750 000
Total	2 323 712	1 931 462

All monetary amounts are expressed in millions of rand

29. RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS (continued)

Share options

The directors of the company held in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 2,4% (2001: 2,5%) of the ordinary shares of the company. These options are subject to the terms and conditions of the employee share scheme.

Details of individual share options are disclosed in the remuneration report on page 29 of this report.

Consortium

Certain directors of the company participate in a consortium of current and previous senior executives that indirectly and beneficially held 6 106 435 (2001: 6 106 435) ordinary shares of the company.

At 30 June 2002, the individual directors' interest in the consortium were:

	2002	2001
	%	%
DC Brink	13,1	13,1
BC Bruce	3,4	3,4
AJ de Nysschen	3,9	3,9
KE Smith	0,8	0,8

Subsequent changes in directors' shareholdings

At the date of signature of the annual financial statements there had been no changes to the above shareholdings.

Interest of directors in contracts

A register detailing directors' interests in the company is available for inspection at the company's registered office.

► Murray & Roberts Holdings Limited Financial Statements

Balance Sheet

at 30 June 2002

All monetary amounts are expressed in millions of rand

	Notes	2002	2001
ASSET			
Subsidiary company	2	2 045,3	2 054,2
TOTAL ASSET		2 045,3	2 054,2
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	3	1 517,6	1 526,2
Non-distributable reserve		0,9	0,9
Accumulated profit	4	418,8	418,8
Total ordinary shareholders' equity		1 937,3	1 945,9
Long-term loan	5	100,0	100,0
Current liability			
Accounts payable		8,0	8,3
TOTAL EQUITY AND LIABILITIES		2 045,3	2 054,2

Income Statement

for the year ended 30 June 2002

	Notes	2002	2001
Income from subsidiary			
Interest received		16,0	16,0
Fees		1,2	1,2
Total income		17,2	17,2
Total expenses		17,2	17,2
Interest paid		16,0	16,0
JSE Fees		0,1	0,1
Other		1,1	1,1
Ordinary shareholders' earnings		-	-

▶ Notes to the Murray & Roberts Holdings Limited Financial Statements

All monetary amounts are expressed in millions of rand

	2002	2001
1. CASH FLOW AND STATEMENT OF CHANGES IN EQUITY		
The operations of Murray & Roberts Holdings Limited consist mainly of the receipt of dividends and interest from its wholly owned subsidiary, Murray & Roberts Investments Limited, and the payment of dividends to the members of the company and interest on long-term loans. Consequently a cash flow statement and statement of changes in equity for the company have not been presented since they provide no meaningful additional information.		
2. SUBSIDIARY COMPANY		
Shares at cost	0,4	0,4
Net amounts due	2 044,9	2 053,8
	2 045,3	2 054,2
3. SHARE CAPITAL AND PREMIUM		
– refer note 8 on the consolidated financial statements		
4. ACCUMULATED PROFIT		
Opening balance	418,8	145,2
Transfer from share premium account	–	273,6
Closing balance	418,8	418,8
5. LONG-TERM LOAN		
Unsecured	100,0	100,0
Details of the repayment of the loan and the rate at which it bears interest is set out in Annexure 2.		
6. EMOLUMENTS OF DIRECTORS		
(paid by company or subsidiary companies)		
Executive directors		
– in office at year-end	11,1	9,2
– retired and resigned during the year, including termination payments	2,2	11,2
	13,3	20,4
Non-executive directors	0,8	0,8
	14,1	21,2
Included in the above are fees paid for services as directors of the company	0,7	0,7
Number of directors at year end	13	15
Details of individual directors' emoluments are disclosed in the remuneration report. Details of the directors' service contracts are disclosed in the remuneration report.		
7. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the ascertainable outstanding liabilities at 30 June covered by such guarantees being	164,9	164,9

▶ Annexure 1

MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANY

(All companies shown are registered in South Africa except where indicated otherwise)

(a) Direct

	Issued share capital amount in rand	Interest in issued share capital		Cost of investment		Loan account	
		2002	2001	2002	2001	2002	2001
		%	%	R'm	R'm	R'm	R'm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	2 044,9	2 053,8

(b) Indirect

	Issued share capital (in rand except where indicated otherwise)	Interest in capital	
		2002 %	2001 %
MURRAY & ROBERTS LIMITED	59	100	100
Building and Civil Engineering			
Murray & Roberts Abu Dhabi LLC	AED 2 000 000	49	49
Murray & Roberts Civils (Pty) Limited	2	100	100
Murray & Roberts Construction (Pty) Limited	100	100	100
Murray & Roberts Contractors (Botswana) Limited	BWP 2	100	100
Murray & Roberts Contractors (Middle East) LLC	AED 2 000 000	49	49
Murray & Roberts Contractors (Namibia) Limited	NAD 80 000	100	100
Murray & Roberts Contractors (Nigeria) Limited	NGN 20 000 000	60	60
Murray & Roberts Contractors (Tanzania) Limited	TZS 2	100	100
Murray & Roberts Contractors (Uganda) Limited	UGS 5 000 000	100	100
Murray & Roberts Contractors (Zambia) Limited	ZMK 22 000 000	100	100
Industry and Mining			
Booker Tate Limited	GBP 2 202 002	100	100
Murray & Roberts Engineering Solutions Limited	2	100	100
Murray & Roberts RUC Limited	2 950 000	100	100
SNC♦Lavalin-Murray & Roberts (Pty) Limited	1 000	50	50
Murray & Roberts MEI (Pty) Limited	1	100	100

(b) Indirect (continued)

	Issued share capital		Interest in capital	
	(in rand except where indicated otherwise)	2002 %	2001 %	
Engineered Products				
Alloy Wheels International SA (Pty) Limited	2	100	100	
Consani Engineering (Pty) Limited	40 000	100	100	
Murray & Roberts Foundries Group (Pty) Limited	2	100	100	
Union Carriage and Wagon Co (Pty) Limited	8 160 000	100	100	
Supplies and Services				
Criterion Equipment (Pty) Limited	1 000	100	100	
Hall Longmore (Pty) Limited	100	100	100	
Harvey Roofing Products (Pty) Limited	100	100	100	
Improvair Environmental Solutions (Pty) Limited	800 000	100	100	
Much Asphalt (Pty) Limited	100	100	100	
Reinforcing Steel Holdings (Pty) Limited	100	100	100	
Rocla (Pty) Limited	250 000	100	100	
Toll Road Concessionaires (Pty) Limited	12 000	100	100	
Corporate				
Murray & Roberts Properties Services (Pty) Limited	2	100	100	
Murray & Roberts (Malaysia) Sdn. Bhd.	MYR 250 000	49	49	
Murray & Roberts (Zimbabwe) Limited	ZWD 4 087 742	48	48*	
Murray & Roberts Concessions (Pty) Limited	100	100	100	
Murray & Roberts International Limited (BVI)	USD 5 000 000	100	100	
Murray & Roberts HO Services (Pty) Limited	2	100	100	
PT Murray & Roberts Indonesia	USD 250 000	100	100	
UNITRANS LIMITED (Associate company)	7 609 100	45	44	

* This holding was incorrectly disclosed as 44% in 2001.

▶ Annexure 2

All monetary amounts are expressed in millions of rand

LONG AND SHORT-TERM LOANS

	Financial years of redemption	Closing interest rate (effective NACM)		Amount	
		2002 %	2001 %	2002 R'm	2001 R'm
Subsidiary companies					
Secured					
Single instalment	2007	19,00	27,31	14,2	14,2
Semi-annual instalments			5,70	–	44,1
Equal monthly instalments with one balloon payment at the end	2001/2005	10,53	–	24,4	15,5
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				24,2	49,5
				62,8	123,3
Unsecured					
Monthly instalments			17,42	–	9,4
Semi-annual instalments	2002	13,00	12,59	10,8	19,9
Bi-annual instalments	2007	15,51	15,25	128,1	146,5
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				17,3	–
Bank overdrafts				160,9	130,6
				317,1	306,4
Capitalised finance leases					
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				21,7	30,7
Total subsidiary companies				401,6	460,4
Company					
Unsecured					
Single instalment	2003	15,95	15,45	100,0	100,0
Total company				100,0	100,0
Total group				501,6	560,4
Reflected in the notes under:					
Long-term loans (note 10)					
Secured loans				51,1	90,8
Unsecured loans				200,1	221,4
Capitalised finance leases				11,9	15,0
Overdrafts and short-term loans (note 15)					
Bank overdrafts				160,9	130,6
Current portion of long-term loans				67,8	86,9
Current portion of capitalised finance leases				9,8	15,7
				501,6	560,4

▶ Annexure 3

GROUP SEGMENTAL REPORT

Primary reporting format - business segments

The group is organised on a world wide basis into five main business segments. Unallocated income and expenditure is presented under Corporate.

2002	Building and Civil Engineering	Industry and Mining	Engi- neered Products	Supplies and Services	Corporate	Group	Notes
REVENUE	3 076	1 736	1 676	2 479	60	9 027	1
RESULTS							
Earnings before exceptional items and interest	117	101	78	181	(91)	386	
Balance Sheet							
Segmental assets	879	712	926	1 024	853	4 394	2
Segmental liabilities	(996)	(406)	(364)	(518)	(1 172)	(3 456)	
Other information							
Capital expenditure	73	111	182	86	4	456	
Depreciation	48	42	76	58	3	227	
Amortisation of goodwill	–	6	–	–	–	6	
Number of employees	4 322	3 855	3 303	3 748	151	15 379	

2001

REVENUE	2 990	1 328	1 628	2 545	44	8,535	1
RESULTS							
Earnings before exceptional items and interest	84	77	42	124	(109)	218	
Balance Sheet							
Segmental assets	918	578	963	1,107	608	4,174	2
Segmental liabilities	(1 129)	(359)	(407)	(462)	(1 050)	(3 407)	
Other information							
Capital expenditure	47	48	80	71	2	248	
Depreciation	50	34	64	83	1	232	
Amortisation of goodwill	–	4	–	–	–	4	
Number of employees	4 243	3 944	3 225	4,655	270	16 337	

Notes

1. Composition of segments is set out in Annexure 1.
2. Assets exclude cash balances.

Secondary reporting format - geographical segments

The group operates in the following geographic areas:

2002	South Africa	Africa – other	Europe	Pacific Rim / South East Asia	Middle East	North America	Group
REVENUE	4 882	2 085	739	312	1 009	–	9 027
Percentage	54	23	8	3	12	–	
SEGMENTAL ASSETS	3 067	545	253	157	372	–	4 394
Percentage	70	12	6	4	8	–	
CAPITAL EXPENDITURE	271	36	116	4	29	–	456
Percentage	59	8	25	1	7	–	
2001							
REVENUE	4 969	1 414	597	287	1 066	202	8 535
Percentage	58	17	7	3	13	2	
SEGMENTAL ASSETS	2 861	607	324	34	287	61	4 174
Percentage	69	15	8	1	6	1	
CAPITAL EXPENDITURE	190	12	10	11	17	8	248
Percentage	77	5	4	4	7	3	

► Notice to Shareholders

Notice is hereby given that the fifty-fourth annual general meeting of members of the company will be held on Monday, 28 October 2002 at 12:00 in the EG Pringle conference centre, ground floor, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, to transact the following business:

1. to receive and adopt the annual financial statements and group annual financial statements for the year ended 30 June 2002;
 2. to elect directors in place of Messrs BC Bruce, SE Funde, PG Joubert and AJ Morgan who retire by rotation in accordance with the articles of association and, being eligible, offer themselves for re-election;
 3. to place 18 912 984 unissued ordinary shares in the company at the disposal of the directors for the purpose of the continued implementation of the Employee Share Purchase Scheme;
 4. to place 50 000 000 unissued ordinary shares in the company under the control of the directors, who are authorised to allot these shares, including but not limited to any allotment to ordinary shareholders as capitalisation awards, on such terms and conditions as they deem fit, until the next annual general meeting;
 5. to authorise the directors, subject to the requirements of The JSE Securities Exchange South Africa ("JSE"), for a period of 15 months from the date of this meeting or until the date of the company's next annual general meeting, whichever first occurs, to issue at their discretion ordinary shares for cash, other than by way of a rights offer; provided that:
 - the number of shares so issued shall not in any one year exceed 15% of the number of ordinary shares in issue at the time the issue was made;
 - the maximum discount at which the shares may be issued is 10% of the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is determined;
 - the shares will be of a class already in issue;
 - a press announcement giving full details, including the impact on the net asset value and earnings per ordinary share will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares in issue prior to the issue; and
 - the shares will only be issued to public shareholders as defined in the Listings Requirements of the JSE.
- (This resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at the meeting.)
6. to consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED that the company or any subsidiary of the company is hereby authorised by way of a general approval as contemplated in Sections 85 and 89 of the Companies Act, 1973, as amended, ("the Act"), to acquire shares issued by the company, including the conclusion of derivative transactions which may result in the purchase of shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the relevant provisions of the Act and to the Listing Requirements of the JSE Securities Exchange South Africa ("JSE") in force at the time of acquisition, and provided that:

 - this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of this general meeting;
 - a paid press announcement containing the full details, as prescribed, of the acquisitions of shares shall be published when the company or subsidiary has cumulatively purchased 3% of the number of shares in issue at the time this general authority is granted and when each further 3% in aggregate of such number of shares is thereafter acquired pursuant to this general authority;
 - acquisitions of shares in any one financial year may not exceed 20% of the company's issued share capital pursuant to this general authority and may not exceed 40% of its issued share capital;
 - subsidiaries of the company shall not acquire, in aggregate, more than 10% of the company's issued share capital;
 - in determining the price at which shares issued by the company are acquired in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market price at which such shares are traded on the JSE, as determined over the five business days immediately preceding the date on which the acquisition transaction was agreed;
 - the company and its subsidiaries ("the group") will be able, in the ordinary course of business, to pay its debts;
 - the assets of the group, recognised and measured in accordance with the accounting policies applied in the audited annual group financial statements, will exceed the liabilities of the group;
 - the ordinary capital and reserves of the group will be adequate for a period of 12 months after such repurchase; and

- the working capital of the group will be adequate for a period of 12 months after such repurchase.”

The reason for and effect of this special resolution is to enable the board of directors to approve the purchase of its own shares by the company, subject to the limitations included in the special resolution.

At the present time the directors have no specific intentions with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. No repurchase of shares under this authority will be implemented until such time as the company's sponsor has confirmed in writing to the JSE that the above working capital statement is valid;

7. to ratify the aggregate sum of the directors' emoluments in respect of services as directors for the year ended 30 June 2002;
8. to approve changes in fees payable, quarterly in arrears, to non executive directors with effect from the quarter commencing 1 October 2002 as follows:

		Proposed	Previous
Chairman's Fee		R300 000 p.a. (includes director's fee and committee fees)	R200 000 p.a. (includes director's fee)
Directors Fees	– Basic	R25 000 p.a.	R49 000 p.a.
	– Attendance	R7 600 per mtg	n/a
Committee Fees:			
Audit &			
Risk Management	Chair	R70 000 p.a.	R46 500 p.a.
	Member	R40 000 p.a.	R18 300 p.a.
Remuneration	Chair	R60 000 p.a.	R46 500 p.a.
	Member	R40 000 p.a.	R18 300 p.a.
Nomination (New)	Chair	R40 000 p.a.	n/a
	Member	R25 000 p.a.	n/a
Corporate Social Involvement (No change)	Chair	R42 500 p.a.	R42 500 p.a.

9. to transact such other business as may be transacted at an annual general meeting.

By order of the Board



L J LINDSAY

Secretary
30 September 2002

Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview, 2007

ATTENDANCE AT ANNUAL GENERAL MEETING

1. Certificated members

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the Transfer Secretaries of the company that their shares are in fact registered in their name. Should this not be the case and the shares are registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make necessary arrangements with that party to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.

2. Uncertificated/dematerialised shareholders

Beneficial owners of dematerialised shares other than those in "own name", who wish to attend the annual general meeting have to request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation, or instruct their CSDP or broker to vote by proxy on their behalf.

3. Dematerialised shareholders with "own name" registration

Dematerialised shareholders who have "own name" registration should ensure with their CSDP that this is the case. The proxy form contains detailed instructions regarding voting and attending the annual general meeting.

PROXIES

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and, on a poll, to vote in the shareholder's stead.

The form of proxy for the annual general meeting, which sets out the relevant instructions for its completion, is attached hereto and additional forms may be obtained on request from the Transfer Secretaries of the company or from the company's registered office.

In order to be effective, duly completed forms of proxy must be received at the office of the Transfer Secretaries of the company by not later than 12h00 on Thursday, 24 October 2002.

VOTING

All holders of ordinary shares will be entitled to attend and vote at the annual general meeting. On a show of hands, every holder of ordinary shares who is present in person or, in the case of a company, the representative appointed in terms of s188 of the Companies Act 1973 (Act 61 of 1973), as amended, shall have one vote.

On a poll, the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every ordinary share held.

▶ Shareholders' Diary

Year-end		30 June 2002
Half-year results 2001/2002	published	28 February 2002
Preliminary report 2001/2002	published	28 August 2002
Annual report	posted to shareholders	30 September 2002
Annual general meeting		28 October 2002
Half-year results 2002/2003	to be announced	February 2003

▶ Administration

BUSINESS AND POSTAL ADDRESSES

Douglas Roberts Centre
 22 Skeen Boulevard
 Bedfordview 2007
 PO Box 1000
 Bedfordview 2008
 Telephone +27 11 456 6200
 Fax +27 11 455 2222
 e-mail info@murrob.com
 Internet www.murrob.com

AUDITORS

Deloitte & Touche

REGISTRATION NUMBER

1948/029826/06

TRANSFER SECRETARIES

Computershare Investor Services Limited
 70 Marshall Street
 Marshalltown, Johannesburg 2001
 PO Box 61051
 Marshalltown 2107
 Telephone +27 11 370 5000
 Fax +27 11 370 5271

SPONSOR

Merrill Lynch South Africa (Pty) Limited

► Form of Proxy

For use at the annual general meeting of shareholders of the company, to be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview at 12h00 on 28 October 2002.

Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend, speak and, on a poll, vote in place of that shareholder at the general meeting.

I/We

of

being the holder/holders of ordinary shares in the share capital,

do hereby appoint (see note 2)

1.

2.

3. the chairman of the annual general meeting,

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting which will be held at 12:00 on Monday, 28 October 2002 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 3):

Resolution	Subject	Number of votes (one vote per share)		
		In favour	Against	Abstain
1. Ordinary Resolution number 1	Adoption of financial statements			
2. Ordinary Resolution number 2	Re-election of directors:			
	B C Bruce			
	S E Funde			
	P G Joubert			
	A J Morgan			
3. Ordinary Resolution number 3	Place unissued shares under the control of the directors for the Employee Share Purchase Scheme			
4. Ordinary Resolution number 4	Granting the directors the authority to issue ordinary shares in terms of the requirements of the JSE.			
5. Ordinary Resolution number 5	To issue ordinary shares for cash			
6. Special Resolution number 6	Authority for a general repurchase of securities			
7. Ordinary Resolution number 7	Remuneration of directors			
8. Ordinary Resolution number 8	Remuneration of non executive directors			
9. Ordinary Resolution number 9	General business			

Signed this

day of

2002

► Notes to Form of Proxy

Instructions on signing and lodging the annual general meeting proxy form.

1. The following categories of shareholders are entitled to complete a proxy form:
 - 1.1 certificated shareholders whose names appear on the company's register;
 - 1.2 own name electronic shareholders whose names appear on the sub-register of a Central Securities Depository Participant ("CSDP");
 - 1.3 CSDPs with nominee accounts;
 - 1.4 brokers with nominee accounts.

All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in "own name", must provide the CSDP or broker with their voting instruction. Alternatively, should such a shareholder wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such shareholder may request the CSDP or broker to provide the shareholder with a letter of representation.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
4. Forms of proxy must be received at the office of the company's transfer secretaries, Computershare Investor Services Limited, 70 Marshall Street, Marshalltown, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 12h00 on Thursday, 24 October 2002.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.

The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.