Capacity to deliver

Contents

Green Point Stadium

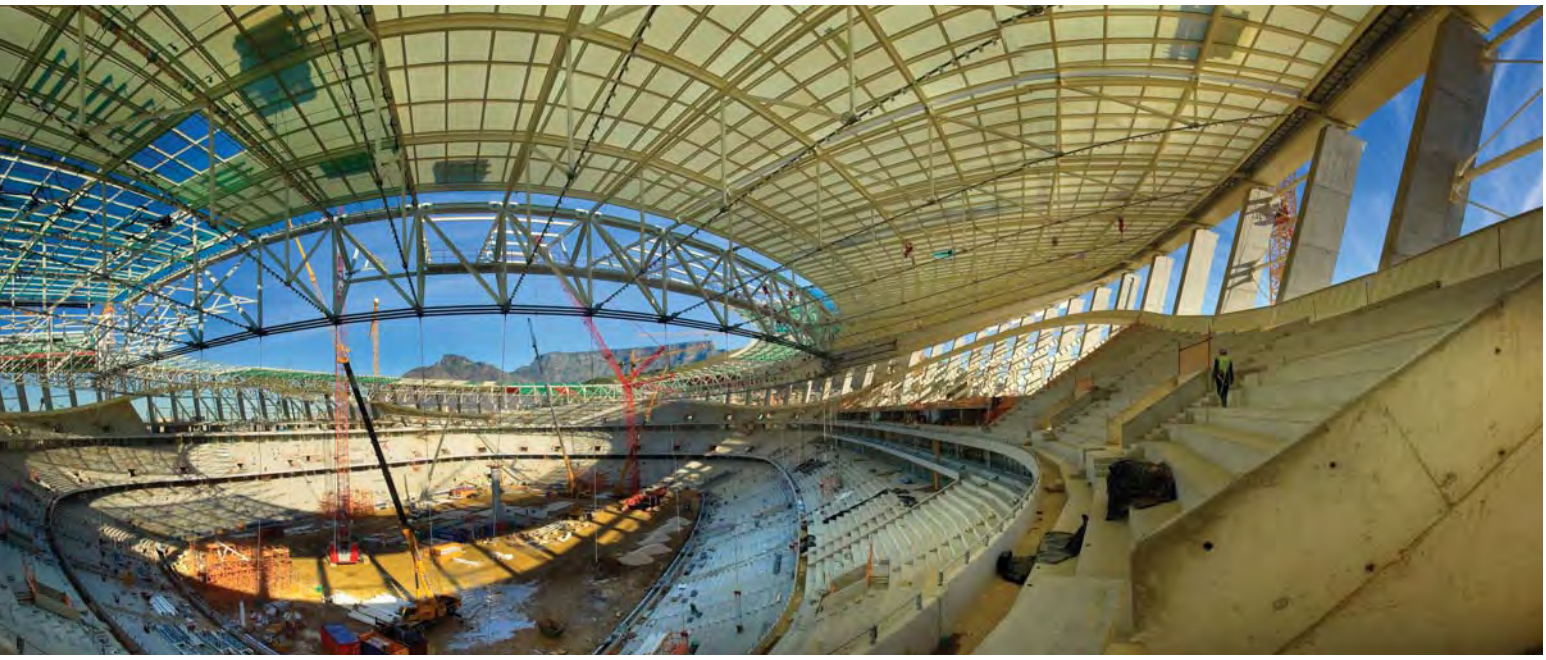
South Africa's leading engineering & contracting group

From the platform created over more than a century since 1902, we serve our markets in Sub Saharan Africa, Middle East, Southeast Asia and the Americas.

Reframing Murray & Roberts is our latest strategy to build critical mass and leadership capacity against the backdrop of an increasingly challenged global environment and to ensure stability of performance during a period of succession between 2010 and 2014.

This follows Rebuilding Murray & Roberts between 2000 and 2005 and Globalising Murray & Roberts from 2006 to 2008, while 2009 is the first year since 1999 that has not been impacted by either acquisition or disposal.

Our commitment to sustainable earnings growth and value creation is non-negotiable

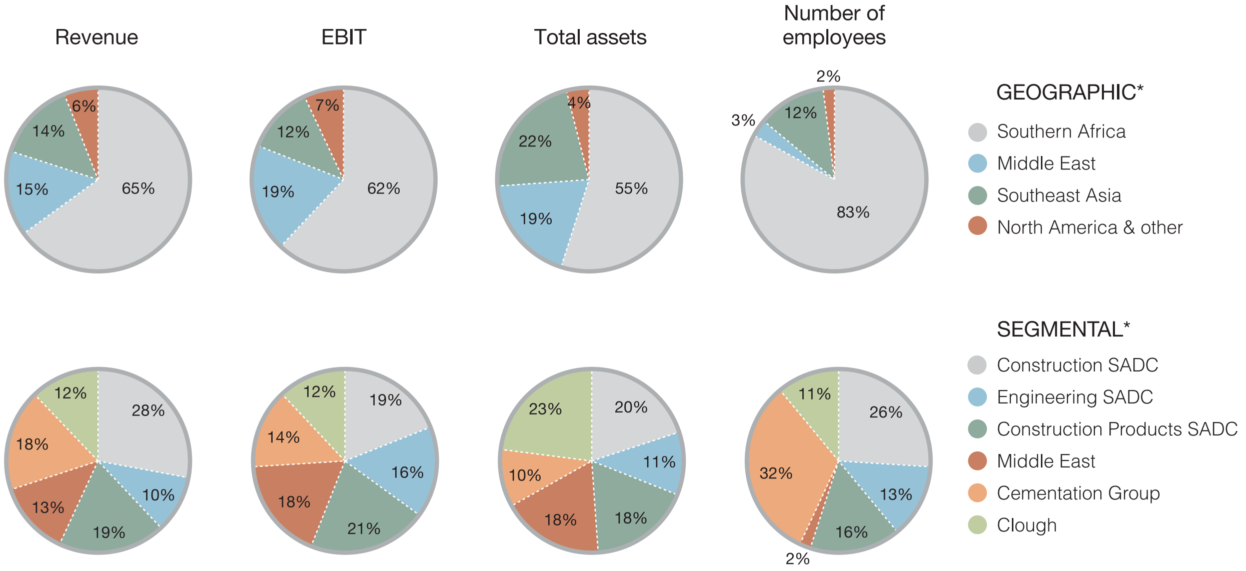


Internal view of construction underway at Green Point Stadium – July 2009

Financial highlights

	2009	2008*
Group summary (R millions)		
Revenue	**33 762**	26 666
Earnings before exceptional items, interest and taxation	**2 898**	2 281
Attributable profit before minority interest	**2 337**	2 064
Total assets	**23 494**	21 649
Operating cash flow	**1 559**	3 116
Value created	**13 370**	10 686
Payroll cost	**9 543**	7 620
Total number of employees – 30 June	**38 981**	45 654
Ordinary share performance (cents)		
Diluted headline earnings per share	**675**	550
Diluted earnings per share	**678**	565
Operating cash flow per share	**470**	939
Net asset value per share – 30 June	**1 682**	1 466
Market price per share – 30 June	**5 000**	8 699
Total dividend per share**	**218**	196
Financial statistics		
Operating margin (EBIT on revenue) (%)	**8,6**	8,6
Attributable earnings on average shareholders' funds (%)	**38,6**	40,3
Interest cover (times)	**8,2**	9,5
Ratio (times)		
Debt/equity	**0,54**	0,35
Current	**1,12**	1,11

** Income statement comparatives have been restated to exclude discontinued operations.*
*** Based on the year to which the dividend relates.*



** Excludes corporate.*

Segmental highlights

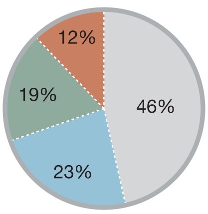
	Revenue		EBIT before exceptional items	
	2009	2008	2009	2008
Group (R millions)	**33 762**	26 666	**2 898**	2 281
Construction SADC	**9 302**	5 990	**560**	380
Engineering SADC	**3 299**	2 404	**460**	140
Construction Products SADC	**6 577**	6 033	**621**	821
Middle East	**4 228**	3 246	**536**	379
Cementation Group	**5 963**	5 244	**428**	406
Clough	**4 182**	3 633	**342**	204
Corporate*	**211**	116	**(49)**	(49)

** Includes Properties and Concessions.*

Order book analysis

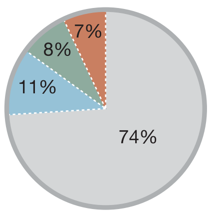
Order book: R40 billion at 30 June 2009

Time distribution



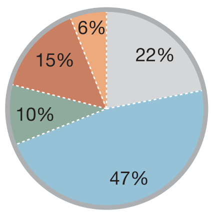
- 2010
- 2011
- 2012
- 2013 – 2015

Geographic distribution



- Southern Africa
- Middle East
- Southeast Asia
- North America

Sector distribution



- Construction SADC
- Engineering SADC
- Middle East
- Cementation Group
- Clough

Segmental analysis

30 June 2009

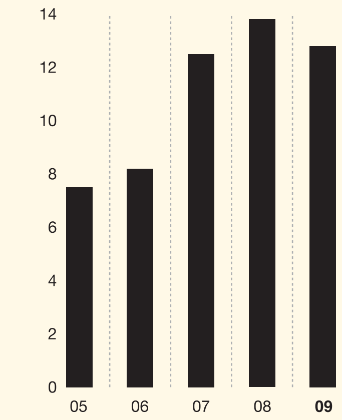
All monetary amounts are expressed in millions of Rands	Group 2009	Group 2008	Discontinued operations[1] 2009	Discontinued operations[1] 2008	Corporate[3] 2009	Corporate[3] 2008
SUMMARISED INCOME STATEMENTS						
Revenue	**33 762**	26 666	**1 606**	1 510	**211**	116
Earnings before exceptional items and interest	**2 898**	2 281	**87**	151	**(49)**	(49)
Exceptional items	**8**	145	**–**	–	**20**	(103)
Earnings before interest and taxation	**2 906**	2 426	**87**	151	**(29)**	(152)
Net interest (expense)/income	**(37)**	29	**(20)**	(15)	**(46)**	(16)
Earnings before taxation	**2 869**	2 455	**67**	136	**(75)**	(168)
Taxation	**(612)**	(490)	**12**	(49)	**(35)**	39
Earnings after taxation	**2 257**	1 965	**79**	87	**(110)**	(129)
Income from associate	**2**	9	**–**	2	**–**	–
Profit from discontinued operations	**79**	89	**–**	–	**–**	–
Minority shareholders' interest	**(320)**	(349)	**–**	–	**–**	–
Earnings attributable to ordinary shareholders	**2 018**	1 714	**79**	89	**(110)**	(129)
SUMMARISED BALANCE SHEETS						
Non-current assets	**5 769**	5 043	**–**	622	**1 013**	968
Current assets[2]	**17 235**	16 118	**1 795**	886	**1 456**	656
Goodwill	**490**	488	**–**	–	**–**	–
Total assets	**23 494**	21 649	**1 795**	1 508	**2 469**	1 624
Equity	**5 581**	4 865	**640**	561	**(1 093)**	(36)
Minority interest	**1 053**	960	**113**	114	**189**	147
Permanent capital	**6 634**	5 825	**753**	675	**(904)**	111
Non-current liabilities	**1 447**	1 290	**–**	197	**516**	265
Current liabilities[2]	**15 413**	14 534	**1 042**	636	**2 857**	1 248
Total equity and liabilities	**23 494**	21 649	**1 795**	1 508	**2 469**	1 624
SUMMARISED CASH FLOW STATEMENTS						
Cash generated by operations before working capital changes	**3 928**	3 221	**98**	184	**(131)**	(124)
Discontinued property activities	**(25)**	(75)	**–**	–	**(25)**	(75)
Change in working capital	**(1 290)**	445	**(49)**	44	**98**	195
Cash generated by operations	**2 613**	3 591	**49**	228	**(58)**	(4)
Interest and taxation	**(1 054)**	(475)	**(37)**	(63)	**(210)**	54
Operating cash flow	**1 559**	3 116	**12**	165	**(268)**	50
FINANCIAL STATISTICS						
Operating margin (%)	**8,6**	8,6	**5,4**	10,0	**–**	–
Return on equity (%)	**38,6**	40,3	**13,2**	15,9	**–**	–

1 *2008 includes PT Petrosea and Harvey Roofing Products.*
2 *Includes assets/liabilities classified as held-for-sale.*
3 *Includes Properties and Concessions.*
4 *Includes Tolcon.*
5 *Includes UCW.*
6 *Includes Johnson Arabia.*

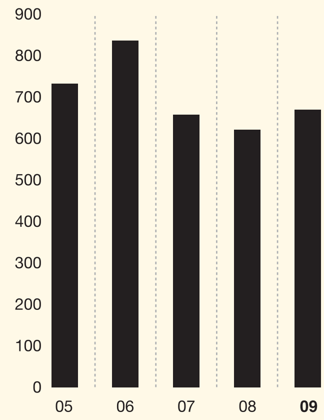
Construction[4] SADC		Engineering[5] SADC		Construction Products SADC		Middle East[6]		Cementation Group		Clough	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
9 302	5 990	3 299	2 404	6 577	6 033	4 228	3 246	5 963	5 244	4 182	3 633
560	380	460	140	621	821	536	379	428	406	342	204
–	–	–	–	(12)	33	–	–	–	–	–	215
560	380	460	140	609	854	536	379	428	406	342	419
203	155	45	49	(205)	(83)	14	(36)	(16)	(9)	(32)	(31)
763	535	505	189	404	771	550	343	412	397	310	388
(206)	(139)	(93)	(43)	(107)	(206)	–	–	(141)	(140)	(30)	(1)
557	396	412	146	297	565	550	343	271	257	280	387
1	7	–	–	1	2	–	–	–	–	–	–
–	–	–	–	–	24	–	–	–	–	79	65
(4)	(3)	(42)	(25)	–	(28)	(93)	(71)	(32)	(18)	(149)	(204)
554	400	370	121	298	563	457	272	239	239	210	248
895	887	543	235	1 357	922	214	167	693	675	1 054	567
3 183	3 119	1 760	2 025	2 492	2 851	3 533	2 581	1 310	1 465	1 706	2 535
44	44	52	52	62	60	–	–	35	35	297	297
4 122	4 050	2 355	2 312	3 911	3 833	3 747	2 748	2 038	2 175	3 057	3 399
385	351	385	173	2 729	1 467	906	800	885	778	744	771
1	–	20	21	61	74	–	–	79	55	590	549
386	351	405	194	2 790	1 541	906	800	964	833	1 334	1 320
244	96	21	21	73	56	178	131	59	145	356	379
3 492	3 603	1 929	2 097	1 048	2 236	2 663	1 817	1 015	1 197	1 367	1 700
4 122	4 050	2 355	2 312	3 911	3 833	3 747	2 748	2 038	2 175	3 057	3 399
847	537	514	215	826	1 009	550	421	717	589	507	390
–	–	–	–	–	–	–	–	–	–	–	–
(669)	274	(385)	636	(712)	(116)	839	(311)	57	(96)	(469)	(181)
178	811	129	851	114	893	1 389	110	774	493	38	209
2	38	(88)	(41)	(385)	(260)	14	(38)	(230)	(106)	(120)	(59)
180	849	41	810	(271)	633	1 403	72	544	387	(82)	150
6,0	6,3	13,9	5,8	9,4	13,6	12,7	11,7	7,2	7,7	8,2	5,6
150,5	113,9	132,6	69,9	14,2	38,4	53,6	34,0	28,7	30,7	27,7	32,2

Financial performance

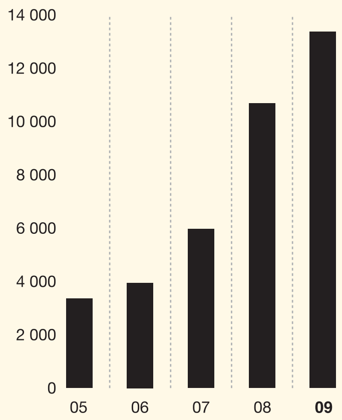
Return on average total assets
(%)



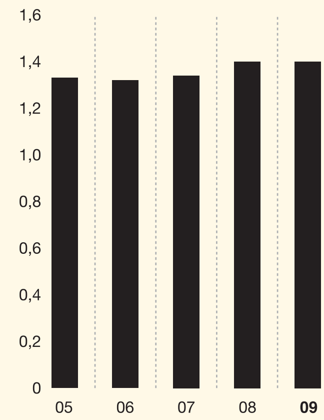
Productivity of assets
(assets per R1 000 turnover)



Creation of value
(R millions)

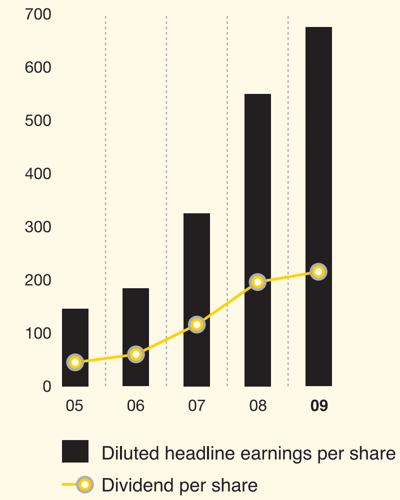


People productivity
(value ratio)

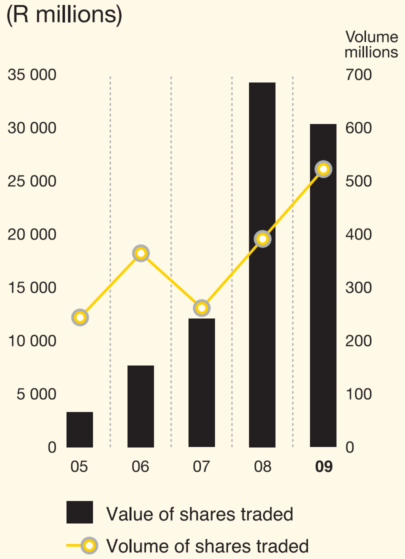


Share performance

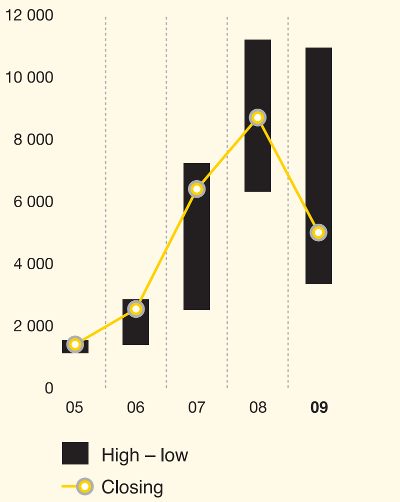
Diluted HEPS and dividends per share
(cents)



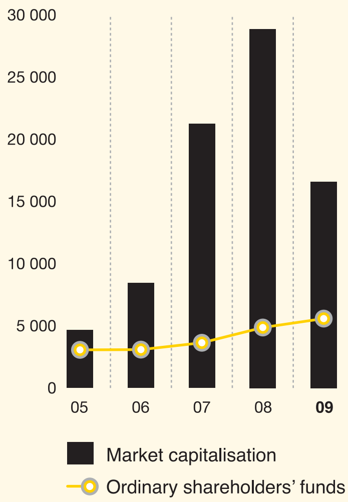
Shares traded
(R millions)



Share price movement
(cents)



Market capitalisation
(R millions)



Capabilities

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

CONSTRUCTION ECONOMY

Market sectors:

BUILDING • INFRASTRUCTURE • MINING • INDUSTRIAL • ENERGY • POWER • ENVIRONMENTAL

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 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.

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

Gautrain viaduct under construction at the Jean Avenue offramp, N1 highway, Pretoria, South Africa – July 2009

From top to bottom: Gautrain – Sandton Station, Medupi Power Station, Murray & Roberts Steel

Capabilities continued

CONSTRUCTION SADC

BUILDING • CIVIL ENGINEERING • INDUSTRIAL • ROADS • EARTHWORKS

Murray & Roberts Construction, Concor and operations in Botswana, Namibia and Zimbabwe engage the large to medium sector building, civil engineering, industrial and roads & earthworks construction markets of South Africa and the rest of SADC.

Murray & Roberts has a proven track record in major project implementation. The Group values innovation and is able to adapt to complex environments which positions it as a leading contractor in the developing world.

ENGINEERING SADC

INDUSTRIAL • MINING • POWER • MARINE

Murray & Roberts Engineering Solutions and Murray & Roberts MEI, Murray & Roberts Marine, Wade Walker, and Genrec engage large scale EPCM (engineer, procure and construction manage) and EPC (engineer, procure and construct) projects in the industrial, mining, power and marine infrastructure markets.

Apart from Murray & Roberts Marine which focuses on Africa, Middle East and Southeast Asia, the primary market is South Africa and the rest of Africa.

CONSTRUCTION PRODUCTS SADC

STEEL • INFRASTRUCTURE • BUILDING

Murray & Roberts Steel, Hall Longmore, Rocla, Much Asphalt, Ocon Brick and Technicrete manufacture and supply value-added construction products to the infrastructure and building markets of South Africa and the rest of SADC. Principal raw material inputs are steel, cement, aggregate, bitumen and clay.

From top to bottom: Dubai International Airport, Murray & Roberts Cementation, Clough

MIDDLE EAST

COMMERCIAL • INFRASTRUCTURE

The Middle East market is coordinated from Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint venture with appropriate local partners.

The primary market focus is major commercial facilities and selected infrastructure projects where the Group has a defined competitive advantage.

CEMENTATION GROUP

SHAFTS • DECLINES • DRILLING • ENGINEERING • OPERATIONS

Murray & Roberts Cementation, Cementation Canada and RUC Cementation are based in Johannesburg, South Africa; North Bay, Ontario, Canada; and Kalgoorlie, West Australia respectively. They are coordinated from London.

The Cementation Group provides specialist engineering, construction and operational services in the underground environment, to the mining and metals resources sector worldwide.

CLOUGH LIMITED

ENGINEERING • FABRICATION • CONSTRUCTION • ASSET SUPPORT

Clough is based in Perth, West Australia and is generally focused on the upstream oil and gas sector and strategically focused on the LNG (liquid natural gas) markets of Australasia and deep water SURF (submarine umbilical and riser flow) markets in the various oil provinces of the Atlantic Ocean along the coastlines of North and South America and Africa and throughout Southeast Asia.

We are South African

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

CHARTER

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 was a change process that commenced on 1 July 2000. At its heart was a non-negotiable commitment to sustainable earnings growth and value creation. Through this process we 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 was a growth strategy that sought new opportunity and value from the platform created over more than 100 years since 1902. We identified global best-in-class benchmarks against which we measure our performance in engaging our chosen natural resources and regional markets.

Reframing Murray & Roberts will ensure stability and performance between 2009 and 2014 as the Group introduces new leadership capacity and builds greater critical mass against the backdrop of changed economic and market conditions brought on by the global economic crisis.

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 & 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

We are South Africa's leading engineering & contracting group

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 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 international operations, coordinates our global Cementation Group 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 home to Clough and the point of access for the markets of Australia and Southeast Asia
- Santiago in Chile has recently been established as the centre of South American operations

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 about 35% of its revenues from international markets.

Sir Alan Cockshaw

Dr Reuel Khoza

Sir Alan Cockshaw and Dr Reuel Khoza are key international advisors to Murray & Roberts, guiding the expansion of the Group's activities internationally and in Africa, respectively.

WHERE WE OPERATE FROM

INTERNATIONAL ACTIVITY

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

Middle East & Asia: Bahrain, India, Qatar, United Arab Emirates, Hong Kong, Saudi Arabia.

Southeast Asia: Australia, Indonesia, Malaysia, New Zealand, Singapore, Thailand.

The Americas: Canada, Chile, Mexico, United States of America.

For more infomation please refer to annexure 3 to the annual financial statements.

Key focus – the big issues

Each year, Murray & Roberts identifies big issues that demand priority executive attention to support delivery of our non-negotiable commitment to sustainable earnings growth and value creation. Each of the issues is prioritised under the direction of the Murray & Roberts Limited Board and dealt with through focused leadership and resource allocation.

Performance

VULNERABLE COMPANIES AND PROJECTS

Vulnerable companies are identified either during the year or at the time of business plan preparation. These are companies that exhibit signs of performance stress or whose future projections fall below expectation. There can be many reasons for companies becoming vulnerable, but recently it has become a function of management capacity.

High levels of growth in many of the Group's markets have tested some operational leadership. The managing directors of Genrec, UCW and Hall Longmore left the Group in 2009 and have been replaced by higher levels of capacity.

The merger of Murray & Roberts Engineering Solutions and Murray & Roberts MEI is the consequence of a sudden shift in market dynamics following the global economic crisis.

HEALTH, SAFETY & ENVIRONMENT

Murray & Roberts aspires for zero harm to the company, its shareholders, employees, business partners and the societies in which it operates.

Our safety target is zero fatalities and disabling injuries and to reduce of our LTIFR by 33% per annum to achieve less than 1,0 by 2012. We have regrettably suffered two fatal accidents in the new financial year in South Africa.

Our safety challenge persists primarily in South Africa, with our international operations showing best-in-class performance characteristics. The solution to this challenge is not obvious. We undertake forensic investigations into every fatal and significant accident and this shows human error in both system override and awareness behaviour. We have commenced behaviour correction and awareness training as a sustainable intervention to complement conventional safety management practice and procedure.

ANTI-COMPETITIVE BEHAVIOUR

In compliance with its legal obligation, Murray & Roberts took an early industry lead to investigate possible corruption in the construction industry. Internal audits conducted across all operations led to a program of communication and training to assist employees understand competition law and its implications for the Group.

Murray & Roberts does not deny that in isolated instances, individuals in the Group have acted independently and fraudulently for personal gain, in what can be construed as collusive behaviour. Where forensic investigation has uncovered such irregularities as in the case of its Rocla subsidiary, the Group has engaged and placed leniency markers with the Competition Commission.

DISCRIMINATION

Although universal in nature, this is a particularly South African issue. It is policy in Murray & Roberts that there shall be no discrimination based on any dimension of difference between its people and with the societies it serves. But this is not reality. Rather than suppress engagement of the issue, we constantly challenge the *status quo* by bringing the subject into almost every debate across the Group.

A particular challenge is age discrimination. This is manifested in the challenge many of our young professionals feel in the early stages of their career development. We have agreed to refine our mentoring system to create a bridge between new younger and longer serving older employees.

Open communication mechanisms such as "Ask Brian" provide an invaluable platform for the exposure and resolution of discriminatory practices.

EQUITY AND EMPOWERMENT

Murray & Roberts is committed to the national agenda of South Africa and as a responsible corporate citizen, drives 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.

The Group is a level 5 contributor in compliance with the Codes of Good Practice relating to the Broad-Based Black Economic Empowerment Act 53 of 2003 in South Africa and has set a target to achieve level 4 status in 2010.

Group operations in South Africa were audited in terms of the Employment Equity Act 55 of 1998 during the year and where necessary, have submitted revised equity plans for approval.

The economic slowdown has tempered demand for construction and engineering services but the Group has continued with its broad range of training and development interventions and programs.

COMMERCIAL ENTITLEMENT

Contracting, unlike many business or industrial models, seldom delivers a predetermined financial reward for a defined service offering. A measure of variability and subjectivity is often applied to final account settlements, unless financial entitlement under the terms of contract is solidly backed by sound commercial and administrative documentation.

Murray & Roberts will pursue its full commercial entitlement in terms of its contracts and if necessary is prepared to invoke arbitration or litigation clauses available in its contracts to achieve this objective. However, the Group will first seek to resolve any commercial disputes through direct personal engagement or alternative dispute resolution processes.

The scale and duration of major projects secured over the past few years presents a number of challenges, not least of which is revenue recognition such that neither present nor future shareholders are unduly prejudiced or advantaged.

Revenue recognition on major projects will therefore generally include a portion of claims and variations submitted but not yet resolved, based on the prudent and justifiable assessment of each contract.

Markets

NUCLEAR POWER

Ongoing research by Murray & Roberts into potential mega-trends in fixed capital formation identified a global trend to nuclear power as an important strategic opportunity suited to the capacity of the Group. We hold the view that nuclear is a medium term non-carbon solution to baseload power generation (next fifty to eighty years) while economically viable renewable solutions are developed for sustainable longer term power generation.

South Africa has limited options in its choice of future generation technology. A program to build a fleet of nuclear power stations will create a sustainable domestic industry with significant potential for global export of product and services. Murray & Roberts has set a strategy to be an industry leader in this challenging field of endeavour.

CLOUGH & SOUTHEAST ASIA

Murray & Roberts acquired Clough in Australia as entry into the global oil and gas resources market. Clough has seen difficult times over the past few years but following recapitalisation, resolution of legacy problem projects and strategic refocus – the latter completed with the disposal of Indonesian subsidiary PT Petrosea – it is well set for an expected continuation of investment into new energy facilities.

Clough will develop its upstream oil and gas presence, strategically focused on the LNG (liquid natural gas) markets of Australasia and deep water SURF (submarine umbilical and riser flow) markets within the various oil provinces of the Atlantic Ocean along the coastlines of North and South America and Africa and throughout Southeast Asia.

CEMENTATION & SOUTH AMERICA

The Cementation Group has developed since 2004 into the world's leading underground mining contractor. It is anticipated that the three companies forming the group will be consolidated into a single business model by the end of the current financial year.

Cementation Sud America has been established in Chile with the primary purpose of engaging the domestic mining industry. In addition, the group has expanded its reach deeper into the underground mining markets of Asia and Africa.

REST OF AFRICA

Murray & Roberts has contracted in the rest of Africa for more than 50 years. In the beginning and certainly up to the early 1960s, business conditions were not dissimilar to South Africa. As the wave of independence swept through the continent and South Africa, new fixed investment in the rest of Africa was increasingly funded through bilateral grants and multilateral agencies.

Africa has become the new frontier for sourcing natural resources and the economic benefit will more directly support the development of new public and commercial infrastructure. China is a significant player in this respect and its business enterprises will play an increasing role in facilitating South African involvement in this market.

PROJECT KHAYA

This is a strategy to acquire greater critical mass in Murray & Roberts over time, both in the Group's domestic market and where appropriate, in support of its global business model. The Group has utilised its balance sheet capacity to acquire a number of key assets in recent years, including Cementation, Concor, Clough and Wade Walker.

Murray & Roberts continues to seek merger opportunities in its markets, either to build on its existing capacity or add new capacity and extend its domestic and global footprint. The past financial year is the first in five years where organic growth has not been boosted by acquisition.

The Group's new organisational structure comprising six large clusters each focused on a clearly identified market sector, has allowed for the attraction of new levels of executive capacity in preparation for future potential acquisition integration.

Key focus – human capital

2009 MILESTONES

- Strengthened group leadership team with key appointments
- Invested R96 million in skills development across the Group
- 10 000 employees in skills and training development
- 269 employees attended leadership development programs
- 90 professional graduates joined the Group, 69% black and 25% female
- 193 engineering & construction management bursars

2010 FOCUS

- Maintain skills development spend
- Increase the number of Murray & Roberts employees attending leadership development programs by 10%
- Recruit at least 80 new professional graduates
- Maintain number of engineering & construction management bursars

Trevor Fowler, appointed executive director in September 2009 with future responsibility for the Construction SADC cluster.

Orrie Fenn, will be appointed executive director responsible for the Construction Products SADC cluster with effect from November 2009.

Murray Easton, appointed group chief engineer in September 2009, responsibile for the Group's nuclear strategy.

Malose Chaba, appointed executive director and group head of assurance with effect from 1 September 2009.

Andrew Langham, appointed financial director of Murray & Roberts Limited with effect from 1 September 2009.

The Murray & Roberts leadership teams are a key source of competitive advantage and the Group has implemented a rigorous process to 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 with 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 continuously strengthens its human capital development with formal management of its leadership pipeline. The Group is awarding more bursaries, facilitating more leadership development and providing more learnerships and artisan training.

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.

Additional information is available in the sustainability report on pages 85 to 87 and the remuneration & human resources committee report on page 103.

Key focus – broad-based black economic empowerment

2009 MILESTONES

- BBBEE rating improved to level 5
- 28,4% broad-based black ownership based on dti Codes of Good Practice
- 40% of voting rights held by black board members
- R45,7 million contributed to enterprise development
- R21,1 million invested in socio-economic development

2010 FOCUS

- Achieve a BBBEE rating of level 4
- Improve employment equity and skills development ratings
- Maintain enterprise development and socio-economic development contributions

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 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
- comprehensive skills development to enhance individual and organisational capability and capacity
- 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 and groups

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

- Elgin Engineering has a 51% share in Medupi Fabrication, a newly established steel fabricator
- Lehumo Women's Investment Trust has a 26% share in certain Tolcon operations
- Royal Bafokeng Finance holds a 51% share in Bafokeng Concor Technicrete
- Strategic Partners Group is a 25% shareholder in the Bombela Concession Company and a 10% shareholder in Bombela Civils Joint Venture and Bombela Operating Company

Yunus Karodia, group secretary, Murray & Roberts Holdings

Amon Matsila, contracts director, Concor Engineering

Mohammed Mahomeddi, financial director, Concor Roads & Earthworks

Yumna Cunningham, human resources manager, Murray & Roberts Marine

Sepadi Mohlabeng, technical director, The UCW Partnership

Brian Mchunu, business development director, Much Asphalt

Additional information is available in the sustainability report on page 95.

Key focus – risk management

2009 MILESTONES

- Risk committee reviewed 12 major project bids
- Group risk completed two group-level risk assessments
- 27 business plan strategic risk assessments undertaken
- Full risk baselining of power projects
- Group internal audit completed:
  - 24 control self assessment validations
  - 14 business plan strategic risk mitigation reviews
  - 17 project, process and system audits

2010 FOCUS

- Extend the combined assurance model
- Expand the role of group risk management

The Group risk principle is that opportunity is derived from acceptance of risk and value from management of risk.

The Murray & Roberts enterprise risk management process is governed by the group risk framework which is adopted by all operating company boards and executive committees. The process is applied in all areas of potential exposure to risk, including acquisitions, capital expenditure, project management, health, safety & environment management and brand integrity.

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

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

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 regulated through the opportunity management system (OMS)

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 current value 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. Business plan risk mitigations are reviewed for existence and effectiveness. Audits of selected major projects, systems and processes are performed through a combined assurance model by management and internal audit, and selectively reviewed by experienced corporate executives and external service providers.

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

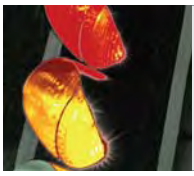
RISK MANAGEMENT PROCESS

RISK ASSESSMENT

Establish exposure to threats and opportunities.

RISK BASED AUDIT

Test integrity of internal controls addressing significant areas of risk.



OPPORTUNITY MANAGEMENT

Take decision which changes Group's exposure to risk.

RISK MITIGATION

Proactively reduce the likelihood and impact of threats. Exploit opportunities.

Greg Ker-Fox, group executive responsible for risk management

Key focus – project portfolio management

2009 MILESTONES

All project companies now utilise the OMS

2 613 projects registered

OMS supported 520 decisions and processed 3 407 transactions

2010 FOCUS

Expand OMS to support allied project lifecycle processes, including business development, commercial, tax, insurance and governance.

Murray & Roberts has a non-negotiable commitment to sustainable earnings growth and value creation and believes this is possible only through a focus on risk management to preserve operating margin.

The Group has a long and proud record of major project delivery. It has been responsible for constructing much of the built environment in Southern Africa and 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 opportunity management system (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 (green), and those which can proceed only after more rigorous evaluation (amber and red). If a project is approved through this latter process, a steering committee will be established to monitor the project through to final account.

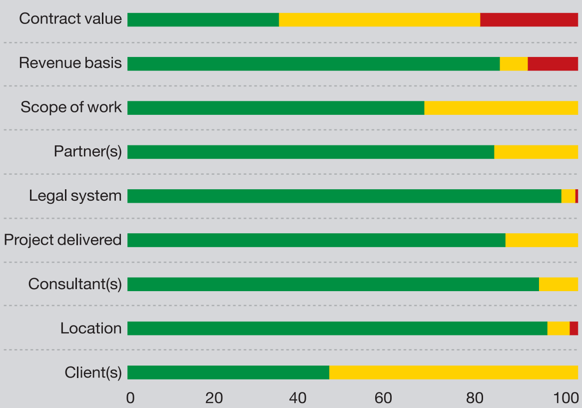
Unitary Murray & Roberts enables the Group to exploit unique synergies in its various operations and engage major projects with collective strength. This approach has leveraged our ability to compete for some of the world's most challenging projects.

"Focus on Performance" benchmarks our leadership and systems capacity against the status of best-in-class in the 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.

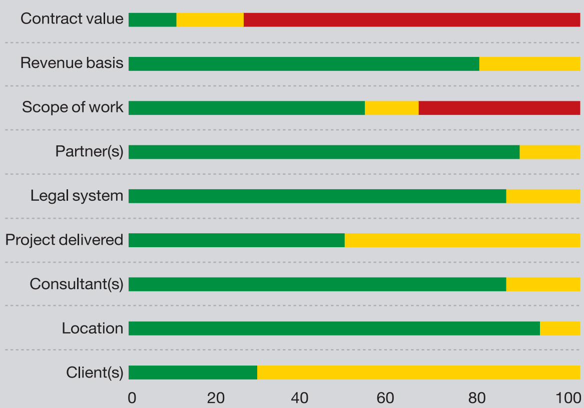
The accepted international definition of a major project is one which exceeds the inherent capacity of an organisation to manage it within its existing resource and capacity. Partnership is a strategic imperative for the Group and we select our partners against criteria including market knowledge or 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 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 within the organisation to improve the effectiveness of group risk management.

Number of project opportunities vs constraint filter (%)



Value of project opportunities vs constraint filter (%)



Operating board approval required | Executive chair approval required | Murray & Roberts Limited board approval required

Additional information is available in the sustainability report on page 94 and the risk management committee report on page 102.

Key focus – assurance

Malose Chaba (49),
PrEng BSc Eng (Elec) MSc,
group head of assurance

2010 FOCUS

- Consolidate the Group's assurance and internal audit functions
- Build internal audit capacity covering:
  - systems of control
  - health, safety & environment
  - technical capacity
  - project performance

The Companies Act 71 of 2008, which becomes operative in 2010, legislates many new and different requirements for companies, directors and management in South Africa. In response and considering the ever changing trends in international governance, the third report on corporate governance in South Africa was commissioned. The outcome is the King Report on Governance for South Africa 2009 (King III) published on 1 September 2009 and effective from 1 March 2010.

Murray & Roberts has supported the development of King III and group chairman Roy Andersen has played an active leadership role in its development.

King III sets a higher standard and requirement for internal audit and recommends the appointment of a chief audit executive to oversee the assurance of performance. As Murray & Roberts has a global and technology diverse footprint, this presents a particular challenge to the Board.

The structure and governance priorities of the Group must deliver technical and financial performance balanced by community and environmental responsibility. The business assurance model of the Group has been designed over time to address this balance. This model is risk based and risk driven, developed over a number of years and now at a state of reasonable maturity.

Murray & Roberts has announced the appointment of Malose Chaba as group head of assurance and an executive director. All group assurance and internal audit functions will be consolidated under his responsibility in the period leading up to March 2010. This will include group risk, compliance audit of health, safety & environment performance and systems of control as well as management of technical and project interventions.

Murray & Roberts applies its STOP.THINK campaign to all project sites.

Key focus – health, safety & environment

2009 MILESTONES

- Fatal accidents reduced to nine (2008: 16) but LTIFR increased marginally to 2,87 (2008:2,44)
- Ten months of the year fatality free
- Implemented group wide employee wellness program
- Only one significant environmental incident on Gautrain Project
- Carbon footprint established and reduction measures assessed

2010 FOCUS

- Reduce LTIFR by 33% to at least 2,0
- Comprehensive health & safety audits
- Broad-based supervisory education
- Establish energy efficiency levels and set goals and target dates

Denis Beaudoin, corporate director, health & safety, Cementation Canada

Koos Oosthuizen, risk & HSE executive, Murray & Roberts Cementation

Dineo Koontse, health, safety & environment director, Murray & Roberts Botswana

Graeme Yates, health, safety & environment manager, Murray & Roberts Construction

We aspire for 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.

Zero harm is an aspiration that drives our strategy for, and response to, the health, safety and environment (HSE) challenges faced by Murray & Roberts. Continuous motivation and education of our employees to take responsibility for themselves, their colleagues and the environment is a key driver of the Group and its management. Through this we strive to embed HSE values and a safety culture built on the principle of STOP.THINK.

The social, economic and health dynamics in our South African environment have a profound impact on our employees and are reflected in their safety 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 the strength of our geographic and cultural diversity lies a greater demand for clear, consistent and timeous information on the importance and rationale for zero harm.

Murray & Roberts subscribes to the principle that the risks of climate change associated with increasing greenhouse gas (GHG) concentrations in the atmosphere should be addressed through accelerated action, guided by the United Nations Intergovernmental Panel on Climate Change. The Group currently does not have a GHG emissions reduction plan in place, and is refining its internal systems to establish the correct baseline measurement. While assessing opportunities for reductions, some individual operating entities have mitigation initiatives in place.

Additional information is available in the sustainability report on pages 88 to 91.

Group directorate – non-executive directors

ROY CECIL ANDERSEN (61)

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 the health, safety & environment committee. Trustee of The Murray & Roberts Trust. Chairman of Sanlam. Director of Aspen Pharmacare Holdings, Nampak and Virgin Active Group. Member of the King Committee on Corporate Governance.

DAVID DUNCAN BARBER (56)

FCA (England & Wales) AMP (Harvard), independent non-executive director

Appointed to the Board in 2008. Chairman of the audit committee. Director of Telkom SA. Former global chief financial officer of Anglo Coal and former chief financial officer of Anglo American Corporation of South Africa. Previously served as a non-executive director and member of the audit committee for several companies including Anglo Platinum, Highveld Steel and BJM Holdings.

ALAN DE VILLIERS CHARLES KNOTT-CRAIG (57)

BSc Eng (Elec) MBL DBL DBA, independent non-executive director

Appointed to the Board in 2008. Chairman of the health, safety & environment committee. Director of Nedbank Group, Nedbank and board member of CSIR and Right to Care. Telecommunications consultant.

NAMANE MILCAH MAGAU (57)

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 and Merrill Lynch South Africa. Member of the University of Cape Town Business School Advisory Board.

JOHN MICHAEL McMAHON (62)

PrEng BSc Eng (Glasgow), independent non-executive director

Appointed to the Board in 2004. Member of the health, safety & environment committee. Director of Central Rand Gold and Impala Platinum Holdings.

IMOGEN NONHLANHLA MKHIZE (46)

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. Chairman of Richards Bay Coal Terminal. Director of companies, including Sasol, Mondi plc, Mondi, Allan Gray and MTN Service Provider. Member of the Financial Markets Advisory Board, the Harvard Business School Global Alumni Board and Rhodes University Board of Governors.

ANTHONY ADRIAN ROUTLEDGE (61)

BCom CA(SA), independent non-executive director

Appointed to the Board in 1994. Member of the audit committee and the remuneration & human resources committee. Trustee of The Murray & Roberts Trust.

MAHLAPE SELLO (47)

LLB Master of Arts and Law (Russia), independent non-executive director

Appointed to the Board in 2009. Member of the audit committee. Serves on the Johannesburg Bar Council and member of the South African Law Reform Commission. Chairperson of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

SIBUSISO PATRICK SIBISI (54)

BSc Physics (Hons) PhD (Cambridge), independent non-executive director

Appointed to the Board in 2007. Chairman of the risk management committee and member of the nomination committee. President and CEO of the CSIR. Chairman of Denel and director of Liberty Group. Member of Roedean School Board of Governors. Fulbright Fellow at the California Institute of Technology in 1988.

ROYDEN THOMAS VICE (62)

BCom CA(SA), independent non-executive director

Appointed to the Board in 2005. Chairman of the remuneration & human resources committee. Member of the risk management and nomination committees. Trustee of The Murray & Roberts Trust. Chairman of Hudaco Industries. CE of Waco International. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

Executive directors

BRIAN CAMERON BRUCE (60)

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. Director of National Business Initiative and member of Council of the University of the Witwatersrand.

MALOSE PHILLIP CHABA (49)

PrEng BSc Eng (Elec) MSc, group executive director

Joined the Group in 2004 and appointed to the Board in 2009. Group head of assurance. Responsible for Murray & Roberts Marine and Wade Walker. Member of the NEPAD Business Forum (Energy Working Group), Black Business Council and National Science and Technology Forum (Department of Science and Technology).

TREVOR GEORGE FOWLER (59)

PrEng BSc Eng (Civil), group executive director

Joined the Group and appointed to the Board in 2009 and will assume responsibility for Construction SADC. Previously COO in the South African Presidency. Held roles in Gauteng Provincial and National Government administrative and political developments. Former chairman of the Trans Caledon Tunnel Authority and deputy chairman of the Health Systems Trust.

SEAN JOSEPH FLANAGAN (49)

BSc (Building), group executive director

Joined the Group in 1991 and appointed to the Board in 2004. Responsible for Gautrain construction, thermal power program and Green Point Stadium for the 2010 FIFA Soccer World Cup™.

ROGER WILLIAM REES (56)

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.

ORRIE FENN (54)*

BSc (Hons) Eng MPhil Eng DEng, group executive director

Will join the Board in November 2009 and will assume responsibility for Construction Products SADC. Former COO of PPC. Member of the SA Institute of Mining and Metallurgy and fellow of the Institute of Quarrying.

Group secretary

YUNUS KARODIA (37)

CFA CA(SA), group secretary

Joined the Group in 1999. Appointed group secretary and group financial manager in 2007.

* Orrie Fenn will be appointed as executive director in November 2009.

Martin John Shaw, Keith Edward Smith and Johannes Jacobus Martinus (Boetie) van Zyl retired as directors on 28 October 2008.

BOARD STRUCTURE

MURRAY & ROBERTS HOLDINGS LIMITED

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

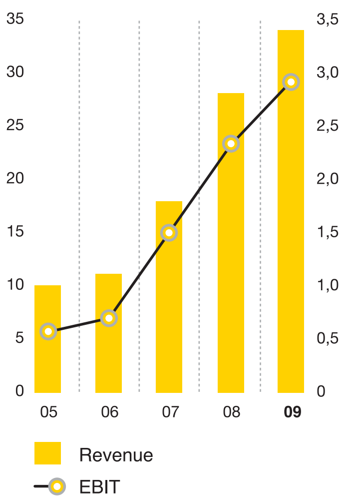
Additional information on the directors is available on pages 193 to 195 of this report.

Chairman statement

Roy Andersen, chairman

> In an environment of economic turmoil, Murray & Roberts has demonstrated its financial and operational resilience.

Revenue and EBIT
(R billion)



Dear Shareholder

Our financial results for the year to 30 June 2009 reflect the impact of global economic turbulence on our business but also the extent to which we were able to maintain a creditable performance in our domestic and international markets.

Revenue and operating profits grew by 27% as the diversity of our operations within the construction economy provided resilience and limited the impact in the sectors most severely affected by the downturn. Diluted headline earnings per share grew by 23% to 675 cents. These results exceeded the top end of the range of advice offered to the market prior to the release of our preliminary results.

An important indicator of our financial health is the operating margin, which at 8,6% is consistent with the previous year and remains within our strategic framework. The order book for construction and engineering projects was R40 billion at year-end – in spite of the loss of significant projects – and at 157% of project revenue exceeds global best practice.

I am pleased to report that the Board has declared a dividend of 218 cents for the full year (2008: 196 cents).

Safety

The Board has noted with concern the death of nine (2008: 16) employees on Murray & Roberts work sites in South Africa. We express our condolences to the families of the deceased.

The Board has implemented measures to make our operations safer 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. The group consolidated lost time injury frequency rate (LTIFR) of 2,87 (2008: 2,44) indicates that much work is still required for the achievement of our group target of zero fatalities and permanent disablement and a LTIFR below 1,0.

Business environment

The past year has witnessed the decline of the global economy into its first coordinated recession since World War II, following the global financial crisis. World trade and manufacturing production were particularly hard hit, with commodity prices following the downward trend. Global oil prices, for example, at one stage declined to approximately one third of their all-time high reached in the second quarter of 2008.

South Africa did not escape the fall-out from global events, which exacerbated the cyclical economic downturn that was already underway. In line with global trends, the manufacturing and mining sectors suffered the most, but the downward

Gautrain – July 2009
Tunnelling at Marlboro Portal

Viaduct at N1 highway, Pretoria

Rhodesfield Station near OR Tambo International Airport

trend in other sectors of the economy, including residential construction, did not ease up in spite of lower interest rates. A number of major long term transport infrastructure and power capacity expansion programs initiated in recent years provided a buffer for the domestic construction industry and will continue to deliver value for Murray & Roberts after the shorter term projects associated with the 2010 FIFA Soccer World Cup™ are completed.

Most of the sectors and geographic areas targeted by our Group were strongly impacted by the economic downturn. Some countries in the Middle East suffered a severe decline in revenue, making the review of spending plans unavoidable. However, the events also underscored the necessity to diversify these economies which will require the ongoing creation of a supporting infrastructure. Our construction business in the Middle East had four of its major secured projects in Dubai, Bahrain and Abu Dhabi terminated during the year. But, a focused risk management regime and judicious expansion into other markets in the region supported a robust financial performance by this operation.

In the global mining sector, the sharp decline in commodity prices caused the postponement or cancellation of a number of capacity expansion projects. Of course this development holds in itself the possibility of sharply higher future commodity prices and a scramble for increased supply as the challenge of growing resource scarcity remains as valid as ever. But, during the year, our mining businesses in South Africa, Canada and Australia were severely impacted by market conditions. All three operations experienced the postponement or cancellation of significant projects. However, ongoing long term projects for key global clients in South Africa and Canada provided a buffer for the performances of these operations.

Indications are that economic conditions are stabilising, partially in response to measures taken to address the risk of systemic failure in the financial system and the adoption of exceptionally stimulatory policies. Interest rates have declined sharply and fiscal packages are targeting increased spending on infrastructure development.

Strategic positioning

Murray & Roberts has undergone significant transformation and growth in recent years and now faces the challenge of maintaining future growth in challenging and rapidly changing domestic and global environments.

The Board has approved a new strategic phase referred to as Reframing Murray & Roberts. While retaining the core elements of our strategy, Reframing Murray & Roberts prioritises organic growth and acquisitions required to build the critical mass necessary to remain competitive and maintain future growth in our targeted sectoral and geographic markets.

Human capital

Murray & Roberts considers its people and leadership teams as a key source of competitive advantage. An important element of Reframing Murray & Roberts is the continuous development of our human capital resource – from our workforce to our executive leaders – to ensure that we have the stability, capacity and ethical steadfastness required to meet the demands of our business environment.

We have engaged in a comprehensive range of strategies to ensure that our human capital is capable of achieving our strategic and transformation objectives. We have strengthened group leadership and facilitated succession planning with key appointments and intensified our focus on the recruitment, retention and development of future leaders by adopting the graduate and leadership pipeline approach. Our investment in formal training and development across the Group amounted to R96 million (2008: R106 million), with R34 million invested in an Artisan Training Centre at Lephalale FET College, where 700 artisans will be trained for the Medupi Power Station. Furthermore, the Group funded 193 bursars at South African tertiary institutions and approximately 10 000 employees undertook skills enhancement and training development.

Black economic empowerment

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

Murray & Roberts has achieved important milestones in the implementation of a comprehensive strategy to address the full range of empowerment requirements across its diverse range of operations serving the domestic construction economy. During the year, a review of the Group's empowerment status relative to various industry charters and current legislation concluded that the Group's broad-based black economic empowerment rating improved to level five and we registered 28,4% broad-based black ownership based on dti Codes of Good Practice.

The Letsema broad-based black economic empowerment (BBBEE) scheme has created wealth of more than R1,2 billion for an estimated 20 000 employees and community participants and total dividends of R112 million have been paid to the trusts to date. Furthermore, we contributed R45,7 million towards enterprise development and invested R21,1 million in socio-economic development from the dividend gains of the Letsema BBBEE scheme.

At a leadership level, the composition of the Board will increasingly reflect the transformation of South African society. Currently, six directors are black, three of whom are women. Murray & Roberts has four black and women managing directors and one black cluster chairman in its operations in the SADC region.

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 stakeholders and future generations.

Murray & Roberts has adopted the Global Reporting Initiative (GRI) reporting guidelines to measure and report performance against economic, environmental and social parameters. We apply the principle of zero harm to our company and all aspects of our business – our people, our shareholders, our clients and business partners, the natural and built environment impacted by our operations and broader society.

Risk management

A critical element of our future sustainability is our ability to manage risk. The Group has adopted the principle that opportunity is derived from acceptance of risk and value from management of risk. A group risk framework governs the management of risk at all levels of the organisation and an enterprise risk management process is applied in all areas of potential exposure to risk, including acquisitions, capital expenditure, projects, health, safety & environment and brand integrity.

Competition

Murray & Roberts supports free and competitive markets and has adopted a position of zero tolerance towards anti-competitive behaviour and collusive misconduct. In compliance with its legal obligation, Murray & Roberts took an industry lead in initiating internal audits in its operations and conducts a program of communication and training to assist employees in understanding competition law and its implications for the Group. Where any evidence of possible collusion is uncovered, disclosure is made and full cooperation given to the authorities.

Murray & Roberts is concerned by and denies recent allegations and statements of widespread and prevalent collusion in the construction industry but acknowledges that the past history of the sector may support this perception.

There have also been allegations of a steel producers' cartel. Cape Town Iron & Steel Works (CISCO) is a subsidiary of Murray & Roberts and denies any knowledge of such a cartel being in force. The forensic investigations undertaken by Murray & Roberts consequent to the so-called "dawn raids" by the Competition Commission, indicate that, if anything, CISCO, has for a number of years, been a victim of predatory pricing by the larger inland steel mills.

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

Corporate governance

The Board is of the opinion that Murray & Roberts 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 (King II). Following the release of the King Report on Goverance for South Africa 2009 (King III), the Board will conduct a full review of applicable mandates and committee terms of reference.

Internal appraisals of the effectiveness of the Board, its committees, the chairman and individual directors were conducted during the year. The appraisals were 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 appraisals were positive and their recommendations are being followed through for implementation. An external appraisal will be conducted next year.

King III recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted a review of the independence of its non-executive directors. All non-executive directors meet the criteria set out in King III for determining their independence in fulfilling their duties towards the company. The average length of service of the non-executive directors was four years and six months during the year under review.

Dubai International Airport



Board of directors

Following the retirement of Martin Shaw, Boetie van Zyl and Keith Smith at the 2008 annual general meeting, it has been a great pleasure to welcome two new non-executive directors to the Board this year.

Alan Knott-Craig was appointed a non-executive director and chairman of the health, safety & environment committee with effect from 27 November 2008. Alan brings extensive business experience to the Board. He was previously chief executive of Vodacom Group and now consults in the field of telecommunications. Alan is a director of Nedbank Group Limited and a board member of the Council for Scientific and Industrial Research and Right to Care.

Adv Mahlape Sello was appointed a non-executive director and member of the audit committee with effect from 25 February 2009. Highly regarded in the legal fraternity, Mahlape serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission. She is also chairperson of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Health Department and served for six years as a member of the Construction Industry Development Board and its task team.

Subsequent to the year-end, we welcomed two new executive directors to the Board.

Malose Chaba was appointed an executive director with effect from 1 September 2009. Malose, an electrical engineer, joined the Group as managing director of Murray & Roberts Engineering Solutions in 2004 and was appointed group chief engineer and chairman of the engineering contracting cluster in 2008. In 2009 he was appointed to his current role as group head of assurance.

Trevor Fowler joined the Group and was appointed an executive director in September 2009. He will succeed Keith Smith as executive chairman of the Construction SADC cluster during the year and will be responsible for expanding the Group's engagement with the rest of Africa. Trevor is a civil engineer and was previously chief operating officer in the South African Presidency.

In addition, Dr Orrie Fenn, chief operating officer of PPC, will join Murray & Roberts and be appointed an executive director in November 2009. Orrie will assume full executive responsibility for all the businesses forming the Construction Products SADC cluster.

Appreciation

The challenging business environment in which we operated during the year placed significant pressure on our people. I wish to record my appreciation for the wise counsel provided by my fellow board members, the resilience of Brian Bruce and his executive team in a period of extreme challenge and the commitment of every Murray & Roberts employee to our Group. 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 21 October 2009. The order of business is set out on pages 196 to 201 of this report.

Prospects

Murray & Roberts is a resilient organisation with a strong and experienced leadership team. The Group is confident that the current slowdown in fixed capital formation is a temporary correction and that markets remain on course for a long term growth trajectory.

While the Group does expect growth in the year ahead, if not in all companies and markets then from the new markets and opportunities it has committed to engage, volatility of the South African Rand against the US Dollar and other international currencies may impact the translation of the Group's 40% international earnings.

A business update will be presented at the Group's annual general meeting.

The financial information on which this prospects statement is based has not been audited or reviewed by the Group's auditors.

Roy Andersen
Chairman

Group chief executive report to shareholders

MURRAY & ROBERTS PROVES ITS RESILIENCE

Revised strategy to deal with global market turbulence

Strength in diversity

Reframing Murray & Roberts

Brian Bruce, group chief executive

The following extract from the JD Roberts Valedictory Message in September 1979 marked his retirement from Murray & Roberts after 50 years in the industry and Group and sends a message to future generations of leadership. It defines his management style and philosophy that brought the company from humble beginnings to its then status as industry leader.

"We must avoid, at all costs, complacency and resting on our laurels"

Recognise the importance of people, both men and women, for they are our greatest asset and without them no machine, not even a computer, functions. I have always preached the philosophy taught to me many years ago by a professor of management, who said:

"Don't try to manage your business, manage your managers, for what is a business but a collection of people"

Choose the right man, put him in the right position, encourage him, help him, motivate him by including him in management at whatever level so that he feels part of the team and then delegate authority to him. It is this principle, I believe, that allows me to retire with such confidence in the future of Murray & Roberts.

Instil into all staff the qualities of trustworthiness and integrity, for truth is the greatest weapon in competitive industry. Good workmanship and completion on time are sure to establish trust and produce repeat orders, which is the surest sign of success. Tickey-snatching is a very short-sighted policy and is to be avoided.

Use imagination so that we can be "one jump ahead" of [others]. Never be satisfied with accepted methods however efficient they may appear. Improvements and consequent cost saving can always be achieved if sufficient ingenuity and determination is applied. In our Group the development of new methods in techniques, both on site and in details of controls and management, have reaped great rewards.

Training at all levels has been a keystone of our policy and it has paid handsome dividends, not only to the company but to all those members of staff in supervisory positions, be they directors or modest gang bosses, for we all depend for our personal advancement on the efforts of those below us, a fact which most people do not appreciate. There is nothing altruistic about training.

And, finally, I am not a great believer in luck, an expression used so often by an unsuccessful competitor. I believe that opportunities pass a man every day. Some recognise them and some do not use their eyes, ears and imagination to the full – and miss their significance."

This remains the essential leadership philosophy of Murray & Roberts today. I have great faith in the collective wisdom of many over the individual. Murray & Roberts is shaped every day by the thoughts and actions of its people and managers, responding to circumstances only they know in detail. The role of group leadership is to listen and hear, properly reflect the values that matter and set a direction and discipline for future performance.

Green Point Stadium, Cape Town

External and internal views of progress achieved as at July 2009

The year in perspective

It is my privilege to present this report on the strategy, performance, activities and people of Murray & Roberts for the 2009 financial year, and our prospects for the future.

We have experienced through this year, one of the most volatile periods in living memory. There were times in the six months between October 2008 and April 2009 when we did not know how far the crisis could develop or what the impact on our business and prospects might be. The very confidence of our short to medium term performance is our order book, and during that period approximately 35% (R20 billion) of secured order book was terminated.

But Murray & Roberts has shown its resilience through this period. Our operational leadership teams have been exemplary in their engagement of this challenge and the Group has not suffered any negative financial consequence as a result of these terminations.

Regrettably, about 7 000 jobs have been lost since November 2008 and revenues for the year are down about R4,0 billion (10%) compared to original budgets prepared in April 2008.

Our business model is focused on the construction economy through a number of market and organisational dimensions, making it sufficiently diverse to support sustainability of performance. So, despite the economic crisis and current recession in many of our markets, most operations have delivered credible performances in the financial year.

Reframing Murray & Roberts is our strategic response to the global economic challenges and market uncertainties. This essentially reframes our established business model on the principle *"same picture but against a different context, background and surrounding"*.

This follows the strategic success of Rebuilding Murray & Roberts between 2000 and 2005 and Globalising Murray & Roberts through 2006 to 2008.

Our primary strategic action has been to regroup our operations into six large business clusters. Three will be focused on the domestic and regional SADC market and three on our international and global markets. We have identified and appointed new and experienced executive leadership into the top levels of the organisation to complement the high level capacity already in place.

Our leadership development and succession pipeline is directed at the significant human potential within the organisation and has identified a number of matches between key appointments in the new structures and available capacity.

The year ahead will almost certainly present further challenges. There is new opportunity in the market and order book development has kept pace with revenue-based depletion over the final four months of the year. In passing through this year-end, each operation has been stress tested in the context of the economic crisis, its impact to date and any likely influence on performance into the future.

This process increased final quarter volatility, but has delivered a confident overall result for the year that underpins the future performance potential of the Group.

Performance and order book

I am pleased to report that despite some concern following our third quarter review and the subsequent trading update to the market, Murray & Roberts finished the year ahead of expectation with diluted headline earnings growth up 23% at 675 cents per share.

Although we do not publish internal targets, it is important to note that 675 cents per share was the original budget for the Group prepared in April 2008.

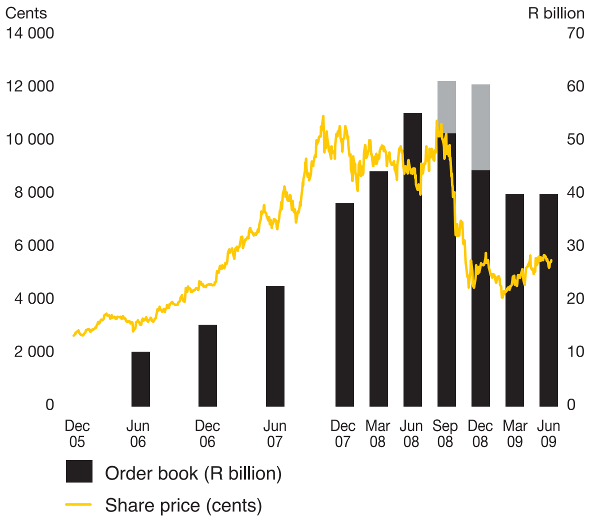
The volatility in Murray & Roberts was caused partly by a set of market circumstances that led to order book and revenue growth ahead of expectation through the first half year, and its rapid erosion through the second half year.

The 2009 financial year has also been one of extreme volatility and two very different halves. Revenue growth in the second half was limited to 12% compared to the previous equivalent period and down from first half growth of 44% as previously reported.

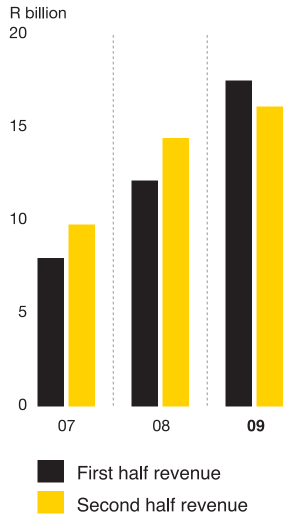
These circumstances are reflected in the two graphs on the next page.

Group chief executive report to shareholders continued

Market volatility



Year of two halves



The table below reflects order book development relative to construction & engineering revenues where global best practice indicates that for sustainable performance, order book should be within the range 75% to 125% of current year revenues.

30 June 2007	Order book	R38,0 billion	2,1 times 2007 revenues
30 June 2008	Order book	R55,0 billion	2,4 times 2008 revenues
Financial Year	Revenues	(R25,5 billion)	
	Order book	R35,5 billion	
	Terminations	(R20,0 billion)	
	Disposals	(R5,0 billion)	
30 June 2009	Order book	R40,0 billion	1,6 times 2009 revenues

We know from experience that in a stable construction market, the 12 month forward order book divided by 65% should on average indicate minimum revenue for the period ahead.

It is for this reason that order intake matching order book consumption over the final quarter of the financial year is an important indicator. Market conditions are challenging at the moment and contractors with shorter term order book profiles than Murray & Roberts will become concerned about future work and trend to lower prices, often with the intent to maintain resources. This means the general market trends towards lower margins and higher risk.

In the year, group revenues increased by 27% to R33,8 billion (2008: R26,7 billion) with an operating profit increase of 27% to R2,9 billion (2008: R2,3 billion). Despite the fall off in second half activity, the operating margin for the year has been maintained at 8,6%.

The year-end net cash position was R2,9 billion (2008: R4,3 billion) after a 33% increase in net capital expenditure to R2,4 billion (2008: R1,8 billion). Operating cash inflow for the year was down 50% at R1,6 billion (2008: R3,1 billion) after a R1,3 billion increase in working capital (2008: R445 million decrease) essentially to fund inventory in the fabrication & manufacture businesses and in Clough Limited (Clough).

Shareholder funds increased 15% to R5,6 billion (2008: R4,9 billion) giving a return of 38,6% (2008: 40,3%) on average shareholder funds for the year.

Market capitalisation was R16,6 billion at 30 June 2009 on a share price of 5 000 cents, which is down 42,5% on the 8 699 cents at 30 June 2008 and more than 50% down from a series of brief highs above 10 000 cents in August and September 2008. At the time of this report the share traded above 6 000 cents, more than 80% up on the low of 3 300 cents recorded in February 2009.

At above 6 000 cents, the share trades at about 3,5 times NAV and about 7,5 times earnings based on the financial performance to 30 June 2009. This is a good rating in the current market.

We have seen some volatility in the profile of our share register through the year. International emerging market funds reduced their collective shareholding in our Group from 44% at June 2008 to about 34% by March 2009. They have subsequently reinvested and were up again at about 42% at 30 June 2009.

Our strategic response to these dynamics is Reframing Murray & Roberts, which sets the objective to reinstate the share in a range above 9 000 cents* within the foreseeable future, based on our non-negotiable commitment to sustainable earnings growth and value creation.

** The financial information on which this statement is based has not been audited or reviewed by the Group's auditors.*

Murray & Roberts leaders who have made significant changes to the strategic direction and growth of the Group.

1902 | 1934 | 1967 | 1979 | 1984 | 2000 | 2012+








Leadership succession

John Murray	1902 – 1929
Douglas Murray	1924 – 1964
Douglas Roberts	1924 – 1979
Andrew Roberts	1936 – 1967
Des Baker	1948 – 1981
Dave Brink	1972 – 2000
Brian Bruce	1972 – 2012

ROBERTS CONSTRUCTION 1934 – 1979

MURRAY & ROBERTS 1967 – 2012+

MURRAY & STEWART 1902 – 1979

Reframing Murray & Roberts

The operational reviews that follow in this report offer greater detail into the activities of our clusters and their constituent businesses. We have responded to the current market turmoil and its impact on Murray & Roberts by rethinking our organisational structure and leadership framework. This is Reframing Murray & Roberts. It is also an appropriate time to prepare for the succession process that every organisation must face on a regular basis. In the 107 years since its foundation as an emerging building contractor in Cape Town in 1902, Murray & Roberts has essentially had just six leaders who have made significant changes to the strategic direction and growth of the Group, taking advantage of or dealing with the macro socio-economic circumstances of the time.

Murray & Roberts has become South Africa's leading engineering, contracting and construction services company. It has created employment, developed skills, installed infrastructure, delivered services, applied technology and built capacity throughout South and Southern Africa for 107 years, making a significant contribution to sustainable socio-economic development in the region. It has also played an important role in the construction of some of the world's largest and most challenging infrastructure and industrial projects.

Murray & Roberts operates in Southern Africa, Middle East, Southeast Asia, Australasia and North America from its home-base in Johannesburg, South Africa, where it has a public listing on the JSE Limited. It has an international coordinating office in the United Kingdom and principle offices in Australia, Botswana, Canada, Namibia, United Arab Emirates and Zimbabwe. It is currently expanding its presence into South America, Africa and Asia.

Murray & Roberts is primarily focused on the natural resource driven construction markets in industry & mining, oil & gas and power & energy and offers civil, mechanical, electrical, mining and process engineering; general building and construction; construction products and services to the construction industry; and management of concession operations.

The Murray & Roberts value proposition is defined through its non-negotiable commitment to sustainable earnings growth and value creation. The Group aspires to world class fulfilment in everything it does, through its core competence in industrial design, delivering major projects and services primarily to the development of emerging economies and nations.

Group chief executive report to shareholders continued

As we commence the 2010 financial year, the Group is 300% larger than it was in 2004 (CAGR @ 25% pa) which has placed significant demands on our systems and leadership.

We have resolved to build on our federal business model where centralisation of strategy is supported by decentralisation of performance. The operations of the Group easily cluster into six "super-segments" within our domestic and international leadership frameworks and are reflected below based on the distribution of a *pro forma* revenue balance totalling R50 billion.

	Pro forma revenues		
MURRAY & ROBERTS LIMITED			
Construction SADC	R9,0 billion		
Engineering SADC	R7,0 billion		
Construction Products SADC	R9,0 billion	R25,0 billion	50%
MURRAY & ROBERTS INTERNATIONAL			
Middle East	R7,0 billion		
Cementation Group	R7,0 billion		
Clough Limited	R9,0 billion	R23,0 billion	46%
INVESTMENTS	R2,0 billion	R2,0 billion	4%
		R50,0 billion	100%

These revenues will, over time, include success in the Group's pursuit of new strategic initiatives associated with South Africa's nuclear and affordable housing campaigns, further acquisitions and a redefined Africa engagement strategy.

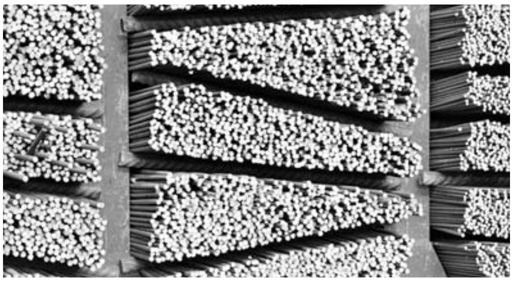
We have, over the past few months, identified a number of high-level candidates who join the group executive leadership team in the current year, extending the leadership capacity already in place, for the challenge ahead.

The six clusters comprise twenty one separate operations in the Group, of which thirteen are construction and engineering and eight construction products. There are five companies classified as investments.

Operational clusters			Investments
Construction SADC	• Murray & Roberts Construction • Murray & Roberts Namibia • Murray & Roberts Botswana	• Concor	• Tolcon
Engineering SADC	• Murray & Roberts Engineering • Murray & Roberts Marine • Wade Walker	• Genrec • Energy Fabrication	• UCW
Construction Products SADC	• Murray & Roberts Steel • Hall Longmore • Much Asphalt	• Rocla • Ocon Brick • Technicrete	
Cementation Group	• Murray & Roberts Cementation • Cementation Canada • RUC Cementation		
Middle East	• Murray & Roberts (Contractors) Middle East • Murray & Roberts Contractors (Abu Dhabi)		• Johnson Arabia
Clough Limited	• Clough Limited		
Corporate			• Murray & Roberts Properties • Murray & Roberts Concessions

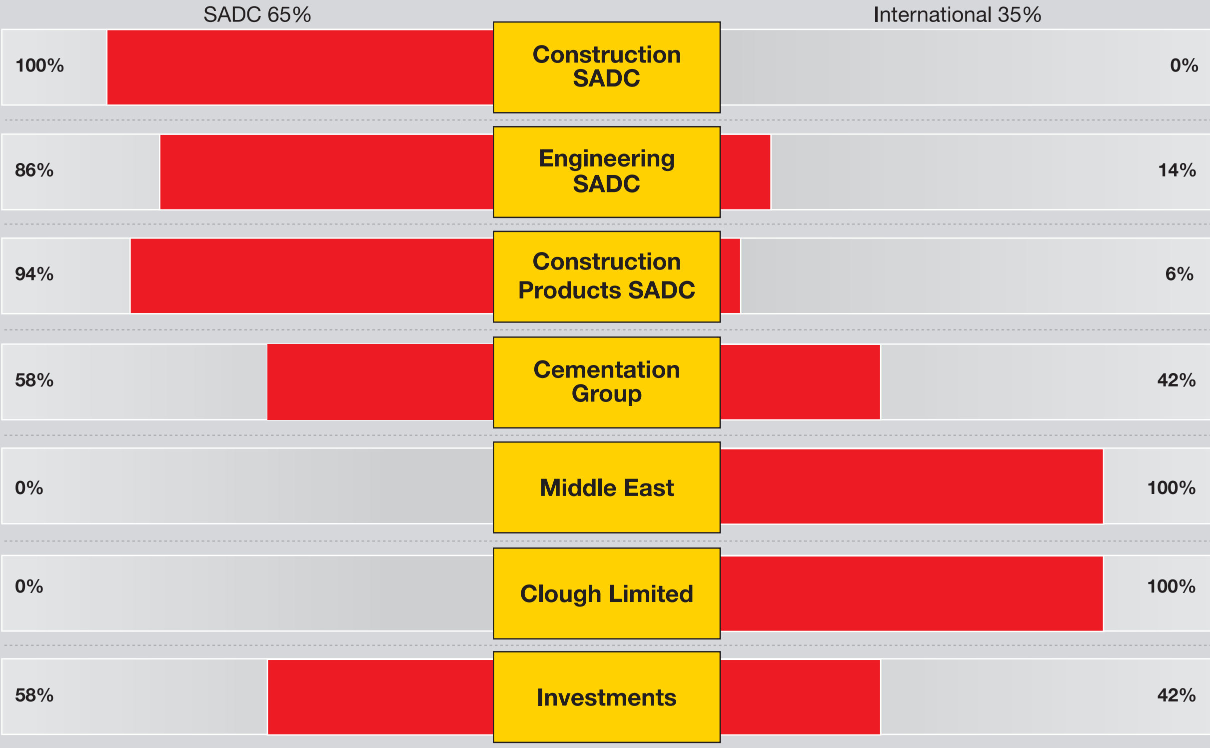
Construction

Steel



Mining

Global revenue distribution



Construction SADC

The five companies in this cluster engage the large to medium sector civil engineering, building, industrial and roads & earthworks construction markets of South Africa, Botswana, Namibia and Zimbabwe and pursue selected project opportunities elsewhere in the Southern Africa Development Community (SADC).

Keith Smith was appointed from July 2007 to lead the integration of Concor into the Group and from May 2008 as executive chairman of Murray & Roberts Construction. Keith has sought to reduce his workload and this has presented the opportunity for us to rethink our leadership strategy for this cluster, which represents the original business on which Murray & Roberts was formed 107 years ago in Cape Town.

Trevor Fowler: PrEng, BSc Eng (Civil), (59) joined the Group in September 2009 and has been appointed an executive director. He will succeed Keith Smith as executive chairman of Construction SADC over the year ahead. He is supported by a strong operational team led by Murray & Roberts Limited director and Concor managing director Cobus Bester.

Trevor joins Murray & Roberts from his previous role as chief operating officer in the South African Presidency. He spent 19 years in exile where he read civil engineering at the University of Manitoba in Canada and worked through his early career as an engineer in Canada, California (where he was also instrumental in activating various anti-apartheid movements) and Botswana. Since his return from exile in the early 1990s Trevor has played a leading role in many aspects of Gauteng Provincial and National Government administrative and political developments.

He served on the Technical Services Task Team of the Local Government Negotiating Forum which negotiated the Local Government Transition Act of 1993 and has been political advisor to a former Gauteng Premier, Gauteng MEC for Economic Development and Speaker of the Gauteng Legislature. He is a former chairperson of the Trans Caledon Tunnel Authority and deputy chairman of the Health Systems Trust.

Engineering SADC

The five companies in this cluster engage large scale EPCM (engineer, procure and construction manage) and EPC (engineer, procure and construct) projects in the industrial, mining, power and marine infrastructure markets. Apart from Murray & Roberts Marine which has an Africa, Middle East and Asia focus, the primary market is South Africa and the rest of Africa.

The final leadership responsibility for this cluster will be decided during the year. In the meantime executive director Sean Flanagan has responsibility to merge Murray & Roberts MEI and Murray & Roberts Engineering Solutions to form a larger scale EPC contractor to serve the industrial, power and resource beneficiation markets of SADC. These companies hold the mechanical contracts for the Medupi and Kusile boilers. Sean also holds responsibility for the Group's involvement in the Gautrain project civils joint venture.

Newly appointed group executive director Malose Chaba has responsibility for Genrec, Energy Fabrication, Wade Walker and Murray & Roberts Marine. He will relinquish his responsibility for the former two to take up his appointment to the new role of group head of assurance which will consolidate all aspects of risk management, internal audit, technical and project review and systems compliance across the Group.

Murray Easton: CBE, BSc (Hons) (Mech), MSc, D.Univ (57) joins Murray & Roberts from the United Kingdom as group chief engineer and will lead the Group's nuclear strategy. He will be appointed a director of Murray & Roberts Limited with initial executive responsibility for Genrec, Energy Fabrication and UCW (Union Carriage and Wagon).

A well qualified experienced mechanical engineer, Murray was recently awarded a CBE in the Queen's Honours and an Honorary Doctorate in recognition of his leadership in bringing the British Navy Nuclear Submarine Program back on track as managing director of BAe Systems Marine. He has extensive background experience in major engineering-related projects with deep knowledge of the nuclear discipline.

Construction Products SADC

The six companies in this cluster manufacture and supply value-added construction products to the infrastructure and building markets of South Africa and rest of SADC. Principle raw material inputs are steel, cement, aggregate, bitumen and to a lesser extent, self-mined clay.

Andrew Langham rejoined the Group and succeeded Keith Smith as cluster executive leader from July 2007. He assumed responsibility for Hall Longmore in July 2008. The opportunity has arisen to appoint Andrew as financial director of Murray & Roberts Limited, which is the main operating company in the Group, where he will oversee corporate administration and South African treasury (including working capital management), taxation and corporate finance, as well as oversight of Murray & Roberts Concessions.

Orrie Fenn: BSc (Hons) Eng, MPhil Eng, DEng (54) will succeed Andrew Langham as executive chairman of the cluster. He has been chief operating officer of PPC and an executive director since 2004. Prior to joining PPC in 1999, Orrie spent almost two years at Murray & Roberts as project director of Blue Circle Cement and before that, seven years at the Chamber of Mines Research Organisation (COMRO) during which he obtained a doctorate in engineering in the field of underground rock boring. He spent his early career in Anglo American and De Beers operations.

Orrie is a member of the SA Institute of Mining and Metallurgy, a fellow of the SA Institute of Quarrying and has a government Certificate of Competency (Mines and Works).

Cementation Group

The three Cementation companies are based in Johannesburg, South Africa; North Bay in Ontario, Canada; and Kalgoorlie, West Australia. They are coordinated out of London and provide specialist engineering, construction and operational services in the underground environment, to the mining and metals resources sector worldwide.

Murray & Roberts International director Peter Adams was tasked from July 2008 to develop greater cooperation between the three companies, each of which had previously been managed independently in their separate geographic markets. A great deal of market and technical support is provided to the group from South Africa via Murray & Roberts Limited, and Murray & Roberts International director and Murray & Roberts Cementation managing director Henry Laas.

It is anticipated that a decision will be finalised during the year on whether to consolidate the Cementation companies into a single group, which in all likelihood will be based in either London or Johannesburg. A final decision on leadership responsibility for this cluster will be made at that time.

Middle East

The Middle East market is coordinated from Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint venture with appropriate local partners. The primary market focus is major commercial facilities and selected infrastructure projects where the Group has a defined competitive advantage.

Murray & Roberts International director Nigel Harvey has led the resurgence and growth of the Middle East construction business since his appointment as managing director in January 2004. He led a strategic move into the Emirate of Abu Dhabi ahead of the collapse in the Emirate of Dubai, which has enabled some stability through a very difficult period.

New market opportunities are being pursued in the Kingdom of Saudi Arabia in partnership with major local construction group Saudi Oger. A number of design build opportunities are

Middle East

Clough

Gautrain

in the pipeline in Abu Dhabi as part of the emirate's drive for private financing of key infrastructure projects. With these developments in mind and Leighton from Australia now a shareholder in local partner Habtoor, Murray & Roberts Australia chief executive John Cooper will join the Middle East board to partner Nigel Harvey.

Clough Limited

The company is based in Perth, West Australia and is generally focused on the upstream oil and gas sector and strategically focused on the LNG (liquid natural gas) markets of Australasia and Southeast Asia and deep water SURF (submarine umbilical and riser flow) markets within the various oil provinces of the Atlantic Ocean along the coastlines of North and South America and Africa and throughout Southeast Asia.

Clough was consolidated into the Group's accounts from July 2007 and John Smith was appointed chief executive in August 2007. He has led the turnaround of the company and positioned it in the global oil and gas market.

Indonesian subsidiary PT Petrosea was sold effective 6 July 2009 and is reflected as a discontinued operation in the income statement and an asset held-for-sale in the balance sheet.

The terms of settlement of the G1 project dispute in India were settled in the year but no recognition has been taken pending the outcome of an Indian taxation authority ruling.

Full details of Clough and its financial results for the year to 30 June 2009 and its prospects for the year ahead are available on **www.clough.com.au.**

Major projects

The scale and duration of major projects secured by the Group over the past few years presents directors and management with a number of challenges. By their nature, these projects are more challenging and present more complexity than normal industry experience.

The Group's involvement in major transport system, power station, locomotive, pipeline, stadium and various Middle East commercial projects makes this a significant feature of the Group's performance profile for the foreseeable future. The directors and management have ensured the right level of internal capacity and independent external advice is applied to assess and manage decisions concerning progress valuation and performance monitoring.

Murray & Roberts has a 25% share in the 20 year Gautrain Rapid Rail Link concession and in the system operator and a 45% share in the construction of infrastructure. The project has been subjected to significant delay and disruption against which claims and variation notices have been submitted to Gauteng Province. These have not yet been resolved in terms of the relevant contracts and in some cases, are likely to be settled over an extended period of time through arbitration.

Gauteng Province has requested a proposal to accelerate phase 1 of Gautrain to achieve completion in time for the 2010 FIFA Soccer World Cup™ and is considering the Bombela response.

The final account settlement of the Dubai International Airport Terminal 3 and Concourse 2 contract has been in progress since completion and handover to the client in October 2008. The Group has a 40% share in the project.

The Medupi and Kusile Power Station projects are in their early stages and have been subjected to significant delay in access to site and supply of information.

The level of revenue recognition on the above projects, which includes a portion of the claims submitted, is prudent and justifiable in terms of each contract, given the complexity and magnitude of claims and variations still to be resolved.

Health, safety & environment

The Group, its directors, management and people sincerely regret the loss of life of nine employees in the year (2008: 16 employees and subcontractors) as a result of fatal accidents in the workplace. Ten months in the year were fatality free and there is absolute commitment to ensure the Group achieves and sustains its target of zero fatalities and disabling injuries.

Regrettably, we have suffered a further two fatal accidents in South Africa since year-end. The first was in an underground accident on 22 August 2009 and the second on a building site in Johannesburg on 29 August 2009.

STOP.THINK is our primary branding for health, safety and environment (HSE) awareness across the Group in South Africa. This is a strategic intervention we initiated in 2006 to break through what seemed to be an impenetrable safety barrier at the time. We have made good progress since then, but not enough.

The Group's safety challenge persists primarily in South Africa, with our international operations generally showing best-in-class performance characteristics. The solution to this challenge is not obvious. I am looking for the "Tipping Point" as defined by author Malcolm Gladwell that will allow us to experience the sudden change necessary to bring our safety performance in South Africa at least in line with our international operations.

We undertake a forensic investigation into every fatal and significant accident. These show that human error is always present in both system override and awareness behaviour. It is for this reason that the Group has introduced behaviour correction and awareness training as a sustainable intervention to complement the conventional safety management practice and procedure already well established in all operations.

A safety lead indicator for serious accident probability is the lost time injury frequency rate (LTIFR) which this year continued a five year downward trend towards a group target of 1,0, increasing marginally to 2,87 for the 12 months to 30 June 2009 (2008: 2,44). The Group is targeting a 33% per annum reduction in LTIFR to achieve our target of less than 1,0 over the period to June 2012.

Prospects

The theoretical 'half-life of stability' in the construction industry is short. Projects come and go, clients and their management teams change and economic cycles of differing intensity are frequent. To prosper and grow requires high levels of optimism, resilience and flexibility, backed by deep levels of experience, skill and determination. The words of JD Roberts still resonate 30 years later.

Murray & Roberts is a vibrant organisation where at each organisational level and individual operating company, there is a constant process of growth, shedding, renewal, development and change.

The current economic crisis is having as profound an effect on our market and business as on any other. We are a resilient organisation with a strong and experienced executive leadership team with deep institutional skills and commitment within our people. We are prepared to lift our sights to a performance prospect that might not seem possible in the present.

We are Murray & Roberts. We have committed to reframing our business into its new surroundings and our medium to long term prospects are sound.

We are, however, concerned that the short term strength of the SA Rand will impact the translation of our international earnings and we must remain prudent in our major project revenue recognition. We can expect growth in the year ahead, if not in all our companies and markets, then from the new markets and opportunities we have committed to engage.

These new opportunities are contained within this year's big issues on pages 14 and 15 that together will make Murray & Roberts a better place and provide our future direction and value proposition.

Appreciation

I wish to acknowledge the significant contribution of the great majority of our people who work every day at the front end of our operations, both in South Africa and elsewhere across the world where Murray & Roberts is present.

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

I extend my appreciation to our chairman, 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. Your performance through this most challenging period has been exemplary.

I also wish to thank Clough chairman Mike Harding and my fellow directors on that board for your commitment and resilience in dealing with residual matters and for supporting the strategy that will take the company to new dimensions of performance.

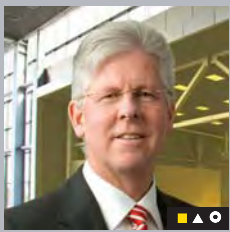
Our chairman has expressed his appreciation to a broader group of our stakeholders and I join him in that accolade.

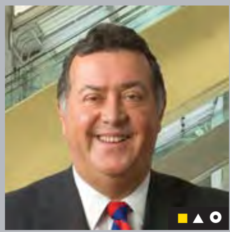
The year ahead is already three months old and while the global economy remains in distress there are strong signs of general stability. Our international markets indicate an earlier return to growth than does South Africa, but our strong domestic order book makes a difference, other than in commercial building.

There is much work to do to deliver our non-negotiable commitment to sustainable earnings growth and value creation.

Brian Bruce
Group chief executive

Murray & Roberts executive committee


Brian Bruce


Roger Rees

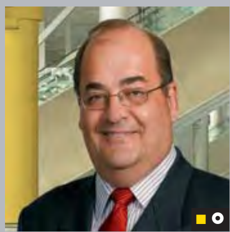

Malose Chaba


Sean Flanagan

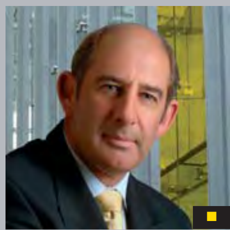

Trevor Fowler


Peter Adams

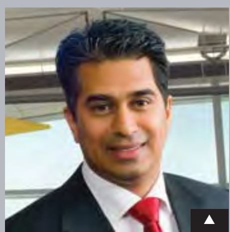

Cobus Bester


John Cooper


Murray Easton


Nigel Harvey

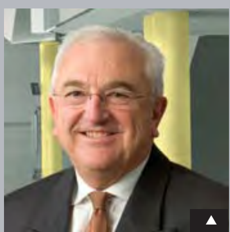

Ian Henstock


Yunus Karodia

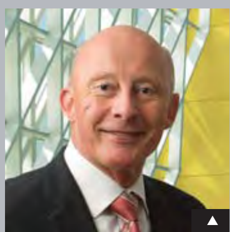

Henry Laas


Andrew Langham


Roger Mower


Rob Noonan


Richard Pope


Terry Rensen


Andrew Skudder


Keith Smith


Orrie Fenn*

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

* Orrie Fenn will be appointed as executive director in November 2009.

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

MAJOR PROJECTS Construction SADC

GAUTRAIN RAPID RAIL LINK

Implosion to make way for Park Station – 2007

Tunnelling at Sandton Station – 2008

Work underway at Marlboro Station – 2009

Location: Gauteng, South Africa

Project CEO: Jerome Govender

Project manager: Ian Thoms

Client: Gauteng Provincial Government acting through the Gautrain Management Agency

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

Project type: Public private partnership

Value: R25 billion plus claims and variations

Duration: 54 months and 15 year operational concession

Project start: September 2006

The Gautrain Rapid Rail Link is one of the largest public private partnerships in the world and 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. It supports economic growth in the province and is creating as many as 7 000 employment opportunities during the construction and commissioning phase.

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

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. 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 CEO; 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 Judy Van Es is chairman and the lead Murray & Roberts director.

Jerome Govender

Ian Thoms

Design and construction of the project commenced when commercial close was achieved in September 2006. Despite numerous delays due primarily to the late procurement and delivery of land by Gauteng Province, the contractor has ensured that completion of phase 1, comprising the network between Sandton and OR Tambo, can still be accelerated for the 2010 FIFA Soccer World Cup™. Design and construction work was about 68% complete at year-end, with station construction at OR Tambo, Rhodesfield and Marlboro well advanced and the majority of trackwork and service infrastructure installed. Phase 2 of the system from Park Station to Hatfield via Pretoria Station is being constructed concurrently, but has been delayed by late procurement and delivery of land and considerable challenges with dolomites in the Tshwane area.

Achievements:

Tunnel boring machine, Imbokodo, successfully completed its allotted 3 km of excavation and was dismantled in April 2009

First locomotives delivered in January 2009 and successfully tested to 160 km per hour

Full complement of over five million cubic metres of earthworks completed for phase 1 of the project at 30 June 2009

Full complement of 3 200 pre-cast viaduct segments cast and over 4,75 km of viaduct erected by July 2009

At 31 July 2009, 12-month rolling average LTIFR reached 4,01, a sustained improvement from the 5,73 recorded in August 2008

GREEN POINT STADIUM


Earthworks – 2007


Superstructure completed – 2008


Near completion – 2009

Location: Cape Town, South Africa

Project manager: Andrew Fanton

Client: City of Cape Town

Partner: 50% WBHO

Project type: Construction

Value: R3,25 billion

Duration: 32 months

Project start: March 2007


Andrew Fanton

South Africa has been selected as the first African nation to host the prestigious 2010 FIFA Soccer World Cup™. New stadiums are near completion in Cape Town, Durban, Port Elizabeth, Polokwane and Nelspruit in preparation for the 2010 event, and other stadia around the country have been renovated to meet FIFA requirements. The new Green Point Stadium under construction in Cape Town will host nine matches for the 2010 FIFA 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 with a fabric façade and a steel cable tensioned glazed roof. On completion, the project will have employed approximately 10 500 people, with 13,5 million hours worked.

Construction of Green Point Stadium has been underway for 30 months since award in March 2007 and is on schedule for handover in December 2009. The original 34 month construction period was accelerated to 32 months to meet revised client requirements.

Achievements:

Superstructure completed in October 2008 and project on schedule for early completion in December 2009

2,7 million lost time injury free hours at July 2009

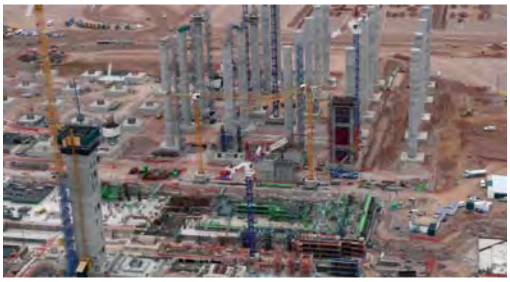
1 200 trade employees trained, graded and developed (peak construction labour force: 2 300)

Invested in community based social initiatives, including support for abused women and disadvantaged children

More than 80 000 school learners attended construction presentations at the Visitor's Centre

MAJOR PROJECTS Construction & Engineering SADC

MEDUPI AND KUSILE



Work underway at Medupi Power Station – 2009

Genrec delivers steel columns to Medupi

Location: Lephalale, Limpopo Province and Witbank, Mpumalanga Province, South Africa

Project directors: Bruce Neave (Medupi MEI), Ray Hanley (Kusile 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: R16 billion (Medupi and Kusile MEI), R4,5 billion (Medupi civil construction)

Duration: 108 months in total

Project start: November 2007

Bruce Neave

Ray Hanley

Coenie Vermaak

Murray & Roberts has 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 is contracted to Hitachi Power Africa for the Medupi and Kusile boiler packages comprising 12 units of about 800 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 are engaged in this project based on their experience gained from the previous power station build program. Murray & Roberts MEI will deliver the project and fabrication of the structural steelwork is being undertaken by Genrec. Steel ducting is being fabricated by Energy Fabrication, a new empowered special purpose company established on site. First structural steel was delivered to Medupi in January 2009 and air duct fabrication commenced in May 2009.

Murray & Roberts secured the civil construction work for Medupi in joint venture. Client delays during the start-up of the project are being overcome by an acceleration program requested by Eskom which commenced in July 2009 and will involve the deployment of an additional 1 600 employees to the project. The civil project currently employs 3 100 people.

Medupi is South Africa's first greenfield coal-fired power station in more than two decades. It will have a capacity of up to 4 800 MWe when its sixth unit is commissioned in 2015.

Achievements:

Achieving first contractual handover to the client within accelerated timeframe

Zero lost time injuries since start of project based on 3,7 million hours worked

65% of labour sourced from local communities, exceeding ASGISA commitments

Implementation of The Medupi Way, an organisational performance system to secure high levels of employee engagement, alignment and productivity

MAJOR PROJECTS Cementation Group

KROONDAL AND MARIKANA PLATINUM MINE

Work underway at Kroondal Platinum mine

Underground training

Project executive: Freddie Geldenhuys

Client: Aquarius Platinum South Africa

Project type: Contract mining

Value: R1,5 billion per annum

Duration: Ongoing

Project start: July 1999

Freddie Geldenhuys

The Kroondal Platinum Mine is located 120 kilometres northwest of Johannesburg in the Bushveld Igneous Complex in the North West Province, South Africa. This region is one of the most productive platinum regions in the world, accounting for approximately 94% of annual platinum production. 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 serving the mining industry and is recognised as a leading mining contracting group worldwide with a presence in Africa, Australasia and North America. 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 risk sharing commercial arrangement.

Murray & Roberts Cementation is responsible for day-to-day operation of the mine and provides 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 opencast ore supplied by others.

Opencast and underground mining ore is processed in the metallurgical plants to produce a concentrate which is supplied 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.

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 opencast mining and Minopex operates the metallurgical plants. Other minor contractors perform the duties of service departments such as surveying, rock engineering, ventilation and geology.

Achievements:

Two million fatality free shifts on 26 April 2009

Overall safety performance compares favourably with industry

Productivity levels ranked with best in industry

MAJOR PROJECTS Construction Products SADC

MULTI-PRODUCT FUEL PIPELINE

NMPP pipe yard, Heidelberg

Pipe delivery

Location: Johannesburg, South Africa

Company: Hall Longmore

Client: Transnet

Partners: Kulungile Metals Group

Project type: Pipe manufacture

Value: R2 billion

Duration: Two 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 awarded an order to manufacture and supply the specialist pipe at a value of about R2 billion. The order consists of approximately 500 kilometres of Ø610 mm line from Durban harbour to Nigel, and approximately 200 kilometres of Ø406 mm 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 an order for the three layer coated pipe contract to Hall Longmore as part of the Impumelelo Pipeline Joint Venture.

In preparation for the NMPP project the Group approved a significant capacity expansion at Hall Longmore, including a major upgrade of the ERW plant and a new coating facility to a capacity of 250 000 tons per annum. There have been commissioning challenges in the coating plant which have impacted the company's production program.

The first-part order of the Transnet pipeline is near completion and delivery of the large bore Ø610 mm pipeline has commenced. The upgraded plant increases the company's capability to manufacture pipe by the more efficient ERW high frequency induction welding method. The upgrade to Ø610 mm and downstream improvements will enhance the company's capacity to take on further projects of this nature.

Hall Longmore is 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.

Milestones:

Manufactured first 24" pipe X 11,6 mm wall thickness complying to American Petroleum 5L standard

16" NMPP distribution line 164 km supply complete

24" NMPP trunk line delivery of 100 km pipe complete

MAJOR PROJECTS Investments

COALINK AND OREX



Locomotive manufacture at Union Carriage and Wagon

Company: The UCW Partnership

Client: Transnet Freight Rail

Partners: Toshiba and Mitsui

Project type: Rolling stock infrastructure

Value: R2,1 billion

Duration: Four years

Project start: September 2006

CoaLink

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 CoaLink railway line between Witbank and Richards Bay plays an important role in the successful operation of RBCT. The CoaLink upgrade project is part of Transnet's Main Line Locomotive Investment Program that seeks to optimise the operation of the CoaLink railway line in support of the expansion of RBCT.

Murray & Roberts subsidiary, Union Carriage and Wagon, through The UCW Partnership (UCWP) and with Mitsui African Railway Solutions and Toshiba as its partners, is contracted to supply new locomotives for the CoaLink corridor. The CoaLink upgrade project will see 110 class 19E dual voltage electric locomotives made available to Transnet Freight Rail by 2011. UCWP is responsible for the overall mechanical design, systems integration, fabrication and assembly of the locomotives. Toshiba will contribute the design, development and supply of the electrical propulsion equipment. The first consignment of six locomotives have undergone mainline commissioning tests and will be declared ready for service in the new financial year.

OREX

A dramatic increase in demand for South African iron ore in recent years compelled Transnet to expand its locomotive fleet to facilitate higher volumes of iron ore exports.

In 2007, Transnet awarded UCWP, with its partners Mitsui and Toshiba, the OREX project to supply 44 new 15E electric locomotives for the iron ore rail link from Sishen to Saldanha. The first consignment of six locomotives will be made available to Transnet after commissioning in the first quarter of 2010.

Achievements:

800 new job opportunities secured

First major new electric contract in South Africa since 1994

The program positions UCWP as a supplier of choice for future rolling stock opportunities

Operational review

CONSTRUCTION SADC

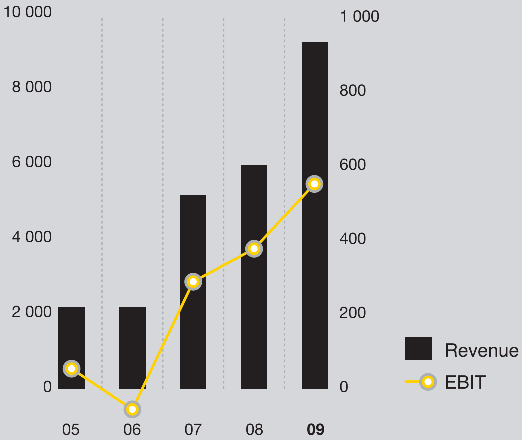
Murray & Roberts has secured a leading role in a number of long term projects associated with South Africa's infrastructure investment program.


Keith Smith


Trevor Fowler


Cobus Bester

Construction SADC
(R millions)



Financial performance – Construction SADC

In an environment of heightened competition, the Murray & Roberts Construction results reflect growing contributions from major infrastructure development projects. Murray & Roberts Construction includes the Group's share of the Gautrain Project, against which no operating profit has been recognised in the financial year, and Green Point Stadium. The Group's 67% share of Medupi Civils is shared equally between Concor and Murray & Roberts Construction. Concor's performance is underpinned by solid achievements in its roads & earthworks operations, disciplined project delivery, repeat work from clients and the commencement of major projects.

	Construction		Concor		Botswana & Namibia		Tolcon		Zimbabwe**
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**
Revenues*	**5 579**	3 363	**3 156**	2 118	**379**	337	**188**	172	***114***
Operating profit*	**142**	73	**338**	204	**43**	61	**37**	42	***11***
Margin	**2,5%**	2,2%	**10,7%**	9,6%	**11,3%**	18,1%	**19,7%**	24,4%	***9,6%***
People	**4 471**	6 156	**3 940**	4 013	**706**	705	**989**	1 005	***1 263***
LTIFR (Fatalities)	**2,7 (2)**	4,4 (7)	**1,0 (3)**	0,7 (0)	**4,7 (0)**	3,5 (0)	**4,9 (0)**	4,1 (0)	***0,5 (0)***
Order book*	**4 900**	8 600	**3 400**	3 300	**300**	400	**–**	–	***100***

** R millions*
*** Murray & Roberts Zimbabwe is a 49% held associate and these figures are for information purposes only.*

Gautrain viaduct

Green Point Stadium

Medupi Power Station

Background

The various operations forming the construction cluster in the SADC region incorporate the original Murray & Stewart in the Western Cape dating back to 1902, its initial expansion into the Transvaal gold fields through Roberts Construction in the 1930s and into the rest of Africa from the 1940s, as well as a number of key acquisitions, including Gillis Mason in the 1980s and Concor in 2006.

The cumulative and collective pedigree of this group of businesses is formidable, covering almost every aspect of economic and infrastructural development in South Africa and the SADC region over the past century. The Group has undertaken contracts on every continent going back into the 1950s and by the late 1970s had developed a significant global presence, well ahead of its peers anywhere in the world. Although there were many periods of low economic activity during this time, it was the increasing political isolation of South Africa from 1976 that forced the dissolution of this capability, established a 25 year decline in fixed capital formation and brought severe construction industry decline that was finally broken in 2002.

The world had in the meantime, moved on. Global competitive forces have driven consolidation in the sector and large international construction groups have emerged with significant capacity to engage ever increasing scale, risk and complexity in major projects.

Global economic crisis

The regional building and mining construction markets were severely impacted during the year by plummeting commodity prices and increased financing risks in the economy. This was particularly the case in Botswana where the diamond industry was brought to a virtual standstill.

The South African government has embarked on a significant capital expansion program, including new power generation capacity; road, rail and pipeline infrastructure; water and sanitation facilities; and others. A combination of capacity constraint and limited access to finance has slowed the process, with some cancellation or deferment of projects now evident.

The private sector financed residential and commercial building market has been severely curtailed and there are few new industrial projects in the market.

Leadership

Following 25 years of construction industry decline in South Africa, experienced indigenous leadership capacity in the sector has been in short supply, especially in a market increasingly characterised by large scale and complex technology based projects.

Keith Smith was appointed to lead the Construction SADC cluster as executive chairman of Murray & Roberts Construction in 2006. Keith's mandate was to transform the constituent businesses, integrate Concor into the Group and facilitate the resourcing and engagement of a number of 2010 FIFA Soccer World Cup™ related projects, such as Gautrain and Green Point Stadium, in partnership with group executive director Sean Flanagan.

Concor managing director Cobus Bester has supported Keith in streamlining the business through the transfer of people, assets and market responsibility between the various operations.

Trevor Fowler joined the Group in September 2009 from his previous role as chief operating officer in the Presidency, and will succeed Keith during the year. He will have the additional responsibility to expand engagement into the rest of Africa and will lead a restructure of the cluster to deal with South African fixed investment and construction market growth that is projected to extend beyond 2010 and the current economic crisis well into the 2020s.

Murray & Roberts Construction

Anton Botha

Leon Botha

Charles Henwood

Craig Lawrence

Piet Martins

Colin Steyn

Murray & Roberts Construction realigned its operations into three focused sectors during the year, each with a dedicated general manager and operational directors. A centralised services capacity supports the operations with specialist expertise in engineering, human resources, safety, quality, finance and commercial management.

The company has a market strategy of targeting selected and repeat clients and focusing on major projects in the commercial, retail, hospitality and airport facilities sectors. The business has established systems and processes to ensure project delivery, human capital retention and recruitment, and customer relationship management. It is a major participant in all forms of public private partnership initiatives.

BUILDINGS

Piet Martins has executive responsibility for building operations in Gauteng and Western Cape, with business development the responsibility of Leon Botha, who recently rejoined the Group following a period in Kuwait.

Progress at Sandton Station, Gautrain

The high-end commercial and retail building market lost its buoyancy during the year as the availability of large new projects declined and competition increased, but work continued on projects that had commenced in 2008.

The final residential and retail phase of the Bedford Square project in Bedfordview was completed in December 2008. The Houghton Golf Estate project became a casualty of the global economic crisis when the client experienced severe funding challenges in November 2008. Murray & Roberts has negotiated security on R100 million of outstanding debt and closed the project. The high specification US Consulate in Sandton and the Melrose Arch Piazza projects were successfully completed and additional work at Melrose Arch is proceeding well. The R1 billion ABSA Towers West project commenced in 2008 and is proceeding in three phases, on track for final completion in November 2010.

Work is progressing on the Galleria Retail Centre and a Holiday Inn Express in Durban, with completion due in November 2009 and May 2010 respectively.

New works secured for this financial year include a R200 million office facility at 1 Protea Close in Sandton. Opportunities include retail projects in Pretoria valued at R400 million and a further R200 million expansion of the Melrose Arch precinct.

WESTERN CAPE

Good progress was recorded on the five star Taj Hotel and the four star Crystal Towers Hotel in Cape Town. Both projects commenced at the start of the 2008 financial year and are due for completion in time for the 2010 FIFA Soccer World Cup™. The Artscape project on the foreshore has been secured at R40 million and negotiations have reached an advanced stage with Old Mutual for the R1,25 billion Portside project. This 42 storey office, hotel and retail development will be the tallest building in Cape Town and second only to the Carlton Centre in Africa.

The 68 000 seat Green Point Stadium project for the 2010 FIFA Soccer World Cup™ has been underway for 30 months since award in March 2007. Construction has proceeded well under the leadership of project director Andrew Fanton and in spite of abnormally inclement weather and industrial action in July 2009 the project is on track for completion in December 2009. About 35% of the company's resources in the region have been allocated to this project and many will be deployed on the new projects as work at the stadium tapers off.

CIVILS & INFRASTRUCTURE

Anton Botha has executive responsibility for the civil and infrastructure operations which target industrial and mining infrastructure; minerals beneficiation; power generation systems and related infrastructure; water and effluent facilities; and petrochemical infrastructure.

A number of water reticulation, purification and reservoir projects were completed in the year. While new project awards were impacted by the downturn in mining activity, the company successfully closed out the Voorspoed diamond mine and work continued on the Amandelbult and Leeukop hard rock facilities and the Natref petrochemical refinery.

The company leads a three-way joint venture for civil construction work on the Medupi Power Station. Eskom delays during the start-up of the project in 2008 are being overcome under the leadership of project manager Coenie Vermaak by an acceleration program requested by Eskom, which commenced in July 2009 and requires the deployment of an additional 1 600 employees to the project.

GAUTRAIN

Murray & Roberts plays a lead role in the Gautrain Rapid Rail Link project, which has been underway for three years following commercial close in September 2006. Phase 1 of the project includes the network between Sandton and OR Tambo International Airport, with stations at Rhodesfield and Marlboro. Despite numerous delays due primarily to the late procurement and delivery of land by Gauteng Province, the contractor has ensured that completion of phase 1 can still be accelerated for the 2010 FIFA Soccer World Cup™.

Phase 2 of the system from Park Station to Hatfield via Pretoria Station is being constructed concurrently, but has been delayed by late handover of land and considerable challenges with dolomites in the Tshwane area.

Murray & Roberts Botswana

Karl Redinger

Dineo Koontse

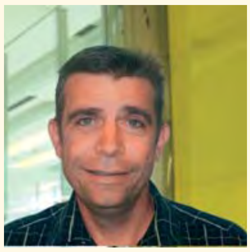
The company has been severely impacted by the almost total collapse of mining activity in the country. Although this caused a decline in revenues, the business maintained its strong profit performance on non-mining work in the commercial and retail markets in Gaborone and Francistown.

Murray & Roberts Namibia

Mark Johnston

Deon Agenbach

Etienne Marais



Jaco Burger

Quality workmanship and high levels of productivity contributed to good margins on an increase in revenues. The company enters the 2010 financial year with a strong order book, mainly for civil engineering works for electrification projects and an outfall pipeline in partnership with Murray & Roberts Marine. There is some activity in the commercial sector, including the completion of a R200 million office block for Old Mutual, the tallest building in Windhoek.

Murray & Roberts Zimbabwe

The Group holds 49% in associate company Murray & Roberts (Zimbabwe) Limited. Despite exceptionally difficult socio-economic and political conditions, the company has continued to trade well, completing the new British Consulate in Harare during the year and maintaining its involvement in a depressed mining sector. A major restructuring commenced during the year to reposition the business for anticipated opportunities in the future infrastructure, commercial and mining sectors. Murray & Roberts has agreed to facilitate the future development of the business by recapitalising it with new plant and equipment, training and development and leadership mentoring.

Canada Malunga

Stewart Mangoma

Marsden Sibanda

Morris Tsoka

Taj Palace Hotel, Cape Town

Tolcon

Judy Van Es

Grant Patmore

Toll Road Concessionaires (Tolcon) saw traffic volumes decline in line with the economic downturn. The company operates the entire N3 toll route and the N2 South Coast toll road and has a 33% shareholding in the operation of the N1/N4 Bakwena Platinum highway.

Under leadership of managing director Judy Van Es, the company will play a leading role in the management of the Gautrain system through its subsidiary Tollrail, in which Murray & Roberts has a 24% shareholding.

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

Department of Foreign Affairs
Head Office, Pretoria

Coega container terminal berth, Port Elizabeth

Pilanesberg Platinum Mine

Concor

Graham Browne

Jean Charoux

David Meyer

John Millward

Dirk Theron

Frik Venter

Brad Wantenaar

Concor is a major general contractor in South Africa's construction sector and participates in the building, civil engineering, roads & earthworks, structural and mechanical markets and has a small opencast mining business.

BUILDING

Brad Wantenaar is responsible for this business which is focused primarily in the Gauteng region. The R1,3 billion private public partnership head office complex for the Department of Foreign Affairs in Pretoria was completed at year-end. A number of other projects were also completed, including the four star Holiday Inn in Sandton, a packaging warehouse for Nampak, a factory for Steinhoff in Ugie and the new International Departures Terminal at OR Tambo International Airport. The contract to build Marlboro Station for Gautrain was also completed and work on the Midrand and Hatfield stations is near completion.

The building market is increasingly competitive and the availability of large building projects valued at over R500 million has declined, while margins on smaller available projects are under severe pressure. Concor was recently awarded a contract to build a new laboratory for Sasol in Sasolburg and is pursuing opportunities in the power generation, maximum security prison and retail & commercial building sectors.

CIVILS

Graham Browne is responsible for the civils operation where the main activity has been involvement in the Medupi Power Station civils contract. Completed contracts include the manufacture of New Jersey concrete barriers for the Gauteng Freeway Improvement Program, extension of the Coega container terminal berth and the Caledon River bridge. Concor is the preferred bidder for two contracts involving four chimneys and nine coal silos at Medupi and Kusile Power Station projects, but award has been delayed into the new financial year. A R140 million crusher contract was awarded by Assmang prior to year-end.

ROADS & EARTHWORKS

Frik Venter is responsible for this operation, which is focused primarily on the construction of major road and rail projects. The bulk of work undertaken during the year was in earthworks for mining infrastructure, dam and rail construction. The division experienced significant growth, and accounted for approximately 40% of total company revenue and 45% 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. A number of new projects were secured in this area during the year. Another key focus area is railway contracting and a number of railway projects were undertaken, including the Transnet Rail Loops contracts between Saldanha and Sishen and the Coega rail link near Port Elizabeth, both of which increased in scope during the year.

Bulk earthworks for Gautrain are nearing completion and good progress was made in the project to upgrade the N2 highway in an environmentally sensitive area of the Tsitsikama Forest at Storms River Bridge. Completion is due ahead of schedule in the new financial year. Towards the end of the 2008 financial year, work commenced on the R1,1 billion joint venture contract to build the Bramhoek and Bedford dams that will supply the Ingula hydro-electric pump storage scheme for Eskom. Concor is a strong contender for the Trekkopje uranium mining contract in Namibia.

The opencast mining division had sought larger projects, particularly in the platinum sector. However, these plans were stalled by economic conditions during the year. A number of tenders have been submitted in the coal sector, final preparations are in place to deepen three pits for Lonmin at a contract value of R1,3 billion over five years and new awards include a R100 million Bulk Sample for the Sasol 4 Project Maphutu and two top soil stripping contracts.

ENGINEERING

Jean Charoux is responsible for this operation, which provides structural erection and mechanical engineering services to the mining sector, where it is a preferred contractor to many clients. The operation completed the PP Rust Concentrator, one of the largest in the world, and installed platinum concentrators for Boyntons at Pilanesberg. Similar work for Eland Platinum near Brits was postponed to 2010.

The collapse of platinum prices impacted the operation's order book, but opportunities in the coal sector, including the Douglas Middelburg Optimisation (DMO) project for BHP Billiton, provided some cushioning.

Four contracts of Murray & Roberts MEI were handed over to Concor for completion. These include work on the DMO for BHP Billiton, a contract in Mozambique and two tanks, collectively valued at R150 million. Concor will now engage the small to medium project work available in the petrochemical sector previously undertaken by MEI.

Human capital

Murray & Roberts Construction is engaged in a comprehensive process of skills development, recruitment and retention and has made significant strides in the re-establishment of a skills base in the business. R33 million was spent on training during the year, including 57 bursary students, 29 graduates on the development program, 32 executives undergoing management development, study assistance for 11 staff members, training of more than 150 junior supervisors, 300 skilled workers and 75 operators, and more than 3 900 skills interventions.

The company 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 (FET) Colleges. The Group is also partnering the South African National Defence Force in an initiative to re-skill artisans and supervisors in the industry.

Holiday Inn, Sandton, Johannesburg

Work underway on the Bramhoek dams

Installation of bridge beams at the Storms River Bridge

Freedom Park, Pretoria

PP Rust Concentrator

Concor has an ongoing process of identifying talent and implementing skills development and retention programs which dovetail with Murray & Roberts and industry initiatives. This is a key element of its strategy to create opportunities for growth and advancement.

Murray & Roberts Construction regrettably suffered two fatalities (2008: seven) at the Green Point and Melrose Arch projects in the year and recorded an improved lost time injury frequency rate (LTIFR) of 2,7 (2008: 4,4). The STOP.THINK campaign to improve safety awareness and target zero harm is well established throughout the company and 1 071 employees received training in safety, health, environment and quality management during the year.

Concor regrettably suffered three fatalities during the year (2008: zero) at the Department of Foreign Affairs Head Office, Beefmaster Road and Sishen South projects, which increased its LTIFR to 0,95 (2008: 0,71). The company has a strong commitment to a safe work environment and has introduced a range of new measures to reinforce this commitment, including a weekly safety inspection on every work site by senior management and an internal survey to determine the effectiveness of the current safety program.

Concor Engineering was awarded the 2008 CEO safety award for three million hours worked without an accident on the PP Rust contract and Concor Roads & Earthworks received the Bombela safety award for passing one million man hours worked without a lost time injury on Gautrain.

A value-based organisational performance system has been implemented at the Medupi Project. Known as The Medupi Way, it secures high levels of employee engagement, alignment and productivity. Key developments have been a world class safety performance (zero lost time injuries since commencement of the project, based on 2,9 million man hours) and ongoing efforts to recruit the required manpower. At year-end, 65% of labour had been sourced from local communities, exceeding ASGISA commitments.

Prospects

Murray & Roberts Construction starts the 2010 financial year with an order book of R4,9 billion (2008: R8,6 billion) and is well positioned for growth opportunities in the high-end commercial and retail buildings market in Gauteng and Western Cape, municipal infrastructure projects nationally and social and power infrastructure programs in Botswana and Namibia.

The Group has retained its permanent establishments in Botswana and Namibia despite the economic downturn and the resultant reduction in workload. Their order book for the 2010 financial year is R300 million and both operations have capacity to engage the resources sectors when delayed projects are brought back on stream.

The decision to retain our presence in Zimbabwe despite the economic turmoil in that country has been a sound one. The business operations are well positioned to engage the infrastructure and resources rejuvenation that is anticipated as the political and economic environment stabilises.

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.

Concor commenced the 2010 year with an order book of R3,4 billion (2008: R3,3 billion). The company is likely to continue benefiting from its preferred status with many of its major clients in the power generation, railway and mining sectors but, in line with trends in the construction industry, it is likely to experience margin erosion in the highly competitive building market.

Keith Smith   Cobus Bester

Operational review

ENGINEERING SADC

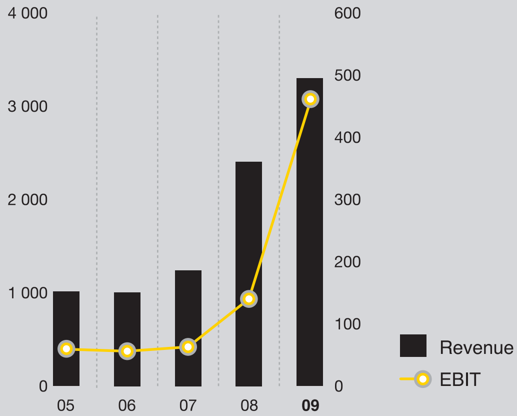
The significant power generation program in South Africa has brought new opportunity to the engineering sector.

Sean Flanagan

Malose Chaba

Murray Easton

Engineering SADC
(R millions)



Financial performance – Engineering SADC

Murray & Roberts Engineering Solutions (MRES) and Murray & Roberts MEI (MEI) recorded poor second half performance as work dissipated in an industrial and mining market severely impacted by the global economic crisis. Initial profit recognition on the Medupi and Kusile projects could not compensate and rationalisation actions will only materialise in the new financial year.

Murray & Roberts Marine and Wade Walker delivered exceptional performances due largely to a number of well executed specialist international projects in the rest of Africa and Middle East. Genrec benefited from significant projects in government sponsored water and energy pipleline and power generation expansion programs. While UCW reported an increase in revenue, it disappointed with a decline in operating profits due to delayed deliveries and the cost of funding increased stock.

	MRES & MEI		Marine		Wade Walker		Genrec		UCW	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues*	**684**	1 047	**515**	303	**1 058**	254	**444**	318	**598**	482
Operating profit*	**(12)**	(25)	**97**	32	**328**	63	**33**	17	**14**	53
Margin	**(1,8%)**	(2,4%)	**18,8%**	10,6%	**31,0%**	24,8%	**7,4%**	5,3%	**2,3%**	11,2%
People	**391**	953	**381**	359	**1 458**	1 556	**1 281**	544	**1 407**	1 057
LTIFR (Fatalities)	**1,4 (0)**	1,1 (1)	**0 (0)**	2,6 (0)	**0 (0)**	0 (0)	**10,9 (0)**	4,8 (0)	**11,4 (0)**	3,5 (0)
Order book*	**8 700**	9 800	**200**	700	**400**	600	**9 200**	4 500	**–**	–

** R millions*

Al Raha sea wall project, Abu Dhabi

Tenke Fungurume copper mine, DRC

Gautrain locomotive on the test track

Background

Murray & Roberts introduced mainstream engineering contracting into its portfolio of market offerings during the 1960s, well ahead of local and many of its international peers. Acquisition of the southern hemisphere business of Danish contractor Christiani & Nielsen in the 1970s significantly enhanced its capability in the specialised design build marine and infrastructure market. Murray & Roberts Marine is the successor to this initiative.

When requested by the South African Government in the 1970s to develop the capacity to provide engineering services for its planned uranium enrichment facility at Pelindaba, Murray & Roberts established Engineering Management Services. This company went on to play a major role in the design and construction of numerous major mining & minerals, oil & gas and general industrial projects in South Africa and the region, including the Mossgas gas to liquids plant and offshore platform, Hillside and Mozal aluminium smelters, and key projects for Sappi, Sasol, Kumba (Iscor), Anglo American, BHP Billiton, Xstrata, De Beers and many others.

A mechanical, electrical, instrumentation and piping (MEIP) contracting capability was established during the 1970s to more fully service the industrial expansion taking place in South Africa. Major projects were undertaken for Mondi, Sappi, Tongaat and Illovo in the establishment of their agri-industrial facilities over time. Sasol, Shell and Engen have been major clients in the petrochemical sector and many projects have been completed in the mining sector.

The significant power generation program in South Africa has brought new opportunity to the market, with the Medupi and Kusile boiler erection projects won by the Group. The recent acquisition of specialist electrical and instrumentation contractor Wade Walker has enhanced the Group's potential offering to this sector. The promise of a sustainable nuclear industry in and from South Africa is driving the development of new strategy for the redeployment of this capability within the Group.

Global economic crisis

The primary source of engineering opportunity is the private sector resources and industrial market. The global economic crisis manifested in November 2008 and clients in the sector instantaneously stepped back from new developments and slowed existing capital expenditure programs.

Despite an earlier distinct shift in the domestic market from private sector investment in mining and industrial programs to public sector funding of major power generation and infrastructure programs, the economic crisis led to the cancellation in March 2009 of the PBMR demonstration power plant. This was a major setback for Murray & Roberts Engineering Solutions, which had completed the bulk of its private sector projects portfolio in this period.

Subsequently, State owned utility Eskom has shown signs of slowing its capital expansion program pending a return to economic stability. This may change the future profile of the Group's existing order book and project pipeline.

A strategic decision has been taken to merge the businesses of Murray & Roberts Engineering Solutions and Murray & Roberts MEI to create a major EPC contractor more appropriately positioned to serve the mining and industrial markets and the developing power sector, including nuclear.

Leadership

Sean Flanagan and Malose Chaba have shared the responsibility of leading different aspects of this cluster of businesses over the past year.

Murray & Roberts Marine under the leadership of Ian Dryden and Wade Walker under the leadership of Steve Walker have maintained their focus and performance through the year. Frank Kruger was deployed as interim managing director of Murray & Roberts Engineering Solutions in January 2009 and Gary Wells transferred from Middle East in June 2009 to take on the role of managing director of Murray & Roberts MEI and manage the planned integration of the two businesses.

Bruce Neave transferred from the Middle East following completion of Concourse 2 and termination of Concourse 3 and has been appointed project director of the Medupi boiler project.

Murray Easton joins the Group in September 2009 from the UK where he has been managing director of the BAe Systems nuclear submarine manufacturing program. His initial executive responsibility will be for Genrec, Energy Fabrication and UCW.

The Murray & Roberts Engineering SADC businesses leverage design, engineering, and project and construction management expertise to deliver major projects in the energy, natural resources and industrial process sectors.

Murray & Roberts Engineering Solutions


Gary Wells


Adrian Plantema


Ian Dryden


Jason Coleman


Martin Lindsay-Scott


Derek Paul


Mike Scott

The company completed a number of major industrial and mining projects during the year, including the Sishen Expansion Project for Kumba and the Sappi SAICCOR project.

The coal sector offers sustainable opportunity as major coal producers undertake capacity expansion programs to meet growing demand from the thermal power program and export markets. The Xstrata Goedgevonden Colliery project was completed in the year as well as a feasibility study for the Tweefontein greenfield coal project. The company is a partner in the Medupi and Kusile boiler projects.

Murray & Roberts MEI

The R16 billion seven year contracts for structural fabrication and erection of boilers for the Medupi and Kusile coal fired power stations are in partnership with Hitachi Power. The company is project leader with Murray & Roberts Engineering Solutions as partner. Fabrication of the structural steelwork is being undertaken by Genrec and fabrication of air ducts by Energy Fabrication, a new empowerment company and purpose built facility established on site.

First structural steel was delivered to Medupi in January 2009 and air duct fabrication commenced in May 2009.

All of the company's non-power projects were transferred to Concor Engineering in the year.

Murray & Roberts Marine

The company in joint venture with Overseas AST will complete the Al Raha sea wall project in Abu Dhabi ahead of program in December 2009. The project comprises the design and construction of more than 14 kilometres of seawall protection to a new development region.

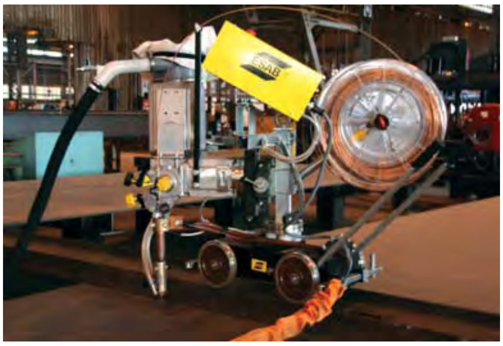
The marine pipeline project for Uramin's Trekkopje desalination plant in Namibia suffered some delay in the drilling and blasting of rock and is due for completion in May 2010.

A project for the construction of a stringing yard for an oil SPM was secured for the Abu Dhabi Crude Oil Pipeline (ADCOP) on behalf of Van Oord in Fujairah and is due for completion in May 2010.


Sishen Expansion Project

Trekkopje desalination plant, Namibia

Genrec heavy duty welding machine



Union Carriage & Wagon

Wade Walker

Tadhg Bergin

Darrell Caister

Murray & Roberts acquired the final 20% of Wade Walker's shares on 28 February 2009. The company has established itself as the leading electrical and instrumentation contractor in South Africa and has an established reputation throughout the rest of Africa. It has contracts and opportunities in 26 African countries.

Phase one of the Tenke Fungurume greenfield copper mine was successfully completed for Freeport-McMoRan in the DRC and work on social infrastructure around the project continued into the new financial year. The phase two plan to build a smelter and additional plant to increase copper production has been deferred due to the weakening in commodity prices and is expected to commence in the second half of the new financial year.

Major contracts on Impala Platinum No 20 shaft and the Impala Smelter Expansion project were completed early in the year and work at the Tati Nickel project to expand an existing mine in Botswana was completed in December 2008. The relatively robust gold sector provided a number of opportunities in West Africa, including work on AngloGold Ashanti's Iduapriem gold mine expansion project in Ghana. Work on the Kolwezi copper cobalt mine in DRC commenced on 1 July 2009.

The company has also secured a lead role in a three year contract for the electrical work at all of the Gautrain stations and tunnels.

Genrec

Don Lidberg

Geoff Mowatt

Genrec has 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. The company has completed a major upgrade to increase its production capacity to about 40 000 tons per annum. Delivery of structural steel to Medupi for the first boiler commenced in January 2009.

Don Lidberg joined Genrec from China in May 2009 as operations general manager.

Energy Fabrication is a new steel fabrication facility established on the Medupi site, and manufacturing commenced in May 2009. Construction of a similar facility for Kusile commenced in May 2009 and production will start early in 2010. The facilities will have the capacity to produce 800 tons of steel per month.

UCW

Gary Steinmetz

Craig Holden

Guy Melville

Sepadi Mohlabeng

UCW has the contracts to design, build and systems integrate the OREX and CoaLink locomotive projects as part of Transnet's Main Line Locomotive Investment Program. The contracts are in partnership with Mitsui and Toshiba and involve the supply of 110 new class 19E locomotives over two years for the CoaLink corridor and 44 new class 15E locomotives for the OREX locomotive project. The first locomotives are already in commissioning by Transnet.

The locomotive and rolling stock upgrades for the Passenger Rail Agency of South Africa (PRASA) are embodied in a three year project for refurbishment of 10M4 and 5M2A coaches. The first new 10M4 coach was commissioned in August 2008.

The first nine out of 81 vehicles for the Gautrain project were delivered during the year. The project is scheduled for completion in March 2010 but has suffered component delays from the client.

Craig Holden joined UCW in May 2009 as operations general manager and Gary Steinmetz joins UCW on 1 October 2009 as managing director.

Human capital

Jerome Arendse was transferred to Concor during the year ahead of his appointment to the Bombela Operating Company that will manage and operate the Gautrain system during the 15 year concession period.

Steve Walker steps down as managing director of Wade Walker in September after 29 years leading the company he formed in 1984. He will be succeeded by Tadhg Bergin from 1 October 2009 and after a short sabbatical, will return to a new role in Murray & Roberts from February 2010.

Both Murray & Roberts Engineering Solutions and Murray & Roberts MEI have undertaken a difficult retrenchment process to reduce skilled headcount as a consequence of the impact of the global economic crisis on the local industrial market.

All companies have enhanced their focus on safety as higher numbers of employees with varying levels of experience have been brought in to work on project sites. During the year, Murray & Roberts Engineering Solutions recorded an improvement in its LTIFR to 0,69 (2008: 0,84) and Murray & Roberts MEI reported a decline in its LTIFR to 5,78 (2008: 1,87). Murray & Roberts Marine and Wade Walker reported no incidents for the year.

Prospects

The Medupi and Kusile boiler projects provide an extended baseload of activity which supports the strategic transformation underway as Murray & Roberts Engineering Solutions and Murray & Roberts MEI are merged. This merged business will continue to explore new opportunities in the power program.

Although Eskom terminated the Nuclear-1 tender process in December 2008, it is anticipated that a new procurement process will commence in 2010.

Murray & Roberts Marine is leveraging value from relationships established with new clients and partners in recent years. Although current projects will be completed in the year, the company is pursuing opportunities in the domestic market and in Australia, Malaysia and East Africa. There are significant near term shore crossing pipeline prospects, similar to Trekkopje and ADCOP, in the UAE and Africa, and port facilities in Malaysia.

Wade Walker continues to benefit from new natural resource projects in the rest of Africa. Work on the Gautrain project will continue and the company will pursue opportunities in the power and transport infrastructure sectors to support the Group's developing engineering strategy.

Sean Flanagan Malose Chaba

Operational review

CONSTRUCTION PRODUCTS SADC

Each business in this sector is a market leader in its own right, focused on service, quality, product development and price competitiveness.

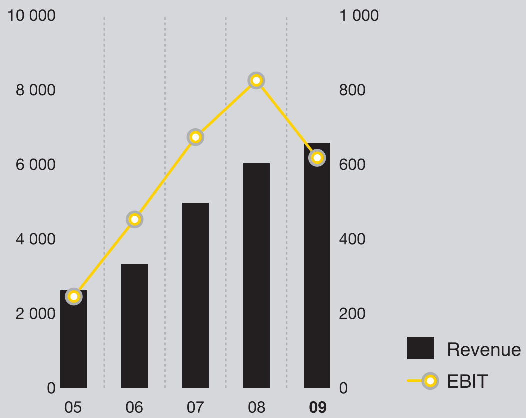

Andrew Langham


Orrie Fenn*


Rob Noonan

* Orrie Fenn joins Murray & Roberts in November 2009.

Construction Products SADC
(R millions)



Financial performance – Construction Products SADC

The Construction Products SADC businesses delivered mixed results in the year. Steel operations were strongly impacted by sharply declining prices and extreme market volatility brought about by the sudden downturn in the global construction economy. Hall Longmore had difficulty with the performance of the speciality coating plant as part of its R200 million upgrade. Much Asphalt and Rocla benefited from strong public sector demand for their products, but both operations and the building materials businesses were impacted by declining opportunity in the private sector and residential development market. Technicrete and Ocon Brick were negatively impacted by the decline in residential and commercial building and this is reflected in their financial performance.

	Steel		Hall Longmore		Rocla		Much Asphalt		Ocon & Technicrete	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues*	**2 960**	3 128	**1 111**	782	**608**	594	**1 308**	897	**590**	632
Operating profit*	**78**	286	**133**	107	**178**	214	**173**	114	**59**	100
Margin	**2,6%**	9,1%	**12,0%**	13,7%	**29,3%**	36,0%	**13,2%**	12,7%	**10,0%**	15,8%
People	**2 089**	1 897	**788**	470	**1 361**	1 387	**394**	321	**1 439**	2 004
LTIFR (Fatalities)	**11,1 (0)**	8,9 (0)	**5,0 (1)**	5,7 (0)	**11,2 (0)**	18,3 (0)	**8,7 (0)**	8,9 (0)	**5,6 (0)**	6,3 (0)

** R millions*

Background

Murray & Roberts first entered the supplies and services market in the 1950s, acquiring various businesses over time that manufactured and traded construction materials and services in the domestic and regional building and infrastructure markets. The nature and focus of the supplies and services businesses have changed often over the more than 50 years since then. Until 1998, the Group owned the largest ready mix concrete and aggregate business in the country, which, combined with Blue Circle Cement (now Lafarge) through the 1990s, represented its largest and most profitable business segment.

A fundamental business principle has always been to service the construction industry in general rather than Murray & Roberts specifically. There have seldom, if ever, been times when vertical integration or "Buy Murray & Roberts" instructions have applied. This has focused management teams on service, quality, product development and price competitiveness to the extent that other group companies constitute on average no more than about 5% of the average debtor book.

Murray & Roberts acquired the Elgin Group in 1980, which changed the basic make-up of the Group and initiated a transfer of the share listing from the construction to the industrial sector on the JSE Limited. More industrial assets were acquired over the following 15 years, few of which delivered any sustainable value and most of which have since been disposed, closed or liquidated.

Each business in this sector is a market leader in its own right, with management teams that have to always understand the responsibility this brings to them and the Group.

Global economic crisis

The primary commodity inputs for the products manufactured by this cluster are steel, bitumen, cement, aggregate and electricity. The common output is transport logistics. While steel and bitumen have been extremely volatile both in price and availability over the past year, cement and aggregate price increases have been high and steady, with availability only being impacted over a short period leading up to the global economic crisis.

The electricity story in South Africa is well reported and transport logistics costs have increased steadily over a number of years at a level significantly ahead of core inflation.

The economic storm that has blown through this sector over the past financial year has been severe, both in volatility and intensity. The most significant impact has been felt wherever steel is a primary input or output product. The Group's stock impairment value at 30 June 2009 was in excess of R200 million.

With the exception of asphalt, product demand was down in the second half year and pricing more competitive.

Leadership

Andrew Langham and Rob Noonan have shared the responsibility of leading different aspects of this cluster of businesses over the past year.

Murray & Roberts Steel

Hall Longmore

Leadership in the materials businesses has been stable through the year with a number of appointments made to both deepen capacity and extend empowerment. Trevor Barnard joined the Group as managing director of Rocla at the start of the year.

Karl Albertse joins Hall Longmore in October 2009 as operations general manager. Laurence Savage returned to South Africa from Australia in August 2009 and has been appointed in an interim leadership role at Hall Longmore, primarily to ensure the final commissioning of the ERW upgrade and new coating facility.

Orrie Fenn joins the Group in November 2009 from his current position as chief operating officer of PPC and will take over full executive responsibility for the cluster. This will release Andrew Langham to take up a new appointment as financial director of Murray & Roberts Limited, the main operating company of the Group.

Murray & Roberts Steel

Hall Longmore

Much Asphalt

Murray & Roberts Steel

Jimmy Windt

Pierre Zeeman

Shashikant Magan

Dave Colville

The capital investment program to increase production capacity was completed during the year and most facilities have been refitted with automated processes to improve productivity. The newly configured rolling mill and upgraded melt shop at the CISCO steel mill are fully operational and offer some scope for new product development.

Refurbishment of rolling mills acquired in Mauritius in 2008 was completed during the year and the upgraded mill is operational, positioning Murray & Roberts Steel as the primary manufacturer and distributor of reinforcing products in the Indian Ocean Islands.

Expansion plans to build a new rebar yard in Dubai were deferred during the year.

Murray & Roberts Steel avoided retrenchment during the year by terminating all overtime work, implementing a program of stringent cost savings and intensifying its focus on cash and working capital.

Stability is expected to return to the steel market in 2010 at more realistic pricing levels. Major projects in the power and transport infrastructure sectors will continue to generate significant growth in the domestic market during the period beyond 2010. The company will extend its focus to opportunities with medium and small contractors to ensure its long term sustainability.

Global expansion has been impeded by economic conditions in the Middle East where the business will explore opportunities in other geographic locations in the region to secure growth beyond 2010. Planned public sector investment in transport, tourism and social infrastructure in Mauritius offers the potential for significant growth in the Indian Ocean Island region.

Hall Longmore

Laurence Savage

Herman Uys

Francois Maurel

Karl Albertse

Hall Longmore maintained its leading position in a buoyant domestic steel pipe market as it continued to benefit from investment in infrastructure in the liquid fuels and water pipeline sectors. The main focus during the year was on the fast track contract to supply approximately 710 kilometres of pipe for Transnet's Multi-Product Pipeline.

The company also secured its first export order for trilaminate external coated pipe to Australia amid strong competition. The order involved the shipping of 60 kilometres of gas pipeline to Queensland.

The major upgrade of the ERW plant to a capacity of 250 000 tons per annum has been delayed due to commissioning challenges in the coating plant which has impacted the company's production program.

Much Asphalt


Phillip Hechter


Herman Marais


Brian Mchunu


John Onraet


Spencer van Eden


Ayden Volbrecht

Much Asphalt secured projects to deliver 1,4 million tons of asphalt to a number of major public sector road infrastructure programs over a period of two years, including the Gauteng Freeway Improvement Program, projects on the R300 and N1 near Cape Town and the Johannesburg Bus Rapid Transport System.

Under the leadership of managing director Phillip Hechter, constant upgrades to plant enable the company to incorporate the latest and most environmentally sustainable technology into its processes. Transformation is a key element of the company's market strategy and it has achieved level 3 contributor status.

Rocla


Trevor Barnard


Hannes Adlam


Daniel Greeff


Gerhard Rossouw


Wendy Teirlinck


Craig Waterson


Jan Webber

Rocla has traditionally generated 40% of its revenue from product supply to residential and commercial projects but this declined to 20% as the development market continued to contract. The impact of this market shift was buffered by contracts to supply to projects in the power, roads, airport and water and sanitation infrastructure sectors.

Under the leadership of managing director Trevor Barnard, the company embarked on a climate change initiative to improve its operational efficiencies and market engagement in an increasingly competitive environment.

Much Asphalt's warm mix asphalt plant


Rocla culverts


Technicrete Envirowall

Technicrete/Ocon Brick


Paul Deppe


Nico Kemp


Jan Viljoen


Werner Kruger


Rashmi Desai


Trevor Ingram


Roy Robbins


Tony van der Berg


Christo van Zyl

Technicrete fared better than many of its competitors during a challenging year, registering a lower than the average market decline in sales of cement to concrete product manufacturers, and a consequent gain in market share. The company continued to generate 70% of its activity in the building and infrastructure markets and 30% in mining.

Under the leadership of managing director Paul Deppe, Technicrete continued to expand its business with the upgrade of its kerb plant in Olifantsfontein and acquisition of a new production facility in Polokwane to facilitate growth in a strong market. Although market conditions are expected to remain tough in the new financial year, the company enters the period with a market leading position and will continue to expand its product range in high volume infrastructural concrete products.

Ocon Brick continues to operate at subsistence levels in a difficult market.

Andrew Langham

Operational review

MIDDLE EAST

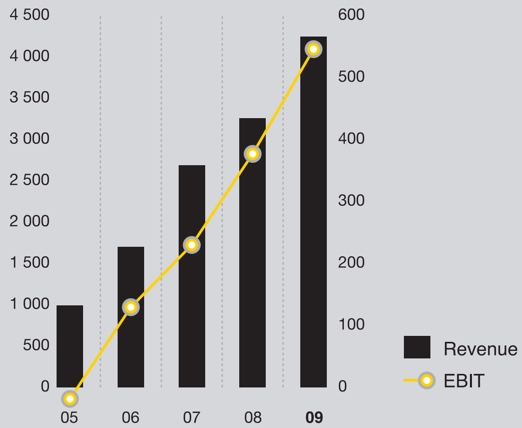
Murray & Roberts continues to experience a strong pipeline and steady supply of tenders for mega projects in the region, particularly in Abu Dhabi and Saudi Arabia.


Nigel Harvey


John Cooper


Richard Pope

Middle East
(R millions)



Financial performance – Middle East

This result has been underpinned during a period of extreme volatility by a focused risk management regime, careful selection of clients and expansion into other markets in the region. Where the businesses have not been able to negotiate reasonable contractual terms, they have declined project and business opportunities.

	Middle East		Johnson Arabia	
	2009	2008	**2009**	2008
Revenues*	**3 558**	2 831	**670**	415
Operating profit*	**350**	234	**186**	145
Margin	**9,8%**	8,3%	**27,9%**	34,7%
People	**408**	329	**483**	421
LTIFR (Fatalities)	**0,29 (0)**	0,16 (1)	**0 (0)**	0 (0)
Order book*	**4 200**	12 000	**–**	–

** R millions*

Burj al Arab Hotel, Dubai

Dubai International Airport

Durrat Bridges, Bahrain

Background

Murray & Roberts was established in the Middle East in 1994 and in partnership with Al Habtoor Group, completed its first project, the iconic Burj al Arab Hotel in Dubai. This was followed by a number of major projects in Dubai and Abu Dhabi which entrenched the Group's reputation as a world class contractor in the successful delivery of major and mega commercial projects.

Expansion into Bahrain (in partnership with Nass Group) and Qatar diversified the business and enhanced its reputation, although an early venture into Egypt in partnership with Habtoor and local company SIAC has proved a challenge.

A strategic decision was made in 2004 to recapitalise the Middle East operations under the leadership of experienced executive Nigel Harvey, supported by a revitalised international coordinating office based in London under the direction of Murray & Roberts International.

This strategy released the region from dependence on decreasing availability of South African skills and resources and forced the sourcing of leadership and resource requirements from the global marketplace. The business has grown by more than 31% compounded annually over the past five years.

Meanwhile, Australia's largest contractor, Leighton, acquired a significant shareholding in and partnership with Habtoor in 2008. This has significantly enhanced the contracting partnership in the United Arab Emirates (UAE) but has changed its dynamic such that Murray & Roberts has established a further partnership with Saudi Oger Group for Saudi Arabia and certain works in Abu Dhabi not part of the new Leighton Habtoor arrangement.

Johnson Arabia was established in the region in 1999 in partnership with Kanoo Group. Murray & Roberts sold its ownership of Johnson Crane in South Africa in 2002 but retained its shareholding in the Middle East business which has grown exponentially since 2004 due to significant construction demand, particularly in Dubai.

Murray & Roberts Marine established a presence in the Middle East in 1998 with the HIDD Port Project in Bahrain and is currently constructing various projects in Abu Dhabi in partnership with Overseas AST.

Global economic crisis

The sudden downturn in world construction markets, particularly in Dubai and Bahrain, has had a severe short term impact on the company. Four major projects valued at AED17 billion were terminated during the financial year as the global economic crisis impacted client financing, the viability of projects and the risk profile of contractors.

The Tameer Towers residential and mixed use project in Abu Dhabi valued at AED6,2 billion was awarded in June 2008 as one of the largest building projects ever awarded in Abu Dhabi. The contract was terminated by the client before the substructure was completed. The prestigious Trump International Hotel & Tower on Palm Jumeirah valued at AED3,3 billion was terminated by Nakheel in November 2008 with substructure works partially completed. The Salam Resort Complex in Bahrain valued at AED2,9 billion was terminated by Sama Dubai in January 2009. The Concourse 3 project at Dubai International Airport valued at AED5,7 billion was awarded in December 2008, but failure to finalise acceptable conditions in the context of the Dubai financial crisis forced Murray & Roberts and its joint venture partners to withdraw from the project in April 2009, by mutual agreement with the client.*

Full and final settlement has been agreed on Concourse 3 and Trump Tower and final account negotiations on other terminated projects are ongoing, where it is expected that there will be full recovery of entitlement and expenses.

Leadership

Murray & Roberts engages the Middle East market from its base in Dubai with an international board of directors and an experienced local management team. The company currently employs people from 30 nationalities and continues to select best-in-class construction talent from the international market.

Changes in the regional markets have brought a critical review of the traditional model which was heavily centred in Dubai. Strong regional leadership and support capacity has now been established in Abu Dhabi under Ramsay Abassi and in Bahrain to target and deliver growth opportunities in each market. This business model provides a platform with supporting structures and a portal for partnerships that will allow other Murray & Roberts companies to enter the market and support further development in the region under the leadership of Nigel Harvey.

Johnson Arabia managing director Gerald Topfer started the business from South Africa and has over the past decade created a market leader based on world class quality equipment and service.

** Murray & Roberts is a joint venture partner in these projects.*

Artist's impression of Sheik Zayed University, Abu Dhabi

Artist's impression of Sorbonne University, Abu Dhabi

Construction

Ramsay Abassi

Dave Cox

Ian Dunsire

Dubai International Airport Terminal 3 and Concourse 2, valued at about AED6 billion*, was successfully opened to the public on schedule as planned. The project was undertaken by a joint venture led by Murray & Roberts with local partner Habtoor and airport systems specialist Takenaka of Japan. The scale and quality of the airport complex meets the highest international standards and has become another important landmark in Dubai. Final account negotiations are progressing well with completion expected within the current financial year.

Work on the AED1,2 billion Etihad Terminal at Abu Dhabi Airport opened to the public on schedule and now provides a key facility for the new A380 aircraft for the Emirate of Abu Dhabi. The new facility has also been enhanced by the construction of the new AED222 million Etihad multi-storey car park.

Work commenced during the year on two major higher educational facilities in Abu Dhabi: Sorbonne University valued at AED1,2 billion and Sheik Zayed University valued at AED3 billion. These PFI (private finance initiative) infrastructure projects are important to future generations of young people from the UAE and across the Middle East. Subsequent to year-end Murray & Roberts in joint venture with Habtoor was awarded the AED1,8 billion contract for construction of the St Regis Hotel and Residences on Saadiyat Island in Abu Dhabi for the Tourism Development and Investment Company. The project commenced on site in August 2009 and is scheduled for completion in 2011.

** Murray & Roberts is a joint venture partner in these projects.*

Bahrain World Trade Centre

Burj al Arab Hotel, Dubai

Burjuman mixed use development, Dubai

Johnson Arabia

Gerald Topfer

Joe Kenny

Johnson Arabia was initially impacted by the rapid decline in activity in Dubai but has relocated most of its equipment to Abu Dhabi and elsewhere in the region. Pricing levels have become more competitive but utilisation has stabilised at about 80% and increased levels of activity in Abu Dhabi and Saudi Arabia offer new opportunity.

Our people

Safety is prioritised throughout the Middle East business and this is reflected in the 2009 LTIFR of 0,29 per one million hours worked. This is a significant achievement against both local and international standards.

The rapid change in regional market dynamics has had both negative and positive impacts on employment. Many people contracted into the region to deliver the secured workload had to be released on the termination of projects. The best of these were fortunately able to be relocated to new opportunities and regions, including the domestic major project program in South Africa.

The nature of the market is changing inexorably from pure construction to larger design build projects. This demands a different and higher level of experienced leadership in the region, which Murray & Roberts is committed to deliver. Murray & Roberts Australia CEO John Cooper joins the Middle East board to bring extensive experience in these areas to the region.

Artist's impression of St Regis Hotel and Residences, Saadiyat Island, Abu Dhabi

Prospects

The Middle East construction operations commenced the new financial year with an order book of R4,2 billion (2008: R12 billion). Award of the St Regis development subsequent to year-end has largely secured planned revenues for the current year. There is a strong pipeline and steady supply of tenders for mega projects in the region, particularly in Abu Dhabi and Saudi Arabia, which markets are expected to remain buoyant, supporting planned growth over the next three years.

Murray & Roberts has resolved to enter the largest construction market in the region, the Kingdom of Saudi Arabia, and has formed a partnership with local major contractor Saudi Oger, which also owns a control shareholding in South African mobile phone operator Cell C.

Nigel Harvey

Operational review

CEMENTATION GROUP

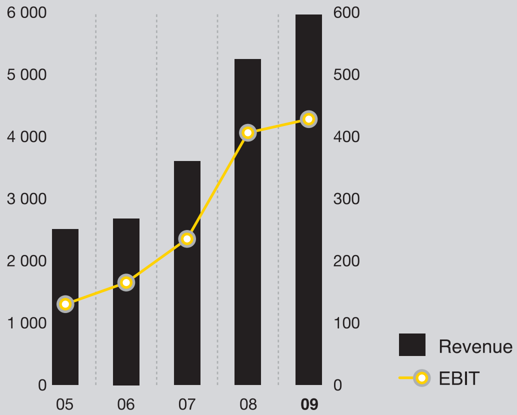
Cementation is the world's leading underground mining contractor with operations in South and Southern Africa, North America, Australia and Southeast Asia, and a fledgling presence in Chile.

Peter Adams

Henry Laas

Richard Pope

Cementation Group
(R millions)



Financial performance – Cementation

These results reflect solid project performances in challenging market conditions by Murray & Roberts Cementation and Cementation Canada, and the impact of the global economic crisis on the resource-focused Australian economy.

	Murray & Roberts Cementation		Cementation Canada		RUC Cementation	
	2009	2008	**2009**	2008	**2009**	2008
Revenues*	**3 441**	2 981	**2 137**	1 838	**385**	425
Operating profit*	**210**	140	**187**	206	**31**	60
Margin	**6,1%**	4,7%	**8,8%**	11,2%	**8,1%**	14,1%
People	**11 530**	15 625	**704**	1 394	**149**	218
LTIFR (Fatalities)	**5,2 (3)**	3,9 (7)	**1,2 (0)**	2,7 (0)	**2,5 (0)**	7,6 (0)
Order book*	**2 700**	3 200	**2 700**	2 000	**500**	600

** R millions*

Kroondal Mine, South Africa

RUC Cementation's workshop
in Kalgoorlie, West Australia

Background

Murray & Roberts acquired Cementation Africa and Cementation Canada with effect from 1 July 2004, and integrated them with the Group's RUC branded operations in South Africa and Australia to form the Cementation Group. Cementation is the world's leading underground mining contractor with operations in the established mining markets of South and Southern Africa, North America, Australia and Southeast Asia.

During the year, the group expanded its fledgling presence in Chile with the establishment of Cementation Sud America, and new project opportunities will see it expand back into West Africa and deeper into Asia.

A strategic decision was made to coordinate the Cementation Group through a planned process of greater organisational integration out of London, and the Australian operation was subsequently rebranded RUC Cementation.

Global economic crisis

The Cementation Group was severely impacted by the global economic crisis in the year. The five year run of growth in global demand for natural resources ended abruptly in the second quarter of the financial year and commodity prices fell steeply. A number of contracts secured by our operations or in the near term pipeline were terminated or deferred as they became unviable and external sources of project funding dried up. However, a number of long term projects with key global clients supported the performances of the South African and Canadian operations during the year.

South African mining houses responded rapidly with stringent cost-cutting measures, while junior miners dependent on external sources of funding were forced to close some operations as global commodity prices plummeted during the year. Platinum, a primary growth market in previous years, was hardest hit. Secured projects in the platinum and chrome sectors valued at R318 million were terminated.

The global recession had a significant impact on the North American market during the year and projects valued at R402 million were either placed on hold or deferred.

Cementation in Canada and the USA were in a better position than most due largely to the continuation of a number of large long term projects.

The Australian resources sector was the most severely impacted by the collapse in base metal prices during the year. At least six mines in the Eastern Goldfields were closed and placed under care and maintenance and mines which are still operating are financially constrained. RUC Cementation was impacted by the termination or deferral of R176 million worth of mining contracts as economic conditions limited the funding capacity of clients. The Mount Ida gold contract was cancelled and the client was placed under administration in July 2008.

Leadership

Murray & Roberts International director Peter Adams was appointed to coordinate the cluster from 1 January 2009, and Murray & Roberts International director and Australia chief executive John Cooper was reappointed a director of RUC Cementation.

Each operation is independently managed with specific responsibility for a defined geographic market.

Henry Laas is managing director of Murray & Roberts Cementation, the South African based operation which serves the African market and holds much of the Group's specialised technical and equipment capacity.

Roy Slack is president of Cementation Canada, which oversees the North and South America markets from its base in North Bay near Toronto, Canada. Mike Nadon is vice president for the USA, based in Salt Lake City, and Pedro Gonzalez joined the executive team as vice president for South America, based in Santiago, Chile.

Barry Upton is managing director of RUC Cementation, which serves the Australian and Asian markets from its base in Kalgoorlie, West Australia.

Murray & Roberts Cementation

Craig McCleary

Theunis Mienie

George Parker

Tim Wakefield

Mike Wells

Allan Widlake

South Africa is the primary market of Murray & Roberts Cementation. Mine development declined from 40% to 35% of company revenues during the year and remains an important element of the business. Work continued on the Paardekraal 1 and Paardekraal 2 shaft projects for Anglo Platinum where shaft sinking is due for completion in 2010 and preparation is underway for off-shaft development work. The South Deep capital development project for Gold Fields progressed well in spite of infrastructure challenges associated with brownfields projects. Negotiations are underway to deepen the South Deep ventilation shaft. Work commenced successfully at BHP Billiton's Wessels Manganese Mine on a new mine development and shaft project.

Contract mining increased its contribution from 45% to 50%, in spite of the termination of the greenfields Blueridge Platinum and Dwarsrivier Chrome projects. The Kroondal and Marikana Platinum Mine for Aquarius Platinum South Africa was successfully renegotiated and, with a more appropriate sharing of risk between the parties, is progressing well. Kroondal is one of the most cost effective underground platinum mines globally and Murray & Roberts Cementation is responsible for its day-to-day operation.

Shotcreting open pit truck dump at the Iron Ore Company of Canada's mine near Labrador City

A Load Haul Dumper in operation at a RUC Cementation project

Mining services maintained its revenue contribution at 15% and recorded strong performance on smaller specialised projects such as exploration drilling, raise drilling and cementation work. The division is uniquely positioned to provide a complete range of mining services to both greenfield projects and established mining operations in the domestic market and the rest of Africa. However, future prospects are likely to be constrained as depressed economic conditions limit the exploration market.

Murray & Roberts Cementation is a reputable empowered company in the domestic mining sector. Its mine engineering division has added considerable value to clients and the company through its focus on design, feasibility studies and engineering services.

Raise boring equipment at FNX's Levack Mine near Sudbury, Ontario

Truck chute construction at HudBay's 777 Mine in Flin Flon, Manitoba

Mechanised raising crew at HudBay's Trout Lake Mine in Flin Flon, Manitoba

Cementation Canada

Roy Slack

Mike Nadon

David Setchell

Lois Henderson-Campbell

Eric Kohtakangas

Pedro Gonzales

Cementation USA is carrying out the Resolution shaft project near Phoenix, Arizona. This is a major project for Rio Tinto controlled Resolution Copper that includes sinking a shaft of 8,53 metres in diameter to a depth of 2 133 metres. It recently celebrated three years with no lost time injuries.

The Nickel Rim South project is an Xstrata Nickel operation near Sudbury, Ontario that comprises two shafts and over 10 000 metres of lateral development tunnelling. The mine is scheduled to go into production later this year and Cementation Canada has played a significant role in its development. The project recently celebrated five years with no lost time injuries.

Cementation Canada was the first contractor to be engaged in the potash boom in Canada and the Potash Corporation of Saskatchewan (PCS) awarded its Picadilly project, located on Canada's east coast near Sussex, New Brunswick, to the company. The project involves sinking two shafts in water bearing ground and recently celebrated one year with no lost time injuries.

Underground development work has continued at the Diavik Diamond Mine in the Canadian Arctic near Lac de Gras in the Northwest Territories. This contract involves ramp and lateral tunnelling and has included work in permafrost and under the lake. It is a remote project accessed by air and in the winter by ice roads.

Cementation Canada is the market and technology leader in large diameter hard rock raise boring and is currently reaming a shaft of 2,4 metres in diameter and 840 metres deep at Vale INCO's Totten project near Sudbury. A 5,5 metre diameter and 558 metre long raise will follow in September.

RUC Cementation

Barry Upton

Lawrence Newnham

The nickel mining sector was hardest hit and this was reflected in the termination of the Carnilya Hill project for Mincor Resources near Kalgoorlie. However, RUC Cementation was able to secure another major three year mine development contract at Burnakura for ATW Gold Corporation which utilised idle plant and provided replacement income for the loss of Carnilya Hill.

During the year, work continued on a number of major contracts in Western Australia, New South Wales and Tasmania, including raise drilling and shaft construction projects for mining clients such as Barrick, Newcrest, AngloGold Ashanti, St Barbara Mines, Oxiana and OZ Minerals.

Work commenced on the Newcrest Cadia mine in New South Wales which will set a new record as the largest diameter and deepest shaft to be constructed in Australia. Early progress has been hampered by a major equipment failure which resulted in a two month delay.

RUC Cementation has established the capability to design and manufacture specialist large diameter raise borers in its Kalgoorlie workshop. During the year, three Strata 950 raise borers (the most powerful underground raise drill rig in the world) were completed, one for its own use and the other two for group operations in South Africa, Canada and Chile. This in-house capability is a significant competitive advantage for the Group.

Our people

The termination of projects due to the global economic crisis resulted in Murray & Roberts Cementation reducing its workforce by 21% from a peak of about 15 500 in 2008 to about 12 300 in a domestic environment in which more than 30 000 mine workers are estimated to have lost their jobs.

The company maintained its firm commitment to training during the year, investing R57 million primarily to ensure sufficient and adequately trained skills for ongoing and new projects. Much of the training was conducted at the company's Mining Qualification Authority (MQA) accredited Training Academy outside Carltonville. A further R51 million will be invested in the new financial year in training and development. The shaft sinking training facility was completed at a cost of R19 million and is fully functional. Additional facilities for the training of artisans and operators in the use and maintenance of mechanised mining equipment were established at the Training Academy.

The company has customised two project management programs in partnership with Wits Business School and the LR Group. The second group of 14 delegates will graduate in September 2009. The company also provided support to 32 bursars, 101 apprentices and 48 graduates in the Murray & Roberts graduate development program. The focus on talent management has been strengthened to ensure the attraction, development and retention of key staff.

In a year in which Murray & Roberts Cementation continued to strengthen its focus on safety, it regrettably suffered three fatalities (2008: seven). Two employees lost their lives in fall of ground accidents at the Dwarsrivier Chrome Mine and Impala 20 shaft and a third employee died in a falling object accident at the Paardekraal 2 shaft. The company's LTIFR increased as a consequence to 5,2 (2008: 3,9). A significant investment continues to be made in the development of an improved safety culture which focuses on training, compliance with safety standards and risk assessment.

Cementation Canada has been recognised for the past three years as one of the top 100 employers in Canada and in 2008 was also recognised by the *Financial Post* as one of the Ten Best Companies to Work For in Canada. The company is a Canadian leader in mine safety and continues to demonstrate that the target of zero injuries is possible on its projects throughout North America.

RUC Cementation reduced its workforce by 32% to 149 during the year due to the termination or deferral of projects. It is estimated that about 8 000 miners were retrenched between November 2008 and April 2009 in Western Australia alone. The company relocated to new premises with a larger workshop facility in Kalgoorlie in April. No fatalities were recorded and the LTIFR was 2,5 due to a single ankle injury.

Prospects

Commodity prices have shown signs of stabilisation and the upward momentum since January 2009 is encouraging. However, it is unlikely that major capital expenditure programs will recommence for the foreseeable future although there is an increase in the flow of continuation projects.

Murray & Roberts Cementation started the new financial year with an order book of R2,7 billion (2008: R3,2 billion). The company is currently completing a number of projects secured in previous years and there are strong signs that it will secure replacement work and new work to support growth in the new financial year.

Changes in market trends require a shift in focus and Murray & Roberts Cementation is pursuing new opportunities in the gold and coal mining sectors, as well as work with existing clients in the platinum sector. The company is negotiating significant opportunities at the Gold Fields South Deep Mine, where it has preferred contractor status. The largest of a number of new opportunities in the coal sector are major infrastructure replacement programs by Sasol at Secunda.

Cementation Canada anticipates continued growth in the USA based on its safety and productivity successes at Resolution. In Canada the commodity market has changed and the new potash work is a key part of the new mine contracting economy.

Cementation in South America will supplement the already established operations of 50% owned local company TerraCem which currently does raise boring work and will now offer mine development and engineering capabilities.

In spite of difficult operating conditions, RUC Cementation has maintained the value of its order book at about R500 million by securing the Burnakura contract. The company is also pursuing several large international projects, including shaft construction in the New Zealand coal mining industry, shaft sinking and raise drilling works in Hong Kong and Indonesia and raise drilling works in Mongolia.

Peter Adams   Henry Laas

Operational review

CLOUGH LIMITED[1]

Clough is well positioned for growth with a strong balance sheet and a renewed strategic focus on the global oil and gas sector.


John Smith


Bill Boyle


Mike Harding*


Keith Spence*


Emma Stein*

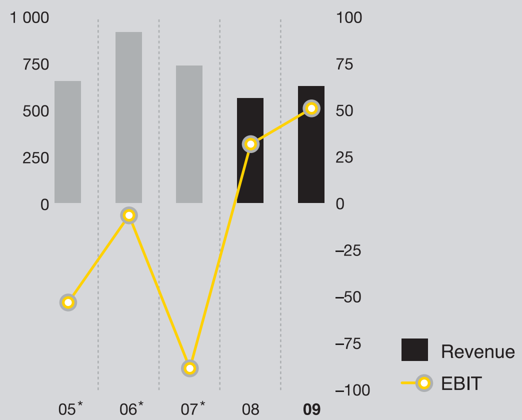

Brian Bruce


John Cooper


Roger Rees

** Independent non-executive director*

Clough
(A$ millions)



** Pre-consolidation (including Petrosea)*

Financial performance – Clough

All business units in Clough delivered credible results in a difficult year, contributing to the highest recorded operating profit in the company's 90 year history. This is worthwhile reward for the significant investment by Murray & Roberts and the new Clough team into a business that was, until recently, at the brink of failure.

	2009	2008
Revenues*	**4 182**	3 633
Operating profit*	**342**	204
Margin	**8,2%**	5,6%
People	**2 222**	2 108
LTIFR (Fatalities)	**0,51 (0)**	0,84 (0)
Order book*	**2 500**	9 400**

** R millions*
*** Includes PT Petrosea*

[1]*Murray & Roberts holds 59,8% shareholding and a further 3% conversion rights.*

Chevron Thailand Pipelay works in the Gulf of Thailand

Woodside's Pluto LNG Jetty

Background

Clough was established 90 years ago in Perth, West Australia as a local building and civil construction company. Development of the giant Northwest Shelf oil and gas reserve through the 1980s offered the opportunity to change the direction of the company and this year it has taken the final step towards its future journey as a global oil and gas EPC contractor, following disposal of Indonesian subsidiary, PT Petrosea, which has been part of the company for the past 25 years.

Clough initiated a public listing on the Australian Stock Exchange in 1998 as a family controlled business and Murray & Roberts acquired its first 5% shareholding in the company in 2004. Working with the Clough family, Murray & Roberts thereafter acquired gradual control of the increasingly troubled company through a measured process of accumulation, recapitalisation and transformation.

Clough was consolidated into the Murray & Roberts accounts from 1 July 2007 followed by the appointment of a new executive management team and independent board of directors. The Group's current shareholding stands at 59% with a further 3% of convertible notes maturing in December 2009.

Global economic crisis

Following the loss of order book in December 2008, particularly the Apache Devils Creek development, and concern that an extended global recession would suppress the price of oil and inhibit new capital development, the Clough share plunged to a low of 25 Australian cents in January 2009. It has since recovered to close the year at 73 Australian cents and at the time of this report has traded at a six year high of above 99 Australian cents.

With oil demand stabilised and a price of about $70 per barrel, there is still caution in the market and a consequent oversupply of capacity that keeps pricing under pressure.

Leadership

Clough chief executive, John Smith, is an oil and gas industry specialist and during the year he strengthened his leadership team, including the appointment of chief operating officer, Bill Boyle.

Independent chairman and industry veteran, Mike Harding, initiated an overhaul of the board with the appointment of new independent directors and sector specialists, Emma Stein and Keith Spence. Murray & Roberts is represented on the board by Brian Bruce, Roger Rees and John Cooper.

Murray & Roberts executives Millard Arnold and Bal Panicker have led the 18 month process to resolve the legacy G1 project with ONGC in India. The terms of settlement of the project dispute were settled in the year but no recognition has been taken pending the outcome of an Indian taxation authority ruling.

OPERATIONAL PERFORMANCE

Clough has refined its strategy as a specialist engineering contractor to the global upstream oil and gas sector, focused primarily on LNG (liquified natural gas) markets throughout Australasia and SURF (submarine umbilical and riser flow) markets globally.

A significant investment has been made to upgrade and acquire the vessel and specialist equipment fleet required to access these markets.

Capital projects

Clough offers an EPC (engineering, procurement and construction) service to the global oil and gas industry and the Australian mineral and water beneficiation markets where its EPC skills and local expertise can add value.

Eight key projects in the year included Woodside's Pluto LNG Jetty, Chevron's Gorgon Project, Apache projects Varanus Island Repair Program, MARS Compressor

Java Constructor

Neptune Installation

REM Clough

Installation and Devil Creek Gas Plant, Linkwater's Toowoomba Pipeline and Newmont's Boddington Gold Mine.

Marine construction

Clough offers EPIC (engineering, procurement, installation and commissioning) services to the offshore oil and gas industry, including platform and pipeline installation projects in Australia and Southeast Asia and subsea construction projects globally.

The Java Constructor is a pipelay vessel that services the platform and pipeline markets of Australia and Southeast Asia. The vessel was decommissioned for five months in the year to undergo a significant capacity upgrade necessary to improve its competitive position in the market. Installation projects concluded in the year include Hoan Vu's CNV Pipeline Installation in Vietnam and the Chevron Thailand Pipelay Works in the Gulf of Thailand. Post upgrade, the ROIC B17 project in the Joint Development Area between Malaysia and Thailand was completed and the newly upgraded heavy-lift crane was tested installing the 750t Montara Platform decks at the Montara Field in the Timor Sea.

The Normand Clipper completed its assignment for Apache on the Hurricane Katrina Repair contract and mobilised to the Neptune LNG import terminal for APL off the coast of Boston. The REM Clough was commissioned in December 2008, adding capacity to Clough's subsea capability and immediately contributing to second half earnings.

Asset support

Clough offers engineering-led asset support services to the oil and gas industry in Australasia through a joint venture with AMEC. This includes brownfield engineering, operations and maintenance, shutdown and turnaround management.

Work with two new clients, Chevron and Maersk, was secured during the year. Chevron awarded an engineering services contract to support its oil production facilities at Barrow and Thevenard Islands off the coast of Western Australia, while Maersk awarded an engineering, project management and maintenance contract to provide support to the Ngujima-Yin FPSO vessel, which is on charter to Woodside in Australia's North West Shelf.

The operations and maintenance contract with ConocoPhillips for their Bayu-Undan facility was resecured by Clough AMEC. A major shutdown of the facilities is planned during the new financial year. A four year services contract with Woodside enables Clough AMEC continuity to provide engineering, project management and maintenance services to Woodside's North West shelf oil and gas assets.

Human capital

Clough employs 2 200 skilled technical, professional and trades personnel from its operational centres across Australia, Thailand and the USA.

From July 2008, Clough has introduced the Success Through People (STP) leadership program. STP introduces concepts and models to equip leaders with the tools to execute work effectively in project teams and build the foundations for a high performance culture. During the year 235 employees with management accountabilities or future management potential participated in the full STP program.

Using the concepts and tools of STP, Clough was restructured from February 2009 to be people led, project driven. The revised structure comprises three primary streams:

- development and growth, led by Max Bergomi, who is charged with developing and winning new business
- project delivery, led by Simon High, who is tasked with executing projects safely, profitably and in excess of customer expectations
- business support, led by the financial director, who provides the range of support services necessary to pursue and deliver projects

Staff turnover fell by 10% in the year and Clough achieved a 40% improvement in its LTIFR, which declined from 0,84 to 0,51 based on Australian standards and on 21,5 million hours worked.

Prospects

Clough entered the new year with an order book of A$402 million (2008: A$1,2 billion). This is expected to increase significantly in the near term as it does not yet reflect future prospects on the Chevron Gorgon project, dependent on the final investment decision, nor does it take account of likely involvement on the Exxon LNG Upstream Infrastructure project in Papua New Guinea.

Despite a difficult economic climate, Clough is well positioned for growth, with a strong balance sheet following disposal of Petrosea and a renewed strategic focus on the oil and gas business, in particular Australian domestic gas and LNG projects and the growing deepwater subsea production sector.

John Smith

CORPORATE REVIEW


Millard Arnold


Malose Chaba


Ian Henstock


Yunus Karodia


Frank Kruger


Caswell Makama


Roger Mower*


Bal Panicker*


Richard Pope*


Terry Rensen


Andrew Skudder

** International*

Financial performance – Corporate

Net corporate overheads increased to R217 million (2008: R147 million) in the year, before a R75 million (2008: R57 million) contribution from Properties and a charge of R26 million (2008: R43 million) related to share-based payments accounted for in terms of IFRS2.

	Concessions		Properties		Corporate	
	2009	2008	2009	2008	2009	2008
Revenues*	**85**	2	**126**	114	**–**	–
Operating profit*	**119**	84	**75**	57	**(243)**	(190)
People	**7**	5	**16**	7	**124**	124

** R millions*


Ian Appleton


Carien Botha


Donique de Figueiredo


Mabuse Hlalele


Ed Jardim


Greg Ker-Fox


Gerard Moerdijk


Daan van Schalkwyk


Dhiren Singh


Zelia Soares


Cheryl van Bosch

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. Ian Henstock joined the Group in the year as commercial director and Andrew Skudder was appointed enterprise capability director. More recently, Malose Chaba has been appointed an executive director of the Group and to the new role of group head of assurance. Andrew Langham has been appointed financial director of Murray & Roberts Limited.

Trevor Fowler, Murray Easton and Orrie Fenn join the Group in the new year and take on significant performance responsibility.

Secretarial and finance

Yunus Karodia is group secretary, custodian of our governance framework and chief liaison with the JSE Limited.

A full corporate governance report is published in the sustainability report on pages 98 to 100.

A strong corporate finance team, led by Dhiren Singh, ensures reporting compliance and ensures 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.

Legal and commercial

Millard Arnold retired at the end of the year, but has been retained on contract as legal counsel in the office of the group chief executive. His primary role is legal due diligence and the management of reputational issues, particularly those flowing from heightened regulatory attention to historic and alleged residual collusive activities in the construction sector. A free flow of information concerning legal matters in the Group is maintained to ensure that we learn from our varied experiences.

Ian Henstock is commercial director and plays a lead role in the many corporate initiatives underway, including the development of new business opportunity outside the framework of individual operations.

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 Limited and reports our progress in complying with the recommendations of King II.

Ed Jardim joined the Group in the year as communications executive and is responsible for the development and management of a range of communication platforms, including:

- the Murray & Roberts website **www.murrob.com**
- an interactive CE Forum on the website
- financial results presentations and trading updates
- a biannual 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 executives who engage the market on behalf of the Group and lead frontline management across the Group.

Corporate Social Investment

The Murray & Roberts corporate social investment (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 94 and 95.

Donique de Figueiredo joined the Group in the year as 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 policy formulation and progress audit across all aspects of our business activities.

Douglas Roberts Centre

We will appoint a chief safety officer to champion our risk-based approach to HSE, including responsibility for driving and coordinating the further implementation of the STOP.THINK campaign.

Details of our HSE framework and policies are published in the sustainability report on pages 88 to 91.

Enterprise capability

Andrew Skudder is director of enterprise capability. A key strategic imperative is to ensure, amongst other initiatives, that our human capital and systems capability 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 group executives to deliver 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.

The Group's BBBEE Letsema Initiative ensures that the Group remains relevant in its domestic market.

Details of our HR framework and practices are outlined in the sustainability report on page 103.

Construction underway at the Gautrain Sandton Station, Johannesburg – July 2009

Financial director report

Roger Rees, financial director

> The Group's operating performance was tested, particularly in the second half of the year, but Murray & Roberts proved resilient

The year has seen a crisis in the global economy and financial turbulence in the Group's operating markets. The Group's operating performance has been tested particularly in the second half of the year.

Murray & Roberts has proved resilient, with revenues and operating profit increasing by 27%, due to organic growth, and an operating margin of 8,6%.

The order book was R40 billion at 30 June 2009, representing 157% of contracting and engineering revenue, and remains strong despite cancellation of work during the year.

Income statement

Continuous revenue increased by R7 billion over 2008 to R34 billion based only on organic growth. Construction SADC, Engineering SADC and Middle East clusters increased revenue by 55%, 37% and 30% respectively over the prior year.

Despite a challenging year, the revenue of Cementation Group grew by 14% year on year, with growth achieved in South Africa and Canada.

Construction Products SADC increased revenue by 9% compared to the prior year, reflecting the impact of lower residential demand in South Africa. Steel revenue decreased by 5% in difficult trading conditions of extreme price volatility in which commodity prices ended the year 50% below their peak.

Operating profits of R2,9 billion increased by 27% on the prior year and are in line with revenue growth. Approximately 60% of the Group's operating profit is generated in Southern Africa, and 40% from international operations.

The operating profit of Construction SADC, Engineering SADC and Middle East was R180 million, R320 million and R157 million, respectively, ahead of the prior year, and although Gautrain showed strong growth in revenue, profit recognition remains conservative.

The operating profit of Construction Products SADC was lower than in 2008, primarily due to steel write downs which were a consequence of the sharp decline in commodity prices. The downturn in the South African residential construction market impacted the housing sector which reported reduced profit. The infrastructure sector recorded growth on the prior year, due primarily to the performance of Much Asphalt.

In 2007, the Group raised its medium term strategic operating margin framework to between 7,5% and 10%. I am pleased to report that despite the challenges encountered over the last twelve months an operating margin of 8,6% was achieved, which is consistent with the prior year.

A net interest expense of R37 million compares to interest income in the prior year. Increased working capital funding supported revenue growth, while increased stock holdings in Genrec, UCW and Hall Longmore and utilisation of advance payments further increased working capital demand. The Group's significant international cash holdings experienced a decrease in interest income as global interest rates declined.

The Group's effective tax rate was 21,3% (2008: 19,9%). The Group continued to benefit from a zero tax regime in the Middle East markets. With the benefit of a tax loss brought forward, Clough reported an effective tax rate of 9,7% (2008: 0,3%).

Balance sheet

The Group invested R2,4 billion in capital expenditure during the year (2008: R1,8 billion), in line with the commitment given in the 2008 annual report.

Capital expenditure of R282 million in mining was primarily project related. R494 million was invested in Construction Products SADC to ensure ongoing efficiencies in production facilities. Clough invested R589 million in the overhaul of a vessel and the purchase of additional marine equipment. R366 million was invested in Genrec, UCW and Hall Longmore facilities to enable the operations to meet the demands of their medium term order books.

Cash generated by the operations was R2,6 billion (2008: R3,6 billion). Operating cash flow was down at R1,6 billion (2008: R3,1 billion). Working capital recorded an increase of R1,3 billion. Clough's working capital increased by R469 million with the balance of the increase in working capital attributed to inventory built up in Genrec, UCW and Hall Longmore.

Since 2006, revenue has increased by R23 billion and there has been a net increase in working capital of just R403 million over this period. The inflows achieved in 2007 and 2008 have been reversed by the outflow in 2009. The Middle East recorded an improvement in cash collection year on year.

Cash on hand at 30 June 2009 was R4,7 billion (2008: R4,7 billion) with approximately R1,7 billion held in joint ventures. Interest bearing short term loans and bank overdraft increased to R907 million and R1,8 billion respectively in support of working capital funding.

Equal amounts of cash on hand are held offshore and onshore. The increase in bank overdraft has occurred mainly in South Africa where interest rates have been comparatively higher than offshore deposit rates.

Interest bearing long term liabilities decreased to R784 million (2008: R804 million).

Total goodwill in the Group's balance sheet at 30 June 2009 was R490 million (2008: R488 million) with Clough's goodwill accounting for 61% of the total.

Shareholder funds increased 15% to R5,6 billion (2008: R4,9 billion) giving a return of 38,6% (2008: 40,3%) on average shareholder funds for the year.

Clough

The Group holds a shareholding in Clough Limited of approximately 59%. The conversion of convertible notes in the latter part of 2009 could increase the Group's shareholding to about 63%.

Clough reported a 68% increase in operating profit. The G1 project, the last of the residual claims brought forward from pre-acquisition, was settled in the year. No recognition has been taken pending the outcome of an Indian taxation authority ruling.

On 6 July 2009, Clough completed the disposal of its 82% shareholding in Indonesian listed subsidiary, PT Petrosea Tbk, for a cash consideration of US$83,8 million (R670 million). The financial effects of this transaction have not been brought into account at 30 June 2009. The results of Petrosea have been recorded as a discontinued operation in the Group income statement and the assets and liabilities have been recorded as assets held-for-sale in the Group balance sheet.

At 30 June 2009, 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 47 Australian cents per share. Subsequent to year-end, Clough's share price reached 99 Australian cents.

Major projects

The scale and duration of major projects secured by the Group over the past few years presents a number of challenges, not least of which is revenue recognition, such that neither present nor future shareholders are unduly prejudiced or advantaged relative to one another.

It has been determined that the level of revenue recognition on Gautrain and Dubai Concourse 2 project is appropriately conservative and justifiable in terms of each contract, given the complexity and magnitude of claims and variation orders still to be resolved.

Earnings and dividend

The Group reported diluted headline earnings per share of 675 cents, compared to 550 cents in the prior year.

The total dividend for the year has been declared at 218 cents with a final dividend of 133 cents per share.

The Group's dividend policy is to declare a dividend within a cover range of 2,8 times to 3,2 times based on diluted headline earnings earnings excluding Clough. In addition, the dividend received from Clough is passed through to Murray & Roberts shareholders.

Roger Rees

Sustainability Report

for the year ended 30 June 2009

Our commitment to sustainable earnings growth and value creation is non-negotiable

Bulyanhulu Mine, Tanzania

Message from the group chief executive

Murray & Roberts has adopted a non-negotiable commitment to sustainable earnings growth and value creation, enhancing the growth of its business and adding value in a responsible and sustainable manner.

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 107 year history, delivering the infrastructure and facilities 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 107 years, offers some testimony in this respect.

During the course of this year, we have identified four key sustainability challenges that we are actively addressing. These have the potential to positively impact our business and its ongoing success:

1. Health, safety & environment
   Understand our operating environment so as to eliminate fatalities and disabling injuries and reduce lost time injury frequency rate (LTIFR) to below 1,0 in South Africa, attend to occupational health challenges and prevent environmental degradation.

2. Anti-competitive behaviour
   Zero tolerance for collusive misconduct. Maintain brand integrity through proactive engagement with authorities and continue executive education.

3. Discrimination
   Challenge the *status quo* of endemic tendency to discriminate on multiple dimensions of difference in the workplace.

4. Black economic empowerment
   More key high-level appointments, retention of professional entrants, improvement of BBBEE score and partnership with Government.

The safety of our employees, contractors and visitors to our sites is a key priority and receives significant focus from me personally and the Group's operating leadership teams. Despite our efforts, nine of our colleagues lost their lives while working for us during 2009. Every fatality touches all of us and I am personally committed to eliminating hazards and inappropriate behaviour to ensure that all our people go home safely and well at the end of each day.

The South African competition authorities have initiated a wide ranging investigation into all aspects of potential collusion in the construction industry. In compliance with its legal obligation, Murray & Roberts has taken an industry lead before any public concern was expressed on possible corruption in the sector. The Group was a founding signatory to the Partnership against Corruption Initiative of the World Economic Forum in 2004, it initiated internal audits across its various operations and commenced a program of communication and training to assist employees in understanding competition law and its implications for the Group. Where any evidence of possible collusion is uncovered, disclosure is made and full cooperation is given to the authorities.

Murray & Roberts broadly reflects the demographic profile of the communities within which it operates. This results in a diverse workforce on multiple dimensions. Discrimination across these dimensions invariably exists in our workplaces and we continuously challenge the *status quo* of this endemic tendency to discriminate.

We have continued to build our broad-based black economic empowerment and employment equity profiles with many operations having improved their ratings through the year.

We continue to play an important role in social development through employment and training opportunities, infrastructure provision, local business development and payment of taxes in our host countries.

We are committed to supporting the communities within which we operate through our corporate social investment and Letsema empowerment trusts, where we have this year contributed R41,5 million in cash towards supporting university and school upliftment, early childhood development and the development of youth affected and infected by HIV/AIDS and impacted by poverty.*

Murray & Roberts aspires for zero harm to all aspects of its business – its people, partners and clients, the natural environment in which it operates and society in general. It is up to all of us to make this happen, and it starts with me and our leadership teams.

Brian Bruce
Group chief executive

* *The investment value in the Letsema Trusts is more than R1,2 billion.*

Sustainability report continued

REPORT SCOPE AND PERFORMANCE DATA

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. Below is a summary of the key indicators tracked by the Group.

All monetary amounts are expressed in millions of Rands	Performance		Movement
Performance dimension	**2009**	**2008***	
Economic			
Revenue	**33 762**	26 666	↑
Operating costs	**30 856**	24 240	↑
Value added to employees	**9 543**	7 620	↑
Value added to providers of finance (net)	**421**	293	↑
Value added to Government	**612**	490	↑
Value added to maintain and expand the Group	**2 793**	2 283	↑
% preferential procurement spend South Africa	**27**	10	↑
Environment			
Major environmental incidents	**1**	1	↔
Carbon footprint (tonnes of carbon dioxide equivalent)**	**1 376 379**	563 155	↑
Social			
Safety			
Fatalities	**9**	16	↓
LTIFR (per million hours worked for the year)	**2,87**	2,44	↑
Health			
Voluntary HIV/AIDS tests	**>3 500**	>2 000	↑
New cases of tuberculosis	**58**	105	↓
Noise induced hearing loss (NIHL)	**65**	103	↓
Alcohol and drug random tests	**7 841**	4 371	↑
% positive from alcohol and drug random tests	**4,6**	3	↑
Community			
Corporate social investment in community programs (Rm)	**21,1**	13,8	↑
Letsema broad-based community commitments (Rm)	**20,4**	12,6	↑
Broad-based black economic empowerment			
BBBEE rating based on the dti Codes of Good Practice	**Level 5**	Level 6	↑
Wealth created through Letsema BBBEE share ownership transaction (Rm)	**1 227**	2 099	↓
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	**47**	35	↑
Dividends distributed to 14 125 employee shareholders through the Letsema employee share ownership scheme (Rm)	**9,2**	8,3	↑
% of South African based employees who are female	**10,8**	10,0	↑
% of South African based employees who are black	**85,5**	85,4	↑
% of South African based employees designated as management who are female	**10,4**	12,1	↓
% of South African based employees designated as management who are black	**47,8**	44,9	↑
Employees			
Spending on formal employee training and development (Rm)	**96**	106	↓
Number of individuals trained	**10 000**	12 000	↓
% of participants who are black	**80**	77	↑
Total number of bursars	**193**	223	↓
% of bursars who are black	**55**	60	↓
% of bursars who are female	**31**	31	↔
Leadership and Graduate Development Program	**269**	238	↑
% of participants who are black	**46**	50	↓
% of participants who are female	**26**	22	↑

** Income statement comparatives have been restated to exclude discontinued operations.*
*** Increase due to the improved data capture.*

Our sustainability report has been written in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines.

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 59% 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 2009. Past sustainability reports are contained in previous annual reports available on www.murrob.com.

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, health, safety & environment (HSE) and broad-based black economic empowerment (BBBEE) metrics.

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, governments, 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 BBBEE, human capital development, risk management, HSE management and assurance. For additional information on these issues please refer to pages 14 to 21.

SHAREHOLDERS

Due to the global economic crisis, shareholders suffered a share price depreciation of 43% during the year but benefited from an 11% increase in dividend. Market capitalisation has increased more than 1 650% during Rebuilding Murray & Roberts in the nine 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 Stock Exchange 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 through world class implementation of projects, and supply of 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.

Sustainability report continued

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	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.

ECONOMIC CONTRIBUTION

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 pie charts in the next column summarise 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 120 of the financial statements.

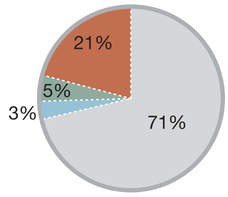
Preferential procurement increased significantly to 27% (2008: 10%) of the South African operations' procurement expenditure of approximately R11,5 billion. Murray & Roberts also increased its procurement from small and micro enterprises, more than 50% black owned businesses and black women owned business, as depicted below.

The improvements are partly attributable to better recording of preferential procurement but also to the commitment by Murray & Roberts to supporting local empowered suppliers.

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.

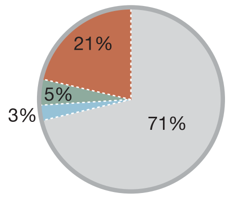
The Group's preferential procurement policy requires each operating entity to verify its suppliers and alternatively to source empowered suppliers, should the existing suppliers not be appropriately empowered.

Value added 2009



	R millions
To employees	9 543
To providers of finance	421
To government	612
To maintain and expand the group	2 793

Value added 2008



	R millions
To employees	7 620
To providers of finance	293
To government	490
To maintain and expand the group	2 283

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

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 founding signatory to PACI and undertakes to counter corruption and bribery in the Group and its markets.

In line with the South African Competition Commission's corporate leniency policy, Murray & Roberts subsidiary, Rocla, disclosed its involvement in a cartel in the precast concrete market in South Africa. In return, Rocla received conditional leniency from the Commission. The Commission initiated an investigation and found that Rocla, together with other industry participants, had engaged in the following conduct:

- fixing the selling price of pipes, culverts and manholes
- dividing the markets for the production and distribution of pipes, culverts and manholes
- collusive tendering in respect of the supply of precast concrete sleepers to certain projects (It should be noted that Rocla does not manufacture sleepers)

Procurement expenditure (R millions)	2009	2008	% increase
Qualifying small enterprises & exempted micro enterprises	**576,5**	198,1	191%
Suppliers that are >50% black owned	**581,9**	284,3	105%
Suppliers that are >30% black women owned	**51,0**	1,3	3 793%

Senior managers associated with the anti-competitive behaviour have been removed from the organisation and a new management team at Rocla is actively engaged in changing the culture of the company.

The Competition Commission searched the premises of several South African steel companies, including Murray & Roberts subsidiary Cape Town Iron and Steel Works (CISCO) in June 2008 as part of an investigation into allegations of price fixing and exclusive dealing in the steel industry. On 1 September 2009, the Competition Commission recommended that the Competition Tribunal impose an administrative penalty against CISCO, and other industry participants, amounting to 10% of their annual turnover in South Africa and their exports from the Republic for the preceding financial year. The Competition Commission alleges that four industry participants exchanged information to facilitate cartel activity, which involved price fixing, the fixing of trading conditions and market division. Murray & Roberts has conducted its own internal investigation and is of the opinion that, within the timeframe applicable to this investigation, no anti-competitive behaviour has been undertaken by the subsidiary. The forensic investigations undertaken by Murray & Roberts indicate that, if anything, CISCO is a victim of predatory pricing by the larger inland steel mills. Various subsidiaries of Murray & Roberts Steel have applied for leniency relating to specific events uncovered by internal audit and the company continues to cooperate with the Commission during its investigations.

The Commission has launched an investigation into the allocation of tenders for the construction of the 2010 FIFA Soccer World Cup™ stadia and the cost escalations associated with these major projects. Murray & Roberts has been involved only in construction of the Green Point Stadium as a joint venture partner given the size, complexity and timeframe required of the project. Concor submitted unsuccessful tenders for the Polokwane and Nelspruit stadia. The Green Point joint venture is directly responsible for less than 40% of the total cost of the project. The remainder has been under the direct control of the client and includes professional team fees, client costs, selected subcontractors, provisional sums and prime cost items determined in advance by the professional team. The project has been substantially redesigned and construction has been accelerated to overcome delays in award and the consequence of the redesign.

The Competition Commission published a public statement on 1 September 2009 as part of a broader media campaign that listed Murray & Roberts as an industry participant amongst selected others, in alleged widespread and prevalent collusion in the construction industry; categorised joint ventures as collusive arrangements; implied price manipulation on a national scale to the extent that society is denied full, timely and affordable access to housing and essential infrastructure; all resulting in improper cost inflation such as to burden the state and economy. Murray & Roberts categorically denies these allegations and statements of widespread and prevalent collusion and lodged a formal objection with the Department of Trade and Industry in this matter.

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

The Competition Amendment Act 1 of 2009 introduces significant reforms to the Competition Act including criminalisation provisions and provisions relating to regulation of so called "complex monopolies". The Act has been passed by Parliament and signed into law by the President. Murray & Roberts is closely monitoring these developments.

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. Management and the Board are committed to the elimination of this unacceptable practice.

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.

HUMAN CAPITAL

The capacity and capability of our human capital is a cornerstone of sustainability in Murray & Roberts. The Group aims to be an 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 Constitution of South Africa 108 of 1996, 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. Six directors are black, three of whom are women. 86% of South African-based employees are black, while 11% of all employees are female. Approximately 48% of all levels designated as management in the domestic market are black, and 10% female.

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

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

	Male				Female				
Occupational levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Total**
Top management	5	1	1	70	0	1	0	2	80
Senior management	14	6	17	200	2	3	4	22	268
Middle management	155	65	46	744	27	6	10	79	1 132
Junior management	1 829	277	102	1 766	188	39	31	202	4 434
Semi-skilled	10 523	209	78	499	852	92	59	325	12 637
Unskilled	5 614	34	1	82	791	22	2	11	6 557
TOTAL PERMANENT	**18 140**	**592**	**245**	**3 361**	**1 860**	**163**	**106**	**641**	**25 108**
Non-permanent employees	3 694	340	97	304	345	58	7	46	4 891
TOTAL	**21 834**	**932**	**342**	**3 665**	**2 205**	**221**	**113**	**687**	**29 999**
Persons with disabilities included above	19	5	4	15	6	0	1	4	54

are in place and voluntary bargaining forums are often aligned to specific industries.

Murray & Roberts occasionally experiences industrial action within its operating entities. 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 2009, investment in formal employee training and development was approximately R96 million, including wages and salaries of participants and capital expenditure in upgrading training facilities. Approximately 10 000 employees undertook formal skills enhancement and training development during the year.

Murray & Roberts plays a leading role in addressing the skills deficit in South Africa through public sector initiatives, including the requirements of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) that govern our involvement in the power generation projects, particularly the Eskom power 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 a R34 million 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.

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 193 bursars (2008: 223), 55% 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 fifth year with an ex-bursary intake of 90 graduates (2008: 85). Currently, 69% 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 438 (2008: 544) people undertaking learnerships at 30 June 2009, 69% of whom are black, and 276 (2008: 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 formal and in most instances conducted biannually, and monthly performance and development discussions are encouraged. There are more than 720 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 179 (2008:153) delegates, 34% of whom are black managers and 27% female.

The Group conducts an annual leadership succession review to identify and plan 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.

HEALTH, SAFETY & ENVIRONMENT

The safety of our employees, contractors and the communities in which we operate is an integral part of our business. We aspire to zero harm.

We seek to create a mindset and an environment where people believe it is possible to work injury free, regardless of where they are in the world, what role they undertake, or in which operating entity they work.

Fatal accidents

Regrettably, the Group recorded nine (2008: 16) fatal accidents during the course of the year, all within our South African operations. Our sincere sympathies go to the families, friends and colleagues of our deceased colleagues.

Although this is an improvement on the previous year and our lowest level of fatalities in the last five years, we remain determined to do all in our power to eliminate fatalities from our operations.

Three (2008: seven) of the fatalities occurred in underground mining operations in South Africa and five (2008: nine) were recorded in the South African construction operations. One fatality (2008: 0) was recorded at the Group's fixed facility operations during the year. The nine fatalities occurred in two months either side of the year-end shutdown, four in November 2008 and five in January 2009. We therefore experienced 10 fatality free months which provides encouragement that we are making strides towards our target of zero fatalities. Group leadership is working on actions to eliminate fatal and disabling accidents. External independent forensic investigation is conducted into all fatal accidents to properly understand, recreate, and identify their cause.

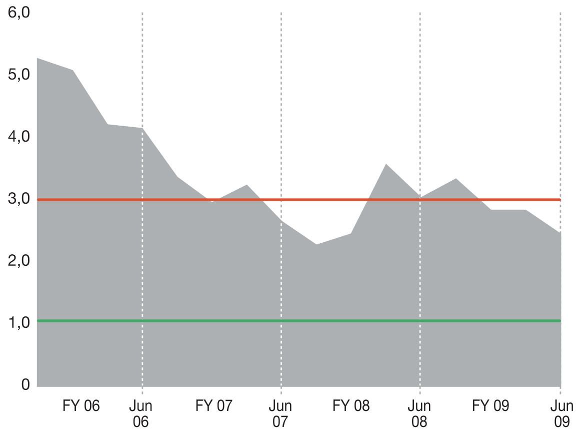
Safety

The group consolidated lost time injury frequency rate (LTIFR) increased marginally to 2,87 during the year (2008: 2,44), and remained below the short term milestone target of 3,0. Our target over the next three years is to reduce LTIFR by 33% per annum in order to achieve our objective of less than 1,0. The graph in the next column illustrates the Group's historic quarterly performance against target.

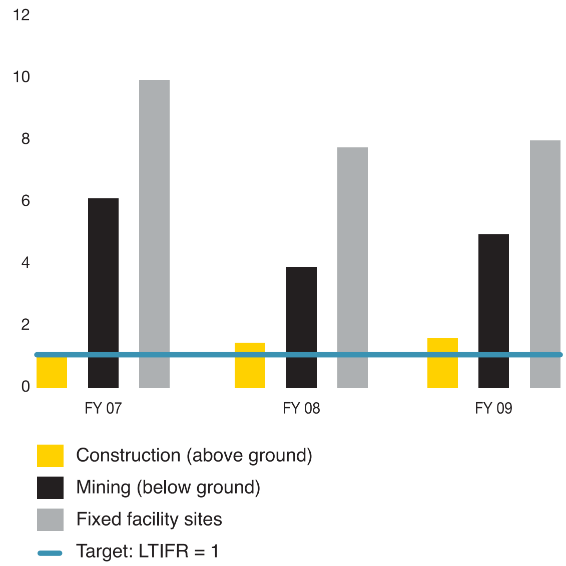
Construction operations continue to record the lowest LTIFR performance of all clusters at 1,60. The mining and fixed facility operations increased their LTIFR to 4,94 and 7,96, respectively, but both showed improvement during the last quarter of the year.

The reasons for the increased number of lost time injuries is varied, however increased employee uncertainty as a consequence of retrenchments in the mining and construction operations in South Africa and increased delivery pressure have been important contributors. In addition, changes in the leadership teams of several manufacturing operations have also contributed to lower levels of employee engagement which has impacted safety performance. An increase in safety awareness and leadership commitment to safety has seen an improvement in the LTIFR in the second half of the year.

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



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



Safe workplaces – our approach

Murray & Roberts has reviewed its approach to managing safety in its workplaces and has developed a model that clearly articulates the roles, responsibility and accountability of corporate office versus the operations.

Our approach to safety is incorporated in our charter, which states that we value health, safety and the environment by integrating sound health, safety and environment management into all activities to achieve zero harm.

Group HSE framework, policy and targets

The group HSE framework seeks to implement a continuous improvement risk-based approach to better understand and treat the exposures facing Murray & Roberts. The framework

Hand signals allow workers to communicate vital safety messages to each other in noisy environments, over vast distances and at differing heights.

serves to guide operational HSE management, policies, standards and procedures.

The group HSE policy outlines Murray & Roberts' aspiration of zero harm to the health and safety of its employees, subcontractors and suppliers, visitors, and others under its managerial control.

This aspiration is reflected in our group wide targets of:

- Zero fatalities and permanent disablement
- 33% reduction in LTIFR per annum to achieve <1,0 by 2012
- Comprehensive incident reporting

Safety standards

The Murray & Roberts risk model for health, safety and environment is based on the following standards:

- Recognition of the three generically different types of business within the Group:
  - Construction (above ground)
  - Mining (below ground)
  - Fixed facility sites
- The requirement that operating entities within each of these three business types develop appropriate HSE models which will include:
  - program and status of developing standards
  - program and status of training employees and others in occupational health, safety and environmental issues and effects
  - methodology of integrating with client's standards and practices where relevant
  - methodology of including subcontractors in the process
  - collation and reporting of key performance indicators and statistics on all HSE issues
- Clear accountability for all health, safety and environmental risks and management thereof across all levels of the organisation:
  - Focus on housekeeping
  - Change room at each worksite
  - Visible STOP.THINK branding
  - Safe procedures, systems and equipment
  - Trained staff, supervisors and workforce
  - Workplace meeting space

Our line managers are accountable for the implementation of these standards and responsible for ensuring that supporting systems, policies, procedures and facilities are in place. They are required to train their employees against these policies and procedures, undertake regular safety and behaviour inspections at the working level and conduct incident investigations.

Safety indicators

Murray & Roberts currently utilises a set of lag indicators to measure overall safety effectiveness and performance. In order to improve our measurement of safety effectiveness and performance Murray & Roberts will introduce a set of lead indicators to enable effective intervention to address or reverse a negative trend before it results in injury, damage or loss. The Group has already empowered employees to take control of safety which, if effective, will lead to an organisational safety climate. In order to effectively manage a mix of leading and lagging indicators, a more sophisticated reporting system will be deployed across the Group which will also lead to greater consistency in reporting across the Group's operating entities.

Murray & Roberts will align its lead indicators to those used by major clients and best practice companies. Some examples include:

- Field visits conducted and time spent in the field
- Contacts/observations/audits/inspections conducted versus planned
- Implementation of action plans resulting from audit findings
- Number of near misses reported
- Number of repeat incidents
- Percentage of significant incidents reviewed and closed out
- Percentage of hazards rectified
- Ratio of near misses to accidents reported

In order to better understand workplace incidents we will report all injuries. The metric we track is the total injury frequency rate (TIFR), which is the total number of injuries resulting in lost time, medical treatment, and first aid treatment per million work hours. Due to lack of consistency in reporting medical treatment and first aid cases, our current focus is on the LTIFR.

Serious accident prevention

In seeking to achieve zero harm we have learnt that low injury frequency rates do not mean low fatality rates and we cannot and should not draw any comfort from low injury rates in terms of our capacity to eliminate fatalities.

Our fatalities often have similar underlying causes and as such we have identified six generic areas of serious accident risks that exist within the Group, namely:

- Mobile plant
- Equipment and machinery
- Fall of ground
- Electricity
- Working at height
- Hazardous materials

Serious accidents and fatalities are deemed to be a complete failure of an HSE management system. In order to eliminate such accidents, further layers of control measures are required for certain areas of exposure.

Our current approach is for each operating entity to develop an annual serious accident prevention plan, highlighting company specific areas of exposure to the abovementioned risks. In addition to the minimum requirement control measures, the plan will include specific measures to address these areas.

Given that we have until recently continued to experience fatalities across the Group we will establish fatal risk control protocols that establish minimum performance expectations for managing potential fatal risks associated with the abovementioned exposures.

Leadership and line accountability

Every person's behaviour contributes to an injury-free workplace. Leadership, in particular, can have a powerful impact on the transition to an interdependent safety culture. The journey towards zero harm requires strong leadership, the involvement of all employees and the need to develop a genuine and active approach to caring for all employees, contractors, communities and the environment.

Our approach to safety is based on management being accountable for the safety culture and performance of their business, the implementation of the HSE policy and meeting the performance requirements of the HSE framework.

The Murray & Roberts leadership succession and development model provides guidelines on what it takes to be a Murray & Roberts leader. It is designed with a mix of core attributes and behaviours that we require our leaders to demonstrate, identify and develop in others, and thereafter reward. The performance standards defining the expected outcome of a Murray & Roberts leader include risk results, where it is expected of operating entity leaders to:

- Identify risks arising from business strategy/projects and manage them effectively to optimise value in an integrated manner
- Define HSE objectives, provide necessary resources, measure results and objectives met
- Inspire the leadership team and workforce to personally engage in HSE activities
- Live the STOP.THINK mindset on and off the job (24/7)
- Demonstrate intolerance for unsafe behaviour leading to accidents and incidents

Managers at all levels, from executive to frontline management, are accountable for safety. They are expected to lead by example and demonstrate a visible commitment to safety behaviour and awareness, making every effort to embed safe behaviour in employees and contractors throughout all operations and activities.

Managers are responsible for upholding the STOP.THINK Bill of Rights afforded to all Murray & Roberts employees.

In order to improve the competency of all managers, Murray & Roberts is introducing a safety leadership development program to ensure that all levels of supervision understand what is expected of them in a leadership role and why it is so important. The program will cover people and safety management skills. Successful completion of this program will constitute a Licence to Supervise.

Communication and safety awareness

Murray & Roberts introduced STOP.THINK as a bespoke campaign that focuses on raising safety awareness across all Murray & Roberts sites. The Group has developed an extensive collection of collateral that is used on work sites, including:

- STOP.THINK awareness video
- STOP.THINK safety clothing
- STOP.THINK decals
- STOP.THINK industrial theatre
- STOP.THINK change room

We will continue to build on the collateral and reinforce its use across the Group. We are currently in the process of developing a new series of STOP.THINK awareness videos to be branded STOP.THINK Moments, where we will re-enact serious incidents and highlight the behavioural contributors to the incident. Research has found that interventions affecting risk judgements and fear produce self-protective behaviour.

An extension of our STOP.THINK brand is the *Impilo Yethu* print medium comic strip communication platform. *Impilo Yethu* was originally created with a predominant focus on safety related issues at work, but has since broadened its mandate with an additional focus on safety at home, protecting the environment, lifestyle choices and general health. *Impilo Yethu* is used in the mornings in toolbox talks to brief and educate employees on site.

SMS is another key medium of communication, used to establish membership of an *Impilo Yethu* club and communicate HSE messages. The Group has created a database of more than 10 000 mobile telephone numbers from club membership and previous entries into *Impilo Yethu* competitions. Early morning SMS messages to employees will reinforce core messages such as "Don't forget to STOP.THINK today!" or "Don't forget to hook up today!"

This initiative forms part of a long term process to reach out to the entire workforce and generate awareness and feedback.

Impilo Yethu comic strip

Development of a stronger HSE culture is anticipated, where understanding and management of HSE challenges are part of normal daily activity.

Interactions, observations and audits

A variety of workplace interactions, observations and audits are to be implemented to encourage all employees to STOP.THINK and act safely. These should lead to immediate corrective action to eliminate hazardous acts or environments. Two components critical to improving employees' awareness of their safety behaviour are:

- Safety contacts – everyday discussions and interactions about improving safety in the workplace. They should occur at all levels of the organisation.
- Safety observations – people observe each other to identify good practices, as well as unintentional at-risk behaviours, hazards and situations. The greatest benefit of safety observations is the discussion that takes place following the observation, where employees reinforce the safe activities and identify better ways of controlling the associated hazards.

Murray & Roberts will confirm the effectiveness of health and safety systems and employee awareness through the appointment of a chief safety officer and by conducting workplace condition audits, specific issue based audits and management systems audits.

This will involve the introduction of an objective and reliable corporate led internal audit process that will form the basis of continuous improvement in health and safety practices across the Group. It is envisaged that these audits will be conducted by cross functional teams across operating entities and their sites or branches.

To establish an effective internal audit process, Murray & Roberts will introduce a comprehensive set of health and safety management safety standards that will cover:

- Policy and standards
- Legal compliance, risk management and planning
- Implementation of health and safety system and awareness
- Monitoring, auditing and review

Occupational and societal health

The health of our people is central to our business success. If we are to succeed in our journey towards zero harm, we need to understand the potential for health risks and establish suitable mitigation measures. We can only achieve this through shared responsibility between management and employees, contractors and their families.

Hearing loss is a major occupational health risk and 65 (2008:103) new cases were recorded in the year. The Group has engaged specialised service providers to assist with mitigation initiatives to design out pollution 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 have installed extensive societal health programs, including random substance abuse tests and voluntary HIV/AIDS tests. The Group's risk-based HIV/AIDS policy promotes voluntary testing, non-discrimination and awareness about preventing the spread of the disease and mitigating its effects. This is aimed at a further reduction in the incidence of societal health problems. Of the 7 841 drug and alcohol tests conducted, 4,6% (2008: 3%) returned positive. These employees receive counselling on the negative effects of substance abuse.

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 introduced an employee wellness program (EWP) during the year and is committed to creating a caring and supportive working environment that is people-centred and people-driven. The Murray & Roberts EWP is designed to assist employees experiencing personal and/or work-related difficulties and to ensure optimal performance by employees.

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 indicators for environmental incidents:

- Releases to air
- Leakages and spillages
- Remediation of incidents
- Fines and penalties for incidents

Proactive indicators are used for stack monitoring, resource usage, waste generation and recycling, and their risk mitigation.

The Group's environmental risk model aims 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
Waste from workshop facilities	Mining (below ground)

The Group recorded one significant environmental incident in the year on the Gautrain Rapid Rail Link Project. A formal directive was issued by the South African Department of Water Affairs and Forestry (DWAF) on 12 December 2008, instructing Bombela to cease all pumping of water from the tunnel section, much of which was related to the numerous releases of untreated and non-compliant water (in terms of the Water use License (WuL)) to the natural environment and to sewer. Following engagement with DWAF, certain processes were agreed and Bombela was, as of 17 December, allowed to continue with the release of water from the tunnel subject to the delivery of certain conditions as all stakeholders agreed that to stop pumping water from the tunnels would have the potential to compromise the safety and integrity of the tunnels and personnel working in them.

Key to the rectification of the water quality issues were the following:

- Improvement in the management of the water treatment plants, which included ensuring supply of appropriate spares and consumables, sufficient plant operators and treatment by Bombela of the water prior to release
- Ensuring that all siltation (primarily from the mining, shotcrete and concrete works) was settled out, captured and removed by sucker trucks from site to an agreed disposal site
- Daily reporting of volumes, pH and turbidity in terms of the newly agreed parameters
- Monthly reporting of silt removal

This has to date been implemented to our satisfaction.

A formal application has been made to DWAF for permission to have the directive lifted. The latest results are all in compliance with the WuL requirements. There is still much to do and we will continue to monitor the situation.

Resource use is a key operating measure at all Murray & Roberts operations. Work has been done to quantify the amount of resources used as well as the waste generated. The estimated water usage for the Group was about four 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 7 (Carbon Disclosure Project – 7th edition) questionnaire in June 2009 and has used the greenhouse gas (GHG) Protocol to develop the estimated footprint.

The Group's carbon footprint for the year was 1,4 million tonnes (2008: 0,56) of carbon dioxide equivalent (CO_2e). This increase is the result of a significant improvement in monitoring and reporting of emissions across the Group, as well as an increase in projects and the production of materials for some of the operating companies.

The table below illustrates the contribution to the footprint.

Approximately 90% of all emissions emanate from the Group's South African operations with the Group's fixed facility operations accounting for 64% of the emissions, 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 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. South Africa is under pressure internationally to take on carbon emission targets under the Kyoto Protocol, as it is within the Top 20 global emitters. Much depends upon the talks in Copenhagen this year when the Conference of Parties meets to discuss the post-2012 Kyoto period.

In February 2008, the South African Minister of Finance introduced a two cents per kilowatt-hour levy (2c/kWh) on non-renewable sources of electricity in a bid to spur greater investment in low-carbon technologies. Many regard this as a carbon tax.

In November 2008, the Minister of Environmental Affairs and Tourism announced that South Africa would commit to national emission reductions in one form or another. This will either be as part of a voluntary National Mitigation Strategy, or (depending upon the Copenhagen talks) it will be imposed as part of an International Mitigation Strategy.

South Africa previously undertook a Long-Term Mitigation Scenario (LTMS) Study, which resulted in a parliamentary resolution to develop a legislative package to give effect to South Africa's policy at a mandatory level. The model, yet to be finalised, sets a level of carbon tax at R100/t on carbon dioxide equivalent, rising to R250/t by 2020. The Minister of Environmental Affairs and Tourism indicated that a final version would be presented in 2009. The most likely option is a framework that outlines a combination of measures. Apart from the carbon tax, it will call for investment in new technology, tax incentives for lower carbon resources, consumer behaviour change through subsidies and the move to a low-carbon economy.

A carbon tax could have significant impact on companies that have high Scope 1 emissions. Murray & Roberts understands that by 2012, there will be legislation in South Africa that governs the mandatory reporting of GHG emissions by companies.

Subsequent emission limits which could be imposed may require a change in process or facilities/equipment used, with the resultant financial implication. It is expected that this risk will materialise within the next five to seven years and in response, one Murray & Roberts company has taken active steps, namely, the modification of a plant to reduce the mixing temperature of asphalt to below 130°C which results in lower emissions as well as lower energy consumption.

A draft document, *The 2007 National Framework for air quality management in the Republic of South Africa,* released in July 2007, forms part of the process as contemplated in section 7 and 15(1) of the Air Quality Act 39 of 2004. At least eight large projects are contributing to this national framework of which the most significant are:

- AAPA registration review project (selected industries including the clay brick industry (planning document released in April 2007)
- Vaal Triangle Priority Area projects (baseline management plan released in June 2007)
- Framework for setting and implementing national ambient air quality standards

In March 2009, proposed National Ambient Air Quality Standards (AQA) were released for public comment. The

Group segment/Business division	Scope 1 tonnes CO_2e	Scope 2 tonnes CO_2e	Scope 3 tonnes CO_2e	Total tonnes CO_2e
Construction (above ground)	450 574	14 348	3 321	468 243
Fixed facility sites	643 651	241 821	1 122	886 594
Mining (below ground)	18 129	1 453	1 960	21 542
TOTAL	**1 112 354**	**257 622**	**6 403**	**1 376 379**

assessment of all ambient pollutant concentrations will be conducted in terms of section 5.2.13 of the 2007 National Framework for Air Quality Management (Notice No 1138 of 2007). The Department of Environmental Affairs and Tourism has allocated significant resources to the implementation of the AQA. This will have implications in particular for Cape Town Iron & Steel Works (CISCO), Murray & Roberts' scrap based mini mill, and Ocon Brick, the Group's clay brick manufacturer based in the Vaal Triangle.

Australia has announced that a new greenhouse gas emissions trading scheme will commence in 2010. The details of the scheme have not been announced but we anticipate that our operating assets in Australia will be required to report their direct CO_2 emissions and acquire permits to cover those emissions either through purchase, trading, or administrative allocation. It is also anticipated that the carbon emissions trading scheme will create cost impacts for electricity providers which may be passed on to electricity users. Murray & Roberts' direct CO_2 equivalent emissions in Australia were 103 786 metric tonnes CO_2e in 2008, or 9,3% of the total, while our indirect emissions from purchased electricity were approximately 272 tonnes of Scope 2 emissions.

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 logistics and insurance costs and availability of materials.

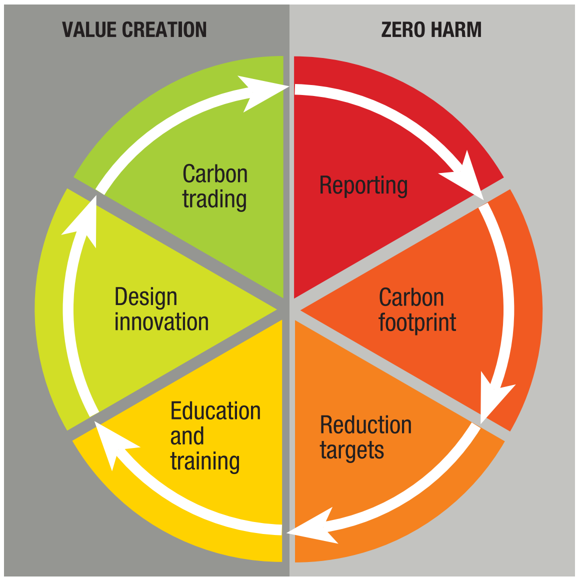
Following the baseline process and quantification of energy spend, meaningful targets will be established to reduce consumption and generate savings.

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

Murray & Roberts aspires to zero harm consequence from all its business activities, encompassing 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 non-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 2010 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.



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 investment (CSI) program focuses on development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numeracy education in early

Murray & Roberts TRAC laboratories

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 R21,1 million (2008: R13,8 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 Mathematical Literacy Pilot Project: Professional Development of Teachers; laboratory upgrades for the School of Civil and Environmental Engineering at the University of the Witwatersrand; and The Molteno Institute for Language and Literacy. Murray & Roberts has seconded a senior executive to the University of Witwatersrand to assist with the Group's significant capital expansion program.

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, the Chair in Collaborative Governance and Accountability at the University of South Africa and the Chair in Construction Management at the University of Stellenbosch.

Murray & Roberts has also funded the Next Generation Scholars Project at the University of Johannesburg, which is a subvention partnership aimed at establishing world class academic capacity in science and engineering disciplines.

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 subcontractors 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 and its subsidiaries belong to all the associations and organisations relevant to our sector, including 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.

BLACK ECONOMIC EMPOWERMENT

Murray & Roberts follows the provisions of the Broad-Based Black Economic Empowerment Act 53 of 2003 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 page 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 for improvement are targeted procurement, skills development and employment equity. BBBEE remains a priority challenge for the Group. 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.

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 R1,2 billion has been created for participants and total dividends of R112 million have been paid to the trusts.

Andrew Skudder

Sustainability report continued

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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.

Following the release of the King Report on Governance for South Africa 2009 (King III) on 1 September 2009, the Group will review its corporate governance practices and apply the recommended principles accordingly. MP Chaba has been appointed to the new role of group head of assurance following the recommendation of King III in respect of the appointment of a chief audit executive. This role will consolidate all aspects of the Group's risk management, internal audit, health, safety and environment, technical and project review, and systems compliance.

Board of Directors

At the date of this annual report, Murray & Roberts has a unitary Board with 15 directors, 10 of whom are independent non-executive and five of whom are executive.

The Board is responsible for approving 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. The Board is committed 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 customers and 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:

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

- risk management and internal controls
- health, safety and environmental performance
- 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 R140 000 each with a deduction for non-attendance of R12 000 per meeting. Five scheduled and one special meeting were held during the year. Non-executive directors were paid R24 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 Wednesday, 21 October 2009, that non-executive directors be paid a fixed annual fee of R150 000. The deduction for non-attendance and *ad hoc* fee for special board meetings increases to R13 000 and R26 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 105 of this report.

Changes to the board

Non-executive directors JJM van Zyl and MJ Shaw reached the mandatory retirement age for directors and retired at the annual general meeting in October 2008.

Non-executive directors ADVC Knott-Craig and M Sello were appointed to the Board in November 2008 and February 2009 respectively.

KE Smith retired as an executive director at the annual general meeting to concentrate on his executive responsibility for the Group's Southern Africa construction operations.

Subsequent to year-end, the Board appointed executive directors MP Chaba, with effect from 1 September 2009, and TG Fowler in September 2009. The Board further resolved to appoint O Fenn as an executive director on commencement of his employment in November 2009.

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 an independent 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 chairman are appointed by the Board. The Board is responsible for the annual appraisal of the chairman 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, chairman 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 annual report.

Each committee operates according to terms of reference approved by the Board. With the exception of the executive committee, all other committees are chaired by independent non-executive directors of the Board.

An internal evaluation of each Board committee was conducted during the year under review.

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 105 of this report.

A review of applicable mandates and terms of reference will be conducted to take into account King III and the Companies Act 71 of 2008 which is due to come into effect in 2010.

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.

The nomination committee considers and makes appropriate recommendations regarding appointments to the Board. This process encompasses an evaluation of skills, knowledge and experience, considers transformation imperatives and ensures the retention of appropriate long term memory on the Board. All recommended appointments to the Board are made in terms of a formal and transparent process.

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 internally 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 externally.

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.

Group secretary

All directors have access to the advice and services of the group secretary who is responsible for ensuring the proper administration of the Board and corporate governance procedures. The group 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 102 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.

Sponsor

During the period under review, Deutsche Securities (SA) (Pty) Limited was appointed sponsor. The previous sponsor was Merrill Lynch South Africa (Pty) Limited.

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, that Deloitte & Touche be reappointed as independent auditors and AF Mackie as the designated auditor.

Membership

The committee consists of four independent non-executive directors. During the year under review MJ Shaw retired as a member and chairman of the committee and was succeeded by DD Barber. Other members include IN Mkhize and AA Routledge, who, like DD Barber, are financially literate and experienced. M Sello was appointed a member of the committee with effect from 25 February 2009.

The group chairman, group chief executive, group financial director, group corporate services executive, internal and external auditors, all attend meetings by invitation.

The committee was formally re-appointed by the Board and met three times during the year under review.

Two members serving on the committee also serve on the risk management committee. This ensures that overlapping responsibilities are appropriately dealt with.

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

Financial director

The committee has for the period under review formally considered and satisfied itself of the appropriateness of the expertise and experience of the group financial director, RW Rees.

Audit and administration

Financial leadership within Murray & Roberts is continuously strengthened to cater for growth in the business, including ongoing employment and redeployment of senior financial executives.

The group internal audit function is tasked with performing risk based audit throughout the Group and adjusts its coverage and focus based on the changing strategic and operational needs of the Group. Internal audit coverage includes review of strategic risk mitigations, an independent validation of control self assessment results, selected review of major systems, processes and projects, CoBiT maturity assessments and related IT Audits. A combined assurance model is adopted to ensure a coordinated approach to all assurance activities.

The audit committee chairman, group financial director and lead external audit partner attend selected contract and subsidiary 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.

David Barber
Chairman

RISK MANAGEMENT COMMITTEE

The risk management committee operates under terms of reference in accordance with King II, assisting the Board to fulfil its corporate governance supervision responsibilities over the development and implementation of the group risk framework.

Membership

The committee consists of four independent non-executive directors. During the year under review SP Sibisi served as chairman of the committee with DD Barber, IN Mkhize and RT Vice as members. DD Barber was appointed a member of the committee with effect from 25 November 2008. The group chief executive, group financial director, group corporate services executive and group risk manager attend meetings *ex officio*.

The committee met twice during the year under review.

Risk management

The group risk framework is largely implemented and significant risk management structures now exist. The framework serves to regulate the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities.

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. During the year, the committee interrogated 12 major project bids.

Currently 17 of the Group's project companies utilise the opportunity management system (OMS). This world class project portfolio management system was developed in-house to filter and highlight project risks entering the Group's environment. At 30 June 2009 opportunities in the active pipeline amounted to R71 billion. During the year the system supported 520 decisions and processed 3 407 workflow transactions.

Two group level risk assessments were conducted with group executives, in support of the 2009 half year and year-end results. Twenty-seven business plan strategic risk assessments were conducted with the operating companies, as well as a range of project risk assessments.

Taking risk management to the next level is a new strategy intended to capitalise on the collective wisdom of the organisation and identify and pre-empt the major, but sometimes less obvious, risks in the 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 operating companies within the Group are ISO 9001 accredited.

Insurance

Murray & Roberts has a group insurance program covering asset and liability risks.

Claims and litigations

The group commercial director and commercial executives in the operations, supported and advised by external legal and commercial consultants manage the Group's contractual risk.

The group legal counsel leads the engagement of general litigation and reputation risks to the Group, supported as appropriate by external legal advice.

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 inappropriate behaviour in the workplace.

Global engagement

The Group is a founding member of the Engineering & Construction Risk Institute (ECRI), an association of global engineering and construction companies which aims to institutionalise sound risk management practice in the global 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.

SP Sibisi
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.

Memberships

The committee comprises the group chairman and three independent non-executive directors. RT Vice served as chairman of the committee with RC Andersen, NM Magau, AA Routledge as members. The group chief executive, group financial director, enterprise capability director and independent advisor attend meetings in an *ex officio* capacity.

JJM van Zyl reached the mandatory retirement age for directors and retired from the Board and committee on 28 October 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 group executives.

An independent advisor reviews the Group's remuneration policies and practices.

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.

The committee considers the Group's leadership succession and development strategy and the Group's employment equity status as described further under the human capital section of the sustainability report.

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 are disciplined and are 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 2009 is set out in note 47 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 2009 are set out in note 47 to the consolidated statements and the proposed fee increase is included on page 177.

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 46 to the consolidated financial statements.

Amendments to the Murray & Roberts Holdings Limited Employee Share Incentive Scheme

At the annual general meeting of the company, shareholders will be requested to approve amendments to the Trust Deed of The Murray & Roberts Trust and the Murray & Roberts Holdings Limited Employee Share Incentive Scheme. These amendments incorporate the Murray & Roberts Holdings Limited Employee Share Incentive Scheme into the Trust Deed of The Murray & Roberts Trust and ensure compliance with the Listings Requirements of the JSE Limited as well as current corporate governance best practice.

Royden Vice
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.

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 SP Sibisi as a member. RT Vice was appointed as a member with effect from 24 June 2009. JJM van Zyl retired from the Board and the committee at the 2008 annual general meeting.

The committee met five times during the year under review.

Internal appraisals of the effectiveness of the Board, its committees, the chairman and individual directors were conducted during the year. The appraisals were 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 appraisals were positive and their recommendations are being followed through for implementation. External appraisals will be conducted next year.

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was addressed. The committee takes cognisance of the importance of institutional memory to a developing board and the need to balance this with the introduction of new ideas and experience. During the year, non-executive directors, MJ Shaw and JJM van Zyl retired, having reached the mandatory retirement age for directors, and executive director KE Smith retired to concentrate on his executive responsibilities. The Board appointed two new non-executive directors, ADVC Knott-Craig and M Sello. Subsequent to year-end, the Board appointed executive directors MP Chaba and TG Fowler. Shareholders will be requested to confirm the appointment of these directors at the annual general meeting.

The Board further resolved to appoint O Fenn as an executive director on commencement of his employment in November 2009.

The committee reviewed the performance of directors RC Andersen, AA Routledge and SP Sibisi who, in terms of the articles of association, retire by rotation at the 2009 annual general meeting. RC Andersen recused himself from the committee's review of his performance. The committee recommends their re-election to the Board.

King III recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted a review of the independence of its non-executive directors. All non-executive directors meet the criteria set out in King III for determining their independence in fulfilling their duties towards the company.

The average length of service of the non-executive directors was four years and six months during the year under review.

Roy Andersen
Chairman

RECORD OF ATTENDANCE

Record of attendance at directors' meetings for the 2009 financial year

		Scheduled					Special[4]
		27/08/08	25/11/08	25/02/09	29/04/09	24/06/09	18/07/08
RC Andersen	Independent Chairman	✓	✓	✓	✓	✓	✓
BC Bruce	Chief Executive	✓	✓	✓	✓	✓	✓
DD Barber	Independent	✓	✓	✓	✓	✓	✓
SJ Flanagan	Executive	✓	✓	✓	✓	✓	✓
ADVC Knott-Craig[1]	Independent	–	–	✓	✓	✓	–
NM Magau	Independent	X	✓	✓	✓	✓	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓
IN Mkhize	Independent	✓	✓	✓	✓	✓	✓
RW Rees	Executive	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓
M Sello[2]	Independent	–	–	–	✓	✓	–
MJ Shaw[3]	Independent	✓	–	–	–	–	X
SP Sibisi	Independent	✓	✓	X	✓	✓	✓
KE Smith[3]	Executive	✓	–	–	–	–	✓
JJM van Zyl[3]	Independent	✓	–	–	–	–	✓
RT Vice	Independent	✓	✓	✓	✓	✓	✓

Record of attendance at board committee meetings for the 2009 financial year

Audit committee	25/08/08	23/02/09	22/06/09
MJ Shaw[3]	✓	–	–
DD Barber[5] (Chairman)	✓	✓	✓
IN Mkhize	✓	X	✓
AA Routledge	✓	✓	✓
M Sello[2]	–	–	✓

Risk management committee	25/08/08	23/02/09
SP Sibisi (Chairman)	✓	✓
DD Barber[6]	–	✓
IN Mkhize	✓	X
MJ Shaw[3]	✓	–
RT Vice	✓	✓

Remuneration & human resources committee	26/08/08	24/02/09	22/06/09
RT Vice (Chairman)	✓	✓	✓
RC Andersen	✓	✓	✓
NM Magau	✓	X	✓
AA Routledge	✓	✓	✓
JJM van Zyl[3]	✓	–	–

Nomination committee	26/08/08	23/02/09	Special[4] 10/11/08	Special[4] 8/06/09	Special[4] 23/06/09
RC Andersen (Chairman)	✓	✓	✓	✓	✓
SP Sibisi	✓	✓	✓	✓	✓
JJM van Zyl[3]	✓	–	–	–	–
RT Vice[7]	–	–	–	–	–

Health, safety & environment committee	26/08/08	18/11/08	24/02/09	28/04/09
ADVC Knott-Craig[1] (Chairman)	–	–	✓	✓
RC Andersen[8]	–	✓	✓	✓
BC Bruce	✓	✓	✓	✓
NM Magau	X	✓	✓	✓
JM McMahon[9]	✓	✓	✓	✓

[1]Appointed 27 November 2008. [2]Appointed 25 February 2009. [3]Retired 28 October 2008. [4]Special meetings called at short notice can result in some directors being unavailable. [5]Appointed Chairman 28 October 2008. [6]Appointed 25 November 2008. [7]Appointed 24 June 2009. [8]Appointed 27 August 2008. [9]Chairman to November 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 four non-executive directors and the group chief executive and is chaired by ADVC Knott-Craig, an independent non-executive director. During the year under review, independent members RC Andersen and NM Magau served on the committee.

JM McMahon resigned as committee chairman during the year and remains a member of the committee.

The group executive directors and the executive responsible for enterprise capability attend meetings by invitation.

The committee met four 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

Safety

FATAL ACCIDENTS

The committee deeply regrets the nine fatal accidents recorded during the year (2008: 16 fatalities) and extends its sympathies to the families and friends of the deceased.

LOST TIME INJURY FREQUENCY RATE (LTIFR)

The Group's consolidated LTIFR was 2,87 (2008: 2,44) per million hours worked for the year. This statistic increased marginally but remained below the interim target of 3,0. Further information on the Group's LTIFR is provided in the sustainability report.

SAFETY APPROACH

Murray & Roberts has reviewed its approach to managing safety in our workplaces and has developed a model that clearly articulates the roles, responsibility and accountability of the corporate versus the operations. Enhancements to the approach will include the establishment of an internal safety audit function, under the leadership of Malose Chaba, which will monitor operational performance against a comprehensive set of best in class standards. Andrew Skudder has taken executive responsibility for developing the Group's safety approach and will, together with a team of safety leaders from across the Group, implement several initiatives during the coming year.

STOP.THINK

Planning and development of the STOP.THINK safety campaign continued through the year. The initial focus of the campaign was to raise awareness and visibility of safety in the workplace, and our planned activities are designed to create an HSE culture in which all employees take ownership and responsibility for health, safety and environmental issues.

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.

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 3 500 voluntary HIV/Aids tests were conducted in the year. As many as 58 new cases of tuberculosis were recorded in the year. More than 7 800 random tests for drug and alcohol abuse were conducted with approximately 4,6% being positive. Counselling for all these societal issues is provided.

ENVIRONMENT

One significant environmental incident was recorded in the year on the Gautrain Rapid Rail Link Project, where as a consequence of numerous releases of non-compliant water into the natural environment and sewers, Bombela was instructed to cease all pumping of water from the tunnel section. For further information on the rectification plan, please refer to page 92 of the sustainability report. The rectification plan has to date been managed and driven to our satisfaction.

The Group's carbon footprint was 1,4 million tonnes (2008: 0,56) of carbon dioxide equivalent (CO_2e) emissions during the year and forms the basis for implementing energy efficiency targets. The increase is due to improved reporting.

Murray & Roberts aspires to achieve zero harm from all activities conducted, which encompasses all aspects of health (societal and occupational), safety and the natural environment.

Alan Knott-Craig
Chairman

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.

Analysis of shareholders

June 2009

	Number of shareholders	% of shareholders	Number of shares	% of shares
Size of holding				
1 – 1 000	7 179	65,99	2 857 818	0,86
1 001 – 10 000	2 965	27,26	9 346 256	2,82
10 001 – 100 000	547	5,03	16 947 396	5,11
100 001 – 1 000 000	148	1,36	47 425 602	14,28
1 000 001 shares and over	39	0,36	255 315 547	76,93
Total	**10 878**	**100**	**331 892 619**	**100**
Category				
Unit Trust/Mutual Fund	159	1,45	101 173 009	30,48
Pension Funds	115	1,05	90 089 710	27,14
Private Clients	27	0,25	13 834 898	4,17
Custodians	15	0,14	5 473 665	1,65
Insurance Companies	11	0,10	38 450 509	11,59
Foreign Government	12	0,11	9 594 332	2,89
Charity	4	0,04	479 155	0,14
Investment Companies	4	0,04	785 811	0,24
Black Economic Empowerment	4	0,04	33 183 103	10,00
University	1	0,01	140 495	0,04
American Depository Receipts	1	0,01	2 584 431	0,78
Local Authority	1	0,01	105 787	0,03
Other	10 524	96,75	35 997 714	10,85
Total	**10 878**	**100**	**331 892 619**	**100**

	Number of shares	% of shares
Major shareholders holding 5% or more of the company's ordinary shares		
Government Employees Pension Fund (ZA)	40 708 069	12,27
Lazard Emerging Markets Portfolio (US)	21 154 659	6,37
Liberty Life Assoc of Africa (ZA)	19 257 124	5,80
Fund managers holding 5% or more of the company's ordinary shares		
Public Investment Corporation (ZA)	40 708 069	12,27
Lazard Asset Managment LLC (Various)	39 529 840	11,91
Stanlib Asset Managment (ZA)	27 285 347	8,22
Capital Group Companies Inc (Various)	25 150 668	7,58
Old Mutual Investment Group SA (ZA)	23 170 292	6,98

	Number of shareholders	% of shareholders	Number of shares	% of shares
Shareholder spread				
Non-public*	9	0,08	44 308 103	13,35
Public	10 869	99,92	287 584 516	86,65
Total	**10 878**	**100**	**331 892 619**	**100**
Domestic			192 127 455	57,89
International			139 765 164	42,11
			331 892 619	**100**

** Includes directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.*

Annual financial statements

for the year ended 30 June 2009

Contents

Our commitment to sustainable earnings growth and value creation is non-negotiable

10 year financial review

30 June 2009

All monetary amounts are expressed in millions of Rands	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
			IFRS restated*			SA GAAP				
SUMMARISED INCOME STATEMENTS*										
Revenue	**33 762**	26 666	17 815	11 060	10 000	8 424	10 111	9 027	8 535	13 318
Earnings before exceptional items and interest	**2 898**	2 281	1 468	754	548	421	633	386	218	294
Exceptional items	**8**	145	(168)	(82)	11	(16)	(5)	(2)	(3)	(697)
Earnings/(loss) before interest and taxation	**2 906**	2 426	1 300	672	559	405	628	384	215	(403)
Net interest (expense)/income**	**(37)**	29	(16)	(14)	(36)	10	(66)	71	(6)	(64)
Earnings/(loss) before taxation	**2 869**	2 455	1 284	658	523	415	562	455	209	(467)
Taxation	**(612)**	(490)	(352)	(170)	(155)	(27)	(76)	(36)	(27)	(39)
Earnings/(loss) after taxation	**2 257**	1 965	932	488	368	388	486	419	182	(506)
Profit/(loss) from associates	**2**	9	(107)	1	78	114	97	90	71	–
Minority shareholders' interest	**(320)**	(349)	(94)	(49)	(30)	(25)	(9)	(4)	(1)	(65)
Profit/(loss) from discontinued operations	**79**	89	(29)	72	47	–	–	–	–	–
Earnings/(loss) attributable to ordinary shareholders	**2 018**	1 714	702	512	463	477	574	505	252	(571)
SUMMARISED BALANCE SHEETS										
Non-current assets	**5 464**	4 835	3 953	3 389	2 547	2 422	2 082	2 007	1 761	1 861
Current assets	**17 235**	16 118	8 836	6 797	5 475	3 671	4 211	4 504	3 819	3 796
Goodwill	**490**	488	206	147	48	5	10	15	16	–
Deferred taxation assets	**305**	208	16	52	34	33	–	–	–	–
Total assets	**23 494**	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596	5 657
Ordinary shareholders' equity	**5 581**	4 865	3 637	3 086	3 067	2 603	2 485	2 648	1 982	1 717
Minority interest	**1 053**	960	178	108	97	54	13	9	8	8
Total equity	**6 634**	5 825	3 815	3 194	3 164	2 657	2 498	2 657	1 990	1 725
Non-current liabilities	**1 447**	1 290	1 103	1 028	890	734	713	733	700	819
Current liabilities	**15 413**	14 534	8 093	6 163	4 050	2 740	3 092	3 136	2 906	3 113
Total equity and liabilities	**23 494**	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596	5 657

** IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are both for continuing and discontinued operations.*

*** Includes currency conversion effects on offshore treasury funds in 2002 and 2003.*

On 30 June 2000, the group 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

30 June 2009

All monetary amounts are expressed in millions of Rands	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
				IFRS restated*		SA GAAP				
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	**685**	577	239	168	145	150	181	152	74	(165)
– Diluted	**678**	565	235	165	143	147	176	152	74	(165)
Headline earnings per share (cents)										
– Basic	**683**	562	329	165	148	158	186	154	76	36
– Diluted	**675**	550	325	162	146	155	181	154	76	36
Dividends per share (cents)	**218**	196	116	60	45	45	52,5	35	–	–
Dividend cover	**3,1**	2,8	2,8	2,7	3,2	3,4	3,4	4,4	–	–
Interest cover	**8,2**	9,5	9,9	6,8	6,1	8,2	7,0	37,1	10,3	4,6
PROFITABILITY										
EBIT on revenue (%)	**8,6**	8,6	8,2	6,8	5,5	5,0	6,3	4,3	2,6	2,2
EBIT on average total assets (%)	**12,8**	13,8	12,5	8,2	7,5	6,8	9,9	6,4	3,9	4,7
Attributable earnings on average ordinary shareholders' funds (%)	**38,6**	40,3	20,9	16,7	16,0	19,0	22,4	21,8	13,6	(27,7)
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll costs (Rands)	**283**	286	251	269	268	216	188	201	189	177
Total average assets (Rands)	**669**	621	657	836	712	738	634	671	659	473
Value created (Rm)	**13 370**	10 686	5 971	3 947	3 354	2 606	2 913	2 609	2 174	2 156
Value ratio	**1,40**	1,40	1,34	1,32	1,33	1,43	1,53	1,44	1,34	0,91
FINANCE										
As a percentage of total equity:										
Interest bearing debt	**54**	35	36	40	32	30	38	25	28	33
Total liabilities	**254**	272	241	225	156	133	153	146	181	228
Current assets to current liabilities	**1,12**	1,11	1,10	1,10	1,35	1,34	1,36	1,44	1,31	1,22
Operating cash flow (Rm)	**1 559**	3 116	1 935	598	663	289	356	712	558	370
Operating cash flow per share (cents)	**470**	939	583	180	200	87	107	214	164	107
OTHER										
Weighted average ordinary shares in issue (millions)	**331,9**	331,9	331,9	331,9	331,9	331,9	331,9	331,9	340,1	346,0
Weighted average number of treasury shares (millions)	**38,0**	34,9	37,9	27,1	13,7	13,8	14,1	–	–	–
Number of employees – 30 June**	**38 981**	45 654	33 466	23 867	23 904	13 149	15 827	15 379	16 337	26 098

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	Net asset value (NAV)	Ordinary shareholders' equity
EBT	Earnings before taxation	Average	Arithmetic average between consecutive year ends
EAT	Earnings after taxation	Interest cover	EBIT divided by interest

** IFRS restated numbers are for continuing operation whereas SA GAAP numbers are for both continuing and discontinued operations.*
*** Number of employees includes continuing and discontinued operations.*

Responsibilities of directors for annual financial statements

for the year ended 30 June 2009

The directors of the company and the Group are responsible for the preparation of annual 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 the International Financial Reporting Standards and in the manner required by the Companies Act 61 of 1973 (as amended). 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 61 of 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 applied consistently compared to the prior year.

The directors are of the opinion that the company and the 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 113.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2009, set out on pages 114 to 192, were approved by the board of directors at its meeting held on 26 August 2009 and are signed on its behalf by:

Roy Andersen

RC Andersen
Chairman

BC Bruce
Group chief executive

RW Rees
Group financial director

Certification by company secretary

for the year ended 30 June 2009

I hereby certify that in accordance with section 268G(d) of the Companies Act 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.

Karodia

Y Karodia
Company Secretary

Report of the independent auditor

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 2009, 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 114 to 192.

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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted 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.

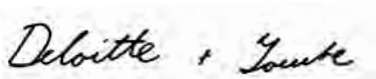
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2009, 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.

Per: AF Mackie
Partner
26 August 2009



Deloitte & Touche
Registered Auditor
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 & Legal and Risk Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board, CR Qually Deputy Chairman of the Board.

A full list of partners and directors is available on request.

Report of directors

for the year ended 30 June 2009

This report presented by the directors is a constituent of the Group financial statements at 30 June 2009. Except where otherwise stated, all monetary amounts set out in tabular form are expressed in millions of Rands.

NATURE OF BUSINESS

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, construction materials & services and related 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 2009 were R2 337 million (2008: R2 064 million), representing diluted earnings per share of 678 cents (2008: 565 cents). Diluted headline earnings per share were 675 cents (2008: 550 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 compared to the prior year.

Exceptional items

During the year under review, the Group disposed of assets at a combined profit of R20 million offsetting an impairment of a property asset of R12 million. (Refer to note 27 of the consolidated financial statements for details.)

AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2009 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 12 of the financial statements. During the year, the Trust granted an aggregate total of 79 250 options over ordinary shares (2008: 1 909 000 options) to senior executives, including executive directors.

At 30 June 2009, the Trust held 8 392 766 ordinary shares (2008: 5 356 136 ordinary shares) against the commitment of 11 212 234 ordinary shares (2008: 12 790 750 ordinary shares). The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme is limited to 10% of the total issued share capital of the company, currently 33 189 262 ordinary shares (2008: 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 10% 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 21 October 2009 to renew this general authority.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2009:

Interim dividend number 114 of 85 cents per ordinary share (2008: 77 cents)

Final dividend number 115 of 133 cents per ordinary share (2008: 119 cents)

SUBSIDIARIES

Acquisition

Acquisition of a further interest in Clough Limited (Clough)

The Group increased its shareholding in Clough from 56% to 58,8% during the year through the acquisition of issued shares.

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. If converted, the Group's shareholding would be about 63%.

Acquisition of minorities in Oconbrick Manufacturing (Proprietary) Limited

The Group acquired the remaining 20% of the issued share capital of Oconbrick Manufacturing (Proprietary) Limited on 1 July 2008.

Acquisition of minorities in Wade Walker (Proprietary) Limited

The Group acquired the remaining 20% of the issued share capital of Wade Walker (Proprietary) Limited on 28 February 2009.

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.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions relating to name changes and conversions of public companies into private companies were passed by subsidiary companies during the year under review.

POST BALANCE SHEET EVENTS

On 6 July 2009, Clough completed the disposal of 82% held Indonesian listed contract mining subsidiary PT Petrosea Tbk at a cash consideration of US$83,8 million. The financial effects of the transaction have not been brought into account at 30 June 2009. The results of Petrosea have been recorded as being a discontinued operation and the assets and liabilities of Petrosea have been recorded as held-for-sale.

On 17 August 2009, Clough announced that it had acquired 70% of the share capital of Ocean Flow International LLC (Ocean Flow), with the remaining 30% to be acquired over the next three years. Ocean Flow is a subsea engineering and construction management company specialising in deepwater facilities, headquartered in Houston, USA.

DIRECTORS

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

Independent non-executive
RC Andersen (chairman); DD Barber; ADVC Knott-Craig; NM Magau; JM McMahon; IN Mkhize; AA Routledge; M Sello; SP Sibisi; RT Vice.

Executive
BC Bruce (group chief executive); SJ Flanagan (group executive director); RW Rees (group financial director).

Independent non-executive directors MJ Shaw and JJM van Zyl and executive director KE Smith retired from the board on 28 October 2008.

ADVC Knott-Craig and M Sello were appointed independent non-executive directors on 27 November 2008 and 25 February 2009 respectively.

INTERESTS OF DIRECTORS

At 30 June 2009, the present directors of the company held direct and indirect beneficial and non-beneficial interests in 2 026 805 of the company's issued ordinary shares (2008: 3 202 340 ordinary shares). Details of ordinary shares held per individual director are listed below. A total of 2 792 500 (2008: 3 681 250) share options are allocated to directors in terms of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme. Further details are set out in note 47.

Beneficial	**Direct**	**Indirect**
RC Andersen	20 000	–
BC Bruce	1 404 805	–
DD Barber	2 000	–
Non-beneficial		
RW Rees	–	600 000

At the date of this report, these interests remain unchanged.

SECRETARY

The Secretary's business and postal addresses are:

Business address	Douglas Roberts Centre 22 Skeen Boulevard Bedfordview 2007
Postal address	PO Box 1000 Bedfordview 2008

AUDITORS

Deloitte & Touche will continue in office in accordance with section 270 (2) of the Companies Act 61 of 1973 (as amended).

26 August 2009

Consolidated balance sheet

at 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	2	**4 280,3**	3 693,5
Investment property	3	**510,1**	481,8
Goodwill	4	**490,3**	488,1
Other intangible assets	5	**58,5**	90,0
Investments in associate companies	6	**11,8**	12,7
Other investments	7	**483,4**	517,5
Deferred taxation assets	20	**305,0**	208,2
Non-current receivables		**119,2**	39,6
Total non-current assets		**6 258,6**	5 531,4
Current assets			
Inventories	8	**2 168,9**	1 854,7
Amounts due from contract customers	9	**5 899,9**	6 462,3
Trade and other receivables	10	**2 673,0**	2 838,6
Derivative financial instruments		**17,1**	19,0
Bank balances and cash	24	**4 663,4**	4 688,4
Total current assets		**15 422,3**	15 863,0
Assets classified as held-for-sale	32	**1 812,6**	254,5
TOTAL ASSETS		**23 493,5**	21 648,9
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	11	**718,7**	969,1
Reserves		**122,8**	335,6
Retained earnings		**4 739,0**	3 559,9
Equity attributable to equity holders of the holding company		**5 580,5**	4 864,6
Minority interest	15	**1 053,0**	960,1
Total equity		**6 633,5**	5 824,7
Non-current liabilities			
Long-term loans	17	**770,0**	751,0
Obligations under finance headleases	18	**13,9**	53,1
Long-term provisions	19	**78,1**	102,1
Deferred taxation liability	20	**271,5**	205,9
Subcontractor liabilities	22	**313,3**	177,8
Total non-current liabilities		**1 446,8**	1 289,9
Current liabilities			
Amounts due to contract customers	9	**3 601,3**	3 952,8
Trade and other payables	21	**5 489,3**	6 029,5
Short-term loans	25	**995,4**	809,3
Subcontractor liabilities	22	**1 853,4**	2 400,7
Provisions for obligations	23	**479,0**	441,2
Current taxation liabilities	36	**150,4**	420,0
Derivative financial instruments		**15,8**	1,0
Bank overdrafts	24	**1 786,9**	410,9
Total current liabilities		**14 371,5**	14 465,4
Liabilities directly associated with a disposal group held-for-sale	32	**1 041,7**	68,9
TOTAL EQUITY AND LIABILITIES		**23 493,5**	21 648,9

Consolidated income statement

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008*
Continuing operations			
Revenue	26	**33 762,4**	26 665,6
Earnings before interest, exceptional items and depreciation		**3 674,1**	2 849,6
Amortisation of intangible assets		**(34,8)**	(39,3)
Depreciation		**(741,1)**	(529,8)
Earnings before exceptional items and interest		**2 898,2**	2 280,5
Exceptional items	27	**7,8**	145,3
Earnings before interest and taxation		**2 906,0**	2 425,8
Interest expense	29	**(354,9)**	(255,8)
Interest income	30	**317,7**	284,9
Earnings before taxation		**2 868,8**	2 454,9
Taxation expense	31	**(612,3)**	(489,7)
Earnings after taxation		**2 256,5**	1 965,2
Share of profit of associates		**1,8**	9,3
Earnings for the year from continuing operations		**2 258,3**	1 974,5
Discontinued operations			
Profit from discontinued operations	32	**79,0**	89,1
Earnings for the year	28	**2 337,3**	2 063,6
Attributable to:			
Equity holders of the holding company		**2 017,5**	1 714,1
Minority shareholders		**319,8**	349,5
		2 337,3	2 063,6
Weighted average ordinary shares (000)			
Weighted average ordinary shares in issue		**331 893**	331 893
Weighted average ordinary shares owned by The Murray & Roberts Trust		**(7 815)**	(5 333)
Weighted average ordinary shares owned by the Letsema BBBEE trusts		**(28 946)**	(28 946)
Weighted average ordinary shares owned by Murray & Roberts Limited		**(676)**	(676)
Dilutive adjustment for share options		**3 257**	6 370
		297 713	303 308
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	33	**678**	565
– Basic	33	**685**	577
Earnings per share from continuing operations (cents)			
– Diluted	33	**663**	547
– Basic	33	**670**	559
Total dividend per ordinary share (cents)**	34	**218**	196

** Reclassified as a result of discontinued operations.*

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

Consolidated statement of changes in equity

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Hedging and translation reserve	Other capital reserves	Retained earnings	**Attributable to equity holders of the holding company**	Minority interest	**Total equity**
Balance at 30 June 2007	29,7	1 006,8	154,5	77,8	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 charged 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 for the year	–	–	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**
Transfer from other capital reserves	–	–	–	(1,9)	1,9	**–**	–	**–**
Net movement in equity loans	–	–	–	–	–	**–**	12,2	**12,2**
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	211,9	123,7	3 559,9	**4 864,6**	960,1	**5 824,7**
Movement in hedging reserves	–	–	9,0	–	–	**9,0**	–	**9,0**
Exchange differences	–	–	(244,6)	–	–	**(244,6)**	(70,7)	**(315,3)**
Deferred taxation credited to equity	–	–	(4,5)	–	–	**(4,5)**	–	**(4,5)**
Net income and expense recognised directly in equity	–	–	(240,1)	–	–	**(240,1)**	(70,7)	**(310,8)**
Attributable profit for the year	–	–	–	–	2 017,5	**2 017,5**	319,8	**2 337,3**
Total recognised income and expense for the year	–	–	(240,1)	–	2 017,5	**1 777,4**	249,1	**2 026,5**
Treasury shares acquired (net)	(0,3)	(250,1)	–	–	–	**(250,4)**	–	**(250,4)**
Net acquisition/disposal of minorities	–	–	–	–	(212,6)	**(212,6)**	(136,9)	**(349,5)**
Net movement in equity loans	–	–	–	–	–	**–**	42,0	**42,0**
Transfer to minority interest	–	–	(1,8)	(8,0)	–	**(9,8)**	9,8	**–**
Recognition of share-based payments	–	–	–	37,5	–	**37,5**	–	**37,5**
Dividends declared and paid	–	–	–	–	(625,8)	**(625,8)**	(71,1)	**(696,9)**
Recycled to income statement	–	–	(0,4)	–	–	**(0,4)**	–	**(0,4)**
Balance at 30 June 2009	29,4	689,3	(30,4)	153,2	4 739,0	**5 580,5**	1 053,0	**6 633,5**

Consolidated cash flow statement

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
Cash flows from operating activities			
Receipts from customers		**36 096,1**	27 758,8
Payments to suppliers and employees		**(33 482,5)**	(24 168,2)
Cash generated by operations	35	**2 613,6**	3 590,6
Interest received		**318,6**	263,2
Interest paid		**(365,2)**	(258,5)
Taxation paid	36	**(1 007,4)**	(479,5)
Operating cash flow		**1 559,6**	3 115,8
Dividends paid to shareholders of the holding company		**(625,8)**	(455,4)
Dividends paid to minority shareholders		**(71,1)**	(69,5)
Net cash from operating activities		**862,7**	2 590,9
Cash flows from investing activities			
Associate company – loan received		**1,8**	19,9
Acquisition of minority interests		**(390,3)**	(24,7)
Acquisition of subsidiary	37	**–**	589,5
Acquisition of associate		**(6,3)**	–
Dividends received		**–**	9,0
Dividends received from associate company		**1,7**	9,0
Increase in other investments		**(6,4)**	(93,3)
Net cash inflow on disposal/closure of businesses	38	**–**	259,6
Purchase of intangible assets other than goodwill		**(32,1)**	(23,8)
Purchase of property, plant and equipment		**(2 336,0)**	(1 774,3)
Replacement		**(388,6)**	(326,1)
Additions		**(1 947,4)**	(1 448,2)
Proceeds on disposal of minority interests		**–**	27,6
Proceeds on reduction in investments and investment property		**162,3**	123,3
Proceeds on disposal of property, plant and equipment		**105,6**	131,7
Proceeds of other intangible assets and asset held-for-sale		**14,1**	–
Net cash outflow from investing activities		**(2 485,6)**	(746,5)
Cash flows from financing activities			
Net movement in borrowings	39	**662,4**	(303,7)
Cash flow from issue of shares by subsidiary		**–**	107,9
Net acquisition of treasury shares		**(250,4)**	(67,4)
Net cash inflow/(outflow) from financing activities		**412,0**	(263,2)
Net (decrease)/increase in net cash and cash equivalents		**(1 210,9)**	1 581,2
Net cash and cash equivalents at beginning of year		**4 277,5**	2 627,7
Effect of foreign exchange rates		**(190,1)**	68,6
Net cash and cash equivalents at end of year	24	**2 876,5**	4 277,5

Statement of value created

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	2009	%	2008	%
Revenue	**33 762,4**		26 665,6	
Less: Cost of materials, services and subcontractors	**(20 400,4)**		(16 125,2)	
Exceptional items	**7,8**		145,3	
Value created	**13 369,8**		10 685,7	
Distributed as follows:				
To employees				
Payroll cost	**9 542,9**	**71,4**	7 619,7	71,3
To providers of finance				
Lease costs and net interest on loans	**421,2**	**3,2**	293,1	2,7
To government				
Company taxation	**612,3**	**4,5**	489,7	4,6
To maintain and expand the Group				
Reserves available to ordinary shareholders	**2 017,5**		1 714,1	
Depreciation	**741,1**		529,8	
Amortisation	**34,8**		39,3	
	2 793,4	**20,9**	2 283,2	21,4
	13 369,8	**100,0**	10 685,7	100,0
Number of employees	**38 981**		45 654	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**612,3**		489,7	
Indirect taxation	**1 474,8**		689,6	
Employees' tax	**1 260,0**		897,0	
Rates and taxes	**15,0**		13,3	
Customs and excise duty	**10,6**		–	
	3 372,7		2 089,6	

Accounting policies
for the year ended 30 June 2009

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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.

1.1 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 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 50.

Standards, interpretations and amendments to published standards that are not yet effective as well as those adopted early by the Group, are discussed in note 51.

These financial statements have been prepared using a new software application. Certain note presentations have changed from the prior year and hence some amounts have been reclassified.

1.2 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 and is in compliance with the Companies Act of South Africa and the JSE Listings Requirements.

1.3 Basis of consolidation

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited (company), its subsidiaries, its interest in joint ventures and its interest in associates.

1.4 Investments in 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 are exercisable or convertible presently 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 of 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.

1.5 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

Accounting policies
for the year ended 30 June 2009

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.

1.6 Investments in associate companies

Companies in which the Group actively participates in the commercial and financial policy decisions and thereby exercises a significant influence, and 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 in 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.

1.7 Stand-alone company 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.

1.8 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, 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 has been deferred and relates to that foreign entity is recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

1.9 Financial instruments

Classification

Financial assets and liabilities are recognised in 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 principal 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 and other 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

Accounting policies

for the year ended 30 June 2009

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 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 principal payments made, the impact of discounting to net present value and amortisation of related costs.

Trade and other 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 instrument 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 described in note 7. 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.

Hedging activities

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, 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 recognised immediately 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 the periods in which 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 be reclassified into the income statement at 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 to 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.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.10 Contracts-in-progress and contract receivables

Contracts-in-progress represent 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

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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.

1.11 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 of 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 applies to 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.

1.12 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 commence-ment 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 5.

1.13 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 2.

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.

1.14 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.

1.15 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.

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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.

1.16 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.

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.

1.17 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 expensed immediately as overhead costs. All under-absorption of overhead costs is 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.

1.18 Leases

Leases of property, plant and equipment where the Group substantially carry 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.

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 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.

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.

1.19 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if 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.

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

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cumulative amortisation is recognised in accordance with IAS 18: Revenue.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and 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 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.

1.20 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 trans-actions, 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.

1.21 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 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 costs, plus the present value of available refunds and reductions in future contributions to the plan.

1.22 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.

1.23 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation assets and liabilities

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 assets and liabilities

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 taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

1.24 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,

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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.

1.25 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 measured reliably, 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 measured reliably. Anticipated losses to completion are recognised immediately 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.

1.26 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.

1.27 Dividends
Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1.28 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.

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.

1.29 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.

1.30 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.31 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.32 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands

2. PROPERTY, PLANT AND EQUIPMENT

	2009 Cost	2009 Accumulated depreciation	2009 Carrying value	2008 Cost	2008 Accumulated depreciation	2008 Carrying value
Immovable property	664,5	(78,7)	585,8	541,5	(77,9)	463,6
Plant and machinery	5 256,8	(2 122,1)	3 134,7	4 955,2	(2 248,6)	2 706,6
Other equipment	719,2	(159,4)	559,8	643,6	(120,3)	523,3
	6 640,5	(2 360,2)	4 280,3	6 140,3	(2 446,8)	3 693,5

Reconciliation of property, plant and equipment	Immovable property	Plant and machinery	Other equipment	Total
At 30 June 2007	273,8	1 557,4	180,0	2 011,2
Additions	143,6	1 158,9	471,8	1 774,3
Additions through business combinations	72,6	392,4	59,7	524,7
Disposals	(8,0)	(82,8)	(15,4)	(106,2)
Disposal of businesses	(1,1)	(16,3)	–	(17,4)
Transfer to assets classified as held-for-sale	(8,5)	(13,1)	(4,6)	(26,2)
Transfer from assets classified as held-for-sale	–	4,9	–	4,9
Foreign exchange movements	9,2	136,2	9,7	155,1
Reclassified	–	141,7	(141,7)	–
Depreciation	(18,0)	(563,3)	(36,2)	(617,5)
Impairment loss	–	(9,4)	–	(9,4)
At 30 June 2008	463,6	2 706,6	523,3	3 693,5
Additions	286,2	1 192,1	857,7	2 336,0
Disposals	–	(87,8)	(1,1)	(88,9)
Transfer to investment property	(21,9)	–	–	(21,9)
Transfer to assets classified as held-for-sale	(173,2)	(625,5)	–	(798,7)
Transfer from contract work-in-progress and inventory	–	24,2	–	24,2
Foreign exchange movements	18,0	(116,0)	65,5	(32,5)
Reclassified	40,7	787,1	(827,8)	–
Depreciation	(27,6)	(726,6)	(51,8)	(806,0)
Impairment loss	–	(25,4)	(6,0)	(31,4)
Impairment reversal	–	6,0	–	6,0
At 30 June 2009	585,8	3 134,7	559,8	4 280,3

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 assets as security for certain interest bearing borrowings (note 16, Secured liabilities). During the year, a subsidiary company discontinued the use of certain plant and equipment. This led to an impairment charge of R31,4 million (2008: R9,4 million) that has been recognised in earnings for the year (note 28).

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

All monetary amounts are expressed in millions of Rands

3. INVESTMENT PROPERTY

2009	**Opening balance**	**Additions from capitalised expenditure**	**Transfer to investment property**	**Transfer from property, plant and equipment**	**Total**
Headlease property	**268,6**	**3,8**	**(123,7)**	**–**	**148,7**
Other investment property	**213,2**	**2,6**	**123,7**	**21,9**	**361,4**
	481,8	**6,4**	**–**	**21,9**	**510,1**

2008	Opening balance	Additions from capitalised expenditure	Disposals	Transfer to investment property	Transfer to assets classified as held-for-sale	Fair value adjustments	Total
Headlease property	516,2	18,9	–	(268,1)	–	1,6	268,6
Other investment property	9,4	–	(54,8)	268,1	(9,5)	–	213,2
	525,6	18,9	(54,8)	–	(9,5)	1,6	481,8

Details in respect of the investment property are set out in a register which may be inspected at the Group's registered office. The fair value of the investment properties at 30 June 2009 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 18, 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 R125,6 million (2008: R112,5 million). Direct operating expenses arising on the investment property in the period amounted to R50,7 million (2008: R55,7 million).

4. GOODWILL

2009	**Opening balance**	**Additions through business combinations**	**Total**
Goodwill	**488,1**	**2,2**	**490,3**

2008	Opening balance	Acquisition of businesses	IFRS 3 adjustment to goodwill*	Impairment of goodwill	Total
Goodwill	206,1	296,5	(4,8)	(9,7)	488,1

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:

	2009	**2008**
Construction & engineering	**392,9**	392,9
Mining	**34,8**	34,7
Construction materials & services	**62,6**	60,5
	490,3	488,1

** The R4,8 million in the prior year relates to adjustments processed to Wade Walker (Proprietary) Limited as a result of valuation adjustments for work-in-progress that existed at acquisition date.*

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 acquiree's weighted average cost of capital adjusted for relevant risk factors:

– Construction & engineering	14,4%
– Clough	14,0%
– Mining	14,2%
– Construction materials & services	16,4%

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All monetary amounts are expressed in millions of Rands

5. OTHER INTANGIBLE ASSETS

	2009 Cost	2009 Accumulated amortisation	2009 Carrying value	2008 Cost	2008 Accumulated amortisation	2008 Carrying value
Patents, trademarks and other rights	**4,2**	**(0,2)**	**4,0**	–	–	–
Computer software	**177,5**	**(137,3)**	**40,2**	185,6	(120,5)	65,1
Mineral rights	**19,9**	**(7,9)**	**12,0**	29,6	(6,2)	23,4
Other intangible assets	**9,9**	**(7,6)**	**2,3**	9,1	(7,6)	1,5
	211,5	**(153,0)**	**58,5**	224,3	(134,3)	90,0

Reconciliation of other intangible assets – 2009	**Opening balance**	**Additions**	**Disposals**	**Transfers to assets classified as held-for-sale**	**Exchange rate adjustment**	**Amortisation**	**Total**
Patents, trademarks and other rights	**–**	**4,2**	**–**	**–**	**–**	**(0,2)**	**4,0**
Computer software	**65,1**	**10,7**	**(0,2)**	**–**	**(2,5)**	**(32,9)**	**40,2**
Mineral rights	**23,4**	**16,1**	**–**	**(24,7)**	**(1,1)**	**(1,7)**	**12,0**
Other intangible assets	**1,5**	**1,1**	**–**	**–**	**(0,3)**	**–**	**2,3**
	90,0	**32,1**	**(0,2)**	**(24,7)**	**(3,9)**	**(34,8)**	**58,5**

Reconciliation of other intangible assets – 2008	Opening balance	Additions	Acquisition of businesses	Disposal businesses	Exchange rate adjustment	Amortisation	Total
Computer software	53,1	15,3	28,5	(3,5)	4,9	(33,2)	65,1
Mineral rights	16,0	8,5	–	–	1,2	(2,3)	23,4
Other intangible assets	5,1	–	–	–	0,2	(3,8)	1,5
	74,2	23,8	28,5	(3,5)	6,3	(39,3)	90,0

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	Notes	2009	2008
6. INVESTMENTS IN ASSOCIATE COMPANIES			
6.1 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
Transfer to investment in subsidiary	37	–	(622,8)
		–	–
Other associates			
As at beginning of year		31,0	25,1
Acquisition of businesses		–	3,4
Additions		6,3	0,7
Transferred from loans to associate companies		–	12,6
Transfer to assets classified as held-for-sale		(6,0)	–
Impairment of investment in associate		–	(12,6)
Dividend received		(1,7)	(9,0)
Share of post-acquisition earnings		2,2	11,1
Foreign currency translation reserve		0,1	(0,3)
		31,9	31,0
The carrying value of the investments can be analysed as follows:			
Net tangible assets		21,5	21,1
Share of post-acquisition earnings, net of dividends received		10,4	9,9
		31,9	31,0
Loans to associate companies		–	1,9
Loans from associate companies		(20,1)	(20,2)
		11,8	12,7
The loans to the associate companies are unsecured, interest free and have no fixed repayment terms. Loans from associate companies bear interest at 8.75% and are repayable on demand.			
6.2 Valuation of shares			
Construction & engineering			
Murray & Roberts (Zimbabwe) Limited		53,9	–
The investment in Murray & Roberts (Zimbabwe) Limited is fully impaired. The prior year valuation of the investment could not be determined due to insufficient information regarding the exchange rate in Zimbabwe.			
Other associates			
Directors' valuation of unlisted associates		31,9	31,0

6.3 Details of associate companies

Name of significant associates	Place of incorporation	% of ownership and votes 2009	2008	Main activity
Murray & Roberts (Zimbabwe) Limited	Zimbabwe	48,7	48,7	Construction
Gryphon Logistics (Proprietary) Limited	South Africa	30,0	30,0	Transport
SA Rebar (Proprietary) Limited	South Africa	26,0	–	Materials & services

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands			2009	2008
7. OTHER INVESTMENTS				
7.1 Financial assets designated as fair value through profit and loss				
Investments in infrastructure service concessions				
At beginning of year			**437,1**	307,8
Investment in Bombela Concession Company (Proprietary) Limited			**–**	56,8
Additional investments, disposals and repayments received			**(128,3)**	(38,4)
Provision released			**–**	25,0
Fair value adjustment recognised in income statement			**135,0**	85,9
Fair value of unlisted investments designated as fair value through profit and loss			**443,8**	437,1
Directors' valuation R443,8 million (2008: R437,1 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		
Bombela Concession Company (Proprietary) Limited*	25,00	17 years	**124,9**	124,9
Bakwena Platinum Corridor Concessionaire (Proprietary) Limited**	10,68	23 years	**211,4**	189,6
N3 Toll Concession (Proprietary) Limited**	13,07	22 years	**107,5**	122,6
			443,8	437,1

** The rail service investment is carried at cost which approximates fair value.*

*** 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.*

	2009	2008
7.2 Available-for-sale financial assets		
Unlisted investments		
At beginning of year	**4,6**	6,4
Additions, disposals and other movements	**(0,1)**	(1,8)
Value of unlisted investments	**4,5**	4,6
Listed investments		
At beginning of year	**11,0**	–
Acquisition of businesses	**–**	11,0
Disposal of business	**(9,8)**	–
Exchange differences	**(1,2)**	–
Fair value of listed non-trading investments	**–**	11,0
Market value Rnil (2008: R11 million)		

All monetary amounts are expressed in millions of Rands	2009	2008
7. OTHER INVESTMENTS (continued)		
7.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
Balance at beginning of the year	**64,8**	125,6
Additional investments made	**1,5**	17,6
Write-off of investment	**(45,0)**	–
Reversal of provision for impairment	**45,0**	–
Disposals and repayments	**(30,5)**	(22,6)
Impairment of investment	**–**	(55,8)
Exchange differences	**(0,7)**	–
Amortised cost of unsecured loans and receivables	**35,1**	64,8
Total other investments	**483,4**	517,5

Details in respect of the other investments are set out in a register that may be inspected at the company's and Group's registered office. Included in loans and receivables is an amount of R25,3 million (2008: R25,3 million) receivable from related parties. Further details of these amounts are set out in note 47.

	2009	2008
8. INVENTORIES		
At cost, net of impairment provisions		
Raw materials	**1 124,5**	712,7
Work-in-progress	**286,5**	143,0
Finished goods and manufactured components	**300,3**	465,3
Consumable stores	**138,6**	179,0
Property development	**319,0**	354,7
	2 168,9	1 854,7

Inventories are valued at the lower of cost or net realisable value.

	2009	2008
9. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts-in-progress at year-end	**2 682,2**	1 123,7
Amounts receivable on contracts (net of impairment provisions)	**2 511,3**	2 966,2
	5 193,5	4 089,9
Advances received in excess of work completed	**(3 326,9)**	(1 940,4)
Amounts receivable from contracts	**1 866,6**	2 149,5
Retentions receivable (net of impairment provisions)	**432,0**	360,0
	2 298,6	2 509,5
Amounts due from contract customers	**5 899,9**	6 462,3
Amounts due to contract customers	**(3 601,3)**	(3 952,8)
	2 298,6	2 509,5

Amounts of R80,6 million (2008: R32,1 million) are due for settlement after more than 12 months from balance sheet date.

	2009	2008
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 808,3**	1 698,7
Provision for doubtful debts	**(123,1)**	(101,1)
Operating lease receivables recognised on a straight-line basis	**26,9**	19,5
Amount owing by joint venture partners	**380,7**	204,1
Prepayments	**187,8**	564,6
Other receivables	**392,4**	452,8
	2 673,0	2 838,6

Details in respect of the Group's credit risk management policies are set out in note 45.
The directors consider that the carrying amount of the trade and other receivables approximate their fair value.

Notes to the consolidated financial statements

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All monetary amounts are expressed in millions of Rands	2009	2008
11. SHARE CAPITAL AND PREMIUM		
11.1 Share capital		
Authorised		
500 000 000 ordinary shares of 10 cents each (2008: 500 000 000 of 10 cents each)	**50,0**	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2008: 331 892 619 of 10 cents each)	**33,2**	33,2
Less: Treasury shares held by The Murray & Roberts Trust at par value	**(0,8)**	(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	**29,4**	29,7
Number of unissued shares	**168 107 381**	168 107 381
11.2 Share premium		
Share premium	**1 639,6**	1 639,6
Less: Treasury shares held by The Murray & Roberts Trust at net cost	**(505,2)**	(255,1)
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	**689,3**	939,4
Total share capital and share premium	**718,7**	969,1
11.3 Treasury shares		
Market value of treasury shares:		
The Murray & Roberts Trust	**419,6**	465,9
The Letsema BBBEE trusts and companies	**1 447,3**	2 518,0
Murray & Roberts Limited	**33,8**	58,7

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	**(8 392 766)**	(5 356 136)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(28 946 803)**	(28 946 803)
Less: Treasury shares held by Murray & Roberts Limited	**(675 644)**	(675 644)
Net shares issued to public	**293 877 406**	296 914 036

12. SHARE INCENTIVE SCHEMES

12.1 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (Trust). Amendments to the Scheme and Trust have been proposed and will be presented to shareholders for approval at the annual general meeting on 21 October 2009. These amendments incorporate the Murray & Roberts Holdings Limited Employee Share Incentive Scheme into the Trust Deed of The Murray & Roberts Trust to comply with Schedule 14 of the Listings Requirements of the JSE Limited, as well as current governance best practice.

At 30 June 2009, the Trust held 8 392 766 (2008: 5 356 136) shares against the commitment of options granted by the Trust totalling 11 212 234 (2008: 12 790 750) shares. In order to settle the shortfall and subject to shareholders' approval, the company could issue new shares within the maximum of 10% of the company's total issued share capital, being 33 189 262 ordinary shares.

14,96% of the outstanding options at 30 June 2009 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2009 were as follows:

Schemes implemented		Outstanding options at 30 June 2008	Granted during the year	Surrendered during the year	Exercised during the year	**Outstanding options at 30 June 2009**	Option price per share (cents)	Weighted average share price on exercise (cents)
17 March 1999	–	74 500	–	–	(74 500)	**–**	233	4 040
25 August 1999	–	10 000	–	–	–	**10 000**	440	–
08 May 2000	–	61 000	–	–	(17 750)	**43 250**	316	3 763
13 March 2002	Standard	31 875	–	–	–	**31 875**	693	–
13 March 2002	Hurdle	31 875	–	–	–	**31 875**	693	–
06 March 2003	Standard	142 500	–	–	(52 500)	**90 000**	1 100	5 893
06 March 2003	Hurdle	188 750	–	–	(80 000)	**108 750**	1 100	6 029
15 March 2004	Standard	321 250	–	(15 000)	(98 750)	**207 500**	1 304	5 095
15 March 2004	Hurdle	275 000	–	(12 500)	(102 250)	**160 250**	1 304	5 323
07 September 2004	Standard	75 000	–	–	(37 500)	**37 500**	1 200	10 031
07 September 2004	Hurdle	50 000	–	–	(25 000)	**25 000**	1 200	10 031
28 June 2005	Standard	850 625	–	(33 750)	(170 000)	**646 875**	1 400	6 799
28 June 2005	Hurdle	602 500	–	(45 000)	(111 250)	**446 250**	1 400	6 852
03 March 2006	Standard	1 254 375	–	(90 000)	(42 016)	**1 122 359**	2 353	5 554
03 March 2006	Hurdle	412 500	–	(22 500)	(15 000)	**375 000**	2 353	7 483
06 March 2007	Hurdle	1 420 000	–	(170 000)	–	**1 250 000**	5 060	–
06 March 2007	Special	5 175 000	–	(300 000)	–	**4 875 000**	5 060	–
30 August 2007	Standard	10 000	–	–	–	**10 000**	7 200	–
02 November 2007	Standard	55 000	–	–	–	**55 000**	9 352	–
26 February 2008	Standard	1 499 000	–	(142 500)	–	**1 356 500**	9 201	–
26 February 2008	Special	250 000	–	–	–	**250 000**	9 201	–
01 July 2008	Standard	–	45 500	–	–	**45 500**	8 651	–
26 August 2008	Standard	–	33 750	–	–	**33 750**	9 372	–
		12 790 750	79 250	(831 250)	(826 516)	**11 212 234**		

Notes:

1. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.
2. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.
3. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.
4. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.
5. For the 2004 to 2007 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.
6. The 2007 special scheme is time-related with the first tranche exercisable in 2011 and the expiry date being extended from 2013 to 2015.
7. The 2008 scheme is time-related with the first tranche exercisable in 2012.
8. The Group has no legal or constructive obligation to repurchase or settle the options in cash.
9. Options are forfeited if the employees leave the Group before the options vest.

Notes to the consolidated financial statements
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12. SHARE INCENTIVE SCHEMES (continued)

12.1 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)
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%	4,3%	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
01 July 2008	Standard	8 651	31,3 %	01 July 2014	11,6%	5,0%	2 829
26 August 2008	Standard	9 372	32,4 %	26 August 2014	9,7%	5,0%	2 824

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 R14,2 million (2008: R34,9 million) relating to these share options during the year.

12.2 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 (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 2009, the Vulindlela Trust held 9 956 779 (2008: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 1 295 801 (2008: 1 603 500) shares.

12. SHARE INCENTIVE SCHEMES (continued)

12.2 Equity-settled share incentive scheme – 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. After the expiry of the five year lock-in period but before 31 December 2016, provided that the prevailing market value exceeds the adjusted amount due in respect of those shares, 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 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 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 2009 were as follows:

Schemes implemented	Outstanding options at 30 June 2008	Granted during the year	Surrendered during the year	**Outstanding options at 30 June 2009**	Option price per share (cents)
02 March 2006	479 800	–	(91 299)	**388 501**	2 353
27 June 2006	64 800	–	(54 300)	**10 500**	2 431
28 August 2006	67 500	–	(17 000)	**50 500**	3 002
06 March 2007	669 700	–	(154 500)	**515 200**	5 200
25 June 2007	114 400	–	(17 500)	**96 900**	6 619
28 February 2008	207 300	–	(35 400)	**171 900**	9 201
28 August 2008	–	71 500	(9 200)	**62 300**	9 508
	1 603 500	71 500	(379 199)	**1 295 801**	

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	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 2016	7,2 %	2,7 %	1 253
27 June 2006	2 431	36,0 %	31 December 2016	8,7 %	2,3 %	1 395
28 August 2006	3 002	29,0 %	31 December 2016	8,9 %	2,0 %	1 621
06 March 2007	5 200	29,0 %	31 December 2016	8,2 %	2,0 %	2 590
25 June 2007	6 619	29,0 %	31 December 2016	8,9 %	2,0 %	3 588
26 February 2008	9 201	31,2 %	31 December 2016	9,6 %	2,5 %	4 209
28 August 2008	9 508	32,7 %	31 December 2016	9,6 %	5,0 %	4 772

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 R12 million (2008: R7,5 million) relating to these share options during the year.

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All monetary amounts are expressed in millions of Rands	2009	2008
13. OTHER CAPITAL RESERVES		
Capital redemption reserve fund		
At beginning and end of the year	**1,7**	1,7
Statutory reserve		
At beginning of the year	**23,1**	25,0
Transfer from retained earnings	**–**	(1,9)
	23,1	23,1
Share-based payment reserve		
At beginning of the year	**98,9**	51,1
Recognition of share-based payments	**29,5**	47,8
	128,4	98,9
	153,2	123,7

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.

	2009	2008
14. HEDGING AND TRANSLATION RESERVES		
Hedging reserve		
At beginning of the year	**–**	(5,6)
Cash flow hedges	**2,3**	5,6
	2,3	–
Foreign currency translation reserve		
At beginning of the year	**211,9**	160,1
Foreign currency translation movements	**(244,6)**	51,8
	(32,7)	211,9
	(30,4)	211,9

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	Notes	2009	2008
15. MINORITY INTEREST			
The minority interest comprises			
15.1 Interest of minority shareholders in reserves			
At beginning of the year		**926,4**	158,7
Share of attributable earnings		**319,8**	349,5
Dividends declared and paid		**(71,1)**	(69,5)
Acquisition of businesses		**–**	393,1
Disposal of business to minorities		**–**	18,5
Transfers from reserves		**9,8**	–
Acquisition of minorities		**(136,9)**	(18,0)
Exchange rate and other adjustments		**(67,7)**	94,1
		980,3	926,4
15.2 Equity loans from minority shareholders			
At beginning of the year		**33,7**	19,1
Additional loans raised		**42,5**	26,8
Loan repayments		**(0,5)**	(14,6)
Exchange rate and other adjustments		**(3,0)**	2,4
		72,7	33,7
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		**1 053,0**	960,1
16. SECURED LIABILITIES			
Liabilities of the Group are secured as follows:			
Loans secured over land and buildings with a book value of R375,7 million (2008: R462,8 million)		**183,0**	228,6
Loans secured over plant and machinery with a book value of R1 141,3 million (2008: R1 057,9 million)		**773,9**	955,3
		956,9	1 183,9
Reflected in the balance sheet under:			
Long-term loans	17	**392,5**	349,8
Capitalised finance leases	17	**67,9**	277,6
Short-term loans	25	**496,5**	556,5
		956,9	1 183,9

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
17. LONG-TERM LOANS			
17.1 Interest bearing secured loans			
Payable			
Within 1 year		**381,4**	293,9
Within the 2nd year		**77,6**	141,6
Within years 3 – 5		**314,9**	49,4
Payable after the 5th year		**–**	158,8
		773,9	643,7
Less: Current portion	25	**(381,4)**	(293,9)
		392,5	349,8
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**371,6**	188,5
Within the 2nd year		**–**	123,6
Within years 3 – 5		**309,6**	–
		681,2	312,1
Less: Current portion	25	**(371,6)**	(188,5)
		309,6	123,6
17.3 Non-interest bearing unsecured loans			
Payable within 1 year		**88,1**	39,0
Less: Current portion	25	**(88,1)**	(39,0)
		–	–
17.4 Capitalised finance leases			
Minimum lease payments			
Within 1 year		**126,1**	288,3
Within the 2nd year		**55,4**	169,2
Within years 3 – 5		**16,4**	142,6
		197,9	600,1
Less: Future finance charges		**(14,9)**	(59,9)
Present value of lease obligations		**183,0**	540,2
The present value of lease obligations can be analysed as follows:			
Within 1 year		**115,1**	262,6
Within the 2nd year		**51,8**	144,7
Within years 3 – 5		**16,1**	132,9
		183,0	540,2
Less: Current portion	25	**(115,1)**	(262,6)
		67,9	277,6
Total long-term loans		**770,0**	751,0

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 16. Details of Group's interest rate risk management policies are set out in note 45.

17.5 Breach of loan agreement

In the prior 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	Notes	2009	2008
18. OBLIGATIONS UNDER FINANCE HEADLEASES			
Payable			
Within 1 year		**39,2**	25,3
Within the 2nd year		**13,9**	39,2
Within years 3 – 5		**–**	13,9
		53,1	78,4
Less: Current portion	25	**(39,2)**	(25,3)
		13,9	53,1

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 16. Details of the Group's interest rate risk management policies are set out in note 45.

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 R396,8 million (2008: R215,1 million).

19. LONG-TERM PROVISIONS

2009	**Opening balance**	**Additional provisions raised**	**Provisions utilised during the year**	**Transfer to liabilities held-for-sale**	**Exchange differences**	**Total**
Decommissioning and other provisions	**82,8**	**29,4**	**(20,4)**	**(16,9)**	**(5,3)**	**69,6**
Headleases and other property activities	**19,3**	**–**	**(10,8)**	**–**	**–**	**8,5**
	102,1	**29,4**	**(31,2)**	**(16,9)**	**(5,3)**	**78,1**

2008	Opening balance	Acquisition of businesses	Additional provisions raised	Provisions released to the income statement	Provisions utilised during the year	Disposal of businesses	Exchange differences	Total
Decommissioning and other provisions	46,5	22,8	23,9	(14,5)	(3,1)	(4,2)	11,4	82,8
Headleases and other property activities	17,1	–	3,9	(1,7)	–	–	–	19,3
	63,6	22,8	27,8	(16,2)	(3,1)	(4,2)	11,4	102,1

The decommissioning provisions are based on the directors' best estimate of the decommissioning costs to be incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	2009	2008
20. DEFERRED TAXATION		
20.1. Deferred taxation asset		
Inventory	**3,7**	0,3
Uncertified work and other construction temporary differences	**(42,3)**	(13,4)
Plant	**(65,8)**	(12,4)
Taxation losses	**41,9**	10,4
Receivables	**5,6**	3,3
Provisions and accruals	**233,0**	157,7
Advance payments received net of taxation allowances	**146,8**	102,4
Fair value adjustments	**–**	12,0
Prepayments	**(7,1)**	(0,1)
Other	**(10,8)**	(52,0)
	305,0	208,2
20.2 Reconciliation of deferred taxation asset		
At beginning of the year	**208,2**	15,8
Transfer from deferred taxation liability	**(24,7)**	(4,5)
Acquisition of businesses	**–**	127,2
Disposal of businesses	**–**	(13,4)
Change in South African taxation rate	**–**	(0,5)
Credit to the income statement	**172,0**	60,9
Credit to the income statement in respect of discontinued operations	**56,4**	–
Charge directly to equity	**(4,5)**	–
Deferred taxation asset transferred to assets classified as held-for-sale	**(70,9)**	–
Exchange rate adjustment	**(31,5)**	22,7
	305,0	208,2
20.3 Deferred taxation liabilities		
Inventory	**(1,0)**	(3,1)
Uncertified work and other construction temporary differences	**538,6**	139,4
Plant	**179,0**	217,7
Taxation losses	**(1,6)**	(4,8)
Receivables	**(20,4)**	9,9
Provisions and accruals	**(33,2)**	(94,6)
Advance payments received net of taxation allowances	**(475,9)**	(203,3)
Fair value adjustments	**66,4**	73,4
Finance leases	**(5,3)**	(0,1)
Prepayments	**14,0**	90,0
Other	**10,9**	(18,6)
	271,5	205,9
20.4 Reconciliation of deferred taxation liability		
At beginning of the year	**205,9**	277,1
Transfer to deferred taxation asset	**(24,7)**	(4,5)
Disposal of businesses	**(0,4)**	(2,3)
Change in South African taxation rate	**–**	(4,2)
Charge/(credit) to the income statement	**88,5**	(63,3)
Charge directly to equity	**–**	1,2
Exchange rate adjustment	**2,2**	1,9
	271,5	205,9

All monetary amounts are expressed in millions of Rands	2009	2008
20. DEFERRED TAXATION (continued)		
20.5 Unused taxation losses		
At balance sheet date, the Group had unused taxation losses of R1 229 million (2008: R1 546 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R145 million (2008: R52 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R1 084 million (2008: R1 494 million) due to the unpredictability of future profit streams.		
21. TRADE AND OTHER PAYABLES		
Trade payables	**1 355,4**	1 723,9
Payroll accruals	**683,6**	626,7
Accruals and other payables	**3 424,0**	3 664,3
Operating lease payables recognised on a straight-line basis	**26,3**	14,6
	5 489,3	6 029,5
The directors consider that the carrying amount of the trade and other payables approximate their fair value.		
22. 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.		
Non-current subcontractor liabilities	**313,3**	177,8
Current subcontractor liabilities	**1 853,4**	2 400,7
	2 166,7	2 578,5

23. PROVISIONS FOR OBLIGATIONS

2009	**Opening balance**	**Additions**	**Reversed during the year**	**Utilised during the year**	**Transfer to liabilities classified as held-for-sale**	**Exchange difference**	**Total**
Payroll	**440,9**	**416,6**	**(16,2)**	**(342,3)**	**(0,8)**	**(26,8)**	**471,4**
Warranty and other	**0,3**	**7,3**	**–**	**–**	**–**	**–**	**7,6**
	441,2	**423,9**	**(16,2)**	**(342,3)**	**(0,8)**	**(26,8)**	**479,0**

2008	Opening balance	Acquisition of businesses	Additions	Reversed during the year	Utilised during the year	Transfer to liabilities classified as held-for-sale	Exchange difference	Total
Payroll	243,8	23,8	358,8	(53,0)	(147,9)	(3,4)	18,8	440,9
Warranty and other	1,0	3,2	0,8	(0,7)	(3,2)	(0,8)	–	0,3
	244,8	27,0	359,6	(53,7)	(151,1)	(4,2)	18,8	441,2

The payroll provisions relate to staff bonus and severance pay obligations.

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
24. NET CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following amounts:			
Bank balances		**2 897,0**	3 544,4
Restricted cash		**1 766,4**	1 144,0
Bank overdraft		**(1 786,9)**	(410,9)
		2 876,5	4 277,5
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:			
Held in joint ventures		**1 741,0**	1 133,1
Held in trust accounts for sublease tenants		**7,3**	5,4
Other agreements with banks and other financial institutions		**18,1**	5,5
		1 766,4	1 144,0
25. SHORT-TERM LOANS			
Current portion of long-term loans			
– interest bearing secured	17	**381,4**	293,9
– interest bearing unsecured	17	**371,6**	188,5
– non-interest bearing unsecured	17	**88,1**	39,0
Current portion of capitalised finance leases	17	**115,1**	262,6
Current portion of obligations under finance headleases	18	**39,2**	25,3
		995,4	809,3
26. REVENUE			
Construction contracts		**26 345,9**	20 039,1
Sale of goods		**6 435,4**	5 844,7
Rendering of services		**855,5**	652,9
Properties		**125,6**	128,9
		33 762,4	26 665,6
27. EXCEPTIONAL ITEMS			
Property fair value adjustment	3	**–**	1,6
Headlease and other property activities	3,18	**–**	1,6
Impairment loss recognised on associate		**–**	(12,6)
Gain on closure of business		**10,0**	–
Profit on sale of subsidiaries		**10,3**	214,5
(Loss)/profit on disposal of land and buildings		**(11,9)**	42,7
Impairment of goodwill		**–**	(9,7)
Impairment of unlisted investments and unsecured loan		**–**	(88,4)
Other		**(0,6)**	(2,8)
		7,8	145,3

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
28. EARNINGS FOR THE YEAR			
Earnings for the year is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Dividends received		**1,3**	9,0
Fair value gain on investments designated at fair value through profit and loss	7	**135,0**	85,9
Rentals received		**25,7**	3,6
Other items:			
Amortisation of intangible assets	5	**34,8**	39,3
Auditors' remuneration:			
Fees for audits		**35,0**	32,5
Other services		**4,2**	4,1
Expenses		**0,7**	0,4
Total auditors' remuneration from continuing operations		**39,9**	37,0
Total auditors' remuneration from discontinued operations	32	**0,7**	1,4
		40,6	38,4
Compensation income from insurance claims		**29,4**	14,1
Depreciation:			
Immovable property		**18,7**	10,5
Plant and machinery		**670,6**	483,8
Other equipment		**51,8**	35,5
Total depreciation from continuing operations		**741,1**	529,8
Total depreciation from discontinued operations	32	**64,9**	87,7
		806,0	617,5
Employee benefit expense:			
Salaries and wages from continuing operations		**9 414,0**	7 487,4
Salaries and wages from discontinued operations	32	**280,5**	229,8
		9 694,5	7 717,2

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
28. EARNINGS FOR THE YEAR (continued)			
Share option expense		**26,2**	42,4
Share option expense (Clough Limited)		**11,3**	5,4
Pension costs – defined contribution plans	46	**80,6**	72,9
Other post-employment benefits	46	**11,0**	11,5
Fees paid for:			
Managerial services		**66,1**	51,2
Technical services		**12,9**	8,8
Administrative services		**29,3**	81,0
Secretarial services		**0,7**	1,5
Impairment loss recognised on plant and equipment		**31,4**	9,4
Impairment loss recognised on inventory		**139,1**	21,0
(The current year impairment on inventory relates to a write down in steel due to the decrease in the market value of steel.)			
Impairment charges:			
Trade receivables		**49,2**	57,3
Contract receivables		**18,6**	13,4
Other receivables		**25,2**	7,8
Reversal of impairment loss recognised on property, plant and equipment		**6,0**	1,3
Profit on disposal of property, plant and equipment – continuing operations		**26,1**	34,6
Profit on disposal of property, plant and equipment – discontinued operations		**2,3**	–
		28,4	34,6
Loss on disposal of property, plant and equipment		**12,2**	6,9
Net fair value profit/(losses) on financial instruments		**74,8**	(16,1)
Operating lease costs:			
Immovable property		**95,9**	111,0
Plant and machinery		**246,5**	118,8
Other		**16,3**	17,9
Operating lease costs: continuing operations		**358,7**	247,7
Operating lease costs: discontinued operations	32	**0,4**	3,8
		359,1	251,5
Research and development		**0,8**	1,9
Items by function*			
Cost of sales**		**28 340,1**	22 564,0
Distribution and marketing costs		**387,3**	308,3
Administration costs		**2 682,8**	2 117,0
Other operating income		**546,0**	604,2

** Excluding discontinued operations.*

*** Cost of sales include R5 298,7 million (2008: R3 994,2 million) relating to the cost of inventories sold during the year.*

All monetary amounts are expressed in millions of Rands	2009	2008
29. INTEREST EXPENSE		
Capitalised finance leases	**13,7**	17,8
Bank overdrafts	**164,6**	57,8
Present value expense	**16,4**	12,2
Loans and other liabilities	**160,2**	168,0
	354,9	255,8
30. INTEREST INCOME		
Bank balances and cash	**262,8**	237,9
Present value income	**5,9**	4,3
Unlisted loan investments and other receivables	**49,0**	42,7
	317,7	284,9
31. TAXATION EXPENSE		
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**479,5**	386,8
Normal taxation – prior year	**(30,6)**	(20,6)
Secondary taxation on companies	**52,7**	47,6
Deferred taxation – current year	**(58,9)**	(74,8)
Deferred taxation – prior year	**(7,5)**	13,8
Foreign taxation		
Normal income taxation and withholding taxation – current year	**186,7**	200,1
Normal income taxation and withholding taxation – prior year	**7,5**	–
Deferred taxation – current year	**(27,0)**	(59,6)
Deferred taxation – prior year	**9,9**	(3,6)
	612,3	489,7

South African income taxation is calculated at 28% (2008: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at rates prevailing in those relevant jurisdictions.

Reconciliation of effective rate of taxation to the standard rate of taxation	%	%
Effective rate of taxation	**21,3**	19,9
Reduction in rate of taxation due to:		
Capital and non-taxable items	**1,4**	2,3
Taxation on foreign companies	**7,3**	9,3
Taxation losses utilised	**0,1**	0,1
Change in taxation rate	**–**	0,1
Prior year adjustments	**0,7**	0,4
	30,8	32,1
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**(0,6)**	(1,6)
Current year's losses not recognised	**–**	(0,2)
Foreign withholding taxation	**(0,3)**	(0,3)
Imputed foreign income	**(0,1)**	(0,1)
Secondary taxation on companies	**(1,8)**	(1,9)
South African standard rate of taxation	**28,0**	28,0

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All monetary amounts are expressed in millions of Rands	2009	2008
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE		
32.1 Earnings for the year from discontinued operations		
Clough Limited (Clough), having undertaken a strategic review of its operations, has confirmed its intent to concentrate activities within the Oil & Gas market, resulting in the decision to dispose of its 82% holding in PT Petrosea Tbk and related entities (Petrosea), which is focused on the Indonesian coal sector. On 26 February 2009, Clough announced that it had entered into a binding Heads of Agreement to sell its shareholding in Petrosea to PT Indika Energy Tbk for cash consideration of US$83,8 million. The sale of Petrosea was completed subsequent to year-end, on 6 July 2009. The results of Petrosea have been recorded in these financial statements as being a discontinued operation. Financial information relating to Petrosea for the year is set out below. The prior year includes financial information for Petrosea and Harvey Roofing Products (Proprietary) Limited.		
The profit from the discontinued operations is analysed as follows:		
Profit after taxation for the period	79,0	89,1
Profit after taxation for the period is analysed as follows:		
Revenue – sale of goods	1 606,0	1 509,9
Earnings before interest and depreciation[1]	151,9	238,5
Depreciation	(64,9)	(87,7)
Earnings before interest and taxation[1]	87,0	150,8
Interest income	6,9	0,4
Interest expense	(26,8)	(15,0)
Profit before taxation	67,1	136,2
Taxation	11,5	(48,9)
Income from associate	0,4	1,8
Attributable profit	79,0	89,1
Cash flows from discontinued operations		
Cash flows from operating activities	12,0	158,0
Cash flows from investing activities	(346,0)	(67,0)
Cash flows from financing activities	147,0	(65,0)
	(187,0)	26,0

All monetary amounts are expressed in millions of Rands	2009	2008
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)		
[1]Comprises:		
Auditors' remuneration:		
Fees for audits	**0,7**	1,4
Depreciation:		
Immovable property	**8,9**	7,5
Plant and machinery	**56,0**	79,5
Other property, plant and equipment	**–**	0,7
Employee benefit expense:		
Salaries and wages	**280,5**	229,8
Profit on sale of property, plant and equipment	**2,3**	–
Impairment charges – contract receivables	**162,2**	–
Operating lease costs:		
Immovable property	**–**	0,7
Plant and equipment	**0,4**	3,1
Items by function		
Cost of sales*	**1 357,6**	1 269,1
Distribution and marketing costs	**260,3**	74,8
Administration costs	**–**	31,9
Other operating income	**98,9**	16,7

** Cost of sales includes Rnil (2008: R211,1 million) relating to the cost of inventories sold during the year.*

32.2 Assets classified as held-for-sale

Assets held-for-sale includes PT Petrosea Tbk 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:	2009	2008
Property, plant and equipment	**962,7**	26,2
Investment property	**–**	9,5
Contracts-in-progress and contract debtors	**421,0**	–
Operating lease receivables	**2,3**	–
Deferred taxation asset	**70,9**	–
Investments	**32,7**	81,1
Inventories	**59,3**	28,6
Trade and other receivables	**173,6**	93,1
Other intangible assets	**23,3**	–
Cash and cash equivalents	**66,8**	–
Loans and receivables	**–**	16,0
	1 812,6	254,5

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All monetary amounts are expressed in millions of Rands	Notes	2009	2008
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)			
32.3 Liabilities directly associated with a disposal group held-for-sale			
Long-term loans		**669,9**	–
Other payables		**194,0**	6,5
Trade payables		**72,5**	62,4
Subcontractors' liabilities		**80,4**	–
Current provisions		**7,9**	–
Non-current provisions		**17,0**	–
		1 041,7	68,9
33. EARNINGS AND HEADLINE EARNINGS PER SHARE			
33.1 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		**2 017,5**	1 714,1
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		**(7 815)**	(5 333)
Less: Weighted average number of shares held by the Letsema BBBEE trusts		**(28 946)**	(28 946)
Less: Weighted average number of shares held by Murray & Roberts Limited		**(676)**	(676)
Weighted average number of shares in issue used in the determination of basic per share figures		**294 456**	296 938
Add: Dilutive adjustment for share options		**3 257**	6 370
Weighted average number of shares in issue used in the determination of diluted per share figures		**297 713**	303 308
Earnings per share from continuing and discontinued operations (cents)			
– Diluted		**678**	565
– Basic		**685**	577
33.2 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		**2 017,5**	1 714,1
Adjustments:			
Profit from discontinued operations	32	**(79,0)**	(89,1)
Minority interest		**34,0**	35,0
Earnings for the purposes of basic and diluted earnings per share from continuing operations		**1 972,5**	1 660,0
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		**663**	547
– Basic		**670**	559

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
33. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)			
33.3 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 from discontinued operations	32	**79,0**	89,1
Minority interest		**(34,0)**	(35,0)
		45,0	54,1
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 discontinued operations (cents)			
– Diluted		**15**	18
– Basic		**15**	18

33.4 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:

2009	Notes	**Gross**	**Taxation and minority impact**	**Net impact**
Earnings attributable to the equity holders of the company		**2 949,6**	**(932,1)**	**2 017,5**
Adjustments:				
Profit on disposal of business	27	**(20,3)**	**–**	**(20,3)**
Loss on disposal of immovable property	27	**11,9**	**–**	**11,9**
Headline earnings		**2 941,2**	**(932,1)**	**2 009,1**

2008	Notes	Gross	Taxation and minority impact	Net impact
Earnings attributable to the equity holders of the company		2 553,3	(839,2)	1 714,1
Adjustments:				
Impairment loss on associate	27	12,6	–	12,6
Impairment of goodwill	27	9,7	–	9,7
Impairment loss on unlisted loan	27	88,4	–	88,4
Profit on disposal of subsidiary	27	(214,5)	97,0	(117,5)
Profit on disposal of immovable property	27	(42,7)	5,0	(37,7)
Fair value adjustment on headlease property	32	(1,6)	–	(1,6)
Headline earnings		2 405,2	(737,2)	1 668,0

	2009	2008
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	**675**	550
– Basic	**683**	562

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All monetary amounts are expressed in millions of Rands	2009	2008
34. ORDINARY DIVIDENDS		
Final dividend No. 115 of 133 cents declared on 26 August 2009 and payable on 19 October 2009	**441,4**	–
Interim dividend No. 114 of 85 cents declared on 25 February 2009 and paid on 14 April 2009	**282,1**	–
Final dividend No. 113 of 119 cents declared on 27 August 2008 and paid 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
	723,5	650,6
Less: Dividends relating to treasury shares	**(79,5)**	(68,6)
	644,0	582,0

In respect of final dividend No. 115, the directors have declared a dividend of 133 cents per share which will be paid to shareholders on 19 October 2009. 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 16 October 2009. The secondary taxation on companies payable on this dividend is estimated to be R36 million.

All monetary amounts are expressed in millions of Rands	2009	2008
35. CASH GENERATED FROM OPERATIONS		
Earnings before exceptional items and interest	**2 985,2**	2 431,2
Adjustments for non-cash items:		
Amortisation of intangible assets	**34,8**	39,3
Depreciation	**806,0**	617,5
Fair value adjustments on concession investments	**(135,0)**	(85,9)
Fair value adjustments on other financial instruments	**–**	(16,1)
Movements in retirement benefit assets and liabilities	**(1,4)**	–
Long-term provision raised, released and utilised	**(1,7)**	6,3
Net provisions raised, released and utilised	**65,4**	137,6
Net profit on disposal of property, plant and equipment	**(16,2)**	(27,7)
Share-based payment expense	**37,5**	47,8
Fair value adjustments on property headleases	**–**	(1,6)
Other non-cash items	**14,8**	18,9
Impairment of inventory	**139,1**	21,0
Adjustment for cash items:		
Headlease and other property activities	**(25,3)**	(74,5)
Adjustments for net cash outflow from exceptional items:		
Other	**–**	40,9
Dividends received	**–**	(9,0)
Change in working capital	**(1 289,6)**	444,9
Inventories	**(457,4)**	(1 095,2)
Trade and other receivables	**(263,1)**	(2 314,4)
Contracts-in-progress and contract receivables	**343,0**	(151,2)
Trade and other payables	**(37,9)**	1 306,2
Subcontractor liabilities	**(874,2)**	2 699,5
	2 613,6	3 590,6

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
36. TAXATION PAID			
Taxation unpaid at beginning of the year		**(420,0)**	(219,7)
Acquisition of businesses		**–**	(15,4)
Exchange difference		**2,0**	(4,6)
Disposal of businesses		**0,8**	3,0
Taxation charged to income statement, excluding deferred taxation		**(695,8)**	(613,9)
Taxation charged to income statement under discontinued operations		**(44,8)**	(48,9)
Taxation unpaid at end of the year		**150,4**	420,0
		(1 007,4)	(479,5)

37. ACQUISITION OF BUSINESSES

Clough Limited and related companies

In the prior year Clough Limited (Clough), which was previously accounted for as an associate, was consolidated for the first time as the Group acquired control over the company on 01 July 2007. The impact of consolidating Clough for the first time is as follows:

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
Details of the net assets acquired and the goodwill are as follows:			
– Investment in associate	6		(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	4		(296,5)

The goodwill is attributable to the profitability of the acquired businesses and the synergies expected to arise after the acquisition.

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for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands		2008

37. 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 taxation 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 contracts-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 4)		(296,5)
Total investment in Clough		(429,2)
Net cash inflow arising on consolidation:		
Cash balances acquired		589,5
		589,5

In 2008 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% 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

38. NET CASH INFLOW ON DISPOSAL/CLOSURE OF BUSINESSES

In the prior year 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.

	2009	2008
The fair value of assets sold and liabilities released were:		
Cash balance in business	–	99,0
Inventories	–	5,2
Other intangibles assets	–	3,5
Accounts receivable and contracts-in-progress	–	122,4
Deferred taxation	–	12,0
Property, plant and equipment	–	17,4
Accounts payable and contracts-in-progress	–	(111,2)
Long-term provisions	–	(4,2)
Profit on disposal businesses	–	214,5
Total proceeds	–	358,6
Less: Cash balances in businesses disposed	–	(99,0)
	–	259,6

39. NET MOVEMENT IN BORROWINGS

	2009	2008
Loans raised	**754,8**	126,4
Loans repaid	**(67,1)**	(379,5)
	687,7	(253,1)
Capitalised leases repaid	**(25,3)**	(50,6)
	662,4	(303,7)

40. NON-CASH ITEMS

Non-cash items include those marked as such in note 35.

41. JOINT VENTURES

41.1 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.

	2009	2008
The Group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is:		
Non-current assets	**127,9**	155,5
Current assets	**2 652,6**	3 348,2
Total assets	**2 780,5**	3 503,7
Non-current liabilities	**99,9**	175,5
Current liabilities	**2 245,4**	1 985,4
Total liabilities	**2 345,3**	2 160,9
Net assets	**435,2**	1 342,8
The Group's aggregate proportionate share of joint ventures included in the consolidated income statement is:		
Revenue	**8 418,4**	5 786,3
Profit after taxation	**1 058,1**	600,8

Notes to the consolidated financial statements
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		2009	2008
41. JOINT VENTURES (continued)			
41.2 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**	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 Enza Construction Joint Venture	Construction & engineering	**80,0**	80,0
Murray & Roberts/WBHO Joint Venture	Construction & engineering	**50,0**	50,0
Murray & Roberts Construction SPG Construction Joint Venture	Construction & engineering	**65,0**	65,0
A A Nass – Murray & Roberts Joint Venture	Construction & engineering	**50,0**	50,0
Vulindlela Joint Venture	Construction materials & services	**33,3**	33,3
Medupi Reinforcing Steel Joint Venture	Construction materials & services	**50,0**	–
Wade Walker Alstom Joint Venture	Construction & engineering	**50,0**	–
Harbourwork Clough Joint Venture	Construction & engineering	**50,0**	50,0
Braamhoek Dams Joint Venture	Construction & engineering	**40,0**	40,0

All monetary amounts are expressed in millions of Rands	2009	2008
42. 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	**260,5**	176,3
Total financial institution guarantees given to third parties on behalf of Group companies amounted to	**9 805,6**	9 827,1
The directors do not believe any exposure to loss is likely.		
Contingent liabilities arising from interest in joint ventures included above amounted to	**4 658,5**	4 538,0
The directors do not believe any exposure to loss is likely.		
43. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the balance sheet	**293,1**	1 190,7
Approved by the directors, not yet contracted for	**1 236,7**	1 588,7
	1 529,8	2 779,4
Capital expenditure will be financed from internal resources and existing facilities.		
The capital commitments relate primarily to the acquisition of project related capital expenditure.		
44. OPERATING LEASE ARRANGEMENTS		
44.1 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 28.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are:		
Due within one year	**444,8**	473,5
Due between two and five years	**1 040,1**	1 142,6
Due thereafter	**843,5**	911,9
	2 328,4	2 528,0
44.2 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 R13,5 million (2008: R26,8 million).		
Operating headlease commitments		
The future minimum lease payments under non-cancellable operating headleases are:		
Due between one and two years	**13,9**	39,2
Due between two and five years	**–**	13,9
	13,9	53,1

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All monetary amounts are expressed in millions of Rands	2009	2008
45. FINANCIAL RISK MANAGEMENT		
45.1 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 borrowings as disclosed in note 17 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 2008.

45.2 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.

Categories of financial instruments	2009	2008
Financial assets		
Financial assets designated as fair value through profit and loss	**443,8**	437,1
Loans and receivables	**13 390,6**	14 054,1
Available-for-sale financial assets carried at fair value	**4,5**	15,6
Derivative financial instruments	**17,1**	19,0
Financial liabilities		
Loans and payables	**14 823,5**	14 585,1
Derivative financial instruments	**15,8**	1,0

45.3 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.

All monetary amounts are expressed in millions of Rands

45. FINANCIAL RISK MANAGEMENT (continued)

45.3 Foreign currency risk management (continued)

	Assets		Liabilities	
	2009	2008	**2009**	2008
UAE Dirham	**19,1**	10,4	**(18,3)**	(16,3)
Australian Dollar	**7,2**	18,9	**(8,5)**	(17,2)
US Dollar	**14,9**	13,0	**(12,4)**	(11,6)

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 operation 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.

At the balance sheet date, the notional amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Related to specific balance sheet items	2009 Foreign amount	2009 Rand amount	2008 Foreign amount	2008 Rand amount
Bought:				
Australian Dollar	**6,6**	**43,8**	–	–
US Dollar	**3,5**	**27,7**	30,8	240,9
European Euro	**9,5**	**111,2**	3,1	37,7
Singapore Dollar	**–**	**–**	26,1	148,5
Thai Bahts	**221,2**	**49,8**	–	–
		232,5		427,1
Sold:				
US Dollar	**23,1**	**177,8**	26,6	209,9

At 30 June 2009, the fair value of the Group's currency derivatives is estimated to be approximately R1,8 million (2008: R18 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, which comprise R17,1 million assets (2008: R19 million) and liabilities of R15,8 million (2008: R1 million).

R2,3 million relating to currency derivatives that have been designated as cash flow hedges have been deferred in equity during the year (2008: Rnil). No amounts (2008: 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 (2008: Rnil) 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.

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All monetary amounts are expressed in millions of Rands	2009	2008
45. FINANCIAL RISK MANAGEMENT (continued)		
45.3 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	**237,8**	523,7
Bahraini Dinar	**126,9**	160,3
Botswana Pula	**33,4**	45,3
British Pound	**54,4**	35,8
Canadian Dollar	**125,2**	33,0
Egyptian Pound	**5,4**	6,1
European Euro	**114,1**	123,4
Malaysian Ringgit	**17,4**	20,2
Qatari Rial	**18,4**	1,5
South African Rand	**2 099,6**	2 529,4
Thai Baht	**55,2**	105,5
UAE Dirham	**1 202,2**	300,8
US Dollar	**531,5**	742,7
Other	**41,9**	60,7
	4 663,4	4 688,4
Trade and net contract receivables		
Australian Dollar	**305,9**	335,5
Bahraini Dinar	**164,2**	220,0
Botswana Pula	**56,2**	50,8
British Pound	**0,4**	11,6
Canadian Dollar	**329,7**	639,0
Egyptian Pound	**1,4**	2,9
European Euro	**29,1**	58,1
Malaysian Ringgit	**0,3**	0,4
Mauritian Rupee	**19,7**	20,8
Qatari Rial	**–**	30,9
South African Rand	**2 891,0**	2 547,1
Thai Baht	**11,7**	40,8
UAE Dirham	**685,7**	665,0
US Dollar	**173,8**	405,9
Other	**207,5**	55,3
Gross receivables	**4 876,6**	5 084,1
Present value and other adjustments	**(124,9)**	(59,2)
	4 751,7	5 024,9
The carrying amounts of the significant financial liabilities are denominated in the following currencies:		
Bank overdrafts		
Botswana Pula	**4,1**	3,1
Mauritian Rupee	**5,0**	5,3
South African Rand	**1 769,3**	366,8
UAE Dirham	**–**	24,1
US Dollar	**2,5**	9,9
Other	**6,0**	1,7
	1 786,9	410,9

All monetary amounts are expressed in millions of Rands	2009	2008
45. FINANCIAL RISK MANAGEMENT (continued)		
45.3 Foreign currency risk management (continued)		
Trade payables and subcontractor liabilities		
Australian Dollar	**222,5**	444,8
Bahraini Dinar	**126,8**	94,5
Botswana Pula	**31,8**	26,4
British Pound	**28,4**	32,4
Canadian Dollar	**44,9**	91,4
Egyptian Pound	**1,3**	1,9
European Euro	**66,6**	41,0
Malaysian Ringgit	**0,1**	2,9
Qatari Rial	**7,3**	9,6
Singapore Dollar	**7,9**	13,6
South African Rand	**1 438,0**	1 558,9
Thai Baht	**15,8**	134,9
UAE Dirham	**1 063,9**	1 077,0
US Dollar	**62,0**	599,9
Other	**86,8**	4,1
Gross liabilities	**3 204,1**	4 133,3
Present value and other adjustments	**4,7**	(8,7)
	3 208,8	4 124,6
Interest bearing liabilities		
Australian Dollar	**370,1**	332,7
Singapore Dollar	**4,7**	–
Canadian Dollar	**91,4**	127,2
European Euro	**3,1**	39,2
South African Rand	**754,4**	452,1
UAE Dirham	**95,8**	205,9
US Dollar	**371,7**	417,3
	1 691,2	1 574,4
Non-interest bearing liabilities		
Australian Dollar	**61,2**	–
Malaysian Ringgit	**11,6**	–
South African Rand	**11,6**	39,0
US Dollar	**3,7**	–
	88,1	39,0

45.4 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.

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All monetary amounts are expressed in millions of Rands	2009	2008
45. FINANCIAL RISK MANAGEMENT (continued)		
45.4 Interest rate risk management (continued)		
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.		
Based on the prime interest rates of the countries listed below:		
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(4,3)**	20,0
Australia		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(1,3)**	3,7
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**11,0**	2,6
Canada		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**0,3**	0,4
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**1,5**	1,7

45.5 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.

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.

All monetary amounts are expressed
in millions of Rands

45. FINANCIAL RISK MANAGEMENT (continued)

45.5 Credit risk management (continued)

2009	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
Investments in infrastructure service concessions	**10,7**	**–**	**–**	**–**	**10,7**
Bank and cash	**3 297,8**	**346,3**	**99,3**	**920,0**	**4 663,4**
Trade and other receivables (net of provisions)	**782,8**	**1 142,5**	**294,9**	**469,9**	**2 690,1**
Contract receivables	**5 685,9**	**15,7**	**198,3**	**–**	**5 899,9**
Total assets subject to credit risk	**9 777,2**	**1 504,5**	**592,5**	**1 389,9**	**13 264,1**
Assets not subject to credit risk	**5 730,1**	**1 964,7**	**1 740,8**	**793,8**	**10 229,4**
Total assets	**15 507,3**	**3 469,2**	**2 333,3**	**2 183,7**	**23 493,5**
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

Financial assets subject to credit risk

2009					
Not past due	**9 257,1**	**1 491,8**	**585,1**	**1 391,7**	**12 725,7**
Past due	**634,0**	**118,9**	**8,5**	**0,6**	**762,0**
Provisions for impairments	**(113,9)**	**(106,2)**	**(1,1)**	**(2,4)**	**(223,6)**
Carrying value of financial assets	**9 777,2**	**1 504,5**	**592,5**	**1 389,9**	**13 264,1**
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

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 Rnil (2008: R6,7 million).

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All monetary amounts are expressed in millions of Rands

45. FINANCIAL RISK MANAGEMENT (continued)

45.5 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:

2009	Past due less than 1 year	Past due longer than 1 year
Trade receivables	**137,8**	**0,6**
Contract receivables	**594,0**	**12,0**
Other receivables	**14,8**	**2,8**
	746,6	**15,4**
2008		
Trade receivables	137,9	8,1
Contract receivables	575,6	11,6
Other receivables	42,2	0,1
	755,7	19,8

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.

2009	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
Trade receivables	**17,3**	**103,4**	**–**	**2,4**	**123,1**
Contract receivables	**96,5**	**2,7**	**1,1**	**–**	**100,3**
	113,8	**106,1**	**1,1**	**2,4**	**223,4**
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

Reconciliation of total impairments

2009	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
Balance at the beginning of the year	**64,6**	**86,6**	**–**	**1,6**	**152,8**
Provisions raised during the year	**68,9**	**42,2**	**1,6**	**0,8**	**113,5**
Provisions utilised during the year	**(8,4)**	**(17,7)**	**(0,5)**	**–**	**(26,6)**
Provisions released during the year	**(10,7)**	**(2,0)**	**–**	**–**	**(12,7)**
Translation differences	**(0,6)**	**(3,0)**	**–**	**–**	**(3,6)**
	113,8	**106,1**	**1,1**	**2,4**	**223,4**
2008					
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

All monetary amounts are expressed in millions of Rands	2009	2008
45. FINANCIAL RISK MANAGEMENT (continued)		

45.6 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.

Borrowing facility	2009	2008
Total borrowing facility	**6 014,2**	4 678,9
Current utilisation	**3 120,1**	2 389,2
Borrowing facilities available	**9 134,3**	7 068,1

45.7 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised below. 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	4 663,4	–	4 663,4
Amounts due from contract customers	5 899,9	–	5 899,9
Trade and other receivables	2 673,0	–	2 673,0
Non-current receivables	–	119,2	119,2
Other investments	–	483,4	483,4
Derivative financial instruments	17,1	–	17,1
Financial liabilities			
Bank overdrafts	1 786,9	–	1 786,9
Interest bearing liabilities	907,3	783,9	1 691,2
Non-interest bearing liabilities	88,1	–	88,1
Amounts due to contract customers	3 601,3	–	3 601,3
Trade and other payables	5 489,3	–	5 489,3
Derivative financial instruments	15,8	–	15,8
Subcontractor liabilities	1 853,4	313,3	2 166,7

46. 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).

46.1 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 2008
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 2009 was R78,3 million (2008: R71,1 million).

Notes to the consolidated financial statements

for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands

46. RETIREMENT AND OTHER BENEFIT PLANS (continued)

46.2 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 2009 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 2009 was R2,3 million (2008: R1,8 million).

	2009	2008
46.3 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 3 433 pensioners as members.		
Present value of funded liability	**1 865,4**	1 945,2
Fair value of plan assets	**(2 177,5)**	(2 274,4)
Funded status	**(312,1)**	(329,2)
Unrecognised actuarial gains	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**312,1**	329,2
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 2009 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:		
Interest cost	**189,8**	146,4
Expected return on plan assets	**(260,0)**	(208,2)
Gains recognised due to paragraph 58A	**87,3**	366,9
Actuarial gain unrecognised due to paragraph 58A limits	**(17,1)**	(305,1)
Asset recognised in the balance sheet	**–**	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,0 %**	10,3 %
Inflation rate	**6,0 %**	7,5 %
Expected return on plan assets	**10,6 %**	11,9 %
Pension increase allowance	**4,5 %**	5,6 %

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 R82 million (2008: R98 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 2010.

All monetary amounts are expressed in millions of Rands	2009	2008
46. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
46.4 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	**59,2**	63,9
Fair value of plan assets	**(70,1)**	(82,7)
Unrecognised actuarial gain	**(10,9)**	(18,8)
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 2009 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 28) and interest expense (note 29) in the income statement:		
Current service cost	**14,4**	12,0
Interest cost	**6,5**	3,9
Expected return on plan assets	**(8,6)**	(6,2)
Net actuarial gain recognised	**16,6**	14,3
	28,9	24,0
Movements in the net assets were:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(18,8)**	(28,5)
Amounts recognised in the income statement	**28,9**	24,0
Net transfer for new contribution members	**2,2**	2,3
Contributions	**(23,2)**	(16,6)
Restriction on assets not recognised	**10,9**	18,8
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,0 %**	10,3 %
Post-retirement discount rate	**9,0 %**	11,0 %
Expected return on plan assets	**9,0 %**	10,3 %
Long-term increase in medical subsidies	**6,3 %**	7,5 %

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 a loss of R2,2 million (2008: R4,4 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 R16 million to its post-retirement medical aid defined benefit plan in 2010.

Notes to the consolidated financial statements

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All monetary amounts are expressed in millions of Rands	2009	2008
46. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
46.5 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.		
Present value of funded liability	**37,2**	44,9
Fair value of plan assets	**(59,7)**	(51,4)
Unrecognised actuarial gain	**(22,5)**	(6,5)
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 2009 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 28) and interest expense (note 29) in the income statement:		
Current service cost	**10,5**	9,3
Interest cost	**4,6**	3,4
Expected return on plan assets	**(5,3)**	(3,6)
Net actuarial (gain)/loss recognised	**(11,6)**	6,1
	(1,8)	15,2
Movements in the net assets were:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(6,5)**	(11,2)
Amounts recognised in the income statement	**(1,8)**	15,2
Contributions	**(14,2)**	(10,5)
Restriction on assets not recognised	**22,5**	6,5
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,0 %**	10,3 %
Expected return on plan assets	**9,0 %**	10,3 %
Long-term increase in disability benefits	**6,3 %**	7,5 %
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 R7,7 million (2008: R2,1 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 R12 million to its disability benefit defined benefit plan in 2010.		

All monetary amounts are expressed in millions of Rands	2009	2008
46. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
46.6 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.		
Present value of funded liability	**48,9**	57,9
Fair value of plan assets	**(33,2)**	(61,0)
Unrecognised actuarial gain	**15,7**	(3,1)
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 2009 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:		
Current service cost	**0,1**	0,5
Interest cost	**3,6**	3,0
Expected return on plan assets	**(2,3)**	(2,7)
	1,4	0,8
Movements in the net assets were:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(17,7)**	(11,6)
Amounts recognised in the income statement	**1,4**	0,8
Unrecognised actuarial gains	**8,2**	11,9
Exchange rate adjustment	**9,4**	(0,7)
Restriction on assets not recognised	**(1,3)**	(0,4)
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**6,2 %**	6,7 %
Expected return on scheme assets	**5,0 %**	5,0 %
Rate of increase in pension payments	**3,3 %**	4,1 %
Rate of increase in pensions in deferment	**3,3 %**	4,1 %
Rate of inflation	**3,3 %**	4,1 %

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 R3,1 million (2008: loss R2,9 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 2010.

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All monetary amounts are expressed in millions of Rands	2009	2008
47. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS		
47.1 Identity of related parties		
The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 6), joint ventures (note 41), retirement and other benefit plans (note 46) 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)		
47.2 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.		
Balances between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of balances with other related parties are disclosed below.		
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 7.		
Amounts owed to related parties		
Unsecured interest bearing borrowings (note 25)		
Amounts owing to joint ventures	**137,6**	5,4
The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carry interest at 7% (2008: 9,8%) per annum.		
47.3. 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:		
Salaries	**28,9**	24,0
Retirement fund contributions	**3,5**	2,6
Allowances	**4,1**	3,2
Other benefits	**1,0**	1,0
Total guaranteed remuneration	**37,5**	30,8
Gain on exercise of share options	**20,8**	16,8
Performance related	**15,6**	17,5
	73,9	65,1

47. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

47.3 Transactions with key management personnel (continued)

Executive directors

The remuneration of executive directors was as follows:

2009	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
BC Bruce	49	3 611	433	–	417	4 510	5 000	9 510
SJ Flanagan	49	2 674	344	200	33	3 300	2 750	6 050
RW Rees	49	2 571	300	–	530	3 450	3 000	6 450
	147	8 856	1 077	200	980	11 260	10 750	22 010
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
RW Rees	49	2 251	277	–	423	3 000	3 750	6 750
	147	7 629	967	200	990	9 933	13 000	22 933

N Jorek resigned on 29 August 2007 (2008 director remuneration: R2,2 million).
KE Smith retired on 28 October 2008 (2009 director remuneration: R1 million (2008: R6,25 million).
**Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year-end.*

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 was as follows:

	Directors' fees R'000	Committee fees R'000	Chairman's fee R'000	Total 2009 R'000	Total 2008 R'000
RC Andersen	–	–	910	910	830
DD Barber	133	170	–	303	–
SE Funde[1]	–	–	–	–	188
ADVC Knott-Craig[3]	82	55	–	137	–
N Magau	133	127	–	260	215
M McMahon	133	91	–	224	233
IN Mkhize	133	147	–	280	255
AA Routledge	133	147	–	280	265
M Sello[4]	47	23	–	70	–
MJ Shaw[2]	39	58	–	97	309
SP Sibisi	133	130	–	263	144
JJM van Zyl[2]	39	41	–	80	260
RT Vice	133	172	–	305	286
	1 138	1 161	910	3 209	2 985

[1]Resigned 30 June 2008
[2]Retired 28 October 2008
[3]Appointed 27 November 2008
[4]Appointed 25 February 2009

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47. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

47.3. Transactions with key management personnel (continued)

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 0,84% (2008: 1,1%) 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 2009 are:

Grant date	Conditions	Outstanding options at 01 July 2008	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 2009**	Expiry date
Bruce, BC										
15 Mar 2004	Standard	35 000	13,04	–	–	–	–	–	**35 000**	15 Mar 2014
15 Mar 2004	Hurdle	17 500	13,04	–	–	–	–	–	**17 500**	15 Mar 2014
28 Jun 2005	Standard	67 500	14,00	–	–	–	–	–	**67 500**	28 Jun 2011
28 Jun 2005	Hurdle	67 500	14,00	–	–	–	–	–	**67 500**	28 Jun 2011
06 Mar 2007	Special	800 000	50,60	–	–	–	–	–	**800 000**	06 Mar 2015
		987 500							**987 500**	
Flanagan, SJ										
06 Mar 2003	Standard	15 000	11,00	–	–	–	–	–	**15 000**	06 Mar 2013
06 Mar 2003	Hurdle	23 750	11,00	–	–	–	–	–	**23 750**	06 Mar 2013
15 Mar 2004	Standard	22 500	13,04	–	–	–	–	–	**22 500**	15 Mar 2014
15 Mar 2004	Hurdle	22 500	13,04	–	–	–	–	–	**22 500**	15 Mar 2014
28 Jun 2005	Standard	75 000	14,00	–	–	–	–	–	**75 000**	28 Jun 2011
28 Jun 2005	Hurdle	75 000	14,00	–	–	–	–	–	**75 000**	28 Jun 2011
03 Mar 2006	Standard	60 000	23,53	–	–	–	–	–	**60 000**	03 Mar 2012
03 Mar 2006	Hurdle	50 000	23,53	–	–	–	–	–	**50 000**	03 Mar 2012
06 Mar 2007	Special	435 000	50,60	–	–	–	–	–	**435 000**	06 Mar 2015
26 Feb 2008	Special	250 000	92,01	–	–	–	–	–	**250 000**	30 Jun 2012
		1 028 750							**1 028 750**	
Rees, RW										
06 Mar 2003	Standard	16 250	11,00	–	–	–	–	–	**16 250**	06 Mar 2013
06 Mar 2003	Hurdle	25 000	11,00	–	–	–	–	–	**25 000**	06 Mar 2013
15 Mar 2004	Standard	45 000	13,04	–	–	–	–	–	**45 000**	15 Mar 2014
15 Mar 2004	Hurdle	45 000	13,04	–	–	–	–	–	**45 000**	15 Mar 2014
28 Jun 2005	Standard	15 000	14,00	–	–	–	–	–	**15 000**	28 Jun 2011
03 Mar 2006	Standard	150 000	23,53	–	–	–	–	–	**150 000**	03 Mar 2012
03 Mar 2006	Hurdle	100 000	23,53	–	–	–	–	–	**100 000**	03 Mar 2012
06 Mar 2007	Special	380 000	50,60	–	–	–	–	–	**380 000**	06 Mar 2015
		776 250							**776 250**	

47. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

47.3. Transactions with key management personnel (continued)

Grant date	Conditions	Outstanding options at 01 July 2008	Strike price	Granted during the year	Exercised during the year	Net gain (R'000)	Average exercise price	Surrendered during the year	**Outstanding options at 28 October 2008**	Expiry date
Smith, KE										
06 Mar 2003	Standard	40 000	11,00	–	–	–	–	–	**40 000**	06 Mar 2013
06 Mar 2003	Hurdle	60 000	11,00	–	–	–	–	–	**60 000**	06 Mar 2013
15 Mar 2004	Standard	41 250	13,04	–	–	–	–	–	**41 250**	15 Mar 2014
15 Mar 2004	Hurdle	37 500	13,04	–	–	–	–	–	**37 500**	15 Mar 2014
28 Jun 2005	Standard	100 000	14,00	–	–	–	–	–	**100 000**	28 Jun 2011
28 Jun 2005	Hurdle	40 000	14,00	–	–	–	–	–	**40 000**	28 Jun 2011
03 Mar 2006	Standard	100 000	23,53	–	–	–	–	–	**100 000**	03 Mar 2012
03 Mar 2006	Hurdle	60 000	23,53	–	–	–	–	–	**60 000**	03 Mar 2012
06 Mar 2007	Special	410 000	50,60	–	–	–	–	–	**410 000**	06 Mar 2015
		888 750							**888 750**	

KE Smith retired as a director on 28 October 2008. There were no share dealings up to date of retirement.

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 DD Barber purchased 2 000 shares and RC Andersen 10 000 shares. BC Bruce sold 500 000 shares.

48. 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	
	2009	**2008**
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Johnson Arabia LLC	**49**	49
BRC Arabia (FZC) Limited	**49**	49
The following entity is not consolidated as the Group does not have control:		
Entilini Concession (Proprietary) Limited	**75**	75

49. POST BALANCE SHEET EVENTS

On 6 July 2009, Clough completed the disposal of 82% held Indonesian listed contract mining subsidiary PT Petrosea Tbk for a cash consideration of US$83,8 million. The financial effects of the transaction have not been brought into account at 30 June 2009. The results of Petrosea have been recorded as being a discontinued operation and the assets and liabilities of Petrosea have been recorded as held-for-sale.

On 17 August 2009, Clough announced that it had acquired 70% of the share capital of Ocean Flow International LLC (Ocean Flow), with the remaining 30% to be acquired over the next three years. Ocean Flow is a subsea engineering and construction management company specialising in deepwater facilities, headquartered in Houston, USA.

Notes to the consolidated financial statements

for the year ended 30 June 2009

50. 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.

The scale and duration of major projects secured by the Group over the past few years presents a number of challenges, not least of which is revenue recognition, such that neither present nor future shareholders are unduly prejudiced or advantaged relative to one another.

Involvement in major transport system, power station, locomotive, pipeline, stadium and Middle East projects makes this a permanent feature of the Group's accounts. The Group directors and executives have ensured the right level of capacity and external advice to manage this feature.

Murray & Roberts has a 25% share in the 20 year concession for the Gautrain project and in the system operator and has a 45% share in the construction of infrastructure for the project. The project has suffered delay and disruption against which claims and variation notices have been submitted but not yet resolved in terms of the relevant contracts. Gauteng Province has requested a proposal to accelerate Phase 1 of Gautrain to achieve completion in time for the 2010 FIFA World Cup.

The Group has a 40% share in the Dubai Concourse 2 project where the final account settlement has been in progress since hand-over to the client in October 2008.

The level of revenue recognition on the above projects, which includes a portion of the claims submitted, is prudent and justifiable in terms of each contract, given the complexity and magnitude of claims and variation orders still to be resolved.

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 4.

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 12 and 7 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 46.

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.

All monetary amounts are expressed in millions of Rands

51. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED

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	Revised	Financial years commencing on or after 1 July 2009
IFRS 1 & IAS 27:	First Time Adoption of International and Consolidated and Separate Financial Statements – Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate	Amendment	Financial years commencing on or after 1 July 2009
IFRS 2:	Share Based Payments – Vesting Conditions and Cancellations	Amendment	Financial years commencing on or after 1 January 2009
IFRS 2:	Share Based Payments – Group Cash-settled Share-based Payment Transactions	Amendment	Financial years commencing on or after 1 January 2010
IFRS 3:	Business Combinations	Amendment	Financial years commencing on or after 1 July 2009
IFRS 7:	Financial Instruments: Disclosures – Improving disclosures about Financial Instruments	Amendment	Financial years commencing on or after 1 January 2009
IFRS 8:	Operating Segments	New Statement	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 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 July 2009
IAS 32 & IAS 1:	Financial Instruments Presentation Financial Statement – Puttable Financial Instruments and Obligations Arising on Liquidation	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 39:	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	Amendment	Financial years commencing on or after 1 July 2009
IFRIC 9 & IAS 39:	Embedded Derivatives	New Interpretation	Financial years commencing on or after 30 June 2009
IFRIC 15:	Agreements for the construction of Real Estate	New Interpretation	Financial years commencing on or after 1 January 2009
IFRIC 16:	Hedges of a net investment in a foreign operation	New Interpretation	Financial years commencing on or after 1 October 2008
IFRIC 17:	Distribution of Non-cash Assets	New Interpretation	Financial years commencing on or after 1 July 2009
IFRIC 18:	Transfer of Assets from Customers	New Interpretation	Financial years commencing on or after 1 July 2009
Improvement Projects		Improvements to IFRS	Financial years commencing on or after 1 January 2009 and 1 January 2010

	2009	2008
52. RECLASSIFICATION		
In the prior 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 was:		
Revenue	–	112,5
Earnings before interest, exceptional items and taxation	–	56,8
Exceptional items	–	1,6
Interest expense	–	(16,2)

The above transaction had no impact on earnings per share. There were no reclassifications in the current year.

Murray & Roberts Holdings Limited financial statements

All monetary amounts are expressed in millions of Rands	Notes	2009	2008
BALANCE SHEET			
at 30 June 2009			
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	**1 358,1**	1 613,0
Amount owing from The Murray & Roberts Trust	3	**467,7**	212,2
Cash and cash equivalents		**0,7**	1,6
Total current assets		**1 826,5**	1 826,8
TOTAL ASSETS		**1 826,9**	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**	150,2
Total equity		**1 823,9**	1 823,9
Current liabilities			
Accounts payable		**3,0**	3,3
Total current liabilities		**3,0**	3,3
TOTAL EQUITY AND LIABILITIES		**1 826,9**	1 827,2
INCOME STATEMENT			
for the year ended 30 June 2009			
Revenue			
Dividend received from subsidiary company		**677,1**	491,2
Fees received from subsidiary company		**4,2**	3,4
Total revenue		**681,3**	494,6
Total expenses		**(4,2)**	(3,4)
Audit remuneration		**(0,6)**	(0,5)
JSE fees		**(0,1)**	(0,2)
Other		**(3,5)**	(2,7)
Earnings before taxation		**677,1**	491,2
Taxation	5	**–**	(0,1)
Attributable profit for the year		**677,1**	491,1

All monetary amounts are expressed
in millions of Rands

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2009

	Share capital	Share premium	Capital redemption reserve fund	Retained earnings	**Attributable to equity holders of the company**
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**
Attributable earnings for the year	–	–	–	677,1	**677,1**
Dividends declared and paid	–	–	–	(677,1)	**(677,1)**
Balance at 30 June 2009	33,2	1 639,6	0,9	150,2	**1 823,9**

CASH FLOW STATEMENT

for the year ended 30 June 2009

	2009	**2008**
Earnings before taxation	**677,1**	491,2
Adjustments:		
Dividends received	**(677,1)**	(491,2)
Change in working capital		
Trade accounts payable (decrease)/increase	**(0,3)**	0,2
Cash generated by operations	**(0,3)**	0,2
Taxation paid	**–**	(0,2)
Operating cash flow	**(0,3)**	–
Dividends paid	**(677,1)**	(491,2)
Cash flows from operating activities	**(677,4)**	(491,2)
Dividends received	**677,1**	491,2
Cash flows from investing activities	**677,1**	491,2
Decrease in amounts owing from subsidiary company	**254,9**	54,3
Increase in amounts owing from The Murray & Roberts Trust	**(255,5)**	(54,7)
Cash flows from financing activities	**(0,6)**	(0,4)
Net increase in net cash and cash equivalents	**(0,9)**	(0,4)
Net cash and cash equivalents at beginning of year	**1,6**	2,0
Net cash and cash equivalents at end of year	**0,7**	1,6

Notes to the Murray & Roberts Holdings Limited financial statements
for the year ended 30 June 2009

All monetary amounts are expressed in millions of Rands	2009	2008
1. ACCOUNTING POLICIES		
The accounting policies are set out on pages 121 to 133.		
2. INVESTMENT IN SUBSIDIARY COMPANY		
Shares at cost	**0,4**	0,4
Net amount due	**1 358,1**	1 613,0
	1 358,5	1 613,4
The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms. (Refer Annexure 1 for details).		
3. AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST		
Net amount due	**467,7**	212,2
	467,7	212,2
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 (2008: 500 000 000 of 10 cents each)	**50,0**	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2008: 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)
Reconciliation of effective rate of taxation to the standard rate of taxation:	**%**	%
Effective rate of taxation	**–**	–
Reduction in rate of taxation due to:		
Capital and non-taxable items	**28,0**	28,0
	28,0	28,0
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**–**	–
South African standard rate of taxation	**28,0**	28,0

All monetary amounts are expressed in millions of Rands	2009	2008
6. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	**25,1**	31,4
Non-executive directors (paid by the company)	**3,2**	3,0
	28,3	34,4
Number of directors at year-end	**13**	14
Details of individual director emoluments are disclosed in note 47 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 (BBBEE subco's) 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 subco's 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 companies shown are registered in South Africa except where indicated otherwise)

(a) Direct

	Issued share capital amount in Rand	Interest in issued share capital **2009** **%**	2008 %	Cost of investment **2009** **Rm**	2008 Rm	Loan account **2009** **Rm**	2008 Rm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	1 358,1	1 613,0

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest **2009** **%**	2008 %	Proportion of voting power held **2009** **%**	2008 %
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	**100**	80	**100**	80
RUC Cementation Mining Contractors (Proprietary) Limited	AUD	808 754	**100**	100	**100**	100
Clough Limited (incorporated in Australia)	AUD	194 636 000	**59**	56	**59**	56
Construction materials & services						
Harvey Roofing Products (Proprietary) Limited		100	**–**	100	**–**	100
Concor Technicrete (Proprietary) Limited		100	**100**	100	**100**	100
BRC Arabia (FZC) Limited	AED	2 000 000	**49**	49	**50**	50
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	**49**	49	**50**	50
Oconbrick Manufacturing (Proprietary) Limited		1 000	**100**	80	**100**	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

(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		Proportion of voting power held	
			2009 %	2008 %	**2009 %**	2008 %
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						
Murray & Roberts (Zimbabwe) Limited (incorporated in Zimbabwe)			**49**	49	**49**	49

Annexure 2 – Interest bearing borrowings

	Financial years of redemption	Closing interest rate (effective NACM) 2009 %	2008 %	Amount 2009 Rm	2008 Rm
Secured					
Equal monthly instalments with one balloon payment at the end	2011	**6,50**	4,43	**70,6**	70,4
Equal monthly instalments	2009	**–**	8,48	**–**	20,6
Equal monthly instalments	2013	**6,62**	–	**13,7**	–
Equal monthly instalments	2012	**4,50**	6,50	**48,2**	75,8
Equal quarterly instalments	2014	**7,16**	5,62	**345,4**	158,7
Equal monthly instalments	2009	**7,42**	8,91	**9,6**	11,4
Equal quarterly instalments	2010	**8,83**	9,94	**97,7**	104,1
Equal quarterly instalments	2010	**7,01**	7,02	**177,2**	92,2
Term loans equal quarterly instalments	2010	**6,30**	8,12	**11,5**	110,0
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				**–**	0,5
				773,9	643,7
Unsecured					
One bullet repayment	2009	**11,80**	13,08	**143,5**	143,5
Clough Convertible Notes – External	2010	**10,00**	10,00	**34,9**	42,2
One bullet repayment	2011	**–** *	–	**300,0**	–
No fixed terms of repayment		**3,60**	7,13	**45,4**	25,4
No fixed terms of repayment				**–**	67,5
Various obligations at varying rates of interest and on varying terms of repayment including loans from Joint Ventures				**157,4**	33,6
Bank overdrafts				**1 786,9**	410,9
				2 468,1	723,1
Capitalised finance leases					
Plant and equipment				**127,6**	380,0
IT equipment rentals				**5,9**	6,3
Specific project plant and equipment				**46,4**	145,8
Various plant and equipment financing				**3,1**	8,1
				183,0	540,2

** Interest rate – JIBAR +2%.*

Interest bearing borrowings (continued)

	Financial years of redemption	Closing interest rate (effective NACM) 2009 %	2008 %	Amount 2009 Rm	2008 Rm
Obligations under finance headleases					
Bi-annual instalments	2009	**13,18**	13,18	**–**	5,5
Monthly instalments	2011	**17,90**	17,90	**13,9**	13,8
Monthly instalments	2010	**18,90**	18,90	**39,2**	10,8
Monthly instalments	2012	**18,72**	18,72	**–**	23,4
Monthly instalments	2010	**18,50**	18,50	**–**	24,9
				53,1	78,4
Total Group				**3 478,1**	1 985,4
Reflected in the notes under:					
Long-term loans (note 17)					
Interest-bearing secured loans				**392,5**	349,8
Interest-bearing unsecured loans				**309,6**	123,6
Capitalised finance leases				**67,9**	277,6
Obligations under finance headleases (note 18)				**13,9**	53,1
Bank overdrafts				**1 786,9**	410,9
Short-term loans (note 25)					
Current portion of long-term borrowings				**753,0**	482,4
Current portion of capitalised finance leases				**115,1**	262,7
Current portion of obligations under finance headleases				**39,2**	25,3
				3 478,1	1 985,4

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.

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.

2009	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties	Group
Revenue – external	25 138	6 325	2 153	146	33 762
Earnings before exceptional items and interest	2 175	711	180	(168)	2 898
Exceptional items	–	(12)	–	20	8
Earnings before interest and taxation	2 175	699	180	(148)	2 906
Net interest income/(expense)	220	(138)	(67)	(52)	(37)
Earnings before taxation	2 395	561	113	(200)	2 869
Taxation	(459)	(99)	(35)	(19)	(612)
Earnings after taxation	1 936	462	78	(219)	2 257
Share of profit of associate	1	1	–	–	2
Profit from discontinued operations	79	–	–	–	79
Minority shareholders' interest	(236)	(95)	11	–	(320)
Earnings attributable to ordinary shareholders	1 780	368	89	(219)	2 018
2008					
Revenue – external	19 132	5 838	1 583	113	26 666
Earnings before exceptional items and interest	1 335	901	177	(132)	2 281
Exceptional items	202	33	–	(90)	145
Earnings before interest and taxation	1 537	934	177	(222)	2 426
Net interest income/(expense)	116	(53)	(9)	(25)	29
Earnings before taxation	1 653	881	168	(247)	2 455
Taxation	(269)	(195)	(43)	17	(490)
Earnings after taxation	1 384	686	125	(230)	1 965
Share of profit of associate	7	2	–	–	9
Profit from discontinued operations	65	24	–	–	89
Minority shareholders' interest	(230)	(103)	(16)	–	(349)
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)

2009	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties*	Group
Balance sheet						
Segmental assets	1	**12 005**	**3 120**	**2 222**	**1 179**	**18 526**
Segmental liabilities	2	**9 819**	**2 114**	**2 066**	**652**	**14 651**
Investment in associate company		**18**	**14**	**–**	**–**	**32**
Loans to associate companies		**–**	**–**	**–**	**20**	**20**
Non-current assets held-for-sale		**1 813**	**–**	**–**	**–**	**1 813**
Non-current liabilities held-for-sale		**1 042**	**–**	**–**	**–**	**1 042**
Other information						
Capital expenditure of property, plant and equipment		**1 417**	**455**	**366**	**98**	**2 336**
Capital expenditure of other intangible assets		**24**	**5**	**2**	**1**	**32**
Depreciation		**588**	**108**	**36**	**9**	**741**
Amortisation of other intangible assets		**29**	**2**	**1**	**3**	**35**
Impairment of property, plant and equipment		**25**	**–**	**6**	**–**	**31**
Impairment of receivables		**45**	**47**	**1**	**–**	**93**
Number of employees		**28 610**	**6 755**	**3 476**	**140**	**38 981**

** Corporate segmental assets include the inter-segment eliminations of group loans and receivables.*

2008	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate & properties*	Group
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 to 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		1 297	225	233	13	1 768
Capital expenditure of other intangible assets		10	1	1	4	16
Depreciation		416	84	29	1	530
Amortisation of other intangible assets		31	6	–	2	39
Impairment of property, plant and equipment		–	3	6	–	9
Impairment of receivables		36	43	–	–	79
Number of employees		36 210	7 242	2 071	131	45 654

Annexure 3 – Group segmental report

All monetary amounts are expressed in millions of Rands	2009	2008
Notes		
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**23 494**	21 649
Bank balances and cash	**(4 663)**	(4 688)
Deferred taxation assets	**(305)**	(208)
Segmental assets	**18 526**	16 753
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Current liabilities	**14 371**	14 465
Bank overdrafts	**(1 787)**	(411)
Current taxation liabilities	**(150)**	(420)
Non-current liabilities	**1 447**	1 290
Deferred taxation liabilities	**(272)**	(206)
Liabilities directly associated with a disposal group held-for-sale	**1 042**	69
Segmental liabilities	**14 651**	14 787

Secondary reporting format – geographical segments

The group operates in the following geographic areas of the world.

2009	South Africa	Africa – other	Europe	The Americas	Pacific Rim/ South East Asia	Middle East	Group
Revenue	**20 887**	**1 105**	**–**	**2 182**	**4 567**	**5 021**	**33 762**
Percentage	**62**	**3**	**–**	**6**	**14**	**15**	**100**
Segmental assets	**10 865**	**246**	**11**	**585**	**4 080**	**2 739**	**18 526**
Percentage	**59**	**1**	**–**	**3**	**22**	**15**	**100**
Capital expenditure	**1 184**	**51**	**–**	**86**	**898**	**149**	**2 368**
Percentage	**50**	**2**	**–**	**4**	**38**	**6**	**100**
Number of employees	**31 038**	**1 328**	**10**	**704**	**4 614**	**1 287**	**38 981**
Percentage	**80**	**3**	**–**	**2**	**12**	**3**	**100**
2008							
Revenue	14 888	643	–	1 870	5 290	3 975	26 666
Percentage	56	2	–	7	20	15	100
Segmental assets	9 323	378	21	925	3 367	2 739	16 753
Percentage	56	2	–	6	20	16	100
Capital expenditure	1 040	45	–	123	538	38	1 784
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

Detailed group directorate

NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen (61)
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 and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. Chairman of Sanlam Limited. Director of Aspen Pharmacare Holdings Limited, Nampak 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 (56)
FCA (England & Wales) AMP (Harvard),
independent non-executive director

Appointed to the Board in 2008. Chairman 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 Limited, Highveld Steel and Vanadium Corp Limited and Barnard Jacobs Mellet Holdings Limited. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

Alan De Villiers Charles Knott-Craig (57)
BSc (Electrical Engineering) MBL DBL DBA,
independent non-executive director

Appointed to the Board in 2008. Chairman of the health, safety & environment committee. Director of Nedbank Group Limited and Nedbank Limited. Board member of Council for Scientific and Industrial Research (CSIR) and Right to Care. Previously chief executive of Vodacom Group. Alan is a telecommunications consultant.

Namane Milcah Magau (57)
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 Investments (Proprietary) Limited and Merrill Lynch South Africa (Proprietary) Limited. 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 (62)
PrEng BSc Eng (Glasgow),
independent non-executive director

Appointed to the Board in 2004. Member 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 (46)
BSc Information Systems (Rhodes) MBA (Harvard),
independent non-executive director

Appointed to the Board in 2005. Member of the audit and risk management committees. Chairman of Richards Bay Coal Terminal. Director of companies including Sasol Limited, Mondi plc, Mondi Limited, Allan Gray Limited and MTN Service Provider (Proprietary) Limited. 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 (61)
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.

Mahlape Sello (47)
LLB, Master of Arts and Law (Russia),
independent non-executive director

Appointed to the Board in 2009. Member of the audit committee. Serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission. Chairperson of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

Sibusiso Patrick Sibisi (54)
BSc Physics (Hons) PhD (Cambridge),
independent non-executive director

Appointed to the Board in 2007. Chairman of the risk management committee and member of the nomination committee. 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.

Royden Thomas Vice (62)
BCom CA (SA),
independent non-executive director

Appointed to the Board in 2005. Chairman of the remuneration & human resources committee. Member of the risk management and nomination committees. 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), Afrox Healthcare and Consol Glass Limited. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

EXECUTIVE DIRECTORS

Brian Cameron Bruce (60)
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.

Malose Phillip Chaba (49)
PrEng BSc Eng (Elec) MSc,
group executive director

Appointed to the Board on 1 September 2009. Assumes the new role of group head of assurance which oversees all aspects of the Group's risk management, internal audit, health, safety & environment, technical and project review and systems compliance. Joined the Group in 2004 as managing director of Murray & Roberts Engineering Solutions (Proprietary) Limited. Appointed a director of Murray & Roberts Limited and in 2008 appointed group chief engineer and executive director responsible for the engineering contracting cluster. Member of the NEPAD Business Forum (Energy Working Group), Black Business Council, National Science and Technology Forum (Department of Science and Technology) and previously chairman of South African Black Technical & Allied Careers Organisation.

Sean Joseph Flanagan (49)
BSc (Building),
group executive director

Joined the Group in 1991 and appointed to the Board in 2004. Responsible for Gautrain construction, thermal power program and Green Point Stadium for the 2010 FIFA Soccer World Cup™.

Trevor George Fowler (59)
PrEng BSc Eng (Civil),
group executive director

Appointed to the Board in September 2009. Previously the chief operating officer in the South African Presidency. Has extensive professional experience earned in Canada, USA and Botswana. Subsequent to 1990, played a leading role in Gauteng Provincial and National Government administrative and political developments. Served on the Technical Services Task Team of the Local Government Negotiating Forum which negotiated the Local Government Transition Act of 1993. Political advisor to a former Gauteng Premier and Gauteng MEC for Economic Development and Speaker of Legislature.

Former chairman of Trans Caledon Tunnel Authority and deputy chairman of Health Systems Trust.

Roger William Rees (56)
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 Limited. Director of Clough Limited.

Orrie Fenn (54)
BSc (Hons) Eng MPhil Eng DEng,
executive director

Will be appointed an executive director in November 2009 and will assume responsibility for the Group's Construction Products SADC cluster as well as development of Group Housing Strategy. Previously chief operating officer of PPC and executive director of PPC from 2004. Former project director in Blue Circle Cement and spent seven years at the Chamber of Mines Research Organisation, where he obtained a doctorate in engineering. Member of the SA Institute of Mining and Metallurgy, a fellow of the Institute of Quarrying and holds a government Certificate of Competency (Mines and Works).

GROUP SECRETARY

Yunus Karodia (37)
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 Limited based in Dubai and financial manager of Murray & Roberts Concessions (Proprietary) Limited. Trustee of Letsema Vulindlela Black Executives and Sizwe Broad-Based Community Trusts.

Martin John Shaw, Keith Edward Smith and Johannes Jacobus Martinus (Boetie) van Zyl retired as directors on 28 October 2008.

Notice to members

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE000073441)
(company)

Notice is hereby given that the sixty-first annual general meeting of the company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 21 October 2009 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 2009.
2. ORDINARY RESOLUTION NUMBER 2:
   To elect as directors:
   - ADVC Knott-Craig and M Sello as non-executive directors, MP Chaba and TG Fowler as executive directors, who were appointed since the last annual general meeting, and in accordance with the company's articles of association, retire at this annual general meeting.
   - RC Andersen, AA Routledge and SP Sibisi as non-executive directors, who in terms of the articles of association retire by rotation.

   All the retiring directors are eligible and available for re-election. The profiles of these directors appear on pages 22, 193 and 194.
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 and in particular AF Mackie, being the individual registered auditor who has undertaken the company's audit.

   Particulars of the auditors' remuneration can be found in note 28 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 2009 as follows:

		Proposed per annum	Previous per annum
Chairman fee	Includes director and committee fees	[1]R1 025 000	R950 000
Director fees	Per annum	[2 & 3]R150 000	R140 000
Committee fees:			
Audit	Chairman	R150 000	R140 000
	Member	R75 000	R70 000
Risk management	Chairman	R102 500	R95 000
	Member	R65 000	R60 000
Remuneration & human resources	Chairman	R102 500	R95 000
	Member	R65 000	R60 000
Nomination	Chairman	[4]R50 000	R50 000
	Member	R32 500	R30 000
Health, safety & environment	Chairman	R102 500	R95 000
	Member	R65 000	R60 000

[1]*Effective from 1 January 2010 payable monthly in arrears.*
[2]*Calculated on the basis of 5 meetings per annum.*
[3]*A deduction of R13 000 per meeting will apply for non-attendance at a scheduled meeting and R26 000 will be payable for attendance at a special board meeting.*
[4]*Included in chairman fee.*

5. ORDINARY RESOLUTION NUMBER 5:

To consider and if approved, to pass, with or without modification the following ordinary resolution:

"RESOLVED THAT amendments be made to:

(i) The Trust Deed of The Murray & Roberts Trust adopted by resolution of the Board of Directors of the company and constituted by Notarial Deed on 20 March 1972;

(ii) The Murray & Roberts Holdings Limited Employee Share Incentive Scheme approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust; and

(iii) Incorporate the Murray & Roberts Holdings Limited Employee Share Incentive Scheme into the Trust Deed of The Murray & Roberts Trust

in order to give effect to the matters summarised below in this notice be and are hereby approved."

In order for this ordinary resolution to be passed, in terms of the Listings Requirements of the JSE Limited, a 75% (seventy-five percent) majority of the votes of all members present or represented by proxy at the annual general meeting must be cast in favour of this ordinary resolution.

In terms of the Listings Requirements of the JSE Limited, Murray & Roberts shares held by The Murray & Roberts Trust will not be entitled to vote on this resolution.

Reason for and effect of ordinary resolution number 5:

The Trust Deed of The Murray & Roberts Trust (Deed) was adopted by resolution of the Board of Directors of the company and constituted by Notarial Deed on 20 March 1972. The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust.

Pursuant to the recent amendments to Schedule 14 of the Listings Requirements of the JSE Limited, the promulgation of the Trust Property Control Act 57 of 1988 and current corporate governance best practice, certain amendments are required to be made in respect of the Deed and Scheme.

It is proposed that the Deed and Scheme be combined to form the Trust Deed of The Murray & Roberts Trust (incorporating the Murray & Roberts Holdings Limited Employee Share Incentive Scheme).

Key amendments to the Deed and Scheme are:

1. To incorporate the revised Deed and Scheme into one document;

2. To amend certain clauses to ensure compliance with Schedule 14 of the Listings Requirements of the JSE Limited:

2.1 To fix the maximum number of Shares which may be acquired by all Participants under the Scheme and to fix the maximum number of Shares which may be acquired by any one Participant under the Scheme:

"12.1 Subject to 12.2, and the prior approval, if required, of any securities exchange on which Shares are listed, the prior authority of the shareholders of the Company in general meeting shall be required if the aggregate number of Shares which may be acquired by:

12.1.1 all Participants under the Scheme is to exceed 33 189 262 Shares;

12.1.2 any one Participant in terms of the Scheme is to exceed 3 318 926 Shares.

12.2 In the determination of the number of Shares which may be acquired by Participants in terms of 12.1, Shares shall not be taken into account, which have been purchased through the JSE. However, the rolling over of Shares (including the arrangement which assumes that equity securities which have already Vested and been issued to Participants in terms of the Scheme, and which then revert back to the number referred to in 12.1.1) is prohibited."

2.2 To include a definition of Fair Market Value:

"1.1.24 "Fair Market Value" – in relation to a Share on any particular day, shall be the volume weighted average price of a Share on the JSE on a Trading Day."

2.3 To define and set out rights of Participants upon termination of employment under circumstances of Fault Termination and No Fault Termination:

"1.1.28 "Fault Termination" – the termination of employment of a Participant by the Group by reason of –

1.1.28.1 misconduct;

1.1.28.2 poor performance;

1.1.28.3 acting against the interests of the Group or its shareholders; or

1.1.28.4 resignation by the Participant.

Notice to members

1.1.33 "No Fault Termination" – the termination of employment of a Participant by the Group by reason of –

1.1.33.1 death;

1.1.33.2 injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the relevant Employer Company;

1.1.33.3 Dismissal based on Operational Requirements as contemplated in the LRA;

1.1.33.4 Compulsory Retirement; or

1.1.33.5 the company by which the Participant is employed ceasing to be a member company of the Group."

2.4 To provide for the Maximum Period of an Option:

"1.1.32 "Maximum Period" – unless otherwise agreed in the Option Letter, the period commencing on an Option Date and expiring on the earlier of either (a) on the sixth anniversary of that Option Date; or (b) in the case of Shares Vesting to a Participant pursuant to the Participant's employment being terminated for any reason contemplated in 18.4 or 18.5, two years after the Date of Termination of Employment; provided that –

1.1.32.1 the Trustees acting on the direction of the Board shall extend the Maximum Period on written notice to Participants if and to the extent necessary to take account of the fact that the last day of the Maximum Period falls on a date on which, or during a period in which, –

1.1.32.1.1 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible to Settle a Share to a Participant; or

1.1.32.1.2 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) a Participant would be precluded from receiving or otherwise dealing/trading in Shares; or

1.1.32.1.3 the Trustees acting on the direction of the Board may extend the Maximum Period on written notice to Participants if and to the extent necessary to take account of the fact that any category of Participants has, in any 12 month period preceding the last day of the Maximum Period, been precluded from receiving or otherwise dealing/trading in Shares for five or more months;

It is recorded that the Offers made by Trustees to Participants on 6 March 2007 have by agreement been amended to a Maximum Period of eight years."

2.5 To provide for the Vesting Dates in respect of an Option:

"1.1.52 "Vesting Date" – in relation to an Option –

1.1.52.1 the first third of the Option on the third anniversary of the Option Date;

1.1.52.2 the second third of the Option on the fourth anniversary of the Option Date; and

1.1.52.3 the final third of the Option on the fifth anniversary of the Option Date;

unless otherwise agreed in the Option Letter."

2.6 To preclude an executive director of the Board from being appointed as a Trustee of the Trust:

"4.4 No person shall be entitled to participate under the Scheme for as long as such person holds office as a Trustee of the Trust. Furthermore, no executive director of the Company may at any time hold office as a Trustee of the Trust."

2.7 To provide that Trustees shall ensure that Shares may only be issued or purchased for purposes of the Scheme once a Participant (or group of Participants) to whom they will be sold has been formally identified and to provide that Trustees shall ensure that Shares held in Trust may only be sold once the employment of a Participant has been terminated or on behalf of a Participant once the Shares have been Settled to a Participant:

"10.3 The Trustees shall ensure that Shares –

10.3.1 may only be issued or purchased for purposes of the Scheme once a Participant (or group of Participants) to whom they will be sold has been formally identified; and

10.3.2 held in Trust may only be sold once the employment of a Participant has been terminated or on behalf of a Participant once the Shares have been Settled to a Participant;"

2.8 To specifically provide for the purchase of Shares by the Trust through the market:

"10.1 Subject to the Act, the Listings Requirements of the JSE (including those contained in Schedule 14, paragraph 14.9) and 12, the Trustees shall be entitled, for the purposes of the Scheme, to subscribe for or purchase on the JSE (or from such other sources as the Trustees may be able to purchase Shares), or be given options to purchase or subscribe for, such numbers of Shares at such prices as may be agreed from time to time by the Trustees and the Board, including any Shares that may be required pursuant to any adjustment in terms of 19."

2.9 To provide that Shares held for the purposes of the Scheme will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE Limited or for the purposes of determining categorisations as detailed in section 9 of the Listings Requirements of the JSE Limited:

"10.3.3 held for purposes of the Scheme will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements or for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements."

2.10 To provide for the treatment of Options (vested and unvested) in instances of mergers, takeovers or corporate actions and to provide for adjustments to the number of Shares held by the Trust in the event of sub-division, consolidation, capital repayment or capital reduction of Shares and the issue of a special dividend:

"20.1 Notwithstanding anything to the contrary contained herein but subject to 20.4, if the Company makes a Special Distribution and/or if the Company restructures its capital in that it –

20.1.1 undertakes a rights offer; or

20.1.2 is placed in liquidation for purposes of reorganisation; or

20.1.3 is party to a scheme of arrangement affecting the structuring of its share capital; or

20.1.4 undertakes a subdivision or consolidation of its ordinary share capital; or

20.1.5 undertakes a bonus or capitalisation issue,

such adjustments shall be made to the rights of Participants as may be determined to be fair and reasonable to the Participants concerned by the Trustees acting on the direction of the Board; provided that any adjustments pursuant to this 20.1 must be confirmed in writing by the Auditors to the Trustees and the JSE at the time that such adjustment is finalised in order to show that the adjustment is calculated on a reasonable basis in accordance with the provisions of the Scheme, and should give a Participant the entitlement to the same proportion of the equity capital as the Participant was previously entitled. Should any Participant be aggrieved by any such adjustment to his or her rights, the Participant may utilise the dispute procedures set out in 28.

20.2 For the purposes of 20.1, the Company shall be deemed to make a "Special Distribution" if it distributes Shares or any other asset (including cash) to its shareholders -

20.2.1 in the course of, and as part of any unbundling, reorganisation, rationalisation, compromise, arrangement or reconstruction (including the amalgamation of two or more companies or entities);

20.2.2 in the course of, or as part of, a reduction of capital (including a share repurchase);

20.2.3 as a special dividend or other payment in terms of section 90 of the Act; and/or

20.2.4 in the course or in anticipation of the deregistration or liquidation of a company for any of the above purposes;

provided that, this 20.2 shall not apply to normal annual interim and final cash or scrip dividends declared by the Company.

20.3 If the Company undergoes a Change of Control, then the Trustees following consultation with the Board shall apply one of the following alternatives:

20.3.1 require that all Options shall be dealt with in terms of 18.4; or

20.3.2 allow the Scheme to continue operating as set out in this Deed irrespective of the Change of Control; or

20.3.3 provide for a fixed period after the effective date of the Change of Control within which Participants may by way of written notice to the Trustees elect to accelerate the Vesting and Exercise of their Options applying the provisions of 18.4. Any Participant who fails to give such notice shall remain a Participant in the Scheme.

20.4 No adjustments shall be required in terms of 20.1 in the event of the issue of equity securities as consideration for an acquisition in terms of 20.3, the issue of securities for cash and the issue of equity securities for a vendor consideration placing."

Notice to members

2.11 To introduce a private alternative dispute procedure in line with the King Report on Governance for South Africa 2009.

The Trust Deed of The Murray & Roberts Trust (incorporating the Murray & Roberts Holdings Limited Employee Share Incentive Scheme) will be available for inspection at the registered office of the company for a period of 14 (fourteen) days prior to the annual general meeting of the members of the company called in terms of this notice.

6. ORDINARY RESOLUTION NUMBER 6:

To consider and if approved, to pass, with or without modification the following ordinary resolution:

"RESOLVED THAT subject to the adoption of ordinary resolution number 5 and in terms of sections 221 and 222 of the Companies Act 61 of 1973 (as amended), the allotment and issue of shares by the Board (as a fresh issue of shares or the use of treasury shares), as a specific authority, pursuant to the provisions of the Trust Deed of The Murray & Roberts Trust (incorporating the Murray & Roberts Holdings Limited Employee Share Incentive Scheme), to the Trustees for the time being of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme of such allowable maximum number of ordinary shares as provided thereunder and subject to the terms and conditions of the Trust Deed of The Murray & Roberts Trust, be and is hereby approved."

Reason for and effect of ordinary resolution number 6:

The approval will allow the Board to issue new shares or use treasury shares to meet the obligations under the Trust Deed of The Murray & Roberts Trust (incorporating the Murray & Roberts Holdings Limited Employee Share Incentive Scheme), up to the allowable maximum provided for in ordinary resolution number 5. Approval is necessary to implement the Murray & Roberts Holdings Limited Employee Share Incentive Scheme effectively. Shareholders are protected by the conditions included in the allocation limit as set out in the Trust Deed of The Murray & Roberts Holdings Trust (incorporating the Murray & Roberts Holdings Limited Employee Share Incentive Scheme).

SPECIAL BUSINESS

To consider and if approved, to pass, with or without modification the following special resolution:

7. 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 61 of 1973 (as amended) (Companies Act) and the Listings Requirements of the JSE Limited 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 Limited's 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 Limited."

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 2009;

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 the 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 Limited 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 on 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 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 or permit a subsidiary 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 Listings Requirements of the JSE Limited, 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 22 and 23, major shareholders of the company can be found on page 108, directors' interest in the company can be found on page 115 and note 47 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 22 and 23 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 Monday, 19 October 2009.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the Board

Per: Yunus Karodia
Group Secretary
29 September 2009

Shareholders' diary

Financial year end	30 June 2009
Mailing of annual report	29 September 2009
Annual general meeting	21 October 2009
Publication of half year results 2009/10	24 February 2010
Publication of preliminary report 2009/10	25 August 2010

DIVIDEND

Interim dividend

SA cents per share	85
Date declared	25 February 2009
Last date traded cum dividend	2 April 2009
Trading ex dividend commenced	3 April 2009
Record date	9 April 2009
Date paid	14 April 2009

Final dividend

SA cents per share	133
Date declared	26 August 2009
Last date traded cum dividend	9 October 2009
Trading ex dividend commences	12 October 2009
Record date	16 October 2009
Date payable	19 October 2009

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
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Republic of South Africa

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Fax:	+27 11 455 3524
Email:	info@murrob.com
Website:	www.murrob.com

SHARE TRANSFER SECRETARIES
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Republic of South Africa

Telephone:	+27 11 630 0800
Fax:	+27 11 834 4398

AUDITORS
Deloitte & Touche

SPONSOR
Deutsche Securities (SA) (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)
(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 Wednesday, 21 October 2009 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 annual financial statements			
2.	Election of directors			
	2.1 ADVC Knott-Craig			
	2.2 M Sello			
	2.3 MP Chaba			
	2.4 TG Fowler			
	2.5 RC Andersen			
	2.6 AA Routledge			
	2.7 SP Sibisi			
3.	Reappointment of external auditors			
4.	Approval of the fees payable to non-executive directors			
5.	Ordinary resolution 5 Amendments to the Trust Deed of The Murray & Roberts Trust and the Murray & Roberts Holdings Limited Employee Share Incentive Scheme			
6.	Ordinary resolution 6 Subject to adoption of ordinary resolution 5, the allotment and issue of shares by the Board (as a fresh issue of shares or the use of treasury shares) in terms of sections 221 and 222 of the Companies Act 61 of 1973 (as amended)			
7.	Special resolution 1 General authority to repurchase shares			

Signed at on 2009

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 the 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 Monday, 19 October 2009.

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 initialed 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.

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Disclaimer – Annual Report

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

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