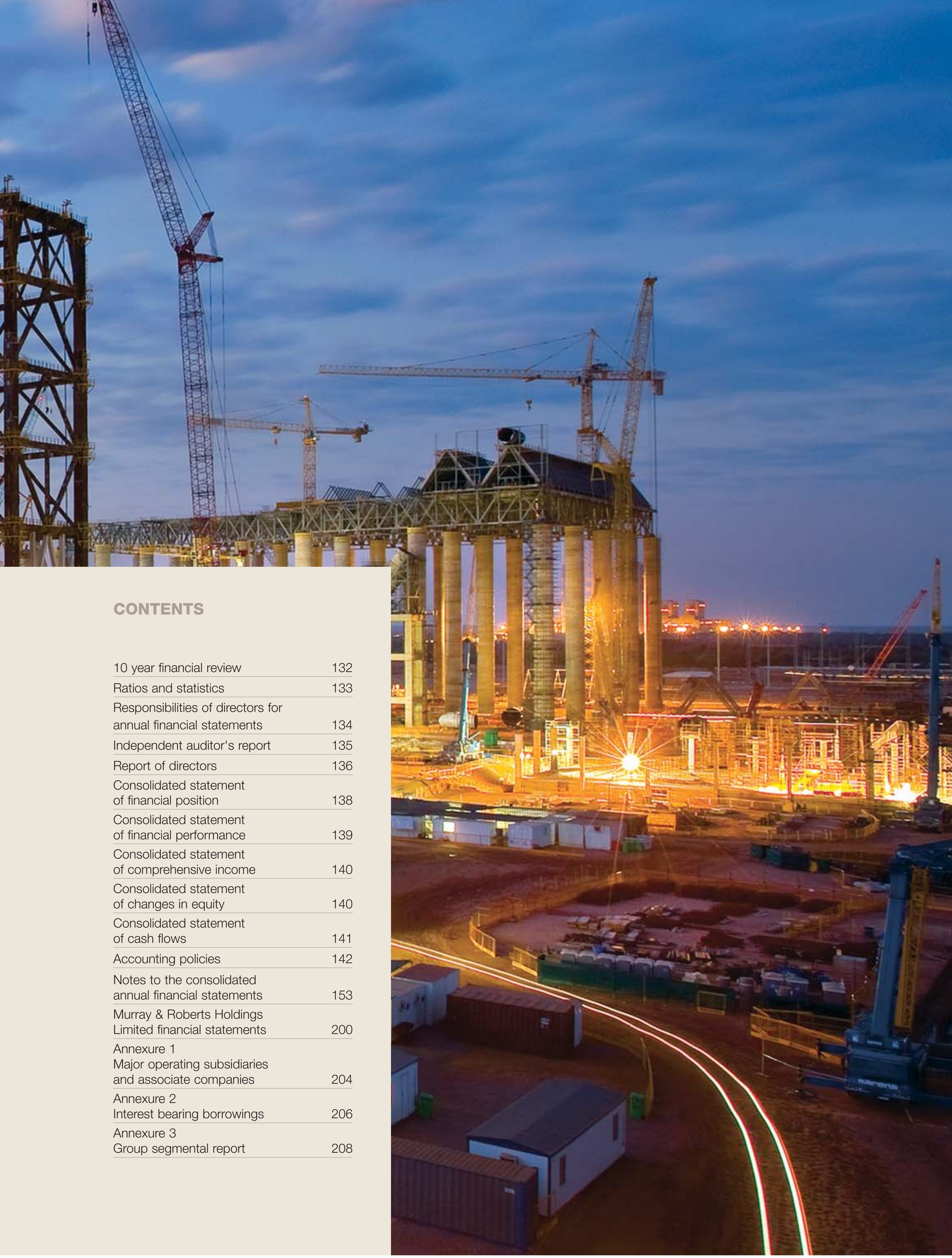

CONTENTS

All monetary amounts are expressed in millions of Rands	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
					IFRS restated*		SA GAAP			
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE*										
Revenue	**31 962**	32 684	25 752	17 207	10 719	9 764	8 424	10 111	9 027	8 535
Earnings before exceptional items and interest	**1 775**	2 766	2 084	1 338	689	520	421	633	386	218
Exceptional items	**101**	8	145	(168)	(82)	11	(16)	(5)	(2)	(3)
Earnings before interest and taxation	**1 876**	2 774	2 229	1 170	607	531	405	628	384	215
Net interest (expense)/income**	**(193)**	(20)	39	(9)	(6)	(33)	10	(66)	71	(6)
Earnings before taxation	**1 683**	2 754	2 268	1 161	601	498	415	562	455	209
Taxation	**(470)**	(612)	(490)	(352)	(170)	(155)	(27)	(76)	(36)	(27)
Earnings after taxation	**1 213**	2 142	1 778	809	431	343	388	486	419	182
Income/(loss) from equity accounted investments	**14**	2	9	(107)	1	78	114	97	90	71
Non-controlling interest	**(131)**	(320)	(349)	(94)	(49)	(30)	(25)	(9)	(4)	(1)
Profit from discontinued operations	**2**	194	276	94	129	72	–	–	–	–
Earnings attributable to owners of the parent	**1 098**	2 018	1 714	702	512	463	477	574	505	252
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	**5 268**	5 464	4 835	3 953	3 389	2 547	2 422	2 082	2 007	1 761
Current assets	**15 787**	17 235	16 118	8 836	6 797	5 475	3 671	4 211	4 504	3 819
Goodwill	**554**	490	488	206	147	48	5	10	15	16
Deferred taxation assets	**343**	305	208	16	52	34	33	–	–	–
Total assets	**21 952**	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596
Ordinary shareholders' equity	**6 203**	5 581	4 865	3 637	3 086	3 067	2 603	2 485	2 648	1 982
Non-controlling interest	**974**	1 053	960	178	108	97	54	13	9	8
Total equity	**7 177**	6 634	5 825	3 815	3 194	3 164	2 657	2 498	2 657	1 990
Non-current liabilities	**2 383**	1 447	1 290	1 103	1 028	890	734	713	733	700
Current liabilities	**12 392**	15 413	14 534	8 093	6 163	4 050	2 740	3 092	3 136	2 906
Total equity and liabilities	**21 952**	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526	5 596

* *IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.*
** *Includes currency conversion effects on offshore treasury funds in 2002 and 2003.*

RATIOS AND STATISTICS

30 June 2010

	2010	2009	2008	2007	IFRS restated* 2006	2005	SA GAAP 2004	2003	2002	2001
EARNINGS										
Earnings per share (cents)										
– Basic	**373**	685	577	239	168	145	150	181	152	74
– Diluted	**371**	678	565	235	165	143	147	176	152	74
Headline earnings per share (cents)										
– Basic	**341**	683	562	329	165	148	158	186	154	76
– Diluted	**340**	675	550	325	162	146	155	181	154	76
Dividends per share (cents)	**105**	218	196	116	60	45	45	53	35	–
Dividend cover	**3,2**	3,1	2,8	2,8	2,7	3,2	3,4	3,4	4,4	–
Interest cover	**9,2**	138,3	n/a	148,7	114,8	16,3	n/a	9,6	n/a	36,3
PROFITABILITY										
EBIT on revenue (%)	**5,6**	8,5	8,1	7,8	6,4	5,3	5,0	6,3	4,3	2,6
EBIT on average total assets (%)	**7,8**	12,3	12,0	11,4	7,5	7,3	6,8	9,9	6,4	3,9
Attributable earnings on average ordinary shareholders' funds (%)	**18,6**	38,6	40,3	20,9	16,7	16,0	19,0	22,4	21,8	13,6
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll costs (Rand)	**271**	288	301	256	275	255	216	188	201	189
Total average assets (Rand)	**711**	691	673	680	862	729	738	634	671	659
Value created (Rm)	**11 533**	13 179	10 885	6 078	4 152	3 829	2 606	2 913	2 609	2 174
Value ratio	**1,33**	1,40	1,41	1,38	1,41	1,54	1,43	1,53	1,44	1,34
FINANCE										
As a percentage of total equity:										
Total debt	**48**	54	35	36	40	32	30	38	25	28
Total liabilities	**206**	254	272	241	225	156	133	153	146	181
Current assets to current liabilities	**1,27**	1,12	1,11	1,10	1,10	1,35	1,34	1,36	1,44	1,31
Operating cash flow (Rm)	**691**	1 559	3 116	1 935	598	663	289	356	712	558
Operating cash flow per share (cents)	**208**	470	939	583	180	200	87	107	214	164
OTHER										
Weighted average ordinary shares in issue (millions)	**331,9**	331,9	331,9	331,9	331,9	331,9	331,9	331,9	331,9	340,1
Weighted average number of treasury shares (millions)	**37,3**	38,0	34,9	37,9	27,1	13,7	13,8	14,1	–	–
Number of employees – 30 June**	**40 413**	38 981	45 654	33 466	23 867	23 904	13 149	15 827	15 379	16 337

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	Permanent capital	Ordinary shareholders' equity and non-controlling interest
EBT	Earnings before taxation	Net asset value (NAV)	Ordinary shareholders' equity
EAT	Earnings after taxation	Average	Arithmetic average between consecutive year ends
Interest cover	EBIT divided by net interest expense		

* *IFRS restated numbers are only for continuing operations 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 2010

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 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 except for the adoption of the new or revised accounting standards as set out in note 1.

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 135.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2010, set out on pages 136 to 210, were approved by the board of directors at its meeting held on 25 August 2010 and are signed on its behalf by:

RC Andersen
Chairman

BC Bruce
Group chief executive

RW Rees
Group financial director

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2010

In my capacity as Company Secretary, I hereby certify, in terms of the Companies Act 61 of 1973 (as amended), that for the year ended 30 June 2010, 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, true, correct and up to date.

Karodia

Y Karodia
Company Secretary

TO THE MEMBERS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Murray & Roberts Holdings Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of financial performance, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 136 to 210.

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 management, 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited as at 30 June 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standard, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: AF Mackie
Partner
25 August 2010

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, **MJ Comber** Deputy Chairman of the Board.

This report presented by the directors is a constituent of the Group financial statements at 30 June 2010. 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 of the consolidated annual financial statements.

Group financial results

Group earnings for the year ended 30 June 2010 were R1 229 million (2009: R2 337 million), representing diluted earnings per share of 371 cents (2009: 678 cents). Diluted headline earnings per share were 340 cents (2009: 675 cents).

Full details of the financial position and results of the Group are set out in these consolidated annual financial statements.

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 1.

Major Projects – Uncertified revenue

Included in Amounts Due from Contract Customers in the Statement of Financial Position is the Group's share of uncertified revenue that has been recognised through the Statement of Financial Performance in respect of claims and variation orders on three major projects (refer to note 9 of the consolidated annual financial statements).

A cumulative total revenue of R1,4 billion, being amounts Due from Contract Customers, has been recognised in the Statement of Financial Position at 30 June 2010 (2009: R1,1 billion) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's three major projects. Recognition of these assets is supported by the Group's contract partners and by independent experts and advisers.

Adjudication of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the Statement of Financial Position at 30 June 2010.

Exceptional items

During the year under review, the Group increased the fair value of its investment properties by R101 million in line with its policy on Investment Property (refer to note 3 and note 27 of the consolidated annual financial statements).

AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2010 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 12.1 of the financial statements. During the year, the Trust granted an aggregate total of 2 325 000 options over ordinary shares (2009: 79 250 options) to senior executives, including executive directors.

At 30 June 2010, the Trust held 7 260 782 ordinary shares (2009: 8 392 766 ordinary shares) against the commitment of 11 204 625 ordinary shares (2009: 11 212 234 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 (2009: 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 27 October 2010 to renew this general authority.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2010:

Interim dividend number 116 of 52 cents per ordinary share (2009: 85 cents)

Final dividend number 117 of 53 cents per ordinary share (2009: 133 cents)

SUBSIDIARIES

Acquisitions

Acquisition of non-controlling interest in Murray & Roberts Cementation (Proprietary) Limited.

The Group acquired the remaining 20% of the issued share capital of Murray & Roberts Cementation (Proprietary) Limited effective 1 July 2009.

Acquisition of a further interest in Clough Limited (Clough)

The Group increased its shareholding in Clough from 59% to 62% during the year through the conversion of convertible notes previously held.

Acquisition of Ocean Flow International LLC (Ocean Flow)

Clough acquired 70% of the share capital of Ocean Flow on 14 August 2009, with the remaining 30% to be acquired early in 2013.

Acquisition of Forge Group Limited (Forge)

On 20 April 2010, Clough announced that it had acquired a 31% interest in Forge and subsequently entered into an alliance with Forge for long-term strategic co-operation that is expected to generate substantial benefits for both companies.

Disposals

Disposal of PT Petrosea Tbk

Clough disposed of 82% held Indonesian listed contract mining subsidiary PT Petrosea Tbk at a cash consideration of US$83,8 million on 6 July 2009.

Disposal of non-core assets

During the year, the Group disposed of its interest in a toll road concession. The Group also entered into a process to dispose of investment properties for which Competition Commission approval was received subsequent to 30 June 2010.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions relating to name changes and reduction in share capital were passed by subsidiary companies during the year under review.

POST STATEMENT OF FINANCIAL POSITION EVENT

The Group received Competition Commission approval on 29 July 2010 for the disposal of investment properties. This had no impact on the financial position of the Group at 30 June 2010.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and company annual financial statements, which significantly affects the financial position at 30 June 2010 or the results of its operations or cash flows for the year then ended.

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); MP Chaba; O Fenn; TG Fowler; RW Rees (group financial director).

Executive director SJ Flanagan resigned on 31 January 2010.

MP Chaba, TG Fowler and O Fenn were appointed executive directors on 1 September, 25 September and 20 November 2009 respectively.

INTERESTS OF DIRECTORS

A total of 2 488 750 (2009: 2 792 500) 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 46.

At 30 June 2010, the present directors of the company held direct and indirect beneficial and non-beneficial interests in 1 926 805 of the company's issued ordinary shares (2009: 2 026 805 ordinary shares). Details of ordinary shares held per individual director are listed below.

Beneficial	Direct	Indirect
RC Andersen	20 000	–
BC Bruce	1 404 805	–
DD Barber	2 000	–
Non-beneficial		
RW Rees		500 000

At the date of this report, these interests remain unchanged.

SECRETARY

The Secretary's business and postal addresses are:

Douglas Roberts Centre	PO Box 1000
22 Skeen Boulevard	Bedfordview
Bedfordview	2008
2007	

AUDITORS

Deloitte & Touche continued in office as external auditors. At the annual general meeting of 27 October 2010, shareholders will be requested to appoint Deloitte & Touche as external auditors for the 2011 financial year. AF Mackie will be the individual and designated registered auditor who will undertake the audit.

25 August 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2010

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	2	**4 233,4**	4 280,3
Investment property	3	**51,7**	510,1
Goodwill	4	**553,7**	490,3
Other intangible assets	5	**71,5**	58,5
Investments in associate companies	6	**376,1**	11,8
Other investments	7	**216,2**	483,4
Deferred taxation assets	20	**343,4**	305,0
Non-current receivables		**319,1**	119,2
Total non-current assets		**6 165,1**	6 258,6
Current assets			
Inventories	8	**1 707,0**	2 168,9
Derivative financial instruments		**45,6**	17,1
Amounts due from contract customers	9	**6 614,1**	5 899,9
Trade and other receivables	10	**2 049,3**	2 673,0
Current taxation assets	36	**111,7**	–
Cash and cash equivalents	24	**3 811,1**	4 663,4
Total current assets		**14 338,8**	15 422,3
Assets classified as held-for-sale	32	**1 448,4**	1 812,6
TOTAL ASSETS		**21 952,3**	23 493,5
EQUITY AND LIABILITIES			
Share capital and premium	11	**737,1**	718,7
Reserves		**215,1**	122,8
Retained earnings		**5 251,1**	4 739,0
Equity attributable to owners of the parent		**6 203,3**	5 580,5
Non-controlling interest	15	**974,0**	1 053,0
Total equity		**7 177,3**	6 633,5
Non-current liabilities			
Long-term loans	17	**1 535,3**	770,0
Obligations under finance headleases	18	**–**	13,9
Retirement benefit obligation	45	**9,3**	–
Deferred taxation liabilities	20	**380,5**	271,5
Long-term provisions	19	**84,4**	78,1
Subcontractor liabilities	22	**293,7**	313,3
Non-current payables		**80,2**	–
Total non-current liabilities		**2 383,4**	1 446,8
Current liabilities			
Amounts due to contract customers	9	**3 273,3**	3 601,3
Trade and other payables	21	**4 391,1**	5 489,3
Short-term loans	25	**636,4**	995,4
Current taxation liabilities	36	**102,0**	150,4
Provision for obligations	23	**387,3**	479,0
Subcontractor liabilities	22	**2 104,8**	1 853,4
Derivative financial instruments		**1,7**	15,8
Bank overdrafts	24	**1 244,9**	1 786,9
Total current liabilities		**12 141,5**	14 371,5
Liabilities directly associated with assets classified as held-for-sale	32	**250,1**	1 041,7
Total liabilities		**14 775,0**	16 860,0
TOTAL EQUITY AND LIABILITIES		**21 952,3**	23 493,5

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands	Notes	2010	2009*
Continuing operations			
Revenue	26	**31 962,4**	32 684,0
Earnings before exceptional items and depreciation		**2 449,2**	3 512,0
Amortisation of intangible assets		**(25,1)**	(34,7)
Depreciation		**(649,2)**	(711,0)
Earnings before exceptional items and interest		**1 774,9**	2 766,3
Exceptional items	27	**101,2**	7,8
Earnings before interest and taxation		**1 876,1**	2 774,1
Interest expense	29	**(376,7)**	(336,2)
Interest income	30	**183,4**	316,2
Earnings before taxation		**1 682,8**	2 754,1
Taxation expense	31	**(469,6)**	(612,3)
Earnings after taxation		**1 213,2**	2 141,8
Income from equity accounted investments	6	**13,9**	1,8
Earnings for the year from continuing operations		**1 227,1**	2 143,6
Profit from discontinued operations	32	**2,3**	193,7
Earnings for the year	28	**1 229,4**	2 337,3
Attributable to:			
Owners of the parent		**1 098,3**	2 017,5
Non-controlling interest	15	**131,1**	319,8
		1 229,4	2 337,3
Weighted average ordinary shares ('000)			
Weighted average ordinary shares in issue		**331 893**	331 893
Weighted average ordinary shares held by The Murray & Roberts Trust		**(7 658)**	(7 815)
Weighted average ordinary shares held by the Letsema BBBEE trusts		**(28 946)**	(28 946)
Weighted average ordinary shares held by Murray & Roberts Limited		**(676)**	(676)
Dilutive adjustment for share options		**1 233**	3 257
		295 846	297 713
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	33.1	**371**	678
– Basic	33.1	**373**	685
Earnings per share from continuing operations (cents)			
– Diluted	33.2	**371**	646
– Basic	33.2	**372**	653
Total dividend per ordinary share (cents)**	34	**105**	218

* *Reclassified as a result of discontinued operations.*
** *Based on the year to which the dividend relates.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands	2010	2009
Earnings for the year	**1 229,4**	2 337,3
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	**123,0**	(315,3)
Effects of cash flow hedges	**(11,0)**	9,0
Taxation related to components of other comprehensive income	**–**	(4,5)
Other comprehensive income for the year net of taxation	**112,0**	(310,8)
Total comprehensive income for the year	**1 341,4**	2 026,5
Total comprehensive income attributable to:		
Owners of the parent	**1 163,6**	1 777,4
Non-controlling interest	**177,8**	249,1
	1 341,4	2 026,5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Hedging and translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of the parent**	Non-controlling interest	**Total equity**
Balance at 30 June 2008	29,7	939,4	211,9	123,7	3 559,9	**4 864,6**	960,1	**5 824,7**
Total comprehensive income 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 non-controlling interest	–	–	–	–	(212,6)	**(212,6)**	(136,9)	**(349,5)**
Net movement in non-controlling interest loans	–	–	–	–	–	**–**	42,0	**42,0**
Transfer to non-controlling 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 the statement of financial performance	–	–	(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**
Total comprehensive income for the year	–	–	65,3	–	1 098,3	**1 163,6**	177,8	**1 341,4**
Treasury shares acquired (net)	0,1	18,3	–	–	–	**18,4**	–	**18,4**
Recognition of financial instrument on acquisition of business	–	–	–	(54,7)	–	**(54,7)**	–	**(54,7)**
Disposal of business	–	–	7,0	–	–	**7,0**	–	**7,0**
Net acquisition/(disposal) of non-controlling interest	–	–	–	–	(14,2)	**(14,2)**	(142,9)	**(157,1)**
Net movement in non-controlling interest loans	–	–	–	–	–	**–**	(1,7)	**(1,7)**
Transfer to non-controlling interest	–	–	2,1	15,6	–	**17,7**	(17,7)	**–**
Recognition of share-based payments	–	–	–	57,0	–	**57,0**	–	**57,0**
Dividends declared and paid	–	–	–	–	(572,0)	**(572,0)**	(94,5)	**(666,5)**
Balance at 30 June 2010	29,5	707,6	44,0	171,1	5 251,1	**6 203,3**	974,0	**7 177,3**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
Cash flows from operating activities			
Receipts from customers		**32 057,0**	36 096,1
Payments to suppliers and employees		**(30 653,1)**	(33 482,5)
Cash generated by operations	35	**1 403,9**	2 613,6
Interest received		**187,6**	318,6
Interest paid		**(383,1)**	(365,2)
Taxation paid	36	**(517,0)**	(1 007,4)
Operating cash flow		**691,4**	1 559,6
Dividends paid to owners of the parent		**(572,0)**	(625,8)
Dividends paid to non-controlling shareholders		**(94,5)**	(71,1)
Net cash inflow from operating activities		**24,9**	862,7
Cash flows from investing activities			
Acquisition of business		**(77,0)**	–
Associate company – loans (paid)/received		**(20,1)**	1,8
Dividends received from associate companies		**1,7**	1,7
Acquisition of non-controlling interests		**(59,0)**	(390,3)
Acquisition of associates		**(340,6)**	(6,3)
Increase in investments		**(113,0)**	(6,4)
Purchase of intangible assets other than goodwill		**(28,0)**	(32,1)
Purchase of property, plant and equipment		**(1 092,7)**	(2 336,0)
Replacements		**(255,0)**	(388,6)
Additions		**(837,7)**	(1 947,4)
Proceeds on reduction in investments and investment property		**49,0**	162,3
Proceeds on disposal of property, plant and equipment		**177,4**	105,6
Proceeds on disposal of business		**669,0**	–
Cash transferred to asset held-for-sale		**(153,9)**	–
Proceeds on disposal of investments		**255,0**	14,1
Other		**(5,7)**	–
Net cash outflow from investing activities		**(737,9)**	(2 485,6)
Cash flows from financing activities			
Net movement in borrowings	38	**378,3**	662,4
Net acquisition of treasury shares		**18,4**	(250,4)
Net cash inflow from financing activities		**396,7**	412,0
Net decrease in net cash and cash equivalents		**(316,3)**	(1 210,9)
Net cash and cash equivalents at beginning of year		**2 876,5**	4 277,5
Effect of foreign exchange rates		**6,0**	(190,1)
Net cash and cash equivalents at end of year	24	**2 566,2**	2 876,5

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

These accounting policies are consistent with the previous period, except for the changes set out below.

The following new and revised Standards and Interpretations have been adopted in the current period:

IAS 1 (as revised in 2007) has introduced terminology changes and changes in the format and content of the financial statements. This change resulted in a change to disclosure of financial information presented and did not impact the amounts disclosed in these financial statements.

IFRS 3 (as revised in 2008) as adopted in the current year affected the accounting for business combinations in the current period. In accordance with the relevant transitional provisions, this standard has been applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on 1 July 2009. The impact of the adoption of IFRS 3 Business Combinations has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of their net identifiable assets of the acquiree;
- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; with any subsequent adjustments to the contingent consideration recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

Amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

The Group has adopted IFRS 8 Operating Segments which is effective for annual periods beginning on or after 1 January 2009. This Standard requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Refer to Annexure 3 for further information.

IAS 23 (as revised in 2007) The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset in terms of IAS 23 form part of the cost of the asset and should be capitalised. In prior financial periods borrowing costs were expensed when incurred. This change in accounting policy has no impact on prior financial periods as the amendment is applied prospectively.

1.1 Basis of preparation

These consolidated and separate financial statements have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments, financial assets and financial liabilities held-for-trading, financial assets designated as fair value through profit and loss and investment property. Non-current assets and disposal groups held-for-sale, where applicable, are stated at the lower of its carrying amount and fair value less costs to sell.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, 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 49.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 50.

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 the AC 500 Standards as issued by the Accounting Practices Board.

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 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 from acquisition, the acquired subsidiary is still consolidated but is accounted for as a disposal group or a discontinued operation.

The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary.

If a subsidiary uses accounting policies other than those adopted in the 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 are considered an indicator of impairment of the asset transferred.

Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Any increase or decrease in ownership interest in subsidiaries without a change in control is recognised as equity transactions in the consolidated financial statements. Accordingly, any premium or discount on subsequent purchases of equity instruments from or sales of equity instruments to non-controlling interests are recognised directly in equity of the parent shareholder.

1.5 Joint ventures

Joint ventures are those entities in which the Group has joint control. The proportion of assets, liabilities, income and expenses and cash flows attributable to the interests of the Group in jointly controlled entities are incorporated in the consolidated financial statements under the appropriate headings. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

Inter-company transactions, balances and unrealised gains on transactions between the Group and its joint ventures are eliminated on consolidation. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

1.6 Investments in associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.7 Stand-alone company's financial statements

In the stand-alone accounts of the Company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

1.8 Foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign currency monetary items

Monetary assets denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at the reporting 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 closing rate of the exchange ruling at reporting 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 closing rate of exchange ruling at the reporting date. Exchange differences arising on translation are credited to or charged against income except for those arising on equity loans that are denominated in the functional currency of either party involved. In those instances, the exchange differences are taken directly to equity as part of the foreign currency translation reserve.

Exchange differences arising on the settlement of monetary items are credited to or charged against income.

Foreign currency non-monetary items

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on translation are credited to or charged against income except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such items, any exchange component of that gain or loss is also recognised directly in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at historical exchange rates.

Foreign operations

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in the statement of other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in the statement of other comprehensive income and accumulated in the translation reserve. On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.9 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are stated at amortised cost. Amortised cost represents the original amount less principle repayments received, the impact of discounting to net present value and a provision for impairment, where applicable.

When a loan has a fixed maturity date but carries no interest, the carrying value reflects the time value of money, and the loan is discounted to its net present value. The unwinding of the discount is subsequently reflected in the statement of financial performance as part of interest income.

Trade and other receivables

Trade and other 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 and other 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 reporting 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 receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis.

All short-term cash investments are invested with major financial institutions in order to manage credit risk.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting date

date and impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit and loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Non-trading financial liabilities

Non-trading financial liabilities are recognised at amortised cost. Amortised cost represents the original debt less principle payments made, the impact of discounting to net present value and amortisation of related costs.

Trade and other payables

Trade and other 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 and other payables are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Subcontractor liabilities

Subcontractor liabilities represent the actual unpaid liability owing to subcontractors for work performed including retention monies owed. Subcontractor liabilities are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Investments

Service concession investments are designated as fair value through profit and loss. All other investments are classified as non-trading financial assets or loans and receivables and accounted for accordingly.

Financial assets designated as fair value through profit and loss

Financial instruments, other than those held for trade, are classified in this category if the financial assets or liabilities are managed, and their performance evaluated, on a fair value basis in accordance with a documented investment strategy, and where information about these financial instruments are reported to management on a fair value basis. Under this basis the Group's concession equity investment is the main class of financial instruments so designated. The fair value designation, once made is irrevocable.

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets. Fair value is determined in the manner as 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 in statement of other comprehensive income and accumulated 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 profit or loss.

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 profit or loss.

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 statement of financial performance.

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 profit or loss.

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 profit or loss.

Changes in the fair value of a hedging instrument that is highly effective and is designated and qualifies as a fair value hedge, are recognised in profit or loss together with the changes in the fair value of the related hedged item.

Cash flow hedges

Where a derivative instrument is entered into and designated as a cash flow hedge of a recognised asset, liability or a highly probable forecasted transaction, the effective part of any gain or loss arising on the derivative instrument is recognised as part of the hedging reserve until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in profit or loss.

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 profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that interest income or interest expense is recognised). However, if the Group expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it shall reclassify into the profit or loss the amount that is not expected to be recovered.

If the underlying transaction occurs and results in the recognition of a non-financial asset or a non-financial liability, or a forecasted transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains or losses that were recognised directly in equity are included in the initial cost or other carrying value of the asset or liability.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates 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 overdrafts 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 Group's accounting policy for borrowing costs.

1.10 Contracts-in-progress and contract receivables

Contracts-in-progress represents those costs recognised by the stage of completion of the contract activity at the reporting date.

Anticipated losses to completion are expensed immediately in profit or loss.

Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

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 profit or loss immediately.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals where there is a change in ownership, in other words a portion of the goodwill is expensed as part of the cost of disposal. For partial disposals and acquisitions with no change in ownership, goodwill is recognised as a transaction with equity holders.

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 programs are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products and technology) are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably.

Other development expenditure is recognised as an expense as incurred. Development expenditure previously recognised as an expense is not capitalised as an asset in a subsequent period.

Development expenditure that has a finite useful life and that has been capitalised is amortised from the commencement of the commercial production of the product on a systematic basis over the period of its expected benefit.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairments.

Expenditure on internally generated goodwill and brands is recognised in profit or loss 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 profit or loss 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 by the 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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 date.

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 profit or loss in the year incurred.

Revaluations

Property, plant and equipment is 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 residual value over its estimated useful life. The average depreciation periods are set out in note 2.

Depreciation commences when the asset is in the location and condition for its intended use by management 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 loss is recognised immediately in profit or loss to bring the carrying value in line with its 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 reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable value of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible asset 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 flows 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 the pre-tax discount rate that reflects current market assessments of the time value of money and 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.

Initially, investment property is measured at cost including all transaction costs. Subsequent to initial recognition investment property is stated at fair value, with any movements in fair value recognised in profit or loss.

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 profit or loss 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 being 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 profit or loss 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 costs to sell is recognised in profit or loss to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised first reduces the carrying value of the 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 according to the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be proportionately allocated to these other assets of the disposal group 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 statement of financial position. 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 statement of financial performance.

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 profit or loss as consumed.

Inventories are valued at the lower of cost or net realisable value.

The cost of inventories is determined using the following cost formulas:

- raw materials – First In, First Out (FIFO) or Weighted Average Cost basis.
- finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity.

For inventories with a different nature or use to the Group, different cost formulas are used. The cost of inventories includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchase costs, where applicable.

In certain business operations the standard cost method is used. The standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. These are regularly reviewed and, if necessary, revised in the light of current conditions. All abnormal variances are immediately expensed as overhead costs. All under absorption of overhead costs are expensed as a normal overhead cost, while over absorption is adjusted against the inventory item or the cost of sales if already sold.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs incurred in marketing, selling and distribution.

Property development

Property developments are stated at the lower of cost or 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 has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Greater weight is therefore given to those features which have a commercial effect in practice. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

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 statement of financial position 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 profit or loss 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 profit or loss on a straight-line basis over the lease term.

1.19 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

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

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the reporting date, and are discounted to present value when the effect is material.

Provisions are reflected separately on the face of the statement of financial position 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 that will be incurred in meeting contract obligations are in excess of the economic benefits expected to be received from the contract.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18: Revenue.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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 in the statement of financial position.

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 value using the binomial lattice and Monte Carlo Simulation models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting 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 in which incurred.

Defined benefit plans

Under defined 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 reporting 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 in the statement of financial position, 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 are 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 of the grant is credited to the item of property, plant and equipment and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

1.23 Taxation

Income taxation includes both current and deferred taxation.

Current taxation assets and liabilities

Current taxation is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of financial performance 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 taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

Deferred taxation liabilities/assets are 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 the taxable profits, and is accounted for using the statement of financial position 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 business combinations, of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred taxation liabilities are recognised for the taxable temporary differences arising from 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 difference will not be reversed in the foreseeable future.

The carrying amount of a deferred taxation asset is revised at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset 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, 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 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.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Long-term and construction contracts

Where the outcome of a long-term and construction contract can be reliably measured, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be reliably measured. Anticipated losses to completion are immediately recognised as an expense in contract costs.

Where the outcome of the long-term and construction contracts cannot be estimated reliably, contract revenue is recognised to the extent that the recoverability of incurred costs is probable.

In limited circumstances, contracts may be materially impacted by a client's actions such that the Group is unable to complete the contracted works at all or in the manner originally forecast. This may involve dispute resolution procedures under the relevant contract and/or litigation. In these circumstances the assessment of the project outcome, whilst following the basic principles becomes more judgemental.

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decisionmakers who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Committees who make strategic decisions. The basis of segmental reporting is set out on Annexure 3.

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.

Segmental assets

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

Segmental liabilities

All operating liabilities of a segment principally include 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 profit or loss. This expense is measured at the fair value of the equity instruments issued at the grant date.

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 settlement of all the liabilities, will be transferred to organisations which engage in similar public benefit activities. 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 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.

1.31 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

All monetary amounts are expressed in millions of Rands

2. PROPERTY, PLANT AND EQUIPMENT

	2010 Cost	2010 Accumulated depreciation and impairment	2010 Carrying value	2009 Cost	2009 Accumulated depreciation and impairment	2009 Carrying value
Immovable property	784,0	(72,3)	711,7	664,5	(78,7)	585,8
Plant and machinery	5 428,7	(2 262,8)	3 165,9	5 256,8	(2 122,1)	3 134,7
Other equipment	531,8	(176,0)	355,8	719,2	(159,4)	559,8
	6 744,5	(2 511,1)	4 233,4	6 640,5	(2 360,2)	4 280,3

Reconciliation of property, plant and equipment	Immovable property	Plant and machinery	Other equipment	Total
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)
Net impairment loss	–	(19,4)	(6,0)	(25,4)
At 30 June 2009	585,8	3 134,7	559,8	4 280,3
Additions	183,1	689,6	220,0	1 092,7
Disposals	(3,0)	(146,0)	(22,0)	(171,0)
Transfer to inventory	–	–	(6,3)	(6,3)
Disposal of business	(11,3)	(1,7)	(0,2)	(13,2)
Transfer to assets classified as held-for-sale	(7,1)	(222,9)	(17,1)	(247,1)
Transfer to investment property	(18,8)	–	–	(18,8)
Transfer to other intangible assets	–	–	(1,3)	(1,3)
Foreign exchange movements	(1,2)	4,7	2,3	5,8
Reclassified	14,1	310,0	(324,1)	–
Depreciation	(29,9)	(589,3)	(61,3)	(680,5)
Net impairment (loss)/reversal	–	(13,2)	6,0	(7,2)
At 30 June 2010	711,7	3 165,9	355,8	4 233,4

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

The Group has pledged certain assets as security for certain interest bearing borrowings (note 16, Secured liabilities).

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

2010	Opening balance	Additions	Disposals	Transfers to assets held-for-sale	Other transfers*	Fair value adjustments	Total
Headlease property	148,7	–	–	(157,2)	(8,0)	16,5	–
Investment property	361,4	34,9	(7,7)	(448,4)	26,8	84,7	51,7
	510,1	34,9	(7,7)	(605,6)	18,8	101,2	51,7

* *Other transfers consist of transfers between investment property of R8 million and transfers from property, plant and equipment of R18,8 million.*

2009	Opening balance	Additions	Transfer to investment property	Transfer from property, plant and equipment	Total
Headlease property	268,6	3,8	(123,7)	–	148,7
Investment property	213,2	2,6	123,7	21,9	361,4
	481,8	6,4	–	21,9	510,1

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 2010 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 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 R137,7 million (2009: R125,6 million). Direct operating expenses arising from the investment property in the period amounted to R91,7 million (2009: R50,7 million).

4. GOODWILL

2010	Opening balance	Additions through business combinations	Foreign exchange movements	Total
Goodwill	490,3	66,3	(2,9)	553,7

2009	Opening balance	Additions through business combinations	Total
Goodwill	488,1	2,2	490,3

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:

	2010	2009
Construction SADC	44,2	44,2
Engineering SADC	52,2	52,2
Construction Products SADC	75,4	62,6
Cementation Group	34,7	34,7
Clough	347,2	296,6
	553,7	490,3

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 SADC	14,4%
Engineering SADC	14,4%
Construction Products SADC	16,4%
Cementation Group	14,2%
Clough	14,0%

All monetary amounts are expressed in millions of Rands

5. OTHER INTANGIBLE ASSETS

	2010 Cost	2010 Accumulated amortisation	2010 Carrying value	2009 Cost	2009 Accumulated amortisation	2009 Carrying value
Patents, trademarks and other rights	**4,2**	**(0,4)**	**3,8**	4,2	(0,2)	4,0
Computer software	**206,0**	**(158,8)**	**47,2**	177,5	(137,3)	40,2
Mineral rights	**19,9**	**(9,0)**	**10,9**	19,9	(7,9)	12,0
Other intangible assets	**19,9**	**(10,3)**	**9,6**	9,9	(7,6)	2,3
	250,0	**(178,5)**	**71,5**	211,5	(153,0)	58,5

2010	**Opening balance**	**Additions**	**Acquisition of businesses**	**Disposals**	**Transfer from property, plant and equipment**	**Foreign exchange movements**	**Amortisation**	**Total**
Patents, trademarks and other rights	**4,0**	**–**	**–**	**–**	**–**	**–**	**(0,2)**	**3,8**
Computer software	**40,2**	**28,0**	**–**	**(1,3)**	**1,3**	**0,5**	**(21,5)**	**47,2**
Mineral rights	**12,0**	**–**	**–**	**–**	**–**	**–**	**(1,1)**	**10,9**
Other intangible assets	**2,3**	**–**	**9,6**	**–**	**–**	**–**	**(2,3)**	**9,6**
	58,5	**28,0**	**9,6**	**(1,3)**	**1,3**	**0,5**	**(25,1)**	**71,5**

2009	Opening balance	Additions	Disposals	Transfer to assets classified as held-for-sale	Foreign exchange movements	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

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 of R1,3 million (2009: R1,2 million) that has an indefinite useful life.

The following amortisation periods are used for the amortisation of intangible assets:

– Patents, trademarks and other rights	20 years	on a straight-line basis
– 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	2010	2009
6. INVESTMENTS IN ASSOCIATE COMPANIES		
6.1 Investments in associate companies		
The Group's share of associate companies included in the consolidated statement of financial position is:		
As at beginning of year	31,9	31,0
Acquisition of businesses	340,1	–
Additions	0,5	6,3
Transfer to assets classified as held-for-sale	–	(6,0)
Dividend received	(1,7)	(1,7)
Share of post-acquisition earnings	13,9	2,2
Foreign exchange movements	(8,6)	0,1
	376,1	31,9
The carrying value of the investments can be analysed as follows:		
Investments in associate at cost	353,5	21,5
Share of post-acquisition earnings, net of dividends received	22,6	10,4
	376,1	31,9
Loans from associate companies	–	(20,1)
	376,1	11,8
The loans from associate companies bore interest at 8,75% and were repayable on demand.		
6.2 Valuation of shares		
Construction SADC		
Murray & Roberts (Zimbabwe) Limited	56,9	53,9
The investment in Murray & Roberts (Zimbabwe) Limited is fully impaired.		
Other associates		
Directors' valuation of unlisted associates	376,1	31,9
6.3 Summarised financial information in respect of the Group's associates:		
Total assets	1 913,3	307,8
Total liabilities	793,3	275,9
Net assets	1 120,0	31,9
Revenue	4 583,9	5 810,6
Attributable earnings for the year	26,7	3,3

6.4 Details of associate companies

Name of significant associates	Place of incorporation	% of ownership and votes 2010	2009	Main activity
Gryphon Logistics (Proprietary) Limited	South Africa	30,0	30,0	Transport
SA Rebar (Proprietary) Limited	South Africa	26,0	26,0	Materials & services
Bombela TKC (Proprietary) Limited	South Africa	26,0	26,0	Construction
Forge Group Limited	Australia	31,3	–	Construction

All monetary amounts are expressed in millions of Rands	2010	2009
7. OTHER INVESTMENTS		
7.1 Financial assets designated as fair value through profit and loss		
Investments in infrastructure service concessions		
At beginning of year	**443,8**	437,1
Additional investments, disposals and repayments received	**(255,0)**	(128,3)
Fair value adjustment recognised in statement of financial performance	**182,3**	135,0
Transfer to assets classified as held-for-sale	**(160,0)**	–
	211,1	443,8

Directors' valuation R211,1 million (2009: R443,8 million).

The financial assets designated as fair value through profit and loss comprise of the Group's interest in the following infrastructure service concessions:

	% Interest	Remaining concession period	2010	2009
Bombela Concession Company (Proprietary) Limited*	25,00	16 years	**211,1**	124,9
Bakwena Platinum Corridor Concessionaire (Proprietary) Limited**	10,68	22 years	**–**	211,4
N3 Toll Concession (Proprietary) Limited**	14,07	20 years	**–**	107,5
			211,1	443,8

* *The fair value of the Bombela Railway Concession has been calculated using discounted cash flow models and a market discount rate. The discounted cash flow models are based on patronage, forecasted operating costs, inflation rates and other economical fundamentals.*

** *The fair value of the toll road investment 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.

	2010	2009
7.2 Available-for-sale financial assets		
Unlisted investments		
At beginning of year	**4,5**	4,6
Additions, disposals and other movements	**–**	(0,1)
Value of unlisted investments	**4,5**	4,5
Listed investments		
At beginning of year	**–**	11,0
Disposal of business	**–**	(9,8)
Foreign exchange movements	**–**	(1,2)
Fair value of listed non-trading investments	**–**	–
7.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
Balance at beginning of the year	**35,1**	64,8
Additional loans made	**14,0**	1,5
Write-off of loans	**–**	(45,0)
Reversal of provision for impairment	**–**	45,0
Disposals and repayments	**(48,7)**	(30,5)
Foreign exchange movements	**0,2**	(0,7)
Amortised cost of unsecured loans and receivables	**0,6**	35,1
Total other investments	**216,2**	483,4

Details in respect of the other investments are set out in a register that may be inspected at the Group's registered office. Included in loans and receivables is an amount of Rnil (2009: R25,3 million) receivable from related parties. Further details of these amounts are set out in note 46.

All monetary amounts are expressed in millions of Rands	2010	2009
8. INVENTORIES		
Raw materials	**853,0**	1 124,5
Work-in-progress	**135,4**	286,5
Finished goods and manufactured components	**373,7**	300,3
Consumable stores	**132,3**	138,6
Property development	**212,6**	319,0
	1 707,0	2 168,9
Inventories are valued at the lower of cost or net realisable value.		
9. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts-in-progress at year end	**2 426,4**	2 682,2
Amounts receivable on contracts (net of impairment provisions)	**2 543,4**	2 511,3
	4 969,8	5 193,5
Advances received in excess of work completed	**(2 023,0)**	(3 326,9)
Amounts receivable from contracts	**2 946,8**	1 866,6
Retentions receivable (net of impairment provisions)	**394,0**	432,0
	3 340,8	2 298,6
Amounts due from contract customers	**6 614,1**	5 899,9
Amounts due to contract customers	**(3 273,3)**	(3 601,3)
	3 340,8	2 298,6
Amounts of Rnil (2009: R80,6 million) are due for settlement after more than 12 months from reporting date.		
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 415,0**	1 808,3
Provision for doubtful debts	**(144,9)**	(123,1)
Operating lease receivables recognised on a straight-line basis	**3,9**	26,9
Amount owing by joint venture partners	**198,7**	380,7
Prepayments	**217,1**	187,8
Other receivables	**359,5**	392,4
	2 049,3	2 673,0

Details in respect of the Group's credit risk management policies are set out in note 44.

The directors consider that the carrying amount of the trade and other receivables approximate their fair value.

All monetary amounts are expressed in millions of Rands		2010	2009
11.	SHARE CAPITAL AND PREMIUM		
11.1	**Share capital**		
	Authorised		
	500 000 000 authorised ordinary shares of 10 cents each (2009: 500 000 000 of 10 cents each)	**50,0**	50,0
	Issued and fully paid		
	331 892 619 ordinary shares of 10 cents each (2009: 331 892 619 of 10 cents each)	**33,2**	33,2
	Less: Treasury shares held by The Murray & Roberts Trust at par value	**(0,7)**	(0,8)
	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	**29,5**	29,4
	Unissued		
	At reporting date the number of unissued shares was 168 107 381 (2009: 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	**(486,8)**	(505,2)
	Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost	**(429,5)**	(429,4)
	Less: Treasury shares held by Murray & Roberts Limited at net cost	**(15,7)**	(15,7)
	Net share premium	**707,6**	689,3
	Total share capital and share premium	**737,1**	718,7
11.3	**Treasury shares**		
	Market value of treasury shares:		
	The Murray & Roberts Trust	**281,7**	419,6
	The Letsema BBBEE trusts and companies	**1 123,1**	1 447,3
	Murray & Roberts Limited	**26,3**	33,8
	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	**(7 260 782)**	(8 392 766)
	Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(28 945 903)**	(28 946 803)
	Less: Treasury shares held by Murray & Roberts Limited	**(675 644)**	(675 644)
	Net shares issued to public	**295 010 290**	293 877 406

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). Subsequent amendments to the Scheme and Trust were approved by shareholders in October 2009.

At 30 June 2010, the Trust held 7 260 782 (2009: 8 392 766) shares against the commitment of options granted by the Trust totalling 11 204 625 (2009: 11 212 234) 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.

17,84% of the outstanding options at 30 June 2010 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2010 were as follows:

Schemes implemented		Outstanding options at 30 June 2009	Granted during the year	Surrendered during the year	Exercised during the year	**Outstanding options at 30 June 2010**	Option price per share (cents)	Weighted average share price on exercise (cents)
25 August 1999	–	10 000	–	(10 000)	–	**–**	440	–
08 May 2000	–	43 250	–	–	(40 250)	**3 000**	316	4 703
13 March 2002	Standard	31 875	–	–	(9 375)	**22 500**	693	6 450
13 March 2002	Hurdle	31 875	–	–	(9 375)	**22 500**	693	6 450
06 March 2003	Standard	90 000	–	–	(35 000)	**55 000**	1 100	6 331
06 March 2003	Hurdle	108 750	–	–	(48 750)	**60 000**	1 100	6 403
15 March 2004	Standard	207 500	–	–	(55 000)	**152 500**	1 304	6 079
15 March 2004	Hurdle	160 250	–	–	(51 250)	**109 000**	1 304	6 064
07 September 2004	Standard	37 500	–	–	(37 500)	**–**	1 200	3 828
07 September 2004	Hurdle	25 000	–	–	(25 000)	**–**	1 200	3 828
28 June 2005	Standard	646 875	–	(30 625)	(235 000)	**381 250**	1 400	5 354
28 June 2005	Hurdle	446 250	–	(32 500)	(201 250)	**212 500**	1 400	5 704
03 March 2006	Standard	1 122 359	–	(87 500)	(274 234)	**760 625**	2 353	5 439
03 March 2006	Hurdle	375 000	–	(30 000)	(110 000)	**235 000**	2 353	5 627
06 March 2007	Hurdle	1 250 000	–	(100 000)	–	**1 150 000**	5 060	–
06 March 2007	Special	4 875 000	–	(435 000)	–	**4 440 000**	5 060	–
30 August 2007	Standard	10 000	–	–	–	**10 000**	7 200	–
02 November 2007	Standard	55 000	–	(10 000)	–	**45 000**	9 352	–
26 February 2008	Standard	1 356 500	–	(110 000)	–	**1 246 500**	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	–
26 August 2009	Standard	–	2 185 000	(105 000)	–	**2 080 000**	4 774	–
08 December 2009	Standard	–	140 000	–	–	**140 000**	4 542	–
		11 212 234	2 325 000	(1 200 625)	(1 131 984)	**11 204 625**		

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 Group has no legal or constructive obligation to repurchase or settle the options in cash.
8. Options are forfeited if the employees leave the Group before the options vest.

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 Simulation 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%	06 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%	3,0%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	3,0%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	3,0%	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%	1,0%	2 586
02 November 2007	Standard	9 352	29,5%	02 November 2013	8,9%	1,0%	3 278
26 February 2008	Standard	9 201	30,8%	26 February 2014	9,6%	1,0%	3 484
26 February 2008	Special	9 201	31,2%	30 June 2012	9,6%	1,0%	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
26 August 2009	Standard	4 774	38,3%	26 August 2015	8,4%	5,0%	1 499
08 December 2009	Standard	4 542	39,2%	08 December 2015	8,7%	5,0%	1 525

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 R33,1 million (2009: R14,2 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 2010, the Vulindlela Trust held 9 956 779 (2009: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 1 911 344 (2009: 1 295 801) shares.

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 executive 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.

12. SHARE INCENTIVE SCHEMES (continued)

12.2 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust (continued)

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2010 were as follows:

Schemes implemented	Outstanding options at 30 June 2009	Granted during the year	Surrendered during the year	**Outstanding options at 30 June 2010**	Option price per share (cents)
02 March 2006	388 501	–	(39 207)	**349 294**	2 353
27 June 2006	10 500	–	(2 333)	**8 167**	2 431
28 August 2006	50 500	–	–	**50 500**	3 002
06 March 2007	515 200	–	(66 567)	**448 633**	5 200
25 June 2007	96 900	–	(28 800)	**68 100**	6 619
28 February 2008	171 900	–	(24 900)	**147 000**	9 201
28 August 2008	62 300	–	(9 400)	**52 900**	9 508
25 August 2009	–	881 550	(94 800)	**786 750**	4 774
	1 295 801	881 550	(266 007)	**1 911 344**	

Notes:
1. The options can only be exercised after five 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	31,0%	31 December 2016	9,6%	2,5%	4 209
28 August 2008	9 508	33,0%	31 December 2016	9,6%	5,0%	4 772
25 August 2009	4 774	40,3%	25 August 2014	8,2%	5,0%	2 133

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 R13,9 million (2009: R12 million) relating to these share options during the year.

All monetary amounts are expressed in millions of Rands	2010	2009
13. OTHER CAPITAL RESERVES		
Capital redemption reserve fund		
At beginning and end of the year	1,7	1,7
Statutory reserve		
At beginning and end of the year	23,1	23,1
Other non-distributable reserve		
Financial instrument recognised on acquisition of business	(35,4)	–
Share-based payment reserve		
At beginning of the year	128,4	98,9
Recognition of share-based payments	53,3	29,5
	181,7	128,4
Total other capital reserves	171,1	153,2

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.

The other non-distributable reserve represents the option that Clough Limited has to acquire the remaining non-controlling interest in Ocean Flow International LLC.

	2010	2009
14. HEDGING AND TRANSLATION RESERVES		
Hedging reserve		
At beginning of the year	2,3	–
Cash flow hedges	(11,0)	2,3
Disposal of business	7,0	–
	(1,7)	2,3
Foreign currency translation reserve		
At beginning of the year	(32,7)	211,9
Foreign currency translation movements	78,4	(244,6)
	45,7	(32,7)
Total hedging and translation reserves	44,0	(30,4)

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	2010	2009
15. NON-CONTROLLING INTEREST			
Non-controlling interest comprises			
15.1 Non-controlling interest in reserves			
Opening balance		980,3	926,4
Share of attributable earnings		131,1	319,8
Dividends declared and paid		(94,5)	(71,1)
Acquisition of non-controlling interest		(22,9)	(136,9)
Transfers from reserves		(17,7)	9,8
Disposal of business		(120,0)	–
Foreign exchange movements		46,8	(67,7)
		903,1	980,3
15.2 Equity loans from non-controlling interest			
At beginning of the year		72,7	33,7
Additional loans raised		0,5	42,5
Loan repayments		(2,2)	(0,5)
Foreign exchange movements		(0,1)	(3,0)
		70,9	72,7
The loans from the non-controlling shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.			
Total non-controlling interest		974,0	1 053,0
16. SECURED LIABILITIES			
Liabilities of the Group are secured as follows:			
Loans secured over land and buildings with a book value of Rnil million (2009: R375,7 million)		–	183,0
Loans secured over plant and machinery with a book value of R977,4 million (2009: R1 141,3 million)		845,3	773,9
		845,3	956,9
Reflected in the statement of financial position under:			
Long-term loans	17	376,5	392,5
Capitalised finance leases	17	250,8	67,9
Short-term loans	17	218,0	496,5
		845,3	956,9

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
17. LONG-TERM LOANS			
17.1 Interest bearing secured loans			
Payable			
Within 1 year		**75,0**	381,4
Within the 2nd year		**66,4**	77,6
Within 3 to 5 years		**310,1**	314,9
		451,5	773,9
Less: Current portion	25	**(75,0)**	(381,4)
		376,5	392,5
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**376,0**	371,6
Within the 2nd year		**901,0**	–
Within 3 to 5 years		**–**	309,6
		1 277,0	681,2
Less: Current portion	25	**(376,0)**	(371,6)
		901,0	309,6
17.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**36,4**	88,1
Within the 2nd year		**3,2**	–
Within 3 to 5 years		**3,8**	–
		43,4	88,1
Less: Current portion	25	**(36,4)**	(88,1)
		7,0	–
17.4 Capitalised finance leases			
Minimum lease payments			
Within 1 year		**156,0**	126,1
Within the 2nd year		**135,1**	55,4
Within 3 to 5 years		**133,4**	16,4
		424,5	197,9
Less: Future finance charges		**(30,7)**	(14,9)
Present value of lease obligations		**393,8**	183,0
The present value of lease obligations can be analysed as follows:			
Within 1 year		**143,0**	115,1
Within the 2nd year		**122,8**	51,8
Within 3 to 5 years		**128,0**	16,1
		393,8	183,0
Less: Current portion	25	**(143,0)**	(115,1)
		250,8	67,9
Total long-term loans		**1 535,3**	770,0

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 44.

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
18. OBLIGATIONS UNDER FINANCE HEADLEASES			
Payable			
Within 1 year		6,0	39,2
Within the 2nd year		–	13,9
		6,0	53,1
Less: Current portion	25	(6,0)	(39,2)
		–	13,9

Details of the repayment terms of the obligations and the related interest rates are set out in Annexure 2.

Details of the Group's interest rate risk management policies are set out in note 44.

19. LONG-TERM PROVISIONS

2010	Opening balance	Additional raised	Released during the year	Utilised during the year	Foreign exchange movements	Total
Decommissioning and other provisions	69,6	24,2	(8,4)	(3,4)	0,7	82,7
Headleases and other property activities	8,5	–	–	(6,8)	–	1,7
	78,1	24,2	(8,4)	(10,2)	0,7	84,4

2009	Opening balance	Additional raised	Utilised during the year	Transfer to liabilities held-for-sale	Foreign exchange movements	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

The decommissioning provisions are based on the directors' best estimate of the decommissioning costs to be incurred.

All monetary amounts are expressed in millions of Rands		2010	2009
20.	**DEFERRED TAXATION**		
20.1	**Deferred taxation assets**		
	Inventory	**0,1**	3,7
	Uncertified work and other construction temporary differences	**–**	(42,3)
	Plant	**(37,0)**	(65,8)
	Taxation losses	**104,5**	41,9
	Receivables	**–**	5,6
	Provisions and accruals	**199,6**	233,0
	Advance payments received net of taxation allowances	**14,0**	146,8
	Fair value adjustments	**16,8**	–
	Prepayments	**(1,3)**	(7,1)
	Other	**46,7**	(10,8)
		343,4	305,0
20.2	**Reconciliation of deferred taxation assets**		
	At beginning of the year	**305,0**	208,2
	Transfer from deferred taxation liabilities	**(4,9)**	(24,7)
	Transfer to deferred taxation liabilities	**(51,7)**	–
	Credit to the statement of financial performance	**85,4**	172,0
	Credit to the statement of financial performance 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)
	Foreign exchange movements	**9,6**	(31,5)
		343,4	305,0
20.3	**Deferred taxation liabilities**		
	Inventory	**(9,1)**	(1,0)
	Uncertified work and other construction temporary differences	**774,9**	538,6
	Plant	**333,4**	179,0
	Taxation losses	**(29,6)**	(1,6)
	Receivables	**(32,3)**	(20,4)
	Provisions and accruals	**(195,3)**	(33,2)
	Advanced payments received net of taxation allowances	**(530,4)**	(475,9)
	Fair value adjustments	**36,1**	66,4
	Finance leases	**(2,4)**	(5,3)
	Prepayments	**24,2**	14,0
	Other	**11,0**	10,9
		380,5	271,5
20.4	**Reconciliation of deferred taxation liabilities**		
	At beginning of the year	**271,5**	205,9
	Transfer to deferred taxation assets	**(4,9)**	(24,7)
	Transfer from deferred taxation assets	**(51,7)**	–
	Disposal of businesses	**–**	(0,4)
	Deferred taxation liability transferred to liabilities directly associated with assets held-for-sale	**(32,6)**	–
	Charge to the statement of financial performance	**189,2**	88,5
	Foreign exchange movements	**9,0**	2,2
		380,5	271,5

20.5 Unused taxation losses

At 30 June 2010, the Group had unused taxation losses of R1 423 million (2009: R1 229 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R457 million (2009: R145 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R966 million (2009: R1 084 million) due to the unpredictability of future profit streams.

All monetary amounts are expressed in millions of Rands	2010	2009
21. TRADE AND OTHER PAYABLES		
Trade payables	1 141,5	1 355,4
Payroll accruals	704,0	683,6
Accruals and other payables	2 545,0	3 424,0
Operating lease payables recognised on a straight-line basis	0,6	26,3
	4 391,1	5 489,3
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	293,7	313,3
Current subcontractor liabilities	2 104,8	1 853,4
	2 398,5	2 166,7

23. PROVISIONS FOR OBLIGATIONS

2010	Opening balance	Additional raised	Released during the year	Utilised during the year	Transfer to liabilities classified as held-for-sale	Foreign exchange movements	Total
Payroll	471,4	244,7	(30,7)	(289,0)	(15,4)	3,7	384,7
Warranty and other	7,6	–	–	(5,0)	–	–	2,6
	479,0	244,7	(30,7)	(294,0)	(15,4)	3,7	387,3

2009	Opening balance	Additional raised	Released during the year	Utilised during the year	Transfer to liabilities classified as held-for-sale	Foreign exchange movements	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

The payroll provisions relate to staff bonus and severance pay obligations.

	2010	2009
24. NET CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	2 478,0	2 897,0
Restricted cash	1 333,1	1 766,4
Bank overdraft	(1 244,9)	(1 786,9)
	2 566,2	2 876,5
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	1 261,9	1 741,0
Held in trust accounts for sublease tenants	8,0	7,3
Other agreements with banks and other financial institutions	63,2	18,1
	1 333,1	1 766,4

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
25. SHORT-TERM LOANS			
Current portion of long-term loans			
– interest bearing secured	17	**75,0**	381,4
– interest bearing unsecured	17	**376,0**	371,6
– non-interest bearing unsecured	17	**36,4**	88,1
Current portion of capitalised finance leases	17	**143,0**	115,1
Current portion of obligations under finance headleases	18	**6,0**	39,2
		636,4	995,4
26. REVENUE			
Construction contracts		**23 942,0**	26 345,9
Sale of goods		**7 017,1**	6 027,2
Rendering of services		**201,6**	185,3
Properties		**801,7**	125,6
		31 962,4	32 684,0
27. EXCEPTIONAL ITEMS			
Investment property fair value adjustments		**101,2**	–
Gain on closure of business		**–**	10,0
Profit on sale of subsidiaries		**–**	10,3
Loss on disposal of land and buildings		**–**	(11,9)
Other		**–**	(0,6)
		101,2	7,8
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		**3,6**	1,3
Fair value gain on investments designated as fair value through profit and loss	7	**182,3**	135,0
Rentals received		**18,1**	25,7
Other items:			
Amortisation of other intangible assets		**25,1**	34,7
Auditors' remuneration:			
Fees for audits		**36,9**	34,2
Other services		**3,0**	4,2
Expenses		**0,9**	0,7
Total auditors' remuneration from continuing operations		**40,8**	39,1
Total auditors' remuneration from discontinued operations	32	**0,7**	1,5
		41,5	40,6
Compensation income from insurance claims		**18,4**	29,4
Depreciation:			
Immovable property		**29,0**	17,6
Plant and machinery		**560,0**	642,4
Other equipment		**60,2**	51,0
Total depreciation from continuing operations		**649,2**	711,0
Total depreciation from discontinued operations	32	**31,3**	95,0
		680,5	806,0
Employee benefit expense:			
Salaries and wages from continuing operations		**8 508,4**	9 298,9
Salaries and wages from discontinued operations	32	**96,6**	395,6
		8 605,0	9 694,5

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
28. EARNINGS FOR THE YEAR (continued)			
Share option expense		**46,7**	26,0
Share option expense (Clough Limited)		**10,0**	11,3
Pension costs – defined contribution plans	45	**92,5**	80,6
Other post-employment benefits	45	**15,4**	11,0
Fees paid for:			
Managerial services		**73,6**	52,2
Technical services		**35,8**	12,9
Administrative services		**83,7**	28,5
Secretarial services		**0,5**	0,7
Impairment loss recognised on plant and equipment		**16,1**	31,4
Impairment loss recognised on inventory		**57,7**	40,2
Impairment charges:			
Trade receivables		**76,8**	25,6
Contract receivables		**3,0**	18,6
Other receivables		**7,2**	25,2
Reversal of impairment loss recognised on plant and equipment		**8,9**	6,0
Profit on disposal of property, plant and equipment: continuing operations		**45,5**	24,6
Profit on disposal of property, plant and equipment: discontinued operations	32	**1,2**	3,8
		46,7	28,4
Loss on disposal of property, plant and equipment		**40,3**	12,2
Net fair value profit on financial instruments		**11,7**	74,8
Operating lease costs:			
Immovable property		**165,7**	93,0
Plant and machinery		**235,9**	246,5
Other equipment		**23,1**	16,0
Operating lease costs: continuing operations		**424,7**	355,5
Operating lease costs: discontinued operations	32	**1,6**	3,6
		426,3	359,1
Research and development		**2,6**	0,8
Items by function*			
Cost of sales**		**27 923,1**	27 585,1
Distribution and marketing costs		**367,9**	383,4
Administration costs		**2 698,9**	2 491,7
Other operating income		**802,4**	542,5

* *Excluding discontinued operations.*

** *Cost of sales includes R5 829,7 million (2009: R4 962,2 million) relating to the cost of inventories sold during the year.*

All monetary amounts are expressed in millions of Rands	2010	2009
29. INTEREST EXPENSE		
Bank overdrafts	**248,0**	164,6
Present value expense	**20,5**	16,4
Capitalised finance leases	**3,9**	13,6
Loans and other liabilities	**104,3**	141,6
	376,7	336,2
30. INTEREST INCOME		
Bank balances and cash	**131,7**	261,3
Present value income	**5,1**	5,9
Capitalised finance leases	**14,2**	–
Unlisted loan investments and other receivables	**32,4**	49,0
	183,4	316,2
31. INCOME TAXATION EXPENSE		
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**168,1**	479,5
Normal taxation – prior year	**(35,3)**	(30,6)
Secondary taxation on companies	**58,1**	52,7
Deferred taxation – current year	**62,1**	(58,9)
Deferred taxation – prior year	**33,8**	(7,5)
Foreign taxation		
Normal income taxation and withholding taxation – current year	**163,4**	186,7
Normal income taxation and withholding taxation – prior year	**11,5**	7,5
Deferred taxation – current year	**12,2**	(27,0)
Deferred taxation – prior year	**(4,3)**	9,9
	469,6	612,3

South African income taxation is calculated at 28% (2009: 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	**27,9**	22,2
Reduction in rate of taxation due to:		
Capital and non-taxable items	**7,0**	2,2
Taxation on foreign companies	**10,2**	6,4
Taxation losses utilised	**–**	0,1
Prior year adjustments	**0,1**	0,3
	45,2	31,2
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**(8,4)**	(0,6)
Current year's losses not recognised	**(4,5)**	–
Foreign withholding taxation	**(0,8)**	(0,3)
Imputed foreign income	**(0,1)**	(0,1)
Secondary taxation on companies	**(3,4)**	(2,2)
South African standard rate of taxation	**28,0**	28,0

All monetary amounts are expressed in millions of Rands — **2010** | 2009

32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

32.1 Earnings for the year from discontinued operations

A decision was taken to dispose of Johnson Arabia LLC, BRC Arabia FZC and BRC Arabia LLC. The Group has identified a buyer for the three businesses and expects the sale to be completed within the next 12 months. The Group has not recognised any impairment losses in respect the reclassification of assets and liabilities, to assets and liabilities held-for-sale. The prior year includes financial information for PT Petrosea.

All monetary amounts are expressed in millions of Rands	**2010**	2009
Profit from discontinued operations is analysed as follows:		
Revenue		
Sale of goods	**185,1**	430,7
Construction contracts	**–**	1 582,7
Rendering of services	**359,9**	670,2
Properties	**–**	0,8
	545,0	2 684,4
Earnings before interest and depreciation[1]	**35,8**	314,0
Depreciation and amortisation	**(31,3)**	(95,1)
Earnings before interest and taxation[1]	**4,5**	218,9
Interest expense	**(6,4)**	(45,5)
Interest income	**4,2**	8,4
Earnings before taxation	**2,3**	181,8
Taxation	**–**	11,5
Income from equity accounted investments	**–**	0,4
Profit from discontinued operations	**2,3**	193,7
Cash flows from discontinued operations		
Cash flows from operating activities	**71,8**	163,0
Cash flows from investing activities	**(39,9)**	(363,3)
Cash flows from financing activities	**(44,5)**	148,9
	(12,6)	(51,4)

All monetary amounts are expressed in millions of Rands	2010	2009
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)		
32.1 Earnings for the year from discontinued operations (continued)		
[1]*Comprises:*		
Auditors' remuneration:		
Fees for audits	0,7	1,5
Depreciation:		
Immovable property	0,9	10,0
Plant and machinery	29,3	84,2
Other equipment	1,1	0,8
Amortisation: Other intangible assets	–	0,1
Employee benefit expense:		
Salaries and wages	96,6	395,6
Share option expense	0,3	0,2
Profit on sale of property, plant and equipment	1,2	3,8
Fees paid for:		
Managerial services	3,8	13,9
Administrative services	0,8	0,8
Impairment loss recognised on inventory	3,3	98,9
Impairment charges:		
Trade receivables	–	23,6
Contract receivables	–	162,2
Operating lease costs:		
Immovable property	1,4	2,9
Plant and machinery	–	0,4
Other equipment	0,2	0,3
Items by function		
Cost of sales*	500,3	2 115,7
Distribution and marketing costs	3,2	3,8
Administration costs	59,6	448,8
Other operating income	22,6	102,8

* *Cost of sales includes R164,9 million (2009: R336,5 million) relating to the cost of inventories sold during the year.*

32.2 Assets classified as held-for-sale

Assets held-for-sale include assets relating to Johnson Arabia LLC, BRC Arabia FZC, BRC Arabia LLC, investment property and other investments. These disposals are expected to occur within the next 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:	2010	2009
Property, plant and equipment	247,1	962,7
Investment property	605,6	–
Contracts-in-progress and contract debtors	–	421,0
Operating lease receivables	–	2,3
Deferred taxation asset	–	70,9
Other investments	177,8	32,7
Inventories	40,7	59,3
Trade and other receivables	223,3	173,6
Other intangible assets	–	23,3
Cash and cash equivalents	153,9	66,8
	1 448,4	1 812,6

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
32. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)			
32.3 Liabilities directly associated with assets classified as held-for-sale			
Long-term loans		71,9	669,9
Other payables		90,4	194,0
Trade payables		39,6	72,5
Subcontractor liabilities		–	80,4
Current provisions		15,4	7,9
Deferred taxation liabilities		32,6	–
Short-term loans		0,2	–
Non-current provisions		–	17,0
		250,1	1 041,7
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 owners of the parent is based on the following data:			
Earnings			
Earnings attributable to owners of the parent		1 098,3	2 017,5
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		(7 658)	(7 815)
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		294 613	294 456
Add: Dilutive adjustment for share options		1 233	3 257
Weighted average number of shares in issue used in the determination of diluted per share figures		295 846	297 713
Earnings per share from continuing and discontinued operations (cents)			
– Diluted		371	678
– Basic		373	685
33.2 From continuing operations			
The calculation of basic and diluted earnings per share from continuing operations attributable to owners of the parent is based on the following data:			
Earnings			
Earnings attributable to owners of the parent		1 098,3	2 017,5
Adjustments:			
Profit from discontinued operations	32	(2,3)	(193,7)
Non-controlling interest		1,0	100,0
Earnings for the purposes of basic and diluted earnings per share from continuing operations		1 097,0	1 923,8
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		371	646
– Basic		372	653

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
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 owners of the parent is based on the following data:			
Earnings			
Profit from discontinued operations	32	**2,3**	193,7
Non-controlling interest		**(1,0)**	(100,0)
		1,3	93,7
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		**–**	32
– Basic		**1**	31

33.4 Headline earnings

The calculation of basic and diluted headline earnings per share attributable to owners of the parent is based on the following data:

2010	Notes	**Gross**	**Taxation and non-controlling interest impact**	**Net impact**
Earnings attributable to owners of the parent		**1 699,0**	**(600,7)**	**1 098,3**
Adjustments:				
Investment property fair value adjustments	3	**(101,2)**	**14,2**	**(87,0)**
Profit on disposal of subsidiaries		**(10,1)**	**–**	**(10,1)**
Other		**1,0**	**(0,3)**	**0,7**
Non-controlling interest effects on adjustments		**–**	**4,0**	**4,0**
Headline earnings		**1 588,7**	**(582,8)**	**1 005,9**
2009				
Earnings attributable to owners of the parent		2 949,6	(932,1)	2 017,5
Adjustments:				
Profit on disposal of business	27	(20,3)	–	(20,3)
Loss on disposal of land and buildings		11,9	–	11,9
Headline earnings		2 941,2	(932,1)	2 009,1

	2010	2009
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	**340**	675
– Basic	**341**	683

All monetary amounts are expressed in millions of Rands	2010	2009
34. ORDINARY DIVIDENDS		
Final dividend No. 117 of 53 cents declared on 25 August 2010 and payable on 18 October 2010	**175,9**	–
Interim dividend No. 116 of 52 cents declared on 24 February 2010 and paid on 16 April 2010	**172,6**	–
Final dividend No. 115 of 133 cents declared on 26 August 2009 and payable on 16 October 2009	**–**	441,4
Interim dividend No. 114 of 85 cents declared on 25 February 2009 and paid on 14 April 2009	**–**	282,1
	348,5	723,5
Less: Dividends relating to treasury shares	**(38,7)**	(79,5)
	309,8	644,0

In respect of final dividend No. 117, the directors have declared a dividend of 53 cents per share which will be paid to shareholders on 18 October 2010. 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 15 October 2010. The secondary taxation on companies payable on this dividend is estimated to be R18 million.

	2010	2009
35. CASH GENERATED FROM OPERATIONS		
Earnings before exceptional items and interest	**1 779,4**	2 985,2
Adjustments for non-cash items:		
Amortisation of other intangible assets	**25,1**	34,8
Depreciation	**680,5**	806,0
Fair value adjustments on concession investments	**(182,3)**	(135,0)
Movements in retirement benefit assets and liabilities	**11,2**	(1,4)
Long-term provisions raised, released and utilised	**5,6**	(1,7)
Net provisions raised, released and utilised	**(80,0)**	65,4
Net profit on disposal of property, plant and equipment	**(6,4)**	(16,2)
Share-based payment expense	**57,0**	37,5
Other non-cash items	**30,4**	14,8
Impairment of inventory	**61,0**	139,1
Adjustment for cash items:		
Headlease and other property activities	**(47,0)**	(25,3)
Change in working capital	**(930,6)**	(1 289,6)
Inventories	**371,3**	(457,4)
Trade and other receivables	**421,4**	(263,1)
Contracts-in-progress and contract receivables	**(759,0)**	343,0
Trade and other payables	**(888,3)**	(37,9)
Subcontractor liabilities	**(76,0)**	(874,2)
	1 403,9	2 613,6

All monetary amounts are expressed in millions of Rands	2010	2009
36. TAXATION PAID		
Taxation unpaid at beginning of the year	**(150,4)**	(420,0)
Foreign exchange movements	**8,9**	2,0
Disposal of businesses	**–**	0,8
Taxation charged to statement of financial performance, excluding deferred taxation	**(365,8)**	(695,8)
Taxation charged to statement of financial performance under discontinued operations	**–**	(44,8)
Taxation (due)/unpaid at end of the year	**(9,7)**	150,4
	(517,0)	(1 007,4)

37. ACQUISITION OF BUSINESSES

Acquisition of subsidiary

On 14 August 2009, Clough Limited (Clough) acquired a 70% interest in Ocean Flow International LLC (Ocean Flow), a SURF engineering company based in Houston, USA for a consideration of US$9,1 million. Ocean Flow has contributed revenue of R73 million and attributable profit of R9 million to Clough.

The net assets acquired and the goodwill arising are as follows:

			2010
	Notes	Acquiree's carrying value	**Fair value**
Bank balances		(6,9)	**(6,9)**
Derivative financial instrument		(7,4)	**(7,4)**
Other intangible assets		–	**(9,6)**
Other current assets		(0,4)	**(0,4)**
Accounts payable and contracts-in-progress		2,2	**2,2**
Net assets acquired			**(22,1)**
Non-controlling interest*			**3,7**
Fair value of net assets acquired			**(18,4)**
Goodwill	4		**(51,9)**
Total investment in Ocean Flow			**(70,3)**
Net cash outflow arising on consolidation			**63,4**

Goodwill is attributable to Ocean Flow's position and profitability in the subsea engineering and construction management market, skilled workforce, expertise and synergies expected to arise from the acquisition and is accounted for on a provisional basis.

** Non-controlling interest is measured at the proportionate share of their net identifiable assets.*

	2010	2009
38. NET MOVEMENT IN BORROWINGS		
Loans raised	**702,0**	754,8
Loans repaid	**(472,7)**	(67,1)
	229,3	687,7
Capitalised leases raised/(repaid)	**149,0**	(25,3)
	378,3	662,4

39. NON-CASH ITEMS

Non-cash items include those marked as such in note 35.

All monetary amounts are expressed in millions of Rands		2010	2009
40. JOINT VENTURES			
40.1 Joint venture arrangements			
A proportion of the Group's operations are performed through joint ventures.			
The Group operates through two types of joint ventures:			
Joint venture entities			
– these are incorporated arrangements such as jointly controlled companies.			
Joint venture operations			
– these are unincorporated arrangements such as partnerships and contracts.			
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial position is:			
Non-current assets		**10,3**	127,9
Current assets		**4 255,2**	2 652,6
Total assets		**4 265,5**	2 780,5
Non-current liabilities		**51,7**	99,9
Current liabilities		**3 567,6**	2 245,4
Total liabilities		**3 619,3**	2 345,3
Net assets		**646,2**	435,2
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial performance is:			
Revenue		**8 536,1**	8 418,4
Earnings after taxation		**1 233,3**	1 058,1
40.2 Details of significant joint ventures	**Business segment**	%	%
The Group has the following significant joint venture entities			
Bombela Civils Joint Venture (Proprietary) Limited	Construction SADC	**45,0**	45,0
Alert Steel Polokwane (Proprietary) Limited	Construction Products SADC	**50,0**	50,0
Freyssinet Posten (Proprietary) Limited	Construction Products SADC	**50,0**	50,0
Precast Reinforcing Steel (Proprietary) Limited	Construction Products SADC	**50,0**	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited	Construction Products SADC	**50,0**	50,0
National Metal Cape Town (Proprietary) Limited	Construction Products SADC	**42,0**	40,0
Clough Amec (Proprietary) Limited	Clough	**50,0**	50,0
S&B/Civils JV Goedgevonden	Construction SADC	**50,0**	–
Overseas AST Murray & Roberts Joint Venture	Engineering SADC	**50,0**	50,0
Al Habtoor – Murray & Roberts – Takenaka Joint Venture	Middle East	**40,0**	40,0
Al Habtoor – Murray & Roberts Joint Venture	Middle East	**50,0**	50,0
Vresap Civils Joint Venture	Construction SADC	**40,0**	40,0
Mpumalanga Pipeline Contractors Joint Venture	Construction Products SADC	**25,0**	25,0
Murray & Roberts Enza Construction Joint Venture	Construction SADC	**80,0**	80,0
Murray & Roberts/WBHO Joint Venture	Construction SADC	**50,0**	50,0
Murray & Roberts Construction SPG Construction Joint Venture	Construction SADC	**65,0**	65,0
A A Nass – Murray & Roberts Joint Venture	Middle East	**50,0**	50,0
Vulindlela Joint Venture	Construction Products SADC	**33,3**	33,3
Medupi Reinforcing Steel Joint Venture	Construction Products SADC	**50,0**	50,0
Medupi Civils Joint Venture*	Construction SADC	**67,0**	67,0
Wade Walker Alstom Joint Venture	Engineering SADC	**50,0**	50,0
Harbourwork Clough Joint Venture	Clough	**50,0**	50,0
Braamhoek Dams Joint Venture	Construction SADC	**40,0**	40,0

** The Group's 67% share of the Medupi Civils contract is shared equally between Concor and Murray & Roberts Construction. The Group does not have a controlling interest as unanimous decisions need to be made by all parties.*

All monetary amounts are expressed in millions of Rands	2010	2009
41. 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	344,5	260,5
Total financial institution guarantees given to third parties on behalf of Group companies amounted to	9 693,4	9 805,6
The directors do not believe any exposure to loss is likely.		
Contingent liabilities arising from interest in joint ventures included above amounted to	5 095,8	4 658,5
The directors do not believe any exposure to loss is likely.		
42. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided for in the statement of financial position	200,9	293,1
Approved by the directors, not yet contracted for	754,2	1 236,7
	955,1	1 529,8
Capital expenditure will be financed from internal resources and existing facilities.		
The capital commitments relate primarily to the acquisition of project related capital expenditure.		
43. OPERATING LEASE ARRANGEMENTS		
43.1 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 statement of financial performance are set out in note 28.		
Minimum lease payments due		
Due within 1 year	365,1	444,8
Due between 2 and 5 years	925,0	1 040,1
Due thereafter	856,2	843,5
	2 146,3	2 328,4
43.2 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 are R6,7 million (2009: R13,5 million).		
Minimum lease payments due		
Due within 1 and 2 years	7,4	13,9

All monetary amounts are expressed in millions of Rands	2010	2009

44. FINANCIAL RISK MANAGEMENT

44.1 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 25, and equity attributable to owners of the parent, comprising issued 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 2009.

There has been no change to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

44.2 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

	2010	2009
Financial assets		
Financial assets designated as fair value through profit and loss (Level 3)	**211,1**	443,8
Loans and receivables	**12 577,2**	13 390,6
Available-for-sale financial assets carried at fair value (Level 3)	**4,5**	4,5
Derivative financial instruments (Level 2)	**45,6**	17,1
Financial liabilities		
Loans and payables	**13 441,9**	14 823,5
Derivative financial instruments	**1,7**	15,8

The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair values:

Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data.

44.3 Foreign currency risk management

The Group has major operating entities in the Middle East, Australia and Canada and hence an exposure to fluctuations in exchange rates. All material foreign loans are recovered, in terms of Group policy, by forward foreign exchange contracts except where a 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 equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
	2010	2009	**2010**	2009
UAE Dirham	**13,7**	19,1	**(12,5)**	(18,3)
Australian Dollar	**10,0**	7,2	**(2,0)**	(8,5)
US Dollar	**9,4**	14,9	**(5,6)**	(12,4)

44.3 Foreign currency risk management (continued)

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 reporting date with the resultant gain or loss included in the statement of financial performance with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded directly in equity and either recycled to profit or loss when the hedged transaction affects profit or loss 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 reporting date, the notional amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Related to specific statement of financial position items	2010 Foreign amount	2010 Rand amount	2009 Foreign amount	2009 Rand amount
Bought:				
Australian Dollar	**0,9**	**6,2**	6,6	43,8
US Dollar	**6,0**	**47,5**	3,5	27,7
European Euro	**2,8**	**26,5**	9,5	111,2
Thai Baht	**125,9**	**28,8**	221,2	49,8
		109,0		232,5
Sold:				
US Dollar	**1,1**	**8,0**	23,1	177,8
European Euro	**3,9**	**46,8**	–	–
		54,8		177,8

At 30 June 2010, the fair value of the Group's currency derivatives is estimated to be a loss of approximately R1,7 million (2009: R1,8 million profit). These amounts are based on quoted market prices for equivalent instruments at the reporting date, which comprise Rnil million assets (2009: R17,1 million) and liabilities of R1,7 million (2009: R15,8 million).

R11 million relating to currency derivatives that have been designated as cash flow hedges have been recognised in the statement of comprehensive income during the year (2009: R9 million).

The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

All monetary amounts are expressed in millions of Rands	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.3 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	591,0	237,8
Bahraini Dinar	107,4	126,9
Botswana Pula	55,0	33,4
British Pound	32,3	54,4
Canadian Dollar	133,9	125,2
Egyptian Pound	8,6	5,4
European Euro	177,7	114,1
Malaysian Ringgit	18,2	17,4
Qatari Rial	16,0	18,4
South African Rand	956,2	2 099,6
Thai Baht	55,9	55,2
UAE Dirham	838,6	1 202,2
US Dollar	767,7	531,5
Other	52,6	41,9
	3 811,1	4 663,4
Trade and net contract receivables		
Australian Dollar	412,4	305,9
Bahraini Dinar	101,8	164,2
Botswana Pula	64,4	56,2
British Pound	33,4	0,4
Canadian Dollar	346,2	329,7
Egyptian Pound	–	1,4
European Euro	7,0	29,1
Malaysian Ringgit	6,6	0,3
Mauritian Rupee	26,8	19,7
South African Rand	2 725,4	2 891,0
Thai Baht	15,8	11,7
UAE Dirham	533,5	685,7
US Dollar	169,3	173,8
Other	22,8	207,5
Gross receivables	4 465,4	4 876,6
Present value and other adjustments	(113,0)	(125,0)
	4 352,4	4 751,6
The carrying amounts of the significant financial liabilities are denominated in the following currencies:		
Bank overdrafts		
Botswana Pula	8,5	4,1
Mauritian Rupee	–	5,0
South African Rand	1 232,2	1 769,3
US Dollar	–	2,5
Other	4,2	6,0
	1 244,9	1 786,9

All monetary amounts are expressed in millions of Rands	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.3 Foreign currency risk management (continued)		
Trade payables and subcontractor liabilities		
Australian Dollar	174,5	222,5
Bahraini Dinar	148,9	126,8
Botswana Pula	35,0	31,8
British Pound	58,2	28,4
Canadian Dollar	88,4	44,9
Egyptian Pound	–	1,3
European Euro	22,9	66,6
Malaysian Ringgit	–	0,1
Qatari Rial	5,1	7,3
Singapore Dollar	5,3	7,9
South African Rand	1 461,0	1 438,0
Thai Baht	31,2	15,8
UAE Dirham	1 000,1	1 063,9
US Dollar	157,8	62,0
Other	68,1	86,8
Gross liabilities	3 256,5	3 204,1
Present value and other adjustments	(10,2)	4,7
	3 246,3	3 208,8
Interest bearing liabilities		
Australian Dollar	26,8	370,1
Singapore Dollar	–	4,7
Canadian Dollar	149,0	91,4
European Euro	–	3,1
South African Rand	1 550,5	754,4
UAE Dirham	–	95,8
US Dollar	402,0	371,7
	2 128,3	1 691,2
Non-interest bearing liabilities		
Australian Dollar	17,8	61,2
Malaysian Ringgit	11,6	11,6
South African Rand	7,2	11,6
US Dollar	3,4	3,7
Other	3,4	–
	43,4	88,1

44.4 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 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.

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 reporting date as well as changes to interest rates in both local and foreign markets. It assumes that the stipulated change takes place at the beginning of the financial year and held constant throughout that reporting period in case of instruments with floating rates.

All monetary amounts are expressed in millions of Rands	2010	2009
44. FINANCIAL RISK MANAGEMENT (continued)		
44.4 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 held constant. A positive number indicates an increase in profit and 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	**(23,6)**	(4,3)
Australia		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**5,0**	(1,3)
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**2,3**	11,0
Canada		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(0,2)**	0,3
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**3,6**	1,5

44.5 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 receivables, short-term cash investments and non-current unsecured loan receivables.

Trade receivables consist mainly of a 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.

Included in trade receivables and amounts due from contract customers are amounts due directly or indirectly, from South African parastatals and government of R429 million (2009: R183 million) and R209 million (2009: R147 million) respectively. None of the amounts receivable are considered to be impaired. An amount of R194 million (2009: R15 million) is considered to be past due, but not impaired.

Provision is made for specific bad debts and at year end, management believed that any material credit risk exposure was covered by credit guarantees or bad debt provisions.

The Group deposits short-term cash investments with major financial institutions.

The following represents the Group's maximum exposure, at reporting date to credit risk, before taking into account any collateral held or other credit enhancements and after allowance for impairment and netting where appropriate.

in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 Credit risk management (continued)

2010	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
Cash and cash equivalents	**810,3**	**254,3**	**186,3**	**791,6**	**232,7**	**915,3**	**620,6**	**3 811,1**
Trade and other receivables (net of provisions)	**226,1**	**99,3**	**1 106,8**	**153,9**	**217,1**	**233,4**	**58,3**	**2 094,9**
Contract receivables	**2 146,4**	**206,8**	**19,0**	**2 488,1**	**977,6**	**546,2**	**230,0**	**6 614,1**
Total assets subject to credit risk	**3 182,8**	**560,4**	**1 312,1**	**3 433,6**	**1 427,4**	**1 694,9**	**908,9**	**12 520,1**
Assets not subject to credit risk	**1 044,0**	**724,9**	**2 447,1**	**491,6**	**872,7**	**1 887,2**	**1 964,7**	**9 432,2**
Total assets	**4 226,8**	**1 285,3**	**3 759,2**	**3 925,2**	**2 300,1**	**3 582,1**	**2 873,6**	**21 952,3**
2009								
Investments in infrastructure service concessions	–	–	–	–	–	–	10,7	10,7
Cash and cash equivalents	1 254,6	376,1	215,9	1 225,6	229,4	394,9	966,9	4 663,4
Trade and other receivables (net of provisions)	337,5	51,6	1 121,3	378,9	86,3	145,3	569,2	2 690,1
Contract receivables	1 498,2	480,3	15,9	1 928,5	879,0	826,7	271,3	5 899,9
Total assets subject to credit risk	3 090,3	908,0	1 353,1	3 533,0	1 194,7	1 366,9	1 818,1	13 264,1
Assets not subject to credit risk	995,8	644,2	2 557,4	214,1	843,2	3 485,5	1 489,2	10 229,4
Total assets	4 086,1	1 552,2	3 910,5	3 747,1	2 037,9	4 852,4	3 307,3	23 493,5
Financial assets subject to credit risk*								
2010								
Not past due	**3 153,9**	**593,8**	**1 260,9**	**3 283,8**	**1 403,5**	**1 696,2**	**732,1**	**12 124,2**
Past due	**53,6**	**19,5**	**183,6**	**149,8**	**43,7**	**21,6**	**179,1**	**650,9**
Provisions for impairments	**(24,7)**	**(52,9)**	**(132,4)**	**–**	**(19,8)**	**(22,9)**	**(2,3)**	**(255,0)**
Carrying value of financial assets	**3 182,8**	**560,4**	**1 312,1**	**3 433,6**	**1 427,4**	**1 694,9**	**908,9**	**12 520,1**
2009								
Not past due	2 910,8	811,5	1 306,5	3 438,5	1 108,9	1 330,7	1 818,8	12 725,7
Past due	187,2	153,0	124,4	123,1	107,3	65,3	1,7	762,0
Provisions for impairments	(7,7)	(56,5)	(77,8)	(28,6)	(21,5)	(29,1)	(2,4)	(223,6)
Carrying value of financial assets	3 090,3	908,0	1 353,1	3 533,0	1 194,7	1 366,9	1 818,1	13 264,1

** Past due relates to an invoice past the expected payment date.*

All monetary amounts are expressed in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 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:

2010	Past due less than 1 year	Past due longer than 1 year
Trade receivables	**119,5**	**71,8**
Contract receivables	**327,3**	**91,6**
Other receivables	**38,6**	**2,1**
	485,4	**165,5**
2009		
Trade receivables	137,8	0,6
Contract receivables	594,0	12,0
Other receivables	14,8	2,8
	746,6	15,4

Financial assets individually assessed to be impaired

In determining the recoverability of a contract receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

2010	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
Trade receivables	**6,2**	**–**	**129,6**	**–**	**6,8**	**–**	**2,3**	**144,9**
Contract receivables	**18,5**	**52,9**	**2,8**	**–**	**13,0**	**22,9**	**–**	**110,1**
	24,7	**52,9**	**132,4**	**–**	**19,8**	**22,9**	**2,3**	**255,0**
2009								
Trade receivables	7,7	1,9	74,9	28,6	7,6	–	2,4	123,1
Contract receivables	–	54,4	2,9	–	13,9	29,1	–	100,3
	7,7	56,3	77,8	28,6	21,5	29,1	2,4	223,4

All monetary amounts are expressed in millions of Rands

44. FINANCIAL RISK MANAGEMENT (continued)

44.5 Credit risk management (continued)

Reconciliation of total impairments

2010	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
Balance at the beginning of the year	7,7	56,3	78,0	28,6	21,5	29,1	2,4	223,6
Transfer to assets held-for-sale	–	–	(0,5)	(28,1)	–	–	–	(28,6)
Raised during the year	22,3	1,0	74,7	–	–	1,6	–	99,6
Utilised during the year	(0,5)	(0,8)	(3,7)	(0,1)	–	–	(0,1)	(5,2)
Released during the year	(4,7)	(3,6)	(15,4)	–	(2,1)	(8,1)	–	(33,9)
Foreign exchange movements	(0,1)	–	(0,7)	(0,4)	0,4	0,3	–	(0,5)
	24,7	52,9	132,4	–	19,8	22,9	2,3	255,0
2009								
Balance at the beginning of the year	3,3	9,5	77,3	9,4	25,3	26,4	1,6	152,8
Acquisition of businesses	–	(0,1)	1,4	(0,1)	0,1	(18,0)	0,1	(16,6)
Raised during the year	5,2	55,1	19,6	22,3	4,8	22,7	0,4	130,1
Utilised during the year	(0,8)	(7,6)	(18,2)	–	–	–	–	(26,6)
Released during the year	–	(0,6)	(2,0)	–	(7,1)	(3,0)	–	(12,7)
Foreign exchange movements	–	–	(0,3)	(3,0)	(1,6)	1,0	0,3	(3,6)
	7,7	56,3	77,8	28,6	21,5	29,1	2,4	223,4

All monetary amounts are expressed in millions of Rands	2010	2009

44. FINANCIAL RISK MANAGEMENT (continued)

44.6 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

	2010	2009
Total borrowing facility	7 883,8	6 014,2
Current utilisation	3 203,5	3 120,1
Borrowing facilities available	4 680,3	2 894,1

44.7 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as follows. These profiles represent the undiscounted cash flows that are expected to occur in the future.

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	3 811,1	–	3 811,1
Amounts due from contract customers	6 614,1	–	6 614,1
Trade and other receivables	2 049,3	–	2 049,3
Non-current receivables	–	319,1	319,1
Derivative financial instruments	45,6	–	45,6
Other investments	–	216,2	216,2
Financial liabilities			
Bank overdrafts	1 244,9	–	1 244,9
Interest bearing liabilities	600,0	1 528,3	2 128,3
Non-interest bearing liabilities	36,4	7,0	43,4
Amounts due to contract customers	3 273,3	–	3 273,3
Trade and other payables	4 391,1	–	4 391,1
Derivative financial instruments	1,7	–	1,7
Subcontractor liabilities	2 104,8	293,7	2 398,5
Non-current payables	–	80,2	80,2

45. 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).

45.1 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 (M&RRF)
Concor Defined Contribution Pension Fund (Incorporated into the M&RRF with effect from 1 May 2010)
The Pension Fund (previously known as 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 2009
Concor Defined Contribution Pension Fund	28 February 2009
The Pension Fund	31 December 2006

The total cost to the Group in respect of the above funds for the year ended 30 June 2010 was R90,2 million (2009: R78,3 million).

45.2 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 2010 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 2010 was R2,3 million (2009: R2,3 million).

All monetary amounts are expressed in millions of Rands	2010	2009
45.3 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 3 336 pensioners as members.		
Present value of funded liability	**1 924,4**	1 865,4
Fair value of plan assets	**(2 395,1)**	(2 177,5)
Funded status	**(470,7)**	(312,1)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**470,7**	312,1
Present value of the defined benefit obligation – wholly unfunded	**–**	–
	–	–
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 2010 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 pension expense included in the statement of financial performance are:		
Interest cost	**160,3**	189,8
Expected return on plan assets	**(231,3)**	(260,0)
(Losses)/gains recognised due to paragraph 58A	**(87,6)**	87,3
Cumulative actuarial gain/(loss) unrecognised due to paragraph 58A limits	**158,6**	(17,1)
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,0%**	9,0%
Inflation rate	**6,0%**	6,0%
Expected return on plan assets	**10,5%**	10,6%
Pension increase allowance	**4,5%**	4,5%

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 R354,3 million (2009: R82 million loss). 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 2011.

All monetary amounts are expressed in millions of Rands	2010	2009
45. RETIREMENT AND OTHER BENEFIT PLANS (continued)		
45.4 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	**68,9**	59,2
Fair value of plan assets	**(85,7)**	(70,1)
Funded status	**(16,8)**	(10,9)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**16,8**	10,9
	–	–
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 2010 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 statement of financial performance:		
Current service cost	**13,7**	14,4
Interest cost	**5,8**	6,5
Expected return on plan assets	**(6,3)**	(8,6)
Net actuarial loss recognised	**3,1**	16,6
	16,3	28,9
Movements in the net assets were:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(10,9)**	(18,8)
Amounts recognised in the statement of financial performance	**16,3**	28,9
Net transfer for new continuation members	**2,8**	2,2
Contributions	**(13,2)**	(23,2)
Restriction on assets not recognised	**16,8**	10,9
Transfer of assets from disability benefits	**(11,8)**	–
	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,0%**	9,0%
Post-retirement discount rate	**9,0%**	9,0%
Expected return on plan assets	**9,0%**	9,0%
Long-term increase in medical subsidies	**6,0%**	6,3%

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 R9,3 million (2009: R2,2 million loss). 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 2011.

All monetary amounts are expressed in millions of Rands	2010	2009

45. RETIREMENT AND OTHER BENEFIT PLANS (continued)

45.5 Defined benefit plan – disability benefits

With effect from 1 March 2010, disability benefits for qualifying salaried employees are provided through a registered insurer. Disability benefits for existing claimants 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.

	2010	2009
Present value of funded liability	**31,1**	37,2
Fair value of plan assets	**(46,2)**	(59,7)
Funded status	**(15,1)**	(22,5)
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**15,1**	22,5
	–	–

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 2010 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 statement of financial performance:

	2010	2009
Current service cost	**13,4**	10,5
Interest cost	**3,3**	4,6
Expected return on plan assets	**(5,4)**	(5,3)
Net actuarial gain	**(7,1)**	(11,6)
	4,2	(1,8)

Movements in the net assets were:

	2010	2009
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(22,5)**	(6,5)
Amounts recognised in the statement of financial performance	**4,2**	(1,8)
Contributions	**(8,6)**	(14,2)
Restriction on assets not recognised	**15,1**	22,5
Transfer of assets to post-retirement medical aid	**11,8**	–
	–	–

The principal actuarial assumptions used for accounting purposes were:

	2010	2009
Discount rate	**9,0%**	9,0%
Expected return on plan assets	**9,0%**	9,0%
Long-term increase in disability benefits	**6,0%**	6,3%

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 R5,5 million (2009: R7,7 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

All monetary amounts are expressed in millions of Rands	2010	2009

45. RETIREMENT AND OTHER BENEFIT PLANS (continued)

45.6 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.

	2010	2009
Present value of funded liability	**46,3**	48,9
Fair value of plan assets	**(37,0)**	(33,2)
Unrecognised actuarial loss	**9,3**	15,7

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 2010 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 pension expense included in the statement of financial performance are:

	2010	2009
Current service cost	**–**	0,1
Interest cost	**2,7**	3,6
Expected return on plan assets	**(1,4)**	(2,3)
Net actuarial loss	**11,6**	–
	12,9	1,4

Movements in the net assets were:

	2010	2009
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**–**	(17,7)
Amounts recognised in the statement of financial performance	**12,9**	1,4
Unrecognised actuarial gains	**–**	8,2
Foreign exchange movements	**(3,6)**	9,4
Restriction on assets not recognised	**–**	(1,3)
	9,3	–

The principal actuarial assumptions used for accounting purposes were:

	2010	2009
Discount rate	**5,3%**	6,2%
Expected return on scheme assets	**5,0%**	5,0%
Rate of increase in pension payments	**3,3%**	3,3%
Rate of increase in pensions in deferment	**3,3%**	3,3%
Rate of inflation	**3,3%**	3,3%

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 R12,3 million (2009: R3,1 million loss). 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 2011.

All monetary amounts are expressed in millions of Rands	2010	2009

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS

46.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 6), joint ventures (note 40), retirement and other benefit plans (note 45) and with its directors and executive officers.

46.2 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.

	2010	2009
Consani Engineering (Proprietary) Limited	–	154,5
Impairment provision	–	(129,2)
	–	25,3

The loan amounts were unsecured, interest free and had no fixed terms of repayment. Refer to note 7.

Amounts owed to related parties

	2010	2009
Unsecured interest bearing borrowings		
Amounts owing to joint ventures	193,1	137,6

The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carrying interest at 10% (2009: 7%) per annum.

46.3 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:

	2010	2009
Salaries	30,4	28,9
Retirement fund contributions	2,3	3,5
Allowances	1,5	4,1
Other benefits	0,2	1,0
Total guaranteed remuneration	34,4	37,5
Gain on exercise of share options	14,5	20,8
Performance related	17,8	15,6
	66,7	73,9

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

Executive directors

The remuneration of executive directors for the year ended 30 June 2010 was as follows:

2010	Salary R'000	Retirement fund contributions R'000	Car allowance/ Company car R'000	Other benefits R'000	Total guaranteed remuneration R'000	Performance related* R'000	Total R'000
BC Bruce[4]	**4 068**	**445**	**233**	**104**	**4 850**	**–**	**4 850**
MP Chaba[1]	**1 909**	**204**	**190**	**14**	**2 317**	**750**	**3 067**
O Fenn[2]	**1 971**	**171**	**40**	**18**	**2 200**	**750**	**2 950**
TG Fowler[3]	**2 016**	**239**	**81**	**7**	**2 343**	**750**	**3 093**
RW Rees	**2 900**	**327**	**300**	**23**	**3 550**	**1 500**	**5 050**
	12 864	**1 386**	**844**	**166**	**15 260**	**3 750**	**19 010**
2009							
BC Bruce	3 660	433	300	117	4 510	5 000	9 510
RW Rees	2 620	300	358	172	3 450	3 000	6 450
	6 280	733	658	289	7 960	8 000	15 960

SJ Flanagan resigned as a director and an employee of the Group on 31 January 2010 (2010 remuneration: R2,4 million (2009: R6 million)).

** Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.*

1 Appointed 01 September 2009.
2 Appointed 20 November 2009 – Excludes compensation for loss of benefits in relation to prior employment of R1,5 million.
3 Appointed 25 September 2009.
4 The Group Chief Executive voluntarily declined a salary increase for the year ahead and declined an incentive allocation in respect of the 2010 financial year.

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.

Details of service on Board committees are 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 executive directors of the Company hold in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 0,75% (2009: 0,84%) of the ordinary shares of the Company. These options are subject to the terms and conditions of the employee share scheme.

Key management

RSA

2010	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
Employee A	**2 621**	**300**	**300**	**28**	**3 249**	**1 500**	**4 749**
Employee B	**2 443**	**349**	**144**	**24**	**2 960**	**1 500**	**4 460**
Employee C	**1 699**	**246**	**144**	**57**	**2 146**	**2 100**	**4 246**
	6 763	**895**	**588**	**109**	**8 355**	**5 100**	**13 455**
2009							
Employee A	2 405	272	300	48	3 025	2 500	5 525
Employee B	2 240	336	102	72	2 750	2 250	5 000
Employee C	1 466	209	144	129	1 948	1 850	3 798
	6 111	817	546	249	7 723	6 600	14 323

46.3 Transactions with key management personnel (continued)

International

2010	Salary USD'000	Retirement fund contributions USD'000	Allowances USD'000	Other benefits USD'000	Total guaranteed remuneration USD'000	Performance related* USD'000	Total USD'000
Employee A	424	–	–	–	424	170	594
Employee B	324	–	–	–	324	158	482
Employee C	253	–	13	7	273	575	848
	1 001	–	13	7	1 021	903	1 924
2009							
Employee A	404	–	–	–	404	211	615
Employee B	308	–	–	–	308	197	505
Employee C	244	–	13	7	264	1 303	1 567
	956	–	13	7	976	1 711	2 687

* *Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.*
Clough Limited's key management emoluments are excluded from the above as they are disclosed in Clough's Annual Report.

Non-executive directors

The level of fees for service as director, additional fees for service on the Board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2010 was:

	Directors' fees R'000	Non-attendance R'000	Special Board R'000	Committee fees R'000	Chairman's fee R'000	Total 2010 R'000	Total 2009 R'000
RC Andersen	–	–	–	–	988	988	910
DD Barber	147	–	52	211	–	410	303
ADVC Knott-Craig	147	(13)	52	101	–	287	137
N Magau	147	(12)	52	128	–	315	260
M McMahon	147	–	26	64	–	237	224
I Mkhize	147	–	26	138	–	311	280
AA Routledge	147	–	52	138	–	337	280
MJ Shaw[1]	–	–	–	–	–	–	97
SP Sibisi	147	–	52	133	–	332	263
JJM van Zyl[1]	–	–	–	–	–	–	80
M Sello	147	(13)	52	74	–	260	70
RT Vice	147	–	52	181	–	380	305
	1 323	(38)	416	1 168	988	3 857	3 209

1 Retired 28 October 2008.

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 are 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.

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

The movements in share options of directors during the year ended 30 June 2010 are:

Grant date	Conditions	Outstanding options at 1 July 2009	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 2010**	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 2013
		987 500		–	–	–		–	**987 500**	
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 2013
		776 250		–	–	–		–	**776 250**	
Chaba, MP[1]										
28 Jun 2005	Standard	110 000	14,00	–	50 000	1 279	39,74	–	**60 000**	28 Jun 2011
28 Jun 2005	Hurdle	40 000	14,00	–	20 000	826	55,52	–	**20 000**	28 Jun 2011
03 Mar 2006	Standard	25 000	23,53	–	–	–	–	–	**25 000**	03 Mar 2012
03 Mar 2006	Hurdle	20 000	23,53	–	15 000	398	50,26	–	**5 000**	03 Mar 2012
06 Mar 2007	Standard	365 000	50,60	–	–	–	–	–	**365 000**	06 Mar 2013
		560 000		–	85 000	2 503		–	**475 000**	
Fenn, O[2]										
08 Dec 2009	Standard	–	45,42	125 000	–	–	–	–	**125 000**	08 Dec 2015
Fowler, TG[3]										
26 Aug 2009	Standard	–	47,74	125 000	–	–	–	–	**125 000**	26 Aug 2015

1 Appointed 01 September 2009.
2 Appointed 20 November 2009.
3 Appointed 25 September 2009.

SJ Flanagan resigned as a director and an employee from the Group on 31 January 2010. There were no outstanding options at 30 June 2010 (2009: 1 028 750). All options outstanding at 1 July 2009 were either exercised or surrendered during the year.

46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

46.3 Transactions with key management personnel (continued)

Interests 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 termination of contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

47. 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	
	2010	2009
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Johnson Arabia LLC	**49**	49
BRC Arabia FZC	**49**	49
BRC Arabia LLC	**49**	49
The following entity is not consolidated as the Group does not have control:		
Entilini Concession (Proprietary) Limited	**75**	75

48. POST STATEMENT OF FINANCIAL POSITION EVENTS

The Group received Competition Commission approval on 29 July 2010 for the disposal of investment properties. This had no impact on the financial position of the Group at 30 June 2010.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group annual financial statements, which significantly affects the financial position at 30 June 2010 or the results of its operations or cash flows for the year then ended.

49. 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 over 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 contracting 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. In addition, it 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.

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. Details of the assumptions used are set out in note 12.

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 45.

Other estimates made

The Group also makes estimates for the:

- calculation of provision for doubtful debts;
- determination of useful lives and residual values of items of property, plant and equipment;
- calculation of provision for obsolete inventory;
- calculation of any provision for claims, litigation and other legal matters;
- calculation of any other provisions including warrantees, guarantees and bonuses;
- assessment of impairments and the calculation of recoverable amount of assets;
- recognition of deferred taxation assets;
- calculation of fair value of financial instruments including service concessions (refer to note 7); and
- calculation of fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, and determination of taxation liabilities.

50. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

50.1 Standards and interpretations not yet effective in the current year

Set out below are the significant new and revised 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
IAS 24 (Revised):	Related Party Disclosures	Revised	Financial years commencing on or after 1 January 2011
IAS 32 (Amendment):	Financial Instruments: Presentation – Classification of Rights Issues	Amendment	Financial years commencing on or after 1 February 2010
IFRS 2 (Amendment):	Share-based Payments – Group Cash-settled Share-based Payment Transaction	Amendment	Financial years commencing on or after 1 January 2010
IFRS 9:	Financial Instruments	New	Financial years commencing on or after 1 January 2013
IFRIC 14 (Amendment):	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of minimum funding requirements	Amendment	Financial years commencing on or after 1 January 2011
IFRIC 19:	Extinguishing Financial Liabilities with Equity Instruments	New Interpretation	Financial years commencing on or after 1 July 2010
	Certain improvements to IFRS's 2009	Improvement	Financial years commencing on or after 1 January 2010
	Certain improvements to IFRS's 2010	Improvement	Each improvement has its own effective date the earliest being 1 July 2010

51. AUDIT COMMITTEE

The chairman of the audit committee (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 re-appointed as independent auditors and AF Mackie as the designated auditor.

Refer to page 119 for further details on the composition, role, purpose and principle functions of the audit committee.

The committee is formally re-appointed annually by the Board and met five times during the year under review.

All monetary amounts are expressed in millions of Rands	Notes	2010	2009
STATEMENT OF FINANCIAL POSITION at 30 June 2010			
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	1 389,8	1 358,1
Amount owing from The Murray & Roberts Trust	3	281,6	467,7
Trade and other receivables		0,3	–
Cash and cash equivalents		0,8	0,7
Total current assets		1 672,5	1 826,5
TOTAL ASSETS		1 672,9	1 826,9
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		(4,4)	150,2
Total ordinary shareholders' equity		1 669,3	1 823,9
Current liabilities			
Trade and other payables		3,6	3,0
Total current liabilities		3,6	3,0
TOTAL EQUITY AND LIABILITIES		1 672,9	1 826,9
STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2010			
Revenue			
Dividend received from subsidiary company		614,0	677,1
Fees received from subsidiary company		4,7	4,2
Total revenue		618,7	681,3
Total expenses		(4,7)	(4,2)
Auditors remuneration		(0,7)	(0,6)
JSE fees		(0,1)	(0,1)
Other		(3,9)	(3,5)
Earnings before taxation		614,0	677,1
Taxation		–	–
Earnings for the year		614,0	677,1
STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2010			
Earnings for the year		614,0	677,1
Other comprehensive income		–	–
Total comprehensive income for the year		614,0	677,1

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Capital redemption reserve fund	Retained earnings	**Attributable to owners of the parent**
STATEMENT OF CHANGES IN EQUITY					
for the year ended 30 June 2010					
Balance at 30 June 2008	33,2	1 639,6	0,9	150,2	**1 823,9**
Total comprehensive income 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**
Total comprehensive income for the year	–	–	–	614,0	**614,0**
Dividends declared and paid	–	–	–	(614,0)	**(614,0)**
Impairment of loan to The Murray & Roberts Trust	–	–	–	(154,6)	**(154,6)**
Balance at 30 June 2010	33,2	1 639,6	0,9	(4,4)	**1 669,3**

All monetary amounts are expressed in millions of Rands	**2010**	2009
STATEMENT OF CASH FLOWS		
for the year ended 30 June 2010		
Earnings before taxation	**614,0**	677,1
Adjustments:		
Dividends received	**(614,0)**	(677,1)
Change in working capital	**0,3**	(0,3)
Increase/(decrease) in trade and other payables	**0,6**	(0,3)
Increase in trade and other receivables	**(0,3)**	–
Cash generated by operations	**0,3**	(0,3)
Taxation paid	**–**	–
Operating cash flow	**0,3**	(0,3)
Dividends paid	**(614,0)**	(677,1)
Cash flows from operating activities	**(613,7)**	(677,4)
Dividend received	**614,0**	677,1
Cash flows from investing activities	**614,0**	677,1
(Increase)/decrease in amounts owing from subsidiary company	**(31,7)**	254,9
Decrease/(increase) in amounts owing from The Murray & Roberts Trust	**31,5**	(255,5)
Cash flows from financing activities	**(0,2)**	(0,6)
Net increase/(decrease) in cash and cash equivalents	**0,1**	(0,9)
Net cash and cash equivalents at beginning of year	**0,7**	1,6
Net cash and cash equivalents at end of year	**0,8**	0,7

All monetary amounts are expressed in millions of Rands	2010	2009
1. ACCOUNTING POLICIES		
The accounting policies are set out on pages 142 to 152.		
2. INVESTMENT IN SUBSIDIARY COMPANY		
Shares at cost	**0,4**	0,4
Amount due	**1 389,8**	1 358,1
	1 390,2	1 358,5
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		
Amount due	**436,2**	467,7
Impairment of amount owing	**(154,6)**	–
	281,6	467,7
The amount due from The Murray & Roberts Trust (Trust) is unsecured, interest free and does not have any fixed repayment terms.		
The Company has subordinated its claims against the Trust in favour of all other creditors of the Trust. The agreement between the Trust and the Company will remain in force and effect for as long as the liabilities of the Trust exceed its assets, fairly valued.		
4. SHARE CAPITAL AND PREMIUM		
Share capital		
Authorised		
500 000 000 ordinary shares of 10 cents each (2009: 500 000 000 of 10 cents each)	**50,0**	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2009: 331 892 619 of 10 cents each)	**33,2**	33,2
Share premium	**1 639,6**	1 639,6
Total share capital and share premium	**1 672,8**	1 672,8

All monetary amounts are expressed in millions of Rands	2010	2009
5. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	**21,4**	25,1
Non-executive directors (paid by the company)	**3,9**	3,2
Number of directors at year end	**15**	13
Details of individual director emoluments are disclosed in note 46 on the consolidated financial statements.		
6. 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	**900,0**	214,8

7. 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.

(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 2010 %	Interest in issued share capital 2009 %	Cost of investment 2010 Rm	Cost of investment 2009 Rm	Loan account 2010 Rm	Loan account 2009 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**1 389,7**	1 358,1

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %	Proportion of voting power held 2010 %	Proportion of voting power held 2009 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Construction SADC						
Murray & Roberts Construction (Proprietary) Limited		100	**100**	100	**100**	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD	80 000	**100**	100	**100**	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP	2	**100**	100	**100**	100
Concor (Proprietary) Limited		6 673 797	**100**	100	**100**	100
Murray & Roberts Contractors (Zambia) Limited (incorporated in Zambia)	ZMK	22 000 000	**100**	100	**100**	100
Engineering SADC						
Murray & Roberts Engineering Solutions (Proprietary) Limited *(merged with Murray & Roberts Projects (Proprietary) Limited)*		2	**100**	100	**100**	100
Murray & Roberts Projects (Proprietary) Limited *(formerly Murray & Roberts MEI (Proprietary) Limited)*		1	**100**	100	**100**	100
Wade Walker (Proprietary) Limited		101	**100**	100	**100**	100
Genrec Engineering (Proprietary) Limited		200	**100**	100	**100**	100
Murray & Roberts Marine (Proprietary) Limited		2	**100**	100	**100**	100
Energy Fabrication (Proprietary) Limited		100	**100**	100	**100**	100
Construction Products SADC						
BRC Arabia (FZC) Limited	AED	2 000 000	**49**	49	**50**	50
Murray & Roberts Steel (Proprietary) Limited		100	**100**	100	**100**	100
Hall Longmore (Proprietary) Limited		100	**100**	100	**100**	100
Much Asphalt (Proprietary) Limited		100	**100**	100	**100**	100
Rocla (Proprietary) Limited		250 000	**100**	100	**100**	100
Oconbrick Manufacturing (Proprietary) Limited *(merged with Murray & Roberts Building Products (Proprietary) Limited)*		1 000	**100**	100	**100**	100
Murray & Roberts Building Products (Proprietary) Limited *(formerly Concor Technicrete (Proprietary) Limited)*		100	**100**	100	**100**	100
Cementation Group						
Cementation Canada Inc (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Murray & Roberts Cementation (Proprietary) Limited		1 750 000	**100**	80	**100**	80
RUC Cementation Mining Contractors (Proprietary) Limited	AUD	808 754	**100**	100	**100**	100

(b) Indirect (continued)

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %	Proportion of voting power held 2010 %	Proportion of voting power held 2009 %
Middle East						
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	**100**	100	**100**	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	**49**	49	**50**	50
Clough						
Clough Limited (incorporated in Australia)	AUD	229 728 000	**62**	59	**62**	59
Corporate and Investments						
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
P.T. Murray & Roberts Indonesia (incorporated in Indonesia)	USD	250 000	**100**	100	**100**	100
Tolcon-Lehumo (Proprietary) Limited		100	**74**	74	**74**	74
Union Carriage and Wagon Company (Proprietary) Limited		8 160 000	**100**	100	**100**	100
The UCW Partnership			**70**	70	**70**	70
Murray & Roberts Concessions (Proprietary) Limited		100	**100**	100	**100**	100
Toll Road Concessionaires (Proprietary) Limited		12 000	**100**	100	**100**	100
Murray & Roberts Properties Services (Proprietary) Limited		2	**100**	100	**100**	100
Associate companies						
Forge Group Limited	AUD	42 836 560	**31,3**	–	**31,3**	–

ANNEXURE 2 – INTEREST BEARING BORROWINGS

	Financial years of redemption	Closing interest rate (effective NACM) 2010 %	2009 %	Amount 2010 Rm	2009 Rm
Secured					
Equal monthly instalments with one balloon payment at the end	2011	–	6,50	–	70,6
Equal monthly instalments	2013	–	6,62	–	13,7
Equal monthly instalments	2014	4,50	4,50	100,6	48,2
Equal quarterly instalments	2014	7,36	7,16	350,9	345,4
Equal quarterly instalments	2009	–	7,42	–	9,6
Equal quarterly instalments	2010	–	8,83	–	97,7
Equal quarterly instalments	2010	–	7,01	–	177,2
Term loans equal quarterly instalments	2010	–	6,30	–	11,5
No fixed terms of repayment					
				451,5	773,9
Unsecured					
One bullet repayment	2010	9,25	11,80	23,5	143,5
Clough convertible notes – external	2010	–	10,00	–	34,9
One bullet repayment	2011	9,83	–	300,0	300,0
One bullet repayment	2012	9,78	–	300,0	–
One bullet repayment	2012	10,39	–	300,0	–
Equal monthly instalments	2012	6,18	–	16,3	–
No fixed terms of repayment	2015	12,80	–	21,9	–
No fixed terms of repayment	2011	6,00	–	19,4	–
No fixed terms of repayment	2010	1,7	3,60	46,9	45,4
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				249,0	157,4
Bank overdrafts				1 244,9	1 786,9
				2 521,9	2 468,1
Capitalised finance leases					
Plant and equipment				189,8	127,6
IT equipment rentals				1,4	5,9
Specific project plant and equipment				201,3	46,4
Various plant and equipment financing				1,3	3,1
				393,8	183,0

	Financial years of redemption	Closing interest rate (effective NACM) 2010 %	2009 %	Amount 2010 Rm	2009 Rm
Obligations under finance headleases					
Monthly instalments	2011	**17,90**	17,90	**6,0**	13,9
Monthly instalments	2010	**–**	18,90	**–**	39,2
				6,0	53,1
Total Group				**3 373,2**	**3 478,1**
Reflected in the notes under:					
Long-term loans (note 17)					
Interest bearing secured loans				**376,5**	392,5
Interest bearing unsecured loans				**901,0**	309,6
Capitalised finance leases				**250,8**	67,9
Obligations under finance headleases (note 18)				**–**	13,9
Bank overdrafts				**1 244,9**	1 786,9
Short-term loans (note 24)					
Current portion of long-term borrowings				**451,0**	753,0
Current portion of capitalised finance leases				**143,0**	115,1
Current portion of obligations under finance headleases				**6,0**	39,2
				3 373,2	3 478,1

The operating segments have been amended to reflect the management structure of the Group and the manner in which performance is evaluated and resources allocated as managed by the Group's chief decision maker, as required per revised IFRS 8 Operating Segments.

In the prior year segment information reported externally was organised into four main business segments which were Construction & Engineering, Construction Materials & Services, Fabrication & Manufacture and Corporate & Properties.

In the current year, the Group's operating segments are categorised as follows:

Construction SADC engages the large to medium sector building, civil engineering, industrial and roads & earthworks construction markets of South Africa, Botswana, Namibia and Zimbabwe and pursues selected project opportunities elsewhere in SADC.

Engineering SADC engages large scale EPCM (engineer, procure, construct and 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 Rest of Africa.

Construction Products SADC 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.

Cementation Group comprises of four constituent companies based in Johannesburg, South Africa, North Bay in Ontario, Canada, and Kalgoorlie, West Australia, and coordinated out of London. Cementation Sudamérica was established in Santiago, Chile during the year. The Group provides specialist engineering, construction and operational services in the underground mining environment worldwide.

Middle East market is coordinated out of 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.

Clough is based in Perth West Australia and is focused on the upstream oil & gas sector and 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 North and South America and Africa coastlines.

Corporate and Investments

Murray & Roberts Properties, Murray & Roberts Concessions, Toll Road Concessionaires (Tolcon) and Union Carriage & Wagon (UCW) do not naturally fall within the above clusters and have been grouped as investments, each being the responsibility of an appropriate and focused executive team.

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.

Segmental assets

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

Segmental liabilities

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

All monetary amounts are expressed in millions of Rands

2010	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
Revenue*	7 991	1 884	7 053	2 882	5 345	5 753	1 054	31 962
Earnings before exceptional items and interest	(37)	112	611	300	447	394	(52)	1 775
Exceptional items	4	–	–	–	–	–	97	101
Earnings before interest and taxation	(33)	112	611	300	447	394	45	1 876
Net interest income/(expense)	61	26	(265)	11	(7)	(13)	(6)	(193)
Earnings before taxation	28	138	346	311	440	381	39	1 683
Taxation	(134)	(80)	(82)	(1)	(136)	(49)	12	(470)
Earnings after taxation	(106)	58	264	310	304	332	51	1 213
Income from equity accounted investments	3	–	–	–	–	3	8	14
Profit from discontinued operations	–	–	2	–	–	–	–	2
Non-controlling interest	(1)	20	(31)	–	–	(137)	18	(131)
Earnings attributable to owners of the parent	(104)	78	235	310	304	198	77	1 098

** Revenue is disclosed net of inter-segment revenue. Inter-segmental revenue for the Group is R729 million (2009: R962 million).*

All monetary amounts are expressed in millions of Rands

2009	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments	Group
Revenue*	9 114	2 692	6 167	3 558	5 962	4 185	1 006	32 684
Earnings before exceptional items and interest	524	447	675	350	428	342	–	2 766
Exceptional items	–	–	(12)	–	–	–	20	8
Earnings before interest and taxation	524	447	663	350	428	342	20	2 774
Net interest income/(expense)	197	71	(193)	18	(17)	(31)	(65)	(20)
Earnings before taxation	721	518	470	368	411	311	(45)	2 754
Taxation	(203)	(110)	(109)	–	(141)	(19)	(30)	(612)
Earnings after taxation	518	408	361	368	270	292	(75)	2 142
Income from equity accounted investments	1	–	–	–	–	1	–	2
Profit from discontinued operations	–	–	(67)	182	–	79	–	194
Non-controlling interest	(4)	(42)	(24)	(68)	(33)	(149)	–	(320)
Earnings attributable to owners of the parent	515	366	270	482	237	223	(75)	2 018

Revenue is disclosed net of inter-segment revenue. Inter-segmental revenue for the Group is R729 million (2009: R962 million).

Operating segments

2010	Notes	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments*	Group
Statement of financial position									
Segmental assets	1	**3 451**	**1 010**	**3 562**	**3 133**	**2 042**	**2 667**	**1 821**	**17 686**
Segmental liabilities	2	**3 400**	**1 056**	**989**	**3 139**	**1 329**	**1 453**	**1 682**	**13 048**
Investment in associate company		**28**	**–**	**14**	**–**	**–**	**334**	**–**	**376**
Loans to associate companies		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Non-current assets held-for-sale		**47**	**–**	**173**	**480**	**–**	**–**	**748**	**1 448**
Non-current liabilities held-for-sale		**–**	**–**	**63**	**155**	**–**	**–**	**32**	**250**
Other information									
Purchases of property, plant and equipment		**254**	**210**	**218**	**43**	**193**	**123**	**52**	**1 093**
Purchases of other intangible assets		**–**	**2**	**–**	**–**	**18**	**3**	**4**	**27**
Depreciation		**201**	**57**	**111**	**4**	**181**	**57**	**38**	**649**
Amortisation of other intangible assets		**2**	**1**	**–**	**–**	**17**	**3**	**2**	**25**
Impairment of property, plant and equipment		**–**	**–**	**6**	**–**	**10**	**–**	**–**	**16**
Impairment of receivables		**9**	**–**	**72**	**–**	**2**	**–**	**4**	**87**
Number of employees		**9 226**	**3 193**	**5 652**	**815**	**15 810**	**3 212**	**2 505**	**40 413**

Corporate segmental assets include the inter-segment eliminations of group loans and receivables.

All monetary amounts are expressed in millions of Rands

2009	Notes	Construction SADC	Engineering SADC	Construction Products SADC	Middle East	Cementation Group	Clough	Corporate and Investments*	Group
Statement of financial position									
Segmental assets	1	2 790	1 167	3 750	2 521	1 775	4 294	2 229	18 526
Segmental liabilities	2	3 522	1 534	1 031	2 840	1 013	2 726	1 985	14 651
Investment in associate company		18	–	14	–	–	–	–	32
Loans to associate companies		–	–	–	–	–	–	20	20
Non-current assets classified as held-for-sale		18	–	–	–	–	1 795	–	1 813
Non-current liabilities classified as held-for-sale		–	–	–	–	–	1 042	–	1 042
Other information									
Purchases of property, plant and equipment		246	298	459	120	283	794	136	2 336
Purchases of other intangible assets		3	1	5	1	3	18	1	32
Depreciation		272	40	94	2	230	52	21	711
Amortisation of other intangible assets		13	3	2	–	5	8	4	35
Impairment of property, plant and equipment		–	–	6	–	25	–	–	31
Impairment of receivables		1	3	24	24	3	15	–	70
Number of employees		9 117	3 511	6 071	891	12 383	4 465	2 543	38 981

** Corporate segmental assets include the inter-segment eliminations of group loans and receivables.*

NOTES

		2010	2009
1.	RECONCILIATION OF SEGMENTAL ASSETS		
	Total assets	**21 952**	23 494
	Cash and cash equivalents	**(3 811)**	(4 663)
	Current taxation receivable	**(112)**	–
	Deferred taxation assets	**(343)**	(305)
	Segmental assets	**17 686**	18 526
2.	RECONCILIATION OF SEGMENTAL LIABILITIES		
	Total liabilities	**14 775**	16 860
	Bank overdraft	**(1 245)**	(1 787)
	Current taxation payable	**(102)**	(150)
	Deferred taxation liabilities	**(380)**	(272)
	Segmental liabilities	**13 048**	14 651

NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen (62)
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, the health, safety & environment committee and the social & ethics committee with effect from 1 July 2010. Trustee of The Murray & Roberts Trust. Director of Aspen Pharmacare Holdings Limited, Nampak Limited, Virgin Active Group Limited and Business Against Crime. Member of the King Committee on Corporate Governance. Previously chairman of Sanlam Limited. 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 (57)
FCA (England & Wales) AMP (Harvard)
Independent non-executive director

Appointed to the Board in 2008. Chairman of the audit committee. Member of risk management committee. Director of AFGRI 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, Barnard Jacobs Mellet Holdings Limited, Telkom, Highveld Steel and Vanadium Corp Limited. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

Alan De Villiers Charles Knott-Craig (58)
BSc Eng (Elec) MBL DBL (hc) DBA (hc)
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 and was recently awarded an Honorary Professorship in Business Leadership.

Namane Milcah Magau (58)
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, Simmer & Jack Mines, 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 (63)
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 (47)
BSc Information Systems (Rhodes) MBA (Harvard)
Independent non-executive director

Appointed to the Board in 2005. Member of the audit committee and the risk management committee. Chairman of Richards Bay Coal Terminal. Director of companies including Sasol Limited, Mondi plc, Mondi Limited and MTN Service Provider (Proprietary) Limited. She is a member of the Financial Markets Advisory 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.

William Alan Nairn (65)
PrEng BSc Eng (Mining)
Independent non-executive director

Appointed to the Board on 30 August 2010. Member of the risk management committee and the health, safety & environment committee. Director of AngloGold Ashanti Limited. Previously served on the boards of several companies including Anglo American plc, Anglo Platinum Limited and Kumba Resources Limited.

Anthony Adrian Routledge (62)
BCom CA(SA)
Independent non-executive director

Appointed to the Board in 1994. Member of the audit committee, remuneration & human resources committee and social & ethics committee with effect from 1 July 2010. Trustee of The Murray & Roberts Trust. Former executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

Mahlape Sello (48)
LLB, Master of Arts and Law (Russia)
Independent non-executive director

Appointed to the Board in 2009. Chairman of the social & ethics committee with effect from 1 July 2010 and member of the audit committee. Serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission. Former chairman of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

Sibusiso Patrick Sibisi (55)
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 Limited. Co-founder of a research-based 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 (63)
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 committee and the nomination committee. 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. Governor of Rhodes University.

EXECUTIVE DIRECTORS

Brian Cameron Bruce (61)
PrEng BSc Eng (Civil) DEng (hc) HonFSAICE
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.

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 (50)
PrEng BSc Eng (Elec) MSc
Group executive director

Joined the Group in 2004 and appointed to the Board in 2009. Head of group assurance which oversees all aspects of the Group's risk management, internal audit, health, safety & environment, technical and project review and systems compliance.

Appointed director of Murray & Roberts Limited and in 2008 appointed group chief engineer and executive director responsible for Murray & Roberts Marine and Wade Walker. Member of the NEPAD Business Forum (Energy Working Group). Founder member of Black Business Council and the National Science and Technology Forum.

Orrie Fenn (55)
BSc (Hons) Eng MPhil Eng DEng
Group executive director

Joined the Group and appointed to the Board in 2009. Appointed executive director for the Group's Construction Products SADC cluster as well as development of group housing strategy. Previously chief operating officer of PPC. 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).

Trevor George Fowler (59)
BSc Eng (Civil)
Group executive director

Joined the Group and appointed to the Board in 2009. Appointed executive director responsible for Construction SADC. Previously chief operations and accounting officer in the South African Presidency. Has extensive professional experience earned in Canada, USA, Botswana and South Africa in civil, structural and development engineering ranging from design, construction, teaching, policy development and implementation. Subsequent to 1990, played a leading role in Gauteng Provincial and National Government administrative and political developments. Served on the Technical Team of the Provincial Demarcations Commission of CODESA as well as the Technical Services Task Team of the Local Government Negotiating Forum which negotiated the Local Government Transition Act of 1993. Served as advisor to the Minister of Water Affairs and Forestry, political advisor to a former Gauteng Premier and also served as Gauteng MEC for Development Planning and Local Government as well as the Speaker of Gauteng Legislature. Former chairman of the boards of the Institute for Research and Local Government (Inlogov) and Trans Caledon Tunnel Authority (TCTA). Deputy chairman of Health Systems Trust and board member of Development Bank of Southern Africa.

Roger William Rees (57)
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. Deputy chairman of Clough Limited.

GROUP SECRETARY

Yunus Karodia (38)
CFA CA(SA)

Joined the Group in 1999. Appointed group secretary in April 2007. Previously financial manager at Murray & Roberts International Limited based in Dubai and financial manager of Murray & Roberts Concessions. Trustee of Letsema Vulindlela Black Executives and Sizwe Broad-Based Community Trusts.

Sean Joseph Flanagan resigned as a director on 31 January 2010.

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1948/029826/06)
(JSE Share code: MUR) (ISIN: ZAE000073441)
(company)

Notice is hereby given that the sixty-second annual general meeting of the company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 27 October 2010 at 11:00 to conduct the following business:

1. **ORDINARY RESOLUTION NUMBER 1:**

   To receive and consider the annual financial statements of the Group and company for the year ended 30 June 2010.

2. **ORDINARY RESOLUTION NUMBER 2:**

   To elect as directors:

   - O Fenn as executive director and WA Nairn as non-executive director, 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.
   - NM Magau, JM McMahon and RT Vice as non-executive directors, who in terms of the articles of association retire by rotation.

   All the above retiring directors are eligible and available for re-election. Their profiles appear on pages 28, 29, 211 and 212. The Board recommends the re-election of these directors.

   IN Mkhize retires by rotation and is not available for re-election.

3. **ORDINARY RESOLUTION NUMBER 3:**

   To appoint a firm of external auditors for the company and note the remuneration of the external auditors as determined by the audit committee of the Board.

   The audit committee has nominated for re-appointment Deloitte & Touche as independent auditors and in particular AF Mackie, being the individual and designated auditor who will undertake the company's audit for the financial year ending 30 June 2011.

   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 2010 as follows:

		Proposed per annum	Previous per annum
Chairman fee	Includes director and committee fees	[1]R1 025 000	R1 025 000
Director fees	Per annum	[2 & 3]R160 000	R150 000
Committee fees:			
Audit	Chairman	R160 000	R150 000
	Member	R80 000	R75 000
Health, safety & environment	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Nomination	Chairman	[4]R50 000	R50 000
	Member	R34 500	R32 500
Remuneration & human resources	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Risk management	Chairman	R108 500	R102 500
	Member	R69 000	R65 000
Social & ethics[5]	Chairman	R108 500	–
	Member	R69 000	–

1 Effective from 1 January 2011 payable monthly in arrears. RC Andersen voluntarily declined a proposed fee increase for 2011.
2 Calculated on the basis of 5 meetings per annum.
3 A deduction of R14 000 per meeting will apply for non-attendance at a scheduled meeting and R27 500 will be payable for attendance at a special board meeting.
4 Included in chairman fee.
5 New committee established 1 July 2010.

SPECIAL BUSINESS

To consider and if deemed fit, to pass, with or without modification the following special resolution:

5. SPECIAL RESOLUTION NUMBER 1:

"RESOLVED THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's ordinary shares subject to the provisions of the Companies Act 61 of 1973, as amended (Companies Act) or as may be required under the Companies Act 71 of 2008, as amended (New 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) authorisation thereto given by the company's articles of association;

h) 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

i) 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 the 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 2010;

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 or as may be required under the New 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 the company or a subsidiary of the 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 28 and 29, major shareholders of the company can be found on page 130, directors' interest in securities of the company can be found on page 137 and note 46 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 28 and 29 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 arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the previous 12 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 annual general 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 representation 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, 25 October 2010.

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

30 September 2010

SHAREHOLDERS' DIARY

Financial year end	30 June 2010
Mailing of annual report	30 September 2010
Annual general meeting	27 October 2010
Publication of half year results 2010/11	23 February 2011
Publication of preliminary report 2010/11	31 August 2011

DIVIDEND

Interim dividend

▪ SA cents per share	52
▪ Date declared	24 February 2010
▪ Last date traded cum dividend	9 April 2010
▪ Trading ex dividend commenced	12 April 2010
▪ Record date	16 April 2010
▪ Date paid	19 April 2010

Final dividend

▪ SA cents per share	53
▪ Date declared	25 August 2010
▪ Last date traded cum dividend	8 October 2010
▪ Trading ex dividend commences	11 October 2010
▪ Record date	15 October 2010
▪ Date payable	18 October 2010

ADMINISTRATION

COMPANY NAME	Murray & Roberts Holdings Limited
COMPANY REGISTRATION NUMBER	1948/029826/06
JSE SHARE CODE	MUR
ISIN	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE
Douglas Roberts Centre,
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa

POSTAL & ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS
PO Box 1000, Bedfordview 2008
Republic of South Africa

Telephone	+27 11 456 6200
Fax	+27 11 455 3524
Email	info@murrob.com
Website	www.murrob.com

SHARE TRANSFER SECRETARIES
Link Market Services South Africa (Proprietary) Limited
PO Box 4844, Johannesburg 2000
Republic of South Africa

Telephone	+27 11 630 0800
Fax	+27 86 674 4381

SPONSORED LEVEL 1 AMERICAN DEPOSITORY RECEIPT (ADR) PROGRAM

US Exchange	OTC
US Ticker	MURZY
Ratio of ADR to Ordinary Share	1:1
CUSIP	626805204
Depository Bank	Deutsche Bank Trust Company Americas

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)
(JSE 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 shareholder and the CSDP or broker.

I/We ______________________________
(please print full names)

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 sixty-second annual general meeting which will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 27 October 2010 at 11:00 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		
		For	Against	Abstain
1.	Approval of annual financial statements			
2.	Re-election of directors			
	2.1 O Fenn			
	2.2 WA Nairn			
	2.3 NM Magau			
	2.4 JM McMahon			
	2.5 RT Vice			
3.	Re-appointment of external auditors			
4.	Approval of the fees payable to non-executive directors			
5.	Special resolution number 1 General authority to repurchase shares			

Signed at ______________________ on ______________________ 2010

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.

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 25 October 2010.
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.

MURRAY & ROBERTS INTERNATIONAL OFFICES

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