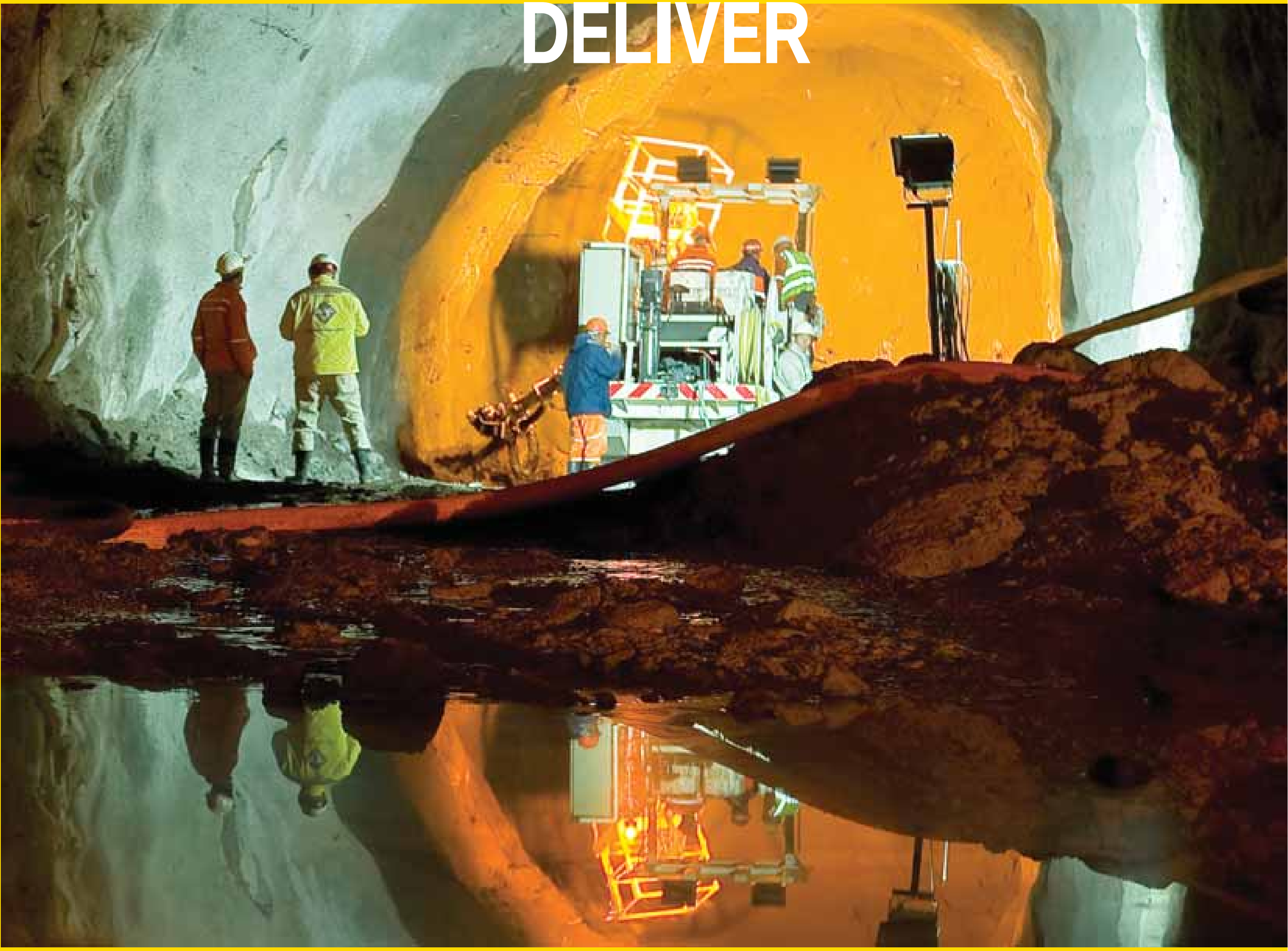
ANNUAL REPORT

.08

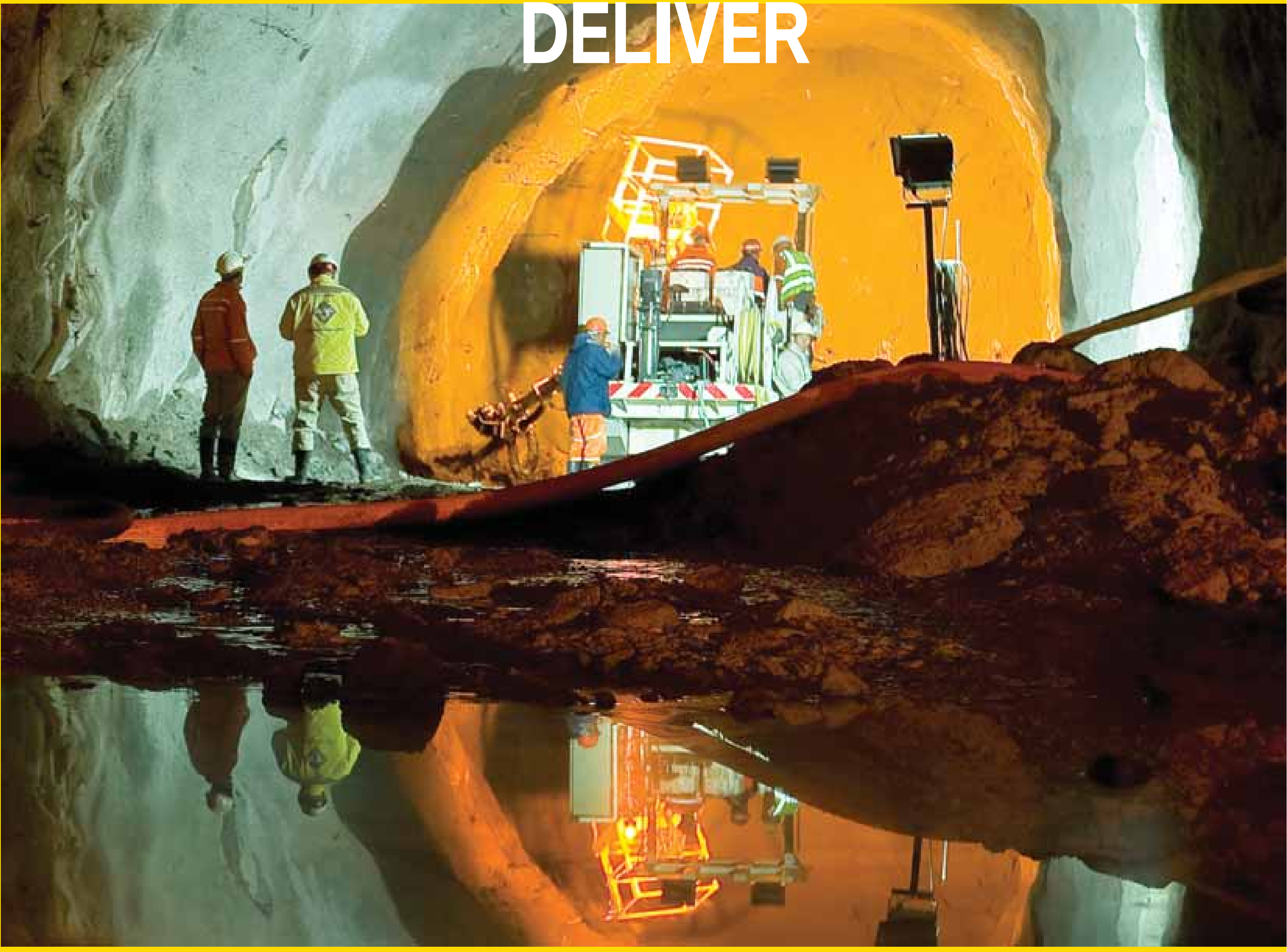
CAPACITY TO DELIVER



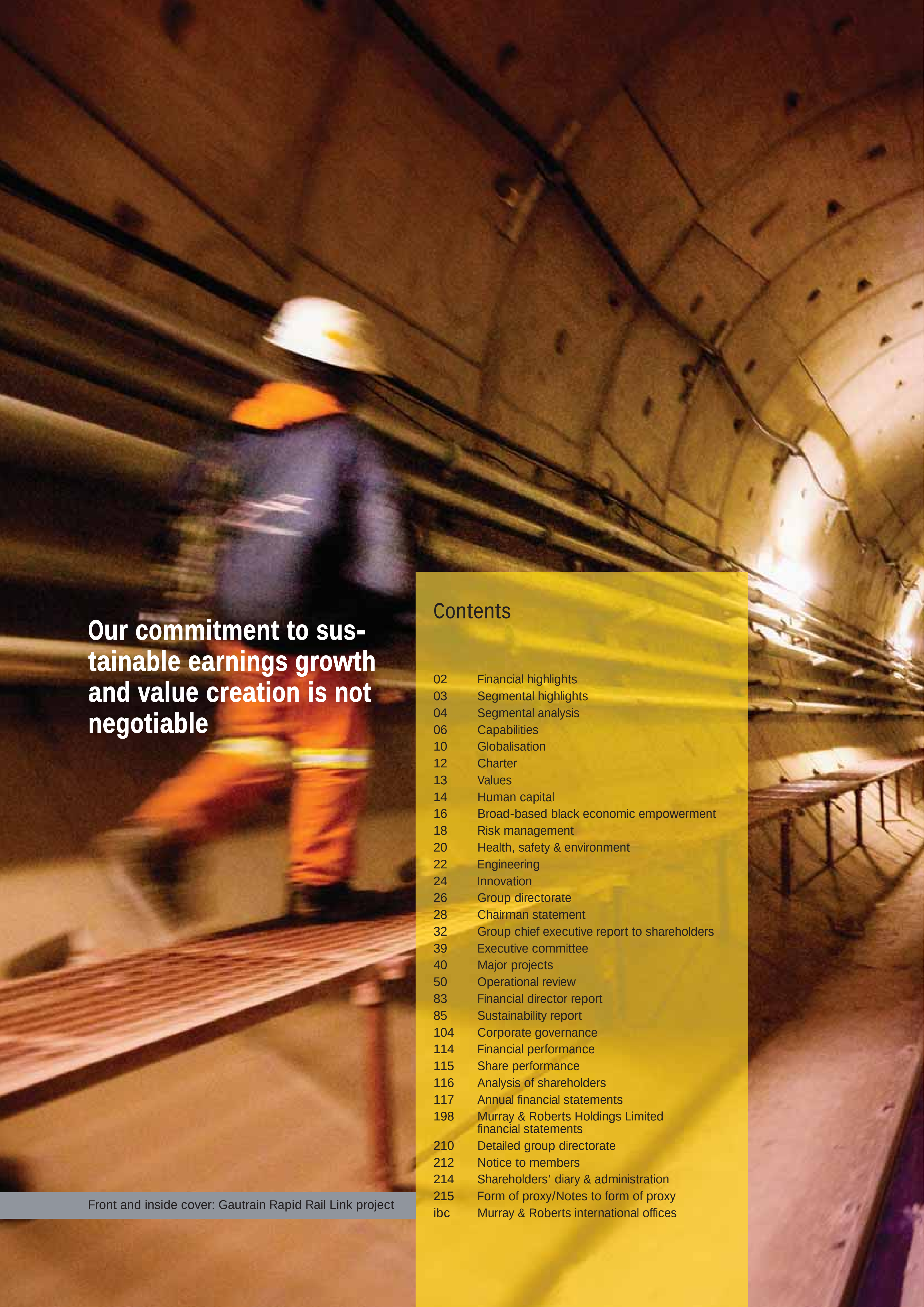
ANNUAL REPORT

.08

CAPACITY TO DELIVER



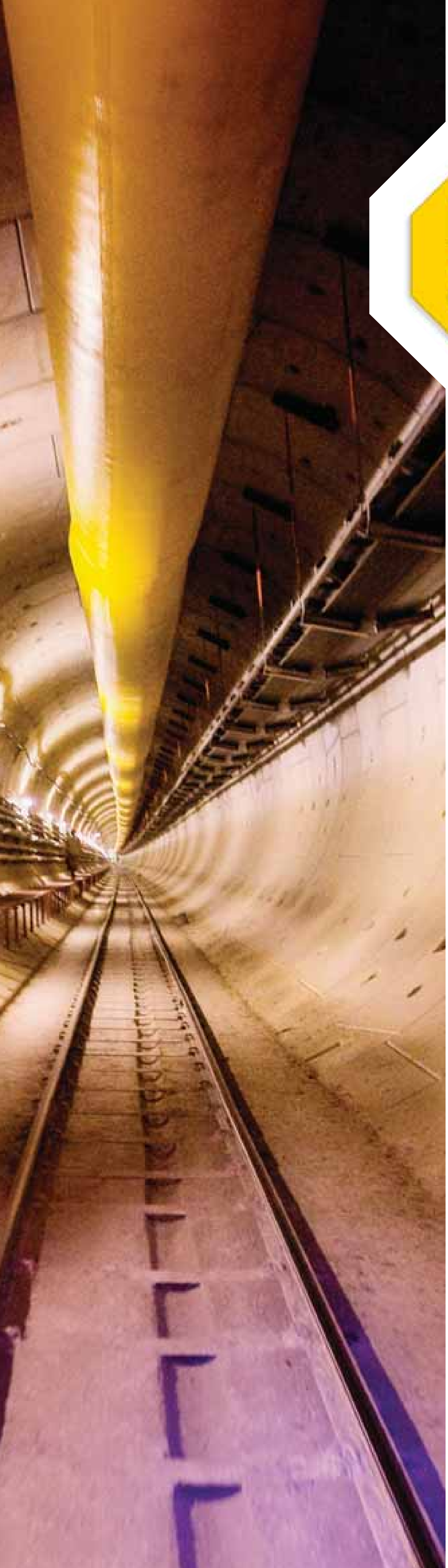
Detailed contents



Our commitment to sustainable earnings growth and value creation is not negotiable

Front and inside cover: Gautrain Rapid Rail Link project

Contents



Murray & Roberts

is South Africa's leading

CONSTRUCTION & ENGINEERING GROUP

focused on selected regional economies and specialist global markets

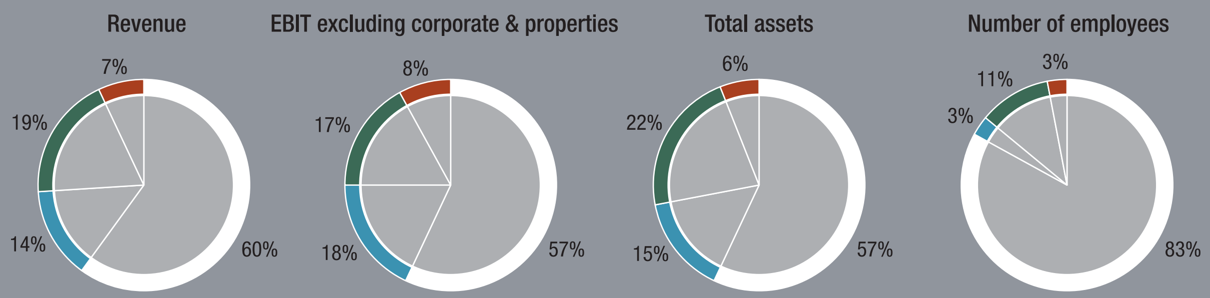
From the platform created over more than 100 years since 1902, we serve these markets in Sub Saharan Africa, Middle East, Southeast Asia, Australasia and North America.

Murray & Roberts 2010 has been our most recent strategy to deliver a superior performance profile from the increased activity in all our regional and sectoral markets, including growth opportunities associated with the 2010 Soccer World Cup and the power generation program in South Africa.

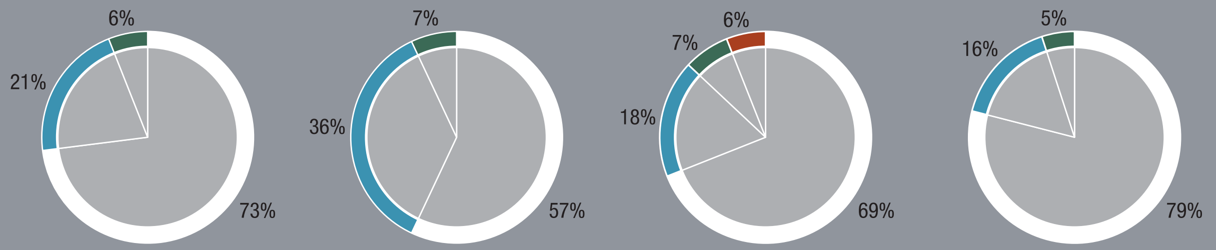
Financial highlights

	2008	2007
Group summary (R millions)		
Revenue	27 896	17 815
Earnings before exceptional items, interest and taxation	2 397	1 468
Income/(loss) from associates	11	(107)
Attributable profit before minority interest	2 064	796
Total assets	21 649	13 011
Operating cash flow	3 116	1 935
Value created	11 028	5 971
Payroll cost	7 820	4 472
Total number of employees – 30 June	45 654	33 466
Ordinary share performance (cents)		
Diluted headline earnings per share	550	325
Diluted earnings per share	565	235
Operating cash flow per share	939	583
Net asset value per share – 30 June	1 466	1 096
Market price per share – 30 June	8 699	6 400
Total dividend per share*	196	116
Financial statistics		
Operating margin (EBIT on revenue) (%)	8,6	8,2
Attributable earnings on average shareholders' equity (%)	40,3	20,9
Interest cover (times)	8,9	9,9
Ratios (times)		
Debt/equity	0,34	0,36
Current	1,11	1,10

** Based on the year to which the dividend relates.*



GEOGRAPHIC Southern Africa · Middle East · Southeast Asia · North America & other



SEGMENTAL Construction & engineering · Construction materials & services · Fabrication & manufacture · Corporate & properties

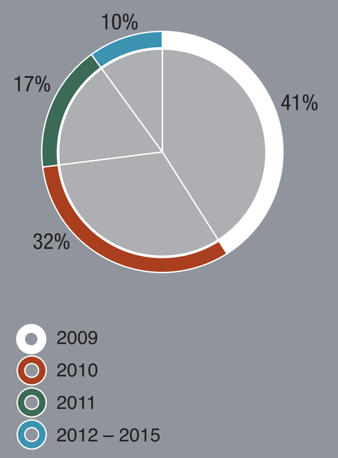
Segmental highlights

	Revenue		EBIT before exceptional items	
	2008	2007	2008	2007
Group (R millions)	27 896	17 815	2 397	1 468
Construction & engineering	20 363	11 821	1 452	756
Construction	8 651	7 421	655	477
Engineering	1 604	794	70	46
Mining	5 244	3 606	406	233
Clough	4 864	–	321	–
Construction materials & services	5 838	4 508	901	735
Steel	3 128	2 221	287	167
Infrastructure	1 491	1 245	328	302
Housing	632	634	100	133
Services	587	408	186	133
Fabrication & manufacture	1 582	1 323	177	83
Manufacture	1 100	1 044	123	68
Transport	482	279	54	15
Corporate & properties	113	163	(133)	(106)

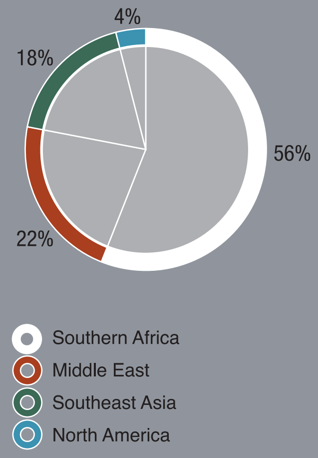
Order book analysis

Order book: R55 billion at 30 June 2008

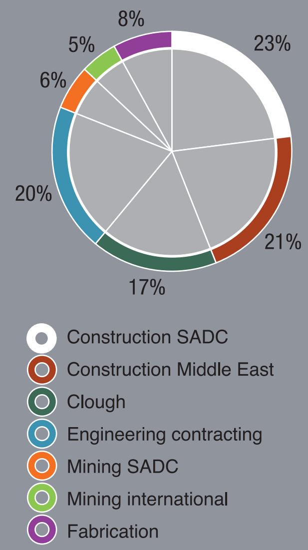
Time distribution



Geographic distribution



Sector distribution

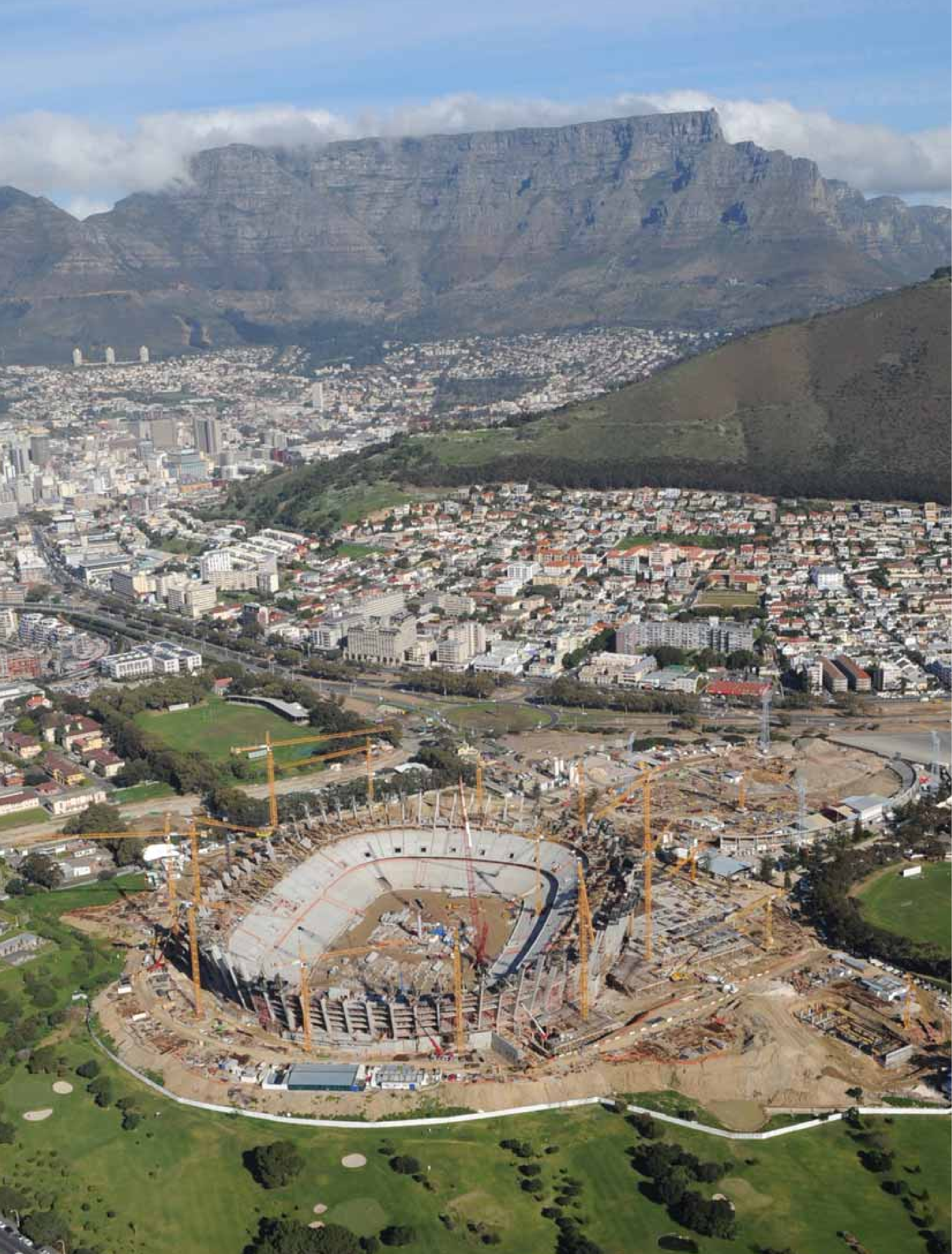


Segmental analysis

All monetary amounts are expressed in millions of Rands	Discontinued operations[1] 2008	Discontinued operations[1] 2007	Corporate & properties 2008	Corporate & properties 2007
SUMMARISED INCOME STATEMENT				
Revenue	279	937	113	163
Earnings before exceptional items and interest	34	54	(133)	(106)
Exceptional items	–	(61)	(90)	(40)
Earnings before interest and taxation	34	(7)	(223)	(146)
Net interest (expense)/income	(1)	(10)	(25)	(26)
Earnings before taxation	33	(17)	(248)	(172)
Taxation	(9)	(12)	18	45
Earnings after taxation	24	(29)	(230)	(127)
Income from associate	–	–	–	–
Profit/(loss) from disposal of discontinued operations	–	–	–	–
Minority shareholders' interest	–	–	–	–
Earnings attributable to ordinary shareholders	24	(29)	(230)	(127)
SUMMARISED BALANCE SHEETS				
Non-current assets	26	58	615	1 133
Current assets[2]	122	102	657	742
Goodwill	–	–	–	–
Deferred taxation asset	–	–	–	4
Total assets	148	160	1 272	1 879
Ordinary shareholders' equity	79	58	(76)	547
Minority interest	–	–	–	–
Total equity	79	58	(76)	547
Non-current liabilities	2	31	261	618
Current liabilities[2]	67	71	1 087	714
Total equity and liabilities	148	160	1 272	1 879
SUMMARISED CASH FLOW STATEMENTS				
Cash generated by operations before working capital changes	41	106	(208)	(404)
Change in working capital	(9)	9	196	(316)
Cash generated by operations	32	115	(12)	(720)
Interest and taxation	(9)	(13)	164	53
Operating cash flow	23	102	152	(667)
FINANCIAL STATISTICS				
Operating margin (%)	12,2	5,8	–	–
Return on equity (%)	35,0	(20,6)	–	–

[1] *2008 consists of Harvey Roofing Products; 2007 Includes Foundries and Harvey Roofing Products.*
[2] *Includes assets/liabilities classified as held-for-sale.*
[3] *2008 includes Clough Limited.*

	Construction & engineering[3]		Construction materials & services		Fabrication & manufacture		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	20 363	11 821	5 838	4 508	1 582	1 323	27 896	17 815
	1 452	756	901	735	177	83	2 397	1 468
	202	(128)	33	–	–	–	145	(168)
	1 654	628	934	735	177	83	2 542	1 300
	103	37	(53)	(23)	(9)	(4)	16	(16)
	1 757	665	881	712	168	79	2 558	1 284
	(309)	(212)	(195)	(161)	(43)	(24)	(529)	(352)
	1 448	453	686	551	125	55	2 029	932
	9	(114)	2	7	–	–	11	(107)
	–	–	24	20	–	(49)	24	(29)
	(231)	(18)	(103)	(73)	(16)	(3)	(350)	(94)
	1 226	321	609	505	109	3	1 714	702
	2 964	1 908	876	706	354	148	4 835	3 953
	11 453	5 896	2 855	1 425	1 031	671	16 118	8 836
	428	136	60	70	–	–	488	206
	194	5	2	2	12	5	208	16
	15 039	7 945	3 793	2 203	1 397	824	21 649	13 011
	3 702	2 187	1 015	643	145	202	4 865	3 637
	739	58	203	111	18	9	960	178
	4 441	2 245	1 218	754	163	211	5 825	3 815
	934	309	93	145	–	–	1 290	1 103
	9 664	5 391	2 482	1 304	1 234	613	14 534	8 093
	15 039	7 945	3 793	2 203	1 397	824	21 649	13 011
	1 999	998	1 067	841	247	35	3 146	1 576
	383	1 200	(567)	(298)	442	42	445	637
	2 382	2 198	500	543	689	77	3 591	2 213
	(364)	13	(222)	(296)	(44)	(35)	(475)	(278)
	2 018	2 211	278	247	645	42	3 116	1 935
	7,1	6,4	15,4	16,3	11,2	6,3	8,6	8,2
	41,6	20,6	73,5	62,0	62,8	1,1	40,3	20,9



Green Point Stadium, Cape Town

CAPABILITIES

Construction Economy

Murray & Roberts directs its activities into the construction economies of South and Sub Saharan Africa, Middle East, Southeast Asia, Australasia and North America.

The construction economy is a well defined element of every national economic framework and is identified as a component of gross fixed capital formation (GFCF)* within gross domestic product (GDP).

An established global benchmark is that GFCF should average between 20% and 30% of GDP and that construction investment should represent between 20% and 30% of GFCF (4% to 9% of GDP).

The construction economy is represented by all expenditure associated with fixed investment into physical infrastructure, production and commercial facilities and accommodation, as performed by general and specialist contractors, engineers, materials suppliers and service providers.

It generally excludes the supply of process machinery and equipment.

MARKET SECTORS:

- Building & infrastructure
- Mining & industrial
- Energy, power & environmental

** GFCF is broadly equivalent to what was previously classified as gross domestic fixed investment (GDFI).*

Public Private Partnership

CONSTRUCTION & ENGINEERING

Murray & Roberts offers a unique combination of multiple disciplinary capabilities in design, engineering and various construction skills, and has a proven track record in major project implementation.

Murray & Roberts is positioned as a primary contractor for the delivery of mining and general infrastructure, commercial buildings and industrial facilities.

The Group's primary market focus is the infrastructure and facilities associated with the extraction, beneficiation and industrialisation of natural resources.

The acquisitions of Cementation in South Africa and Canada and a control shareholding in Clough in Australia extend this focus in the global marketplace.

The acquisitions of Concor and Wade Walker in South Africa enhance the Group's domestic capability.

Murray & Roberts values innovation and is able to adapt to complex environments which positions it as a leading contractor in the southern hemisphere and developing world.

CAPABILITIES:

- Construction
- Engineering
- Mining

CONSTRUCTION MATERIALS & SERVICES

Murray & Roberts supplies the construction markets of Southern Africa with quality service, materials and products through its technical capabilities in concrete, asphalt, steel and clay. This is underpinned by operational presence throughout the SADC region, appropriate technology, uncompromising quality and service excellence.

Murray & Roberts converts more than one million tons of primary steel, half a million tons of concrete, one and a half million tons of asphalt and a million tons of clay into construction products annually.

The acquisitions of Ocon Brick and Technicrete extend the Group's capability in this sector.

Transport infrastructure management in South Africa and lifting services in Middle East form the basis of the Group's service offering.

Murray & Roberts has established a research program with the Council for Scientific and Industrial Research (CSIR) to explore the building materials potential to support the domestic affordable housing market from this platform.

CAPABILITIES:

- Steel products
- Infrastructure & building products
- Services

Power & energy

Construction materials

FABRICATION & MANUFACTURE

Genrec and Hall Longmore form the core of a project oriented specialist engineering and fabrication cluster serving the infrastructure and industrial markets in Southern Africa, with some export of product to selected overseas markets.

Union Carriage and Wagon is a specialist business that designs and builds locomotives and commuter rolling stock systems for the South African market.

New levels of investment into transport systems (steel pipes and rolling stock) and industrial facilities (power stations and process plants) has brought increased opportunity to the companies in this segment.

The Accelerated and Shared Growth Initiative for South Africa (ASGISA) is a strategic initiative of the South African Government that prioritises localisation and empowerment in industry from its significant public works program. This creates the opportunity for new investment into production capacity and increased future access to global markets.

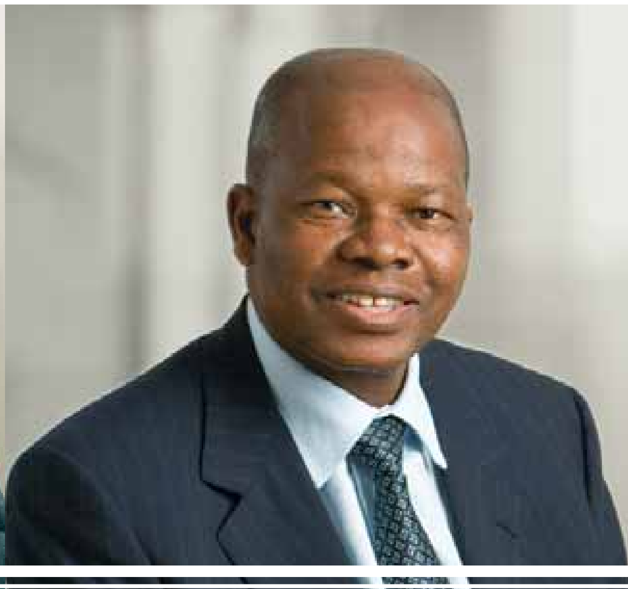
CAPABILITIES:

- Fabrication
- Manufacture
- Assembly

Upstream oil & gas

Fabrication & manufacture

Sir Alan Cockshaw



Dr Reuel Khoza

GLOBALISATION

Globalising Murray & Roberts established a platform for sustainable earnings growth and value creation benchmarked against best-in-class practices, policies and systems in the global engineering and construction industry.

Best-in-class companies in this sector demonstrate:

- balance sheet strength and consistent credit rating
- a formalised order book procurement system
- a risk management framework
- enterprise resource management and project management systems
- human capital and succession planning
- health & safety focus
- community involved leadership
- performance delivery

Today, the Group is positioned as one of the world's leading engineering & contracting groups with a portfolio of global best-in-class projects to its credit.

- Johannesburg is the Group's head office and primary base for operations in Southern Africa
- London hosts a satellite corporate office that services our northern hemisphere operations and oversees our international treasury in the Isle of Man
- Dubai is the centre of Middle East operations and primary base for direction of the Group's international activities
- Perth is the point of access for the markets of Australia and Southeast Asia

This structure enhances the Group's risk management capacity and offers better access to the resources necessary for international growth.

Murray & Roberts has contracted internationally for more than four decades and currently records 42% of its revenues from international markets.

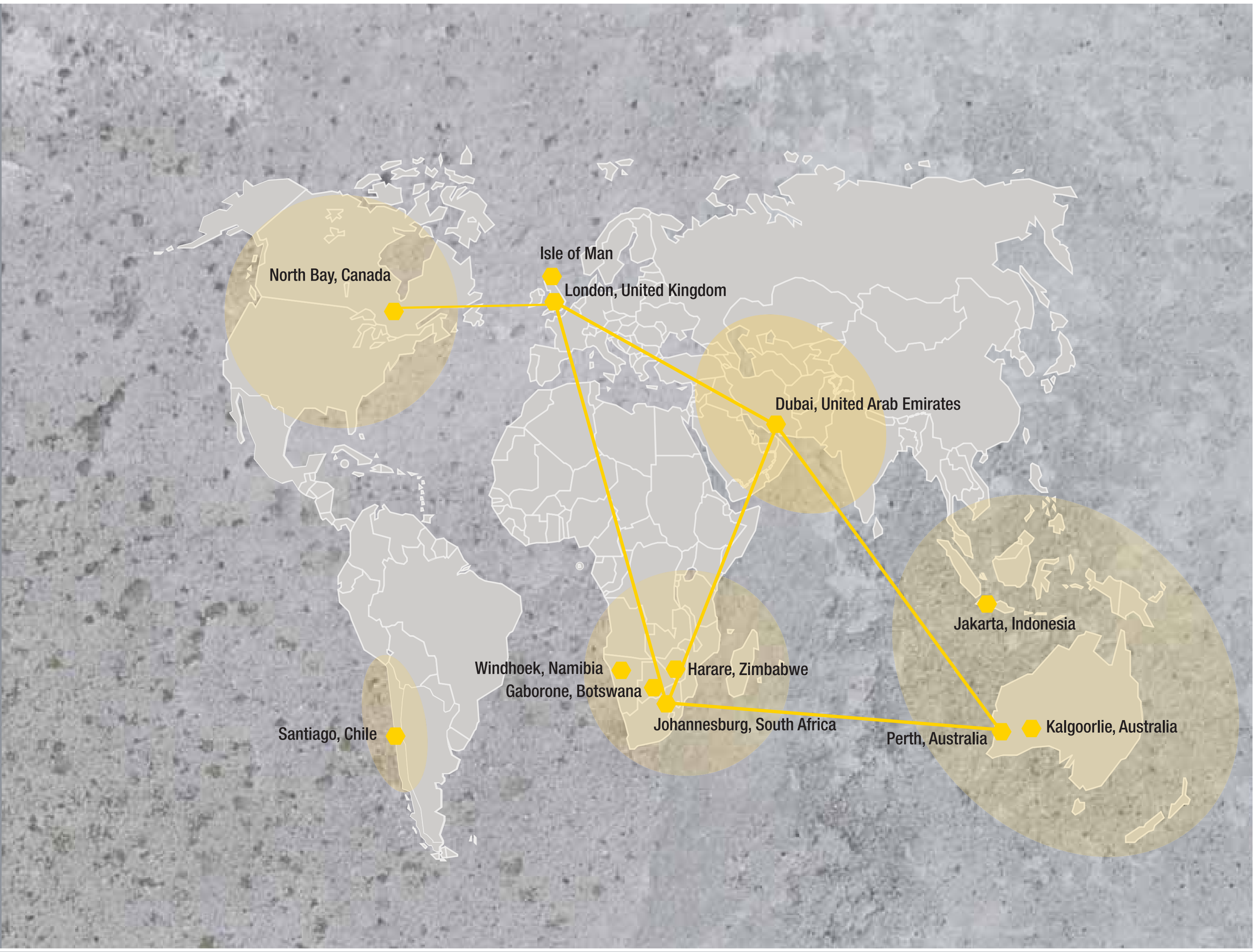
The primary focus of the Group is to serve the construction economies of the southern hemisphere and other developing markets, leveraging its South African competitiveness.

The acquisition of Cementation in South Africa and Canada has formed the world's leading underground mining services group with a strong presence in the key mining markets of Africa, Australasia and North America.

A control interest in Clough in Australia has opened significant new opportunities in growing global markets and provides the Group with an operational presence in Southeast Asia and access to the engineering and contracting oil & gas sector.

Murray & Roberts has an experienced international executive capacity and key international advisors to guide the expansion of its global activities.

Sir Alan Cockshaw, former executive chairman of AMEC, advises the group chief executive and chairman based on his many years of experience in the global engineering and contracting industries. Dr Reuel Khoza, former chairman of Eskom and chairman of the NEPAD Business Forum, is deeply involved in African business and provides invaluable insight to the directors into this important market sector.



International activity

AFRICA

Botswana
Democratic Republic of Congo
Egypt
Ghana
Mali
Mauritius
Mozambique
Namibia
South Africa
Tanzania
Zambia
Zimbabwe

MIDDLE EAST & ASIA

Bahrain
India
Pakistan
Qatar
United Arab Emirates

SOUTHEAST ASIA

Australia
Indonesia
Malaysia
New Zealand
Singapore
Thailand

THE AMERICAS

Canada
Chile
Mexico
United States of America

WE ARE SOUTH AFRICAN

Charter

We believe implicitly in the competitiveness of South African enterprise and the platform that our domestic environment creates for us to be world class.

As business and corporate citizen we are committed to the national agenda of South Africa, including the pursuit of employment equity throughout our organisation, the economic empowerment of all sectors of our society and facilitation of the growth of direct investment into our economy.

As a global enterprise we strive to meet the expectations of our international markets and investors, benchmarking our performance against best-in-class industry standards and our delivery against world class precedent, at all times conducting our business ethically in terms of best practice governance standards.

Value and growth

Rebuilding Murray & Roberts is a change process that commenced on 1 July 2000. At its heart is a non-negotiable commitment to sustainable earnings growth and value creation. Through this process we have committed to world class fulfilment in the construction economy as our core market, enhanced our core skill in engineering and our core capability in contracting, and leveraged our value proposition through our core competence in industrial design.

Globalising Murray & Roberts is a growth strategy that seeks new opportunity and value from the platform created over more than 100 years since 1902. We have identified global best-in-class benchmarks against which we measure our performance in engaging our chosen natural resources and regional markets.

WE ARE MURRAY & ROBERTS

A federal structure of world class companies serving selected construction economies and leveraging our contracting and manufacturing competitiveness into global markets. To ensure our legitimacy in terms of our strategic commitments, we value:

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

Our commitment to sustainable earnings growth and value creation is not negotiable

Andrew Skudder (38), director of enterprise capability

Jerome Arendse (55), appointed managing director of Murray & Roberts MEI on 1 February 2008

Judy van Es (45), appointed managing director of Tolcon on 1 August 2008

HUMAN CAPITAL

Murray & Roberts is South Africa's leading engineering and construction group and has strengthened its human capacity to meet its growth challenges to 2010 and beyond.

South Africa experienced cumulative construction related growth cycles for 30 years through the 1950s, 1960s and 1970s. However, the current fixed investment cycle is by far the largest in the country's history as infrastructure is provided for an economy that now seeks to serve all South Africans.

After more than two decades of investment decline, the profile of the engineering and construction industry in South Africa has been enhanced and demand for related human capital and leadership talent has increased. The primary challenge lies in the development of basic skills, the procurement and development of strategic and professional leadership and the protection of experience.

South Africa is not alone in this challenge as global infrastructure development becomes characterised by larger and more complex projects requiring more sophisticated leadership with the ability to manage challenging environments.

The South African construction industry has had to undergo a rapid transformation to meet significant new expectations as in the 1960s and 1970s when the country experienced the last cyclical construction upturn. A new generation of leaders seized the opportunity at that time and met the challenges posed.

Trevor Barnard (42), appointed managing director of Rocla on 1 August 2008

Werner Kruger (47), appointed managing director of Ocon Brick on 1 April 2008

Ian Henstock (53), appointed commercial director of Murray & Roberts on 30 June 2008

Murray & Roberts has created a differentiated competitive advantage which is key to its delivery of sustainable earnings growth and value creation. Important drivers of this competitive advantage are the Group's organisational capability (structures, processes and systems) and the capabilities (experience, knowledge, skills and mindset) of the individuals within its leadership teams.

Murray & Roberts views its leadership teams as a key source of competitive advantage and has implemented a rigorous process to uncover fresh solutions and prepare them for a period of sustainable growth.

Many of the human capital challenges facing the Group are industry-wide, requiring an holistic approach aimed at both supply side initiatives (growing the pool, diversifying the source and attracting better than the competition) and demand side activities (retention plans, accelerated development and reconsidering job designs) to ensure that the Group attracts, develops and retains the talent it requires to meet its transformation and growth objectives.

In the longer term, sustainable growth depends on the organic development of leadership talent. Murray & Roberts has adopted the Leadership Pipeline process to develop and retain its own talent through a comprehensive succession and development program, based on a common understanding of the roles of leadership at every level of the organisation. This defines a long term succession planning process ensuring a full and flowing pipeline of leadership talent.

Murray & Roberts is strengthening its human capital development through formal management of its leadership pipeline. The Group is awarding more bursaries, facilitating more leadership development and providing more learnerships and artisan training.

Murray & Roberts has identified the characteristic of industry leadership and skills challenge and has prepared itself for 2010 and beyond.

The Murray & Roberts career website is accessible at www.careers.murrob.com. The career website is used to communicate with potential candidates for advertised vacancies and for bursary and graduate development opportunities.

Sepadi Mohlabeng (46), technical director, The UCW Partnership

Lerato Motaung (29), group corporate social involvement manager

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Murray & Roberts is committed to broad-based black economic empowerment in its South African business and addresses the full range of empowerment requirements across its diverse operations.

As a leading South African enterprise, Murray & Roberts has adopted a comprehensive broad-based black economic empowerment (BBBEE) strategy which aims to achieve:

- appropriate broad-based empowerment ownership at all its operations through a tiered approach from Murray & Roberts Holdings Limited and from within selected operating subsidiaries
- a meaningful number of black senior executives throughout the Group
- an employee complement that reflects the diversity of South Africa's demographic profile
- a core complement of black professionals
- preferential procurement policies that leverage the broad-based principles of black economic empowerment
- enterprise and social development programs aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals

Brian Mchunu (41), director of strategic business development, Much Asphalt

Wendy Tierlinck (37), human resources director, Rocla

The Letsema BBBEE shareholding transaction in which Murray & Roberts purchased 10% of its issued share capital on 19 December 2005, offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates, a stake in the company and its future.

Since Letsema was launched, the Murray & Roberts share price has appreciated more than 400%, creating wealth of over R2 billion for the participants. Immediate economic benefits accrue to the beneficiaries through four Letsema Trusts:

- The General Staff Trust, which has created value of more than R400 million for, and distributed almost R11 million in dividends to, 14 125 participants
- The Broad-Based Community Trust, which in 2008 distributed almost R12 million (2007: almost R6 million) to the beneficiary organisations
- The Black Employee Benefits Trust, which has allocated almost R6 million in benefits, primarily through the award of 66 secondary and tertiary education bursaries to children of qualifying Murray & Roberts employees
- The Black Executives Trust, which has allocated shares to 185 black executives across the Group, who have to date accrued about R3 million in dividend benefits and about R83 million in capital value

Through Letsema and other empowered shareholders, Murray & Roberts has an effective BBBEE shareholding of 25,4% measured in terms of the Codes of Good Practice on BBBEE.

The Group has a number of BEE business partners who have taken up equity in the following businesses:

- AKA Capital has a 20% share in Murray & Roberts Cementation
- Jay & Jayendra Group has a 30% share in The UCW Partnership
- Lehumo Women's Investment Trust has a 26% share in certain Tolcon operations

Joint venture or subcontracting arrangements are entered into with appropriate BEE partners to pursue and deliver projects in many of our contracting operations.

Murray & Roberts embraces diversity and is committed to sustainable transformation. The composition of the Murray & Roberts Holdings Board reflects the transformation of South African society. Three directors are black (21%), two of whom are women (14%).

Murray & Roberts has six (27%) black and/or female managing directors and one (25%) black cluster chairman in its 22 SADC operating entities. Although much remains to be done, we have an increasing number of black and women executives within our system. The Group has a comprehensive recruitment process in place that focuses on undergraduate and young qualified talent, where historically disadvantaged individuals make up about two thirds (67%) of intake.

Murray & Roberts conducts a comprehensive and independent annual review of its empowerment status relative to various industry charters and current legislation. The 2008 review has shown that the Group has a level six BBBEE rating based on the Codes of Good Practice on BBBEE and meets current empowerment criteria appropriate for procurement policy in South Africa. The Group has identified key agenda items for further development of this status both in the immediate future and over the 10 year time frame stipulated in the legislation to meet future development criteria.

We are South African

Dr Greg Ker-Fox (36), group executive responsible for risk management

RISK MANAGEMENT

Murray & Roberts has adopted the principle that opportunity is derived from acceptance of risk and value from management of risk.

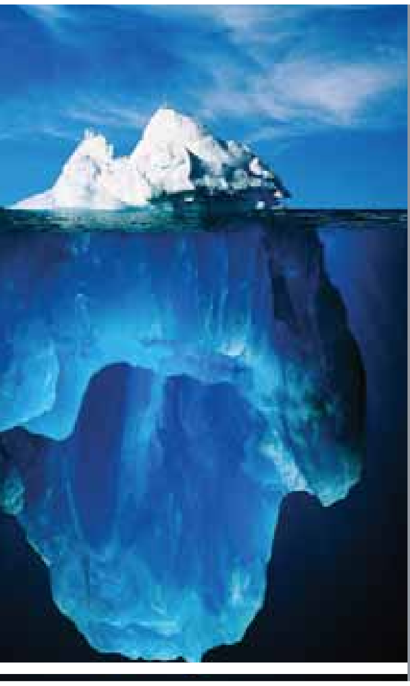
Murray & Roberts developed its enterprise risk management process to implement the group risk framework which has been extended to all operating company boards and executive committees. The process is applied in all areas of potential exposure to risk, including acquisitions, projects, health, safety & environment management, and brand integrity.

Risk assessments are conducted annually at operational level as part of the three year business planning process, and at a project level as part of bid preparation. Knowledge bases, case studies and the collective group experience are leveraged to better understand potential exposures to threats and opportunities.

Opportunity management relates to decision making on matters which change the Group's risk profile:

- Acquisitions are subject to rigorous due diligence study before approval
- Capital expenditure requirements for organic growth are assessed as part of business planning
- Engagement of project opportunities is controlled through the opportunity management system (OMS)

Significant risk decisions are first reviewed by the executive risk committee before submission to the Murray & Roberts Holdings Limited Board.



Risk mitigation promotes proactive management of risk once it has been brought into the Group. This involves accountability, planning and resource allocation, ongoing review and communication with affected stakeholders.

Risk based audit is a structured program to test the effectiveness of controls mitigating significant risk exposure. Group internal audit deploys control self assessment as an efficient means of establishing the effectiveness of standard financial controls.

The outcomes of business plan risk assessments and mitigation planning are utilised to develop focused engagement plans for investigation of significant risk bearing mitigation strategies. This process is engaged by internal audit and peer reviewed by experienced corporate executives.

Murray & Roberts has a long and proud record of major project delivery. The Group is responsible for constructing much of the built environment in Southern Africa and has been involved in some of the world's great engineering challenges. In recent years the Group has entered a new era characterised by major projects with potentially high risk profiles.

Murray & Roberts has developed the capacity to better assess and manage these projects. The bespoke OMS controls the project approval process such that all opportunities entered into the tender process are evaluated against a suite of predetermined criteria. A scorecard approach allows management to determine the potential risk profile in a project, those which can proceed normally, and those which can proceed following more rigorous evaluation. If a project is approved through this latter process, a steering committee will be established to monitor the project through to final account.

Unitary Murray & Roberts enables the Group to exploit unique synergies in its various operations and engage major projects with collective strength. This approach has leveraged our ability to compete for some of the world's most challenging projects.

The OMS has developed as a group-wide decision support and workflow management system, covering the project lifecycle from the time a lead is identified in the market, through business development, decision to bid, bid preparation, contract negotiation, and residual exposures post-implementation.

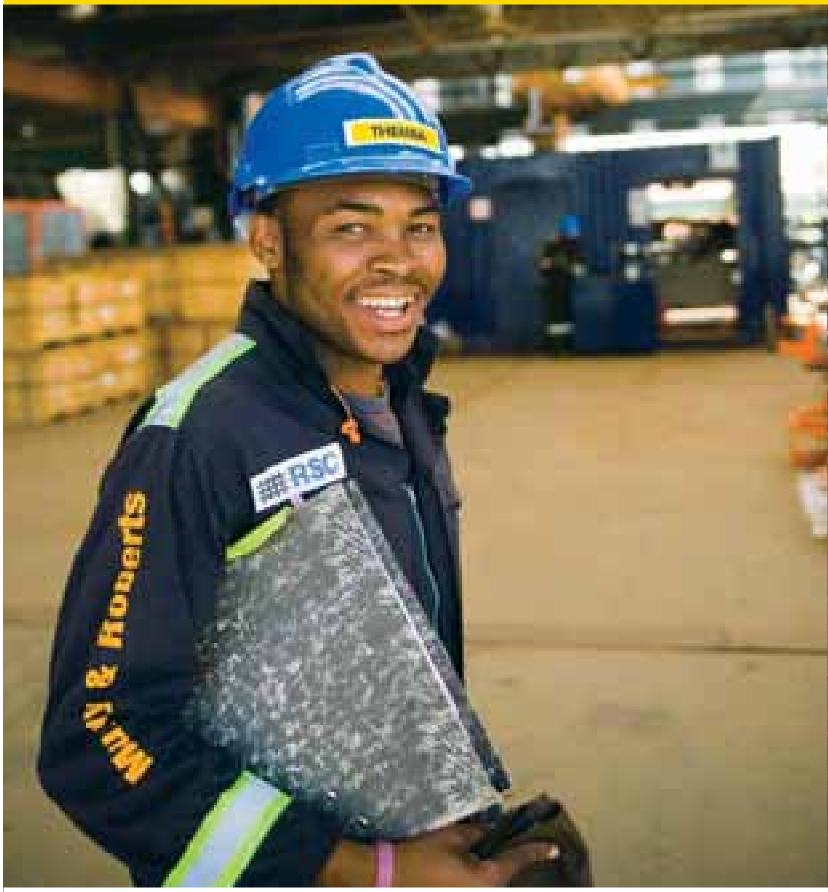
Globalising Murray & Roberts benchmarks our leadership and systems capacity against the status of best-in-class in the global engineering and construction sector. We continue to transform our operations, positioning them to offer superior propositions to their markets. Our leadership capacity has been strengthened to capitalise on a robust and growing construction economy.

We have implemented an enterprise resource planning (ERP) financial management and consolidation system across the Group's project cluster to leverage synergies and ensure consistent project delivery.

The accepted international definition of a major project is one which exceeds the inherent capacity of an organisation to manage it within its own resource and capacity. Partnership is a strategic imperative for the Group and we select our partners against criteria including market knowledge or technological expertise. The building and maintenance of strong relationships with major clients in key growth sectors is reflected in the order book, where much of the work secured is repeat business.

As an organisation Murray & Roberts confidently seeks out risk in order to capitalise on its ability to benefit from its inherent opportunities. To achieve this, there is a need to coordinate and leverage the substantial resources existing within the organisation in order to improve the effectiveness of group risk management.

Additional information on risk management and major projects undertaken by Murray & Roberts is available on the group website at www.murrob.com.



Our commitment is zero harm to the health and wellbeing of all our employees, our company, its shareholders, clients and business partners, the natural and built environment impacted by our operations and society at large.

Tyron Botha (29), group executive responsible for HSE

HEALTH, SAFETY & ENVIRONMENT

Zero harm is a commitment that drives our strategy and response to the health, safety and environment (HSE) challenges faced by Murray & Roberts. A key focus during the year under review has been the need to continuously motivate and educate our employees to take responsibility for themselves, their colleagues and the environment.

High levels of growth, a general skills deficit, and increased market competition for experienced resources within the construction industry has led to higher employment mobility. The consequence is a dilution of past effort throughout the organisation where HSE values and culture have been instilled.

There are other social and health dynamics in our local environment that have a profound impact on our employees and are reflected in their performance. This increases the need for strong leadership and focused management to maintain personal responsibility and effective communication across every level of the organisation. In our geographic and cultural diversity lies a greater demand for clear, consistent and timeous information on the importance and rationale for zero harm.

STOP.THINK is a bespoke branded campaign introduced in 2006 to strengthen individual awareness of personal and team safety. A Phase 2 campaign seeks to enhance these concepts and improve communication. In this process we brought over 500 middle and senior managers together in four Open Space gatherings to examine the zero harm target and potential barriers to its achievement. One of the first outcomes from the process is *Impilo Yethu*, a print medium comic strip that seeks to reinforce HSE ideas and enhance understanding of ways to live zero harm.

Preservation of our natural environment has been prioritised in recent years, and now impacts all our business sectors on both a local and global scale. The trend is towards hard targets, measurable actions and financial burden for non-performance.

There is great need for innovation in this respect, demanding integration of ideas and application of philosophy for introduction of "cleaner" inputs into traditional business processes. We observe a switch in mindset from 'green' alternatives to 'reengineering' as the only option to yield significant sustainable opportunity. The principle of triple bottom line accounting has started to take hold with shareholders and investors requiring social and environmental assets and liabilities to be reflected in the company balance sheet, alongside traditional financial measures.

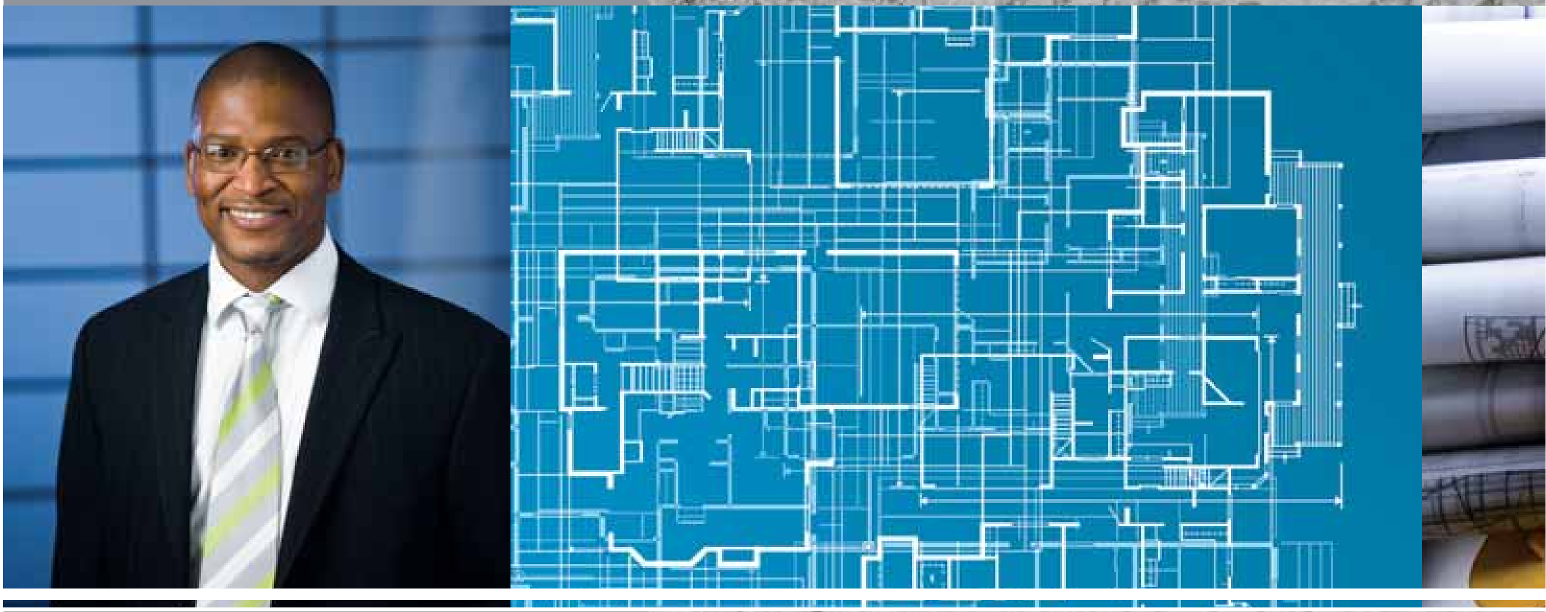
Murray & Roberts established its carbon footprint baseline during the year, to record its Scope 1, 2 and selected Scope 3 carbon dioxide equivalent (CO_2e) emissions. This will be used to inform meaningful targets and reduction mechanisms into the future to address the environmental burden and capturing opportunity of its operations.

Our mining and construction operations have low direct CO_2e emissions and reduction strategies will not yield much value. The opportunity in this sector lies in design of the full lifecycle, incorporating supply chain management, sustainable operations and product or facility end use.

Our construction materials and industrial operations offer the highest potential for CO_2e emission reduction and efficiency improvement.

Murray & Roberts has adopted the Global Reporting Initiative to define the key performance indicators in its sustainability report.

Committed to zero harm



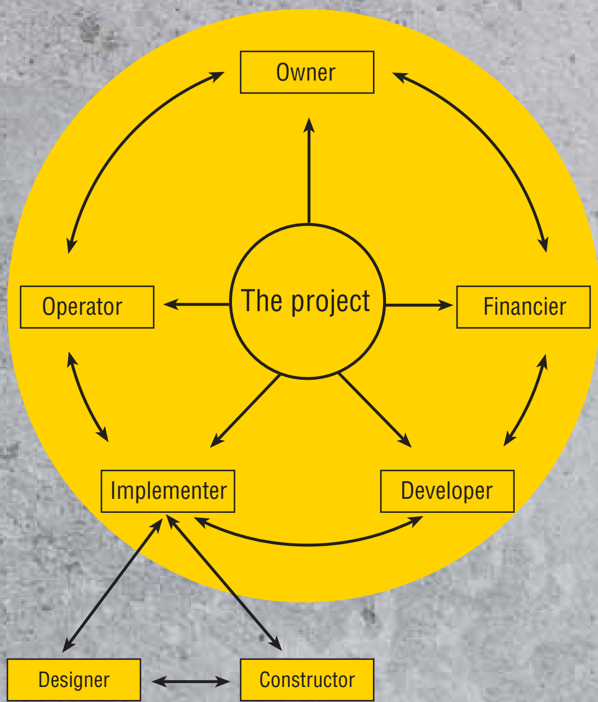
Malose Chaba (48), group chief engineer and chairman of engineering contracting cluster

ENGINEERING

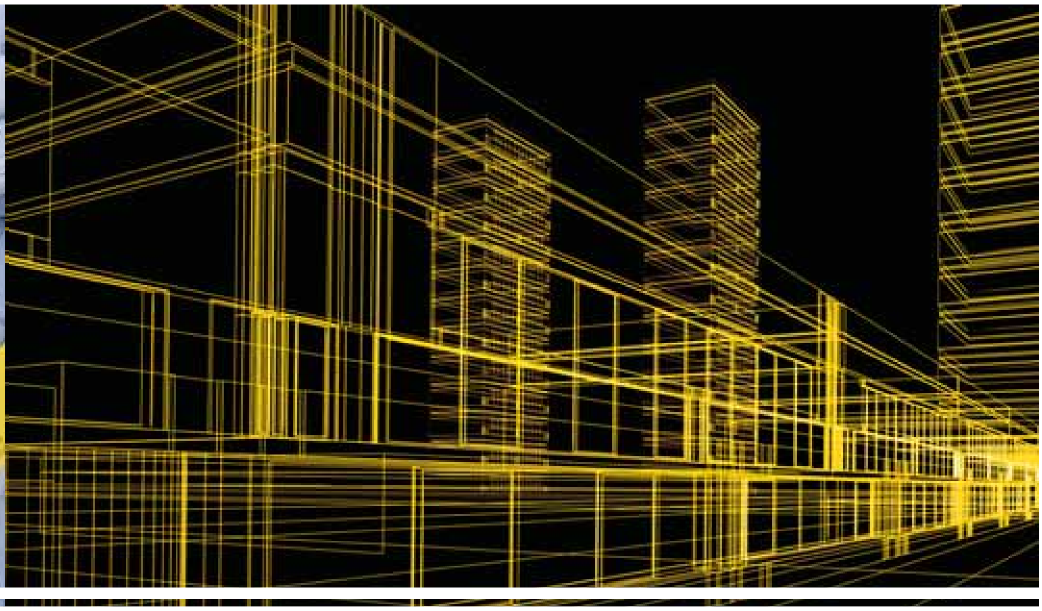
We are Engineers and Contractors

Our core competence is Industrial Design

These two statements define Murray & Roberts and its critical differentiation through engineering and industrial design. We have defined our role in a project life cycle through our ANATOMY OF A PROJECT©



Anatomy of a project©



We recognise the design and build differences in project implementation and integration of design-build as a significant challenge. We call it design for construction. This process has enabled Murray & Roberts to implement complex industrial projects in developing countries utilising local expertise and resources and achieving, or surpassing, global benchmarks of quality, schedule, budget, health and safety.

ENGINEERING AND DESIGN ACTIVITIES

Our businesses are engaged in the following engineering activities:

Engineering for others to build: which expertise exists in our engineering services businesses where Murray & Roberts acts as the client's engineer in engineering, procurement and construction management (EPCM) and feasibility studies contracts.

Building works engineered by others: which capability exists mainly in our civil and MEI construction businesses.

Our challenge in projects of this nature is to manage the engineering information flow and ensure that we subject designs to the appropriate level of constructability review before commencement of work.

Design-build: where Murray & Roberts mobilises and integrates its collective capabilities to deliver projects on an engineer procure construct (EPC) basis. The technology for such projects is generally procured separately from third parties by either our clients or ourselves.

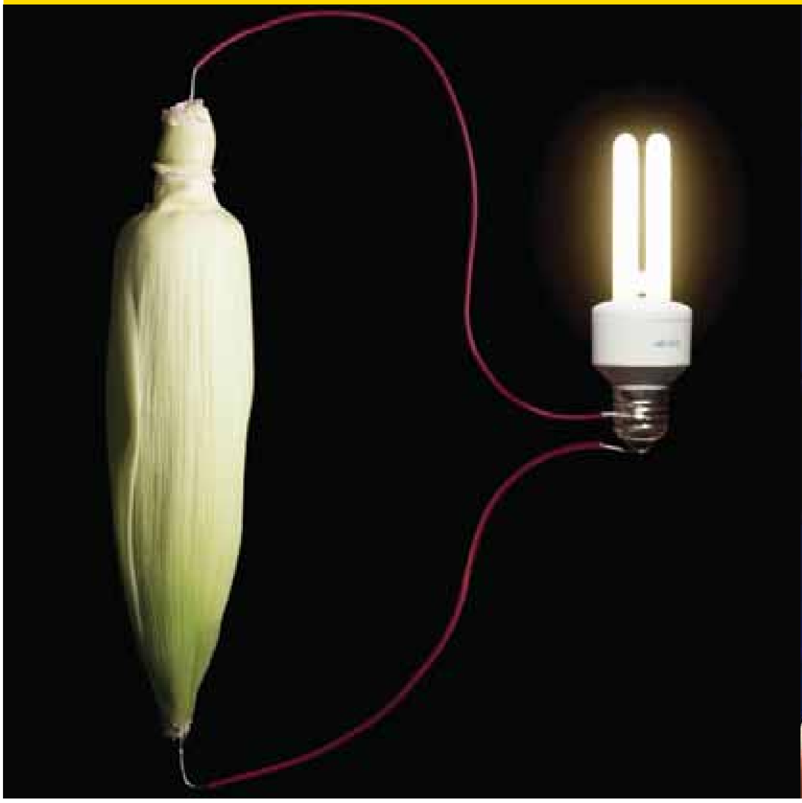
PROJECT TOOLS AND SYSTEMS

We value appropriate systems and management tools for complex projects and have over the years strengthened and standardised state-of-art engineering, project management and financial systems and tools across the Group. Our standard systems are coordinated through a JDE enterprise resource platform and include the Intergraph suite for engineering, SPF for document management, Prism for cost management, CCS for estimating, Marian for procurement and Primavera for scheduling.

HUMAN CAPITAL

Murray & Roberts is not immune to the engineering and technology global skills deficit, which is experienced across all our businesses and projects globally. We have increased our bursary intake at universities and our on-the-job training programs are making a significant contribution to building the skills pool in South Africa, Canada and Australia. Our bursary student intake has grown at more than 30% per annum. In addition, Murray & Roberts supports a number of universities by sponsoring professorial chairs in key academic programs.

In South Africa we invest in programs to increase awareness and interest in mathematics and science at school level. In 2008, our programs reached 734 schools, 2 831 teachers and 126 396 pupils.



INNOVATION

Innovation in Murray & Roberts dates back to the early history of the Group, and is embedded in our culture as a key core value. Innovation is supported by a recently adopted structured approach to encourage new ideas and better solutions to maintain our competitive edge.

The father of innovation in Murray & Roberts was Dr Andrew Roberts, who is remembered for his foresight in adopting new and innovative engineering and construction ideas into our local industry. Andrew Roberts initiated a unique industrial design and engineering core competence which still differentiates the Group in the 21st Century. He joined the Roberts Construction Company shortly after it was founded by his brother Douglas in 1934 and, amongst many other achievements, he developed the concrete mine headgear which made efficient deep-level mining possible, introduced new procedures for lining and equipping mine shafts, and led the introduction of prestressed concrete to South Africa.

Innovation in Murray & Roberts is evident across a number of our operations, enhancing our value offering to the market, the manner in which it is delivered and defining how opportunities are approached.

The opportunity management system, through which the entry of project risk into the Group is managed, is an innovation that defines our approach to business risk management.

In 2008, we introduced a structured approach to the management of innovation. Our strategic focus recognises that the challenges and opportunities presented by a changing world often demand leapfrog as opposed to linear progression in order to bring competitive advantage to bear. The solid growth and performance platform of Murray & Roberts allows increased investment in research and development. This is implemented across products, services, input materials, equipment and process technologies, and business and project management processes.

Carien Botha (38), group executive responsible for innovation, research & development

Partnership in research and development is fundamental and we have formed a strategic relationship with the Council for Scientific and Industrial Research (CSIR), in particular the Built Environment Unit. Our intention is to extend our partnership network to academic institutions in 2009.

A key objective in our structured approach to the management of innovation is to establish a portfolio of research and development projects, balanced in terms of cluster focus and addressing both short and long term objectives. We intend to enhance existing processes and introduce new solutions. We have identified and prioritised interventions that will have the highest impact in enhancing current competitive advantage. In addition, we have commissioned a foresight study to objectively identify interventions that will enhance our future competitive advantage.

Murray & Roberts recently entered a strategic partnership with Sama Dubai, a subsidiary of Dubai Holding, to manage the implementation of about R150 billion of potential development.

The partnership has been structured to create a delivery vehicle not otherwise available in the Middle East construction market, concentrating construction management knowledge higher up in the value chain and enabling more direct engagement of specialist contractors.

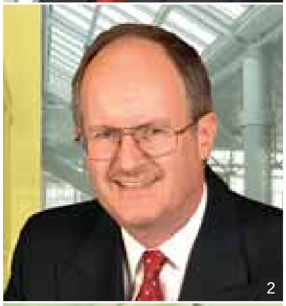
Almost 70% of the earth is covered by water and it is logical to assume that an equal percentage of minerals and metals are available below the seabed. With access to land-based natural resources increasingly constrained by environmental factors and the price of commodities at record levels, seabed mining is now viewed as economically viable. Murray & Roberts is leveraging its capability in underground and open cast mine design and planning, system dewatering and materials handling, with its vessel design and experience in the offshore oil & gas industry, to design solutions for this level of opportunity.

Our focus on innovation extends to supporting our clients in the development of their breakthrough technologies. Murray & Roberts, in partnership with SNC-Lavalin, is associated with the generation IV Pebble Bed Modular Reactor (PBMR) project. Our role is engineering, procurement and construction management services for PBMR.

To unlock and grow our culture of innovation is as much a journey as a destination to shape our destiny.

Group directorate

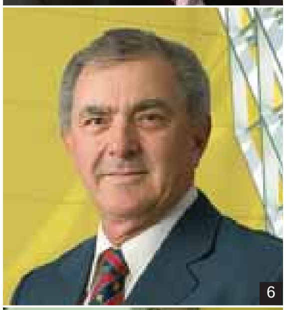

1

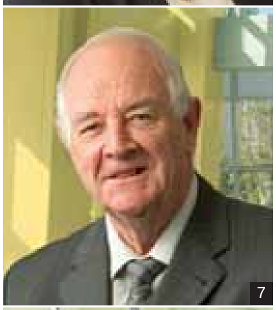

2


3

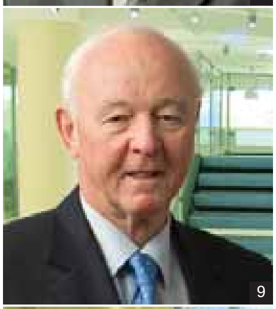

4


5


6


7


8


9


10

Non-executive directors

1 Roy Cecil Andersen (60)
CA(SA) CPA (Texas), independent non-executive chairman
Appointed to the Board in 2003 and appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee and appointed a member of the health, safety & environment committee subsequent to the year end. Trustee of The Murray & Roberts Trust. Chairman of Sanlam Limited. Director of Aspen Pharmacare Holdings Limited and Virgin Active Group Limited. Member of the King Committee on Corporate Governance.

2 David Duncan Barber (55)
FCA (England & Wales), AMP (Harvard), independent non-executive director
Appointed to the Board in 2008. Member of the audit committee. Former global chief financial officer of Anglo Coal and former chief financial officer of Anglo American Corporation of South Africa. Director of Telkom SA Limited. Previously served as a non-executive director and member of the audit committee for several companies including Anglo Platinum, Highveld Steel and BJM Holdings.

3 Namane Milcah Magau (56)
BA EdD (Harvard) MEd BEd, independent non-executive director
Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of companies, including Santam Limited and Merrill Lynch. Member of the University of Cape Town Business School Advisory Board.

4 John Michael McMahon (61)
PrEng BSc Eng (Glasgow), independent non-executive director
Appointed to the Board in 2004. Chairman of the health, safety & environment committee. Director of Central Rand Gold Limited and Impala Platinum Holdings Limited.

5 Imogen Nonhlanhla Mkhize (45)
BSc Information Systems MBA (Harvard), independent non-executive director
Appointed to the Board in 2005. Member of the audit and risk management committees. Former CEO of the World Petroleum Congress. Director of companies, including Sasol Limited, Illovo Sugar Limited, Mondi plc, Mondi Limited, Allan Gray Limited and Mobile Telephone Networks (South Africa). Member of the Financial Markets Advisory Board, the Harvard Business School Global Alumni Board and Rhodes University Board of Governors.

6 Anthony Adrian Routledge (60)
BCom CA(SA), independent non-executive director
Appointed to the Board in 1994. Member of the audit and remuneration & human resources committees. Trustee of The Murray & Roberts Trust.

7 Martin John Shaw (69)
CA(SA), independent non-executive director
Appointed to the Board in 2003. Chairman of the audit committee and member of the risk management committee. Chairman of Pretoria Portland Cement Company Limited and Reunert Limited. Director of Illovo Sugar Limited, JD Group Limited, Liberty Holdings Limited, Standard Bank of South Africa Limited and Standard Bank Group Limited.

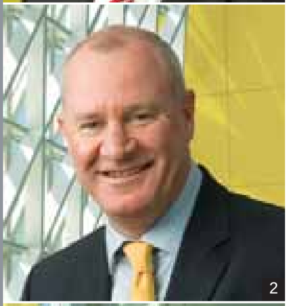
8 Sibusiso Patrick Sibisi (53)
BSc Physics (Hons) PhD (Cambridge), independent non-executive director
Appointed to the Board in 2007. Appointed chairman of the risk management committee and member of the nomination committee, both effective from 1 July 2008. President and CEO of the CSIR. Chairman of Denel and a director of Liberty Group Limited. Fulbright Fellow at the California Institute of Technology in 1988.

9 Johannes Jacobus Marthinus (Boetie) van Zyl (69)
PrEng BSc Eng (Mech), independent non-executive director
Appointed to the Board in 1998. Chairman of the remuneration & human resources committee to 30 June 2008. Member of the nomination committee. Trustee of The Murray & Roberts Trust. Director of Media24 Limited, Naspers Limited, Peace Parks Foundation and MIH Holdings Limited.

10 Royden Thomas Vice (61)
BCom CA(SA), independent non-executive director
Appointed to the Board in 2005. Chairman of the risk management committee to 30 June 2008. Appointed chairman of the remuneration & human resources committee from 1 July 2008. Trustee of The Murray & Roberts Trust. Chairman of Hudaco Industries Limited. CE of Waco International Limited. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

Sonwabo Edwin Funde resigned as an independent non-executive director on 30 June 2008

1



2

3

4

5

Executive directors

1 **Brian Cameron Bruce (59)**
PrEng BSc Eng (Civil) DEng (hc), group chief executive
First joined the Group in 1967. Appointed to the Board and group CE in 2000. Director of Clough Limited. Director of National Business Initiative and member of Council of the University of the Witwatersrand.

2 **Sean Joseph Flanagan (48)**
BSc (Building), group executive director
Joined the Group in 1991 and appointed to the Board in 2004. Responsible for mining contracting in Africa and Australia, Gautrain construction, thermal power program and Green Point Stadium for the 2010 FIFA Soccer World Cup.

3 **Roger William Rees (55)**
BSc (Econ) Hons FCA, group financial director
Joined the Group and appointed to the Board in 2000. Chairman of Murray & Roberts International. Director of Clough Limited.

4 **Keith Edward Smith (57)**
BCom, group executive director
Joined the Group in 1980 and appointed to the Board in 2001. Responsible for domestic and regional construction operations.

COMPANY SECRETARY

5 **Yunus Karodia (36)**
CFA, CA(SA)
Joined the Group in 1999. Appointed group secretary and group financial manager in 2007.

Additional information on the directors is available on pages 210 and 211 of this report.

MURRAY & ROBERTS HOLDINGS LIMITED

- Board of directors
  - Board committees
    - Audit
    - Health, safety & environment
    - Nomination
    - Remuneration & human resources
    - Risk management
- Executive committee
  - Murray & Roberts Limited
    - Murray & Roberts International Limited

Board charter

The Board has a duty to ensure that the company conducts its business in the best interest of the company and that the interests of stakeholders are taken into account.

The Board shall:

- monitor that the company complies with relevant laws, regulations and codes of business practice, and communicates with stakeholders openly and promptly
- define levels of materiality, reserving specific powers to itself and delegating other matters to management
- give direction to the company and approve the strategic plan developed by management
- monitor implementation of the strategic plan by management
- monitor performance through the board committees
- monitor the key areas of risk and performance
- determine the policy and processes to ensure the integrity of risk management and internal controls, remuneration, communications, and director selection, orientation and evaluation
- consider its size, diversity and demographic make-up
- establish the frequency of regular board meetings and the procedures to be adopted for such meetings
- ensure that directors have access to company information, records, documents and property
- define and monitor the information needs of the Board and its directors
- develop a code of conduct for the directors
- have a procedure whereby directors may take independent professional advice

Chairman statement

Roy Andersen, chairman

DEAR SHAREHOLDER

In an environment of economic turbulence, Murray & Roberts achieved significant growth in 2008 as major opportunities in its targeted markets delivered value.

Our financial results for the year to 30 June 2008 reflect ongoing growth in our targeted construction economies in Southern Africa and the Middle East and the specialist mining and energy natural resource markets of Australia and Canada.

Operating profits grew by 63% as the majority of group operations delivered strong results. A pleasing turnaround in the performance of Clough, which was consolidated into our accounts from 1 July 2007, contributed to this growth. Diluted headline earnings per share grew by 69% to 550 cents per share.

These results exceeded our forecasts in the 2007 annual report and the 2008 interim report and are consistent with the advice offered to the market prior to the release of our preliminary results. I am pleased to report that the Board has declared a dividend of 196 cents for the full year, an increase of 69% over the 2007 dividend.

SAFETY

The Board has noted with concern the death of 15 employees and subcontractors at Murray & Roberts work sites in South Africa and one in the Middle East. In addition to these fatalities, a tragic accident occurred on the Gold Fields South Deep mine where eight Murray & Roberts employees lost their lives on 1 May 2008. We express our condolences to the families of the deceased.

With the guidance of the health, safety & environment committee and management, the Board has implemented measures to make our operations safe and, to the fullest extent possible, injury-free. A key initiative in this regard is the STOP.THINK campaign which has been implemented in all South African operations to create a safety culture in which all employees take ownership and responsibility for health, safety and environmental matters.

BUSINESS ENVIRONMENT

During the financial year, global economic conditions were dominated by the fall-out from the sub-prime crisis in the USA. In this environment of economic turbulence, commodity prices remained high and the oil price in particular rose to a record level of approximately $140/barrel, to the benefit of oil-producing countries.

Globally, economic growth has slowed, particularly in the USA, and more recently in the rest of the world. The downturn is likely to persist to at least mid-2009 and, while emerging market economies will remain resilient, they will not be unscathed.

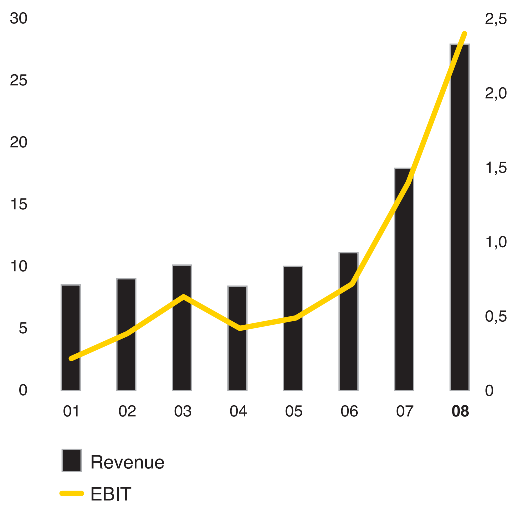
After buoyant growth in calendar 2007, the South African economy began to show signs of distress in the first quarter of 2008. Tighter monetary policy has had a particularly negative impact on the interest rate sensitive sectors of the economy, although non-residential construction has held up well to date. The cyclical downturn is expected to gain further momentum in the coming months before reaching a turning point after mid-2009. In this difficult environment, the construction industry has been strongly supported by increased infrastructure investment. A number of major long term capacity expansion programs initiated in the past two years will continue to provide opportunities for many more years, enabling the South African construction industry to ride out the cyclical downturn and replace shorter term 2010 projects.

STRATEGIC POSITIONING

There are two important factors that have driven the significant growth of our Group in recent years; the one represents our greatest current opportunity, the other our most important asset for generating sustainable value from this opportunity. I refer to investment in infrastructure and human capital.

In our domestic market, rising infrastructure investment has been spurred by a number of developments: the need to accommodate all South Africans post-1994; the need to upgrade inadequate infrastructure to ensure the country's ability to grow and compete globally; and,

Revenue and EBIT (R billion)



in the shorter term, the need to fulfil the transport and hospitality requirements of the 2010 Soccer World Cup. The past two years have seen the commencement of a number of significant long term infrastructure programs to expand power capacity, meet growing commuter and freight transport needs, upgrade telecommunications systems and expand fuel and water supply systems. In the Group's global markets there has also been significant growth in infrastructure investment, motivated by the strength of oil prices in the Middle East and commodity prices in the Canadian and Australian mining sectors.

Major infrastructure projects tend to be more challenging than normal construction activities. They are larger in scale, more technically complex and often involve a range of intricate partnerships. This demands greater management focus and higher levels of skill, experience and commitment. In a competitive environment where there is a deficit of skills, human capital becomes a critical factor in managing risk and maintaining a competitive advantage.

To address this challenge, Murray & Roberts has engaged in a range of comprehensive strategies to ensure that our human capital is capable of achieving our strategic objectives. We have strengthened our executive and operational leadership and benchmarked it against global best practice. We have intensified our focus on recruitment and development, as reflected in the funding of about 200 bursars at various universities and technikons in South Africa during the year and the training and development of approximately 12 000 employees, in addition to skills development programs at major projects. We are a participant in industry-wide initiatives to accelerate the development of construction skills at Further Education and Training Colleges and to re-skill artisans and supervisors. Our commitment to job creation, training and empowerment is strongly supportive of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) as well as many of our clients' BEE requirements.

In the longer term, sustainable growth requires organic development of leadership talent and Murray & Roberts has adopted a strategy to develop and retain its own leadership by means of a comprehensive leadership identification, development and succession process.

BLACK ECONOMIC EMPOWERMENT

Broad-based empowerment is essential for the long term economic and social stability of South Africa as well as for the development of the construction, mining and engineering sectors.

Murray & Roberts has made important progress in the implementation of a comprehensive strategy to address the full range of empowerment requirements across its diverse operations serving the domestic construction economy. We have contributed to the development of the Construction Charter and engaged in many initiatives to meet the requirements of the Mining Charter.

The Letsema BBBEE shareholding transaction in which Murray & Roberts purchased 10% of its issued share capital in 2005, offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates, a stake in the company and its future. Since Letsema was launched, the Murray & Roberts share price has appreciated by more than 400%, creating wealth of over R2 billion for the participants. As a result of the Letsema BBBEE scheme and other empowerment initiatives, Murray & Roberts has an effective BBBEE shareholding of 25,4% based on the Codes of Good Practice.

At a leadership level, the composition of the Board will increasingly reflect the transformation of South African society. Currently, three directors are black, two of whom are women. Murray & Roberts has six black and women managing directors and one black cluster chairman in its operations in the SADC region. Although much remains to be done, we have an increasing number of black and women executives within our system.

During the year, a comprehensive and independent review of the Group's empowerment status relative to various industry charters and current legislation was conducted. The review has shown that the Group has a level six BBBEE rating based on the Codes of Good Practice and meets current empowerment criteria appropriate for procurement policy in South Africa. It has identified key agenda items for further development of this status immediately and over the 10 year time frame stipulated in the legislation to meet future development criteria.

SUSTAINABILITY

Murray & Roberts is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current and future stakeholders.

Murray & Roberts has adopted the Global Reporting Initiative guidelines to measure and report performance against economic, environmental and social parameters. We apply the principle of zero harm to all aspects of our business – our people, the natural environment in which we operate, our clients and broader society.

CORPORATE GOVERNANCE

The Board is of the opinion that it complies with the Listings Requirements of the JSE Limited and the Code of Corporate Practices and Conduct embodied in the King Report on Corporate Governance 2002. All policy documents and committee terms of reference have been reviewed and revised where necessary during the year.

An independent appraisal of the effectiveness of the Board, its committees and individual directors was conducted during the year. The appraisal was benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive and its recommendations are being followed through for implementation. An internal appraisal will be conducted next year.

BOARD OF DIRECTORS

It has been a great pleasure to welcome two new non-executive directors to the Board this year.

Dr Sibusiso Sibisi was appointed a non-executive director on 7 September 2007. On 1 July 2008, he was appointed chairman of the risk management committee and a member of the nomination committee. Dr Sibisi is president and CEO of the Council for Scientific and Industrial Research, chairman of Denel and a non-executive director of Liberty Group. He has achieved global academic recognition as a scientist and as chairman of the National Advisory Council on Innovation. He plays a central role in fostering innovation in South Africa.

David Barber was appointed a non-executive director and a member of the audit committee on 27 June 2008, and will become chairman of the audit committee with effect from 28 October 2008. David brings a wealth of business experience to the Board. He was previously global chief financial officer of Anglo Coal and has had extensive experience in the South African mining sector. David has served as a non-executive director and member of the audit committees of several companies including Anglo Platinum, Highveld Steel and BJM Holdings. His career has also included positions at PricewaterhouseCoopers, Fedsure and SA Breweries.

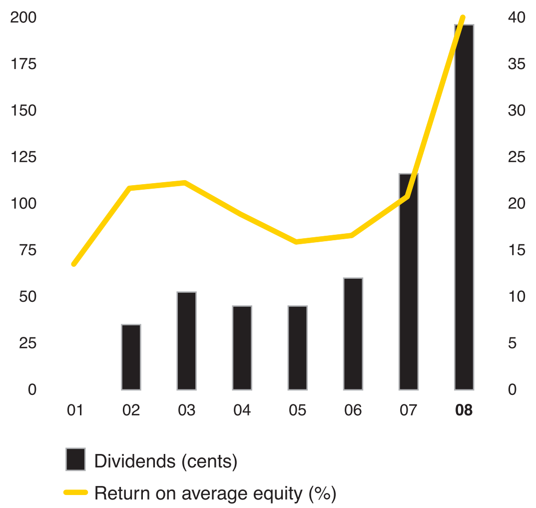
Sonwabo Eddie Funde resigned as a non-executive director on 30 June 2008 to take up the appointment as South African Ambassador to Germany. Eddie was appointed to the Board in 2000 and made a significant contribution, including his role on the nomination and health, safety & environment committees. We will miss his thoughtful insights and wish him well in his new role.

Martin Shaw will reach the mandatory retirement age for directors and will retire at the annual general meeting in October 2008. Martin was appointed a non-executive director in 2003 and served as chairman of the audit committee and a member of the risk management committee. Martin's extensive knowledge of all of the Group's domestic and international operations has added considerable weight to his role as a director, particularly in the specialist areas of audit and risk. I thank Martin for the value he has brought to the Board and the Group.

Boetie van Zyl will retire at the annual general meeting in October 2008 shortly before he reaches the mandatory retirement age. Boetie was appointed a non-executive director in 1998 and served as chairman of the remuneration & human resources committee, member of the nomination committee and trustee of The Murray & Roberts Trust. With his extensive experience in business, Boetie provided wise counsel throughout the Group's turbulent period in the late 90s and its subsequent transformation. I thank him for the valuable contribution he has made to the Group's development in recent years.

Keith Smith has confirmed his intention to retire from the Board at the annual general meeting in October 2008 in order to focus on his operational roles. Keith was appointed executive director in 2001 and played a key leadership role in the construction materials & services cluster. He will now focus on his role as executive chairman of Murray & Roberts Construction and chairman of Concor. I thank Keith for the value he has contributed to the Board and am pleased that the Group will continue to benefit from his considerable entrepreneurial flair.

Dividends and return on equity



APPRECIATION

I wish to thank my fellow board members, Brian Bruce and his executive team and every Murray & Roberts employee for the incredible commitment they have shown at a time of great opportunity and equally great challenge. My thanks also go to our clients, our empowerment and commercial partners and our shareholders for their ongoing support.

ANNUAL GENERAL MEETING

Shareholders are reminded that the annual general meeting of the company will be held on 28 October 2008. The order of business is set out on pages 212 to 213 of this report.

PROSPECTS & TRADING STATEMENT

Subject to a continuation in current levels of fixed investment activity in the Group's markets, diluted headline earnings per share for the year ahead is expected to grow between 30% and 40% and due to exceptional profits taken in the 2008 financial year, diluted earnings per share is expected to grow between 25% and 35%.

This Trading Statement has not been audited or reviewed and is provided in terms of paragraph 3.4(b) of the JSE Listings Requirements.

Roy Andersen

Chairman

Group chief executive report to shareholders

Brian Bruce, group chief executive

We serve the development needs of emerging societies.

For the first time in more than a quarter century, gross fixed capital formation has taken centre stage in defining the future economy of many developing nations, including South Africa.

“The build-out of the developing world, as it closes the infrastructure gap with the developed world, will probably be the most important theme in global investments for the coming decade,” cites a recent investment report.

Murray & Roberts has more than trebled in size over the past three to four years, having previously divested all its underperforming and non-strategic businesses and acquired new construction industry capacity in Cementation, Concor, Clough and more recently, Ocon Brick and Wade Walker.

For South Africa to succeed and provide quality of life for all its people, it is essential for significant new fixed investment to be made in critical infrastructure for transport & logistics; power & energy; water & sanitation; telecommunications; health & education; and accommodation & facilities.

Murray & Roberts has developed a formidable performance platform and capacity to embrace the growth challenge offered by investment into these markets and its growing international operations.

Our commitment to sustainable earnings growth and value creation is not negotiable.

2008 PERFORMANCE

I am pleased to report the performance of Murray & Roberts for the 2008 year at the top-end of third quarter guidance offered to the market and substantially ahead of the prospects statements included in the 2007 annual report and 2008 interim report. Contrary to the turmoil in South African and global consumer and financial markets, demand for natural resources and infrastructure seems reasonably resilient for the foreseeable future.

Our operating margin increased to 8,6% and the project order book increased 144% to finish the year at a record R55 billion, with 10% for completion in the period beyond 2011. A number of major projects have been secured subsequent to year end, most notably in Middle East where amongst others, Sama Contracting has received a letter of intent for the construction of 25 high-rise towers at an estimated cost of R15 billion.

Fully diluted headline earnings per share of 550 cents is 69% up on the previous year, with shareholder funds up 34% at R4,9 billion and net cash on hand up 63% to R4,3 billion.

We are pleased with the turnaround in the fortunes of 56% held subsidiary Clough Limited (ASX: CLO) from the 38 cents per share loss recorded in the previous financial year.

Operating profit increased 63% to R2,40 billion (2007: R1,47 billion) on a 57% increase in revenues to R27,9 billion (2007: R17,8 billion).

Operating cash inflow is up 61% to R3,12 billion (2007: R1,94 billion) for the year, with a year end net cash position of R4,3 billion (2007: R2,6 billion) after net capital expenditure of R1,67 billion (2007: R0,97 billion). A R445 million decrease in working capital (2007: R637 million) reflects improved payments in Middle East and advance payments on major projects.

Shareholder funds increased 34% to R4,86 billion (2007: R3,64 billion) and a return of 40,3% (2007: 20,9%) on average shareholder funds in the year underpins an increase in the strategic group target from 20% to 30%.

The price of the Group's share on the JSE Limited (JSE) increased 36% from 6 400 cents to 8 699 cents in the year, peaking more than 69% up at 10 825 cents during October 2007. The share has experienced increased volatility since entering the JSE Top 40 Index in May 2007 which has been impacted by global turmoil in financial markets generally.

Over the past few years, international emerging market funds have been significant in the Group's share register, holding about 44% at 27 June 2008, which is down from about 50% a year earlier. The Murray & Roberts share continues to hold a premium rating of about 19 times earnings for 2008, compared to an average 14 times for peer shares.

If we have learned anything from the recent Beijing Olympics, it must be that the status quo is not relevant in a competitive world. How good we are against our competitors determines only the allocation of medals, but how much better we are than our past performance sets our standard for future competition. Our challenge in Murray & Roberts is sustainability in our pursuit of both, which has set the regimen for preparation of our capability and capacity to engage the significant growth in opportunity within our chosen markets.

ORDER BOOK

Murray & Roberts has become a key participant in a number of new high-profile projects, extending its involvement in the Eskom power generation program during the year and building a solid position in a number of Middle East opportunities.

The Group's project order book stood at R55 billion at 1 July 2008, an increase of 144% in the year and up from R38,0 billion at the half year. This amount includes R9,3 billion (A$1,2 billion) in Clough.

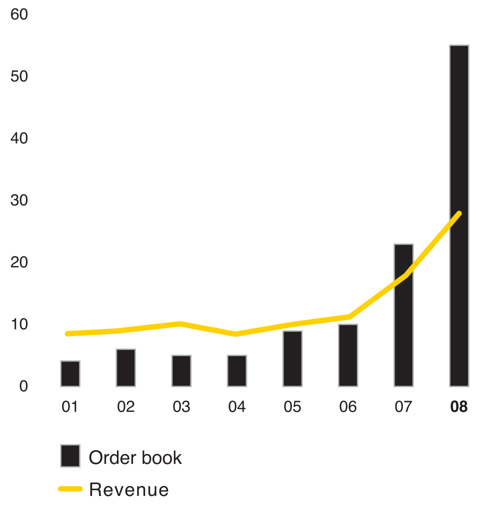
The R1,9 billion EPCM contract for the PBMR Demonstration Plant has been signed and the Group took a lead role in the submission of a proposal for a conventional nuclear power plant, including the maximum possible localisation of systems fabrication and construction. An announcement on this award is expected before the end of calendar 2008.

Some of the major projects secured through the year are:

- About R18 billion of work on Medupi and Kusile thermal power stations in South Africa
- Construction of the R13 billion Tameer Towers in Abu Dhabi
- Construction of the R6 billion Trump Towers on the Jumeirah Palm in Dubai
- Pipe supply to the R4 billion Multi-Product Fuel Pipeline for Transnet in South Africa
- Design-build of the R3 billion Reindeer and Devil Creek gas projects in Australia

With the exception of the housing sector, activity levels in the Group's construction materials & services companies remained high throughout the year. However, high interest rates and inflation dampened the consumer market with Ocon Brick and Technicrete feeling the impact of lower demand.

Order book drives revenue (R billion)



Fabrication companies Genrec and Hall Longmore both have full order books for the first time in a long while. The significant capacity expansion in these companies has stood them in good stead for the increased market activity.

WE ARE MURRAY & ROBERTS

Murray & Roberts has been in existence for 106 years, surviving and prospering through many phases in the development of South Africa as a nation. Its modern history, however, commenced just eight years ago at the start of the 21st Century and has developed under the guidance of new executive leadership and directors.

Throughout the period since 1 July 2000, the Group has achieved almost all of the strategic objectives it set itself and stands equal today to its global construction industry peers. It is the undisputed leader in its domestic industry sector.

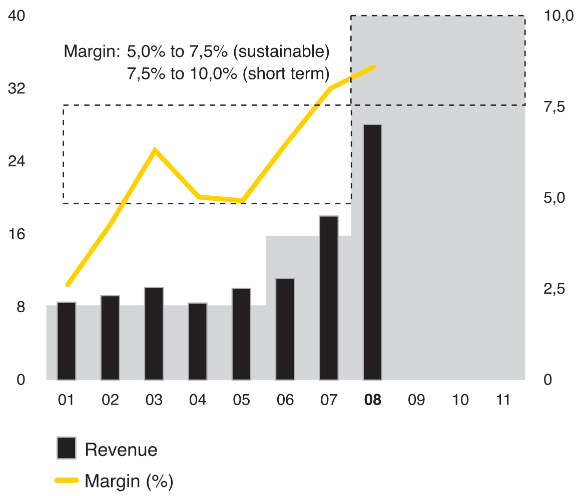
There is still much growth and opportunity in all market sectors within the Group's geographic framework, encompassing Southern Africa, Middle East, Southeast Asia and North America. Focus on the construction economy defines the Group's engagement of these markets and to a large extent, its strategic value proposition.

New opportunities present on a regular basis as economies around the world realise the importance of fixed capital formation against a backdrop of increased global competition. For Murray & Roberts, these include the pending South African nuclear generation program, the globalisation potential of pursuing sovereign fund investment from UAE into new global markets and the redevelopment of Sub Saharan Africa.

These strategic opportunities are real and attainable, and their realisation would catapult the Group well into the top tier international construction & engineering league.

Core operations in the Group averaged revenues of about R8,0 billion over the five years between 2000 and 2005. Boosted by acquisition, revenues more than trebled to R28 billion in 2008 and we expect that average revenues over the three years between 2009 and 2011 may quintuple to about R40 billion.

Global scale (R billion)



Rebuilding Murray & Roberts commenced at an operating margin of 1,6% in June 2000, reaching the lower end of our strategic range of 5,0% to 7,5% in 2004 and breaching the upper limit in 2007 with a margin of 8,2%. A revised margin range of 7,5% to 10,0% was established for the forseeable future and we are pleased with the 8,6% achieved in the 2008 financial year.

Burjuman mixed use development, Dubai

WE ARE SOUTH AFRICAN

Murray & Roberts is a primary entry point for investors into the South African Government infrastructure investment program and a secondary entry point into the global resources sector, where operations are exclusively geared to natural resources demand and at 40% of future revenues, offer good growth potential and a hedge against SA Rand volatility.

However, we do face challenges as a South African enterprise. With 45% of our share register in the hands of international emerging market investors, we are vulnerable to global sentiment on the future South African promise. This has been tested recently by the national electricity crisis, increased infrastructure backlogs and more recently, civil unrest against immigrant work seekers from the rest of Africa.

High inflation and rising interest rates have recently curtailed a consumer market set free by democracy. Investors therefore seek opportunity in a turnaround and continued opportunity in resources and infrastructure.

Construction Works in South Africa grew consistently for 30 years from 1947 and gross fixed capital formation (GFCF) peaked at 29% of GDP in 1976 before slumping to a low of 14% of GDP in 1994, driven largely by the increased political and economic isolation of South Africa during the 1980s. Since 2002, GFCF has grown steadily relative to GDP, surpassing the critical 20% barrier in 2006 for the first time in twenty years en route to a government set minimum target of 25% by 2014. There is every reason to believe this growth will continue into the 2020's.

Recent turmoil in domestic and global economies holds the potential to derail the above scenario. However, it would appear that for the time being, investment drivers in the South African and international markets of Murray & Roberts are solid and sustainable.

STRATEGY

Murray & Roberts serves the development needs of emerging societies and is wholly focused on the construction economy, serving two linked market drivers through a diverse range of clustered operating companies.

1. South African GFCF, which is expected to drive annual nominal growth of 15% to 25% through to at least 2014 and probably beyond.
2. Global demand for natural resources, which will continue to drive economic development in selected markets and growth in demand for extraction infrastructure.

Our plan is to maintain up to two thirds of group activity in our domestic market, where we seek to build critical mass in a variety of key sectors and play a leadership role in the major opportunities that will flow from the country's infrastructure development agenda.

On the other hand, the majority of group activity is directly geared to the infrastructure requirements for accessing, extracting, beneficiating and industrialising natural resources. This is specifically the case with our operations in Canada and Australia, while our operations in Middle East are geared to deliver economic infrastructure funded by free cash flows from buoyant oil & gas revenues.

OPPORTUNITY

Murray & Roberts continues to experience high levels of activity in all its regional and sectoral markets, despite ongoing turmoil in global consumer and financial markets.

In South Africa, government has targeted GFCF at 25% of GDP by 2014, underpinned by the Accelerated and Shared Growth Initiative for South Africa (ASGISA) which is predicated on economic growth from 4,5% to above 6,0% per annum.

Public sector expenditure on infrastructure has emerged strongly through the year, with a full range of programs now evident in the energy, transportation and water sectors. The general level of investment associated with 2010 Soccer World Cup preparation has increased, including additional allocations for the various stadium projects.

High inflation and interest rates dampened South African consumer appetite for credit through the year with the housing and retail sectors experiencing a lowering in demand. However, government investment into primary economic infrastructure is now delivering the level and nature of major project opportunity specifically attractive to the Group.

Despite poor economic fundamentals in the US and Europe, socio-economic growth and development, driven primarily from Asia, continues to place increased demand into the minerals and energy sector. Indications are that demand growth for resources will continue for the foreseeable future.

This continues to have a positive impact on the Group's international markets, where there is sustainable growth potential and major project opportunity. There are, however, increased capacity constraints within the sector globally, which has the effect of driving construction inflation.

It is possible that current levels of activity may be affected in the short term by the turmoil in international financial markets.

The Group's resources driven international markets have remained positive through the year, with countries forming the Gulf Cooperative Council (GCC) in Middle East continuing to invest the free cash flow benefit of strong oil revenues into the extension of their regional economic infrastructure.

The Canadian and Australian mining infrastructure markets continue to offer good growth potential, but investment in the South African mining sector has lagged on the impact of electricity deficits and infrastructure constraints. Conditions in the global oil & gas sector remain buoyant, which bodes well for the future performance of Australian subsidiary Clough.

The operational review that follows provides more insight into each of the Group's sectors and markets.

CORPORATE LEADERSHIP

I stated last year that Murray & Roberts had entered its most significant period of market opportunity in more than 40 years. The work done in preparing the Group over the period since 2000 has built a significant performance platform under leadership of a high-level executive team, with more than 45 000 direct and as many more indirect employees from our many subcontractor and supplier partnerships, on our work sites at any one time.

The primary role of corporate is to constantly review and design the strategic architecture of the Group to suit our strategy; to support operating companies in specific fields common across the Group; and importantly, to partner in the leadership of market engagement and performance. A high level of capacity has been developed to engage the strategic initiatives necessary to ensure world class fulfilment in everything we do.

In this respect I would like to make special mention of the comprehensive team assembled from across the Group under leadership of Danny Quan, who engaged with our partners and Eskom over an intensive eight month period to develop, finalise and submit our competitive proposal for participation in the Nuclear-1 Power Project, estimated at about R120 billion.

I take this opportunity to welcome Ian Henstock to the Murray & Roberts executive team as commercial director and Andrew Skudder, who has been appointed to the new position of director enterprise capability. There have been many new appointments to leadership positions across the Group, all of which are highlighted in the operations report.

The Group is structured along federal lines, as a network of independent business operations clustered in compatible groups. Over the years we have sought to establish strong and capable leadership teams in these operations, each with the capacity to engage and deliver value from their designated markets.

Like any federal structure, it is important to decide what initiatives require central as opposed to decentralised leadership, taking into consideration a number of factors, including:

- the scale that has developed in the Group and in many of our operations
- the increased complexity of our business model
- growth of the international dimension of the Group
- growth in new areas of market opportunity, such as power, oil & gas, Australasia
- the demands of employment equity and empowerment in South Africa
- increased succession frequency across all levels and dimensions of the Group.

Throughout this annual report are details of the various initiatives undertaken by corporate to enhance sustainable performance in the Group. We embarked on a new intervention in the year to enhance Research & Development across the Group and a commitment to Innovation through which we expect to improve our product and service offerings.

Other initiatives are:

Black Economic Empowerment where we have continued to build our broad-based black economic empowerment (BBBEE) and employment equity profiles with many operations having improved their ratings through the year. Almost a third of SADC operations are managed by historically disadvantaged executives, supported by a number of other key empowerment executives.

Letsema Empowerment Trusts where total economic value created for an estimated 20 000 plus participants through the various share-based ownership schemes has exceeded R2,2 billion in just 30 months.

Enterprise Risk Management where about R100 billion of potential projects have been processed through the opportunity management system (OMS) over the past 30 months and a comprehensive internal audit structure has been developed to support OMS.

Succession & Leadership Pipeline which introduces a formal process for the evaluation of individual capacity and promotion potential to support executive development and succession across all dimensions and levels of the Group.

Health Safety & Environment where the STOP.THINK intervention has resulted in a further reduction in lost time injury frequency, highlighted disabling injury and fatality non-conformance, and brought health and environmental risks onto the agenda.

The declared objective of group leadership is zero fatalities and disabling injuries on work sites and facilities under control of the Group. Regrettably, 16 people (2007: 11 people) were fatally injured at Murray & Roberts work sites in a year where 216 million work hours (2007: 172 million hours) were recorded. Of the fatalities, 15 (94%) were in South Africa and 50% (2007: 18%) were employees of business partners.

Safety statistics are prepared in accordance with standard reporting protocol and exclude the tragic death of eight employees in the South Deep mine hoist accident on 1 May 2008. The formal investigation into this accident is in progress.

During the year, the Group enhanced its mapping of work-related health issues such as airborne and noise pollution, and has modelled the basis of measurement of its carbon footprint, including energy consumption and gaseous emissions.

Major projects such as Gautrain, Green Point Stadium and the power stations demand higher levels of management focus than normal construction activities and require a premium allocation of skilled resources. Murray & Roberts has adopted a management model that ring-fences these projects under parallel corporate leadership, which in the South African context is the responsibility of Murray & Roberts executive director Sean Flanagan.

PROSPECTS

Capital expenditure in the year increased 70% to R1,7 billion (2007: R1,0 billion) and is set to increase by a further 30% at least in the year ahead. This level of investment is made possible by the margins and cash flows available in the current market and ensures the capacity needed for future growth.

Critical mass is an increasingly important differentiator for success in a market where major and complex projects often exceed the balance sheet capacity of construction companies. Murray & Roberts seeks to create global scale for global projects and investment programs, which remains a challenge in our industry sector, where the majority of players are small relative to risk, and impediments to industry consolidation on a national level are high.

We have continued to experience the pressure of high staff turnover and a skills deficit in the market throughout the year, particularly in construction and engineering. Notwithstanding, our global brand strength and major projects portfolio has allowed us to recruit or relocate the majority of resources needed for our projects.

There is now strong evidence of a new wave of natural resource driven opportunities from the rest of Africa. We have appointed key executive capacity to develop our strategy for engaging this market and its associated risks.

Murray & Roberts has embraced the growth challenge offered by increased investment into its domestic and international markets and despite the associated risks, maintains its non-negotiable commitment to sustainable earnings growth and value creation.

APPRECIATION

Construction is an unforgiving industry sector, with no opportunity to rest on one's laurels. Success requires constant and total commitment. I acknowledge the significant contribution of that great majority of our people who do not work in office environments, but who make it happen every day on one of our more than 200 production and project work sites spread over approximately 25 countries around the world.

Many new people have joined our Group in the year. We welcome you all and wish you an exciting and rewarding career in Murray & Roberts. Some have left for a variety of reasons, and we wish you well in your new ventures.

A great deal of hard work and resilience has been required to see Clough through its recent difficulties. I would like to recognise the work of our Australian chief executive John Cooper, who made himself available to step in as interim chief executive of the company. He recruited John Smith to take the baton of leadership into the future and thereafter led the resolution of the company's legacy problem contracts.

I also wish to thank Clough chairman Mike Harding for his independent leadership through a tumultuous period that has seen transfer of ownership from the Clough family, further recapitalisation of the company and development of a new board of directors, including independent directors, Keith Spence and Emma Stein.

Mike Harding Keith Spence Emma Stein

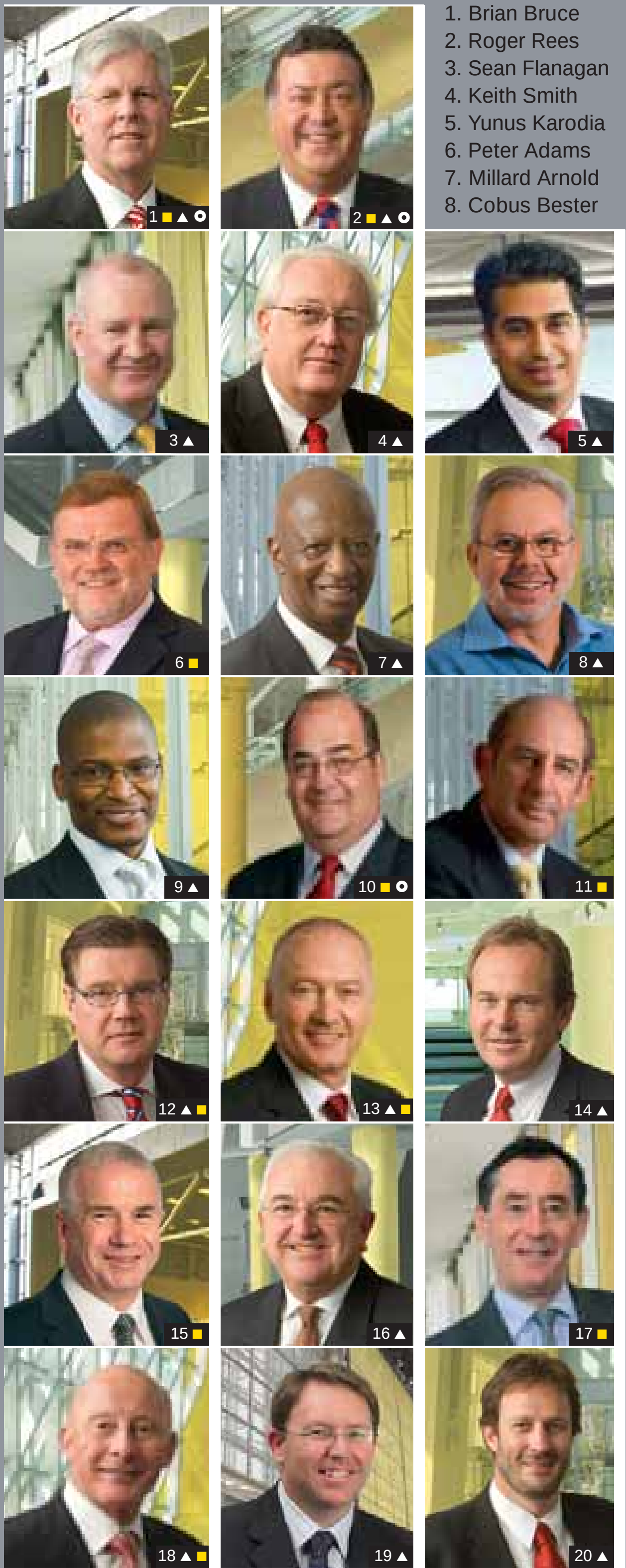
In conclusion, I extend my appreciation to our chairman, Roy Andersen, my fellow directors and in particular my colleagues in our executive leadership team, who served diligently through the year on the key group and operational boards, project steering committees and various forums that collectively govern our domestic and international conduct and performance.

We have much to do and a long way to travel. Our non-negotiable commitment to sustainable earnings growth and value creation guides our journey as we apply our significant capacity to serve the development needs of emerging societies and nations.

Brian Bruce

Group chief executive

Murray & Roberts executive committee



1. Brian Bruce
2. Roger Rees
3. Sean Flanagan
4. Keith Smith
5. Yunus Karodia
6. Peter Adams
7. Millard Arnold
8. Cobus Bester
9. Malose Chaba
10. John Cooper
11. Nigel Harvey
12. Ian Henstock
13. Henry Laas
14. Andrew Langham
15. Roger Mower
16. Rob Noonan
17. Richard Pope
18. Terry Rensen
19. Andrew Skudder
20. Gordon Taylor

▲ Murray & Roberts Limited
■ Murray & Roberts International Limited
○ Clough Limited

The Murray & Roberts executive committee has been enhanced over the years by the appointment of key operations managing directors and corporate executives, taking into consideration the following factors:

- the scale that has developed in the Group and in many of our operations
- the increased complexity of our business model
- growth of the international dimension of the Group
- growth in new areas of market opportunity, such as power, oil & gas, Australasia
- the demands of employment equity in South Africa
- accelerated succession across all levels and dimensions of the Group

Following consolidation of Concor and Clough, there are six major operating companies with average revenues of R3,5 billion each, representing 75% of total activity, and three clusters of companies with average revenues of R2,5 billion each, representing 25% of total activity.

Murray & Roberts Limited

Lead Enterprise:	Brian Bruce, Roger Rees
Manage Cluster:	Sean Flanagan, Keith Smith, Cobus Bester, Malose Chaba, Andrew Langham, Rob Noonan
Manage Business:	Henry Laas, Gordon Taylor
Enterprise Function:	Ian Henstock, Terry Rensen, Andrew Skudder
Legal/Secretarial:	Millard Arnold, Yunus Karodia

This executive committee meets monthly in Johannesburg, South Africa and annually in Perth, Australia.

Murray & Roberts International Limited

Lead Enterprise:	Brian Bruce, Roger Rees
Manage Cluster:	Peter Adams, Nigel Harvey
Manage Business:	Henry Laas
Enterprise Function:	John Cooper, Ian Henstock, Richard Pope, Terry Rensen
Legal/Secretarial:	Roger Mower

This executive committee meets quarterly in Dubai, United Arab Emirates, and biannually in North Bay, Canada and London, United Kingdom.

Clough Limited has an independent board that meets six times a year in Perth, Australia.

Major projects

BUILDING & CONSTRUCTION – SOUTH AFRICA 2010

Jerome Govender

Ian Thoms

Gautrain Rapid Rail Link

Location: Gauteng, South Africa

Concession CEO: Jerome Govender

TKC project manager: Ian Thoms

Client: Gauteng Provincial Government acting through the Gautrain Management Agency

TKC partners: 25% Murray & Roberts, 25% Strategic Partners Group, 25% Bombardier, 25% Bouygues

Project type: Transport infrastructure

Value: R25 billion

Duration: 54 months and 15 year operational concession

Project start: September 2006

The Gautrain Rapid Rail Link is a significant public-private intervention that offers a world class and cost effective, efficient, environmentally friendly and safe solution to commuter and transport challenges in the rapidly developing Gauteng Province. The project seeks to provide partial relief to the challenge of road congestion by introducing an alternative mode of transport for commuters. In addition, it supports and enhances economic growth in the province and sets out to create and sustain a new culture of public transport usage in society. As many as 7 000 direct employment opportunities will be created through the construction and commissioning phase of the project.

The 20 year concession to design, build, part-finance, operate and maintain the 80 kilometre Gautrain Rapid Rail Link is held by Bombela Concession Company, with Murray & Roberts, Bombardier, Bouygues and Strategic Partners Group the initial shareholders.

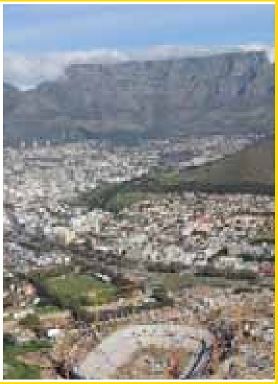
The project comprises four anchor stations in Johannesburg, Sandton, Tshwane and at OR Tambo International Airport, and additional stations along the route include Rosebank, Marlboro, Midrand, Centurion, Hatfield and Rhodesfield. There is a commuter link between Tshwane and Johannesburg and an airport express between OR Tambo International Airport and Sandton.

Construction of the project commenced with commercial close in September 2006 and at 30 June 2008 was about 40% complete.

Murray & Roberts is a 25% shareholder in both Bombela Concession Company, where group CE Brian Bruce is chairman, Terry Rensen a director, and Jerome Govender chief executive, and turnkey contractor Bombela TKC, where Ian Thoms is project director and Sean Flanagan and Malose Chaba are directors. Murray & Roberts is a 45% shareholder in the Bombela Civil Joint Venture, where group executive director Sean Flanagan is chairman, and a 24% shareholder in Bombela Operations & Maintenance, where Jerome Arendse has been the lead Murray & Roberts director.

Resolution is being sought to overcome delays, not attributable to Bombela, which pose a challenge to both interim milestones and the time for completion of the project.

Andrew Fanton



Construction of Green Point Stadium has been underway for 18 months since award in March 2007. Construction work is proceeding well and the project is on schedule for erection of the roof in September 2008. The original 34 month construction period was reduced to 32 months to meet revised client requirements.

Green Point Stadium

Location: Cape Town, South Africa

Project manager: Andrew Fanton

Client: City of Cape Town

Partner: WBHO

Project type: Construction

Value: R2,75 billion

Duration: 32 months

Project start: March 2007

South Africa has been selected as the first African nation to host the prestigious FIFA Soccer World Cup. New stadiums are currently under construction in Cape Town, Durban, Port Elizabeth, Polokwane and Nelspruit in preparation for the 2010 event, and other stadiums around the country are undergoing renovations to meet FIFA requirements. The new Green Point Stadium under construction in Cape Town will host nine matches for the 2010 Soccer World Cup, including a semi-final. The stadium will have a positive impact on communities and economic growth in the Western Cape Province for years to come.

The 68 000 seat stadium is located on Green Point Common close to the V&A Waterfront and Cape Town city centre. It is being constructed by Murray & Roberts in joint venture. The stadium height will be 55 metres and its construction will require 130 000 cubic meters of concrete, 390 000 square meters of formwork, 12 000 tons of reinforcing steel, six million bricks and extensive finishes, including a fabric façade and a steel cable tensioned glazed roof.

May 2007

December 2007

August 2008

CONSTRUCTION & ENGINEERING – POWER STATION BUILD PROGRAM


Mile Sofijanic


Ged Evetts


Ray Hanley


Coenie Vermaak

Medupi and Kusile

Location: Medupi – Lephalale, Limpopo Province, South Africa
Kusile (previously Project Bravo) – Witbank, Mpumalanga Province, South Africa

Project director: Mile Sofijanic

Project managers: Ged Evetts – Medupi Boiler MEI,
Ray Hanley – Kusile Boiler MEI,
Coenie Vermaak – Medupi Civils

Client: Eskom Holdings Limited

Partners: Mechanical – Hitachi Power Africa,
Civil construction – Grinaker LTA (33%)

Project type: Power generation – mechanical, electrical and civil construction

Value: R15 billion (Medupi and Kusile MEI)
R3 billion (Medupi civil construction)

Duration: 60 months each

Project start: Medupi MEI – November 2007 with start of Construction May 2009
Kusile MEI – November 2007 with start of construction May 2010
Medupi Civils – May 2008

Murray & Roberts played a key role in constructing much of South Africa's existing power station infrastructure over the past 50 years. The need for new electricity capacity in South Africa has reached a critical stage and the planned Eskom power generation program will reinstate reliable electricity supply to South Africa and its neighbours over the next 20 years.

Murray & Roberts, in partnership with Hitachi Power, has been awarded the contracts for both Medupi and Kusile boiler packages comprising 12 units of 780 megawatt electrical (MWe) each. The Murray & Roberts scope includes structural steel fabrication, erection and mechanical installation works. These power stations are the largest dry-cooled thermal power stations in the world. Medupi will be in full operation by 2015 and Kusile in 2016.

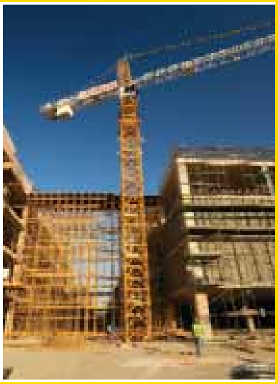
A number of Murray & Roberts companies will offer their experience gained from the previous power station build program to this project. A partnership between Murray & Roberts MEI and Murray & Roberts Engineering Solutions will deliver the project, and fabrication of the structural steelwork is being undertaken by Genrec. Steel ducting will be fabricated in a facility to be established on site by a new company jointly owned by Murray & Roberts and a 51% empowerment partner.

A partnership between Murray & Roberts Construction and Concor secured the civil construction work for Medupi in joint venture. Project manager Coenie Vermaak has already mobilised about 170 management and senior staff to the project and almost 1 000 local people have received skills training in preparation for the main works program. A total of 2 800 people will be on site by the end of 2008 and first structural concrete was placed in July 2008.

The project is scheduled for completion in 2012, but progress is currently impeded by design changes and site access problems.

The civil works for Kusile Power Station is currently out for selected tender.


Toni Flavio



Department of Foreign Affairs

Location: Tshwane, Gauteng, South Africa

Project manager: Toni Flavio

Client: Department of Foreign Affairs

Partners: Concor, Trencon, Motheo and Ilima

Project type: Building construction

Value: R1,32 billion

Duration: 22 months

Start date: 28 May 2007

The South African Department of Foreign Affairs is building by public private partnership (PPP), a central head office to accommodate its staff complement of approximately 2 000 people and provide facilities to accommodate visiting foreign dignitaries and their entourages.

Following an extended tender evaluation process, in May the joint venture was awarded the contract for the design and construction of the new head office campus in Tshwane with a completion period of 22 months. The contract includes the main office campus in Soutpansberg Road, a new guest house at the Soutpansberg site and the renovation of an existing guest house in Waterkloof.

The main office complex is more than 420 metres in length and 100 metres in width, comprising two basements, a ground floor, three office floors and a state-of-art conference centre around a central atrium. It has been designed as a sustainable, energy efficient, modern building, with an African feel. A key consideration in the design was the enablement of fast track construction.

About 2 000 people have worked on the project and constructed 220 000 cubic metres of bulk earthworks, 230 000 square metres of formwork, 65 000 cubic metres of concrete and 6 000 tons of reinforcing steel. Internally, the building has 11 kilometres of partitioning, 60 000 square metres of carpeting and 40 000 square metres of tiling.

Structural works are nearing completion and the focus has shifted to the finishing trades, ceiling grids and partitioning. Hard landscaping has commenced and the Soutpansberg guest house is close to completion ahead of schedule. Late access to the Waterkloof site has delayed completion to July 2009.

More than 2,8 million hours have been worked without a lost time injury.


August 2008

BUILDING & CONSTRUCTION – MIDDLE EAST

Bruce Neave

Dubai International Airport

Location: Dubai, United Arab Emirates

Project director: Bruce Neave

Client: Government of Dubai Department of Civil Aviation

Partners: Al Habtoor Engineering and Takenaka

Project type: Airport construction

Value: AED5,5 billion (R11 billion)

Duration: 36 months

Start date: December 2004

Dubai has become a significant business and logistics hub in the Middle East and is increasingly an attractive holiday destination. This brings millions of visitors to and through the Emirate. Dubai International Airport is more than an important landmark in Dubai; it provides guests and travellers in transit a world class welcome and a taste of what Dubai has to offer.

Murray & Roberts has been established in the Middle East for 15 years and is a major contributor to growth in the region, having participated in the construction of some of the region's most prestigious projects such as Burj Al Arab and the ongoing expansion of Dubai International Airport.

The contract for the fit-out, finishes and MEP of Terminal 3, Concourse 2 and the Car Park was awarded in December 2004 to Murray & Roberts and local partner Al Habtoor Engineering, together with Takenaka of Japan. More than 20 000 people worked on site during peak construction, creating a significant logistic and safety challenge to the project team.

Phase 1 completion of the project was achieved on schedule at the end of December 2007, meeting accelerated schedule obligations. This exemplary delivery performance was accompanied by world class safety achievements. A total of 136 million man hours were worked on the project at a cumulative lost time injury frequency rate of 0,17. At one stage the project accumulated a record 32 million man hours without a lost time accident.

Murray & Roberts and its partners are currently in negotiations to construct the Dubai Airport Concourse 3 project.

Concourse 2 – exterior

Concourse 2 – interior

Ramsey Abassi

Tameer Towers – an artist's impression

Tameer Towers

Location: Abu Dhabi, United Arab Emirates

Regional manager: Ramsey Abassi

Client: Tameer Holding Investment LLC

Partners: Al Habtoor and Al Rajihi

Project type: Mega building construction

Value: AED6,5 billion (R13 billion)

Duration: 42 months

Project start: August 2008

Tameer Towers is an exceptional landmark combining an enviable location and contemporary style at the heart of the Shams Development on Abu Dhabi's prestigious Al Reem Island.

Distinctive, secure and self-contained, Tameer Towers comprises four residential towers, a series of stepped villas and townhouses, premium executive suites, a vibrant canal promenade and a private marina, all integrated to create an iconic landmark defined by the centrepiece 74 storey diamond shaped commercial tower.

With an excellent track record of delivering major projects in the Middle East, Murray & Roberts is now ranked in the premier league of global contractors and well suited to this project, which it will build with partners Leighton Al Habtoor & Al Rajihi.

Tameer Towers is one of the largest building projects ever awarded in Abu Dhabi. Originally launched in October 2007, Tameer Towers will be one of the capital's landmark developments when completed in 2011.

An important feature of the project is that it is the first in the United Arab Emirates to be awarded as an open book alliance contract in which all parties, including the client, the professional team and the contractor act as one collective team in a fully transparent manner, sharing responsibility for project risks and opportunities.

Paul Allwork

Trump International Hotel & Tower Dubai is currently the only planned mixed-use development in Dubai under the Trump name, bringing Donald Trump's internationally respected brand and legendary implementation, service standards and world class properties to the Emirates for the first time.

The building will offer panoramic views of the Arabian Gulf and a range of exclusive leisure facilities, including a private beach, yacht club and a multitude of fine dining experiences. The project is due for completion in 2011.

Trump International Hotel & Tower

Location: Palm Jumeirah, Dubai, United Arab Emirates

Project director: Paul Allwork

Client: Nakheel

Partners: Leighton Al Habtoor

Project type: Building construction

Value: AED3,0 billion (R6,0 billion)

Duration: 34 months

Project start: July 2008

Murray & Roberts, with its partner Leighton Al Habtoor, was awarded construction of the iconic Trump International Hotel & Tower project at a estimated value of R6 billion. This eagerly awaited 62-storey structure is set to become the focal point of the Palm Jumeirah and the new iconic structure of Dubai. The 270 metre structure comprises a total built-up area in excess of 250 000 square metres and will feature two towers that rise above the Palm Monorail and central park, merging as one towards the sky. The development consists of a unit mix of 378 hotel rooms and suites, 385 condominiums, 12 exclusive townhouses, 45 000 square feet of retail space and 60 000 square feet of office space.

Trump International Hotel & Tower – an artist's impression

Freddie Geldenhuys

Kroondal & Marikana Platinum Mine

Project executive: Freddie Geldenhuys

Client: Aquarius Platinum South Africa

Project type: Contract mining

Value: R1,5 billion/year

Duration: Ongoing

Project start: July 1999

The Kroondal Platinum Mine is located 120 kilometres northwest of Johannesburg in the Bushveld Igneous Complex in the North West Province, South Africa, a region that accounts for approximately 94% of annual platinum production and is one of the most productive platinum regions in the world. The mine is one of the most cost effective underground platinum mines globally and consists of two mines with a total workforce of more than 6 000 people.

Murray & Roberts has a history going back more than 80 years of serving the mining industry and is recognised as a leading mining contracting group worldwide with a presence in Africa, Australia and Canada. In 1999, Cementation Africa entered into a landmark contract with Aquarius Platinum to toll mine the shallow platinum ore body at Kroondal.

A revised contract to the value of about R1,5 billion annually was negotiated in July 2008 based on a cost reimbursable commercial arrangement. Murray & Roberts Cementation is responsible for day-to-day operation of the mine, as well as providing all services required to undertake mining activities, including all underground activities from initial production planning to the final delivery of ore to the surface stockpiles. The Kroondal processing plants are supplied from six main producing shafts with a production output of about 800 000 tons of underground ore per month blended with 50 000 tons of open cast ore. Both opencast and underground mining ore is processed in the metallurgical plants to produce a concentrate which is shipped to Impala Refining Services and RPM in Rustenburg.

The capital intensive small mine concept developed by Aquarius at Kroondal has revolutionised the South African PGM industry and incorporates the use of key contractors, highly mechanised mining operations and the outsourcing of high-cost, high-risk smelting and refining operations. Productivity levels at Kroondal are ranked with the highest in the industry.

In accordance with the client's business model, the operational activities at the mine are outsourced to three specialised contractors:

- Murray & Roberts Cementation performs underground mining, with a workforce of more than 5 000 people
- MCC performs open cast mining
- Minopex operates the metallurgical plants

Other minor contractors perform the duties of service departments such as surveying, rock engineering, ventilation and geology.

The project's safety performance compares favourably with industry performance.

Training

STEEL FABRICATION

Schalk Burger

Multi-Product Fuel Pipeline

Location: Durban to Johannesburg

Hall Longmore MD: Schalk Burger

Client: Transnet

Partners: Kulungile Metals Group (Pty) Ltd (KMG)

Project type: Pipe manufacture

Value: R2 billion

Duration: 2 years

Project start: August 2008

Demand for liquid fuels in Gauteng Province has increased rapidly and the existing pipeline network between Durban and Johannesburg is near the limits of its capacity. To accommodate future growth, Transnet has allocated R11,2 billion for the construction of a new multi-product fuel pipeline from Durban to Johannesburg to replace and enlarge existing pipeline capacity.

The New Multi-Product Pipeline (NMPP) will transport petrol, diesel and jet fuel from the third quarter of 2010.

Murray & Roberts subsidiary, Hall Longmore, has been contracted to manufacture and supply the specialist pipe at a value of more than R2 billion. The order consists of approximately 500 kilometres of Ø610 millimetre line from Durban harbour to Nigel and approximately 200 kilometres of Ø406 millimetre line from Nigel to Langlaagte and from Watloo in Tshwane to the terminus near Kendal Power Station.

Hall Longmore's involvement with the NMPP began in May 2006 with the provision of capability and feasibility information. Significant technical involvement with the NMPP Alliance Joint Venture culminated in the award of the three layer coated pipe contract to Hall Longmore as part of the Impumelelo Pipeline Joint Venture.

The NMPP project required significant capacity expansion at Hall Longmore. A R200 million upgrade to the existing electric resistance welding (ERW) plant in Wadeville and the installation of a new coating plant are at an advanced stage, increasing the company's capability to manufacture pipe by the more efficient ERW high frequency induction welding method. The upgrade to Ø610 millimetres and downstream improvements will enhance the company's capacity to take on further projects of this nature.

The NMPP project ensures that Hall Longmore maintains its status as a world class pipe manufacturing facility able to meet the internationally accepted American Petroleum Institute quality standard and compete with other world class pipe manufacturers in the international market.

The New Multi-Product Pipeline

LOCOMOTIVE INVESTMENT PROGRAM

Kevin Kelly

COALLink and OREX

Project director: Kevin Kelly

Client: Transnet Freight Rail

Partners: Mitsui and Toshiba

Project type: Rolling stock infastructure

Value: R1,7 billion (unescalated)

Duration: 4 years

Project start: September 2006

The Richards Bay Coal Terminal (RBCT) is the second largest coal export facility in the world and is to expand its capacity to accommodate higher coal exports. The COALLink railway line between Witbank and Richards Bay plays an important role in the successful operation of RBCT. The COALLink upgrade project is part of the Spoornet Main Line Locomotive Investment Program that seeks to optimise the operation of the COALLink railway line in support of the expansion of RBCT.

UCWP assembly plant, Nigel

Murray & Roberts subsidiary, Union Carriage and Wagon, through its subsidiary The UCW Partnership (UCWP), with Mitsui African Railway Solutions and Toshiba as its partners, is contracted to supply new locomotives for the COALLink corridor. The COALLink upgrade project will see 110 class 19E dual voltage electric locomotives made available to Transnet Freight Rail by March 2011. The 19E locomotive encompasses many years of proven railway technology and the latest technologies available in the freight locomotive field. UCW has produced 2 227 locomotives since its establishment in 1957, 2 143 of which were supplied to Transnet Freight Rail. This project has secured about 500 new job opportunities for UCW and its supply chain in South Africa.

UCWP is responsible for the overall mechanical design, systems integration, fabrication and assembly of the locomotives. Toshiba will contribute to the COALLink project through the design, development and supply of the electrical propulsion equipment. Toshiba engineers have worked closely with UCWP in South Africa during the design, building and upcoming commissioning phases of the COALLink project.

The first of the 19E locomotives was released for mainline commissioning on 11 August 2008 and will be commissioned at Pyramid testing facility, north of Tshwane.

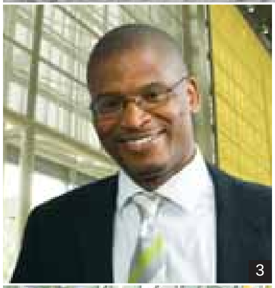
In 2007, Transnet Freight Rail (TFR) awarded UCWP the 15E Oreline (OREX) locomotive project, also in partnership with Mitsui and Toshiba to design, build and systems integrate 32 locomotives for the iron ore rail link from Sishen to Saldanha.

In 2008, TFR exercised an option to increase the OREX locomotive order by 12 units to accommodate increased demand.

Operational review

CONSTRUCTION & ENGINEERING

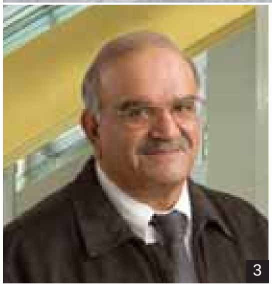
Gautrain



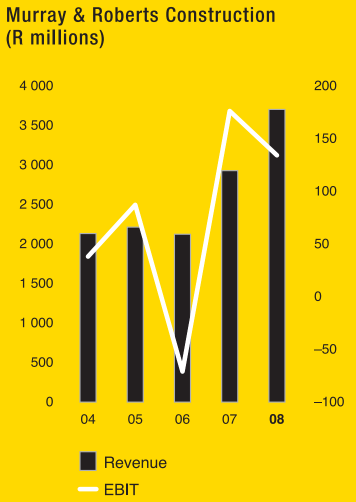
1. Keith Smith
2. Sean Flanagan
3. Malose Chaba
4. Peter Adams

The upswing in infrastructure investment gained momentum during the year and Murray & Roberts has secured a leading role in a number of major projects.

	Revenue		EBIT before exceptional items	
(R millions)	2008	2007	2008	2007
CONSTRUCTION & ENGINEERING	20 363	11 821	1 452	756
Construction	8 651	7 421	655	477
Mining	5 244	3 606	406	233
Engineering	1 604	794	70	46
Clough	4 864	–	321	–



1. Vaneshree Naidoo
2. Colin Steyn
3. Dave Ashkar



Melrose Arch

BUILDING & CONSTRUCTION

Murray & Roberts Construction

The construction business of Murray & Roberts in Southern Africa comprises focused regional business units based in Johannesburg, Cape Town, Gaborone, Windhoek and Harare. Together with Concor (which is reported separately), Murray & Roberts is the leading building and civil engineering contractor in Southern Africa. Keith Smith is executive chairman of Murray & Roberts Construction, chairman of Concor and a non-executive director of Murray & Roberts Zimbabwe.

The businesses experienced mixed results in a year that was characterised by the close-out of a number of contracts secured before 2005 and the delayed award of major new projects in the building, infrastructure and power sectors.

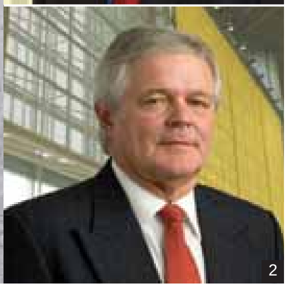
Overall, the regional construction industry continued its strong growth through the year and despite volatile conditions in local and international credit markets, the pipeline of commercial, infrastructure and industrial projects offers significant future opportunity.

Performance

Murray & Roberts Construction generated revenues up 28% at R3,7 billion (2007: R2,9 billion), which included R1,6 billion from the Gautrain project (2007: R750 million). Operating profit declined to R134 million (2007: R176 million) at a margin of 3,6% (2007: 6,1%) and reflects marginal profit recognition on Gautrain pending the outcome of discussions about recoveries of client variations and delays, and possible acceleration to meet the 2010 Soccer World Cup.

The Botswana and Namibia companies delivered another excellent performance, with good margins on revenues of R252 million and R85 million, respectively. This was attributable to quality workmanship, improved productivity and the recovery of losses previously recognised on the Serowe Hospital in Botswana.

1. Canada Malunga
2. Piet Martins
3. Karl Redinger



Bedford Square

Operations

Major projects

Murray & Roberts plays a lead role in the Gautrain Rapid Rail Link project, which has been underway for almost two years following commercial close in September 2006. Civil design and construction work is 40% complete and detailed designs for electrical and mechanical systems are ready for implementation. Construction of viaduct bridges commenced during the year and the state-of-art tunnel boring machine commenced tunnelling from Rosebank towards Park Station in January 2008. Work in this section and the tunnelling from Marlboro to Sandton are progressing on schedule, while construction of the section north of the Midrand Depot towards Pretoria has been delayed by late expropriation and release of land.

The airport link from Marlboro Portal to OR Tambo International Airport has also been delayed by unmapped utilities, late release of land and late approval of access to Airports Company South Africa (ACSA) property. The Bombela Consortium and Gauteng Province are engaged to resolve the consequences of these issues.

The Green Point Stadium project for the 2010 Soccer World Cup has been underway for 18 months since award in March 2007. Under the leadership of project director Andrew Fanton, construction work is proceeding well on this 68 000 seat stadium and the project is on track to commence erection of the cable tensioned steel and glazed roof in September 2008.

The original 34 month construction period was reduced to 32 months at the request of the City of Cape Town. Although the deadline has been challenged by ongoing design changes and abnormally inclement weather conditions, the project is on schedule for completion.

Murray & Roberts Construction secured the lead contractor role in joint venture with Concor and Grinaker LTA, for civil construction work on Eskom's Medupi thermal power station at Lephalale. Under the leadership of project manager Coenie Vermaak about 170 management and senior staff resources have been mobilised and a total staff complement of 2 800 will be on site by the end of 2008. First structural concrete was placed in July 2008.

The contract is valued at about R3,0 billion and although scheduled for completion in 2012, progress is currently impeded by numerous design changes and access problems.

Civil works for the Kusile Power Station is out for selected tender and the company remains well positioned to secure further work on the proposed Open Cycle Gas Turbine (OCGT) projects in the Eastern Cape, KwaZulu-Natal and at Secunda, as well as the revised Mmamabule Power Station in Botswana.

Buildings North

The high-end commercial and retail building market remained buoyant throughout the year. In Gauteng, Murray & Roberts Construction, under the direction of Colin Steyn and Dave Ashkar, is involved in various mixed use development contracts, including the construction of hotel, residential and retail projects at Melrose Arch, valued at over R900 million, and Bedford Square in Bedfordview, valued at more than R700 million. The retail component of Bedford Square opened in April 2008 and final handover of apartments and penthouses is scheduled for October 2008.

In the Free State, the R350 million Loch Logan shopping centre in Bloemfontein was completed in August 2007, as was the Hillcrest Shopping Centre in KwaZulu-Natal. Work on the Galleria Retail Centre south of Durban, valued at R300 million and in which the company has a 40% share, commenced in April 2008 with completion scheduled for December 2009.

The company has a 40% share in the R500 million contract to build the high specification new US Consulate in Sandton.

New awards during the year include Houghton Golf Estate development and ABSA Towers West project, collectively valued at R1,7 billion. Both these projects commenced in the first quarter of 2008 and are scheduled for completion in May 2010 and October 2010 respectively.

Western Cape

Delays in the commencement of major projects in the Western Cape impacted performance in the year, with key projects in the hospitality and commercial sectors commencing towards the end of the financial year. Murray & Roberts Construction was awarded the five star Taj Hotel valued at about R225 million and the four star Crystal Towers Hotel valued at about R400 million, both scheduled for completion before the 2010 Soccer World Cup.

The company is negotiating the V&A Media Centre and the Portside commercial development, which will be the tallest building in Cape Town. About 35% of the company's resources in Cape Town have been allocated to the Green Point Stadium and many will be deployed on the new projects as work at the stadium tapers off.

Murray & Roberts Construction continues to pursue a market strategy of targeting selected and repeat clients and focusing on the commercial, retail, hospitality, mixed use PPP and airport and port facilities sectors. The business has prioritised the implementation of systems and processes to ensure project delivery, human capital retention and recruitment, and customer relationship management. In the Western Cape, work is underway to improve efficiency and market penetration across more market sectors, including civils.

Civils & infrastructure

During the year, Murray & Roberts successfully completed civil engineering work on the Vaal River Eastern Sub System Augmentation Project (Vresap). Work on the Sishen Expansion project for Kumba and the iron ore expansion project for BKM Assmang was completed in November 2007 and March 2008 respectively. Other opportunities in the civils market were limited to mining infrastructure, particularly in the platinum sector. Murray & Roberts Construction has strengthened its market intelligence in the mining, water and sanitation, and general infrastructure sectors.

The target sectors for further penetration into the civils market are industrial and mining infrastructure; minerals beneficiation facilities; power generation systems and related infrastructure; water and effluent facilities; and petrochemical infrastructure.

Botswana

Murray & Roberts Botswana continued on its strong growth trajectory, with key focus areas in the leisure, retail and mining sectors. Highlights of the year were the successful completion of the sophisticated and world class diamond sorting facility for Diamond Trading Company Botswana in Gaborone and a Dense Media Separation plant for Tati Nickel in north eastern Botswana. The business also turned around the performance on the Serowe Hospital and recovered losses incurred on the project in the previous year.

Namibia

There was a low level of project activity in Namibia during the year due to delays in the implementation of power projects now scheduled to come on stream in 2009. Notwithstanding, Murray & Roberts Namibia delivered a solid performance in the year and has procured a strong order book for the year ahead.

Zimbabwe

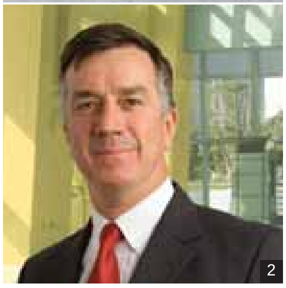
Associate company Murray & Roberts (Zimbabwe) Limited, in which the Group holds 48%, continued to trade well despite exceptionally difficult socio-economic and political conditions.

The company is building the new British Consulate in Harare valued at about £13 million (R200 million), with completion scheduled for the latter part of 2008, and is involved in a number of mining related projects in the platinum market.

Concessions

Concession investments performed well. A fair value adjustment of R86 million (2007: R76 million) was made on these investments which include N3 Toll Road Concessionaires, owner and operator of the N3 between Heidelberg and Cedara, and Bakwena Platinum Corridor Concessionaire, owner and operator of the N1/N4. Murray & Roberts also holds an investment in a maintenance contract in the Northern Toll Road Joint Venture.

1. Charles Henwood
2. Craig Lawrence



Leadership

Following the appointment of Gordon Taylor as managing director of Murray & Roberts Engineering Solutions in May 2008, Keith Smith was appointed executive chairman of Murray & Roberts Construction with day-to-day responsibility for the final restructuring and future performance of the business. Keith will also ensure a more efficient structuring of the Western Cape and SADC operations as separate business units under the leadership of chief operating officer Piet Martins.

The operations of the business were realigned from 1 July 2008 into three focused sectors: buildings, civil engineering and Western Cape, each with a general manager and operational directors dedicated to individual contracts to ensure strong project leadership. A competent services structure supports the operations with specialist expertise in engineering, human resources, safety, quality, finance and commercial management, and is fully engaged in the business processes to derive maximum value.

Key challenges to project performance during the year will be skills procurement and development, and inflationary trends and pricing volatility in construction materials. These factors are carefully and constantly monitored and managed for best value.

Human capital

Murray & Roberts Construction is engaged in a comprehensive process of skills development, recruitment and retention. R20 million was spent on training during the year, including 62 bursary students, 21 graduates on the development program, 36 executives undergoing management development, training of 128 junior supervisors, 75 operators, and 1 224 skills interventions. The business seconded 88 staff to Green Point Stadium, 155 to Gautrain and 24 to Vresap Pipeline.

Murray & Roberts Construction spearheads the Group's involvement in industry initiatives to develop capacity in the engineering and construction sector and is currently part of an industry agreement with the Department of Education to accelerate the development of construction skills at Further Education and Training Colleges. The Group also has plans to partner the South African National Defence Force in an initiative to re-skill artisans and supervisors in the industry.

Murray & Roberts Construction, excluding major projects which are reported separately, achieved an improved lost time injury frequency rate (LTIFR) of 2,13 (2007: 3,37) but regrettably, suffered three fatalities at Gauteng building projects. The STOP.THINK campaign to improve safety awareness and target zero harm is well established throughout the company and 396 employees received training in safety, health, environment and quality management during the year.

Comprehensive plans are in place to achieve a BEE level four rating by 2011 in terms of the DTI's BEE charter.

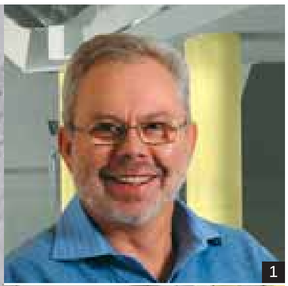
Prospects

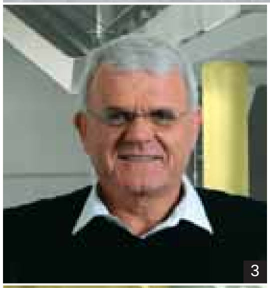
The SADC regional construction market is in an era of well established opportunity. Murray & Roberts Construction starts the new financial year with an order book, excluding Gautrain, of R5,3 billion (2007: R2,6 billion), R3,1 billion of which is for the 2009 financial year.

The pipeline of construction work associated with the Eskom power station build program indicates 20 years of future work in this market. The longer duration of major contracts associated with the power program will alleviate volatility and allow more scope for investment in people, technology and equipment.

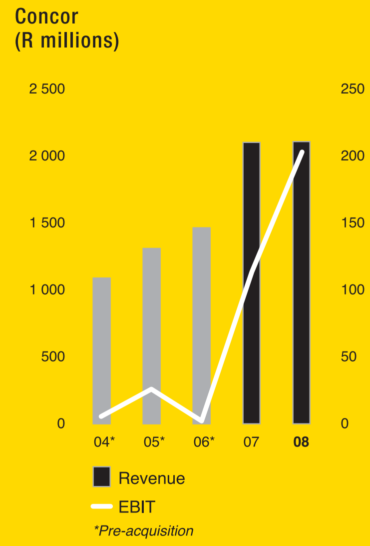
Murray & Roberts Construction is also well positioned for anticipated growth in the transport infrastructure sector as the expansion programs of Transnet and SANRAL commence in earnest.

Keith Smith





1. Cobus Bester
2. Brad Wantenaar
3. Frik Venter
4. Jean Cheroux
5. Trevor Robinson



Department of Foreign Affairs head office complex, Pretoria

Concor

Concor is a major participant in the South African construction sector, engaged in building, civil engineering, roads & earthworks, structural and mechanical construction and opencast mining. Cobus Bester is managing director of Concor and chairman of Tolcon, the Group's infrastructure operations business.

Technicrete was transferred to the construction materials cluster in Murray & Roberts with effect from 1 July 2008.

Performance

Concor delivered strong financial performance for the year under review, with operating profits up 79% at R204 million (2007: R114 million) on relatively flat revenues. The company has performed well since it was acquired by Murray & Roberts in July 2006. The year's results are underpinned by a particularly strong performance in the roads & earthworks operation, overall reliable project delivery, repeat work from clients in the buildings sector and a number of new major projects.

Operations

Buildings

Building operations are managed by Brad Wantenaar and focused primarily in the Gauteng region. Work started in June 2007 on the Private Public Partnership head office complex for the Department of Foreign Affairs in Pretoria. The R1,3 billion structure topped out in August and the project is due to be completed in May 2009. The contract to build Marlboro Station for Gautrain was awarded in the year amongst a number of other contracts, including Houghton Golf Estate (in joint venture with Murray & Roberts Construction), a new Holiday Inn in Sandton, a packaging warehouse for Nampak and a factory for Steinhoff in Ugie, Eastern Cape.

1. Dick Taplin
2. Dirk Theron
3. David Meyer
4. John Millward

PPC Dwaalboom silos

PPC Dwaalboom preheater

Civils

Good performance was achieved by the civils operation, managed by Frik Venter, despite delays in the award of power contracts and a number of industrial projects, and a design problem on the Caledon River bridge contract. The PPC Dwaalboom expansion project was completed during the year and good progress was achieved on the PPC Hercules factory project near Pretoria. The Caledon River bridge will be completed in September 2008.

Concor is a partner of Murray & Roberts Construction on the Medupi Power Station civils contract, and has prequalified for the flue chimney and silos contract.

There are many new opportunities in transport and logistics infrastructure and Concor has been awarded a contract to manufacture New Jersey concrete barriers for the Gauteng Freeway Improvement Program and a contract to extend the Coega container terminal berth, in joint venture with Hochtief.

Roads & Earthworks

Concor Roads is managed by Frik Venter and has a reputation as a reliable roads & earthworks contractor in Southern Africa. Focused primarily on the construction of major road and rail projects, the bulk of work undertaken was in earthworks for mining infrastructure, dam and rail construction. The division experienced significant growth during the year, and accounted for approximately 30% of total company revenue and 35% of profits.

Concor has preferred contractor status on major mining and resource beneficiation programs for Kumba Resources and BKM Assmang in the Northern Cape which have offered a number of opportunities over an extended period. The division completed earthworks on the De Beers Voorspoed diamond mine and a joint venture project outside South Africa – the upstream components of the Lusip dam project in Swaziland.

Work in progress includes upgrade of the N2 highway in an environmentally sensitive area of the Tsitsikama Forest at Storms River Bridge, bulk earthworks for Gautrain, the Transnet Rail Loops contracts between Saldanha and Sishen and the Coega rail link near Port Elizabeth.

Concor was awarded the R850 million contract in joint venture to build the Ingula dams that will supply the

Lusip dam, Swaziland

Ingula hydro-electric pump storage scheme and is in strong contention for the Majuba rail link, both for Eskom.

Engineering

The engineering division is managed by Jean Cheroux and provides structural erection and mechanical engineering services to the mining sector, where it is a preferred contractor to many clients. It recently completed the PP Rust Concentrator, one of the largest in the world, amongst a number of projects for Anglo Platinum, and is currently installing platinum concentrators for Boyntons at Pilanesberg and for the Eland Platinum mine outside Brits.

New awards include the Douglas Middelburg Optimisation project for BHP Billiton.

Open cast mining

All contracts in the open cast hard rock mining sector, managed by Trevor Robinson, were renewed during the year. The company is considering growing this division through the acquisition of larger projects which will, however, demand higher levels of capital expenditure for the increased depths of mine pits. The long lead time for equipment supply means that many projects in this sector have a long gestation period of up to a year before commencement.

Leadership

Concor has developed a strong operations team with David Meyer appointed financial director in the year.

Human capital

An industry skills shortage, particularly for large projects presents primarily as an experience deficit. Concor has an ongoing process of identifying talent and implementing skills development and retention programs which dovetail with Murray & Roberts and industry initiatives.

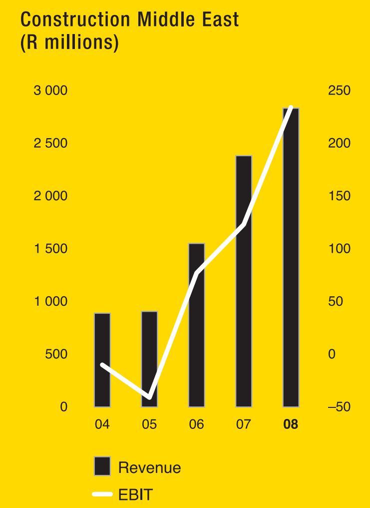
There has been ongoing improvement in LTIFR to 0,61 (2007: 0,84), indicating the company's strong commitment to a safe work environment. No fatalities were recorded during the year. In March 2008, Concor won the Lonmin Quarterly Opencast Safety Award for the fourth consecutive quarter.

Prospects

Concor commenced the 2009 year with an order book of R3,3 billion and expects to achieve significant growth in revenue due to the scale of projects currently underway and the long term duration of upgrade and expansion programs in the mining and transport infrastructure sectors. Preferred status with many of its major clients and a growing reputation as an employer of choice in the building industry, support these growth aspirations.

Cobus Bester

1. Nigel Harvey
2. Ian Dunsire
3. David Cox
4. Gary Wells



Burj Al Arab, Dubai

Tameer Towers, Abu Dhabi – an artist's impression

Construction Middle East

Murray & Roberts in the Middle East has developed its reputation as a world class contractor following the successful delivery of major iconic mega projects such as Burj Al Arab and Dubai International Airport. The company has been under the leadership of general manager Nigel Harvey for the past four years, during which time it has grown by more than 54% compounded annually.

In addition to its partnerships with Leighton Al Habtoor in the United Arab Emirates and Nass in Bahrain, the company has formed a partnership with Sama Dubai for the implementation management of its significant build programs in Dubai and elsewhere. This partnership has been established under the leadership of general manager Gary Wells and comprises a high level management team of about 150 people.

The company maintained a trend of strong growth during the year, as economic activity in the region continued to be driven by investment of free cash flow generated by record oil prices.

Performance

At a time of significant economic contraction in much of the world, oil producing countries in the Middle East experienced record prices for their oil sales during the year, which fuelled unprecedented levels of growth in gross fixed capital formation.

Construction Middle East and Sama Dubai delivered a 91% increase in operating profit to R234 million (2007: R123 million) on revenues which grew 19% to R2,83 billion (2007: R2,38 billion). This result was underpinned by the successful completion of the Dubai International Airport project and resolution of outstanding final accounts.

Operations

Rapid growth in the development of tourism and commercial infrastructure in the United Arab Emirates and Bahrain has placed considerable pressure on construction capacity in the region. Some major clients have, as a consequence, progressed towards negotiated or open book partnerships with best-in-class contractors and this trend has positioned Murray & Roberts for new opportunities in major commercial and airport projects.

Murray & Roberts has increasingly secured early contractor involvement in many of its new projects, enabling the development of program and price together with the client and early mobilisation of resources.

Construction activities were dominated during the year by the R11 billion Dubai International Airport Terminal 3 and Concourse 2 contract where Murray & Roberts is leader of a joint venture with local partner Al Habtoor Engineering and Takenaka of Japan. Phase 1 of the project was completed on schedule at the end of December 2007, meeting accelerated schedule obligations following a superhuman effort by the project team under the leadership of Bruce Neave. The quality and scale of this major international project is likely to attract worldwide recognition when it opens to the public in September 2008.

Work on the R2,1 billion Etihad Terminal at Abu Dhabi Airport is progressing on schedule, and the handover process commenced in August 2008. Additional work was secured to construct the R400 million Etihad car park.

During the year, the company successfully completed the R500 million Burjuman mixed use development and the R400 million Goldcrest Tower residential development in Dubai, and the R1,2 billion World Trade Centre in Bahrain.

Murray & Roberts Marine is well advanced on the Al Raha Beach project in Abu Dhabi which has facilitated the formation of a new waterfront, with prime development land stretching over more than 14 kilometres of new coastline. A key factor in the success of this project is the strong client relationship Murray & Roberts and its joint venture partner Overseas AST, have developed with the client.

Murray & Roberts, with partners Al Habtoor and Al Rajihi, was awarded the R13 billion mixed use Tameer Towers project on Al Reem Island in Abu Dhabi in June 2008. It is the one of the largest building projects ever awarded in Abu Dhabi and is the largest project, by value, undertaken by Murray & Roberts in the Middle East. Another important feature of the project is that it is the first in the United Arab Emirates to be awarded as an open book alliance contract in which all parties, including

Dubai International Airport Concourse 2 – interior

Concourse 2 – interior

Concourse 2 – exterior

Al Raha Beach project, Abu Dhabi

Trump International Hotel & Tower, Dubai – an artist's impression

the client, the professional team and the contractor act as a collective team in a fully transparent manner, sharing all project risks and opportunities.

Other major projects secured during the year include the prestigious R6 billion Trump International Hotel & Tower on Palm Jumeirah and the R2,5 billion Sorbonne University in Abu Dhabi, both in joint venture with Leighton Al Habtoor.

The company also secured the first enabling package in partnership with Nass for the Sama Dubai Salam Resort Complex in Bahrain and is well placed to secure the first phase main package for the R4 billion Hotel, Conference Centre, Royal Villas and Spa.

Leadership

Murray & Roberts engages the Middle East market from Dubai, with a local management team led by Nigel Harvey, and from the international coordinating office in London, led by Peter Adams. This structure minimises dependence on South Africa for resources and the company currently employs people from 30 different nationalities, with a strong network to secure best-in-class construction talent from the international market.

To deliver new business growth, Murray & Roberts will strengthen its support structure in Abu Dhabi and Bahrain as well as all support functions of the business in Dubai.

The company bettered the group LTIFR target of 1,0 on every project. The Dubai International Airport set a record of 33 million hours without a lost time injury and the Etihad Airport Terminal passed ten million man hours worked without a lost time injury since the start of the project on 1 September 2006.

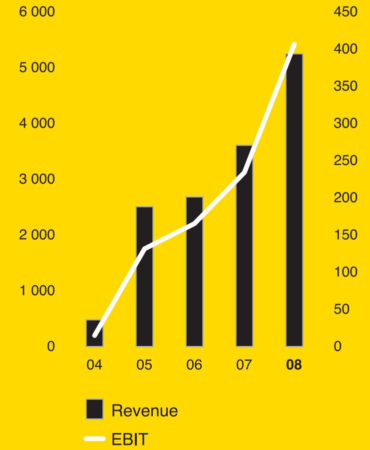
Prospects

Construction Middle East started the new financial year with a significantly improved order book of R11,5 billion (2007: R2,2 billion) from which 96% of budgeted revenues are secured for the current year. Growth in the market for mega projects, particularly in Dubai and Abu Dhabi, and to a lesser extent Bahrain, continues unabated, and the business has planned growth in excess of 100% for the next three years.

Subsequent to year end, Sama Contractors secured its first major project commitment from Sama Dubai, comprising 25 mixed use tower complexes costed at about R15 billion over three years.

Nigel Harvey

1. Henry Laas
2. Roy Slack
3. Barry Upton



Paardekraal 2 shaft

MINING CONSTRUCTION

The Group's mining construction and development operations in South Africa, Canada and Australia continued to benefit from growth in demand for natural resources and the ongoing move to underground mining.

Each operation is independently managed with specific responsibility for an extended geographic market: Africa from South Africa, North and South America from Canada and Australasia from Australia. There is a high level of direct cooperation between the operations with leadership coordination through Sean Flanagan in Johannesburg and Peter Adams in London.

Leadership

Executive director Sean Flanagan holds group responsibility for the South African and Australian operations with Henry Laas as managing director of Murray & Roberts Cementation. The company is fully empowered through its shareholding partnership with AKA Capital and has strengthened its mine development and HR leadership capacity during the year.

International director Peter Adams holds corporate responsibility for Cementation Canada, with Roy Slack as president. Four of the five top executives have been with Cementation Canada since its start in 1998 and the fifth joined in 2002. During the year, the company commenced leadership training as part of the group leadership pipeline program and has committed significant time and resources to training throughout its ranks.

RUC Mining Contractors, under Barry Upton as managing director, strengthened leadership capacity in safety management and tendering during the year, and plans to strengthen financial and business development capacity to accommodate growth in the new financial year.

1. Dave van der Merwe
2. Tim Wakefield
3. George Parker
4. Allan Widlake
5. Mike Wells
6. Theunis Mienie

Kroondal

Financial performance

Murray & Roberts Cementation reported strong growth in revenue to R3,0 billion (2007: R2,3 billion) and an operating profit of R140 million (2007: R115 million.) The operating margin was below expectation due largely to the impact of industrial action at the Kroondal project. There was limited impact by the power crisis in South Africa but it may delay the commencement of future projects.

Cementation Canada delivered 75% growth in revenue to R1,84 billion (2007: R1,05 billion) as it increased its market share in Canada. Strong project performance boosted operating profits by 151% to R206 million (2007: R82 million).

RUC Mining Contractors in Australia recorded another year of impressive growth with revenue up 74% to R425 million (2007: R245 million) and profits up 68% to R60 million (2007: R35,7 million).

Collectively, the cluster represents almost 20% of group revenues, about 17% of operating profits and a combined margin of 7,7%.

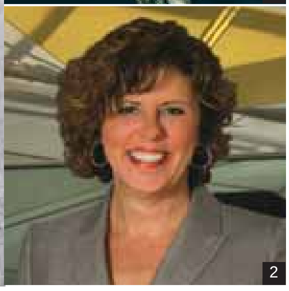
Operations

Africa

South Africa is the primary market of Murray & Roberts Cementation. There was ongoing growth in the base metals and precious metals sectors as existing gold and platinum mines were expanded and new capacity expansion initiated. The company also serves the rest of Africa and targets established markets in Botswana (diamonds), Zambia (copper), Ghana and Tanzania (gold and nickel).

The company will re-establish a permanent presence in Zambia to access growing investment in the copper belt of Zambia and the Democratic Republic of Congo. The company is still active on the Bulyanhulu Mine in Tanzania. A growing number of Australian contractors with expertise in mechanised mining have entered the African market. Murray & Roberts Cementation and RUC Mining Contractors are currently preparing to bid in joint venture for mechanised mining opportunities in Africa.

Mine development contributed 40% of the revenue of Murray & Roberts Cementation. Work progressed on vertical shaft sinking at Impala Platinum No. 20 shaft and the project has proceeded to the more challenging stage of off-shaft development. New technology electro-hydraulic shaft drilling was introduced on Anglo Platinum's Paardekraal 2 Shaft, but had to be reengineered before being reintroduced to the project. This new technology drill rig will substantially reduce safety risks in shaft sinking operations.



1. David Setchell
2. Lois Henderson Campbell
3. Mike Nadon

Nickel Rim South Project main shaft

Two new mine development projects were secured during the year: Amandelbult 4 shaft project for Anglo Platinum and Wesizwe project for Wesizwe Platinum, a mining junior. Murray & Roberts Cementation was nominated as a preferred supplier on some of the Lonmin expansion projects and is well positioned to undertake underground infrastructure work on pump storage schemes.

The revenue contribution of contract mining increased to 45%. A number of new projects commenced during the year, including work on the greenfields Blue Ridge mine where the production build-up to a planned 120 000 reef tons per month is proceeding on schedule. Agreement was reached with Eastplats to mobilise for work on the R1 billion Spitzkop mine to open up UG2 and Merensky platinum reefs in the Eastern Limb of the Bushveld Complex. A new agreement was concluded with Aquarius Platinum South Africa to achieve a more appropriate sharing of risk on the Kroondal and Marikana mines.

The remaining 15% of the business is focused on mining services, comprising smaller specialised projects such as exploration drilling, raise drilling and cementation work. Growth during the year reflects the industry growth trend and the company is uniquely positioned to provide a complete range of mining services to greenfield projects and established mines in the domestic market and the rest of Africa.

North America

The North American market continues to grow with major mining commodities all exhibiting good pricing and long term prospects. Cementation Canada achieved further growth in market share in Canada, and established a physical presence in Salt Lake City, Utah, having operated in the USA for the past few years. The company secured three major projects to quickly become a significant contractor in the USA market.

Design-build shaft sinking projects continue to be an important part of the company's service offering with major shaft projects underway in Sudbury for Vale INCO and Xstrata Nickel and on the Canadian East Coast for PCS. The company was successful in securing the Lucky Friday internal shaft project in Northern Idaho. This added a second shaft project to the USA operations, with work ongoing at Resolution Copper in Arizona.

During the year, the Nickel Rim South team completed the main shaft without a lost time injury.

Mine development contributes most to the revenue and profit of Cementation Canada. Significant development projects include the Diavik diamond mine in the North West Territories, the new Afton project in Southern British Colombia, and the Nickel Rim South lateral program in Sudbury. Work continued on a number of other projects where Cementation crews continue to exhibit superior performance coupled with safe work practices. North Mine in Sudbury, the 777 project in Manitoba, and the Brunswick project on the East Coast, are all examples of this. Recently, the company was awarded the Eagle development project in Michigan, USA.

Engineering is a critical part of the service offering, and Cementation Canada specialises in shaft and mine infrastructure engineering. Cementation Engineering has grown considerably and had become a leader and an authority in mine shaft engineering in North America.

Raise boring projects were completed at Red Lake during the year and major projects for Vale INCO and FNX commenced in the Sudbury area. Cementation Canada operates the two largest raise bore machines in

Lawrence Newnham

The new Strata 850 raise borer

North America. The raise boring business has achieved new records for largest diameter and longest raises in hard rock in North America.

Australasia

The Australian mining market continued to benefit from strong global demand for metals and minerals. RUC Mining Contractors maintained its position as the premier raise drilling company in Western Australia and increased its market share in the year. The company achieved an Australian raise boring record at the St Barbara Gwalia Mine at Leonora. The raise of 800 metres deep and 5,52 metres in diameter was completed in 11 968 work hours without an incident. Another key development in this niche market was the award of the A$11,6 million Zinifex project for Rosebery Mine in Tasmania, which involves raise boring of two shafts, each 650 metres deep and 4,5 metres in diameter.

Work on the two year A$60 million Carnilya Hill project for Mincor Resources in Kambalda, near Kalgoorlie, continued during the year. The project, secured early in the financial year, is the company's first venture into mine development. Plans are underway to secure an additional mine development project during the new financial year. Bids are currently under adjudication for the construction of a 1 300 metre deep, seven metre diameter vertical shaft for BHP Billiton's Perseverance nickel mine in Western Australia.

RUC operates the most powerful surface and underground raise bore rigs in Australia. The company recently designed and manufactured the Strata 850 raise drill in its Kalgoorlie workshop bringing the number of raise bore machines currently operating in the Australasian market to 12. The Strata 850 is the most powerful raise borer in the world, capable of constructing underground shafts of up to six metres in diameter, and has already completed its first project at Gossan Hill. A second larger machine, the Strata 950, is currently under manufacture.

Human capital

Murray & Roberts Cementation invested R60 million in training during the year, primarily to ensure sufficient and adequately trained skills for new projects. Much of this was done through the new Training Academy outside Carletonville which has been registered as a training institution by the Mining Qualifications Authority. A further R60 million will be invested in the new financial year in training and development, including the completion of a physical shaft sinking training facility equipped for the various production phases of shaft sinking. The company will mobilise the work force for the Amandelbult 4 project three months ahead of schedule to ensure that the workers are adequately trained by the time they start on site.

Murray & Roberts Cementation has customised two project management programs in partnership with Wits Business School and the LR Group. The first group of 40 students graduated from the programs in July 2008. The company also provided support to 35 bursars, 120 apprentices and 15 graduates on the graduate development program.

In a year in which Murray & Roberts Cementation continued to strengthen its focus on safety, it suffered seven fatalities (2007: four) on mine development and contract mining sites at Kroondal (4), Paardekraal 2 Shaft (1), Doornkop Shaft (1) and South Deep (1). The company lost a further eight employees in a shaft accident at Gold Fields South Deep Mine on 1 May 2008.

The company's LTIFR declined to 3,94, below its 2007 level of 6,37 and also below the Canadian Ontario benchmark of 4,05, which reflects an underlying trend in safety improvement. The company has made a significant investment in the development of an improved safety culture and has now initiated a program of direct engagement with its 14 000 employees. This program will identify and address current weaknesses in safety management processes.

Cementation Canada has been recognised for the past two years as one of the top 100 employers in Canada. The company is a Canadian leader in mine safety and in 2008 achieved the lowest injury frequency rate among the major mine contractors, well below the national average. Its most notable achievement was the completion of the Nickel South twin shaft project with no lost time incidents. In the USA, the company qualified for the Sentinels of Safety award which recognises companies that achieve no lost time injuries in their operations.

To accommodate market growth during the year, RUC in Australia increased staff from 160 to 220 and expects this number to grow to 270 in the new financial year. This growth has made it necessary for the company to relocate to larger premises. Training expenditure increased during the year, another indicator of growth, and there is a greater focus on staff retention in a highly competitive and globally mobile employment market. The business recorded just one minor injury during the year.

Prospects

Murray & Roberts Cementation started the new financial year with an order book of R3,2 billion (2007: R3,3 billion), of which R2,7 billion is for the 2009 financial year. Competitive dynamics in South Africa continue to challenge operating margin improvement but negotiated commercial arrangements increasingly limit downside risk without sacrificing competitiveness.

Resolution Copper

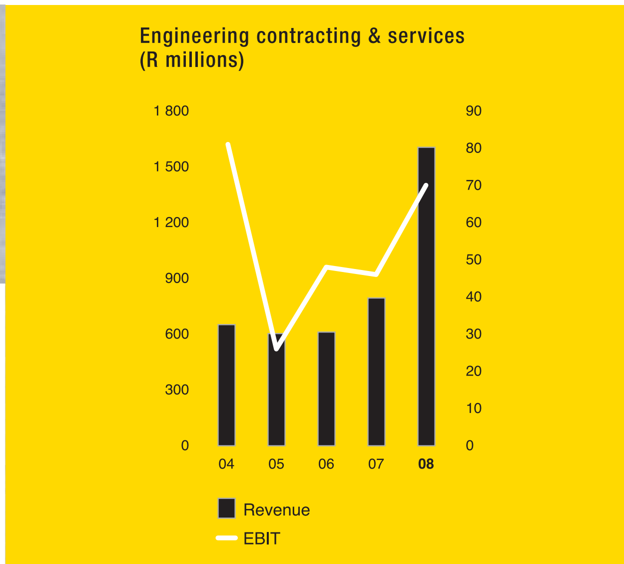
The Canadian and Australian mining operations started the new financial year with a combined order book of R2,6 billion (2007: R1,6 billion).

In line with its strategy to develop long term relationships with key clients, Cementation Canada has secured an ongoing flow of repeat work involving expansion or continuation of existing contracts that will continue for the next few years. Maintaining a dominant market share in Canada with major projects and clients, coupled with new growth in the USA market, will provide a platform for growth for the years ahead.

The growth of opportunities in vertical and decline shaft sinking will continue to be a key contributor to future prospects for RUC Mining Contractors in Australia. The company has secured R461 million of its order book for 2009. While ongoing growth is anticipated in the core activities in Australia, the business is also pursuing raise drilling opportunities in the Philippines and Indonesia.

Henry Laas   Roy Slack   Barry Upton

1. Gordon Taylor
2. Jerome Arendse
3. Ian Dryden
4. Steve Walker



ENGINEERING CONTRACTING & SERVICES

The ongoing growth of global investment in natural resources, industrial process and energy projects continues to offer opportunity in the engineering contracting & services cluster. During the year, Murray & Roberts commenced its role as a leading implementation partner in Eskom's power station build program.

The businesses in this cluster delivered mixed results during a year of major market shifts and changes in leadership. Malose Chaba was appointed cluster chief executive, power sector champion, chairman of Murray & Roberts Engineering Solutions and Murray & Roberts MEI from October 2007 and chairman of Murray & Roberts Marine and Wade Walker from June 2008.

Wade Walker under the leadership of managing director Steve Walker and Murray & Roberts Marine under the leadership of managing director Ian Dryden recorded significant growth and strong financial performances in the year.

Murray & Roberts Engineering Solutions and Murray & Roberts MEI disappointed in a year characterised by the cancellation, postponement and delay of industrial projects, most notably the Coega Aluminium Smelter. Both companies have undergone leadership changes with Gordon Taylor and Jerome Arendse appointed managing directors, respectively.

Performance

Murray & Roberts Engineering Solutions recorded static revenues of R425 million (2007: R415 million), with a reduced operating profit of R6 million (2007: R52,2 million).

Murray & Roberts MEI increased its revenues to R597 million (2007: R214 million), but recorded an operating loss of R68,5 million (2007: R19,5 million loss) on completion of the NPC and Sappi SAICCOR projects in KwaZulu-Natal.

Reporting for the first full year since Murray & Roberts acquired an 80% shareholding, Wade Walker delivered revenues of R254 million (2007: R99 million) with operating profits of R62,7 million (2007: R12 million).

Murray & Roberts Marine increased its revenues to R303 million (2007: R66 million), with operating profits of R32,1 million (2007: R1,3 million).

Operations

The Murray & Roberts contracts for structural fabrication and erection to the boiler houses at Medupi and Kusile coal fired power stations were awarded in partnership with Hitachi Power. The Medupi contract was signed in November 2007 and work commenced immediately on resourcing a management team and securing major subcontractors.

The primary contract is a partnership between Murray & Roberts MEI and Murray & Roberts Engineering Solutions, with fabrication of the structural steelwork by Genrec. Steel ducting will be fabricated in a facility to be established on site by a new company jointly owned by Murray & Roberts MEI and a 51% empowerment partner.

The Kusile contract was awarded in January 2008 and work has commenced on resourcing a management team and securing major subcontractors.

Collectively, these contracts are valued at R15 billion and will take up to six years to complete. Murray & Roberts MEI is also a contender for the Ingula pumped storage scheme mechanical contract and other co-generation projects to be undertaken at some industrial plants in the pulp & paper and sugar sectors.

Murray & Roberts Engineering Solutions and its partner completed Phase 1 of the PBMR engineering services contract at the end of the financial year and has since been awarded the Phase 2 EPCM contract valued at about R1,9 billion to implement the demonstration power plant. The project is scheduled for completion by 2014.

Murray & Roberts has partnered Westinghouse and Shaw Group to submit a proposal to Eskom for the Nuclear-1 Power Plant valued at about R120 billion. This is the precursor to a planned nuclear generation build program of 20 gigawatt electrical (GWe) over 20 years.

The Eskom nuclear power program presents a unique opportunity for Murray & Roberts to leverage its engineering, construction and manufacturing capabilities.

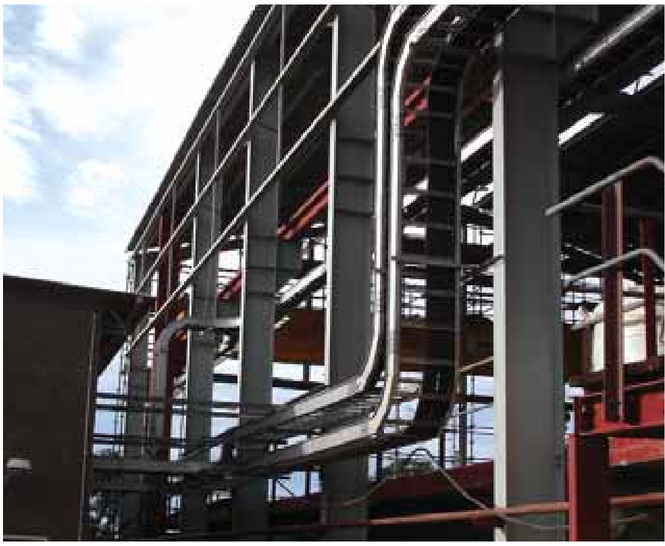
Major industrial and mining projects were largely completed during the year, although the electricity crisis impacted the development of some new projects – the cancellation of the Coega aluminium smelter in Port Elizabeth being a prime example. The Sishen Expansion Project included Murray & Roberts Engineering Solutions as EPCM contractor in joint venture and Wade Walker as electrical instrumentation subcontractor. Work on the Tata Steel ferrochrome plant in Richards Bay was completed successfully by Murray & Roberts MEI.

Major coal producers have undertaken aggressive capacity expansion programs to meet growing demand from the thermal power program and export markets. Murray & Roberts Engineering Solutions is on schedule to complete the Xstrata Goedgevonden Colliery this year, and has commenced work on the Tweefontein greenfield coal project.

Murray & Roberts is an alliance partner to De Beers and the Voorspoed diamond mine was completed ahead of schedule with the first diamonds produced in June 2008. The project set a valuable standard for Murray & Roberts companies working together on a unitary basis and the Group is exploring other similar projects with major mining clients.

The NPC clinker plant and Sappi SAICCOR expansion projects were near completion at year end. The engineering cluster was severely impacted in the year by client and third party performance and the worst case scenario has been recognised before potential recoveries in terms of the respective contracts.

Voorspoed diamond mine



Kansanshi copper mine, Zambia

Kansanshi copper mine

Wade Walker has built a strong reputation in both the domestic and regional mining markets and was awarded contracts on Impala Platinum No. 20. shaft and the Impala Smelter Expansion Project, scheduled for completion in the new financial year. The company made further inroads into African markets during the year, completing work on the Frontier copper mine in the DRC and the Tati nickel mine in Botswana. Additional work was secured on the Kansanshi copper mine in Zambia and new awards were won on AngloGold Ashanti's Iduapriem gold mine expansion project in Ghana and the Tenke Fungurume Copper project, a major new greenfield plant for Freeport-McMoRan in the DRC. This latter project comprises numerous contracts and will proceed in three stages, the first of which is due for completion in 2009.

Wade Walker also secured a lead role to undertake the electrical work for all of the Gautrain stations and tunnels valued at R440 million over three years. Preparation for the engineering work on this contract commenced during the year.

Murray & Roberts Marine secured projects in Middle East, Southern Africa and Malaysia during the year. The Al Raha sea wall project in Abu Dhabi proceeded on program with the scope of work increased in value to AED770 million. The project is likely to continue beyond 2009. Al Raha has opened up a number of new opportunities for similar work in the United Arab Emirates which Murray & Roberts Marine is pursuing on a negotiated basis. The company also secured a marine pipeline project for Uramin's Trekkopje desalination plant in Namibia and an iron ore terminal in Malaysia.

Leadership

Executive changes in the cluster have created an experienced new leadership team tasked with delivering the Group's significant responsibilities in the power program. Mile Sofijanic joined the Group as thermal power project director, with Ged Evetts appointed project manager at Medupi and Ray Hanley project manager at Kusile.

Peter Doyle recently joined the Group as commercial director of Murray & Roberts MEI.

Human capital

The labour situation remains volatile in a competitive and opportunistic market. All businesses in this cluster have responded to this challenge with initiatives to develop leadership capacity internally and by recruitment. Retention strategies have received focused attention throughout the Group.

The contractual arrangements for major projects in the power program include commitments to job creation, training, empowerment and use of local content in support of the Accelerated and Shared Growth Initiative for South Africa macro-economic strategy and Eskom's BEE requirements. Skills training in particular is a critical requirement of these projects and Murray & Roberts MEI will spend approximately R28 million in 2008 and 2009 on training for hundreds of artisans for the Medupi and Kusile projects. The Group will expand and partner the FET College in Lephalale for this purpose.

The companies have enhanced their focus on safety as higher numbers of employees with varying levels of experience work on project sites. During the year, Murray & Roberts Engineering Solutions suffered one subcontractor fatality on the Goedgevonden site, but an improvement in its LTIFR to 0,84 (2007: 1,33) indicates an underlying commitment to a safe work environment. Murray & Roberts MEI also reported an improvement in its LTIFR to 1,87 (2007: 2,52). Murray & Roberts Marine recorded an LTIFR of 2,55 on the Al Raha project and Wade Walker reported no incidents for the financial year.

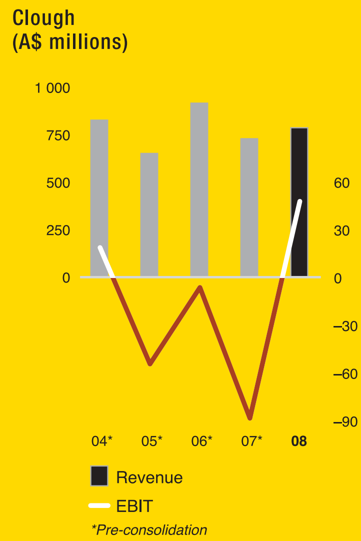
Prospects

With the past year's disappointments in mind, Murray & Roberts Engineering Solutions started the new financial year with an order book of R1,1 billion, of which R175 million is for 2009. Murray & Roberts MEI and Wade Walker entered the new year with a combined order book of R703 million and Murray & Roberts Marine has R711 million of work secured. These figures exclude the Medupi and Kusile projects.

The order books indicate a period of aggressive growth for the cluster, attributable largely to the new build and expansion programs in the power, mining & minerals beneficiation and port infrastructure sectors.

Malose Chaba

1. John Smith
2. Bill Boyle
3. Andrew Walsh



Angel gas field topsides floatover transport and installation project, Australia

Clough Limited

With the increase in the Murray & Roberts shareholding in Clough to 56%, the Clough financial results have been consolidated into those of Murray & Roberts from 1 July 2007. The shareholding in Clough will increase to about 60% by November 2009 on settlement of outstanding convertible notes.

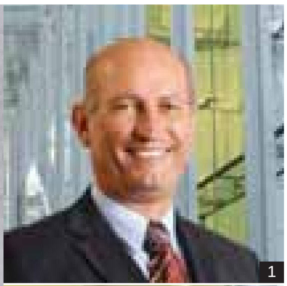
Clough delivers an engineering, procurement and construction service to oil and gas, minerals and infrastructure projects in Australia and across Southeast Asia. The company has an 82% shareholding in Jakarta based PT Petrosea which is primarily involved in the development of mining projects and the contract mining of coal for export but which also owns and operates a first class oil and gas supply base in Kalimantan.

Group executive and Clough interim chief executive John Cooper saw the company through its consolidation into Murray & Roberts and handed over the leadership baton to John Smith in August 2007. Through this process, the company has gained strategic clarity, strengthened its organisation and developed its core engineering, procurement and construction skills for future growth.

A final recapitalisation of the company in December 2007 has created a solid financial platform which has enabled it to respond to increased activity in the global oil & gas sector and supported a return to profitability.

Performance

Clough increased total revenue to A$769 million (2007: A$740 million), supported by improved activity in marine construction and growth in coal mining volumes in Petrosea. A turnaround in operating profits to A$84 million (2007: A$88 million loss) included profits from the sale of the Sheddon and CEM businesses and improvements in project delivery and profit margins.



1. Simon High
2. Kevin Caine
3. Micky Hehuwat

Legacy contract issues were fully provided in the previous year and have largely been finalised during the year under review. On the ONGC G1 Contract in India, all major outstanding creditors were settled and the performance bonds paid over to ONGC in July 2008. This was fully provided in the balance sheet. Murray & Roberts is facilitating resolution of this outstanding dispute.

Operations

Marine construction

Clough provides an EPC service for offshore oil and gas projects in Australia and South East Asia where the marine construction is key to success.

The engineering, construction, transport and installation of the wellhead platform for the OMV Maari field development project in the Tasman Sea, New Zealand, was completed during the year and Woodside's Angel gas field topsides floatover transport and installation project off North West Australia, was successfully executed.

A A$200 million contract for installation of the Reindeer gas field development offshore facilities has recently been awarded. This follows confirmation of Clough as EPC contractor for the development of onshore gas processing facilities for Apache Energy at Devil Creek. The Reindeer gas field lies in the Dampier sub basin on the Northwest shelf, offshore Australia. Engineering work has commenced and offshore construction is planned for the second half of 2009.

A A$20 million contract for the installation of 11 subsea pipelines in the Gulf of Thailand was awarded by Chevron. Offshore works are scheduled for completion late in 2008.

Clough has entered into an agreement with APL of Norway for engineering and construction support with the first two projects being the Neptune LNG deep water port terminal off the coast of Gloucester, Massachusetts and the Peregrino project for Statoil off the coast of Brazil.

Fabrication

Clough combines project enterprise with Asian industry to deliver quality, low cost fabrication of highly engineered modularised structures for oil and gas projects.

During the year, three key projects were completed in Thailand: Topsides for the Montara platform for Coogee Resources; a platform for the GFI offshore field development project for ARV; and five topside process modules for Nexen's FPSO for the Ettrick field in the North Sea.

The facility is an integrated supplier to Devil Creek project.

Capital projects

Clough provides an engineering, procurement and construction service for minerals and infrastructure projects in Australia but with a particular focus on oil and gas where the company also offers process and front end engineering expertise. A differentiator is Clough's experience of delivering large multidiscipline construction projects in the Australian environment.

Clough was awarded the A$260 million Apache Devil Creek development contract to engineer and construct the onshore facilities for processing and transport of gas reserves from the Reindeer gas field to Western Australia. Completion is scheduled for mid-2010.

Work was well advanced on the A$25 million Mars project compressor upgrade for Apache Energy on Veranus Island when an explosion caused a temporary shutdown to the adjacent gas plant. Apache has commissioned Clough to assist with essential repairs.

Clough is an active participant in the front end engineering design of Chevron's Gorgon LNG project, participating in the Kellogg joint venture, and was awarded the construction of a jetty for Woodside's Pluto LNG project. The core of the project team involved in the successful completion of the Train 5 jetty extension in 2007 is working on this project.

Asset support

Clough offers an engineering led service to enable operation, maintenance and upgrade of existing upstream oil and gas infrastructure, both onshore and offshore, throughout the Australasian region.

The asset support team expanded its client base during the year and strengthened its relationship with Woodside and ConocoPhillips. Clough provides engineering services to Woodside's Australian assets, including the gas plant at Karratha, and operations and maintenance services to ConocoPhillips for the Bayu-Undan offshore facilities.

Petrosea

PT Petrosea is listed on the Jakarta Stock Exchange and undertakes the development of mining projects and mining operations in Indonesia. The company offers extensive expertise in open cut mining with experience gained on projects across the Indonesian Archipelago.

Petrosea secured several new major mining development projects, including the EPC project for the mine infrastructure and mine services contract for PT Ilthabi on the Pakar open cut coal mine in Indonesia.

Petrosea has undertaken an internal feasibility study on its joint venture Santan Batubara coal concession. Based on initial findings and subject to confirmation of mineable reserves, the concession is expected to provide a profitable addition to Petrosea's current operations. Initial construction works have commenced at the mine, a mine fleet is on order and first production is planned for the first quarter of 2009.

Leadership

The Clough board has been strengthened with the appointment of senior industry specialists, Emma Stein and Keith Spence.

Bill Boyle has recently been appointed group chief operating officer and will attend to operational matters while enabling John Smith to focus on the pursuit of new business and further development of the company. Senior management has been strengthened in all business lines.

Human capital

In an environment of significant new market opportunity, Clough has developed a new manpower plan to recruit, train and retain staff while maintaining quality of delivery. As part of this plan, the company has embarked on a training regime to strengthen management and employee capacity in project delivery.

Clough's staff complement grew by 34% to 4 693 employees, while project technical staff grew by 25%, reflecting the growth of the business.

Clough achieved a 28% improvement in its total recordable incident frequency rate to 3,44 on 19 million man hours worked.

OMV Maari field development project, New Zealand

Kalgoorlie Reservoir

Prospects

Clough has secured a quality order book valued at A$1,2 billion which provides an initial A$600 million of order coverage for revenues in the new financial year. This amount will be augmented by a further A$200 million of work awarded since 30 June 2008.

The conditions in Clough's chosen markets remain solid, in spite of uncertainty in the global finance sector, and the company has a wealth of opportunities, particularly in the domestic gas and LNG markets in Australia. Clough will continue to build capacity by focusing on recruitment, training and investment in equipment.

John Smith

Operational review

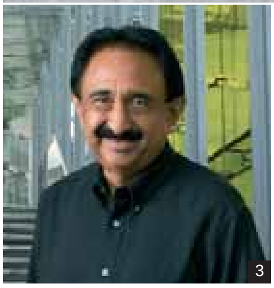
CONSTRUCTION MATERIALS & SERVICES

1. Rob Noonan
2. Andrew Langham

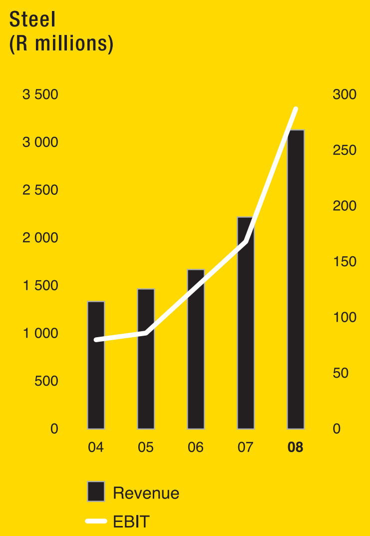
Dedicated steel rebar facility in Olifantsfontein

The steel and infrastructure materials businesses continued to benefit from growth in infrastructure investment but the building materials sector was impacted by declining activity.

(R millions)	Revenue 2008	Revenue 2007	EBIT before exceptional items 2008	EBIT before exceptional items 2007
CONSTRUCTION MATERIALS & SERVICES	5 838	4 508	901	735
Steel	3 128	2 221	287	167
Infrastructure	1 491	1 245	328	302
Housing	632	634	100	133
Services	587	408	186	133



1. Jimmy Windt
2. Pierre Zeeman
3. Shashikant Magan



CONSTRUCTION MATERIALS & SERVICES

Manufacture and supply of selected construction materials & services is an important element of the Group's business proposition, primarily in South Africa. Significant market presence in asphalt, concrete, clay and steel products allows the Group access to much more of the total construction economy than is available through its contracting activities, which on average represent less than 5% of the debtor books of this cluster.

Andrew Langham was appointed cluster chief executive from 1 July 2007, and operational responsibility for Technicrete transferred from Concor later in the year. Murray & Roberts Steel became a separate cluster under the leadership of Rob Noonan, who also assumed executive responsibility for Johnson Arabia.

Harvey Roofing was sold with effect from 31 July 2008 and its results are reported under discontinued operations.

The construction materials & services sector delivered sound results for the year. Steel operations derived benefit from a strong market, increased prices and global expansion, while the infrastructure materials businesses achieved solid growth from major projects and strong performances in the general market. However, the building materials businesses were impacted by declining activity in the interest rate sensitive residential and commercial building sector, while rising energy inflation impacted costs.

Steel products

Murray & Roberts Steel positioned itself for growth in domestic and international markets and generated significant value through its leverage of the value chain in the steel sector. Volatile and significant increases in the prices of input materials (scrap steel) pushed the cost of finished products to record levels as local and global demand for steel continued unabated during the year.

Performance

Revenue grew strongly to R3,1 billion (2007: R2,2 billion), due largely to volume increases in international markets, major infrastructure projects in South Africa and significant cost increases. Operating profits grew 70% to R286 million (2007: R168 million), as careful management of price volatility in the second half of the year delivered enhanced margins.

Operations

South Africa

Murray & Roberts Steel embarked on a strategy in 2002 to position the company for significant anticipated growth in its domestic and international markets. A major capital investment program doubled production capacity and automated processes for improved productivity. Human capacity has been strengthened in the domestic market and significant new capacity was created in selected international markets.

A five year program to enhance billet and reinforcing bar production from the Cisco steel mill was completed during the year. The newly configured rolling mill is fully operational and achieving close to the targeted capacity of 220 000 tons per annum. The upgraded melt shop was impacted by the electricity crisis in January 2008 after which it had to demonstrate a net saving of 10% of power usage. This has been achieved by shutting down the melt shop for four hours each day which has resulted in a 15% drop in production.

Olifantsfontein bar yard

Global billet prices doubled to over US$900 per ton by the end of the financial year. Rebar prices in the domestic market also reached record highs, but are still lower than international prices. The Cisco mill is able to support the Group's in-house consumption of rebar, but the company's international sourcing agreements will be utilised to meet the full needs of South Africa's power projects. Cisco has firm plans for capital expenditure on further capacity expansion and energy saving.

Major projects

Capacity expansion in the domestic market has enabled the demands of major 2010 Soccer World Cup projects to be met, at the same time maintaining ongoing business and market engagement. A dedicated rebar facility in Olifantsfontein outside Johannesburg is delivering approximately 90 000 tons of steel to the Gautrain project and can cater for future major projects. The contract to supply 12 000 tons of steel for the Green Point Stadium will be completed in October 2008.

A new dedicated rebar facility is being developed on site for the Medupi Power Station and will supply approximately 50 000 tons of product. A similar amount of steel can be supplied from the Olifantsfontein rebar facility to the Kusile Power Station project near Witbank.

Mauritius

Murray & Roberts Steel acquired two rolling mills in Mauritius during the year and is now positioned as the primary manufacturer and distributor of reinforcing products in the Indian Ocean Islands. Refurbishment of the mills is underway and will be completed by December 2008. A base load of raw material feedstock will be supplied from excess billet production at Cisco.

Middle East

Murray & Roberts Steel and its local partner in the United Arab Emirates have agreed on expansion plans to build a new rebar yard in Dubai with fabrication and trading capacity of over 200 000 tons per annum. Construction work has commenced and is scheduled for completion in December 2008. This new facility in Jebel Ali, together with the existing facility in Sharjah, will quadruple the volume of rebar and mesh Murray & Roberts supplies to the Dubai market to almost 300 000 tons per annum, positioning the Group as one of the larger suppliers to the burgeoning Middle East construction market.

Murray & Roberts Steel secured the rebar supply and install contract on the flagship Trump International Hotel & Tower development in Dubai. The contract will be undertaken in partnership with Babich International, a global rebar installation company.

Leadership and human capital

Executive capacity in engineering, finance and client relationship management has been strengthened during the year.

Skills shortages have resulted in staffing challenges in all areas of the business and additional training programs have been initiated to address this.

Murray & Roberts Steel has separated responsibility for the management of health & safety and environment & quality to strengthen its performance in these critical areas. The company is committed to reducing energy usage and its carbon footprint, and will reassess its quality benchmarking during the year ahead.

Prospects

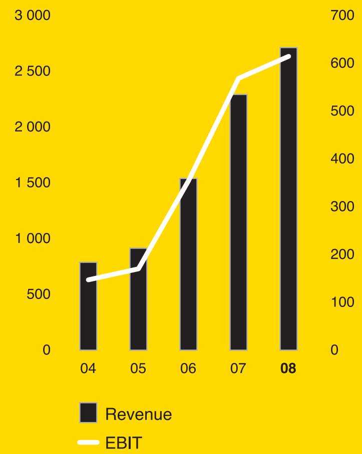
Major projects in the power and transport infrastructure sectors will generate significant growth in the domestic market during the period leading up to 2010 and beyond. Gearing up for the Eskom capacity expansion program will be a key focus area in the 2009 year, but the business will maintain its commitment to its traditional domestic market to ensure its long term sustainability.

Expansion in the Middle East and the Indian Ocean Island region is expected to increase the international component of Murray & Roberts Steel's revenue from around 20% in 2009 to over 30% in 2010. Opportunities in other markets in which the Murray & Roberts Group has a presence will also be considered in 2009.

Rob Noonan

1. Phillip Hechter
2. Trevor Barnard
3. Werner Kruger
4. Paul Deppe
5. Gerald Topfer
6. Judy van Es

Infrastructure, building & services
(R millions)



Much Asphalt

Infrastructure products

Trevor Barnard joined the Murray & Roberts Group as managing director of Rocla from August 2008 and the management team is being significantly strengthened to enable continued growth in this very active but increasingly competitive market segment.

Rocla delivered a solid performance with operating profits of R215 million (2007: R200 million) on revenues of R594 million (2007: R498 million) for the year. This reflected sound growth in volumes, driven primarily by major project work.

Much Asphalt also delivered sound results with operating profits of R113 million (2007: R102 million) on revenues of R897 million (2007: R747 million), reflecting successful performances on numerous smaller projects.

Rocla continues to benefit from product supply to major projects in the power, roads, airport, water and sanitation infrastructure sectors. The business completed its supply of product to the Medupi power project during the year and will supply the underlying concrete piping and stormwater culverts for the Kusile power project in the 2009 financial year. Growth is expected to continue throughout 2009, but the company will experience some impact from the decline in development work on residential and commercial projects.

Capital expenditure is being invested to upgrade machinery at all Rocla plants to improve efficiency and effectiveness.

Much Asphalt achieved record sales despite a dearth of major road and airport projects throughout the 2008 financial year. The Gauteng Freeway Improvement Program represents a significant opportunity for Much Asphalt

Technicrete block plant, Olifantsfontein

over the next two years and significant investment in people and plant will increase capacity. Constant upgrade of existing plant enables Much Asphalt to incorporate the latest and most environmentally friendly technology into its processes.

Under the leadership of Phillip Hechter, the team at Much Asphalt has successfully prioritised transformation as a key element of its market strategy, and the business has achieved level three contributor status on the DTI's BEE scorecard.

Building materials

Werner Kruger was transferred from Rocla to take up the position of managing director of Ocon Brick in April 2008. The Pienaar family, from whom Murray & Roberts acquired 80% of Ocon Brick, exercised the option to sell their remaining 20% shareholding in the company in September 2008.

Technicrete and Ocon Brick were negatively impacted by the decline in residential and commercial building and this is reflected in their financial performance, where combined revenues of R632 million (2007: R634 million) delivered lower operating profits of R100 million (2007: R133 million).

Technicrete generates 70% of its profits from the building and infrastructure markets and 30% from mining. The company experienced a slight reduction in sales volumes as the building economy slowed, which was partially offset by an increase in demand from mining clients. Technicrete continues to pursue a strategy of expansion into high volume manufactured concrete infrastructural products for supply into metropolitan areas.

Ocon Brick achieved good volume growth but, with more than 50% of its product supplied into the high-end residential market, was negatively impacted by the tighter market and rising energy input costs. This placed pressure on operating margins in the second half year, compounded by heavy rains from January to March which affects curing of the bricks and mining of clay.

Ocon Brick's traditional markets are unlikely to improve in the 2009 financial year. However, a Murray & Roberts group initiative in the affordable housing market is being actively pursued. Ocon Brick has applied for new order mining rights to access high quality clay reserves on land adjacent to its property which offers another 20 years of production.

Construction Services

Johnson Arabia under Gerald Topfer as general manager has been positioned over the past decade as the leading lifting services provider in the United Arab Emirates. The company has 182 mobile cranes and 511 platform hoists in its operations in Dubai and Abu Dhabi, and plans to expand into Qatar.

The company recorded operating profits of R144 million (2007: R105 million) on revenues of R416 million (2007: R292 million). Construction and development opportunity remains strong which offers good future growth potential.

Judy van Es transferred to Toll Road Concessionaires (Tolcon) as managing director from 1 August 2008. Tim Radley was acting general manager during the year. The company saw another year of growth as traffic volumes continued to grow in line with the economy. Tolcon operates the entire N3 toll route, the N2 North and South Coast toll roads and has a 33% shareholding in the operation of the N1/N4 Bakwena Platinum highway. During the year, the company secured the Marianhill toll plaza, renewed the N3 contract for a further eight years and extended the Huguenot Tunnel contract for a further two years.

Tolcon is entering a further growth phase as new opportunities in transport infrastructure operations related to Gautrain and the Gauteng Freeway Improvement Program materialise.

Tolcon will play a leading role in the management of the Gautrain system through its subsidiary Tollrail, providing resources to the Bombela Operations and Maintenance company which will service the train system and transport logistics around stations. Murray & Roberts currently has a 24% stake in this operation.

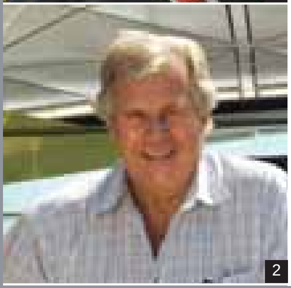
The Gauteng Freeway Improvement Program offers new opportunity to Tolcon, which is well positioned to participate in the planned open tolling system.

Andrew Langham

Operational review

FABRICATION & MANUFACTURE

1. Andrew Langham
2. John Hoare
3. Dirk Steinberg

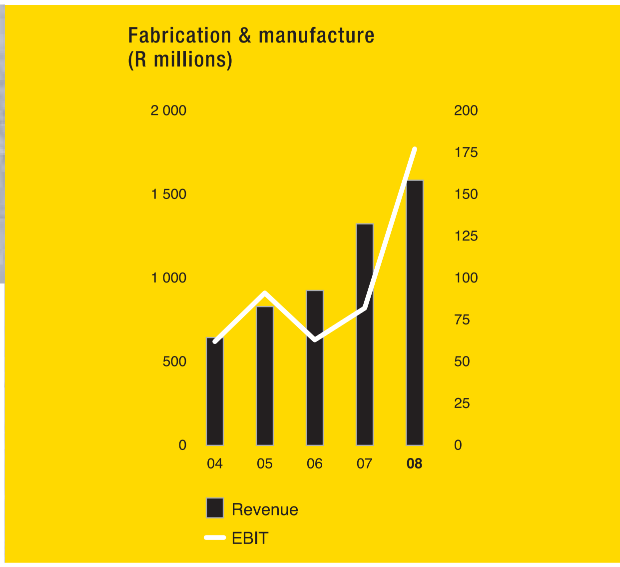


Union Carriage and Wagon

The growth profile of this cluster is above average, reflecting significantly improved order books driven by government infrastructural spending in South Africa.

	Revenue		EBIT before exceptional items	
(R millions)	2008	2007	2008	2007
FABRICATION & MANUFACTURE	1 582	1 323	177	83
Manufacture	1 100	1 044	123	68
Transport	482	279	54	15

1. Schalk Burger
2. Palello Lebaka
3. Jaco van den Berg



Open gas turbine exhaust duct plant in Atlantis

Steel fabrication, Genrec

FABRICATION & MANUFACTURE

The fabrication & manufacture cluster was reconstituted from the start of the year, comprising the businesses of Genrec, Hall Longmore and Union Carriage and Wagon (UCW).

Andrew Langham was appointed chairman of Genrec and Hall Longmore with effect from 1 July 2008, extending his corporate responsibility over non-contracting operations in the Group.

John Hoare was appointed chairman of UCW with effect from 1 August 2008 following a period as interim managing director at Rocla. John has filled a number of key interim executive roles in the Group over the past few years and has committed to this responsibility until December 2009.

Dirk Steinberg vacated his role as financial director of UCW with effect from 1 July 2008 and, while remaining on the UCW board as a partner to John Hoare, has been appointed a director of Genrec and Hall Longmore as a partner to Andrew Langham. Dirk has also been appointed chairman of the newly established duct manufacturing business for the Medupi and Kusile Power Station mechanical works.

The businesses forming this cluster all recorded solid performance and growth as investment in the mining, power, water, energy and transport infrastructure markets began to deliver value.

Performance

Hall Longmore and Genrec benefited from capacity expansion programs in the water and energy pipeline, mining and power markets. Hall Longmore increased its operating profit to R106,7 million (2007: R66,2 million) on revenues of R782 million (2007: R876 million). Genrec achieved a long awaited turnaround, lifting operating profits to R17,1 million (2007: R1,2 million) on higher revenue of R318 million (2007: R169 million).

UCW saw the first benefits of its locomotive contracts, reporting an operating profit of R54,2 million (2007: R15,1 million) on increased revenues of R482 million (2007: R279 million).

Operations

Hall Longmore extended its leadership in a buoyant domestic steel pipe market. The company saw strong growth in demand for its products in the mining sector and benefited from the acceleration of investment in infrastructural development, securing a large portion of work available in the liquid fuels and water pipeline sectors.

The company secured the fast track contract to supply approximately 710 kilometres of pipe for Transnet's Multi-Product Pipeline Project from Durban to Gauteng, and was selected as preferred bidder for the Western Aquaduct project in KwaZulu-Natal, which is due for completion in 2008. The company also secured the Albany contract in the Eastern Cape where it was appointed as the nominated subcontractor for pipe supply.

The business has implemented a R250 million capital expenditure program to increase its ERW scope of supply, de-bottleneck its operations and install the latest technology pipe coating systems.

Genrec secured work in all its target markets, benefiting from strong growth in the mining sector and, with substantially increased tonnage throughflow, completed all its projects profitably during the year.

Genrec secured the order to fabricate more than 210 000 tons of steel over a period of five years for the Medupi and Kusile thermal power stations being constructed by Murray & Roberts. In preparation for this work, Genrec has strengthened its operational efficiencies, including reengineering its operational processes to globally benchmarked quality and delivery standards.

The UCW contracts to design, build and systems integrate the OREX and COALLink locomotive projects, form part of Spoornet's Main Line Locomotive Investment Program. The contracts are in partnership with Mitsui as main contractor and Toshiba as systems supplier. Spoornet exercised an option during the year to increase the OREX locomotive order by 12 units to accommodate increased demand on the rail link from Sishen to Saldanha.

COALLink locomotive

Further work on locomotive and rolling stock upgrades for the South African Rail Commuter Corporation is embodied in a three year project for refurbishment of 516 10M4 and 5M2A coaches. The project is on schedule with 188 of the coaches due for completion in 2009. The first new 10M4 coach was commissioned in August 2008.

During the year, UCW was awarded the contract to assemble and test 81 vehicles for the Gautrain project. Facilities for the project were upgraded and are ready for delivery of the first components from Bombardier for final assembly. The project is scheduled for completion in April 2010.

Leadership

A number of executive appointments were made during the year in all three companies and in June 2008, Kevin Kelly was appointed project director of the UCW locomotive build program. Kevin was previously a project manager at Murray & Roberts Engineering Solutions.

Prospects

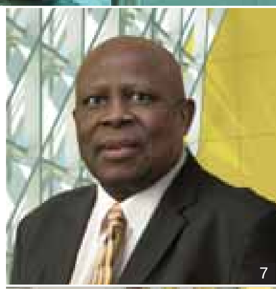
The growth profile for all three companies is above average, reflecting significantly improved medium term order books driven by government infrastructural spending in South Africa. Private sector demand in the local and international mining and energy markets remains buoyant.

Andrew Langham

Operational review

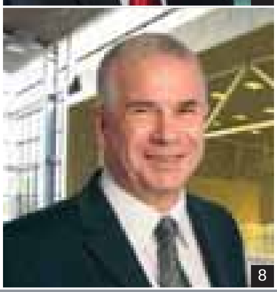
CORPORATE

1. Millard Arnold
2. Ian Henstock
3. Terry Rensen



4. Andrew Skudder
5. Yunus Karodia
6. Frank Kruger
7. Caswell Makama
8. Roger Mower*
9. Bal Panicker*
10. Richard Pope*

**International*

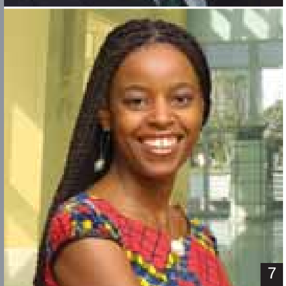


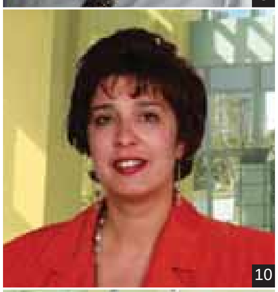
	Revenue		EBIT before exceptional items	
(R millions)	2008	2007	2008	2007
CORPORATE & PROPERTIES	113	163	(133)	(106)




1. Ian Appleton
2. Carien Botha
3. Tyron Botha
4. Mabuse Hlalele






5. Greg Ker-Fox
6. Gerard Moerdijk
7. Lerato Motaung
8. Daan van Schalkwyk
9. Dhiren Singh
10. Zelia Soares
11. Cheryl van Bosch

Net corporate overheads decreased marginally to R147 million (2007: R152 million) in the year, before a R57 million (2007: R67 million) contribution from properties and a charge of R43 million (2007: R21 million) related to share-based payments accounted for in terms of IFRS2.

Leadership

The directors of Murray & Roberts Limited form the group executive committee which meets monthly in Bedfordview and is responsible for overseeing the management and operations of the Group. The chief executive forum meets quarterly and brings together the top 40 operational and corporate leadership executives in the Group.

The directors of Murray & Roberts International Limited meet at least quarterly in Dubai and on at least two further occasions in Canada and London as an executive committee.

We have continued to strengthen our corporate leadership capacity at a time of immense opportunity. Group executive Malose Chaba has been appointed to lead the Group's engineering operations and oversee the integration of capacity to deliver the Group's engagement of South Africa's thermal and nuclear power program Caswell Makama is a director of Murray & Roberts Concessions and leads group engagement with the public sector.

Group executive director Sean Flanagan extended his corporate responsibility for delivery oversight of designated major construction projects, with his appointment as steering committee chairman of the Medupi and Kusile thermal power projects. Sean also holds corporate responsibility for Murray & Roberts Cementation and RUC in Australia.

Group executive director Keith Smith was appointed executive chairman of Murray & Roberts Construction with responsibility for its final restructuring and future performance. Keith is also chairman of Concor and oversees the SADC construction operations.

Interim executive John Hoare rejoined Murray & Roberts as interim general manager at Rocla pending the appointment of a replacement managing director and has recently been appointed chairman of UCW.

Risk management

Corporate services director Terry Rensen is responsible for risk management, information technology and group benefits. He is supported by Greg Ker-Fox (risk management), Tyron Botha (HSE), Daan van Schalkwyk (ITC), Gerard Moerdijk (group benefits) and Carla Clamp (internal audit).

An operational risk committee has been constituted to act as custodian of the Group's risk appetite and interrogate risks associated with key decisions.

Group risk also provides valuable leadership in acquisition due diligence reviews, major bid development, project audits and strategic and project risk assessments.

Details of our risk framework and policies are published in the sustainability report on page 108.

Secretarial & Finance

Yunus Karodia is group secretary, custodian of our governance framework and chief liaison with the JSE Limited. He is also group financial manager and oversees the preparation of monthly group accounts.

A full corporate governance report is published in the sustainability report on pages 104 to 106.

A strong corporate finance team, led by Dhiren Singh, ensures reporting compliance and delivers taxation, treasury, reporting and technical accounting leadership to the Group. Ian Appleton is group tax manager.

Our treasury provides the Group with access to local and foreign funding markets using a treasury system that operates within a framework of approved authority levels, products and counter parties.

The Group operates within a number of tax jurisdictions. Income tax, secondary tax on companies, capital gains tax and other taxes are planned in the context of our growth profile.

Commercial

Millard Arnold is legal counsel in the office of the group chief executive where he is responsible for administration and consistency in contracts and legal services to the executive leadership team. Millard also engages in legal due diligence and the management of reputational issues. A free flow of information concerning legal matters in the Group is maintained to ensure that we learn from our varied experiences.

Ian Henstock has joined Murray & Roberts as commercial director and will play a lead role in the many corporate initiatives underway.

Communication

We are committed to open and honest communication with all our stakeholders, including customers, employees, communities, business associates and society at large.

This annual report is an important reporting medium that satisfies the Listings Requirements of the JSE and reports our progress in complying with the recommendations of King II.

We offer a range of other communication platforms, including:

- the Murray & Roberts website www.murrob.com
- an interactive CE Forum on the web site
- financial results presentations and trading updates
- a quarterly house journal, Robust
- the Murray & Roberts Interchange
- Murray & Roberts ClientService centre
- various interventions for employee access to management

Mabuse Hlalele is client service manager, with a team of five executives who engage the market on behalf of the group and lead frontline management across the group.

Corporate Social Involvement

The Murray & Roberts corporate social involvement (CSI) program demonstrates our commitment to sustainable social development. We appreciate that our business activities have an impact on the communities in which we operate and we are committed to managing this impact in a responsible manner.

Our key focus areas and investments are outlined in the sustainability report on pages 98 and 99.

Lerato Motaung is CSI manager.

Health, safety & environment

We have established health, safety and environmental (HSE) management as an integral component of our leadership strategy. The primary role of our corporate HSE capacity is to oversee and lead the Group's commitment to zero harm through sound HSE management in all aspects of its business activities.

Tyron Botha has been champion of our risk-based approach to HSE with responsibility for driving and coordinating the implementation of the STOP.THINK campaign.

Details of our HSE framework and policies are published in the sustainability report on pages 92 to 98.

Human capital

Andrew Skudder has been appointed director of enterprise capability. A key strategic imperative is to ensure, amongst other initiatives, that our human capital is a competitive advantage. In this role, Andrew will also ensure that processes, systems and people are in place to meet the capacity requirements for delivery of the business plan and South Africa's pending nuclear power program.

Murray & Roberts has a human capital strategic framework that defines global best practice and focuses on issues that have the greatest impact on our ability to achieve our objectives. A leadership succession and development plan aims to deliver the leadership required to achieve the Group's growth objectives. This framework is being implemented across the Group coordinated by Zelia Soares and includes a best practice performance management and development process and a CE-led leadership succession review.

Andrew Skudder also leads the Group's BBBEE Letsema Initiative, the offset investment program and the corporate social involvement program.

Details of our HR framework and practices are outlined in the sustainability report on page 109.

Financial director report

Roger Rees, financial director

The South African and International operations of Murray & Roberts continued to deliver strong growth in revenue, operating margins and cash generation during the 2008 financial year. The International operations in Middle East, Canada and Australia approximate 40% of the Group's performance.

In a year of significant volatility in financial and economic markets, the Group showed great resilience, recording a 69% increase in diluted headline earnings per share over the prior period, and improved its cash on hand at year end to R4,7 billion.

The order book has continued to grow through the 2008 financial year and was R55 billion at 1 July 2008 (2007: R22,5 billion).

INCOME STATEMENT

Continuing revenues increased by 57% to R28 billion. Excluding the acquired revenue from the consolidation of Clough, revenue grew by 30% on a comparative basis. The revenue of construction & engineering, excluding Clough, increased by 25% over the prior year. This included full year revenue from the Gautrain project. Mining revenue increased by 45% over 2007 with growth spread across South Africa, Australia and Canada.

The revenue of construction materials & services increased by 30% while housing was flat year on year, impacted by high interest rates. Steel showed strong growth of 41% on the prior year. Infrastructure revenues were up 20% on 2007.

As reported in the 2007 annual report, the Group raised its strategic margin framework to 7,5% – 10,0% from 5,0% – 7,5%. I am pleased to report that the operating margin achieved in the financial year to 30 June 2008 is 8,6%. The first time consolidation of Clough, impacted the overall group margin, as Clough's margin of 6,6% was below the Group's strategic margin framework. Excluding Clough, the group margin was 9,0% compared to 8,2% in 2007. In the medium term, Clough is expected to achieve margins within the Group's strategic framework.

The Group's effective tax rate, excluding the impact of exceptional items, was 21,5%. This is a reduction on the prior year and reflects increasing zero rated income earned in Middle East and the first time consolidation of Clough, which has an effective tax rate of 14,0% benefiting from the utilisation of tax losses. It is anticipated that the Group will continue to benefit from zero rated income generated in Middle East and the utilisation of tax losses carried forward in Clough in the medium term.

Exceptional profit of R145 million includes R214 million profit from the disposal of subsidiaries in Clough during the year and a profit of R43 million on the sale of land owned by Murray & Roberts Steel. Impairments on unlisted investments, goodwill and associates amounted to R112 million.

BALANCE SHEET

The Group invested R1,8 billion in capital expenditure during the year (2007: R1 billion). This included

R443 million invested in vessel and related marine assets in Clough and specific mining project capital in Clough's subsidiary, Petrosea in Indonesia.

Capital expenditure in mining was just under R362 million and primarily project related. Approximately R225 million was invested in construction materials & services to ensure continued efficiencies in production facilities.

Cash generated by operations increased to R3,6 billion (2007: R2,2 billion). Operating cash flow increased to R3,1 billion (2007: R1,9 billion). Working capital showed a decrease of R445 million which included the impact of upfront payments on projects. This should be seen in the context of the first time consolidation of Clough and a revenue growth of 57% year on year. The Middle East also showed an improvement in cash collection year on year.

Cash on hand at 30 June 2008 was R4,7 billion (2007: R2,8 billion) after a net outflow of capital expenditure, dividends and tax payments. The year end cash included approximately R1,1 billion held in joint ventures.

Interest bearing long term liabilities increased to R804 million (2007: R696 million), primarily related to Clough.

Total goodwill in the Group's balance sheet at 30 June 2008 was R488 million (2007: R206 million), reflecting a small impairment reported under exceptional items. The increase in goodwill is due to the first time consolidation of Clough Limited.

The Group's investment in associate companies at 30 June 2008 was R13 million, a net decrease of R872 million over the prior year. This decrease is due to Clough being consolidated from 1 July 2007 where in the prior year it was accounted as an associate.

CLOUGH

In the first half year the Group purchased additional shares and participated in a rights issue that increased its shareholding to 56%. Convertible notes are held that when converted in the latter part of 2009 will take the Group's shareholding to approximately 60%.

With effect from 1 July 2007, the company became a subsidiary of the Group and was consolidated. This consolidation has enhanced the Group's income statement bringing additional revenue and operating profit of R4,9 billion and R321 million, respectively.

Clough has returned to profitability after three years of losses and is strategically well placed for future growth.

At 30 June 2008, Clough, which is listed on the Australian Stock Exchange, traded at a closing price of 73 Australian cents per share. This compares to the Group's average holding cost of 48 Australian cents per share.

PROPERTY HEADLEASES

During the year, the Group reclassified the accounting for its property division from exceptional to normal trading activities as a result of settlement in 2007 of the headlease structure liability that existed over the properties.

The property headlease portfolio contributed an operating profit of R57 million (2007: R66 million). The majority of the headleases are accounted for as financial lease liabilities with an obligation of R53 million (2007: R78 million) under finance leases at 30 June 2008. Related headlease and investment property fair valued at year end was stated at R482 million (2007: R526 million).

Full details of the Group's headleases are disclosed in notes 1, 2, 17, 18 and 25 of the annual financial statements.

EARNINGS AND DIVIDEND

The Group reported diluted headline earnings per share of 550 cents, compared to 325 cents in the prior year.

The total dividend for the year has been declared at 196 cents with a final dividend of 119 cents per share.

The dividend cover is 2,8 times headline earnings and is at the lower end of the Group's strategic range of between 2,8 and 3,2 times cover.

Roger W Rees
Financial Director

SUSTAINABILITY REPORT

Murray & Roberts is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current stakeholders and future generations.

Contents

SUSTAINABILITY REPORT

The Murray & Roberts commitment to sustainable earnings growth and value creation is not negotiable.

This commitment drives strategy and decision making and reinforces responsibility to create value for current and future stakeholders and generations.

As corporate citizen, Murray & Roberts is committed to the national agenda of South Africa, including the pursuit of employment equity throughout the organisation, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.

Everything that is not the natural or agricultural environment is the built environment. This is where Murray & Roberts has played a significant role throughout its 106 year history, delivering the fixed capital formation required for sustainable growth of the economies within which it operates. One of our great human challenges is to satisfy the growing global demand for transport & logistics; power & energy; water & sanitation; telecommunications; health & education; and accommodation & facilities infrastructure.

The quantifiable benefits to society of our contribution are not easily identified, but considering the positive impact of an adequate built environment on socio-economic development and the scale required to make the difference measurable, the significance Murray & Roberts has attained in its market over more than 106 years, offers some testimony in this respect.

Today Murray & Roberts plays a leading role in addressing the skills deficit in South Africa through public sector initiatives, including National Industrial Participation Program (NIPP) obligations we have incurred through our involvement in various public sector projects, and the requirements of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) that govern our involvement in the power generation projects, particularly the nuclear program. Enhancement of academic knowledge in power related subjects and establishment of large-scale skills development capability is prioritised within communities surrounding major power stations and selected other developments.

The Further Education & Training (FET) College partnership with South Africa's Department of Education has been enhanced by this mechanism, with investment in an Artisan Training Centre at the Lephalale FET College, where 700 artisans will be trained for the Medupi Power Station project. This model will be extended to facilitate localised development of higher level artisan skills for other infrastructure investment programs.

This model for skills development derives from the success achieved at the Mozal Aluminium Smelter project where almost 10 000 Mozambicans were pre-selected from the community and introduced to particular streams of development training.

Subvention partnerships are planned with selected universities to establish world class academic capacity in fields such as nuclear physics and engineering, manufacturing excellence and project management.

Murray & Roberts recently adopted the Global Reporting Initiative (GRI) guidelines and applies the principle of zero harm to all aspects of its business – its people and clients, the natural environment in which it operates and society in general.

In defining material issues for Murray & Roberts, we report on topics and indicators that describe the Group's significant economic, environmental and social impacts or that would substantively influence the assessments and decisions of stakeholders.

This sustainability report encompasses the performance of operating subsidiaries that generate sustainability impacts and over whose operating policies and practices Murray & Roberts exercises control or significant influence. Clough was consolidated into the Group's accounts from 1 July 2007 and although Murray & Roberts holds 56% of its shares, the company has an independent board of directors. Information on Clough's sustainability approach can be obtained from www.clough.com.au.

Statistics in this report cover the 12 month period to 30 June 2008. Past sustainability reports are contained in previous annual reports available on www.murrob.com.

Murray & Roberts is a diverse organisation with approximately 200 operational sites employing a variety of site-based health, safety & environment (HSE) systems and processes. The majority of these sites have embedded HSE infrastructure developed to a level that enables full systems functionality.

Continuous improvement in reporting systems and measures is undertaken to present useful and accurate information. The data provided is derived from the Group's many operations around the world, and in some cases, grouped data is not strictly comparable. To further improve the data collection process and ensure comparability year-on-year, the Group will employ external assurance for future sustainability reports. A GRI index is included at the end the sustainability report for ease of reference.

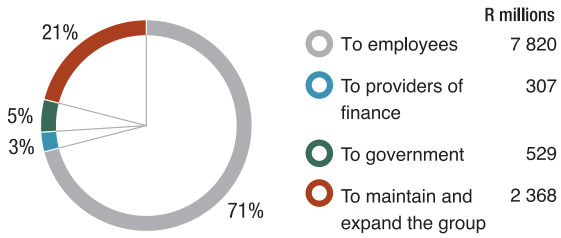
The Group assesses the financial performance of operating companies as part of its three year business planning process, and measures compliance with enterprise risk, HSE and broad-based black economic empowerment metrics.

Performance targets agreed between group leadership and operating companies are used to review quarterly progress reports.

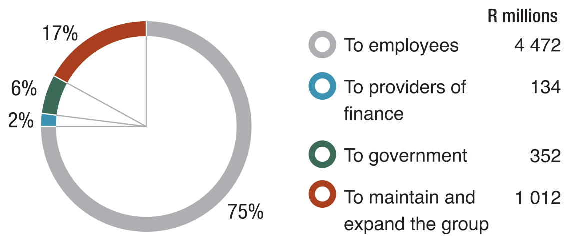
STATEMENT OF VALUE ADDED

Value added is the measure of wealth the Group creates through its operations by adding value to the cost of raw materials, products and services purchased. The following diagram summarises total wealth created and how it was shared between stakeholders who contributed to its creation. Also shown is the amount retained and reinvested in the Group for the replacement of assets and further development of people and operations. The detailed statement of value added is published on page 128 of the financial statements.

Value added 2008



Value added 2007



This indicates the increased scale of involvement by the Group in society.

STAKEHOLDERS

Murray & Roberts communicates constantly with its stakeholders and engages in an effective and transparent manner. Key stakeholders are generally identified as groups or individuals impacted by our operations, with an interest in what we do, or the ability to influence our activities. Our stakeholders include shareholders, customers, suppliers, government, analysts, investors, the media, communities impacted by our operations, NGOs, industry associations, trade unions, students, graduates and our employees.

Mutual trust and understanding with our stakeholders is imperative and we use specific means of communication for each stakeholder group. We engage through our operations, where, for example, stakeholder queries may relate to impacts on local employment and procurement, and through our corporate office on matters relating to the broader issues of Murray & Roberts and our industry, including broad-based black economic empowerment, human capital development, risk management, HSE management and innovation interests. For additional information on these issues please refer to pages 14 to 25.

SHAREHOLDERS

Shareholders benefited from a share price appreciation of 36% during the year and a 69% increase in dividend. Market capitalisation has increased more than 3 000% during Rebuilding Murray & Roberts in the eight years since June 2000.

General communication with shareholders is facilitated by:

- the Group's annual and interim reports
- the Murray & Roberts website (www.murrob.com)
- the annual general meeting
- media releases
- the JSE news service (SENS)
- operational news
- the Murray & Roberts client service centre
- financial results presentations in February and August each year

Additional information is provided to the investment community through:

- one-on-one meetings with the group chief executive and group financial director
- investor conferences
- subject-specific presentations

Feedback from the market is obtained by:

- broker reports
- one-on-one contact
- the CE discussion forum on the public website

CUSTOMERS

The Group's customer base includes corporate institutions, government departments, state owned enterprises, mining houses, large businesses, other contractors and private developers. Our stated objective is to gain preferred status by delivering world class projects, products and services that fulfil customer requirements. Specific initiatives to enhance our customer/client relationships include:

- identification of customer/client needs
- staff training programs
- strategic alliances
- market engagement
- innovation and education
- focus on quality, cost and performance delivery

Measures are in place to monitor customer/client satisfaction. These include questionnaires and regular customer surveys, with key account and project managers maintaining regular contact with customers/clients. Some operations have call centres which field enquiries and undertake to resolve complaints within a specified period of time. A group client service centre assists to bridge the knowledge gap between Murray & Roberts and its people, potential clients, existing clients and the general public. This facility processes about 2 500 calls per month.

Contract terms and conditions typically provide the mechanism for managing contractual disputes. These may be adjudicated by a third party, arbitration or litigation. Disputes are managed at the appropriate level under the guidance of responsible executives and where necessary, are escalated to executive director level.

SUPPLIERS

There are policies and procedures in our operations for the selection of suppliers. The following performance deliverables are important:

- pricing
- quality
- reliability
- broad-based black economic empowerment (BBBEE)

The creditworthiness, safety and environmental records of joint venture partners or subcontractors are also considered.

The performance of our suppliers is monitored on a regular basis and supplier audits are conducted from time to time.

In line with the Codes of Good Practice on BBBEE targets for preferential procurement, the Group aims to achieve 50% BBBEE procurement expenditure from all suppliers based on the BBBEE procurement recognition levels as a percentage of total measured procurement expenditure by 2012.

The Group's preferential procurement policy tasks each operating entity to engage their suppliers to have them verified and alternatively to source empowered suppliers should their existing suppliers not be appropriately empowered.

ETHICS

The Group ensures compliance with all its legal and regulatory requirements through application of its governance policies and procedures. Directors are bound by a board mandated code of conduct which contains standards of accepted behaviour.

The Partnering Against Corruption Initiative (PACI) was launched at the 2004 annual meeting of the World Economic Forum, backed by a set of principles for countering bribery in business. Murray & Roberts is a foundation signatory to PACI and undertakes to counter corruption and bribery in the Group and its markets.

The group chief executive hosts "Ask Brian" on the Interchange and the CE Discussion Forum on the website to promote transparent direct communication on matters of importance to employees and broader society. He is also the direct point of contact for Tip-offs Anonymous, an independent hotline service that supports reporting of workplace dishonesty including discrimination, theft, fraud and corruption. The Group through its chief executive, engages a professional firm of forensic consultants and investigators to investigate all reported cases. Appropriate disciplinary and legal action is taken for any form of dishonest conduct.

The South African competition authorities have initiated a wide ranging investigation into all aspects of potential collusion in the construction industry. Murray & Roberts has declared publicly that it will cooperate fully with the authorities in this respect. It is important to note current opinion that a company is probably responsible for any aberrant behaviour by its staff, even if such behaviour is not sanctioned by the company.

The Competition Commission recently searched the premises of several South African steel companies, including Murray & Roberts subsidiary Cape Town Iron and Steel Works (CISCO). Murray & Roberts has conducted its own internal investigation and is of the opinion that no anti-competitive behaviour has been undertaken by this subsidiary.

Senior corporate and operating entity executives have undergone advanced training on the legislation covering anti-competitive behaviour and the Group has reviewed all operating entities to identify potential competition law risks. Where there is any possibility that such risks might exist, the competition authorities have been informed and appropriate actions taken to protect the company and its shareholders.

HUMAN CAPITAL

The capacity and capability of our human capital is a cornerstone of sustainability in Murray & Roberts. The Group aims to be employer of choice in the construction and engineering sectors and its world class delivery of products and services is a reflection of the capability of its diverse but experienced work force.

The Murray & Roberts employment value proposition is equal to global practices of high performing employers of choice. The employment value proposition focuses on issues that enable our human capital to achieve the strategic objectives of our Group by:

- attracting competent and fitting employees
- retaining employees
- supporting employee performance
- transitioning and developing employees
- communicating with employees

Due to the diversity of Murray & Roberts, individual business entities are encouraged to tailor their human resource plans to their specific needs, but they are required to align their plans with the Group's employment value proposition.

Murray & Roberts endorses employee rights contained within the South African Constitution, including the right to freedom of association. The Group's policies and procedures are aligned with the Constitution and the laws of South Africa and where appropriate, other countries in which we operate.

Human resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all group operations.

Diversity and employment equity

Murray & Roberts embraces diversity and is committed to transformation, non-discrimination and freedom of association.

The Group's employment equity approach provides for equal opportunity and fair treatment in employment. While this enables compliance with South African employment equity legislation, the Group emphasises diversity to maximise its talent pool, strengthen capacity and increase innovation by introducing different ways of thinking.

Murray & Roberts has in recent years attracted a number of historically disadvantaged employees and executives who see in the company a long term career rather than a short term opportunity. Skills shortage and the impact of increased credit pressure have created challenges to the retention of experienced black executives, engineers and other built environment professionals.

The Group's main board composition reflects the transformation of South African society. Three directors are black, two of whom are women. 85% of South African-based employees are black, while 10% of all employees are female. Approximately 45% of all levels designated as management in the domestic market are black, and 12% black female.

Consolidated summary of the Murray & Roberts employment equity profile in South Africa*

Occupational levels	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	7	2	1	67	2	1	1	6	87
Senior management	22	7	20	232	7	1	1	32	322
Middle management	105	57	48	578	40	22	24	80	954
Junior management	1 471	272	97	1 814	183	28	31	202	4 098
Semi-skilled	10 361	209	87	548	487	65	60	252	12 069
Unskilled	7 227	40	9	112	857	22	1	5	8 273
Total permanent	19 193	587	262	3 351	1 576	139	118	577	25 803
Non permanent employees	3 287	219	34	385	479	44	1	109	4 558
Total	22 480	806	296	3 736	2 055	183	119	686	30 361
Persons with disabilities Included above	23	7	2	14	5	1	0	7	59

**Excludes Gautrain*

Each of the Group's South African business operations compiles employment equity plans and reports for the Department of Labour. Employment equity forums representing employees, contribute to the pursuit of employment equity targets and objectives.

Analysis of the Group's employment equity profile indicates that more work is required if the Group is to make greater progress in achieving its long term targets. An holistic approach aimed at both supply side initiatives (growing the pool, diversifying the source and attracting better than the competition) and demand side activities (retention plans, accelerated development and reconsidering job designs) is utilised across the Group to ensure that it attracts, develops and retains the talent it requires to meet its transformation and growth objectives.

Non-South African operating companies are required to achieve a diverse representation of the people within their geographic location and comply with the relevant legislation in the country in which they operate.

Discrimination of any form, including sexual, racial, religious or age related harassment, is viewed in a very serious light by Murray & Roberts and appropriate disciplinary action is taken against offenders.

Murray & Roberts acknowledges the right of individuals to freedom of association and rejects child and forced labour. A large portion of the Group's employees, particularly in the South African mining activities, are represented by trade unions. Murray & Roberts, through its operating entities, actively participates in national bargaining forums, including its membership of the South African Federation of Civil Engineering Contractors and the Steel and Engineering Industries Federation of South Africa. Site-based forums are established where recognition and procedural agreements are in place and voluntary bargaining forums are often aligned to specific industries.

Murray & Roberts occasionally experiences industrial action within its operating entities. In 2008, there were 41 strikes and work stoppages across the Group, resulting in 160 115 total work days (1,5%) lost. Procedures are in place in the operating companies to manage employee relations, industrial action and trade union negotiations.

Capacity development

A global benchmark study conducted by Murray & Roberts revealed that human capital development is one of five key characteristics of best-in-class engineering & construction companies. Building world class leadership, as well as individual and organisational capability and capacity, is crucial to Globalising Murray & Roberts. The Group complies with prevailing skills development legislation and provides a range of training, learning and career development opportunities for its people. In 2008, investment in formal employee training and development was approximately R100 million, including wages and salaries of participants and capital expenditure in upgrading training facilities. This includes a R17 million investment in shaft sinking mock-ups at Murray & Roberts Cementation's Mining Qualification Authority accredited Bentley Park Training Academy. Approximately 12 000 employees undertook formal skills enhancement and training development during the year.

Murray & Roberts actively attracts and develops young talented people to fulfil its human capital and transformation needs. The Group has established an integrated graduate pipeline to supplement the learnerships and traineeships offered by many of its operations. This pipeline comprises a tertiary education bursary scheme, a graduate development program and a campus engagement initiative.

The Murray & Roberts bursary scheme provides financial assistance to full-time students, enabling them to qualify for a degree or national diploma at a recognised South African University or University of Technology, and to contribute to the Group's medium and long term needs for qualified staff. The scheme is aimed primarily at engineering and built environment fields of study. The number of bursaries awarded annually depends on the Group's needs. Murray & Roberts currently has a total of 223 bursars (2007: 172), 60% of whom are black students and 31% female.

The graduate development program (GDP) is part of the leadership pipeline approach to addressing human capacity and transformation issues. It aims to provide a steady pipeline of future leaders. The GDP is in its fourth year with an ex-bursary additional intake of 85 graduates (2007: 68) and this number is expected to increase in 2009. Currently, 72% of the graduates are black and 25% female.

Murray & Roberts and its operations offer skills development programs, from adult basic education to learnerships and leadership programs. The Group had 544 (2007: 337) people undertaking learnerships at 30 June 2008, 73% of whom are black, and 336 black employees on adult basic education and training initiatives.

The Group has implemented a comprehensive leadership performance and development process for its corporate and senior operational leadership teams. Performance reviews are formally conducted biannually and monthly performance and development discussions are encouraged. There are more than 550 managers active in the system. Leadership development initiatives comprising four differentiated and role aligned programs ensure that Murray & Roberts people are well equipped to meet current and future leadership opportunities. The programs are designed to support development of individuals throughout their careers and to help individuals to understand:

- the role they are assigned to
- what work they value at present and what work they should value to become more effective and to prepare for a transition
- where and on what they invest their time at present and how they should change their time application to become more effective and to prepare for a transition
- the core skills, knowledge and experience required to be effective at their level
- their own level of performance and development needs

The leadership development program has 153 delegates, 39% of whom are black managers and 20% female.

The Group has held two leadership succession reviews aimed at identifying and planning key activities to ensure that the right people assume leadership positions across the Group now and into the future. The leadership review extends the Group's business planning process by solely focusing on people selection, performance, development and succession aligned to the Group's business plans.

Remuneration philosophy

The Group's remuneration philosophy is aligned with its business strategy to attract, retain, motivate and reward executive directors, senior executives and staff through the payment of fair, competitive and appropriately structured remuneration. In a competitive and dynamic business environment, Murray & Roberts understands that recognition and reward are crucial to motivating and retaining existing talent and gaining preferred employer status.

A remuneration framework was established in 2001 that set the parameters for executive and general staff remuneration relative to income statement and balance sheet performance, using benchmarks such as total payroll as a percentage of revenue, total fixed cost of employment (TFCE) and total incentive remuneration relative to EBIT and TFCE. The framework also outlines the relationship between fixed and incentive remuneration from the perspective of a market standard and Unitary Murray & Roberts principles.

The approach to TFCE differs in each country of operation due to differing regional practices, but this concept forms the basic foundation of our staff remuneration structure. TFCE is based on total guaranteed remuneration, including a cash portion, motor vehicle benefit, if appropriate, company contributions to retirement and risk benefits. Market survey data and individual performance are used in determining levels of guaranteed remuneration. Guaranteed packages are reviewed at least annually.

The Group's incentive or additional remuneration principle is that leadership executives and general staff are rewarded relative to their contribution, over and above the norm, to the strategic and operational performance of the Group. Incentive remuneration payments are determined annually. Incentive remuneration for group executive leadership is also referenced to attributable earnings and influenced by key performance indicators (KPIs) which provide a mechanism for adjustment relative to an executive's alignment with the strategic objectives of the company and contribution to energising business performance.

Senior and specialist executives across the Group are considered for participation in the group share incentive scheme. This scheme is intended to promote an alignment of employee interests with those of shareholders and provide a longer term capital appreciation incentive as part of the remuneration structure.

HEALTH, SAFETY AND ENVIRONMENT

All Murray & Roberts companies in South Africa comply with the requirements of the Occupational Health & Safety Act, or the country equivalent for international operations and, where necessary, the Mines Health & Safety Act. The Group is committed to exceeding the minimum requirements of HSE legislation. As such, HSE audits are conducted regularly and more than 65% of our employees operate under an internationally certified HSE management system.

All operating companies are required to report quarterly on HSE performance, with the information coordinated and then reported to the Murray & Roberts Holdings Limited HSE committee and the Murray & Roberts Limited board. This governance structure has been put in place to ensure the highest possible awareness of health and safety as it applies to all Murray & Roberts employees and protection of the natural environment.

The Group continued to increase its level of reporting for all HSE issues during the year. Progress was made in recording health and environmental information, and highlighting further safety measurements.

The Group evaluated and updated the Murray & Roberts HSE policy framework during the year. KPIs were updated to reflect GRI standards.

The HSE policy framework embraces applicable legislation, OHSAS, ISO and GRI international standards and examines operating company performance against appropriate KPIs. The methodology is to apply statutory, regulatory and group ideals through an overarching HSE policy, standards and detailed risk models.

The challenge to deliver against group targets increases the reporting burden on operating companies, but underpins the value inherent in good HSE management. This is now well established and there is good understanding of the merit in the KPIs.

STOP.THINK is a bespoke campaign that focuses on raising safety awareness across all Murray & Roberts sites. Phase 2 of the campaign extends the group commitment to zero harm to the health of employees and the natural environment. A new communication platform was developed to provide clear and consistent information to all employees. Titled *Impilo Yethu* – Zulu for 'Our Lives', it takes the form of a print medium comic strip.

Impilo Yethu encourages employees to look after themselves and those around them, not only on our work sites but also in their private lives. Many incidents occur on our work sites as a direct result of the macro and social issues affecting our people.

This initiative forms part of a long term process to reach out to the entire workforce and generate feedback. Development of an 'HSE culture', similar to that which exists in countries such as the UK, Australia, and Canada is anticipated, where understanding and management of HSE challenges are part of normal operation.

The challenge for Murray & Roberts is to identify appropriate HSE values and instil them as the guiding and driving influence of this new HSE culture to support HSE sustainability and HSE ownership at group, company and individual levels.

STOP.THINK is a campaign to improve safety awareness and strive for zero harm. Hand signals allow workers to communicate vital safety messages to each other in noisy environments, over vast distances and at differing heights.

Devlin and Jabu, the central characters in the Impilo Yethu communication initiative convey important safety messages to the Murray & Roberts workforce.

An Open Space process of open discussion was utilised to engage the executive and management role in establishing and communicating the desired HSE culture. More than 500 Murray & Roberts executives and middle managers attended four separate sessions, with discussion groups framed by the goal of zero harm. The process generated valuable information, ideas, and actions.

FATAL ACCIDENTS

Regrettably, the Group recorded 16 fatal accidents, 15 within South African operations and one in the Middle East, during the year (2007: 11). A further tragic accident at the South Deep mine in South Africa caused the death of nine people, eight of whom were employees of Murray & Roberts.

Seven of the fatalities occurred in underground mining operations in South Africa and eight were recorded in the South African construction operations.

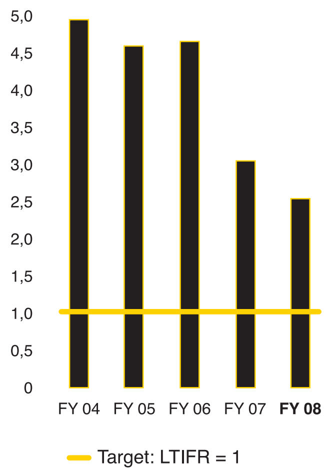
No fatalities were recorded at the Group's fixed facility operations during the year and there have been no fatalities in the Group in the first quarter at the time of this report.

This overall performance is of concern and represents a failure to meet the Group's zero harm target. Group leadership is working on actions to eliminate fatal and disabling accidents. External independent forensic investigation was introduced during the year into all fatal accidents to properly understand, recreate, and identify their cause.

SAFETY

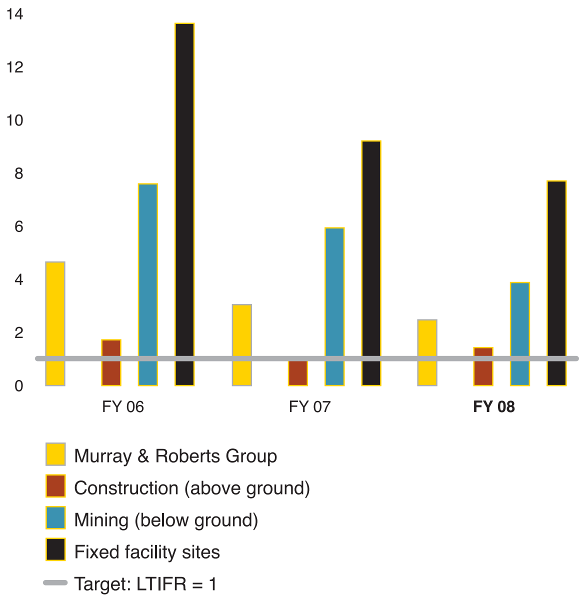
The group consolidated lost time injury frequency rate (LTIFR) decreased by 19% to 2,48 during the year, below the milestone target of 3,0. This target has now been replaced by the long term target of 1,0 deemed necessary for zero harm. The graph below illustrates the Group's historic performance against target.

Murray & Roberts Group historical LTIFR (per million hours worked)



Construction operations continue to record the best LTIFR performance of all clusters. The mining and fixed facility operations reduced their LTIFR but both ended the year above the target of 3.

Murray & Roberts Group operating environment LTIFR (per million hours worked)



An additional measure was introduced during the year to record the severity of the lost time statistics. The measure is the number of days lost per lost time injury. This shows that a total of 4 766 days were lost to safety accidents at an average rate of about 9,0 days per accident. This rate declined quarter on quarter for the year and will continue to be measured to understand the seriousness of the injuries within the LTIFR indicator.

OCCUPATIONAL AND SOCIETAL HEALTH

Recording and reviewing of occupational and societal health information was updated during the year. It is necessary to aggregate any ill health effects of our employees on a more quantitative basis so that appropriate action and remediation measures can be implemented. Pre-employment and exit medical examinations have continued.

Hearing loss is a major occupational health risk and 103 new cases were recorded in the year. The Group has engaged specialised service providers to assist with mitigation initiatives to design out noise zones and dampen machinery noise. Employees are provided with continuous training and education for this serious hazard, as well as appropriate personal protective equipment (PPE).

The majority of operations conduct extensive societal health programs, including random substance abuse tests and voluntary HIV/AIDS tests. This is aimed at a further reduction in the incidence of societal health problems. Of the 4 371 drug and alcohol tests conducted, 3% returned positive. These employees receive counselling on the negative effects of substance abuse.

Other quantitative health measurements recorded are new cases of TB (105) and authorised days lost to illness (17 347). This latter measurement is high and there has been evidence of potential fraud in the provision of medical certificates.

The Group's health model was reviewed during the year and major health risks identified for each operating environment were:

- Lung function disorders from dust exposure – primarily construction
- Fatigue and heat stress – primarily mining
- Repetitive strain and ergonomic injuries – primarily fixed facility sites

Preventative and corrective mitigation measures are being implemented to eliminate the underlying causes and hazards of all health risks. Training and the use of PPE contributes to a reduction in the impact of health risks.

The Group's HIV/AIDS policy was incorporated into the group HSE framework and distributed to all operating companies during the year. Individual workplace policies were updated to ensure compliance with group standards. The Group's risk-based policy promotes voluntary testing, non-discrimination and awareness about preventing the spread of the disease and mitigating its effects.

ENVIRONMENT

The Group's performance against environmental standards remained acceptable during the year, with more attention given to recording and reporting of incidents. The group HSE framework has called for explicit measures of environmental performance, including the following lag indicator measurement for environmental incidents:

- Releases to air
- Leaks and spillages
- Remediation of incidents
- Fines and penalties in respect of incidents

In addition, proactive indicators were used for stack monitoring, resource usage, waste generation and recycling, and their risk mitigation.

The Group's environmental risk models were updated in the HSE framework to enable operations to better understand and identify hazards and risks and their potential effects. The model seeks to identify the source of any pollutant, the pathway the pollutant may travel and the downstream receptors. This process is necessary to educate employees about the downstream impacts of on-site activities and the preventative measures required to achieve the group zero harm target.

The major risks identified are presented in the table below:

Risk	Applicability
Release of hydrocarbons	All operating environments
Improper storage of chemicals	Construction (above ground)
Unplanned release to atmosphere	Fixed facility sites
Spillage to storm water reticulation	All operating environments
Management of workshop facilities	Mining (below ground)

The Group recorded one significant environmental incident in the year, where approximately 250 litres of used oil was spilled accidentally. The site was closed for two days by the Department of Minerals and Energy while remediation work was carried out and an investigation undertaken. No fines or penalties were issued, and the site was reopened following the removal of the contaminated soil.

The Group recorded fewer complaints at all operations in the year, which is a direct result of facility upgrades at most manufacturing sites. There is an ongoing process to identify and reduce the environmental impact of activities linked to the Group's capital expenditure program.

Resource use is a key operating measure at all Murray & Roberts operations. In this regard, work was done to quantify the amount of resources used as well as the waste generated. The estimated water usage for the Group was 4,2 million kilolitres, mainly supplied by local municipal systems.

Murray & Roberts works with local municipalities and third party service providers and consultants to ensure safe disposal of hazardous waste materials. The amount of waste generated at all operations is measured and monitored, with reuse and recycle opportunities increasingly employed to minimise environmental burden.

Manufacturing operations with the potential to generate oxides of nitrogen and sulphur are continually monitored in accordance with permit requirements. Murray & Roberts participates in benchmarking studies to understand best practices relative to its operations in this respect. Ocon Brick is currently reviewing its processes with the aid of the Clay Brick Association to measure, monitor and reduce airborne pollutants.

All project operations comply with stipulations of the records of decision imposed by environmental impact assessment (EIA) processes. In many instances, Murray & Roberts assists clients with this process and makes use of the EIAs of its clients to develop its own environmental management plans (EMP) for individual projects. These EMPs are critical for the protection of sensitive species, ecosystems and biodiversity. Education and training is provided to employees in this respect. The Gautrain Rapid Rail Link Project covers a large distance across many sensitive areas and the project produces a monthly environmental report indicating performance against agreed targets. The project management team meets regularly with interested and affected parties to mitigate possible disturbances.

The Murray & Roberts environmental policy requires that operating companies adopt the most stringent standards, whether they are imposed by client management plans, local and national legislation or the Group.

To evaluate the impact its activities might contribute to climate change, Murray & Roberts has undertaken to establish the extent of its carbon footprint. The Group completed the CDP 6 (Carbon Disclosure Project – 6th edition) questionnaire in May 2008 and has used the greenhouse gas (GHG) Protocol to develop the estimated footprint.

The boundaries within which a GHG footprint is calculated are fundamental to the project, and the method chosen utilised World Business Council for Sustainable Development/World Resources Institute (WBCSD/WRI) Corporate Accounting & Reporting Standards, including:

- CO_2 and non-CO_2 emissions from stationary combustion – Scope 1 Direct
- CO_2 and non-CO_2 emissions from mobile combustion – Scope 1 Direct
- Non-CO_2 emissions from refrigerant use – Scope 1 Direct
- CO_2 emissions from electricity consumption – Scope 2 Indirect
- CO_2 emissions from air and vehicle travel – Scope 3 Employee Business Travel

The estimated GHG emissions were calculated using emission conversion factors and a range of other parameters such as fuel type, volume/weight of fuel consumed, carbon content of the fuel used and the type of technology employed.

In respect of the above calculations, the WBCSD default heating calorific values and the carbon content values and oxidisation factors were used. Similarly, the standard conversion factors for global warming potential of the six major greenhouse gases were used. In cases where it was possible to obtain local emission conversion factors, these were used instead of the Intergovernmental Panel on Climate Change (IPCC) default values.

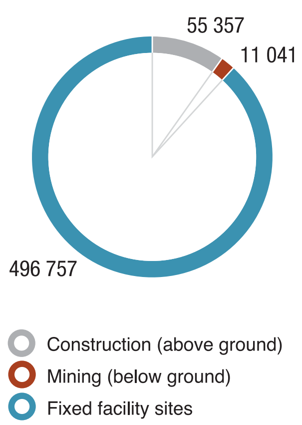
The Group's carbon footprint for the year was 0,56Mt of carbon dioxide equivalent (CO_2e). The table below illustrates the contribution to the footprint.

Scope 1 CO_2e emissions	Scope 2 CO_2e emissions	Scope 3 CO_2e emissions
307 756 tons	249 945 tons	5 454 tons

While limited refrigerant substances are used, it is captured under Scope 1 emissions and due to its high global warming potential will continue to be monitored.

This was the baseline measurement year against which progress will be measured going forward.

Carbon footprint – Tons CO_2e



The majority (88%) of emissions emanate from the Group's fixed facility operations as the entire carbon burden is borne by the operating company in product manufacture.

Both mining and construction operating environments rely on products from the manufacturing sector and the energy in the process is human input rather than fossil fuels. The system boundaries currently exclude the transport of products as this is an outsourced activity and is difficult to quantify. The Scope 3 emissions were restricted to employee travel. The system boundary definition will be evaluated annually to ensure an accurate and fair representation of the Group's carbon footprint.

The role of these two operating environments will be to inform design to lower carbon alternatives and supply chain management to select products based on embodied carbon. Direct reduction of the carbon footprint can be achieved through process evaluation within the Group's manufacturing environment to achieve higher energy efficiencies.

The CDP process assisted in the identification of risks (threats and opportunities) in three categories:

- Regulatory
- Physical
- General

Regulatory threats include introduction of carbon taxes or capping mechanisms. This is a possibility in South Africa and will be finalised as policy in early 2009. South Africa is a signatory to the Kyoto protocol and as one of the highest per capita CO_2 emitters in the world, the country's response to climate change is being scrutinised internationally. Regulation opportunities exist in the forced retrofitting of carbon capture and storage technologies, green buildings and design solutions, and renewable or zero emission energy generation facilities.

Physical and general risks (positive and negative) exist in the Group as changing weather patterns require new or 'weather proofed' facilities and relocated sites, with knock-on effects of increased cost of logistics, availability of materials and increased insurance costs.

The Group's expenditure on direct and indirect energy sources is detailed below.

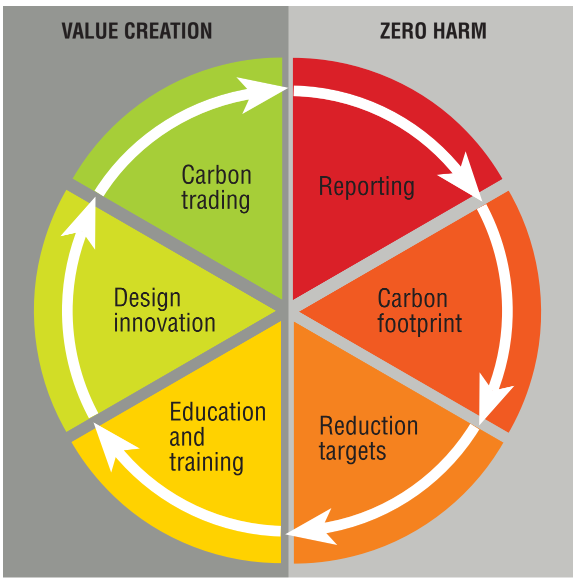
Direct and Indirect Energy Use

Energy source	Unit	Total used	Rand cost
Diesel	ℓ	44 339 040	R310 373 280
Petrol	ℓ	6 776 840	R60 991 560
Coal	t	27 828,75	R18 046 304
HFO	ℓ	16 561 110	R71 543 995
LPG	kg	7 200 554	R78 630 054
Natural gas	GJ	10 576	R2 385 674
Electricity	kWh	202 153 420	R58 220 185
TOTAL			R600 191 052

Following the baseline process and quantification of energy spend, meaningful targets will be established to reduce consumption and generate savings. This includes compliance with the South African national target of a 10% reduction in electricity consumption.

Detailed client requests also represent a dual risk as a lack of response may result in lost work, while being able to satisfy 'green' needs or offer alternatives at design or tender stage can be a market differentiator.

Understanding the quantum and driving forces behind the Group's carbon footprint has led to environmental strategy formulation. The diagram below represents the Murray & Roberts approach to understanding and managing the threats and opportunities posed by climate change.



Murray & Roberts has committed to achieving zero harm from all activities conducted, which encompasses all aspects of health (societal and occupational), safety and the natural environment. The Group climate change strategy must reflect this target and strive to achieve it through comprehensive reporting, understanding the driving forces and then reducing and offsetting emissions to reduce the carbon footprint of the Group's activities.

In addition, the Group's commitment to sustainable earnings growth and value creation is not negotiable and the strategy must deliver value through our people (training and education), our core competencies (industrial design and innovation) and finally through financial performance in the carbon market.

In the new financial year, Murray & Roberts will focus on reduction mechanisms, identified risks and the education of our workforce to enable the strategy and to start making a positive contribution. In parallel, innovation and carbon markets are being addressed through internal and external processes.

The table below indicates the group objectives for HSE management, and the extent to which these have been achieved to date.

Objective FY 07/08	Achievement	New objective FY 08/09
Zero fatalities and permanent disablement	A disappointing performance in the 07/08 financial year. Zero fatalities were recorded at our fixed facility operations.	This target has still to be achieved for all operations and therefore remains the group target.
Zero harm consequences	This continues to be the group target for all activities conducted on its sites.	This target has still to be achieved for all operations and therefore remains the group target.
LTIFR < 3	The Group achieved an LTIFR of 2,48 per million hours worked.	The target for all operations is <1,0.
Comprehensive incident reporting	This is a continuing process to ensure information is accurate and that preventative measures are used in addition to traditional lag indicators.	
STOP.THINK: Phase 2	Open Space sessions were conducted during the year with more than 500 executive and middle managers attending the sessions.	The information generated will be used in the new year to implement the ideas, actions, and themes identified.
Carbon Footprint	The Group established its baseline carbon footprint using the GHG Protocol methodology.	Reduction measures and targets will be set from the new year.

RISK MANAGEMENT

Formal risk assessments are conducted at group level to support half year and full year financial reporting. Operational risk assessments support the three year business planning process. Project risk reviews are conducted as part of bid preparation. Activity-based risk assessments are conducted on project sites to establish health, safety and environmental exposures.

The Group conducts rigorous due diligence to support the acquisition of new businesses. Capex requirements to support capacity maintenance and organic growth are assessed as part of the three year business planning process, with exceptional items reviewed by the group risk committee.

Procurement of projects is the primary medium through which risk enters the Group. The group risk appetite sets the operational environment for risk. Prospects are filtered against criteria such as value, country, legal system and scope and the level of authorisation required is indicated.

The opportunity management system (OMS) supports the evaluation and approval of project opportunities in the context of the risk appetite. A major upgrade of the OMS was deployed at the end of the financial year which will add significant operational value to the existing corporate control.

COMMUNITY DEVELOPMENT

Murray & Roberts is integrated with its society and its business activities have an impact on the communities in which they are undertaken. The Group is committed to managing this impact responsibly and accepts that its obligation extends beyond statutory requirements to the upliftment of society as a whole.

The Murray & Roberts corporate social involvement (CSI) program focuses on development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numerical education in early childhood development and environmental education. Murray & Roberts supports sustainable social development through many of its community initiatives. A number of employees participate in community development as champions of projects the Group supports.

Investment of R11,4 million (2007: R10 million) in CSI projects during the year under review includes funding for the Murray & Roberts TRAC Laboratories at the University of Zululand Science Centre, Richards Bay and at Johannesburg Observatory, Johannesburg; South African Institute of Mechanical Engineers Technology Olympiad; Maths, Science and Technology in Engineering project developed by the Maths Centre; the National Business Initiative's Education Quality Improvement Partnership schools program; laboratory upgrades for the School of Civil and Environmental Engineering at the

University of the Witwatersrand; and the establishment of a welding workshop at the iThemba Institute of Technology in Soweto.

In addition to the Group's CSI activities, the Murray & Roberts construction businesses undertake project specific socio-economic development initiatives to ensure broader socio-economic development in the communities within which the Group operates.

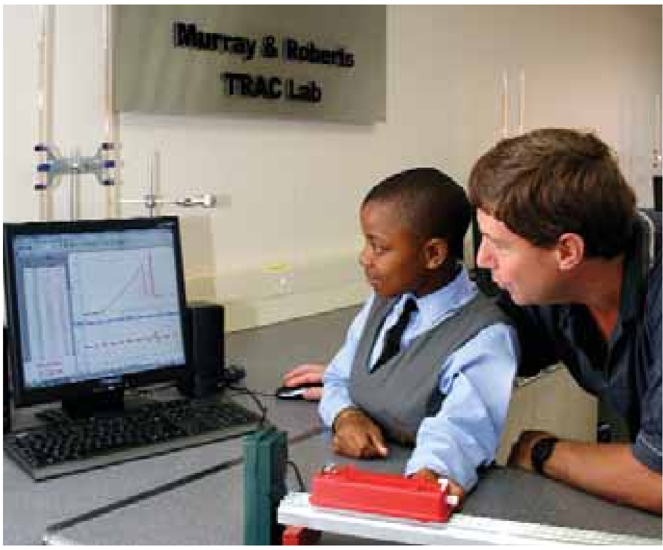
Murray & Roberts supports the Chair of Environmental Education at Rhodes University, a Chair of Mechanical Engineering at the University of the Witwatersrand and the Chair in Collaborative Governance and Accountability at the University of South Africa, and is investigating a chair in construction management at the University of Stellenbosch.

A number of awards are made each year to recognise and reward initiatives that contribute to the enhancement of society. These include the Jack Cheetham Memorial Award for development in sport, the Des Baker Award for students of architecture and the JD Roberts Award for environmentally sustainable solutions to human dilemmas.

Murray & Roberts undertakes various enterprise development activities through its group operating companies. Activities include the procurement of sub-contractors from small, medium and micro enterprises (SMME's), early payment to SMME suppliers, preferential credit terms for buyers and administration support for certain customers. The Group is investigating the possibility of establishing an incubator for SMME subcontractors, particularly in much needed artisan trades such as brick laying, plastering and tiling. Furthermore, the Group is investigating the possibility of working in partnership with a virtual incubator to provide mentoring and training to SMME suppliers to the Group.

The Group and its subsidiaries belong to all the associations and organisations relevant to our sector, such as the South African Federation of Civil Engineering Contractors, the Steel and Industries Federation of South Africa and the National Business Initiative, where we are actively involved in their Education College Industry Partnerships program aimed at building strategic partnerships between companies and Further Education and Training (FET) colleges to address skills shortages.

Murray & Roberts is a member of the Major Projects Association in the United Kingdom, a contributing member of the World Economic Forum and sponsor to its Africa session.

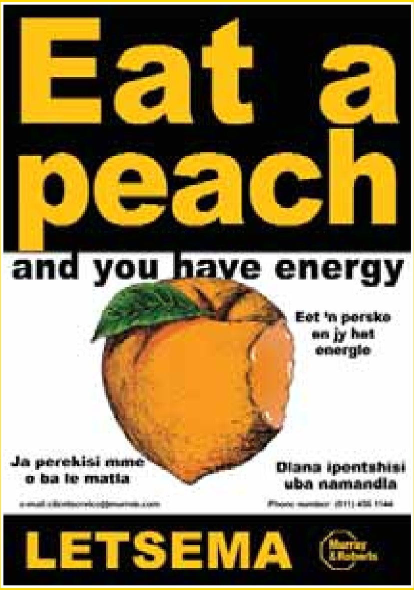


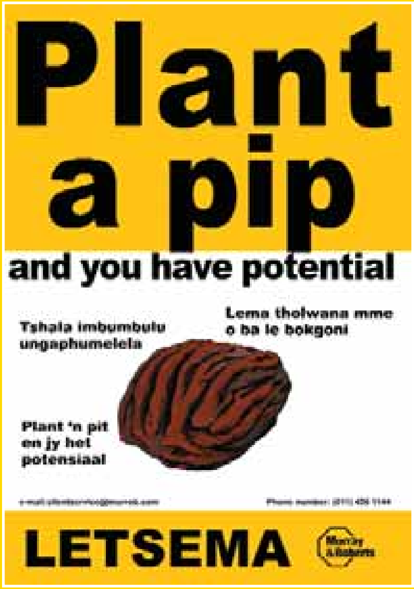
TRAC Laboratories

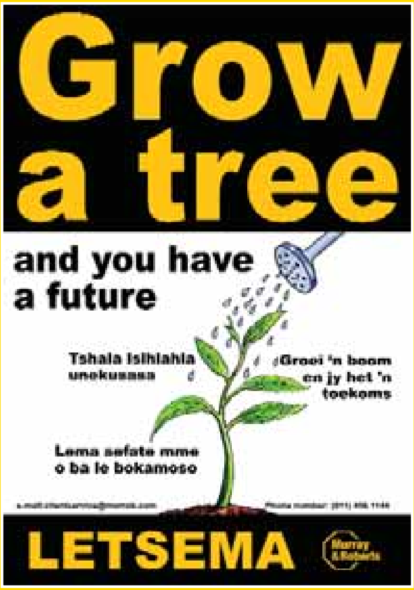
EQUIP schools program

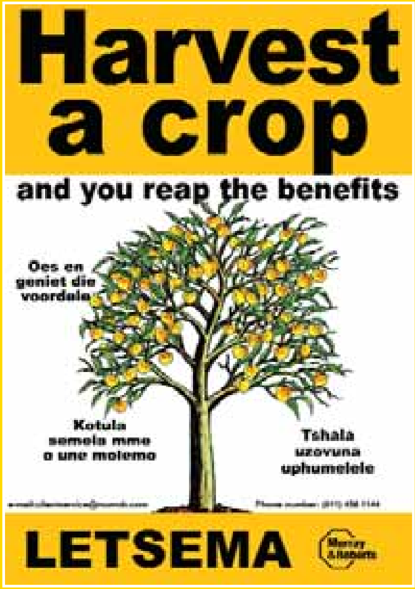
Supporting young engineers

Letsema: A broad-based structure that collectively owns 9,7% of Murray & Roberts









The Letsema BBBEE shareholding offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates, a stake in the company and its future. Since Letsema was launched in 2005, wealth of more than R2 billion has been created for participants.

BLACK ECONOMIC EMPOWERMENT

Murray & Roberts follows the provisions of the Broad-Based Black Economic Empowerment Act and the principles embodied in the Codes of Good Practice on BBBEE, by instituting a policy for the upliftment of the historically disadvantaged in South Africa.

Additional information on our black economic empowerment strategy and practices is available on pages 16 and 17 of the annual report.

A review of the Group's current empowerment criteria was conducted during the year and confirmed that the Group's empowerment status is compliant with various industry charters and current legislation. The key areas of improvement are targeted procurement, skills development and employment equity. BBBEE remains a priority challenge for the Group and our South African operations in particular. There is much to be done to ensure we meet our expectations as well as maintain our commitment to meritocracy as the basis for appointment and reward.

AWARDS

- 2007 Chartered Institute of Building President's Medal awarded to group chief executive Brian Bruce for "outstanding leadership in shaping the international construction market."
- 2007 Santam Risk Manager of the Year Award won by group risk manager Dr Greg Ker-Fox in recognition of progress made with the implementation of the group risk framework
- 2008 Professional Engineers of Ontario's Engineer's Gold Medal for Entrepreneurship awarded to Cementation Canada president, Roy Slack
- 2008 Best Global Project to Sign Award received by the Gautrain Project at the annual Public Private Finance Awards in London
- 2007 Fulton Award in the Civil Engineering Projects category for Impala Platinum Mine's Number 16 Shaft. The Judges commended the outstanding quality of concrete achieved by Murray & Roberts Construction
- In March 2008, Concor won the Lonmin Quarterly Opencast Safety Award for the fourth consecutive quarter
- Murray & Roberts recognised as one of South Africa's Top 20 most trusted companies by 2008 FinWeek Ask Africa Trust Barometer
- Brian Bruce recognised as one of the 10 most trusted chief executives in South Africa by the 2008 FinWeek Ask Africa Trust Barometer
- Cementation Canada recognised as one of Canada's Top 100 Employers in the Mediacorp Canada competition
- Cementation Canada qualified for the US Sentinals of Safety Award for companies that achieve no lost time injuries
- Genrec recognised as a Merseta Top Training Company and Supporter of the National Skills Development Strategy

GRI Index

Based on GRI G3-Guideline

GRI Reference	Description	Page Number
1.	Vision and Strategy	
	Chairman's Statement	28 – 31
	Group Chief Executive Report to Shareholders	32 – 38
2.	Organisational Profile	
2.1	Name of organisation	214
2.2	Primary brands, products and services	6 – 9, 40 – 79
2.3	Operational structure of the organisation	27, 39, 202 – 203
2.4	Head office of the organisation	214
2.5	Countries in which operations are located	11
2.6	Ownership structure and legal status	116, 214
2.7	Markets served	7, 11, 88
2.8	Scale of the reporting organisation	2 – 5
2.9	Significant changes in the organisational and ownership structure	33, 63, 69, 73, 74, 76
2.10	Awards in the reporting period	101
3.	Report parameters	
	Report profile	
3.1	Reporting period	87
3.2	Date of most recent report	87
3.3	Reporting cycle	87
3.4	Contact point for questions regarding the report	214
	Report scope and boundary	
3.5	Process for defining report content (including priorities)	87
3.6	Boundary of the report	87
3.7	Limitations on the scope of the report	87
3.8	Basis for reporting on joint ventures, subsidiaries etc	129 – 130
3.9	Data measurement techniques and bases of calculations	87
3.10	Explanation of any re-statement of information provided in earlier reports	87
3.11	Significant changes in the scope, boundary, or measurement methods not relevant	87
3.12	GRI content index — Tabular overview with page numbers	102 – 103
3.13	Assurance — external assurance of statements	87
4.	Governance, commitments, and engagement	
	Corporate governance	
4.1	Governance structure of the organisation	26 – 27, 39, 104 – 106
4.2	Independence of the chairman	26, 105
4.3	Independence of the Board	26 – 27, 104
4.4	Shareholder and employee recommendations to the Board	88
4.5	Linkage between executive directors and senior executive's compensation and the organisation's performance	91 – 92, 109
4.6	Processes to avoid conflicts of interest	104
4.7	Process for determining the qualifications and expertise of board members	105, 110
4.8	Mission statement, codes of conduct and corporate values	1, 12 – 13, 27, 89
4.9	Board procedures for overseeing the organisation's risks and opportunities regarding sustainability	18 – 19, 98, 108, 112 – 113
4.10	Processes for evaluating Board performance	105, 110

4.	Governance, commitments, and engagement *(continued)*	
	Commitments to external initiatives	
4.12	Externally developed economic, environmental, and social charters, principles, or initiatives to which the organisation subscribes or endorses	86 – 89, 92, 95 – 96, 100, 104, 108
4.13	Memberships	90, 99, 108
	Stakeholder engagement	
4.14	List of included stakeholder groups	87 – 89
4.15	Identification and selection of stakeholders	87 – 89
4.16	Approaches to stakeholder engagement	87 – 89
4.17	Consideration of stakeholders' interests	87 – 89
	Management approach and performance indicators	
	Economic Performance Indicators	
EC1, EC 3	Economic performance	2, 87, 98, 118, 128; 138, 185 – 190
EC6 – EC7	Market presence	88 – 92
EC8 – EC9	Indirect economic impacts	86
	Environment performance indicators	
EN1 – EN2	Materials	95
EN3 – EN7	Energy	96 – 97
EN8 – EN10	Water	95
EN11 – EN15	Biodiversity	95
EN16 – EN25	Emissions, effluents and waste	95 – 97
EN26 – EN27	Products and services	96
EN28	Compliance with legal regulations	92, 95
EN29	Transport	95 – 96
EN30	Overall	95
	Labour practices and decent work performance indicators	
LA1 – LA2	Employment	2, 90
LA4	Labour/management relations	90
LA6 – LA8	Occupational health and safety	21, 92 – 94, 112 – 113
LA10 – LA12	Training and education	91
LA13	Diversity and equal opportunity	89 – 90
	Human rights performance indicators	
HR2	Procurement practices	88
HR4	Non-discrimination	89 – 90
HR5	Freedom of association and collective bargaining	90
HR6	Child labour	90
HR7	Forced and compulsory labour	90
	Society performance indicators	
SO1	Community	98 – 99
SO2 – SO4	Corruption	89
S07	Anti-competitive behaviour	89
S08	Compliance	95

Corporate governance

STATEMENT OF COMPLIANCE

The Board of Murray & Roberts Holdings Limited (Board) is committed to the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). In supporting the Code, the Board recognises the need to conduct the business of the Group with openness, integrity and accountability. A corporate governance framework has been in operation in the Group for many years and is reviewed from time to time and updated where appropriate. The Board is of the opinion that Murray & Roberts complies with the Code.

BOARD OF DIRECTORS

At the date of this annual report, Murray & Roberts has a unitary Board with 14 directors, 10 of whom are independent non-executive and four of whom are executive.

The Board is responsible for the strategic direction of the Group and is governed by a charter that sets out the framework of its accountability, responsibility and duty to the company. An annual review of the charter was undertaken on 25 June 2008 and the Board renewed its commitment to corporate governance best practice above the minimum requirements set by the Code.

The Board conducts its business in the best interest of the company and ensures that the Group performs in the best interests of its broader stakeholder group, including present and future investors in the Group, its product customers and services clients, its business partners, employees and the societies in which it operates.

In order to address its accountability and responsibility, the Board:

- monitors that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with all relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form
- defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to management
- gives direction to the Group through management in all matters and approves the strategic plan developed by management in the context of the board charter
- monitors implementation of the strategic plan by management
- monitors performance through the various board committees established to assist in the discharge of its duties
- monitors the key risk areas and key performance areas of the Group and identifies the non-financial aspects relevant to the Group and its business
- considers its size, diversity and demographic make-up
- determines policy and processes to ensure the integrity of:
  - risk management and internal controls
  - executive and general remuneration
  - external and internal communications
  - director selection, orientation and evaluation

Directors adhere to a Code of Conduct which incorporates agreed standards of accepted behaviour and guidance in decision making, promotes integration and co-ordination and reaffirms the directors' commitment to the Group.

During the year, non-executive directors were paid an annual retainer of R110 000 each with a deduction for non-attendance of R10 000 per meeting. Five scheduled and two special meetings were held during the year. Non-executive directors were paid R20 000 per special board meeting.

Based on a review of non-executive directors' fees undertaken during the year, it is proposed that shareholders approve a revised remuneration structure at the annual general meeting on Tuesday, 28 October 2008, where non-executive directors are paid a fixed annual fee of R140 000. The deduction for non-attendance and *ad hoc* fee for special board meetings increases to R12 000 and R24 000 respectively.

The proposal is based on a minimum of five scheduled meetings a year and takes into account additional committee workload.

BOARD MEETINGS

The Board meets at least five times a year in formal meetings. In addition, the directors meet ahead of the scheduled meeting at which the Group's budget and business plan is examined in the context of the approved strategy. At this meeting, senior executives in the Group engage with the directors in a broad conversation on implementation of the Group's strategy.

The Board has adopted a policy to visit key operations on an annual basis. All directors are kept informed between meetings of major developments affecting the Group.

The record of attendance by each director at the board meetings held during the year under review is reflected in the table on page 110 of this report.

CHANGES TO THE BOARD

N Jorek resigned as executive director of the Group with effect from 29 August 2007. SP Sibisi and DD Barber were appointed non-executive directors with effect from 7 September 2007 and 27 June 2008 respectively. Non-executive director SE Funde resigned on 30 June 2008.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The roles of chairman and group chief executive are separate and they operate under separate mandates issued by the Board that clearly differentiate the division of responsibilities within the company ensuring a balance of power and authority.

The chairman, who is a non-executive director, presides over the Board, providing it with effective and directed leadership and ensuring that all relevant information and facts are placed before the Board for decision.

The group chief executive is charged with the responsibility of the ongoing operations of the Group. He develops the Group's long term strategy and recommends the business plan and budgets to the Board for consideration.

The group chief executive and the chairperson are appointed by the Board. The Board is responsible for the annual appraisal of the chairperson and the remuneration & human resources committee is responsible for the annual appraisal of the group chief executive.

The remuneration & human resources committee assesses the remuneration of the Board, chairperson and group chief executive and the nomination committee is responsible for succession planning of the Board.

BOARD COMMITTEES

The Board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the Group.

These committees are:

- executive
- audit
- health, safety & environment
- nomination
- remuneration & human resources
- risk management

The Board and each committee give attention to both new and existing matters of governance and compliance within their respective mandates. A statement from the chairman of the Board and chairman of each committee is included in this report.

Each committee operates according to terms of reference approved by the Board which are reviewed annually. With the exception of the executive committee, all other committees are chaired by independent non-executive directors of the Board.

The independent non-executive directors complement the executive directors through the diverse range of skills and experience they bring from their involvement in other businesses and sectors. They bring independent perspectives on corporate governance and general strategy to the Board as a whole.

The record of attendance by each member of the respective committees for the year under review is reflected in the tables on page 111 of this report.

SELECTION OF DIRECTORS

The Board has approved a policy on the criteria for the selection of directors and the nomination and evaluation processes to be followed.

INDEPENDENT ADVICE

All directors are entitled to seek professional independent advice at the Group's expense.

BOARD EFFECTIVENESS

An appraisal of the effectiveness of the Board was conducted externally during the year. The appraisal was benchmarked against the strategic requirements of Murray & Roberts to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive and its recommendations are being followed through for implementation. The appraisal next year will be conducted internally.

ORIENTATION PROGRAM

It has been the practice of the Group to ensure that non-executive directors appointed to the Board engage in a comprehensive induction process to familiarise themselves with the Group. The process includes visits to key operations in the company and extensive discussions with group leaders.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary who is responsible for ensuring the proper administration of the board and corporate governance procedures. The company secretary provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.

EXECUTIVE COMMITTEE

The directors of Murray & Roberts Limited and Murray & Roberts International Limited serve as the executive committee of the Board. Meetings are chaired by the group chief executive and group financial director, respectively. The directors support the group chief executive in his responsibility to:

- implement the strategies and policies of the Group
- manage the business and affairs of the Group
- prioritise the allocation of capital, technical know-how and human resources
- establish best management practices and functional standards
- approve and monitor the appointment of senior management
- fulfil any activity or power delegated to the executive committee by the Board that conforms to the company's articles of association

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders. Details of the Group's risk management status are set out on page 108 of this report.

SHARE DEALINGS

The Group has an insider trading policy that requires directors and officers who could be expected to have access to price sensitive information, to be precluded from dealing in the Group's shares as well as the shares of Clough Limited for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the Group's annual results.

To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors and officers must at all times obtain permission from the chairman, group chief executive or group financial director before dealing in the shares of the Group. Approved dealings in the Group's shares by directors are disclosed to the JSE and published on the Stock Exchange News Services (SENS) of the JSE Limited. All approved dealings are reported in arrears to the regular meetings of the Board.

Audit committee

The audit committee operates under an approved charter in accordance with King II, assisting the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate financial systems and controls. It does so by evaluating the findings of internal and external audits, actions taken and the appropriateness and adequacy of the systems of internal financial and operational controls.

The committee reviews accounting policies and financial information issued to stakeholders.

The chairman of the audit committee reports to the Board on the committee's deliberations and decisions. The internal and external auditors have unrestricted access to the committee. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and reported upon.

The committee is satisfied that the external auditor is independent for the year under review and has nominated for shareholder approval at the annual general meeting, the reappointment of Deloitte & Touche as independent auditors.

MEMBERSHIP

MJ Shaw served as chairman of the committee with IN Mkhize and AA Routledge as members, all of whom are independent non-executive directors, financially literate and experienced.

The group chairman, group chief executive, group financial director, group corporate services executive, internal and external auditors, all attend meetings by invitation.

The committee met three times during the year under review.

Independent non-executive director DD Barber joined as a member on 27 June 2008. MJ Shaw will reach the mandatory retirement age for directors and retire at the annual general meeting in October 2008, after which DD Barber will assume chairmanship of the committee.

TERMS OF REFERENCE

The committee's responsibilities include:

- monitoring the Group's accounting policies and disclosures
- recommending actions by the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing the scope, nature and priority of the internal and external audits
- nominating an independent auditor for shareholder approval, determining external auditor fees and terms of audit engagement
- reviewing the internal and external auditor reports
- recommending and reviewing the annual responsibility statement of directors
- reviewing the Group's annual financial statements and the Group's financial results and recommending to the Board their publication in the interim and preliminary reports and the annual report

The committee terms of reference, internal audit charter and policy for non-audit services were reviewed and approved by the Board during the year.

AUDIT AND ADMINISTRATION

Financial leadership within Murray & Roberts has been strengthened through the year to cater for the growth in the business with ongoing employment and redeployment of senior financial executives.

The group internal audit function advances risk based reviews throughout the Group under the leadership of the group corporate services director. This is achieved through continuous review of risk mitigation strategies, a control self assessment process with independent validation and the review of major projects and IT systems.

The audit committee chairman, group financial director, group financial manager and lead external audit partner attend major contract reviews at half year and full year end. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all operating entities in the Group and a consolidated report is presented to the audit committee.

Martin Shaw

Chairman

Risk management committee

The risk management committee operates under an approved charter in accordance with King II, assisting the Board to fulfil its corporate governance supervision responsibilities in the development and implementation of the group risk framework.

MEMBERSHIP

RT Vice served as chairman of the committee and IN Mkhize, SP Sibisi and MJ Shaw as members. With effect from 1 July 2008, SP Sibisi was appointed chairman of the committee. The group chief executive, group financial director, group corporate services executive and group risk manager attend meetings *ex officio.*

The committee met three times during the year under review.

The committee terms of reference were reviewed and approved by the Board during the year.

RISK MANAGEMENT

The group risk framework serves to regulate the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities to contribute towards performance.

Murray & Roberts has a system of delegated authority which governs decisions affecting acquisitions and disinvestments, asset investments and contracts.

A risk committee of the Murray & Roberts Executive Committee (Murray & Roberts Limited) acts as custodian of the group risk appetite, reviews group level risk and interrogates key decisions prior to board approval. A risk committee has been established to support the Group's growing international operations. This structure will be supported by the appointment of internal audit and risk management resources to focus exclusively on this important area of activity.

The software application, KnowRisk, supports the risk management process, which is led by the in-house Opportunity Management System (OMS), used to filter and highlight project risks which enter the Group's environment.

INTERNAL AUDIT

The Group has a risk based approach to internal audit, aimed at testing the integrity of controls managing significant exposure. This is conducted through a group internal audit manager; project, manufacturing and IT audit specialists; dedicated operational resources; peer review at operational level and management review at board, executive committee or project meetings. Approximately two thirds of companies within the Group are ISO 9001 accredited.

INSURANCE

Murray & Roberts has a group insurance program covering asset and liability risks.

CLAIMS AND LITIGATIONS

Group legal counsel, commercial executives in the operations, and external legal and commercial consultants manage the Group's contractual risk.

BONDS AND GUARANTEES

The OMS establishes a process discipline ahead of the issuing of bonds and guarantees, which is integrated with the treasury management system utilised for guarantee administration.

FORENSICS

The Group employs a firm of forensic consultants and investigators that report directly to the group chief executive. "Ask Brian" on the Interchange and the CE Discussion Forum on the website promote transparent direct communication with the group chief executive. "Tip-offs Anonymous", an independent hotline service provider, is available to report workplace dishonesty.

GLOBAL ENGAGEMENT

Murray & Roberts is a member of the World Economic Forum (WEF), with the group chief executive serving as an engineering and construction governor.

The Group is a founding member of the Engineering & Construction Risk Institute (ECRI), an association of global engineering and construction companies, initiated by the WEF, which aims to institutionalise sound risk management practice in the industry. The group risk manager represents Murray & Roberts on the ECRI board.

Murray & Roberts is a signatory to the United Nations Global Compact on Transparency and Crime and actively participates in the WEF Partnership Against Crime Initiative.

Royden Vice
Chairman

Remuneration & human resources committee

The remuneration & human resources committee operates under an approved charter in accordance with King II, assisting the Board to fulfil its corporate governance supervision responsibilities and align remuneration philosophy with its business strategy to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of shareholders.

MEMBERSHIP

The committee comprises the chairman and four independent non-executive directors. JJM van Zyl served as chairman of the committee with RC Andersen, NM Magau, AA Routledge and RT Vice as members. The group chief executive, group financial director and independent advisor attend meetings in an *ex officio* capacity.

JJM van Zyl will reach the mandatory retirement age for directors and retires from the board and committee at the October 2008 annual general meeting. RT Vice has been appointed chairman of the committee, with effect from 1 July 2008.

The committee met three times during the year under review.

TERMS OF REFERENCE

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts employment framework and policies.

The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the group chief executive, all managing directors of the Group's operating entities and senior corporate executives.

The functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed. Succession planning to the group chief executive and senior executives is also considered.

An independent advisor reviews the Group's remuneration policies and practices.

The committee terms of reference were reviewed and approved by the Board during the year.

DIRECTOR AND EXECUTIVE REMUNERATION

The Group employs the services of independent consultants to advise on the profiling and appropriate remuneration levels of executive directors and senior executives relative to market trends and reviews the Group's remuneration policies and practices.

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

The remuneration of executive directors for the year ended 30 June 2008 is set out in note 45 to the consolidated financial statements.

Directors do not have fixed term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. The level of fees for service as directors, additional fees for service on board committees, fees paid to independent advisors and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following research into trends in director remuneration for approval by shareholders at the annual general meeting.

Remuneration details of non-executive directors for the year to 30 June 2008 are set out in note 45 to the consolidated statements and the proposed fee increase is included on page 104.

RETIREMENT AND OTHER BENEFIT PLANS

A number of retirement funds operate within the Group. In South Africa these are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although some funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 44 to the consolidated financial statements.

Boetie van Zyl
Chairman

Nomination committee

The nomination committee operates under an approved charter in accordance with King II and ensures that the structure, size, composition and effectiveness of the Board and board committees are maintained at levels that are appropriate in the context of the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the chairman and directors, evaluating the effectiveness of board committees and making recommendations to the board.

MEMBERSHIP

The committee comprises the chairman of the Board and two other independent non-executive directors. The chairman of the committee is appointed by the Board.

RC Andersen served as chairman of the committee and SE Funde and JJM van Zyl as members. The committee met four times during the year under review.

SE Funde resigned as a member on 30 June 2008 and was succeeded by SP Sibisi. JJM van Zyl will reach the mandatory retirement age for directors and retire from the committee at the October 2008 annual general meeting.

TERMS OF REFERENCE

The committee terms of reference were reviewed and approved by the Board during the year.

BOARD APPRAISAL

An external appraisal of the effectiveness of the Board, its committees and individual directors was conducted during the year. The appraisal was benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive and its recommendations are being followed through for implementation. An internal appraisal will be conducted next year.

The committee reviewed the performance of directors BC Bruce, SJ Flanagan, IN Mkhize, RW Rees and RT Vice who, in terms of the articles of association, retire by rotation at the 2008 annual general meeting. The committee recommends their re-election to the Board.

SUCCESSION

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was also addressed.

During the year non-executive director, SE Funde and executive director N Jorek resigned, and two new non-executive directors, SP Sibisi and DD Barber, were appointed. Non-executive directors MJ Shaw and JJM van Zyl are scheduled to retire at the annual general meeting on 28 October 2008, both reaching the mandatory retirement age for directors. Executive director KE Smith has confirmed his intention to retire from the Board at the annual general meeting but will continue his employment as an executive in the Group.

Shareholders will be requested to confirm the appointment of DD Barber as a non-executive director at the annual general meeting.

Roy Andersen
Chairman

Record of attendance

Record of attendance at directors' meetings for the 2008 financial year

		Scheduled					Special[3]	
		29 Aug 2007	28 Nov 2007	27 Feb 2008	23 April 2008	25 June 2008	22 Jan 2008	11 June 2008
RC Andersen	Independent Chairman	✓	✓	✓	✓	✓	✓	✓
BC Bruce	Chief Executive	✓	✓	✓	✓	✓	✓	✓
SJ Flanagan	Executive	✓	✓	✓	✓	✓	✓	X
SE Funde[2]	Independent	✓	✓	✓	X	X	✓	X
NM Magau	Independent	✓	✓	✓	✓	✓	X	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓	✓
IN Mkhize	Independent	✓	✓	X	✓	✓	✓	✓
RW Rees	Executive	✓	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓	✓
MJ Shaw	Independent	✓	✓	✓	✓	✓	✓	X
SP Sibisi[1]	Independent	–	✓	✓	✓	✓	✓	X
KE Smith	Executive	✓	✓	✓	✓	✓	✓	✓
JJM van Zyl	Independent	✓	✓	✓	✓	✓	✓	✓
RT Vice	Independent	✓	✓	✓	✓	✓	✓	✓

1 Appointed 7 September 2007.
2 Resigned 30 June 2008.
3 Special meetings called at short notice can result in some directors being unavailable.

N Jorek resigned 29 August 2007.
D Barber appointed 27 June 2008.

Record of attendance at board committee meetings for the 2008 financial year

Audit committee Name of member	27 August 2007	25 February 2008	23 June 2008
MJ Shaw (Chairman)	✓	✓	✓
IN Mkhize	✓	✓	✓
AA Routledge	✓	✓	✓

Risk management committee Name of member	27 August 2007	25 February 2008	9 June 2008
RT Vice (Chairman)	✓	✓	✓
IN Mkhize	✓	X	✓
MJ Shaw	✓	✓	✓
SP Sibisi[1]	–	✓	✓

Remuneration & human resources committee Name of member	28 August 2007	26 February 2008	23 June 2008
JJM van Zyl (Chairman)	✓	✓	✓
RC Andersen	✓	✓	✓
NM Magau	✓	X	✓
AA Routledge	✓	✓	✓
RT Vice	✓	✓	✓

Nomination committee Name of member	28 August 2007	26 February 2008	23 June 2008	Special 20 August 2007
RC Andersen (Chairman)	✓	✓	✓	✓
SE Funde[2]	✓	✓	X	✓
JJM van Zyl	✓	✓	✓	✓

Health, safety & environment committee Name of member	28 August 2007	26 February 2008	22 April 2008
JM McMahon (Chairman)	✓	✓	✓
BC Bruce	✓	✓	✓
SE Funde[2]	✓	✓	X
NM Magau	✓	X	✓

1 Appointed 7 September 2007.
2 Resigned 30 June 2008.

D Barber appointed to audit committee 27 June 2008.

Health, safety & environment committee

The health, safety and environment (HSE) committee operates under an approved charter in accordance with King II, assisting the Board to fulfil its corporate governance and supervision responsibilities relating to the integration of sound HSE management into all aspects of the Group's business activities.

The committee evaluates global best practice in HSE management, the actions taken and the appropriateness and adequacy of policies and procedures in use. It reviews statistical information issued to stakeholders and guides the Board relating to HSE policy, strategy, leadership and the management of HSE risks.

MEMBERSHIP

The committee consists of three non-executive directors and the group chief executive and is chaired by JM McMahon, an independent director. During the year under review, independent members SE Funde and NM Magau served on the committee.

SE Funde resigned as a member on 30 June 2008. Subsequent to the year-end, RC Andersen was appointed a member of the committee.

The group executive directors and the executives responsible for corporate services and HSE management attend meetings by invitation.

The committee met formally three times during the year under review.

TERMS OF REFERENCE

The committee's responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical developments and practice in HSE management
- reviewing compliance by the company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters
- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with international best practice

The committee terms of reference were reviewed and approved by the Board during the year.

A number of significant HSE achievements were recorded through the year, including:

- The Etihad Terminal project in Abu Dhabi achieved five million lost time injury (LTI) free hours, four other projects achieved more than two million LTI free hours each and two projects achieved more than one million LTI free hours.
- The Group established its carbon footprint and submitted the information to the Carbon Disclosure Project as part of the JSE Top 40 listing requirements.
- The group HSE reporting framework was updated to include more quantitative key performance indicators for health, safety and environment measures in line with the Global Reporting Initiative (GRI) requirements.
- The group lost time injury frequency rate (LTIFR) declined by 19% to 2,48, with 74% of operating companies having maintained or reduced their LTIFR statistics for the year.

SAFETY

Fatal accidents

The committee deeply regrets the 16 fatal accidents recorded during the year (2007: 11 fatalities) and extends its sympathies to the families and friends of the bereaved. The majority of incidents occurred on the Group's South African sites (15), with one accident in Middle East.

In addition, a tragic accident on the Gold Fields South Deep Mine on 1 May 2008 resulted in the death of nine people, including eight Murray & Roberts employees.

The fatal injury frequency rate (FIFR) increased in the year. This is a major concern and is being evaluated at both a strategic and an operational level.

Lost time injury frequency rate (LTIFR)

The Group's consolidated LTIFR was 2,48 per million hours worked for the year. This statistic continued to decrease, falling by 19% during the year, and was below the interim target of 3,0 for all but one of the quarters in the reporting period. The Group has since reset the LTIFR standard for operating companies to a target of 1,0.

STOP.THINK

Planning and development of the STOP.THINK safety campaign continued through the year. Whereas Phase 1 involved a group-wide intervention to raise awareness and visibility of safety in the workplace, Phase 2 is designed to create an HSE culture in which all employees take ownership and responsibility for health, safety and environmental issues.

In parallel, a communication medium in the form of a monthly animated series has been established to provide the entire workforce with information about the HSE challenges.

HEALTH

Occupational health

Health reporting for all group operating companies was consolidated during the year. Key Performance Indicator information was updated to reflect Global Reporting Initiative standards and a shift to more quantitative measurement criteria for both societal and occupational health matters.

Zero harm was extended to include health issues, with 65% of group employees operating under OHSAS 18001 or an equivalent certified health management system.

Societal health

Pre-employment and exit medical examinations are conducted on all project sites, with annual examinations carried out at fixed facility operations. More than 2 000 voluntary HIV/AIDS tests were conducted in the year. As many as 105 new cases of tuberculosis were recorded in the year. Random testing for drug and alcohol abuse was introduced at most operating companies in the year. Counselling for all these societal issues is provided.

ENVIRONMENT

The Greenhouse Gas protocol was used to determine Scope 1 and 2 emissions throughout the Group as well as employee business travel under Scope 3 emissions. This is in line with the external National Business Initiative and Carbon Disclosure Project reporting requirements to which Murray & Roberts is subject.

The Group's environmental performance is deemed satisfactory.

The information collected for the carbon footprint study provides the basis for the Group to implement its energy efficiency targets in accordance with national requirements to reduce energy consumption by 10%.

One major environmental incident was recorded in the year, resulting in the site being closed while remediation work was conducted.

The Group's carbon footprint was 563 155 tons of carbon dioxide equivalent (CO_2e) emissions during the year. The majority (88%) of emissions emanate from the Group's fixed facility operations as the entire carbon burden is borne by the operating company in product manufacture.

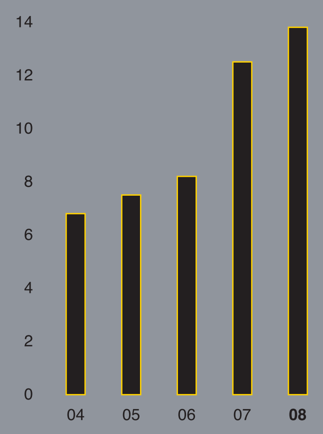
Currently, 74% of group employees operate under ISO 14001 certified environmental management systems.

Michael McMahon

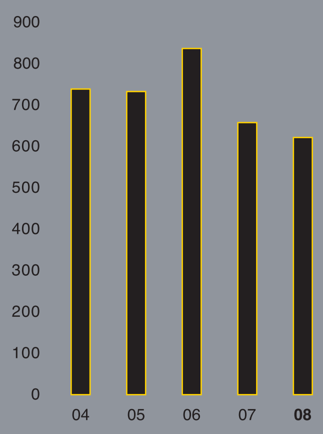
Chairman

Financial performance

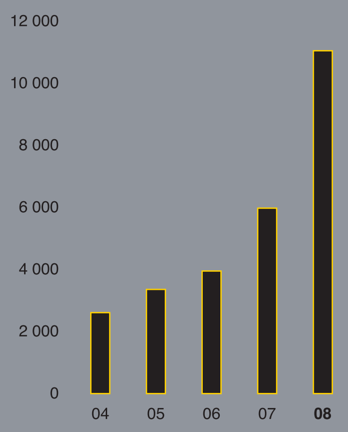
Return on average total assets
(%)



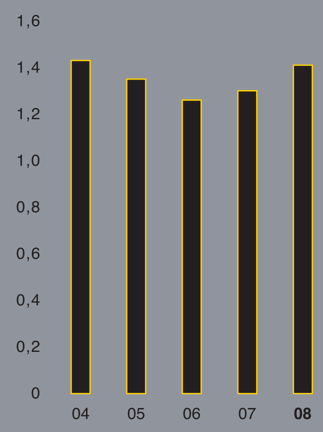
Productivity of assets
(assets per R1 000 turnover)



Creation of value
(R millions)

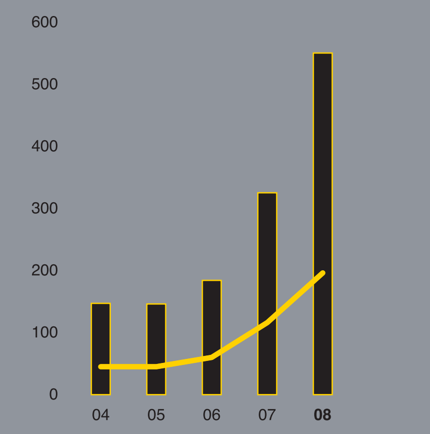


People productivity
(value ratio)



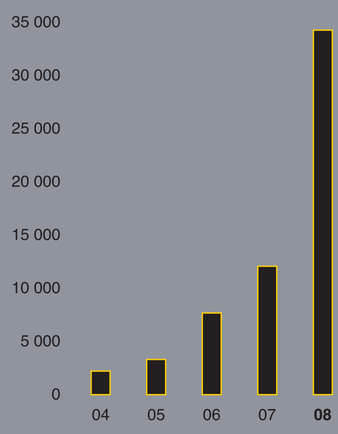
Share performance

Headline earnings and dividend per share
(cents)

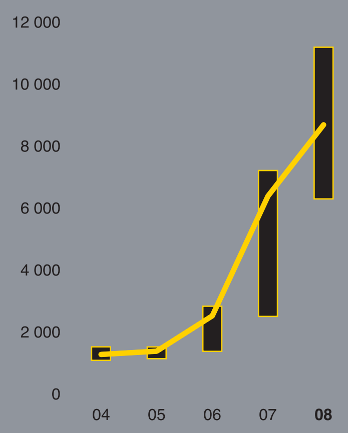


Diluted headline earnings per share
Dividend per share

Value of shares traded
(R million)

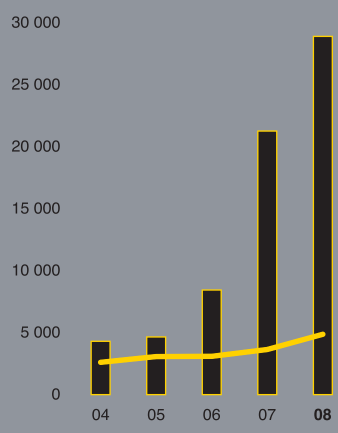


Share price movement
(cents)



High – low
Closing

Market capitalisation
(R millions)



Market capitalisation
Ordinary shareholders' funds

Analysis of shareholders

June 2008

	Number of shareholders	% of shareholders	Number of shares	%
SIZE OF HOLDING				
1 – 1 000	5 189	60,66	2 155 969	0,65
1 001 – 10 000	2 483	29,03	8 277 617	2,49
10 001 – 100 000	638	7,46	21 257 013	6,41
100 001 – 1 000 000	197	2,30	57 883 923	17,44
1 000 001 shares and over	47	0,55	242 318 097	73,01
Total	**8 554**	**100**	**331 892 619**	**100**
CATEGORY				
Unit Trust / Mutual Fund	202	2,36	110 609 198	33,33
Pension Funds	153	1,79	93 530 258	28,18
Private Clients	30	0,35	16 881 316	5,08
Custodians	18	0,21	6 964 974	2,10
Insurance Companies	13	0,15	28 751 064	8,66
Foreign Government	9	0,10	3 339 198	1,01
Charity	8	0,09	987 702	0,30
Investment Companies	6	0,07	1 520 216	0,46
Black Economic Empowerment	4	0,05	33 181 303	10,00
University	4	0,05	840 223	0,25
Hedge Fund	3	0,04	1 817 366	0,55
Local Authority	2	0,02	236 340	0,07
Other	8 102	94,72	33 233 461	10,01
Total	**8 554**	**100**	**331 892 619**	**100**

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES

	Number of shares	%
Public Investment Corporation (ZA)	49 610 035	14,95
FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES		
Public Investment Corporation (ZA)	28 946 912	8,72
Capital Group Companies Inc (Various)	27 553 065	8,30
Stanlib Asset Management (ZA)	25 636 604	7,72

SHAREHOLDER SPREAD

	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-public*	9	0,11	41 078 162	12,38
Public	8 545	99,89	290 814 457	87,62
Total	**8 554**	**100**	**331 892 619**	**100**
Domestic			185 277 853	55,82
International			146 614 766	44,18
			331 892 619	**100**

** Includes directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.*

Contents

Annual financial statements

for the year ended 30 June 2008

Our commitment to sustainable earnings growth and value creation is not negotiable

10 year financial review

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007	2006 (IFRS restated)	2005	2004 (SA GAAP)	2003	2002	2001	2000	1999
SUMMARISED INCOME STATEMENTS[1]										
Revenue	27 896	17 815	11 060	10 000	8 424	10 111	9 027	8 535	13 318	12 972
Earnings before exceptional items and interest	2 397	1 468	754	548	421	633	386	218	294	203
Exceptional items	145	(168)	(82)	11	(16)	(5)	(2)	(3)	(697)	(76)
Earnings/(loss) before interest and taxation	2 542	1 300	672	559	405	628	384	215	(403)	127
Net interest income/(expense)[2]	16	(16)	(14)	(36)	10	(66)	71	(6)	(64)	(109)
Earnings/(loss) before taxation	2 558	1 284	658	523	415	562	455	209	(467)	18
Taxation	(529)	(352)	(170)	(155)	(27)	(76)	(36)	(27)	(39)	(32)
Earnings/(loss) after taxation	2 029	932	488	368	388	486	419	182	(506)	(14)
Profit/(loss) from associates	11	(107)	1	78	114	97	90	71	–	–
Minority shareholders' interest	(350)	(94)	(49)	(30)	(25)	(9)	(4)	(1)	(65)	(52)
Profit/(loss) from discontinued operations	24	(29)	72	47	–	–	–	–	–	–
Earnings/(loss) attributable to ordinary shareholders	1 714	702	512	463	477	574	505	252	(571)	(66)
SUMMARISED BALANCE SHEETS										
Non-current assets	4 835	3 953	3 389	2 547	2 422	2 082	2 007	1 761	1 861	2 155
Current assets[3]	16 118	8 836	6 797	5 475	3 671	4 211	4 504	3 819	3 796	4 631
Goodwill	488	206	147	48	5	10	15	16	–	151
Deferred taxation assets	208	16	52	34	33	–	–	–	–	–
Total assets	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596	5 657	6 937
Ordinary shareholders' equity	4 865	3 637	3 086	3 067	2 603	2 485	2 648	1 982	1 717	2 410
Minority interest	960	178	108	97	54	13	9	8	8	329
Total equity	5 825	3 815	3 194	3 164	2 657	2 498	2 657	1 990	1 725	2 739
Non-current liabilities	1 290	1 103	1 028	890	734	713	733	700	819	896
Current liabilities[3]	14 534	8 093	6 163	4 050	2 740	3 092	3 136	2 906	3 113	3 302
Total equity and liabilities	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596	5 657	6 937

1 IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.

2 Includes currency conversion effects on offshore treasury funds in 2002 and 2003.

3 Includes assets/liabilities classified as held-for-sale.

On 30 June 2000, the Group's holding in Unitrans Limited reduced to 43,8% and Unitrans Limited became an equity accounted associate company. The Group disposed of its remaining interest in Unitrans Limited effective 31 December 2004.

Ratios and statistics

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007	IFRS restated 2006	2005	SA GAAP 2004	2003	2002	2001	2000	1999
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	577	239	168	145	150	181	152	74	(165)	(19)
– Diluted	565	235	165	143	147	176	152	74	(165)	(19)
Headline earnings per share (cents)										
– Basic	562	329	165	148	158	186	154	76	36	3
– Diluted	550	325	162	146	155	181	154	76	36	3
Dividends per share (cents)	196	116	60	45	45	52,5	35	–	–	50
Dividend cover	2,8	2,8	2,7	3,2	3,4	3,4	4,4	–	–	–
Interest cover	8,9	9,9	6,8	6,1	8,2	7,0	37,1	10,3	4,6	1,9
PROFITABILITY										
EBIT on revenue (%)	8,6	8,2	6,8	5,5	5,0	6,3	4,3	2,6	2,2	1,6
EBIT on average total assets (%)	13,8	12,5	8,2	7,7	6,8	9,9	6,4	3,9	4,7	3,0
Attributable earnings on average ordinary shareholders' equity (%)	40,3	20,9	16,7	16,0	19,0	22,4	21,8	13,6	(27,7)	(2,4)
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	281	251	269	268	216	188	201	189	177	188
Total average assets (Rands)	621	657	836	712	738	634	671	659	473	530
Value created (Rm)	11 028	5 971	3 947	3 354	2 606	2 913	2 609	2 174	2 156	2 807
Value ratio	1,41	1,34	1,32	1,33	1,43	1,53	1,44	1,34	0,91	1,15
FINANCE										
As a percentage of total equity:										
Interest bearing debt	34	36	40	32	30	38	25	28	33	27
Total liabilities	272	241	225	156	133	153	146	181	228	153
Current assets to current liabilities	1,11	1,10	1,10	1,35	1,34	1,36	1,44	1,31	1,22	1,40
Operating cash flow (Rm)	3 116	1 935	598	663	289	356	712	558	370	493
Operating cash flow per share (cents)	939	583	180	200	87	107	214	164	107	142
OTHER										
Weighted average ordinary shares in issue (millions)	331,9	331,9	331,9	331,9	331,9	331,9	331,9	340,1	346,0	346,0
Weighted average number of treasury shares (millions)	34,9	37,9	27,1	13,7	13,8	14,1	–	–	–	–
Number of employees – 30 June	45 654	33 466	23 867	23 904	13 149	15 827	15 379	16 337	26 098	32 361

DEFINITIONS

Dividend cover	Diluted headline earnings per share divided by dividend per share	Value ratio	Value created as a multiple of payroll cost
EBIT	Earnings before interest, taxation and exceptional items	Total equity	Ordinary shareholders' equity and minority interest
EBT	Earnings before taxation	Ordinary shareholders' equity	Equity attributable to equity holders of the holding company
EAT	Earnings after taxation	Net asset value (NAV)	Ordinary shareholders' equity
Interest cover	EBIT divided by interest	Average	Arithmetic average between consecutive year ends

Note: IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.

Responsibilities of directors for annual financial statements

for the year ended 30 June 2008

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 and cash flows for that year in conformity with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable 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 directors are responsible for the systems of internal control. These are designed to provide reasonable, if not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the year under review.

The annual financial statements have been prepared in accordance with the Companies Act, 1973, as amended, and International Financial Reporting Standards and are based on appropriate accounting policies, supported by reasonable and prudent judgements. These accounting policies have been consistently applied with the prior year, other than the adoption of IFRS 7 and the consequential amendments to IAS 1. Restatement of comparatives was not required as these statements deal with disclosure requirements.

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

It is the responsibility of the auditors to express an opinion on the financial statements. Their unmodified report to the members of the company and Group is set out on page 121.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2008, set out on pages 122 to 209, were approved by the board of directors at its meeting held on 27 August 2008 and are signed on its behalf by:

RC Andersen
Chairman

BC Bruce
Group chief executive

RW Rees
Group financial director

Certification by company secretary

I hereby certify that in accordance with Section 268G(d) of the Companies Act No. 61 of 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.

Y Karodia
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 which comprise the directors' report, the balance sheet and the consolidated balance sheet at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 122 to 209.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the financial statements present fairly, in all material respects, the financial position of the company and Group as at 30 June 2008, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

AF Mackie
Partner

Sandton
27 August 2008

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Buildings 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton

National Executive GG Gelink *Chief Executive* AE Swiegers *Chief Operating Officer* GM Pinnock *Audit* DL Kennedy *Tax and Legal and Financial Advisory* L Geeringh *Consulting* L Bam *Corporate Finance* CR Beukman *Finance* TJ Brown *Clients & Markets* NT Mtoba *Chairman of the Board*

A full list of partners and directors is available on request.

Report of directors

for the year ended 30 June 2008

This report represented by the directors is a constituent document of the group financial statements at 30 June 2008. Except where otherwise stated, all monetary amounts set out in tabular form are expressed in millions of Rands.

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, construction materials & services and fabrication sectors. The company does not trade and all of its activities are undertaken through a number of subsidiaries, joint ventures and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 to the consolidated annual financial statements. A full list of subsidiaries and associate companies is available to shareholders on request.

GROUP FINANCIAL RESULTS

Group earnings for the year ended 30 June 2008 were R2 064 million (2007: R796 million), representing diluted earnings per share of 565 cents (2007: 235 cents). Diluted headline earnings per share were 550 cents (2007: 325 cents).

Full details of the financial position and results of the Group are set out in these financial statements.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, based on consistently applied accounting policies other than the adoption of IFRS 7 and the consequential amendments to IAS 1. Restatement of comparatives was not required as these statements deal with disclosure requirements.

Exceptional items

A profit of R214,5 million arose from the disposal of Clough Limited's interests in Shedden UHDE and CEM. Various assets in South Africa have been impaired at a net loss of R111,9 million which has been partially offset by a profit of R42,7 million on property disposals. (Refer to note 25 of the consolidated financial statements for details).

SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2008 are contained in note 11 of the financial statements. There were no changes to the authorised and issued share capital during the year under review.

Particulars relating to The Murray & Roberts Trust (Trust) are set out in note 11 of the financial statements. During the year, the Trust granted an aggregate total of 1 909 000 options over ordinary shares (2007: 7 165 000 options) to senior executives, including executive directors.

At 30 June 2008, the Trust held 5 356 136 ordinary shares (2007: 5 880 661 ordinary shares) against the commitment of 12 790 750 ordinary shares (2007: 13 704 775 ordinary shares). The total number of ordinary shares that may be utilised for purposes of the Share Scheme is limited to 10% of the total issued share capital of the company from time to time, currently 33 189 262 ordinary shares (2007: 33 189 262 ordinary shares).

Purchase of own shares

In terms of the general authority obtained at the last annual general meeting, the company or its subsidiaries may repurchase ordinary shares to a maximum of 20% of the issued ordinary shares. No ordinary shares were repurchased during the year in terms of this general authority. Approval will be sought at the forthcoming annual general meeting on 28 October 2008 to renew this general authority at 10%.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2008:

Interim dividend number 112 of 77 cents per ordinary share (2007: 45 cents)

Final dividend number 113 of 119 cents per ordinary share (2007: 71 cents)

SUBSIDIARIES

Acquisition

Acquisition of a further interest in Clough Limited (Clough)

The Group increased its shareholding in Clough from 49,1% to 56% during the year at a cost of A$51,4 million through the acquisition of issued shares and conversion of a loan facility. The Group holds convertible notes in Clough at a cost of A$31,4 million which have a coupon of 10% payable quarterly in arrears and which may be redeemed between one and three years after issue, or converted into 85 237 554 shares, taking the Group's eventual shareholding in Clough to about 60%.

Disposals

Disposal of Harvey Roofing Products (Proprietary) Limited

With effect from 31 July 2008 as part of the continued program to rationalise non-core activities, the Group disposed of its entire interest in Harvey Roofing Products (Proprietary) Limited for a total sum of R106 million.

Disposal of Shedden UHDE (Proprietary) Limited and Clough Engineering & Maintenance (Proprietary) Limited

Clough Limited disposed of its 50% interest in jointly controlled entity Shedden UHDE (Proprietary) Limited on 31 December 2007 for A$40 million and wholly owned subsidiary Clough Engineering & Maintenance (Proprietary) Limited for A$18 million effective 24 January 2008. Both disposals were non-core activities to Clough Limited.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions relating to name changes in certain subsidiary companies were passed during the year under review.

POST BALANCE SHEET EVENT

The Federal Court of Australia dismissed Clough's appeal against an earlier decision to lift an interim injunction relating to the G1 Development project in India which prohibited encashment of performance guarantee bonds amounting to U$21,5 million. Payout of the bond has occurred and Clough maintains its previous guidance on this matter that no change in accounting position is required. Clough is committed to continue the pursuit of its rights under the contract as it continues to seek a negotiated settlement with ONGC.

DIRECTORATE AND SECRETARY

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

Independent non-executive

RC Andersen (chairman); DD Barber; NM Magau; JM McMahon; IN Mkhize; AA Routledge; MJ Shaw; SP Sibisi, JJM van Zyl; RT Vice.

Executive

BC Bruce (group chief executive); SJ Flanagan (group executive director); RW Rees (group financial director); KE Smith (group executive director).

N Jorek resigned as an executive director on 29 August 2007 and SE Funde as independent non-executive director on 30 June 2008. SP Sibisi and DD Barber were appointed independent non-executive directors on 7 September 2007 and 27 June 2008 respectively.

SP Sibisi was appointed chairman of the risk management committee and RT Vice chairman of the remuneration & human resources committee. Both appointments were effective 1 July 2008.

The Secretary's business and postal addresses are:

Douglas Roberts Centre	PO Box 1000
22 Skeen Boulevard	Bedfordview
Bedfordview	2008
2007	

Interests of directors:

At 30 June 2008, the present directors of the company held direct and indirect beneficial and non-beneficial interest in 3 202 340 of the company's issued ordinary shares (2007: 2 933 993 ordinary shares). Details of ordinary shares held per individual director are listed below. A total of 3 681 250 (2007: 4 547 500) share options are allocated to directors in terms of the company's Share Scheme, further details are set out in note 45.

Beneficial	Direct	Indirect
RC Andersen	10 000	–
BC Bruce	1 904 805	–
JJM van Zyl	–	687 535
Non-beneficial		
RW Rees		600 000

At the date of this report, these interests remain unchanged.

Auditors

Deloitte & Touche will continue in office in accordance with section 270 (2) of the Companies Act.

27 August 2008

Consolidated balance sheet

at 30 June 2008

All monetary amounts are expressed in millions of Rands	Notes	2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment	1	3 693,5	2 011,2
Investment property	2	481,8	525,6
Goodwill	3	488,1	206,1
Other intangible assets	4	90,0	74,2
Investment in associate companies	5	12,7	884,8
Other investments	6	517,5	439,8
Deferred taxation assets	19.1	208,2	15,8
Operating lease receivables		39,6	17,4
Total non-current assets		5 531,4	4 174,9
Current assets			
Inventories	7	1 854,7	814,3
Amounts due from contract customers	8	6 462,3	3 402,2
Trade and other receivables	9	2 838,6	1 786,8
Derivative financial instruments	10.1	19,0	0,3
Bank balances and cash	37	4 688,4	2 809,2
Total current assets	`	15 863,0	8 812,8
Assets classified as held-for-sale	29.2	254,5	23,1
TOTAL ASSETS		21 648,9	13 010,8
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	11	969,1	1 036,5
Other capital reserves	12	123,7	77,8
Hedging and translation reserves	13	211,9	154,5
Retained earnings		3 559,9	2 368,2
Equity attributable to equity holders of the holding company		4 864,6	3 637,0
Minority interest	14	960,1	177,8
Total equity		5 824,7	3 814,8
Non-current liabilities			
Long-term loans	15 & 16	751,0	617,3
Obligations under finance headleases	17	53,1	78,4
Long-term provisions	18	102,1	63,6
Deferred taxation liabilities	19.2	205,9	277,1
Subcontractor liabilities	21	177,8	–
Derivative financial instruments	10.2	–	39,1
Operating lease payables		–	7,9
Non-current payables		–	19,5
Total non-current liabilities		1 289,9	1 102,9
Current liabilities			
Amounts due to contract customers	8	3 952,8	1 853,2
Trade and other payables	20	6 029,5	3 765,7
Derivative financial instruments	10.3	1,0	6,1
Subcontractor liabilities	21	2 400,7	1 315,9
Provisions for obligations	22	441,2	261,9
Current taxation liabilities		420,0	219,7
Bank overdrafts and short-term loans	23	1 220,2	670,6
Total current liabilities		14 465,4	8 093,1
Liabilities classified as held-for-sale	29.3	68,9	–
TOTAL EQUITY AND LIABILITIES		21 648,9	13 010,8

Consolidated income statement

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	Notes	2008	2007
Continuing operations			
Revenue	24	27 896,2	17 815,2
Earnings before interest, exceptional items and depreciation		3 051,3	1 777,6
Amortisation of intangible assets	4	(39,3)	(22,5)
Depreciation		(614,8)	(287,2)
Earnings before exceptional items and interest		2 397,2	1 467,9
Exceptional items	25	145,3	(167,9)
Earnings before interest and taxation		2 542,5	1 300,0
Interest expense	27.1	(269,2)	(147,6)
Interest income	27.2	284,9	131,7
Earnings before taxation		2 558,2	1 284,1
Income taxation expense	28	(529,5)	(352,3)
Earnings after taxation		2 028,7	931,8
Share of profit/(loss) of associates		11,1	(107,2)
Earnings for the year from continuing operations		2 039,8	824,6
Discontinued operations			
Profit/(loss) for the year from discontinued operations	29.1	23,8	(28,7)
Earnings for the year	26	2 063,6	795,9
Attributable to:			
Equity holders of the holding company		1 714,1	702,3
Minority shareholders		349,5	93,6
		2 063,6	795,9
Weighted average ordinary shares (000)		303 308	298 255
Weighted average ordinary shares in issue		331 893	331 893
Weighted average ordinary shares owned by The Murray & Roberts Trust		(5 333)	(8 335)
Weighted average ordinary shares owned by Murray & Roberts Limited		(676)	(676)
Weighted average ordinary shares owned by the Letsema BBBEE trusts		(28 946)	(28 953)
Dilutive adjustment for share options		6 370	4 326
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	30.1	565	235
– Basic	30.1	577	239
Earnings per share from continuing operations (cents)			
– Diluted	30.2	557	245
– Basic	30.2	569	249
Total dividend per ordinary share (cents)*	31	196	116

** Based on the year to which the dividend relates.*

Group statement of changes in equity

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Other capital reserves	Hedging and translation reserves	Retained earnings	Attributable to equity holders of the holding company	Minority interest	Total equity
Balance at 30 June 2006	29,2	985,1	57,3	99,3	1 914,9	3 085,8	108,6	3 194,4
Exchange differences	–	–	–	60,8	–	60,8	(1,9)	58,9
Movement in hedging reserves	–	–	–	(7,8)	–	(7,8)	–	(7,8)
Deferred taxation charged to equity	–	–	–	2,2	–	2,2	–	2,2
Net income and expense recognised directly in equity	–	–	–	55,2	–	55,2	(1,9)	53,3
Attributable profit for the year	–	–	–	–	702,3	702,3	93,6	795,9
Total recognised income and expense	–	–	–	55,2	702,3	757,5	91,7	849,2
Treasury shares disposed of (net)	0,5	21,7	–	–	–	22,2	–	22,2
Acquisition of businesses	–	–	–	–	–	–	10,7	10,7
Net movement in equity loans	–	–	–	–	–	–	(2,0)	(2,0)
Recognition of share-based payments	–	–	20,5	–	–	20,5	–	20,5
Dividends declared and paid	–	–	–	–	(249,0)	(249,0)	(31,2)	(280,2)
Balance at 30 June 2007	29,7	1 006,8	77,8	154,5	2 368,2	3 637,0	177,8	3 814,8
Exchange differences	–	–	–	51,8	–	51,8	96,5	148,3
Movement in hedging reserves	–	–	–	7,8	–	7,8	–	7,8
Deferred taxation credited to equity	–	–	–	(2,2)	–	(2,2)	–	(2,2)
Net income and expense recognised directly in equity	–	–	–	57,4	–	57,4	96,5	153,9
Attributable profit for the year	–	–	–	–	1 714,1	1 714,1	349,5	2 063,6
Total recognised income and expense	–	–	–	57,4	1 714,1	1 771,5	446,0	2 217,5
Treasury shares acquired (net)	–	(67,4)	–	–	–	(67,4)	–	(67,4)
Net acquisition/disposal of minorities	–	–	–	–	(68,9)	(68,9)	393,6	324,7
Net movement in equity loans	–	–	–	–	–	–	12,2	12,2
Transfer from other capital reserves	–	–	(1,9)	–	1,9	–	–	–
Recognition of share-based payments	–	–	47,8	–	–	47,8	–	47,8
Dividends declared and paid	–	–	–	–	(455,4)	(455,4)	(69,5)	(524,9)
Balance at 30 June 2008	29,7	939,4	123,7	211,9	3 559,9	4 864,6	960,1	5 824,7

Consolidated cash flow statement

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	Notes	2008	2007
Cash flows from operating activities		2 590,9	1 654,7
Receipts from customers		27 758,8	18 659,3
Payments to suppliers and employees		(24 168,2)	(16 446,7)
Cash generated by operations	32	3 590,6	2 212,6
Interest received		263,2	133,4
Interest paid		(258,5)	(121,5)
Taxation paid	33	(479,5)	(289,6)
Operating cash flow		3 115,8	1 934,9
Dividends paid to shareholders of the holding company		(455,4)	(249,0)
Dividends paid to minority shareholders		(69,5)	(31,2)
Cash flows from investing activities		(746,5)	(850,8)
Associate company – additional acquisition		–	(35,1)
Associate company – loan received/(advanced)		19,9	(143,3)
Acquisition of businesses	34	589,5	(60,4)
Acquisition of minority interests		(24,7)	–
Dividends received		9,0	13,7
Dividends received from associate company		9,0	–
Increase in other investments		(93,3)	(95,2)
Net cash inflow on disposal/closure of businesses	35	259,6	332,2
Purchase of intangible assets other than goodwill		(23,8)	(29,2)
Purchase of property, plant and equipment		(1 774,3)	(1 009,1)
Replacement		(326,1)	(345,6)
Additions		(1 448,2)	(663,5)
Proceeds on disposal of minority interests		27,6	–
Proceeds on reduction in investments and investment property		123,3	105,4
Proceeds on disposal of property, plant and equipment		131,7	70,2
Net cash generated		1 844,4	803,9
Cash flows from financing activities		(263,2)	181,0
Net movement in borrowings	36	(303,7)	158,8
Cash flows from issue of shares by subsidiary		107,9	–
Net (acquisition)/disposal of treasury shares		(67,4)	22,2
Net increase in net cash and cash equivalents		1 581,2	984,9
Net cash and cash equivalents at beginning of year		2 627,7	1 642,0
Effect of foreign exchange rates		68,6	0,8
Net cash and cash equivalents at end of year	37	4 277,5	2 627,7

Statement of value created

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	%	2007	%
Revenue	27 896,2		17 815,2	
Less: Cost of materials, services and subcontractors	(17 013,9)		(11 676,8)	
Exceptional items	145,3		(167,9)	
Value created	11 027,6		5 970,5	
Distributed:				
To employees				
Payroll cost	7 820,3	70,9	4 471,8	74,9
To providers of finance				
Lease costs and net interest on loans	309,6	2,8	134,4	2,2
To government				
Company taxation	529,5	4,8	352,3	5,9
To maintain and expand the Group				
Reserves available to ordinary shareholders	1 714,1		702,3	
Depreciation	614,8		287,2	
Amortisation	39,3		22,5	
	2 368,2	21,5	1 012,0	17,0
	11 027,6	100,0	5 970,5	100,0
Number of employees	45 654		33 466	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	529,5		352,3	
Indirect taxation	698,6		591,3	
Employees' tax	899,4		427,2	
RSC levies	–		0,3	
Rates and taxes	13,6		11,6	
Customs and excise duty	–		1,3	
	2 141,1		1 384,0	

Accounting policies

for the year ended 30 June 2008

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented. These accounting policies are consistent with those applied in the previous periods except for IFRS 7: Financial instruments: Disclosure (New) and IAS 1: Presentation of financial statements: Capital disclosures (amended). The adoption of IFRS 7 and the amendment to IAS 1 impacted the disclosures made in these financial statements, but had no impact on the reported profits or financial position of the Group. In accordance with the transitional requirements of the standard, the Group has provided full comparative information.

BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments, financial assets and financial liabilities held-for-trading, financial assets designated as fair value through profit and loss and investment property. Non-current assets and disposal groups held-for-sale, where applicable, are stated at the lower of its carrying amount and fair value less costs to sell.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRS) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in note 48.

Standards, interpretations and amendments to published standards that are not yet effective as well as those early adopted by the Group are discussed in note 49.

STATEMENT OF COMPLIANCE

These consolidated financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

BASIS OF CONSOLIDATION

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited (the company), its subsidiaries, its interest in joint ventures and its interest in associates.

Subsidiaries

Subsidiaries are entities, including special purpose entities such as The Murray & Roberts Trust, controlled by the Group. Control exists where the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying an interest of more than one-half of the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Subsidiaries are never excluded from consolidation. If a subsidiary is acquired but control is expected to be temporary because the intention is that the subsidiary will be sold within 12 months from acquisition, the acquired subsidiary is still consolidated but is accounted for as a disposal group or a discontinued operation.

The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary.

If a subsidiary uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Joint ventures

Joint ventures are contractual agreements whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. These joint ventures may take the form of jointly controlled operations such as construction contracts, jointly controlled assets, jointly controlled 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 consolidated financial statements.

The results of joint ventures are included for the period during which the Group exercises joint control over the joint venture.

If a joint venture uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group interest in the joint venture, except where unrealised losses provide evidence of an impairment of the assets.

Associates

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 ventures are regarded as associates.

The Group's share of the results of these companies is included in the consolidated financial statements using the equity method. Attributable earnings since acquisition, less dividends received, are added to the carrying value of the investments in these companies.

The Group's interest in associate companies is carried in the balance sheet at an amount that reflects its share of the net assets and the portion of goodwill on acquisition. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Where objective evidence of impairment exists, the carrying value of the investment in an associate (including any goodwill) is assessed against its recoverable amount, and written down to the expected recoverable amount, where applicable.

The results of associates are included for the period during which the Group exercises significant influence over the associate.

If an associate uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Where the Group transacts with an associate, unrealised profits and losses are eliminated to the extent of its interest in the associate, except where unrealised losses provide evidence of an impairment of the asset.

The Group considers the carrying value of its investment in the equity of the associate and its other long-term interests in the associate, such as equity loans, when recognising its share of losses of the associate.

Adjustments are made to the carrying value of the investment for any changes in the equity of the associate that have not been recognised in its income statement. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity.

Stand-alone company's financial statements

In the stand-alone accounts of the company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). For the purpose of the consolidated financial statements, the results and the financial position of each entity are expressed in Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Foreign currency monetary items

Monetary assets denominated in foreign currencies are translated into the functional currency at the bid rate of exchange ruling at the balance sheet date. Exchange differences arising on translation are credited to or charged against income.

Monetary liabilities denominated in foreign currencies are translated into the functional currency at the offer rate of exchange ruling at the balance sheet date. Exchange differences arising on translation are credited to or charged against income.

Monetary group assets and liabilities (being group loans, call accounts, equity loans, receivables and payables) denominated in foreign currencies are translated into the functional currency at the mid rate of exchange ruling at the balance sheet date. Exchange differences arising on translation are credited to or charged against income except for those arising on equity loans that are denominated in the functional currency of either party involved. In those instances, the exchange differences are taken directly to equity as part of the foreign currency translation reserve.

Exchange differences arising on the settlement of monetary items are credited to or charged against income.

Foreign currency non-monetary items

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on translation are credited to or charged against income except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such items, any exchange component of that gain or loss is also recognised directly in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at historical exchange rates.

Foreign entities

The results and financial position of foreign entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, at rates of exchange ruling at the balance sheet date.
- income, expenditure and cash flow items at average rates.

All resulting exchange differences are reflected in equity as part of the foreign currency translation reserve. On disposal of a foreign entity, the cumulative translation differences relating to that entity are recognised in the income statement as part of the cumulative gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange ruling at the balance sheet date.

Any exchange difference arising on an intra-group monetary item, whether short-term or long-term, continues to be recognised as income or expense since the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. However, exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a foreign entity are classified as equity until the disposal of the net investment at which time the cumulative amount of the exchange differences that have been deferred and relate to that foreign entity are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instruments. Purchases and sales of financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the instrument. Financial assets are initially measured at fair value and are subsequently measured on the basis as set out below.

Loans and receivables

Loans and receivables are stated at amortised cost. Amortised cost represents the original amount less principle repayments received, the impact of discounting to net present value and a provision for impairment, where applicable.

When a loan has a fixed maturity date but carries no interest, the carrying value reflects the time value of money, and the loan is discounted to its net present value. The unwinding of the discount is subsequently reflected in the income statement as part of interest income.

Trade receivables

Trade receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

The provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at balance sheet date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Contract receivables and retentions

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

Contract and retention receivables comprise amounts due in respect of certified or approved certificates by the client or consultant at the balance sheet date for which payment has not been received, and amounts held as retentions on certified certificates at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis.

All short-term cash investments are invested with major financial institutions in order to manage credit risk.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each balance sheet date and impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit and loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the company are recognised as the proceeds received, net of direct issue costs.

Non-trading financial liabilities

Non-trading financial liabilities are recognised at amortised cost. Amortised cost represents the original debt less principle payments made, the impact of discounting to net present value and amortisation of related costs.

Trade payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Subcontractor liabilities

Subcontractor liabilities represent the actual unpaid liability owing to subcontractors for work performed including retention monies owed. Subcontractor liabilities are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Investments

Service concession investments are designated as fair value through profit and loss. All other investments are classified as non-trading financial assets or loans and receivables and accounted for accordingly.

Financial assets designated as fair value through profit and loss

Financial instruments, other than those held for trade, are classified in this category if the financial assets or liabilities are managed, and their performance evaluated, on a fair value basis in accordance with a documented investment strategy, and where information about these financial instruments are reported to management on a fair value basis. Under this basis the Group's concession equity investment is the main class of financial instruments so designated. The fair value designation, once made is irrevocable.

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any dividend or interest earned on financial assets. Fair value is determined in the manner as described in note 6. Where management has identified objective evidence of impairment, provisions are raised against the investment. Assets are considered to be impaired when the fair value of the assets is considered to be lower than the original cost of the investment.

Available-for-sale assets

Available-for-sale assets include financial instruments normally held for an indefinite period, but may be sold depending on changes in exchange, interest or other market conditions. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs, and subsequently carried at fair value. Fair value is based on market prices for these assets. Resulting gains or losses are recognised as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in the income statement.

Where management has identified objective evidence of impairment, a provision is raised against the investment. When assessing impairment consideration is given to whether or not there has been a significant or prolonged decline in the market value below original cost.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the contract date, which includes transaction costs. Subsequent to initial recognition derivative instruments are stated at fair value with the resulting gains or losses recognised in the income statement.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement.

Where a legally enforceable right of offset exists for recognised derivative financial assets and 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.

The Group generally makes use of three types of derivatives, being foreign exchange contracts, interest rate swap agreements and embedded derivatives. The majority of these are used to hedge the financial risks of recognised assets and liabilities, unrecognised forecasted transactions or unrecognised firm commitments (hereafter referred to as "economic hedges").

Hedge accounting is not necessarily applied to all economic hedges but only where management made a decision to designate the hedge as either a fair value or cash flow hedge and the hedge qualifies for hedge accounting.

Economic hedges where hedge accounting is not applied

When a derivative instrument is entered into as a hedge, all fair value gains or losses are recognised in the income statement.

Economic hedges where hedge accounting is applied

Hedge accounting recognises the offsetting effects of the hedging instrument (i.e. the derivative) and the hedged item (i.e. the item being hedged such as a foreign denominated liability).

Hedges can be designated as fair value hedges, cash flow hedges, or hedges of net investments in foreign entities.

Fair value hedges

When a derivative instrument is entered into and designated as a fair value hedge, all fair value gains or losses are recognised in the income statement.

Changes in the fair value of a hedging instrument that is highly effective and is designated and qualifies as a fair value hedge, are recognised in profit and loss together with the changes in the fair value of the related hedged item.

Cash flow hedges

Where a derivative instrument is entered into and designated as a cash flow hedge of a recognised asset, liability or a highly probable forecasted transaction, the effective part of any gain or loss arising on the derivative instrument is recognised as part of the hedging reserve until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in the income statement.

If the underlying transaction occurs and results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity must be reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that interest income or interest expense is recognised). However, if the Group expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it shall reclassify into the income statement the amount that is not expected to be recovered.

If the underlying transaction occurs and results in the recognition of a non-financial asset or a non-financial liability, or a forecasted transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains or losses that were recognised directly in equity are included in the initial cost or other carrying value of the asset or liability.

CONTRACTS-IN-PROGRESS

Contracts-in-progress represents those costs recognised by the stage of completion of the contract activity at the balance sheet date.

Anticipated losses to completion are deducted.

Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

BUSINESS COMBINATIONS AND GOODWILL ON ACQUISITIONS

The Group uses the acquisition method to account for the acquisition of businesses.

Goodwill is recognised as an asset at the acquisition date of a business, subsidiary, associate or jointly controlled entity. Goodwill on the acquisition of a subsidiary and joint venture company is included in intangible assets. Goodwill on the acquisition of an associate company is included in the investment in associates.

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each the Group's cash generating units expected to benefit from the synergies of the business combination. Any impairment loss of the cash generating unit is first allocated against the goodwill and thereafter against the other assets of the cash generating unit on a pro-rata basis.

Whenever negative goodwill arises, the identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities is reassessed. If negative goodwill still remains, it is recognised in the income statement immediately.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals where there is a change in ownership, in other words a portion of the goodwill is expensed as part of the cost of disposal. For partial disposals and acquisitions with no change in ownership, goodwill is recognised as a transaction with equity holders.

INTANGIBLE ASSETS OTHER THAN GOODWILL

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the Group has control over the asset; it is probable that economic benefits will flow to the Group; and the cost of the asset can be measured reliably.

Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products and technology) are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably.

Other development expenditure is recognised as an expense as incurred. Development expenditure previously recognised as an expense is not capitalised as an asset in a subsequent period.

Development expenditure that has a finite useful life and that has been capitalised is amortised from the commencement of the commercial production of the product on a systematic basis over the period of its expected benefit.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairments.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred and is not capitalised.

Subsequent expenditure

Subsequent costs incurred on intangible assets are included in the carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a systematic basis over the estimated useful life of the intangible asset from the date that they are available for use unless the useful lives are indefinite. Intangible assets with indefinite lives are tested annually for impairment.

The average amortisation periods are set out in note 4.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. Property, plant and equipment could be constructed by the Group or purchased from other entities. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

Measurement

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that revaluation.

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Day-to-day servicing costs are recognised in the income statement in the year incurred.

Revaluations

Property, plant and equipment are not revalued.

Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Depreciation

Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its estimated residual value over its estimated useful life. The average depreciation periods are set out in note 1.

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised or classified as held-for-sale.

The useful life and residual value of each component is reviewed annually at year end and, if expectations differ from previous estimates, adjusted prospectively as a change in accounting estimate.

Impairment

Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment provision is raised immediately to bring the carrying value in line with the recoverable amount.

Dismantling and decommissioning costs

The cost of an item of property, plant and equipment includes the initial estimate of the costs of its dismantlement, removal, or restoration of the site on which it was located.

IMPAIRMENT OF ASSETS

At each balance sheet date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash inflows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

INVESTMENT PROPERTY

Investment property is any land, building or part thereof that is either owned or leased by the Group under a finance lease for the purpose of earning rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis.

Initially, investment property is measured at cost including all transaction costs. Subsequent to initial recognition investment property is stated at fair value

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gain or loss on the derecognition of an investment property is recognised in the income statement in the year of derecognition.

NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, disposal groups, or components of an enterprise are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, disposal groups, or components of an enterprise classified as held-for-sale are stated at the lower of its previous carrying value and fair value less costs to sell.

An impairment loss, if any, is recognised in the income statement for any initial and subsequent write-down of the carrying value to fair value less costs to sell. Any subsequent increase in fair value less cost to sell is recognised in the income statement to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised reduces the carrying value of the non-current assets first to goodwill allocated to the disposal group, and the remainder to the other assets of the disposal group pro-rata on the basis of the carrying value of each asset in the disposal group.

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the write-down as they are assessed for impairment per the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be to these other assets of the disposal group pro-rata on the basis of the carrying value of each asset in the unit (group of units), but not to goodwill.

Accounting policies

for the year ended 30 June 2008

Assets held-for-sale are not depreciated or amortised. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

When the sale is expected to occur beyond one year, the costs to sell are measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as an interest expense.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the balance sheet. The sum of the post-tax profit or loss of the discontinued operation, and the post-tax gain or loss on the remeasurement to fair value less costs to sell is presented as a single amount on the face of the income statement.

INVENTORIES

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or for general servicing purposes. Consumable stores are recognised in the income statement as consumed.

Inventories are valued at the lower of cost and net realisable value.

The cost of inventories is determined using the following cost formulas:

- raw materials – first-in, first-out or weighted average cost basis.
- finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity.

For inventories with a different nature or use to the Group, different cost formulas are used. The cost of inventories includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchase costs, where applicable.

In certain business operations the standard cost method is used. The standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. These are regularly reviewed and, if necessary, revised in the light of current conditions. All abnormal variances are immediately expensed as overhead costs. All under absorption of overhead costs are expensed as a normal overhead cost, while over absorption is adjusted against the inventory item or the cost of sales if already sold.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs incurred in marketing, selling and distribution.

Property development

Property developments are stated at the lower of cost and realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Greater weight is therefore given to those features which have a commercial effect in practice. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

Finance leases

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the balance sheet at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct cost incurred in negotiating or arranging a lease is added to the cost of the asset. The present value of the cost of decommissioning, restoration or similar obligations relating to the asset are also capitalised to the cost of the asset on initial recognition. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or unit of production basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values. 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.

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

Operating leases

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the Group to enter into the agreement, such as up front cash payments or an initial rent-free period. These benefits are recognised as a reduction of the rental expense over the lease term, on a straight-line basis.

HEADLEASES

All headleases in which the Group has a controlling interest in the property at the end of the lease are classified as finance leases. All other headleases are classified as onerous operating leases.

Finance headleases

Headlease assets, where part of finance headleases, are capitalised as investment property at their fair values and a corresponding liability is raised.

Land is not depreciated. Buildings are depreciated using the straight-line basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values.

Operating headleases

A long-term provision is raised in respect of the onerous headleases that are classified as operating headleases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

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. If a present obligation does not exist, the provision is not raised but rather treated as a contingent liability.

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions are reflected separately on the face of the balance sheet and are separated into their long-term and short-term portions. Contract provisions are, however, deducted from contracts-in-progress.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs will be incurred in meeting contract obligations in excess of the economic benefits expected to be received from the contract.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation are recognised in accordance with IAS 18: Revenue.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

In the ordinary course of business the Group may pursue a claim against a subcontractor or client.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the balance sheet.

SHARE-BASED PAYMENT TRANSACTIONS

An expense is recognised where the Group receives goods or services in exchange for shares or rights over shares (equity-settled transactions) or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions).

Employees, including directors, of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial lattice and Monte Carlo models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

EMPLOYEE BENEFITS

Defined contribution plans

Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee. Such plans include multi-employer or state plans.

Employee and employer contributions to defined contribution plans are recognised as an expense in the year in which incurred.

Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer plan or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average working lives of participating employees.

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 these employees. Adjustments relating to retired employees are expensed in the year in which they arise. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

The defined benefit obligation recognised in the balance sheet, if any, represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to the item of property, plant and equipment and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

TAXATION

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The carrying amount of a deferred taxation asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against liabilities and when the deferred taxation relates to the same fiscal authority.

RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

REVENUE

Revenue is the aggregate of the turnover of subsidiaries and the Group's share of the turnover of joint ventures, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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.

Dividend income is recognised when the right to receive payment is established.

Long-term and construction contracts

Where the outcome of a long-term and 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 collection is probable and the amounts can be reliably measured. Anticipated losses to completion are immediately recognised as an expense in contract costs.

Where the outcome of the long-term and construction contracts cannot be estimated reliably, contract revenue is recognised to the extent that the recoverability of incurred costs is probable.

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.

DIVIDENDS

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Accounting policies

for the year ended 30 June 2008

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.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

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. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

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

BLACK ECONOMIC EMPOWERMENT

IFRS 2: Share Based Payment requires share-based payments to be recognised as an expense in the income statement. This expense is measured at the fair value of the equity instruments issued at the date of grant.

Letsema Vulindlela Black Executives Trust

Once selected black executives become vested beneficiaries of the Letsema Vulindlela Black Executives Trust and are granted Murray & Roberts shares in terms of their vesting rights, the fair value of these equity instruments, valued at the various dates on which the grants take place, are recognised as an expense over the related vesting periods.

Letsema Khanyisa Black Employee Benefits Trust and Letsema Sizwe Community Trust

These trusts are established as 100-year trusts. However, after the lock-in period ending 31 December 2015, they may, at the discretion of the trustees, be dissolved in which event any surplus in these trusts after the satisfaction of all the liabilities in these trusts will be transferred to organisations which engage in similar public benefit activities to these trusts, which may include the beneficiaries of these trusts. An IFRS 2 expense will have to be recognised at such point in time when this surplus is distributed to an independent public benefit organisation.

All monetary amounts are expressed in millions of Rands	Immovable property	Owner-occupied headlease property	Plant and machinery	Other equipment	Total
1. PROPERTY, PLANT AND EQUIPMENT					
Cost or deemed cost:					
At 30 June 2006	266,6	43,4	2 424,3	232,3	2 966,6
Additions	45,9	–	762,8	200,4	1 009,1
Acquisition of businesses	–	–	6,6	0,1	6,7
Disposals	(3,8)	–	(72,9)	(5,0)	(81,7)
Disposal of businesses	(48,0)	–	(499,7)	(49,4)	(597,1)
Reclassification	22,2	–	68,3	(90,5)	–
Scrappings	–	–	(19,8)	(10,8)	(30,6)
Transfer to assets classified as held-for-sale	–	–	(8,5)	–	(8,5)
Transfer to headlease property	–	(13,8)	–	–	(13,8)
Exchange rate adjustment	0,6	–	12,5	(0,3)	12,8
At 30 June 2007	283,5	29,6	2 673,6	276,8	3 263,5
Additions	143,6	–	1 158,9	471,8	1 774,3
Acquisition of businesses	91,2	–	1 095,5	59,7	1 246,4
Disposals	(9,5)	–	(264,7)	(24,2)	(298,4)
Disposal of businesses	(2,9)	–	(31,1)	–	(34,0)
Reclassification	29,6	(29,6)	141,7	(141,7)	–
Scrappings	–	–	(3,2)	(4,5)	(7,7)
Transfer from assets classified as held-for-sale	–	–	5,3	–	5,3
Transfer to assets classified as held-for-sale	(9,8)	–	(26,1)	(5,5)	(41,4)
Exchange rate adjustment	15,8	–	205,3	11,2	232,3
At 30 June 2008	541,5	–	4 955,2	643,6	6 140,3
Accumulated depreciation and impairment:					
At 30 June 2006	29,2	1,8	1 127,8	93,4	1 252,2
Charge for the year	8,3	–	294,1	28,8	331,2
Impairment loss	–	–	2,5	–	2,5
Reversal of impairment loss	–	–	(1,3)	–	(1,3)
Disposals	(0,2)	–	(45,8)	(3,1)	(49,1)
Disposal of businesses	(2,9)	–	(242,4)	(8,8)	(254,1)
Reclassification	4,9	–	(2,1)	(2,8)	–
Scrappings	–	–	(18,6)	(10,7)	(29,3)
Transfer to headlease property	–	(1,8)	–	–	(1,8)
Transfer to assets classified as held-for-sale	–	–	(3,1)	–	(3,1)
Exchange rate adjustment	–	–	5,1	–	5,1
At 30 June 2007	39,3	–	1 116,2	96,8	1 252,3
Charge for the year	18,0	–	563,3	36,2	617,5
Impairment loss	–	–	9,4	–	9,4
Acquisition of businesses	18,6	–	703,1	–	721,7
Disposals	(1,5)	–	(183,7)	(9,2)	(194,4)
Disposal of businesses	(1,8)	–	(14,8)	–	(16,6)
Scrappings	–	–	(1,4)	(4,1)	(5,5)
Transfer from assets classified as held-for-sale	–	–	0,4	–	0,4
Transfer to assets classified as held-for-sale	(1,3)	–	(13,0)	(0,9)	(15,2)
Exchange rate adjustment	6,6	–	69,1	1,5	77,2
At 30 June 2008	77,9	–	2 248,6	120,3	2 446,8

Notes to the consolidated financial statements

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	Immovable property	Owner-occupied headlease property	Plant and machinery	Other equipment	Total
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*					
Carrying amount:					
At 30 June 2008	463,6	–	2 706,6	523,3	3 693,5
At 30 June 2007	244,2	29,6	1 557,4	180,0	2 011,2
Net carrying amount of capitalised leased assets included in the above is:					
At 30 June 2008	7,1	–	453,8	9,7	470,6
At 30 June 2007	0,2	29,6	124,7	11,5	166,0

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

The Group has pledged certain plant and machinery as security for certain interest bearing borrowings (note 15, Secured liabilities).

During the year, a subsidiary company discontinued the use of certain plant and equipment. This led to an impairment charge of R9,4 million (2007: R2,5 million) that has been recognised in earnings for the year (note 26).

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– immovable property – land	Not depreciated	
– immovable property – building	20 to 40 years	on a straight-line basis
– plant and machinery	3 to 30 years	on a straight-line basis
– other equipment	3 to 10 years	on a straight-line basis

	Headlease property	Other investment property	Total investment property
2. INVESTMENT PROPERTY			
At 30 June 2006	258,5	18,4	276,9
Net gain from fair value adjustment (note 50)	252,8	–	252,8
Disposals	(16,1)	–	(16,1)
Reclassifications	9,0	(9,0)	–
Transfer from owner-occupied	12,0	–	12,0
At 30 June 2007	516,2	9,4	525,6
Improvements capitalised	18,9	–	18,9
Net gain from fair value adjustment (note 25)	1,6	–	1,6
Transfer to investment property	(268,1)	268,1	–
Transfer to assets classified as held-for-sale	–	(9,5)	(9,5)
Disposals	–	(54,8)	(54,8)
At 30 June 2008	268,6	213,2	481,8

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

The fair value of the investment properties at 30 June 2008 has been arrived at on the basis of a valuation carried out by Murray & Roberts Properties Group, a related party, on an open market basis.

The headlease investment property forms part of the Group's headlease and other property activities and cannot be realised until the headleases are settled (note 17, Obligations under finance headleases).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to R112,5 million (2007: R163,5 million). Direct operating expenses arising on the investment property in the period amounted to R55,7 million (2007: R127 million).

All monetary amounts are expressed in millions of Rands	2008	2007
3. GOODWILL		
3.1 Cost		
At beginning of year	206,1	146,6
Acquisition of businesses	296,5	66,7
Refund of investment purchase price	–	(13,2)
Impairment of goodwill	(9,7)	–
IFRS 3 adjustments to goodwill*	(4,8)	6,0
	488,1	206,1

Goodwill is allocated to the Group's cash generating units identified according to the business segments that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following business segments:

	2008	2007
Construction & engineering	392,9	101,2
Mining	34,7	34,7
Construction materials & services	60,5	70,2
	488,1	206,1

** The R4,8 million relates to adjustments processed to Wade Walker (Proprietary) Limited as a result of valuation adjustments for work-in-progress that existed at acquisition date. The prior year R6 million adjustment relates to an adjustment to Concor (Proprietary) Limited for contractually higher wage rates in respect of contracts.*

3.2 Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market.

The discount rates below, used for impairment testing, are pre-tax and reflect the aquiree's weighted average cost of capital adjusted for relevant risk factors:

Construction & engineering	15,7%
Clough	14,0%
Mining	14,7%
Construction materials & services	16,1%

All monetary amounts are expressed in millions of Rands	Computer software	Mineral rights	Other intangible assets	Total
4. OTHER INTANGIBLE ASSETS				
Cost:				
At 30 June 2006	88,6	19,9	5,0	113,5
Disposals	(0,3)	–	–	(0,3)
Disposal of businesses	(4,6)	–	–	(4,6)
Additions	25,3	–	3,9	29,2
At 30 June 2007	109,0	19,9	8,9	137,8
Acquisition of businesses	62,8	–	–	62,8
Additions	15,3	8,5	–	23,8
Scrapping	(0,3)	–	–	(0,3)
Disposal of businesses	(10,9)	–	–	(10,9)
Exchange rate adjustment	9,7	1,2	0,2	11,1
At 30 June 2008	185,6	29,6	9,1	224,3
Accumulated amortisation:				
At 30 June 2006	41,9	1,5	1,8	45,2
Charge for the year	18,1	2,4	2,0	22,5
Scrapping	(0,3)	–	–	(0,3)
Disposal of businesses	(3,8)	–	–	(3,8)
At 30 June 2007	55,9	3,9	3,8	63,6
Acquisition of businesses	34,3	–	–	34,3
Charge for the year	33,2	2,3	3,8	39,3
Scrapping	(0,3)	–	–	(0,3)
Disposal of businesses	(7,4)	–	–	(7,4)
Exchange rate adjustment	4,8	–	–	4,8
At 30 June 2008	120,5	6,2	7,6	134,3
Carrying amount:				
At 30 June 2008	65,1	23,4	1,5	90,0
At 30 June 2007	53,1	16,0	5,1	74,2

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Other intangible assets include a technology agreement in Canada that has an indefinite useful life.

The following amortisation periods are used for the amortisation of intangible assets:

– computer software	2 to 4 years	on a straight-line basis
– mineral rights	7 years	per usage of clay
– other intangible assets	3 to 5 years or indefinite	on a straight-line basis

All monetary amounts are expressed in millions of Rands	2008	2007
5. INVESTMENT IN ASSOCIATE COMPANIES		
5.1 Investment in associate companies		
The Group's share of associate companies included in the consolidated balance sheet is:		
Construction & engineering		
As at beginning of year	622,8	766,2
Additions – Clough Limited	–	34,7
Share of post-acquisition loss	–	(114,4)
Impairment of Clough Limited	–	(114,5)
Write-off of investment in Murray & Roberts (Zimbabwe) Limited	–	(8,1)
Reversal of provision against investment in Murray & Roberts (Zimbabwe) Limited	–	8,1
Exchange rate adjustment	–	50,8
Transfer to investment in subsidiary (note 34)	(622,8)	–
	–	622,8
Loan to Clough Limited	–	83,9
Convertible notes issued by Clough Limited	–	138,8
	–	845,5
Other associates		
As at beginning of year	25,1	17,5
Acquisition of businesses	3,4	0,4
Additions	0,7	–
Transferred from loans to associate companies	12,6	–
Impairment of investment in associate	(12,6)	–
Dividend received	(9,0)	–
Share of post-acquisition earnings	11,1	7,2
Foreign currency translation reserve	(0,3)	–
	31,0	25,1
The carrying value of the investment can be analysed as follows:		
Net tangible assets acquired	21,1	17,3
Share of post-acquisition earnings, net of dividends received	9,9	7,8
	31,0	25,1
Loans to associate companies	1,9	14,2
Loans from associate companies	(20,2)	–
	12,7	39,3
The loans to the associate companies are unsecured, interest free and have no fixed repayment terms. Loans from associate companies bear interest at 12% and are repayable on demand.		
Investment in associate companies	12,7	884,8

Notes to the consolidated financial statements

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007
5. INVESTMENT IN ASSOCIATE COMPANIES *(continued)*		
5.2 Valuation of shares		
Construction & engineering		
Murray & Roberts (Zimbabwe) Limited operates in a hyperinflationary environment and is restricted from transferring funds out of Zimbabwe. The value of this investment could not be determined due to insufficient information regarding the exchange rate in Zimbabwe. The number of shares held in Murray & Roberts (Zimbabwe) Limited is 99 632 311 (2007: 99 632 311 shares).		
Other associates		
Directors' valuation of unlisted associates	31,0	25,1
5.3 Summarised financial information in respect of the Group's associates:		
Non-current assets	127,2	208,8
Current assets	48,1	58,6
Total assets	175,3	267,4
Non-current liabilities	48,4	174,9
Current liabilities	44,2	17,4
Total liabilities	92,6	192,3
Net assets	82,7	75,1
Group's share of associates' net assets	25,5	28,4
Revenue	188,6	184,8
Attributable profit/(loss) for the year	28,8	(2,6)
Group's share of associates' profits for the period	11,1	7,2

5.4 Details of associate companies

Name of significant associates	Place of incorporation	% of ownership and votes 2008	% of ownership and votes 2007	Main activity
Clough Limited	Australia	–	49,1	Oil and gas
Murray & Roberts (Zimbabwe) Limited	Zimbabwe	48,7	48,7	Construction
Gryphon Logistics (Proprietary) Limited	South Africa	30,0	30,0	Transport

All monetary amounts are expressed in millions of Rands	2008	2007
6. OTHER INVESTMENTS		
6.1 Financial assets designated as fair value through profit and loss		
Investments in infrastructure service concessions		
At beginning of year	307,8	193,8
Investment in Bombela Concession Company (Proprietary) Limited	56,8	68,1
Additional investments, disposals and repayments received	(38,4)	(30,1)
Provision released	25,0	–
Fair value adjustment recognised in income statement	85,9	76,0
Fair value of unlisted investments designated fair value through profit and loss	437,1	307,8

Directors' valuation R437,1 million (2007: R307,8 million)

The financial assets designated as fair value through profit and loss comprise of the Group's interest in the following infrastructure service concessions:

	% Interest	Remaining concession period	2008	2007
Bombela Concession Company (Proprietary) Limited*	25,00	18 years	124,9	68,1
Bakwena Platinum Corridor Concessionaire (Proprietary) Limited**	10,68	24 years	189,6	147,2
N3 Toll Concession (Proprietary) Limited**	13,07	23 years	122,6	92,5
			437,1	307,8

* *The rail service investment is carried at cost until completion of the development phase.*

** *The fair value of the toll road investments has been calculated using discounted cash flow models and market discount rates. The discounted cash flow models are based on traffic estimates, forecasted operating costs, inflation rates and other economic fundamentals.*

There were no changes in fair values which resulted from a change in credit risk.

	2008	2007
6.2 Available for sale financial assets		
Unlisted investments		
At beginning of year	6,4	3,8
Additions, disposals and other movements	(1,8)	2,6
Fair value of unlisted investments	4,6	6,4

These assets do not have prices quoted in an active market hence fair value of these assets have not been disclosed.

The directors believe that the cost of these investments approximate fair value.

	2008	2007
Listed investments		
At beginning of year	–	–
Acquisition of businesses	11,0	–
Fair value of listed non-trading investments	11,0	–

Market value R11 million (2007: Rnil million)

All monetary amounts are expressed in millions of Rands	2008	2007
6. OTHER INVESTMENTS *(continued)*		
6.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
Balance at beginning of the year	125,6	237,5
Additional investments made	17,6	22,4
Transfer to assets classified as held-for-sale	–	(15,1)
Disposals and repayments	(22,6)	(70,0)
Impairment of investment	(55,8)	(48,0)
Other movements	–	(1,2)
Amortised cost of unsecured loans and receivables	64,8	125,6
Total other investments	517,5	439,8
Details in respect of the other investments are set out in a register that may be inspected at the company's registered office. Included in loans and receivables is an amount of R25,3 million (2007: R25,3 million) receivable from related parties. Further details of these amounts are set out in note 45.2.		
7. INVENTORIES		
At cost, net of impairment provisions		
Raw materials	712,7	369,9
Work-in-progress	143,0	94,2
Finished goods and manufactured components	465,3	248,5
Consumable stores	179,0	101,7
Property development	354,7	–
	1 854,7	814,3
8. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts-in-progress at year end	1 123,7	342,0
Amounts receivable on contracts (net of impairment provisions)	2 966,2	1 792,8
	4 089,9	2 134,8
Advances received in excess of work completed	(1 940,4)	(836,5)
Amounts receivable from contracts	2 149,5	1 298,3
Retentions receivable (net of impairment provisions)	360,0	250,7
	2 509,5	1 549,0
Amounts due from contract customers	6 462,3	3 402,2
Amounts due to contract customers	(3 952,8)	(1 853,2)
	2 509,5	1 549,0

Amounts of R32,1 million (2007: R60,5 million) are due for settlement after more than 12 months from balance sheet date.

All monetary amounts are expressed in millions of Rands		2008	2007
9.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	1 698,7	1 282,0
	Provision for doubtful debts	(101,1)	(70,4)
	Operating lease receivables recognised on a straight-line basis	19,5	7,4
	Amount owing by joint venture partners	204,1	100,8
	Prepayments	564,6	100,5
	Other receivables	452,8	366,5
		2 838,6	1 786,8
	Details in respect of the Group's credit risk management policies are set out in note 43.		
	The directors consider that the carrying amount of the trade and other receivables approximate their fair value.		
10.	**DERIVATIVE FINANCIAL INSTRUMENTS**		
10.1	Current assets		
	Forward exchange contracts	19,0	0,3
		19,0	0,3
10.2	Non-current liabilities		
	Put option pertaining to minority interest in subsidiary companies	–	36,7
	Forward exchange contracts liability	–	2,4
		–	39,1
10.3	Current liabilities		
	Forward exchange contracts liability	1,0	6,1
		1,0	6,1
	Details in respect of the derivative financial instruments and the Group's financial risk management policies are set out in note 43.		
11.	**SHARE CAPITAL AND PREMIUM**		
11.1	Share capital		
	Authorised		
	500 000 000 ordinary shares of 10 cents each (2007: 500 000 000 of 10 cents each)	50,0	50,0
	Issued and fully paid		
	331 892 619 ordinary shares of 10 cents each (2007: 331 892 619 of 10 cents each)	33,2	33,2
	Less: Treasury shares held by The Murray & Roberts Trust at par value	(0,5)	(0,5)
	Less: Treasury shares held by the Letsema BBBEE trusts and companies at par value	(2,9)	(2,9)
	Less: Treasury shares held by Murray & Roberts Limited at par value	(0,1)	(0,1)
	Net share capital	29,7	29,7
	Number of unissued shares	168 107 381	168 107 381

All monetary amounts are expressed in millions of Rands	2008	2007
11. SHARE CAPITAL AND PREMIUM *(continued)*		
11.2 Share premium		
Share premium	1 639,6	1 639,6
Less: Treasury shares held by The Murray & Roberts Trust at net cost	(255,1)	(187,7)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost	(429,4)	(429,4)
Less: Treasury shares held by Murray & Roberts Limited at net cost	(15,7)	(15,7)
Net share premium	939,4	1 006,8
Total share capital and premium	969,1	1 036,5
11.3 Treasury shares		
Market value of treasury shares:		
The Murray & Roberts Trust	465,9	376,3
The Letsema BBBEE trusts and companies	2 518,0	1 852,9
Murray & Roberts Limited	58,7	43,2
Reconciliation of issued shares:	Number of shares	Number of shares
Issued and fully paid	331 892 619	331 892 619
Less: Treasury shares held by The Murray & Roberts Trust	(5 356 136)	(5 880 661)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	(28 946 803)	(28 951 903)
Less: Treasury shares held by Murray & Roberts Limited	(675 644)	(675 644)
Net shares issued to public	296 914 036	296 384 411

All monetary amounts are expressed
in millions of Rands

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (the Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (the Trust). At 30 June 2008, the Trust held 5 356 136 (2007: 5 880 661) shares against the commitment of options granted by the Trust totalling 12 790 750 (2007: 13 704 775) shares. If necessary, and at the Board's discretion, the company could issue new shares within the maximum of 10% of the company's issued share capital as authorised by shareholders for this purpose.

13,1% of the outstanding options at 30 June 2008 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2008 were as follows:

Schemes implemented		Outstanding options at 30 June 2007	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2008	Option price per share (cents)	Weighted average share price on exercise (cents)
09 March 1998	–	56 000	–	(7 000)	(49 000)	–	805	8 995
17 March 1999	–	122 500	–	–	(48 000)	74 500	233	8 378
25 August 1999	–	10 000	–	–	–	10 000	440	–
08 May 2000	–	81 275	–	(4 625)	(15 650)	61 000	316	9 162
13 March 2002	Standard	164 375	–	–	(132 500)	31 875	693	9 142
13 March 2002	Hurdle	156 875	–	–	(125 000)	31 875	693	8 982
29 November 2002	–	20 000	–	–	(20 000)	–	1 225	8 709
06 March 2003	Standard	238 750	–	–	(96 250)	142 500	1 100	9 035
06 March 2003	Hurdle	341 250	–	–	(152 500)	188 750	1 100	8 944
15 March 2004	Standard	628 750	–	(90 000)	(217 500)	321 250	1 304	9 040
15 March 2004	Hurdle	490 000	–	(62 500)	(152 500)	275 000	1 304	9 057
07 September 2004	Standard	112 500	–	–	(37 500)	75 000	1 200	8 416
07 September 2004	Hurdle	75 000	–	–	(25 000)	50 000	1 200	8 501
28 June 2005	Standard	1 132 500	–	(108 750)	(173 125)	850 625	1 400	8 708
28 June 2005	Hurdle	890 000	–	(117 500)	(170 000)	602 500	1 400	8 765
03 March 2006	Standard	1 510 000	–	(158 125)	(97 500)	1 254 375	2 353	9 359
03 March 2006	Hurdle	510 000	–	(85 000)	(12 500)	412 500	2 353	9 252
06 March 2007	Hurdle	1 625 000	–	(205 000)	–	1 420 000	5 060	–
06 March 2007	Special	5 540 000	–	(365 000)	–	5 175 000	5 060	–
30 August 2007	Standard	–	40 000	(30 000)	–	10 000	7 200	–
02 November 2007	Standard	–	55 000	–	–	55 000	9 352	–
26 February 2008	Standard	–	1 564 000	(65 000)	–	1 499 000	9 201	–
26 February 2008	Special	–	250 000	–	–	250 000	9 201	–
TOTAL		13 704 775	1 909 000	(1 298 500)	(1 524 525)	12 790 750		

Notes:

1. For the 1998 and prior schemes, the options vest at 50% at the fourth and 100% at the fifth anniversary of the grant.

2. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.

3. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.

4. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.

5. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.

6. For the 2004 to 2007 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.

7. The 2007 and 2008 special schemes are time-related with the first tranche exercisable in 2011 and 2012 respectively.

8. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

9. Options are forfeited if the employee leaves the Group before the options vest.

All monetary amounts are expressed
in millions of Rands

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust *(continued)*

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Binomial lattice model
Hurdle scheme	Hybrid of binomial lattice and Monte Carlo models
Special scheme	Binomial lattice model

The inputs into the models were as follows:

Schemes implemented		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
29 November 2002	–	1 225	42,7%	29 November 2012	10,3%	3,0%	612
06 March 2003	Standard	1 100	41,9%	06 March 2013	9,7%	3,0%	508
06 March 2003	Hurdle	1 100	41,9%	06 March 2013	9,7%	3,0%	254
15 March 2004	Standard	1 304	35,8%	15 March 2014	9,5%	4,0%	523
15 March 2004	Hurdle	1 304	35,8%	15 March 2014	9,5%	4,0%	334
07 September 2004	Standard	1 200	34,0%	07 September 2014	9,6%	4,0%	463
07 September 2004	Hurdle	1 200	34,0%	07 September 2014	9,6%	4,0%	302
28 June 2005	Standard	1 400	31,1%	28 June 2011	7,6%	3,4%	433
28 June 2005	Hurdle	1 400	31,1%	28 June 2011	7,9%	3,4%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	2,7%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	2,7%	733
06 March 2007	Hurdle	5 060	29,0%	06 March 2013	8,2%	2,0%	1 629
06 March 2007	Special	5 060	29,0%	06 March 2013	8,2%	2,0%	1 838
30 August 2007	Standard	7 200	29,0%	30 August 2013	9,5%	1,4%	2 586
02 November 2007	Standard	9 352	29,5%	02 November 2013	8,9%	1,3%	3 278
26 February 2008	Standard	9 201	30,8%	26 February 2014	9,6%	1,3%	3 484
26 February 2008	Special	9 201	31,2%	30 June 2012	9,6%	1,3%	3 279

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R34,9 million (2007: R16,3 million) relating to these share options during the year.

11.5 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust

The Letsema Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's Broad-based Black Economic Empowerment transaction. This transaction operates through various broad-based entities of which the Letsema Vulindlela Black Executives Trust (the Vulindlela Trust) is one. The purpose of the Vulindlela Trust is to facilitate ownership in the company's ordinary share capital by black executives. At 30 June 2008, the Vulindlela Trust held 9 956 779 (2007: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 1 603 500 (2007: 1 575 000) shares.

in millions of Rands

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.5 Equity-settled share incentive scheme – The Letsema Vulindlela Black Executives Trust *(continued)*

The purchase of these shares was funded by an interest-free loan from the respective group employer companies. All dividends paid to the trust will be offset against the outstanding balance of the loan. Within one year after 31 December 2015, the black executives may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such an election, the black executives will be required to make a contribution to the trust in order to settle the outstanding loan amount. Should the value of the shares at 31 December 2015 be less than the outstanding loan amount, the trust must return the shares to the company and the loan will be cancelled.

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2008 were as follows:

Schemes implemented on:	Outstanding options at 30 June 2007	Granted during the year	Surrendered during the year	Outstanding options at 30 June 2008	Option price per share (cents)
02 March 2006	522 000	–	(42 200)	479 800	2 353
27 June 2006	64 800	–	–	64 800	2 431
28 August 2006	95 000	–	(27 500)	67 500	3 002
06 March 2007	758 200	–	(88 500)	669 700	5 200
25 June 2007	135 000	–	(20 600)	114 400	6 619
28 August 2007	–	7 500	(7 500)	–	7 366
26 February 2008	–	219 400	(12 100)	207 300	9 201
TOTAL	1 575 000	226 900	(198 400)	1 603 500	

Notes:

1. *The options can only be exercised after 5 years from date of allocation.*
2. *Options are forfeited if the employee leaves the Group before the options vest.*

The estimated fair values of options granted were determined using the Monte Carlo Simulation model.

The inputs into the models were as follows:

Schemes implemented on:	Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
02 March 2006	2 353	31,0%	31 December 2015	7,2%	2,7%	1 253
27 June 2006	2 431	36,0%	31 December 2015	8,7%	2,3%	1 395
28 August 2006	3 002	29,0%	31 December 2015	8,9%	2,0%	1 621
06 March 2007	5 200	29,0%	31 December 2015	8,2%	2,0%	2 590
25 June 2007	6 619	29,0%	31 December 2015	8,9%	2,0%	3 588
28 August 2007	7 366	29,2%	31 December 2015	9,5%	2,5%	3 010
26 February 2008	9 201	31,2%	31 December 2015	9,6%	2,5%	4 209

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R7,5 million (2007: R4,2 million) relating to these share options during the year.

Notes to the consolidated financial statements

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007
12. OTHER CAPITAL RESERVES		
Capital redemption reserve fund		
At beginning of the year	1,7	1,7
	1,7	1,7
Statutory reserve		
At beginning of the year	25,0	25,0
Transfer from retained earnings	(1,9)	–
	23,1	25,0
Share-based payment reserve		
At beginning of the year	51,1	30,6
Recognition of share-based payments	47,8	20,5
	98,9	51,1
	123,7	77,8

The capital redemption reserve fund represents retained earnings transferred to a non-distributable reserve on the redemption of previously issued redeemable preference shares of group companies.

The statutory reserve represents retained earnings of foreign subsidiary companies that are not available for distribution to shareholders in accordance with local laws.

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments.

	2008	2007
13. HEDGING AND TRANSLATION RESERVES		
Hedging reserve		
At beginning of the year	(5,6)	–
Cash flow hedges	5,6	(5,6)
	–	(5,6)
Foreign currency translation reserve		
At beginning of the year	160,1	99,3
Foreign currency translation movements	51,8	60,8
	211,9	160,1
	211,9	154,5

The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges.

The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional currency of the holding company.

All monetary amounts are expressed in millions of Rands	2008	2007
14. MINORITY INTEREST		
The minority interest comprises		
14.1 Interest of minority shareholders in reserves		
At beginning of the year	158,7	85,8
Share of attributable earnings	349,5	93,6
Dividends declared and paid	(69,5)	(31,2)
Acquisition of businesses	393,1	10,7
Acquisition of minority	(18,0)	–
Disposal of business to minorities	18,5	–
Exchange rate and other adjustments	94,1	(0,2)
	926,4	158,7
14.2 Equity loans from minority shareholders		
At beginning of the year	19,1	22,8
Additional loans raised	26,8	–
Loan repayments	(14,6)	(2,0)
Exchange rate and other adjustment	2,4	(1,7)
	33,7	19,1
The loans from the minority shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.		
Balance at year end	960,1	177,8
15. SECURED LIABILITIES		
Liabilities of the Group are secured as follows:		
Loans secured over land and buildings with a book value of R462,8 million (2007: Rnil million)	228,6	–
Loans secured over plant and machinery with a book value of R1 057,9 million (2007: R508,9 million)	955,3	414,5
Loans secured by investment in associate company with a market value of Rnil million (2007: R387,2 million)	–	211,2
	1 183,9	625,7
Reflected in the balance sheet under:		
Long-term loans (note 16)	349,8	301,8
Capitalised finance leases (note16)	277,6	137,7
Bank overdrafts and short-term loans (note 23)	556,5	186,2
	1 183,9	625,7

All monetary amounts are expressed in millions of Rands	2008	2007
16. LONG-TERM LOANS		
16.1 Interest bearing secured loans		
Payable		
Within 1 year	293,9	76,8
Within the 2nd year	141,6	37,0
Within years 3 – 5	49,4	53,6
Payable after the 5th year	158,8	211,2
	643,7	378,6
Less: Current portion (note 23)	(293,9)	(76,8)
	349,8	301,8
16.2 Interest bearing unsecured loans		
Payable		
Within 1 year	188,5	198,4
Within the 2nd year	123,6	162,5
Within years 3 – 5	–	15,3
	312,1	376,2
Less: Current portion (note 23)	(188,5)	(198,4)
	123,6	177,8
16.3 Non-interest bearing unsecured loans		
Payable within 1 year (note 23)	39,0	27,8
16.4 Capitalised finance leases		
Minimum lease payments		
Within 1 year	288,3	119,3
Within the 2nd year	169,2	94,7
Within years 3 – 5	142,6	48,2
	600,1	262,2
Less: Future finance charges	(59,9)	(15,1)
Present value of lease obligations	540,2	247,1
The present value of lease obligations can be analysed as follows:		
Within 1 year	262,6	109,4
Within the 2nd year	144,7	90,1
Within years 3 – 5	132,9	47,6
	540,2	247,1
Less: Current portion (note 23)	(262,6)	(109,4)
	277,6	137,7
Total long-term loans	751,0	617,3

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 15. Details of Group's interest rate risk management policies are set out in note 43.

16.5 Breach of loan agreement

During the year, Clough Limited breached certain financial covenants contained in its Convertible Note Trust Deed as a direct consequence of losses made during the 2007 financial year. The total value of loans that this breach related to was R42,4 million. These covenants were remedied by 30 June 2008.

All monetary amounts are expressed in millions of Rands		2008	2007
17.	**OBLIGATIONS UNDER FINANCE HEADLEASES**		
	Payable		
	Within 1 year	25,3	76,7
	Within the 2nd year	39,2	25,3
	Within years 3 – 5	13,9	53,1
		78,4	155,1
	Less: Current portion (note 23)	(25,3)	(76,7)
		53,1	78,4

Details of the repayment terms of the obligations and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 2. Details of the Group's interest rate risk management policies are set out in note 43.

The finance headlease payments represent payments by the Group for the headlease properties in which the Group has a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.

The future minimum sublease payments expected to be received for the next three years on the leased properties are R215,1 million (2007: R334,9 million).

		2008	2007
18.	**LONG-TERM PROVISIONS**		
18.1	Headleases and other property activities		
	At beginning of the year	17,1	10,2
	Additional provisions raised	3,9	6,9
	Provision released to the income statement	(1,7)	–
	At end of the year	19,3	17,1
18.2	Decommissioning and other provisions		
	At beginning of the year	46,5	12,2
	Acquisition of businesses	22,8	–
	Additional provisions raised	23,9	54,4
	Provisions released to the income statement	(14,5)	(1,0)
	Provisions utilised during the year	(3,1)	(1,5)
	Disposal of businesses	(4,2)	–
	Exchange differences	11,4	(0,5)
	At end of the year	82,8	63,6
	Less: Current portion included in provisions for obligations (note 22)	–	(17,1)
		82,8	46,5
		102,1	63,6

The decommissioning provisions are based on the directors' best estimate of the decommissioning costs to be incurred.

All monetary amounts are expressed in millions of Rands	2008	2007
19. DEFERRED TAXATION		
19.1 Deferred taxation assets		
The movement on the deferred taxation asset account is:		
At beginning of the year	15,8	51,5
Transfer to deferred taxation liability	(4,5)	–
Acquisition of businesses	127,2	1,1
Disposal of businesses	(13,4)	(16,8)
Change in South African tax rate	(0,5)	–
Credit/(charge) to the income statement	60,9	(20,0)
Exchange rate adjustment	22,7	–
At end of the year	208,2	15,8
Comprising:		
Inventory	0,3	–
Uncertified work and other construction temporary differences	(13,4)	1,8
Plant	(12,4)	(36,5)
Tax losses	10,4	4,0
Receivables	3,3	(5,5)
Prepayments	(0,1)	0,2
Provisions and accruals	157,7	46,7
Advance payments received net of tax allowances	102,4	12,7
Fair value adjustments	(0,2)	(7,9)
Other	(39,8)	0,3
	208,2	15,8
19.2 Deferred taxation liabilities		
The movement on the deferred taxation liability account is:		
At beginning of the year	277,1	297,3
Acquisition of businesses	–	0,2
Disposal of businesses	(2,3)	(12,3)
Transfer from deferred taxation asset	(4,5)	–
Change in South African tax rate	(4,2)	–
Credit to the income statement	(63,3)	(5,6)
Credit/(debit) directly to equity	2,2	(2,2)
Exchange rate adjustment	0,9	(0,3)
At end of the year	205,9	277,1
Comprising:		
Inventory	(3,1)	(3,1)
Uncertified work and other construction temporary differences	139,4	50,8
Plant	217,7	203,5
Financial leases	(0,1)	(24,5)
Tax losses	(4,8)	(11,2)
Receivables	9,9	3,8
Prepayments	90,0	26,3
Provisions and accruals	(94,6)	(60,6)
Advance payments received net of tax allowances	(203,3)	(20,9)
Fair value adjustments	73,4	81,1
Other	(18,6)	31,9
	205,9	277,1

All monetary amounts are expressed in millions of Rands	2008	2007

19. DEFERRED TAXATION *(continued)*

19.3 Unused taxation losses

At balance sheet date, the Group had unused taxation losses of R1,546 billion (2007: R72 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R52 million (2007: R52 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R1,494 billion (2007: R20 million) due to the unpredictability of future profit streams.

20. TRADE AND OTHER PAYABLES

	2008	2007
Trade payables	1 723,9	946,6
Accruals and other payables	3 664,3	2 477,4
Payroll accruals	626,7	339,3
Operating lease payables recognised on a straight-line basis	14,6	2,4
	6 029,5	3 765,7

The directors consider that the carrying amount of the trade and other payables approximate their fair value.

21. SUBCONTRACTOR LIABILITIES

Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.

	2008	2007
Non-current subcontractor liabilities	177,8	–
Current subcontractor liabilities	2 400,7	1 315,9
	2 578,5	1 315,9

22. PROVISIONS FOR OBLIGATIONS

	Payroll	Warranty	Total
Balance at 30 June 2006	190,5	0,4	190,9
Amounts utilised	(82,9)	(0,4)	(83,3)
Amounts reversed unused	(6,5)	–	(6,5)
Amounts raised	147,1	1,0	148,1
Acquisition of businesses	1,5	–	1,5
Disposal of businesses	(5,9)	–	(5,9)
Balance of provisions at 30 June 2007	243,8	1,0	244,8
Short-term portion of long-term provision (note 18)			17,1
	243,8	1,0	261,9
Balance at 30 June 2007	243,8	1,0	244,8
Amounts utilised	(147,9)	(3,2)	(151,1)
Amounts reversed unused	(53,0)	(0,7)	(53,7)
Amounts raised	358,8	0,8	359,6
Acquisition of businesses	23,8	3,2	27,0
Exchange difference	18,8	–	18,8
Transfer to liabilities classified as held-for-sale	(3,4)	(0,8)	(4,2)
Balance of provisions at 30 June 2008	440,9	0,3	441,2
Short-term portion of long-term provision (note 18)			–
	440,9	0,3	441,2

The payroll provisions relate to staff bonus and severance pay obligations.

All monetary amounts are expressed in millions of Rands		2008	2007
23.	**BANK OVERDRAFTS AND SHORT-TERM LOANS**		
	Bank overdrafts (note 37.1)	410,9	181,5
	Current portion of long-term loans (note 16)		
	– interest bearing secured	293,9	76,8
	– interest bearing unsecured	188,5	198,4
	– non-interest bearing unsecured	39,0	27,8
	Current portion of capitalised finance leases (note 16)	262,6	109,4
	Current portion of obligations under finance headleases (note 17)	25,3	76,7
		1 220,2	670,6
24.	**REVENUE**		
	Contracting revenue	21 269,6	12 310,4
	Sale of goods	5 844,8	4 908,8
	Rendering of services	652,9	432,5
	Properties	128,9	163,5
		27 896,2	17 815,2
25.	**EXCEPTIONAL ITEMS**		
	Headlease and other property activities (notes 1, 2, 17, 18)	1,6	(7,7)
	Property fair value adjustment (note 2)	1,6	252,8
	Settlement of headlease exposure	–	(260,5)
	Impairment loss recognised on associate	(12,6)	(114,5)
	Profit on sale of subsidiaries	214,5	–
	Profit on disposal of land and building	42,7	–
	Impairment of goodwill	(9,7)	–
	Impairment of unlisted investments and unsecured loan	(88,4)	(48,0)
	Other	(2,8)	2,3
		145,3	(167,9)

All monetary amounts are expressed in millions of Rands	2008	2007
26. EARNINGS FOR THE YEAR		
Earnings before interest and taxation is arrived at after taking into account:		
Items by nature		
Investment income other than interest:		
Dividends received	9,0	13,7
Fair value gain on investments designated at fair value through profit and loss	85,9	76,0
Rentals received	3,6	6,3
Other items:		
Amortisation of intangible assets (note 4)	39,3	22,5
Auditors' remuneration:		
Fees for audits	32,5	26,6
Other services	4,1	3,1
Expenses	0,4	0,3
Total auditors' remuneration from continuing operations	37,0	30,0
Total auditors' remuneration from discontinued operations (note 29)	0,3	1,8
	37,3	31,8
Compensation income from insurance claims	14,1	28,8
Depreciation:		
Immovable property	18,0	8,3
Plant and machinery	561,3	253,7
Other property, plant and equipment	35,5	25,2
Total depreciation from continuing operations	614,8	287,2
Total depreciation from discontinued operations (note 29)	2,7	44,0
	617,5	331,2
Employee benefit expense:		
Salaries and wages from continuing operations	7 688,1	4 376,7
Salaries and wages from discontinued operations (note 29)	29,1	151,2
	7 717,2	4 527,9

Notes to the consolidated financial statements

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007
26. EARNINGS FOR THE YEAR *(continued)*		
Share option expense (note 11)	42,4	20,5
Share option expense (Clough Limited)	5,4	–
Pension costs – defined contribution plans (note 44)	72,9	57,7
Other post-employment benefits (note 44)	11,5	16,9
Fees paid for:		
Managerial services	51,2	44,1
Technical services	8,8	19,5
Administrative services	81,0	46,9
Secretarial services	1,5	1,1
Impairment loss recognised on property, plant and equipment	9,4	2,5
Impairment loss recognised on inventory	21,0	2,1
Impairment charges:		
Trade receivables	57,3	22,3
Contract receivables	13,4	5,4
Other receivables	7,8	9,9
Reversal of impairment loss recognised on property, plant and equipment	–	1,3
Profit on disposal of property, plant and equipment	34,6	25,3
Loss on disposal of property, plant and equipment:		
Continuing operations (including scrapping)	6,9	3,8
Discontinued operations (note 29)	–	1,0
	6,9	4,8
Net foreign exchange gains	–	2,0
Net fair value losses on financial instruments	16,1	3,7
Operating lease costs:		
Immovable property	111,0	32,2
Plant and machinery	121,9	0,8
Other	17,9	8,0
Operating lease costs: continuing operations	250,8	41,0
Operating lease costs: discontinued operations (note 29)	0,7	0,7
	251,5	41,7
Research and development costs	1,9	3,7
Items by function*		
Cost of sales**	23 676,9	14 940,6
Distribution and marketing costs	321,7	268,8
Administration costs	2 118,0	1 473,4
Other operating income	617,6	335,5

* *Excluding discontinued operations.*

** *Cost of sales include R3 994,2 million (2007: R3 725,0 million) relating to the cost of inventories sold during the year.*

All monetary amounts are expressed in millions of Rands	2008	2007
27. NET INTEREST (EXPENSE)/INCOME		
27.1 Interest expense		
Bank overdrafts	(71,2)	(42,4)
Capitalised finance leases	(17,8)	(20,6)
Present value expense	(12,2)	(11,0)
Loans and other liabilities	(168,0)	(73,6)
	(269,2)	(147,6)
27.2 Interest income		
Bank balances and cash	237,9	104,9
Present value income	4,3	8,7
Unlisted loan investments and other receivables	42,7	18,1
	284,9	131,7
	15,7	(15,9)
28. INCOME TAXATION EXPENSE		
South African taxation		
Normal tax – current year	392,9	228,0
Normal tax – prior year	(20,6)	18,9
Secondary taxation on companies	47,6	34,0
Deferred taxation – current year	(80,9)	3,6
Deferred taxation – prior year	13,8	–
Foreign taxation		
Current year	237,5	62,6
Deferred taxation – current year	(57,2)	10,8
Deferred taxation – prior year	(3,6)	(5,6)
	529,5	352,3

South African income tax is calculated at 28% (2007: 29%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at rates prevailing in those relevant jurisdictions.

All monetary amounts are expressed in millions of Rands	2008	2007
	%	%
28. INCOME TAXATION EXPENSE *(continued)*		
Reconciliation of effective rate of taxation to the standard rate of taxation		
Effective rate of taxation	20,7	27,5
Reduction in rate of taxation due to:		
Capital and non-taxable items	2,3	4,1
Taxation on foreign companies	8,5	5,1
Taxation losses utilised	0,1	–
Change in tax rate	0,1	–
Deferred taxation assets recognised	–	3,9
Prior year adjustments	0,4	–
	32,1	40,6
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	(1,6)	(7,5)
Current year's losses not recognised	(0,2)	(0,1)
Foreign withholding taxation	(0,3)	(0,2)
Imputed foreign income	(0,1)	(0,2)
Secondary taxation on companies	(1,9)	(2,6)
Prior year adjustments	–	(1,0)
South African standard rate of taxation	28,0	29,0

29. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

29.1 Earnings for the year from discontinued operations

Harvey Roofing Products (Proprietary) Limited was disposed effective 31 July 2008 and accounted for as a discontinued operation at 30 June 2008. The prior year includes the disposal of the Group's Foundries business on 31 March 2007.

The profit/(loss) from the discontinued operations is analysed as follows:	2008	2007
Loss on disposal	–	(61,0)
Profit after taxation for the period	23,8	32,3
	23,8	(28,7)

All monetary amounts are expressed in millions of Rands	2008	2007
29. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE *(continued)*		
Profit after taxation for the period is analysed as follows:		
Revenue – sale of goods	279,3	937,1
Earnings before interest, exceptional items and depreciation[1]	34,0	54,1
Interest income	0,4	1,7
Interest expense	(1,5)	(11,5)
Profit before taxation	32,9	44,3
Taxation	(9,1)	(12,0)
Attributable profit	23,8	32,3
[1]*Comprises:*		
Auditors' remuneration:		
Fees for audits	0,3	1,8
Depreciation:		
Plant and machinery	2,0	40,4
Other property, plant and equipment	0,7	3,6
Employee benefit expense:		
Salaries and wages	29,1	151,2
Loss on disposal of property, plant and equipment	–	1,0
Net foreign exchange losses	–	2,0
Operating lease costs:		
Immovable property	0,7	0,4
Other property, plant and equipment	–	0,3
Cost of sales*	211,1	818,4
Distribution and marketing costs	5,6	7,7
Administration costs	31,9	62,4
Other operating income	3,3	5,5

** Cost of sales includes R211,1 million (2007: R818,4 million) relating to the cost of inventories sold during the year.*

29.2 Assets classified as held-for-sale

Assets held-for-sale includes Harvey Roofing Products (Proprietary) Limited and other assets and investment property. These disposals are expected to occur within 12 months and have therefore been classified as assets held-for-sale. The proceeds from disposals are expected to exceed the net carrying amount of the assets, and accordingly no impairment loss has been recognised on the classification of these assets as held-for-sale.

The major classes of assets comprising the assets held-for-sale are as follows:	2008	2007
Property, plant and equipment (note 1)	26,2	–
Land and buildings	–	8,0
Inventory	28,6	–
Investments	81,1	–
Accounts receivable	93,1	–
Loans and receivables	16,0	15,1
Investment property (note 2)	9,5	–
	254,5	23,1

29.3 Liabilities classified as held-for-sale

	2008	2007
Accounts payable	62,4	–
Other payable	6,5	–
	68,9	–

All monetary amounts are expressed in millions of Rands	2008	2007
30. EARNINGS AND HEADLINE EARNINGS PER SHARE		
30.1 From continuing and discontinued operations		
The calculation of basic and diluted earnings per share attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Earnings attributable to the equity holders of the holding company	1 714,1	702,3
Number of shares ('000)		
Weighted average number of ordinary shares in issue	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	(5 333)	(8 335)
Less: Weighted average number of shares held by Murray & Roberts Limited	(676)	(676)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(28 946)	(28 953)
Weighted average number of shares in issue used in the determination of basic per share figures	296 938	293 929
Add: Dilutive adjustment for share options	6 370	4 326
Weighted average number of shares in issue used in the determination of diluted per share figures	303 308	298 255
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	565	235
– Basic	577	239
30.2 From continuing operations		
The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Earnings attributable to the equity holders of the holding company	1 714,1	702,3
Adjustments:		
(Profit)/loss from discontinued operations (note 29.1)	(23,8)	28,7
Earnings for the purposes of basic and diluted earnings per share from continuing operations	1 690,3	731,0
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Earnings per share from continuing operations (cents)		
– Diluted	557	245
– Basic	569	249
30.3 From discontinued operations		
The calculation of basic and diluted earnings per share from discontinued operations attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Profit/(loss) from discontinued operations (note 29.1)	23,8	(28,7)
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Earnings/(loss) per share from discontinued operations (cents)		
– Diluted	8	(10)
– Basic	8	(10)

All monetary amounts are expressed
in millions of Rands

30. EARNINGS AND HEADLINE EARNINGS PER SHARE *(continued)*

30.4 Headline Earnings

The calculation of basic and diluted headline earnings per share attributable to ordinary shareholders of the company is based on the following data:

	Gross	Taxation and minority impact	Net impact
2008			
Earnings attributable to the equity holders of the company	2 593,1	(879,0)	1 714,1
Adjustments:			
Impairment loss on associate (note 25)	12,6	–	12,6
Impairment of goodwill (note 25)	9,7	–	9,7
Impairment loss on unlisted loan (note 25)	88,4	–	88,4
Profit on disposal of subsidiary (note 25)	(214,5)	97,0	(117,5)
Profit on disposal of land (note 25)	(42,7)	5,0	(37,7)
Fair value adjustment on headlease property (note 25)	(1,6)	–	(1,6)
Headline earnings	2 445,0	(777,0)	1 668,0
2007			
Earnings attributable to the equity holders of the company	1 148,2	(445,9)	702,3
Adjustments:			
Impairment loss on listed investment (note 25)	114,5	–	114,5
Impairment loss on unlisted loan (note 25)	48,0	–	48,0
Group property headlease expense (note 25)	260,5	–	260,5
Fair value adjustment on headlease property (note 25)	(252,8)	25,0	(227,8)
Property commission adjustment	11,8	–	11,8
Loss from disposal (note 29.1)	61,0	–	61,0
Other	(2,3)	–	(2,3)
Headline earnings	1 388,9	(420,9)	968,0

	2008	2007
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Headline earnings per share (cents)		
– Diluted	550	325
– Basic	562	329

All monetary amounts are expressed in millions of Rands	2008	2007
31. ORDINARY DIVIDENDS		
Final dividend No. 113 of 119 cents declared on 27 August 2008 and payable on 20 October 2008	395,0	
Interim dividend No. 112 of 77 cents declared on 27 February 2008 and paid on 14 April 2008	255,6	
Final dividend No. 111 of 71 cents declared on 29 August 2007 and paid on 22 October 2007		235,6
Interim dividend No. 110 of 45 cents declared on 28 February 2007 and paid on 16 April 2007		149,4
	650,6	385,0
Less: Dividends relating to treasury shares	(68,6)	(41,2)
	582,0	343,8
In respect of final dividend no. 113, the directors have declared a dividend of 119 cents per share which will be paid to shareholders on 20 October 2008. This dividend has not been included as a liability in these financial statements. The proposed dividend is payable to shareholders recorded in the register at the close of business on Friday 17 October 2008. The secondary taxation on companies payable on this dividend is estimated to be R35 million.		
32. CASH GENERATED BY OPERATIONS		
Earnings before exceptional items and interest (including discontinued operations)	2 431,2	1 463,4
Adjustments for non-cash items:		
Amortisation of intangible assets	39,3	22,5
Depreciation	617,5	331,2
Fair value adjustments on concession investments	(85,9)	(76,0)
Fair value adjustments on other financial instruments	(16,1)	3,7
Net provisions raised, released and utilised	137,6	141,6
Net profit on disposal of property, plant and equipment	(27,7)	(21,5)
Long-term provision raised, released and utilised	6,3	54,4
Share-based payment expense	47,8	20,5
Fair value adjustment on property headleases	(1,6)	(252,8)
Impairment of inventory	21,0	2,1
Other non-cash items	18,9	4,2
Adjustments for cash items:		
Adjustments for net cash outflow from exceptional items:		
Headlease and other property activities	(74,5)	(114,8)
Other	40,9	11,1
Dividends received	(9,0)	(13,7)
Change in working capital	444,9	636,7
Inventories	(1 095,2)	(238,0)
Contracts-in-progress and contract receivables	(2 314,4)	410,4
Trade and other receivables	(151,2)	(452,7)
Trade and other payables	1 306,2	404,6
Subcontractor liabilities	2 699,5	512,4
	3 590,6	2 212,6

All monetary amounts are expressed in millions of Rands	2008	2007
33. TAXATION PAID		
Taxation unpaid at beginning of the year	(219,7)	(151,6)
Acquisition of businesses	(15,4)	(14,2)
Exchange difference	(10,0)	–
Disposal of businesses	3,0	6,6
Taxation charged to the income statement, excluding deferred taxation	(657,4)	(350,1)
Taxation unpaid at end of the year	420,0	219,7
	(479,5)	(289,6)
34. ACQUISITION OF BUSINESSES		
Clough Limited and related companies		
Clough Limited (Clough), which was previously accounted for as an associate, is consolidated for the first time as the Group acquired control over the company on 1 July 2007. The impact of consolidating Clough for the first time is as follows:		
Details of the net assets acquired and the goodwill are as follows:		
– Investment in associate (note 5.1)	(622,8)	
– Exchange rate adjustment recorded in prior year	116,9	
– Foreign currency translation reserves on consolidation of Clough	76,7	
Total investment in Clough	(429,2)	
Fair value of net assets acquired	132,7	
Goodwill (note 3)	(296,5)	

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the acquisition.

All monetary amounts are expressed in millions of Rands		2008

34. ACQUISITION OF BUSINESSES *(continued)*

The net assets acquired and the goodwill arising, are as follows:

	Acquiree's carrying value	Fair value
Cash balances in businesses	(589,5)	(589,5)
Derivative financial instrument	(9,1)	(9,1)
Accounts receivable and contracts-in-progress	(1 741,2)	(1 741,2)
Asset classified as held-for-sale	(75,2)	(75,2)
Property, plant and equipment	(524,7)	(524,7)
Intangible assets	(28,5)	(28,5)
Deferred tax asset	(118,5)	(118,5)
Other non-current assets	(65,7)	(65,7)
Associate	(3,4)	(3,4)
Other listed investments	(11,0)	(11,0)
Accounts payable and contract-in-progress	1 553,2	1 553,2
Provisions and other current liabilities	139,3	139,3
Interest bearing loans	1 043,5	1 043,5
Other non-current liabilities	28,7	28,7
Long-term provisions	22,8	22,8
Minority interest	111,3	111,3
Minority interest on consolidation of Clough	–	135,3
Net assets acquired		(132,7)
Goodwill (note 3)		(296,5)
Total investment in Clough		(429,2)
Net cash inflow arising on consolidation:		
Cash balances acquired		589,5
		589,5

During the year the Group's investment in Clough changed as a result of further acquisitions by the Group as well as minorities exercising convertible options. This had an impact of increasing the Group's investment in Clough from 49,1% to 56%. The impact of shareholding increase is as follows:

Increase in goodwill recognised in distributable reserves	76,6
Increase in minority interest	146,5

All monetary amounts are expressed in millions of Rands	2007

34. ACQUISITION OF BUSINESSES *(continued)*

Prior Year Acquisitions

Wade Walker (Proprietary) Limited and related companies

On 10 January 2007 the Group acquired 80% of the ordinary share capital of Wade Walker (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R99,0 million and attributable profit of R11,6 million during 2007. Had the business been acquired on 1 July 2006, the business would have contributed a turnover of R184 million and an attributable profit of R22 million.

Details of the net assets acquired and the goodwill are as follows:

	2007
Purchase consideration:	
– cash paid	(68,0)
– direct costs relating to the acquisition	(1,5)
Total purchase consideration	(69,5)
Fair value of net assets acquired	12,5
Goodwill (note 3)	(57,0)

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the acquisition.

The net assets acquired and the goodwill arising, are as follows:

	Acquiree's carrying value	Fair value
Cash balances in businesses	(21,1)	(21,1)
Inventories	(5,9)	(5,9)
Accounts receivable and contracts-in-progress	(29,6)	(29,6)
Intangible assets	(23,0)	–
Property, plant and equipment	(2,8)	(2,8)
Accounts payable and other	20,9	20,9
Current tax liability	7,8	7,8
Non-current liabilities	1,7	1,7
Minority interest	–	10,7
Contingent taxation liabilities	–	5,8
Net assets acquired		(12,5)
Goodwill		(57,0)
Total consideration		(69,5)
Net cash outflow arising on acquisition:		
Cash consideration paid		(69,5)
Cash balances acquired		21,1
		(48,4)

All monetary amounts are expressed in millions of Rands	2007
34. ACQUISITION OF BUSINESSES *(continued)*	
Dahms & Dahms Concrete (Proprietary) Limited and related companies	
On 1 September 2006 the Group acquired 100% of the ordinary share capital of Dahms & Dahms Concrete (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R15,1 million and attributable profit of R1,6 million. Had the business been acquired on 1 July 2006, the business would have contributed a turnover of R20,4 million and an attributable profit of R1,4 million.	
Details of the net assets acquired and the goodwill arising, are as follows:	
Purchase consideration:	
– cash paid	(12,0)
Total purchase consideration	(12,0)
Fair value of net assets acquired	2,3
Goodwill (note 3)	(9,7)

The goodwill is attributable to the synergies expected to arise after the acquisition.

The net assets acquired and the goodwill arising, are as follows:

	Acquiree's carrying value	Fair value
Accounts receivable and contracts-in-progress	(5,6)	(5,0)
Property, plant and equipment	(3,1)	(3,9)
Deferred taxation	(0,9)	(0,9)
Accounts payable and provisions	4,9	5,1
Non-current liabilities	1,8	1,8
Current taxation liability	0,6	0,6
Net assets acquired		(2,3)
Goodwill		(9,7)
Total consideration paid and to be paid		(12,0)
Net cash outflow arising on acquisition:		
Cash consideration paid and to be paid		(12,0)
		(12,0)

All monetary amounts are expressed in millions of Rands	2008	2007
35. NET CASH INFLOW ON DISPOSAL/CLOSURE OF BUSINESSES		
Clough Limited disposed of its 50% interest in jointly controlled entity Shedden UHDE (Proprietary) Limited on 31 December 2007 for A$40 million and wholly owned subsidiary Clough Engineering & Maintenance (Proprietary) Limited for A$18 million effective 24 January 2008. Both disposals were non-core activities to Clough Limited. These disposals were not considered to be discontinued operations. The prior year includes disposals of the Group's Foundries business during March 2007. The fair value of assets sold and liabilities released were:		
Cash balance in business	99,0	–
Inventories	5,2	63,7
Other intangibles assets	3,5	0,8
Accounts receivable and contracts-in-progress	122,4	134,2
Deferred taxation	12,0	4,5
Investments	–	3,3
Property, plant and equipment	17,4	343,0
Accounts payable and contract-in-progress	(111,2)	(149,2)
Long-term provisions	(4,2)	–
Current tax liability	–	(6,6)
Profit/(loss) on disposal businesses	214,5	(61,0)
Total proceeds	358,6	332,7
Less: Cash balances in businesses disposed	(99,0)	(0,5)
	259,6	332,2
36. NET MOVEMENT IN BORROWINGS		
Loans raised	126,4	358,5
Loans repaid	(379,5)	(199,7)
	(253,1)	158,8
Capitalised leases repaid	(50,6)	–
	(303,7)	158,8
37. NET CASH AND CASH EQUIVALENTS		
37.1 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Bank balances and cash	4 688,4	2 809,2
Bank overdrafts (note 23)	(410,9)	(181,5)
	4 277,5	2 627,7
37.2 Restricted cash		
Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:		
Other agreements with banks and other financial institutions	5,5	18,8
Held in trust accounts for sublease tenants	5,4	5,7
Held in joint ventures	1 133,1	907,2
	1 144,0	931,7

38. NON-CASH ITEMS

Non-cash items include those marked as such in note 32.

All monetary amounts are expressed in millions of Rands	2008	2007
39. JOINT VENTURES		
39.1 Joint venture arrangements		
A proportion of the Group's operations are performed through joint ventures.		
The Group operates through two types of joint ventures:		
Joint venture entities		
– these are incorporated arrangements such as jointly controlled companies.		
Joint venture operations		
– these are unincorporated arrangements such as partnerships and contracts.		
The Group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is:		
Non-current assets	155,5	67,0
Current assets	3 348,2	2 174,1
Total assets	3 503,7	2 241,1
Non-current liabilities	175,5	217,1
Current liabilities	1 985,4	1 475,4
Total liabilities	2 160,9	1 692,5
Net assets	1 342,8	548,6
The Group's aggregate proportionate share of joint ventures included in the consolidated income statement is:		
Revenue	5 786,3	4 131,0
Profit after taxation	600,8	307,0

39.2 Details of significant joint ventures	Business segment	%	%
The Group has the following significant joint venture entities			
Bombela Civils Joint Venture (Proprietary) Limited	Construction & engineering	45,0	45,0
SNC Lavalin-Murray & Roberts (Proprietary) Limited	Construction & engineering	50,0	50,0
Alert Steel Polokwane (Proprietary) Limited	Construction materials & services	50,0	50,0
Freyssinet Posten (Proprietary) Limited	Construction materials & services	50,0	50,0
Precast Reinforcing Steel (Proprietary) Limited	Construction materials & services	50,0	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited	Construction materials & services	50,0	50,0
National Metal Cape Town (Proprietary) Limited	Construction materials & services	40,0	40,0
Clough Amec (Proprietary) Limited	Construction & engineering	50,0	–

All monetary amounts are expressed in millions of Rands		2008	2007
39. JOINT VENTURES *(continued)*			
39.2 Details of significant joint ventures *(continued)*	Business segment	%	%
The Group has the following significant joint venture operations:			
Harbourwork Clough Joint Venture	Construction & engineering	50,0	–
Overseas AST Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
Al Habtoor – Murray & Roberts – Takenaka Joint Venture	Construction & engineering	40,0	40,0
Al Habtoor – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
SEP Joint Venture	Construction & engineering	50,0	50,0
Vresap Civils Joint Venture	Construction & engineering	40,0	40,0
Mpumalanga Pipeline Contractors Joint Venture	Construction & engineering	25,0	25,0
Murray & Roberts/BBMM Joint Venture	Construction & engineering	50,0	50,0
Murray & Roberts/WBHO Joint Venture	Construction & engineering	50,0	–
Murray & Roberts/Jolinde Joint Venture	Construction & engineering	85,0	85,0
A A Nass – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
Vulindlela Joint Venture	Construction materials & services	33,3	33,3

	2008	2007
40. CONTINGENT LIABILITIES		
The Group is from time to time involved in various disputes, 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.		
The ascertainable contingent liabilities at 30 June being	176,3	88,4
Total financial institution guarantees given to third parties on behalf of group companies amounted to	9 827,1	4 358,8
The directors do not believe any exposure to loss is likely.		
Contingent liabilities arising from interest in joint ventures included above amounted to	4 538,0	3 546,8
The directors do not believe any exposure to loss is likely.		
41. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the balance sheet	1 190,7	146,2
Approved by the directors, not yet contracted for	1 588,7	1 390,7
	2 779,4	1 536,9

Capital expenditure will be financed from internal resources and existing facilities.
The capital commitments relate primarily to the acquisition of project related capital expenditure.

All monetary amounts are expressed in millions of Rands	2008	2007
42. OPERATING LEASE ARRANGEMENTS		
42.1 General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease costs		
Operating lease costs recognised in the income statement are set out in note 26.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are:		
Due within one year	473,5	102,7
Due between two and five years	1 142,6	124,4
Due thereafter	911,9	154,8
	2 528,0	381,9
42.2 Operating headleases		
Operating headlease payments represent rentals payable by the Group for the headlease properties in which the Group does not have a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
The future minimum sublease payments expected to be received for the next three years on the leased properties is R26,8 million (2007: R32,4 million).		
Operating headlease commitments		
The future minimum lease payments under non-cancellable operating headleases are:		
Due between one and two years	39,2	25,3
Due between two and five years	13,9	53,1
	53,1	78,4

43. FINANCIAL RISK MANAGEMENT

43.1 Capital risk management

The Group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowing as disclosed in note 16 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed.

The Board reviews the capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

There are no externally imposed requirements with regards to managing capital. The Group's overall strategy remains unchanged since 2007.

43.2 Financial instruments

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, derivatives, accounts receivable and payable and interest bearing borrowings.

All monetary amounts are expressed in millions of Rands	2008	2007
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.2 Financial instruments *(continued)*		
Categories of financial instruments		
Financial assets		
Financial assets designated as fair value through profit and loss	437,1	307,8
Loans and receivables	14 054,1	8 123,8
Available-for-sale financial assets carried at fair value	15,6	6,4
Financial liabilities		
Loans and payables	14 532,0	8 222,7
Financial liabilities designated as fair value through profit and loss	1,0	45,2

43.3 Foreign currency risk management

The Group has major operating entities in the Middle East, Australia and Canada and hence has an exposure to fluctuations in exchange rates. All material foreign loans are covered, in terms of group policy, by forward foreign exchange contracts except where a natural hedge against the underlying transaction exists.

Foreign currency sensitivity

The Group is mainly exposed to the currencies of United States of America, Australia and United Arab Emirates. The following table details the Group's major foreign currency balances at year end and the sensitivity of a 1% decrease in the Rand against the relevant currencies. The sensitivity includes only foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. A positive number indicates an increase in profit and other equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
	2008	2007	2008	2007
UAE Dirham	10,4	7,2	(16,3)	(11,9)
Australian Dollar	18,9	20,4	(17,2)	(10,3)
US Dollar	13,0	0,8	(11,6)	(7,1)

Forward foreign exchange contracts

The Group's policy is to cover forward all trade commitments in order to hedge significant future transactions and cash flows. Each division manages its own trade exposure. In this regard the Group has entered into certain forward foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

All forward foreign exchange contracts are valued at fair value on the balance sheet with the resultant gain or loss included in the income statement with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded directly in equity and either transferred to income when the hedged transaction affects income or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

All monetary amounts are expressed in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.3 Foreign currency risk management *(continued)*

Forward foreign exchange contracts *(continued)*

At the balance sheet date, the notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	2008 Foreign amount millions	2008 Rand amount millions	2007 Foreign amount millions	2007 Rand amount millions
Related to specific balance sheet items				
Bought:				
US Dollar	30,8	240,9	6,6	48,6
European Euro	3,1	37,7	0,2	1,5
Singapore Dollar	26,1	148,5	–	–
Malaysian Ringgit	–	–	96,5	21,2
Total		427,1		71,3
Sold:				
US Dollar	26,6	209,9	5,2	37,7
Malaysian Ringgit	–	–	249,4	55,6
Other	–	–	0,2	1,0
Total		209,9		94,3

At 30 June 2008, the fair value of the Group's currency derivatives is estimated to be approximately R18 million (2007: R8,2 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, which comprise R19 million assets (2007: R0,3 million) and liabilities of R1 million (2007: R8,5 million) (note 10).

No amounts relating to currency derivatives that have been designated as cash flow hedges have been deferred in equity during the year (2007: Rnil). No amounts (2007: Rnil) have been transferred to property, plant and equipment in respect of contracts matured during the period.

Fair value losses of non-hedging currency derivatives and those designated as cash flow hedges that were ineffective during the period amounting to Rnil million (2007: R0,8 million gains) were recognised in the income statement during the year.

The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

All monetary amounts are expressed in millions of Rands	2008	2007
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.3 Foreign currency risk management *(continued)*		
The carrying amounts of the significant financial assets are denominated in the following currencies:		
Bank balances and cash		
Australian Dollar	523,7	30,7
Bahraini Dinar	160,3	141,2
Botswana Pula	45,3	37,2
British Pound	35,8	22,7
Canadian Dollar	33,0	–
Egyptian Pound	6,1	7,0
European Euro	123,4	296,0
Malaysian Ringgit	20,2	16,2
Qatari Rial	1,5	28,2
South African Rand	2 529,4	1 440,8
Thai Baht	105,5	–
UAE Dirham	300,8	253,2
US Dollar	742,7	534,7
Other	60,7	1,3
	4 688,4	2 809,2
Trade and net contract receivables		
Australian Dollar	335,5	58,4
Bahraini Dinar	220,0	99,6
Botswana Pula	50,8	76,1
British Pound	11,6	2,6
Canadian Dollar	639,0	329,0
Egyptian Pound	2,9	7,1
European Euro	58,1	0,9
Malaysian Ringgit	0,4	4,4
Mauritian Rupee	20,8	–
Qatari Rial	30,9	28,0
South African Rand	2 547,1	2 183,4
Thai Baht	40,8	–
UAE Dirham	665,0	438,3
US Dollar	405,9	125,7
Other	55,3	–
Gross receivables	5 084,1	3 353,5
Present value and other adjustments	(59,2)	(28,0)
	5 024,9	3 325,5

All monetary amounts are expressed in millions of Rands	2008	2007
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.3 Foreign currency risk management *(continued)*		
The carrying amounts of the significant financial liabilities are denominated in the following currencies:		
Bank overdrafts		
Botswana Pula	3,1	7,8
Mauritian Rupee	5,3	–
South African Rand	366,8	56,6
UAE Dirham	24,1	61,8
US Dollar	9,9	51,6
Other	1,7	3,7
	410,9	181,5
Trade payables and subcontractor liabilities		
Australian Dollar	444,8	18,2
Bahraini Dinar	94,5	62,8
Botswana Pula	26,4	59,2
British Pound	32,4	0,5
Canadian Dollar	91,4	80,2
Egyptian Pound	1,9	2,2
European Euro	41,0	24,3
Malaysian Ringgit	2,9	0,8
Qatari Rial	9,6	9,1
Singapore Dollar	13,6	–
South African Rand	1 558,9	1 100,3
Thai Baht	134,9	–
UAE Dirham	1 077,0	879,3
US Dollar	599,9	28,3
Other	4,1	3,0
Gross liabilities	4 133,3	2 268,2
Present value and other adjustments	(8,7)	(5,7)
	4 124,6	2 262,5
Interest bearing liabilities		
Australian Dollar	332,7	105,7
Botswana Pula	–	0,3
Canadian Dollar	127,2	77,0
European Euro	39,2	–
South African Rand	452,1	594,6
UAE Dirham	205,9	151,9
US Dollar	417,3	227,5
	1 574,4	1 157,0
Non-interest bearing liabilities		
South African Rand	39,0	27,8

All monetary amounts are expressed in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.4 Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds on both fixed and floating interest rates through bank overdrafts and other interest bearing liabilities as well as borrows in local and foreign markets. The Group manages this risk by a central treasury function which looks at the cash requirements of the various businesses and meets these requirements internally. The Group's treasury function also considers future interest rate forecasts and borrows at a fixed rate where necessary. The Group does not normally hedge its interest rate risk exposure.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at balance sheet date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and held constant throughout that reporting period in the case of instruments that have floating rates.

The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables were held constant. A positive number indicates an increase in profit and other equity as a consequence of change in interest rates.

	2008	2007
Based on the prime interest rates of the countries listed below:		
South Africa		
Basis points increase	100	100
Effect on profit and loss	20,0	15,0
Australia		
Basis points increase	100	100
Effect on profit and loss	3,7	(0,1)
United Arab Emirates		
Basis points increase	100	100
Effect on profit and loss	2,6	1,5
Canada		
Basis points increase	100	100
Effect on profit and loss	0,4	(0,4)
United States of America		
Basis points increase	100	100
Effect on profit and loss	1,7	(1,9)
The Group's sensitivity to interest rates has increased during the current period mainly due to the consolidation of Clough Limited.		

43.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of trade accounts receivable, short-term cash investments and non-current unsecured loan receivables.

Trade accounts receivable consists mainly of a large widespread customer base. Credit risk is managed by performing credit checks on customers and setting of credit limits where necessary. Group companies monitor the financial position of their customers on an ongoing basis and where appropriate, use is made of credit guarantee insurance. Contract receivables and retentions are usually secured by means of a lien over the property or payment guarantee from a respectable local bank.

All monetary amounts are expressed
in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.5 Credit risk management *(continued)*

Provision is made for specific bad debts and at year end, management believed that any material credit risk exposure was covered by credit guarantee or a bad debt provision.

The Group deposits short-term cash investments with major financial institutions.

The following represents the Group's maximum exposure, at balance sheet date to credit risk for balance sheet financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for impairment and netting where appropriate.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2008					
Investments in infrastructure service concessions	10,7	–	–	–	10,7
Bank and cash	3 689,6	309,4	289,1	400,3	4 688,4
Trade and other receivables (net of provisions)	1 052,3	1 397,1	207,8	221,0	2 878,2
Contract receivables	6 169,4	23,9	269,0	–	6 462,3
Total assets subject to credit risk	10 922,0	1 730,4	765,9	621,3	14 039,6
Assets not subject to credit risk	4 117,0	2 210,6	631,1	650,6	7 609,3
Total assets	15 039,0	3 941,0	1 397,0	1 271,9	21 648,9
2007					
Investments in infrastructure service concessions	10,7	–	–	–	10,7
Bank and cash	1 999,1	179,1	55,4	575,6	2 809,2
Trade and other receivables (net of provisions)	461,3	887,4	264,7	190,8	1 804,2
Contract receivables	3 299,6	10,1	92,5	–	3 402,2
Total assets subject to credit risk	5 770,7	1 076,6	412,6	766,4	8 026,3
Assets not subject to credit risk	2 174,3	1 242,4	455,4	1 112,4	4 984,5
Total assets	7 945,0	2 319,0	868,0	1 878,8	13 010,8
Financial assets subject to credit risk					
2008					
Not past due	10 384,4	1 688,5	756,6	587,4	13 416,9
Past due	602,2	128,5	9,3	35,5	775,5
Provisions for impairments	(64,6)	(86,6)	–	(1,6)	(152,8)
Carrying value of financial assets	10 922,0	1 730,4	765,9	621,3	14 039,6
2007					
Not past due	5 668,7	1 128,6	412,6	741,0	7 950,9
Past due	133,4	6,7	–	29,3	169,4
Provisions for impairments	(31,4)	(58,7)	–	(3,9)	(94,0)
Carrying value of financial assets	5 770,7	1 076,6	412,6	766,4	8 026,3

Certain of the Group's receivable balances from customers would have been past due had the terms of the receivables not been renegotiated before year end. At balance sheet date the carrying amount of assets renegotiated and transferred to neither past due nor impaired in the last 12 months is R6,7 million (2007: Rnil).

All monetary amounts are expressed in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.5 Credit risk management *(continued)*

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but the Group believes that impairment is not appropriate as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

The age of receivables that are past due, but not impaired is:

	Past due less than 1 year	Past due longer than 1 year
2008		
Trade receivables	137,9	8,1
Contract receivables	575,6	11,6
Other receivables	41,9	0,1
	755,4	19,8
2007		
Trade receivables	12,8	–
Contract receivables	124,1	–
Other receivables	32,5	–
	169,4	–

Financial assets individually assessed to be impaired

In determining the recoverability of a contract receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2008					
Trade receivables	13,3	86,2	–	1,6	101,1
Contract receivables	51,3	0,4	–	–	51,7
	64,6	86,6	–	1,6	152,8
2007					
Trade receivables	7,9	58,6	–	3,9	70,4
Contract receivables	23,5	0,1	–	–	23,6
	31,4	58,7	–	3,9	94,0

All monetary amounts are expressed in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.5 Credit risk management *(continued)*

Financial assets individually assessed to be impaired *(continued)*

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2008					
Reconciliation of total impairments					
Balance at the beginning of the year	31,4	58,7	–	3,9	94,0
Acquisition of businesses	17,8	4,7	–	–	22,5
Provisions raised during the year	49,5	42,7	–	–	92,2
Provisions utilised during the year	(6,5)	(17,4)	–	(0,8)	(24,7)
Provisions released during the year	(29,1)	(3,1)	–	(1,5)	(33,7)
Translation differences	1,5	1,0	–	–	2,5
	64,6	86,6	–	1,6	152,8
2007					
Reconciliation of total impairments					
Balance at the beginning of the year	30,4	49,7	0,3	3,8	84,2
Provisions raised during the year	7,5	18,4	–	0,4	26,3
Provisions utilised during the year	(1,8)	(1,2)	–	–	(3,0)
Provisions released during the year	(4,7)	(8,2)	(0,3)	(0,3)	(13,5)
	31,4	58,7	–	3,9	94,0

43.6 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the board of directors. Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below.

Borrowing capacity

The company's borrowing capacity is unlimited in terms of its articles of association.

	2008	2007
Borrowing facility		
Total borrowing facility	20 158,1	11 033,1
Current utilisation	12 618,3	5 538,1
Borrowing facilities available	7 539,8	5 495,0

All monetary amounts are expressed
in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.7 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as follows. These profiles represent the undiscounted cash flows that are expected to occur in the future.

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	4 688,4	–	4 688,4
Amounts due from contract customers	6 430,2	32,1	6 462,3
Trade and other receivables	2 838,6	–	2 838,6
Operating lease receivables	–	39,6	39,6
Derivative financial instruments	19,0	–	19,0
Other investments	–	517,5	517,5
Loans to associate companies	–	1,9	1,9
Financial liabilities			
Bank overdrafts	410,9	–	410,9
Interest bearing liabilities	770,3	804,1	1 574,4
Non-interest bearing liabilities	39,0	–	39,0
Amounts due to contract customers	3 952,8	–	3 952,8
Trade and other payables	6 029,5	–	6 029,5
Derivative financial instruments	1,0	–	1,0
Subcontractor liabilities	2 400,7	177,8	2 578,5

44. RETIREMENT AND OTHER BENEFIT PLANS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No. 24 of 1956 (as amended).

44.1 Defined contribution plans – pension funds

In South Africa, the Group operates the following privately administered defined contribution pension plans for salaried employees:

Murray & Roberts Retirement Fund
Concor Defined Contribution Pension Fund
Investment Solutions Pension Fund (closed to new members)

The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund	31 December 2007
Concor Defined Contribution Pension Fund	28 February 2007
Investment Solutions Pension Fund	31 December 2006

The total cost to the Group in respect of the above funds for the year ended 30 June 2008 was R71,1 million (2007: R56,5 million).

All monetary amounts are expressed
in millions of Rands

44. RETIREMENT AND OTHER BENEFIT PLANS

44.2 Defined contribution plans – provident funds

In South Africa, the Group operates the following privately administered defined contribution provident plan for salaried employees: Murray & Roberts Provident Fund

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members. The fund was actuarially valued on 28 February 2008 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2008 was R1,8 million (2007: R1,2 million).

44.3 Surplus legislation

Set out below is the current status in respect of surplus scheme submissions:

Murray & Roberts Retirement Fund	Nil surplus scheme recorded by the Financial Services Board
Investment Solutions Pension Fund	Surplus apportionment scheme approved by the Financial Services Board*
Murray & Roberts Provident Fund	Nil surplus scheme recorded by the Financial Services Board
Concor Defined Contribution Pension Fund	Nil surplus scheme recorded by the Financial Services Board

** The employer has since decided not to proceed with the appeal process and payment of benefits should commence during September 2008.*

44.4 Defined benefit plan – retirement benefits

The Murray & Roberts Retirement Fund is a defined contribution scheme that provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of scheme reserves, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 3 564 pensioners as members.

	2008	2007
Present value of funded liability	1 945,2	1 965,7
Fair value of plan assets	(2 274,4)	(2 600,0)
Funded Status	(329,2)	(634,3)
Unrecognised actuarial gains	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	329,2	634,3
Asset recognised in the balance sheet	–	–

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2008 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

The components of the income statement pension expense are:

	2008	2007
Interest cost	146,4	149,2
Expected return on plan assets	(208,2)	(199,7)
Gains recognised due to paragraph 58A	366,9	(262,8)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(305,1)	313,3
Asset recognised in the balance sheet	–	–

All monetary amounts are expressed in millions of Rands	2008	2007
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.4 Defined benefit plan – retirement benefits *(continued)*		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,3%	7,8%
Inflation rate	7,5%	4,8%
Expected return on plan assets	11,9%	8,3%
Pension increase allowance	5,6%	3,6%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was a loss of R98 million (2007: R508,7 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2009.

	2008	2007
44.5 Defined benefit plan – post-retirement medical aid		
Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.		
Present value of funded liability	63,9	50,8
Fair value of plan assets	(82,7)	(77,3)
Unrecognised actuarial gain	(18,8)	(26,5)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2008 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

Costs for the year included in payroll costs (note 26) and interest expense (note 27) in the income statement:

	2008	2007
Current service cost	12,0	11,7
Interest cost	3,9	5,0
Expected return on plan assets	(6,2)	(5,0)
Net actuarial gain/(loss) recognised	14,3	(12,9)
	24,0	(1,2)
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(28,5)	(18,3)
Amounts recognised in the income statement	24,0	(1,2)
Net transfer for new contribution members	2,3	–
Contributions	(16,6)	(7,0)
Restriction on assets not recognised	18,8	26,5
At 30 June	–	–

All monetary amounts are expressed in millions of Rands	2008	2007
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.5 Defined benefit plan – post-retirement medical aid *(continued)*		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,3%	7,4%
Post Retirement discount rate	11,0%	8,8%
Expected return on plan assets	10,3%	7,8%
Long-term increase in medical subsidies	7,5%	5,5%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R4,4 million (2007: R3,8 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R14 million to its post-retirement medical aid defined benefit plan in 2009.

44.6 Defined benefit plan – disability benefits

Disability benefits for qualifying salaried employees are provided via the Murray & Roberts Group Employee Benefits Policy. 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 may be reviewed annually and increases are discretionary and not guaranteed.

	2008	2007
Present value of funded liability	44,9	39,3
Fair value of plan assets	(51,4)	(50,6)
Unrecognised actuarial gain	(6,5)	(11,3)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2008 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

Costs for the year, included in payroll costs (note 26) and interest expense (note 27) in the income statement:

	2008	2007
Current service cost	9,3	13,5
Interest cost	3,4	3,2
Expected return on plan assets	(3,6)	(3,3)
Net actuarial loss/(gain) recognised	6,1	(9,0)
	15,2	4,4

All monetary amounts are expressed in millions of Rands	2008	2007
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.6 Defined benefit plan – disability benefits *(continued)*		
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(11,3)	(1,7)
Amounts recognised in the income statement	15,2	4,4
Contributions	(10,5)	(14,0)
Restriction on assets not recognised	6,6	11,3
At 30 June	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,3%	8,6%
Expected return on plan assets	10,3%	7,1%
Long-term increase in disability benefits	7,5%	6,0%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R2,1 million (2007: R4,3 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R13 million to its disability benefit defined benefit plan in 2009.

44.7 Defined benefit plan – pension scheme

The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.

	2008	2007
Present value of funded liability	57,9	52,9
Fair value of plan assets	(61,0)	(55,7)
Unrecognised actuarial gain	(3,1)	(2,8)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2008 by Barnett Waddingham LLP. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

The components of the income statement pension expense are:	2008	2007
Current service cost	0,5	0,4
Interest cost	3,0	2,8
Expected return on plan assets	(2,7)	(2,9)
	0,8	0,3

All monetary amounts are expressed in millions of Rands	2008	2007
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.7 Defined benefit plan – pension scheme *(continued)*		
Movements in the net assets were:		
Present value at beginning of year	–	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	(11,6)	(5,6)
Amounts recognised in the income statement	0,8	0,3
Unrecognised actuarial gains	11,9	2,7
Exchange rate adjustment	(0,7)	(0,2)
Restriction on assets not recognised	(0,4)	2,8
At 30 June	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	6,7%	5,9%
Expected return on scheme assets	5,0%	5,0%
Rate of increase in pension payments	4,1%	3,6%
Rate of increase in pensions in deferment	4,1%	3,6%
Rate of inflation	4,1%	3,6%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was a loss of R2,9 million (2007: Loss R0,5 million). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amount to this defined benefit plan in 2009.

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS

45.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 5), joint ventures (note 39), retirement and other benefit plans (note 44) and with its directors and executive officers. In addition, the Group has a related party relationship with certain other parties. These are:

Consani Engineering (Proprietary) Limited – 100% equity ownership but no control (in liquidation)

45.2 Related party transactions and balances

During the year the company and its related parties, 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.

Transactions and balances between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions and balances with other related parties are disclosed below.

	2008	2007
Consani Engineering (Proprietary) Limited	154,5	154,5
Impairment provision	(129,2)	(129,2)
	25,3	25,3

The loan amounts are unsecured, interest free and have no fixed terms of repayment. Refer to note 6.3.

All monetary amounts are expressed in millions of Rands	2008	2007
45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*		
45.2 Related party transactions and balances *(continued)*		
Amounts owed to related parties		
Unsecured interest bearing borrowings (note 23)		
Amounts owing to joint ventures (interest free)	–	19,5
Amounts owing to joint ventures	5,4	17,9
	5,4	37,4
The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carry interest at 9,8% (2007: 6,7%) per annum.		
45.3 Transactions with key management personnel		
Interest of the directors in the share capital of the company is set out in the directors' report.		
The key management personnel compensation, excluding the directors, is:		
Salary	24,0	16,0
Retirement fund contributions	2,6	1,9
Allowances	3,2	1,6
Other benefits	1,0	1,4
Total guaranteed remuneration	30,8	20,9
Gain on exercise of share options	16,8	12,2
Performance related	17,5	8,9
Total remuneration	65,1	42,0

Directors' emoluments

Executive directors

The remuneration of executive directors for the year ended 30 June 2008 was:

	Directors' fees R'000	Salary R'000	Retirement fund contributions R'000	Allowances R'000	Other benefits R'000	Total guaranteed remuneration R'000	Performance related* R'000	Total R'000
2008								
BC Bruce	49	3 119	394	–	538	4 100	6 250	10 350
SJ Flanagan	49	2 259	296	200	29	2 833	3 000	5 833
N Jorek[1]	–	299	–	–	1 914	2 213	–	2 213
RW Rees	49	2 251	277	–	423	3 000	3 750	6 750
KE Smith	49	2 130	248	300	23	2 750	3 500	6 250
TOTAL	196	10 058	1 215	500	2 927	14 896	16 500	31 396
2007								
BC Bruce	49	2 645	354	–	452	3 500	5 500	9 000
SJ Flanagan	49	1 703	222	200	26	2 200	2 500	4 700
N Jorek[1]	49	1 793	–	–	108	1 950	–	1 950
RW Rees	49	1 939	210	–	352	2 550	3 100	5 650
KE Smith	49	1 761	218	250	22	2 300	3 250	5 550
TOTAL	245	9 841	1 004	450	960	12 500	14 350	26 850

1 Resigned 29 August 2007.

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

All monetary amounts are expressed
in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel *(continued)*

Non-executive directors

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

The remuneration of non-executive directors for the year ended 30 June 2008 was:

	Directors' Fees R'000	Committee Fees R'000	Chairman's Fee R'000	Total 2008 R'000	Total 2007 R'000
RC Andersen	–	–	830	830	763
SE Funde	108	80	–	188	176
N Magau	108	107	–	215	220
M McMahon	148	85	–	233	198
I Mkhize	138	117	–	255	207
AA Routledge	148	117	–	265	227
MJ Shaw	128	181	–	309	270
SP Sibisi	103	41	–	144	–
JJM van Zyl	148	112	–	260	214
R Vice	148	138	–	286	246
	1 177	978	830	2 985	2 521

The remuneration of executive directors and key management personnel is determined by the remuneration & human resources committee having regard to the performance of individuals and market trends. The remuneration of non-executive directors is submitted to the annual general meeting for approval in advance of such payment being made.

The chairman's fee includes attendance at committee meetings.

Details of service on board committees is set out in the Corporate Governance Report.

Interest of the directors in the share capital of the company is set out in the directors' report.

The directors of the company held in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 1,1% (2007: 1,4%) of the ordinary shares of the company. These options are subject to the terms and conditions of the employee share scheme.

The movements in share options of directors during the year ended 30 June 2008 are:

	Grant date	Conditions	Outstanding options at 1 July 2007	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Surrendered during the year	Outstanding options at 30 June 2008	Expiry Date
Bruce, BC	13 Mar 2002	Standard	50 000	R6,93	–	50 000	4 148	R90,06	–	–	13 Mar 2012
	13 Mar 2002	Hurdle	52 500	R6,93	–	52 500	4 356	R90,06	–	–	13 Mar 2012
	06 Mar 2003	Standard	50 000	R11,00	–	50 000	3 944	R90,06	–	–	06 Mar 2013
	06 Mar 2003	Hurdle	120 000	R11,00	–	120 000	9 466	R90,06	–	–	06 Mar 2013
	15 Mar 2004	Standard	140 000	R13,04	–	105 000	8 068	R90,06	–	35 000	15 Mar 2014
	15 Mar 2004	Hurdle	70 000	R13,04	–	52 500	4 034	R90,06	–	17 500	15 Mar 2014
	28 Jun 2005	Standard	90 000	R14,00	–	22 500	1 707	R90,06	–	67 500	28 Jun 2011
	28 Jun 2005	Hurdle	90 000	R14,00	–	22 500	1 707	R90,06	–	67 500	28 Jun 2011
	06 Mar 2007	Special	800 000	R50,60	–	–	–	–	–	800 000	06 Mar 2013
			1 462 500							987 500	

All monetary amounts are expressed
in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (*continued*)

45.3 Transactions with key management personnel *(continued)*

	Grant date	Conditions	Outstanding options at 1 July 2007	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Surrendered during the year	Outstanding options at 30 June 2008	Expiry Date
Rees, RW	06 Mar 2003	Standard	16 250	R11,00	–	–	–	–	–	16 250	06 Mar 2013
	06 Mar 2003	Hurdle	25 000	R11,00	–	–	–	–	–	25 000	06 Mar 2013
	15 Mar 2004	Standard	45 000	R13,04	–	–	–	–	–	45 000	15 Mar 2014
	15 Mar 2004	Hurdle	45 000	R13,04	–	–	–	–	–	45 000	15 Mar 2014
	28 Jun 2005	Standard	15 000	R14,00	–	–	–	–	–	15 000	28 Jun 2011
	03 Mar 2006	Standard	150 000	R23,53	–	–	–	–	–	150 000	03 Mar 2012
	03 Mar 2006	Hurdle	100 000	R23,53	–	–	–	–	–	100 000	03 Mar 2012
	06 Mar 2007	Special	380 000	R50,60	–	–	–	–	–	380 000	06 Mar 2013
			776 250							776 250	
Smith, KE	13 Mar 2002	Standard	21 250	R6,93	–	21 250	1 832	R93,54	–	–	13 Mar 2012
	13 Mar 2002	Hurdle	21 250	R6,93	–	21 250	1 832	R93,54	–	–	13 Mar 2012
	06 Mar 2003	Standard	40 000	R11,00	–	–	–	–	–	40 000	06 Mar 2013
	06 Mar 2003	Hurdle	60 000	R11,00	–	–	–	–	–	60 000	06 Mar 2013
	15 Mar 2004	Standard	41 250	R13,04	–	–	–	–	–	41 250	15 Mar 2014
	15 Mar 2004	Hurdle	37 500	R13,04	–	–	–	–	–	37 500	15 Mar 2014
	28 Jun 2005	Standard	100 000	R14,00	–	–	–	–	–	100 000	28 Jun 2011
	28 Jun 2005	Hurdle	40 000	R14,00	–	–	–	–	–	40 000	28 Jun 2011
	03 Mar 2006	Standard	100 000	R23,53	–	–	–	–	–	100 000	03 Mar 2012
	03 Mar 2006	Hurdle	60 000	R23,53	–	–	–	–	–	60 000	03 Mar 2012
	06 Mar 2007	Special	410 000	R50,60	–	–	–	–	–	410 000	06 Mar 2013
			931 250							888 750	
Flanagan, SJ	13 Mar 2002	Standard	21 250	R6,93	–	21 250	1 657	R85,27	–	–	13 Mar 2012
	13 Mar 2002	Hurdle	21 250	R6,93	–	21 250	1 657	R85,27	–	–	13 Mar 2012
	06 Mar 2003	Standard	30 000	R11,00	–	15 000	1 109	R85,27	–	15 000	06 Mar 2013
	06 Mar 2003	Hurdle	47 500	R11,00	–	23 750	1 756	R85,27	–	23 750	06 Mar 2013
	15 Mar 2004	Standard	33 750	R13,04	–	11 250	809	R85,27	–	22 500	15 Mar 2014
	15 Mar 2004	Hurdle	33 750	R13,04	–	11 250	809	R85,27	–	22 500	15 Mar 2014
	28 Jun 2005	Standard	100 000	R14,00	–	25 000	1 773	R85,27	–	75 000	28 Jun 2011
	28 Jun 2005	Hurdle	100 000	R14,00	–	25 000	1 773	R85,27	–	75 000	28 Jun 2011
	03 Mar 2006	Standard	60 000	R23,53	–	–	–	–	–	60 000	03 Mar 2012
	03 Mar 2006	Hurdle	50 000	R23,53	–	–	–	–	–	50 000	03 Mar 2012
	06 Mar 2007	Special	435 000	R50,60	–	–	–	–	–	435 000	06 Mar 2013
	26 Feb 2008	Special	–	R92,01	250 000	–	–	–	–	250 000	30 Jun 2012
			932 500							1 028 750	
Jorek, N	15 Mar 2004	Standard	75 000	R13,04	–	–	–	–	75 000	–	15 Mar 2014
	15 Mar 2004	Hurdle	50 000	R13,04	–	–	–	–	50 000	–	15 Mar 2014
	28 Jun 2005	Standard	80 000	R14,00	–	20 000	1 303	R79,50	60 000	–	28 Jun 2011
	28 Jun 2005	Hurdle	70 000	R14,00	–	17 500	1 140	R79,50	52 500	–	28 Jun 2011
	03 Mar 2006	Standard	100 000	R23,53	–	–	–	–	100 000	–	03 Mar 2012
	03 Mar 2006	Hurdle	70 000	R23,53	–	–	–	–	70 000	–	03 Mar 2012
			445 000							–	

All monetary amounts are expressed
in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel *(continued)*

Interest of directors in contracts

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

Directors' service contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

Share purchases and sales by directors

During the year BC Bruce purchased 249 000 shares, RW Rees 9 347 shares and RC Andersen 10 000 shares.

There were no sales of shares during the year other than the realisation of options.

46. SUBSIDIARY COMPANIES

A list of the major subsidiary companies is set out in Annexure 1.

Although the Group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via *inter alia* shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2008	2007
Murray & Roberts Abu Dhabi LLC	49	49
Murray & Roberts Contractors (Middle East) LLC	49	49
Johnson Arabia LLC*	49	49
BRC Arabia FZE	49	100
The following entity is not consolidated as the Group does not have control:		
Entilini Concession (Proprietary) Limited	75	75

* The financial year end of Johnson Arabia LLC is 31 December each year. For the purpose of consolidation, financial statements are prepared for the 12 months ended 30 June each year.

47. POST BALANCE SHEET EVENTS

The Federal Court of Australia dismissed Clough's appeal against an earlier decision to lift an interim injunction relating to the G1 Development project in India which prohibited encashment of performance guarantee bonds amounting to U$21,5 million. Payout of the bond has occurred and Clough maintains its previous guidance on this matter that no change in accounting position is required. Clough is committed to continue the pursuit of its rights under the contract as it continues to seek a negotiated settlement with ONGC.

With effect from 31 July 2008, as part of the continued program to rationalise non-core activities, the Group disposed of its entire interest in Harvey Roofing Products (Proprietary) Limited for a total sum of R106 million.

All monetary amounts are expressed
in millions of Rands

48. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

Revenue recognition and contract accounting

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- the estimation of costs to completion and the determination of the percentage of completion;
- the recoverability of under claims;
- the recognition of penalties and claims on contracts; and
- the recognition of contract incentives.

Impairment testing of investments in associate companies (note 5)

The directors applied judgement in assessing the investment in Entilini Concessions company for impairment which led to an impairment charge of R12,6 million in the current year.

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 3.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options and concessions investment. Details of the assumptions used are set out in note 11 and 6 respectively.

Estimated value of employee benefit plans

Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 44.

Other estimates made

The Group also makes estimates for:

- the calculation of the provision for doubtful debts;
- the determination of useful lives and residual values of items of property, plant and equipment;
- the calculation of the provision for obsolete inventory;
- the calculation of any provision for claims, litigation and other legal matters;
- the calculation of any other provisions including warrantees, guarantees and bonuses;
- the assessment of impairments and the calculation of the recoverable amount of assets;
- the calculation of the fair value of financial instruments including the service concessions; and
- the calculation of the fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, and the determination of taxation liabilities.

Notes to the consolidated financial statements

for the year ended 30 June 2008

All monetary amounts are expressed
in millions of Rands

49. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED

49.1 Standards, interpretations and amendments not yet effective, as applicable to Murray & Roberts

Set out below are the new accounting standards and interpretations that apply in the future. Management is currently assessing the impact of these amendments and new interpretations.

Accounting Standard/Interpretation		Type	Effective date
IFRS 1:	First-time Adoption of International Financial Reporting Standards	Amendment	Financial years commencing on or after 1 January 2009
IFRS 2:	Share-based Payment	Amendment	Financial years commencing on or after 1 January 2009
IFRS 3:	Business Combinations	Amendment	Financial years commencing on or after 1 January 2009
IFRS 5:	Non-current Assets Held-for-Sale and Discontinued Operations	Amendment	Financial years commencing on or after 1 January 2009
IAS 1:	Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2009
IAS 16:	Property, Plant and Equipment	Amendment	Financial years commencing on or after 1 January 2009
IAS 19:	Employee Benefits	Amendment	Financial years commencing on or after 1 January 2009
IAS 20:	Government Grants and Disclosure of Government Assistance	Amendment	Financial years commencing on or after 1 January 2009
IAS 23:	Borrowing Costs	Amendment	Financial years commencing on or after 1 January 2009
IAS 27:	Consolidated and Separate Financial Statements	Amendment	Financial years commencing on or after 1 January 2009
IAS 28:	Investment in Associates	Amendment	Financial years commencing on or after 1 January 2009
IAS 29:	Financial Reporting in Hyperinflationary Economies	Amendment	Financial years commencing on or after 1 January 2009
IAS 31:	Interests in Joint Ventures	Amendment	Financial years commencing on or after 1 January 2009
IAS 32:	Financial Instruments: Presentation	Amendment	Financial years commencing on or after 1 January 2009
IAS 36:	Impairment of Assets	Amendment	Financial years commencing on or after 1 January 2009
IAS 38:	Intangible Assets	Amendment	Financial years commencing on or after 1 January 2009
IAS 39:	Financial Instruments: Recognition and Measurement	Amendment	Financial years commencing on or after 1 January 2009
IAS 40:	Investment Property	Amendment	Financial years commencing on or after 1 January 2009
IAS 41:	Agriculture	Amendment	Financial years commencing on or after 1 January 2009
IFRIC 12:	Service Concession Arrangements	New Interpretation	Financial years commencing on or after 1 January 2008
IFRIC 13:	Customer Loyalty Programmes	New Interpretation	Financial years commencing on or after 1 January 2008
IFRIC 14:	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	New Interpretation	Financial years commencing on or after 1 January 2008
IFRIC 16:	Hedges of a Net Investment in a Foreign Operation	New Interpretation	Financial years commencing on or after 1 October 2008
IFRIC 15:	Agreements for the Construction of Real Estate	New Interpretation	Financial years commencing on or after 1 January 2009

All monetary amounts are expressed in millions of Rands

50. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during the current year. In the prior year, the Group changed its accounting policy for the valuation of investment property from depreciated historic cost to the fair value method. The impact of the change in accounting policy in the prior year was:

	2008	2007
Fair value adjustment	–	252,8
Taxation effect	–	(25,0)
Net increase in profit	–	227,8
The above transaction had the following effect on earnings per share:		
Increase in earnings	–	227,8
Number of shares used for the basic per share calculations ('000)	–	293 929
Number of shares used for diluted per share calculations ('000)	–	298 255
Impact on basic earnings per share (cents)	–	78
Impact on diluted earnings per share (cents)	–	76

51. RECLASSIFICATION

During the year the Group reclassified the accounting for its property division from exceptional items to normal trading activities as a result of settlement of the headlease structured liability that existed over these properties. The impact of the property reclassification is:

	2008	2007
Revenue	112,5	163,5
Earnings before interest, exceptional items and taxation	56,8	58,6
Exceptional items	1,6	(21,0)
Interest expense	(16,2)	(37,6)

The above transaction had no impact on earnings per share.

Murray & Roberts Holdings Limited financial statements

All monetary amounts are expressed in millions of Rands	Notes	2008	2007
BALANCE SHEET			
at 30 June 2008			
Non-current assets			
Investment in subsidiary company	2	0,4	0,4
Total non-current asset		0,4	0,4
Current assets			
Amount owing from subsidiary company	2	1 613,0	1 667,3
Amount owing from The Murray & Roberts Trust	3	212,2	157,5
Cash and cash equivalents		1,6	2,0
Total current assets		1 826,8	1 826,8
TOTAL ASSETS		1 827,2	1 827,2
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	4	1 672,8	1 672,8
Non-distributable reserve		0,9	0,9
Retained earnings		150,2	150,3
Total ordinary shareholders' equity		1 823,9	1 824,0
Current liabilities			
Accounts payable		3,3	3,1
Taxation		–	0,1
Total current liabilities		3,3	3,2
TOTAL EQUITY AND LIABILITIES		1 827,2	1 827,2
INCOME STATEMENT			
for the year ended 30 June 2008			
Revenue			
Dividend received from subsidiary company		491,2	282,1
Fees received from subsidiary company		3,4	3,2
Total revenue		494,6	285,3
Total expenses		(3,4)	(3,2)
Audit remuneration		(0,5)	(0,4)
JSE Fees		(0,2)	(0,2)
Other		(2,7)	(2,6)
Earnings before taxation		491,2	282,1
Taxation	5	(0,1)	(1,0)
Attributable profit for the year		491,1	281,1

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Capital redemption reserve fund	Retained earnings	Attributable to equity holders of the company
STATEMENT OF CHANGES IN EQUITY					
for the year ended 30 June 2008					
Balance at 30 June 2006	33,2	1 639,6	0,9	151,0	1 824,7
Attributable profit for the year	–	–	–	281,1	281,1
Dividends declared and paid	–	–	–	(281,8)	(281,8)
Balance at 30 June 2007	33,2	1 639,6	0,9	150,3	1 824,0
Attributable profit for the year	–	–	–	491,1	491,1
Dividends declared and paid	–	–	–	(491,2)	(491,2)
Balance at 30 June 2008	33,2	1 639,6	0,9	150,2	1 823,9

All monetary amounts are expressed in millions of Rands	2008	2007
CASH FLOW STATEMENT		
for the year ended 30 June 2008		
Earnings before taxation	491,2	282,1
Adjustments:		
Dividends received	(491,2)	(282,1)
Change in working capital:		
Trade accounts payable increase/(decrease)	0,2	(1,8)
Cash generated by operations	0,2	(1,8)
Taxation paid	(0,2)	(0,1)
Operating cash flow	–	(1,9)
Dividends paid	(491,2)	(281,8)
Cash flows from operating activities	(491,2)	(283,7)
Dividends received	491,2	282,1
Cash flows from investing activities	491,2	282,1
Decrease/(increase) in amounts owing from subsidiary company	54,3	(28,1)
(Increase)/decrease in amounts owing from The Murray & Roberts Trust	(54,7)	29,4
Cash flows from financing activities	(0,4)	1,3
Net increase in net cash and cash equivalents	(0,4)	(0,3)
Net cash and cash equivalents at beginning of year	2,0	2,3
Net cash and cash equivalents at end of year	1,6	2,0

Notes to the Murray & Roberts Holdings Limited financial statements

for the year ended 30 June 2008

All monetary amounts are expressed in millions of Rands	2008	2007
1. ACCOUNTING POLICIES		
The accounting policies are set out on pages 129 to 140.		
2. INVESTMENT IN SUBSIDIARY COMPANY		
Shares at cost	0,4	0,4
Net amount due	1 613,0	1 667,3
	1 613,4	1 667,7
The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms (Refer to annexure 1).		
3. AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST		
Net amount due	212,2	157,5
	212,2	157,5
The amount due from The Murray & Roberts Trust is unsecured, interest-free and does not have any fixed repayment terms.		
4. SHARE CAPITAL AND PREMIUM		
Share capital		
Authorised		
500 000 000 ordinary shares of 10 cents each (2007: 500 000 000 of 10 cents each)	50,0	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2007: 331 892 619 of 10 cents each)	33,2	33,2
Share premium	1 639,6	1 639,6
	1 672,8	1 672,8
5. TAXATION		
Normal taxation		
– current year	(0,1)	(0,1)
Deferred taxation	–	(0,9)
	(0,1)	(1,0)
Reconciliation of effective rate of taxation to the standard rate of taxation	%	%
Effective rate of taxation	–	0,3
Reduction in rate of taxation due to:		
Capital and non-taxable items	28,0	29,0
	28,0	29,3
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	–	(0,3)
South African standard rate of taxation	28,0	29,0

All monetary amounts are expressed in millions of Rands	2008	2007
6. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	31,4	26,9
Non-executive directors (paid by the company)	3,0	2,6
	34,4	29,5
Number of directors at year end	14	14
Details of individual director emoluments are disclosed in note 45 on the consolidated financial statements.		
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 contingent liabilities at 30 June covered by such guarantees being	214,8	214,8

8. DERIVATIVE FINANCIAL INSTRUMENTS: CALL OPTIONS

In terms of the Broad-based Black Economic Empowerment transaction approved by shareholders on 21 November 2005, the company has two call options to repurchase the shares in Murray & Roberts Letsema Khanyisa (Proprietary) Limited and Murray & Roberts Letsema Sizwe (Proprietary) Limited (the BBBEE sub committees) at market value and on the following conditions:

a) 31 December 2010 call option
On 31 December 2010, if after review, all parties agree in writing that it is not economically viable to continue with the structure, and

b) 31 December 2015 call option
On 31 December 2015, being the date on which the lock-in period expires, if the value of the shares owned by the BBBEE sub committees is less than the aggregate redemption amount of the funding.

No value has been placed on these call options as they give the company an option to repurchase the shares at its market value and therefore do not expose the company to any potential loss or gain.

Annexure 1 – Major operating subsidiaries and associate companies

All monetary amounts are expressed in millions of Rands

(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 2008 %	Interest in issued share capital 2007 %	Cost of investment 2008 Rm	Cost of investment 2007 Rm	Loan account 2008 Rm	Loan account 2007 Rm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	1 613,0	1 667,3

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Proportion of voting power held 2008 %	Proportion of voting power held 2007 %
Murray & Roberts Limited		59	100	100	100	100
Construction & engineering						
Cementation Canada Inc (incorporated in Canada)	CAD	2 700 010	100	100	100	100
Concor (Proprietary) Limited		6 673 797	100	100	100	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP	2	100	100	100	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD	80 000	100	100	100	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	49	49	100	100
Murray & Roberts Cementation (Proprietary) Limited		1 750 000	80	80	80	80
Murray & Roberts Concessions (Proprietary) Limited		100	100	100	100	100
Murray & Roberts Construction (Proprietary) Limited		100	100	100	100	100
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	49	49	100	100
Murray & Roberts Contractors (Zambia) Limited (incorporated in Zambia)	ZMK	22 000 000	100	100	100	100
Murray & Roberts Engineering Solutions (Proprietary) Limited		2	100	100	100	100
Murray & Roberts MEI (Proprietary) Limited		1	100	100	100	100
Wade Walker (Proprietary) Limited		101	80	80	80	80
RUC Mining Contractors (Proprietary) Limited	AUD	808 754	100	100	100	100
Clough Limited (incorporated in Australia)	AUD	193 885 000	56	–	56	–

All monetary amounts are expressed in millions of Rands

MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES *(continued)*

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

(b) Indirect *(continued)*

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2008 %	2007 %	Proportion of voting power held 2008 %	2007 %
Construction materials & services						
Harvey Roofing Products (Proprietary) Limited		100	100	100	100	100
Concor Technicrete (Proprietary) Limited		100	100	100	100	100
BRC Arabia (FZE)	AED	2 000 000	49	100	49	100
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	49	49	49	49
Ocon Brick Manufacturing (Proprietary) Limited		1 000	80	80	80	80
Much Asphalt (Proprietary) Limited		100	100	100	100	100
Murray & Roberts Steel (Proprietary) Limited		100	100	100	100	100
Rocla (Proprietary) Limited		250 000	100	100	100	100
Tolcon-Lehumo (Proprietary) Limited		100	74	74	74	74
Toll Road Concessionaires (Proprietary) Limited		12 000	100	100	100	100
Fabrication & manufacture						
Genrec Engineering (Proprietary) Limited		200	100	100	100	100
Hall Longmore (Proprietary) Limited		100	100	100	100	100
Union Carriage and Wagon Company (Proprietary) Limited		8 160 000	100	100	100	100
The UCW Partnership		–	70	70	70	70
Corporate						
Interbuild Insurance Limited (incorporated in British Virgin Islands)	USD	170 000	100	100	100	100
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	100	100	100	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	100	100	100	100
Murray & Roberts Properties Services (Proprietary) Limited		2	100	100	100	100
P.T. Murray & Roberts Indonesia (incorporated in Indonesia)	USD	250 000	100	100	100	100
Associate companies						
Clough Limited (incorporated in Australia)	AUD	130 232 000	–	49	–	49
Murray & Roberts (Zimbabwe) Limited (incorporated in Zimbabwe)	ZWD	4 087 742	49	49	49	49

Annexure 2 – Interest bearing borrowings

	Financial years of redemption	Closing interest rate (effective NACM) 2008 %	2007 %	Amount 2008 Rm	2007 Rm
Secured					
Equal monthly instalments with one balloon payment at the end	2011	4,43	6,75	70,4	79,9
Equal monthly instalments	2012	6,50	–	75,8	33,9
Equal monthly instalments	2009	–	8,48	20,6	36,9
Equal quarterly instalments	2014	5,62	–	158,7	–
Equal quarterly instalments	2008	8,91	–	11,4	–
Equal quarterly instalments	2008	9,94	–	104,1	–
Equal quarterly instalments	2009	7,02	–	92,2	–
Term loans equal quarterly instalments	2010	8,12	–	110,0	–
No fixed terms of repayment		–	6,26	–	211,1
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				0,5	16,8
				643,7	378,6
Unsecured					
One bullet repayment	2009	13,08	9,25	143,5	143,5
Clough Convertible Notes – External	2010	10,00	–	42,2	–
No fixed terms of repayment		7,13	6,29	92,9	215,0
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				33,6	17,7
Bank overdrafts				410,9	181,5
				723,1	557,7
Capitalised finance leases					
Plant and equipment				380,0	15,3
IT equipment rentals				6,3	9,0
Specific project plant and equipment				145,8	130,9
Various plant and equipment financing				8,1	91,9
				540,2	247,1

INTEREST BEARING BORROWINGS *(continued)*

	Financial years of redemption	Closing interest rate (effective NACM) 2008 %	2007 %	Amount 2008 Rm	2007 Rm
Obligations under finance headleases					
Biannual instalments	2008	–	11,85	–	43,0
Biannual instalments	2009	13,18	13,18	5,5	25,4
Monthly instalments	2011	17,90	17,90	13,8	15,9
Monthly instalments	2010	18,90	18,90	10,8	14,1
Monthly instalments	2012	18,72	18,72	23,4	28,1
Monthly instalments	2010	18,50	18,50	24,9	28,6
				78,4	155,1
Total Group				1 985,4	1 338,5
Reflected in the notes under:					
Long-term loans (note 16)					
Interest bearing secured loans				349,8	301,8
Interest bearing unsecured loans				123,6	177,8
Capitalised finance leases				277,6	137,7
Obligations under finance headleases (note 17)				53,1	78,4
Overdrafts and short-term loans (note 23)					
Bank overdrafts				410,9	181,5
Current portion of long-term borrowings				482,5	275,2
Current portion of capitalised finance leases				262,6	109,4
Current portion of obligations under finance headleases				25,3	76,7
				1 985,4	1 338,5

Annexure 3 – Group segmental report

All monetary amounts are expressed
in millions of Rands

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.

Inter-segment transfers: Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

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. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

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

Primary reporting – business segments

For management purposes, the Group is organised on a world wide basis into four main business segments. These segments are the basis on which the Group reported its primary segment information. The composition of these segments is set out in annexure 1.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2008					
Revenue – external	20 363	5 838	1 582	113	27 896
Results					
Earnings before exceptional items and interest	1 452	901	177	(133)	2 397
Exceptional items	202	33	–	(90)	145
Earnings before interest and taxation	1 654	934	177	(223)	2 542
Net interest income/(expense)	103	(53)	(9)	(25)	16
Earnings before taxation	1 757	881	168	(248)	2 558
Taxation	(309)	(195)	(43)	18	(529)
Earnings after taxation	1 448	686	125	(230)	2 029
Income from associates	9	2	–	–	11
Profit for the year from discontinued operations	–	24	–	–	24
Minority shareholders' interest	(231)	(103)	(16)	–	(350)
Earnings attributable to ordinary shareholders	1 226	609	109	(230)	1 714

All monetary amounts are expressed
in millions of Rands

Primary reporting – business segments *(continued)*

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2007					
Revenue – external	11 821	4 508	1 323	163	17 815
Results					
Earnings before exceptional items and interest	756	735	83	(106)	1 468
Exceptional items	(128)	–	–	(40)	(168)
Earnings before interest and taxation	628	735	83	(146)	1 300
Net interest income/(expense)	37	(23)	(4)	(26)	(16)
Earnings before taxation	665	712	79	(172)	1 284
Taxation	(212)	(161)	(24)	45	(352)
Earnings after taxation	453	551	55	(127)	932
(Loss)/profit from associates	(114)	7	–	–	(107)
Profit/(loss) for the year from discontinued operation	–	20	(49)	–	(29)
Minority shareholders' interest	(18)	(73)	(3)	–	(94)
Earnings attributable to ordinary shareholders	321	505	3	(127)	702

Annexure 3 – Group segmental report

All monetary amounts are expressed in millions of Rands

Primary reporting – business segments *(continued)*

	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2008						
Balance sheet						
Segmental assets	1	10 645	3 481	1 229	1 398	16 753
Segmental liabilities	2	10 300	2 360	1 266	861	14 787
Investment in associate company		22	9	–	–	31
Loans from associate companies		(18)	–	–	–	(18)
Assets classified as held-for-sale		97	148	–	10	255
Liabilities classified as held-for-sale		–	(69)	–	–	(69)
Other information						
Capital expenditure of property, plant and equipment		1 296	229	236	13	1 774
Capital expenditure of other intangible assets		18	1	1	4	24
Depreciation		501	87	29	1	618
Amortisation of other intangible assets		31	6	–	2	39
Impairment of property, plant and equipment		–	3	6	–	9
Impairment of receivables		50	43	–	–	93
Number of employees		36 210	7 242	2 071	131	45 654

	2008	2007
NOTES		
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	21 649	13 011
Bank balances and cash	(4 688)	(2 809)
Deferred taxation assets	(208)	(16)
Segmental assets	16 753	10 186
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Current liabilities	14 465	8 093
Bank overdrafts	(411)	(181)
Current taxation liabilities	(420)	(220)
Non-current liabilities	1 290	1 103
Deferred taxation liabilities	(206)	(277)
Liabilities classified as held-for-sale	69	–
Segmental liabilities	14 787	8 518

All monetary amounts are expressed in millions of Rands

Primary reporting – business segments *(continued)*

	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
2007						
Balance sheet						
Segmental assets	1	6 450	2 423	1 062	251	10 186
Segmental liabilities	2	6 386	1 549	862	(279)	8 518
Investment in associate company		638	9	–	1	648
Loans to associate companies		81	–	–	156	237
Assets classified as held-for-sale		23	–	–	–	23
Other information						
Capital expenditure of property, plant and equipment		603	339	63	4	1 009
Capital expenditure of other intangible assets		23	6	–	–	29
Depreciation		200	66	63	2	331
Amortisation of other intangible assets		16	5	–	2	23
Impairment of property, plant and equipment		3	–	–	–	3
Reversal of impairment of property, plant and equipment		1	–	–	–	1
Impairment of receivables		12	20	1	5	38
Number of employees		24 106	6 381	2 891	88	33 466

Secondary reporting format – geographical segments

The group operates in the following geographic areas of the world.

	South Africa	Africa – other	Europe	America	Pacific Rim/ South East Asia	Middle East	Group
2008							
Revenue	16 118	643	–	1 870	5 290	3 975	27 896
Percentage	58	2	–	7	19	14	100
Segmental assets	9 323	378	21	925	3 367	2 739	16 753
Percentage	56	2	–	6	20	16	100
Capital expenditure	1 033	44	–	123	536	38	1 774
Percentage	58	3	–	7	30	2	100
Number of employees	36 683	1 245	8	1 463	5 117	1 138	45 654
Percentage	80	3	–	3	11	3	100
2007							
Revenue	12 873	610	–	1 069	252	3 011	17 815
Percentage	72	4	–	6	1	17	100
Segmental assets	6 169	297	1 164	420	563	1 573	10 186
Percentage	61	3	11	4	6	15	100
Capital expenditure	774	5	–	71	26	133	1 009
Percentage	77	–	–	7	3	13	100
Number of employees	30 175	1 235	7	947	148	954	33 466
Percentage	90	4	–	3	–	3	100

Detailed group directorate

NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen (60)

CA(SA) CPA (Texas), independent non-executive chairman

Appointed to the Board in 2003. Appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee. Appointed a member of the health, safety & environment committee with effect from 27 August 2008. Trustee of The Murray & Roberts Trust. Chairman of Sanlam Limited. Director of Aspen Pharmacare Holdings Limited, Virgin Active Group Limited and Business Against Crime. Member of the King Committee on Corporate Governance. Former chief executive and deputy chairman of Liberty Group.

Roy served as executive president of the JSE Limited from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. Roy was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence. He is a member of the Defence Staff Council and the Military Command Council.

David Duncan Barber (55)

FCA (England & Wales), AMP (Harvard), independent non-executive director

Appointed to the Board in 2008. Member of the audit committee. Director of Telkom SA Limited. Former global chief financial officer of Anglo Coal, a division of the Anglo American plc Group with operations in Australia, Canada, Venezuela, Colombia, China and South Africa. Former chief financial officer of Anglo American Corporation of South Africa. The majority of his career was spent in the Anglovaal Group prior to its unbundling where he held the position of group chief financial officer. He has served as a non-executive director and member of the audit committee for several companies, including Anglo Platinum, Highveld Steel and BJM Holdings. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

Namane Milcah Magau (56)

BA EdD (Harvard) MEd BEd, independent non-executive director

Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of Santam Limited, Monara Empowerment Rating (Proprietary) Limited, Xhumani Zandla Bafazi (Proprietary) Limited and Merrill Lynch. Member of Women In Sport cc and the Advisory Board of University of Cape Town Business School. Dr Magau is currently director of her own consulting company and was formerly the director of group human capital services at the SABC. She came to the SABC from the CSIR where she was vice president of human resources.

John Michael McMahon (61)

PrEng BSc Eng (Glasgow), independent non-executive director

Appointed to the Board in 2004. Chairman of the health, safety & environment committee. Director of Central Rand Gold Limited and Impala Platinum Holdings Limited. Former chairman of Gencor Limited and Impala Platinum Holdings Limited. Former director of Gold Fields. Michael was a project manager at Murray & Roberts during the 1970s.

Imogen Nonhlanhla Mkhize (45)

BSc Information Systems (Rhodes) MBA (Harvard), independent non-executive director

Appointed to the Board in 2005. Member of the audit and risk management committees. Director of companies including Sasol Limited, Illovo Sugar Limited, Mondi plc, Mondi Limited, Allan Gray Limited and Mobile Telephone Networks (South Africa). She is a member of the Financial Markets Advisory Board. Imogen also serves both her *alma maters* as a member of the Harvard Business School Global Alumni Board and Rhodes University Board of Governors.

Imogen was CEO of the 18th World Petroleum Congress from June 2003 to July 2006. Previously, she was the executive chairman of the Zitek Group and managing director of Lucent Technologies South Africa. Her formative employment history also includes Anglo American, Andersen Consulting and Nedcor. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow.

Anthony Adrian Routledge (60)

BCom CA(SA), independent non-executive director

Appointed to the Board in 1994. Member of the audit and remuneration & human resources committees. Trustee of The Murray & Roberts Trust. Former executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

Martin John Shaw (69)

CA(SA), independent non-executive director

Appointed to the Board in 2003. Chairman of the audit committee and member of the risk management committee. Chairman of Pretoria Portland Cement Company Limited and Reunert Limited. Director of Illovo Sugar Limited, JD Group Limited, Liberty Holdings Limited, Standard Bank of South Africa Limited and Standard Bank Group Limited. Martin was chief executive of Deloitte & Touche from 1991 to 1999 and chairman in South Africa until his retirement in 2001.

Sibusiso Patrick Sibisi (53)

BSc Physics (Hons) PhD (Cambridge), independent non-executive director

Appointed to the Board in 2007. Chairman of the risk management committee and appointed a member of the nomination committee, both effective 1 July 2008. President and CEO of the Council for Scientific and Industrial Research (CSIR). Chairman of Denel and a director of Liberty Group Limited. Former chairman and current member of the National Advisory Council on Innovation. Co-founder of a research-based small enterprise at Cambridge. Fulbright Fellow at the California Institute of Technology in 1988. Former deputy vice chancellor, research and innovation, University of Cape Town.

Johannes Jacobus Marthinus (Boetie) van Zyl (69)

PrEng BSc Eng (Mech), independent non-executive director

Appointed to the Board in 1998. Chairman of the remuneration & human resources committee to 30 June 2008 and member of the nomination committee. Trustee of The Murray & Roberts Trust. Director of Media24 Limited, Naspers Limited, Peace Parks Foundation and MIH Holdings Limited.

Royden Thomas Vice (61)

BCom CA (SA), independent non-executive director

Appointed to the Board in 2005. Chairman of the risk management committee to 30 June 2008 and appointed chairman of the remuneration & human resources committee effective 1 July 2008. Trustee of The Murray & Roberts Trust. CE of Waco International Limited and chairman of Hudaco Industries Limited. Previously CEO of Industrial and Special Products of the UK-based BOC Group. Previously chairman of African Oxygen Limited (Afrox) from 1994 to 2001, Afrox Healthcare, and Consol Limited. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

Sonwabo Edwin Funde resigned as an independent non-executive director on 30 June 2008.

EXECUTIVE DIRECTORS

Brian Cameron Bruce (59)

PrEng BSc Eng (Civil) DEng (hc), group chief executive

Appointed to the Board and Group CE in 2000. First joined the Group in 1967. Director of Clough Limited. President (1994) of South African Institution of Civil Engineering. Member of University of Witwatersrand Council; chairman of Engineering and Built Environment (EBE) faculty advisory board, University of Witwatersrand; member of EBE faculty advisory board, University of Cape Town. Previously chairman (2001 to 2004) and member (2004 to 2007) of Construction Industry Development Board. Director of National Business Initiative. Recipient of awards and active leader in development of strategic future of the regional and international construction and engineering sector.

Sean Joseph Flanagan (48)

BSc (Building), group executive director

Joined the Group in 1991 and appointed to the Board in 2004. Responsible for mining contracting in Africa & Australia, Gautrain construction, thermal power program and Green Point Stadium for the 2010 FIFA Soccer World Cup.

Roger William Rees (55)

BSc (Econ) Hons FCA, group financial director

Joined the Group and appointed to the Board in 2000. Early career development with Arthur Andersen in London and Johannesburg. Held financial leadership positions in the international food, tobacco and media sectors. Has extensive international experience in corporate finance activities including due diligence, mergers and acquisitions. Chairman of Murray & Roberts International. Director of Clough Limited.

Keith Edward Smith (57)

BCom, group executive director

Appointed to the Board in 2001. Joined the Group in 1980 as financial executive in the Group's UK building and engineering subsidiary. Assigned to the United States before returning to Africa to build sustainable operations in Botswana and Zimbabwe. Appointed MD, Johnson Crane Hire in 1995. Transferred to corporate office in 2000 and has led construction materials & services business sector during the Rebuilding initiative. Presently executive chairman of the domestic and regional construction operations.

GROUP SECRETARY

Yunus Karodia (36)

CFA, CA(SA)

Joined the Group in 1999. Appointed to the dual corporate executive positions of group financial manager and group secretary in April 2007. Previously financial manager at Murray & Roberts International based in Dubai and financial manager of Murray & Roberts Concessions. Trustee of Letsema Vulindlela Black Executives and Sizwe Broad-Based Community Trusts.

Notice to members

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE000073441)
(the company)

Notice is hereby given that the sixtieth annual general meeting of the company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Tuesday 28 October 2008 at 11:00 to conduct the following business:

1. Ordinary resolution number 1:
To receive and consider the annual financial statements for the year ended 30 June 2008.

2. Ordinary resolution number 2:
To elect as directors:
   - DD Barber, who was appointed since the last annual general meeting and in accordance with the company's articles of association, retires at this annual general meeting;
   - BC Bruce, SJ Flanagan, IN Mkhize, RW Rees and RT Vice, who in terms of the company's articles of association, retire by rotation and are eligible and available for re-election.

   The profiles of the directors up for re-election appear on pages 26 and 210.

   KE Smith has confirmed his intention to retire as director and is not available for re-election. He will continue his employment as an executive in the Group.

   MJ Shaw and JJM van Zyl will reach the mandatory retirement age of 70 years and will retire at the annual general meeting. Both directors are not eligible for re-election.

3. Ordinary resolution number 3:
To appoint a firm of external auditors for the company and note the remuneration of the external auditors as determined by the audit committee of the Board.

   The audit committee of the Board has nominated for reappointment Deloitte & Touche as independent auditors.

   Particulars of the auditors' remuneration can be found in note 26 of the annual financial statements.

4. Ordinary resolution number 4:
To approve the proposed fees payable quarterly in arrears to non-executive directors with effect from the quarter commencing 1 October 2008 as follows:

		Proposed per annum	Previous per annum
Chairman fee	Includes director and committee fees	[1]R950 000	R869 000
Director fees	Per annum	[2 & 3]R140 000	R110 000
Committee fees:			
Audit	Chairman	R140 000	R130 000
	Member	R70 000	R65 000
Risk management	Chairman	R95 000	R87 500
	Member	R60 000	R55 000
Remuneration & human resources	Chairman	R95 000	R87 500
	Member	R60 000	R55 000
Nomination	Chairman	[4]R50 000	R45 000
	Member	R30 000	R27 500
Health, safety & environment	Chairman	R95 000	R87 500
	Member	R60 000	R55 000

[1] *Effective from 1 January 2009 payable monthly in arrears.*

[2] *Calculated on the basis of 5 meetings per annum.*

[3] *A deduction of R12 000 per meeting will apply for non-attendance at a scheduled meeting and R24 000 will be payable for attendance at a special board meeting.*

[4] *Included in chairman fee.*

SPECIAL BUSINESS

To consider and if deemed fit, pass, with or without modification the following special resolution:

5. Special resolution number 1:
"RESOLVED THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's ordinary shares subject to the provisions of the Companies Act No. 61 (as amended) (Companies Act) and the Listings Requirements of the JSE Limited (JSE) provided that:

a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;

b) any general purchase by the company and/or any of its subsidiaries of the company's ordinary shares in issue shall not in aggregate in any one financial year exceed 10% (ten percent) of the company's issued ordinary share capital at the time that the authority is granted;

c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market value of the ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;

d) the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;

e) the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;

f) the company and/or any of its subsidiaries may not repurchase ordinary shares during a prohibited period unless they have in place a repurchase program where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the program have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

g) after such repurchase the company still complies with shareholder spread requirements;

h) authorisation thereto given by the company's articles of association;

i) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the company; and

j) should the company and/or any of its subsidiaries cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements of the JSE."

Having considered the effect on the company of the maximum repurchase under this general authority, the directors are of the opinion that:

i) the company, and its subsidiaries (Group) will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;

ii) the assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited financial statements of the company and the Group for the year ended 30 June 2008;

iii) the share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and

iv) the working capital of the company and Group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

A general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor to the effect that the directors have considered the solvency and liquidity of the company as required in terms of Section 85(4) of the Companies Act. Furthermore, the company will consult its sponsor before it repurchases securities whether the financial position of the company has changed materially from the date when the sponsor first issued its written confirmation in order for the sponsor to review the validity of its letter issued when the general authority was granted.

Reason for and effect of the special resolution number 1:

The reason for special resolution number 1 is to grant the company's directors a renewable general authority or permit a subsidiary company to acquire ordinary shares of the company. The effect of this special resolution is to confer a general authority on the directors of the company to repurchase ordinary shares of the company which are in issue from time to time.

The Board has considered the impact of a repurchase of up to 10% (ten percent) of the company's shares. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares.

For the purposes of considering special resolution number 1 and in compliance with paragraph 11.26 (b) of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

Directors and management of the company can be found on pages 26 and 27, major shareholders of the company can be found on page 116, directors' interest in the company can be found on page 123 and note 45 to the consolidated financial statements, and the share capital of the company can be found in note 11.

Directors' responsibility and litigation statement

The directors, whose names are set out on pages 26 and 27 of this report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and that there are no legal or arbitrage proceedings, including proceedings that are pending or threatened, that may have or have had in the previous months a material effect on the company and the Group's financial position.

Material change

Other than the facts and developments reported on in the annual report of which this notice of meeting forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice of meeting.

VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Proprietary) Limited by no later than 11:00 on Friday 24 October 2008.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the Board

Karodia

Per: Yunus Karodia
Group Secretary

30 September 2008

Shareholders' diary

Financial year end	30 June 2008
Mailing of annual report	30 September 2008
Annual general meeting	28 October 2008
Publication of half year results 2008/9	25 February 2009
Publication of preliminary report 2008/9	26 August 2009

DIVIDEND

Interim dividend

• SA cents per share	77
• Date declared	27 February 2008
• Last date traded cum dividend	4 April 2008
• Trading ex dividend commenced	7 April 2008
• Record date	11 April 2008
• Date paid	14 April 2008

Final dividend

• SA cents per share	119
• Date declared	27 August 2008
• Last date traded cum dividend	10 October 2008
• Trading ex dividend commences	13 October 2008
• Record date	17 October 2008
• Date payable	20 October 2008

Administration

COMPANY NAME:	Murray & Roberts Holdings Limited
COMPANY REGISTRATION NUMBER:	1948/029826/06
SHARE CODE:	MUR
ISIN:	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE

Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview 2007
Republic of South Africa

POSTAL AND ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS

PO Box 1000
Bedfordview 2008
Republic of South Africa

Telephone:	+27 11 456 6200
Fax:	+27 11 455 3524
Email:	info@murrob.com
Website:	www.murrob.com

SHARE TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
PO Box 4844
Johannesburg 2000
Republic of South Africa

Telephone:	+27 11 630 0800
Fax:	+27 11 834 4398/832 3472

AUDITORS

Deloitte & Touche

SPONSOR

Merrill Lynch South Africa (Proprietary) Limited

Form of proxy

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE000073441)
(the company)

If you are a dematerialised shareholder, other than with own name registration, do not use this form. Dematerialised shareholders other than with own name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the custody agreement entered into between the shareholders and the CSDP or broker.

I/We

(please print)

of

do hereby appoint (see note 3 and 5)

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 11:00 on Tuesday, 28 October 2008 at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg, and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, 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 6):

	Insert number of votes		
	In favour	Against	Abstain
1. Approval of the annual financial statements			
2. Election of directors			
2.1 DD Barber			
2.2 BC Bruce			
2.3 SJ Flanagan			
2.4 IN Mkhize			
2.5 RW Rees			
2.6 RT Vice			
3. Reappointment of external auditors			
4. Approval of the fees payable to non-executive directors			
5. Special resolution 1 General authority to repurchase shares			

Signed at on 2008

Signature

Assisted by me (where applicable)

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

Notes to proxy

Instructions on signing and lodging the annual general meeting proxy form

1. The following categories of members are entitled to complete a proxy form:

   a) certificated members whose names appear on the company's register;

   b) own name electronic members whose names appear on the sub register of a Central Securities Depository Participant (CSDP);

   c) CSDPs with nominee accounts; and

   d) Brokers with nominee accounts.

2. Certificated members wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are registered in their name.

3. Beneficial members whose shares are not registered in their own name but in the name of another, for example, a nominee, may not complete a proxy form, unless a proxy is issued to them by the registered member and they should contact the registered member for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend the annual general meeting.

4. 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 member wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such member may request the CSDP or broker to provide the member with a letter of representation.

5. A member may insert the name of a proxy or the names of two alternative proxies of the member'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 member. 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.

6. Please insert number of votes 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 member's votes exercisable thereat. Where the proxy is the chairman, failure to comply, will be deemed to authorise the chairman to vote in favour of the resolution. A member or the proxy is not obliged to use all the votes exercisable by the member 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 member or by the proxy.

7. Forms of proxy must be received at the office of the company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 11:00 South African time on Friday 24 October 2008.

8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

9. 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.

10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced.

12. 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 member wishes to vote.

Murray & Roberts international offices

Botswana
Plot 1214, Nkuruma Road, Old Industrial Site
PO Box 657, Gaborone
Tel: +267 395 1871
Fax: +267 395 1877
Email: info.botswana@murrob.com

Isle of Man
2nd Floor, Well Road House
Market Street, Douglas
Isle of Man
IM2 4NS
British Isles
Tel: +44 1624 61 5999
Fax: +44 1624 61 1126
Email: roger.mower@murrob.co.im

Namibia
7 Joule Street, Southern Industria
Windhoek, Namibia
PO Box 33, Windhoek
Tel: +264 61 23 8500
Fax: +264 61 22 2189 or +264 61 23 8803
Email: info.namibia@murrob.com

United Arab Emirates
Ground Floor, Dubai National Insurance Building
Sheikh Zayed Road
PO Box 30023, Dubai, UAE
Tel: +971 4 321 1999
Fax: +971 4 321 1212
Email: info@murrob.ae

United Kingdom
1st Floor, 25 Hanover Square
London
W1S 1JF
Tel: +44 20 7758 9860
Fax: +44 20 7758 9869
Email: info@murrob.co.uk

Australia
155-157 Lane Street
Boulder, Kalgoorlie
West Australia, 6432
Tel: +61 890 21 7777
Fax: +61 890 21 3333
Email: raisebore@ruc.com.au

Canada
590 Graham Drive
North Bay
Ontario, Canada
P1B 7S1
Tel: +1 705 472 3381
Fax: +1 705 472 0078
Email: info@cementation.ca

Clough Limited
Level 6, 251 St Georges Terrace
Perth, Western Australia 6000
Tel: +61 8 9281 9281
Fax: +61 8 9481 6699
Email: clough@clough.com.au

Murray & Roberts (Zimbabwe) Limited
44 Tilbury Road, Willowvale Road, Harare
PO Box CY490, Causeway, Harare
Tel: +263 4 61 1641-6 / 61 1741-9
Fax: +263 4 61 2986
Email: info@murrob.co.zw

STUDIO 5

www.murrob.com

About this report

Murray & Roberts is committed to reporting comprehensively and transparently on its performance and activities.

This annual report

- aims to satisfy general reporting requirements and specific accounting standards and presents a global overview of Murray & Roberts market and operational performance supported by detailed financial accounts;
- uses guidelines from King II in the compilation of non-financial information and from the Global Reporting Initiative in compiling the sustainability report;
- is compiled from the written input of the entire group leadership team comprising almost 40 executives, who have each contributed to the development of information on their respective areas of responsibility;
- includes the financial statements audited by Deloitte & Touche.

The Murray & Roberts website www.murrob.com offers investors continuous access to a wealth of additional and frequently updated information concerning the business, operations and performance of the company and its markets. It includes a more detailed section on sustainable development at Murray & Roberts and a glossary of technical terms.

We encourage comment, suggestion and enquiry on all aspects of our business, including this annual report and our website.

- The CE discussion forum hosted on www.murrob.com offers members of the public the opportunity to communicate directly with the group chief executive.
- Our client service call centre, accessible through clientservice@murrob.com, is the primary connection between members of the public and employees who seek information on or contact with, Murray & Roberts and its subsidiaries.
- Our intranet, The Interchange, hosts "Ask Brian" as a direct means of communication for employees with the group chief executive, to express opinions or seek guidance on matters of personal or business concern.

Murray & Roberts strives for greater transparency and better communication.