Murray & Roberts

PARTNER FOR SOCIO-ECONOMIC DEVELOPMENT

OUR COMMITMENT TO SUSTAINABLE EARNINGS GROWTH
AND VALUE CREATION IS NON-NEGOTIABLE

We are Murray & Roberts
We are South African

As business and corporate citizen we are committed to the national agenda of South Africa, including the pursuit of employment equity throughout our organisation, the economic empowerment of all sectors of our society and facilitation of the growth of direct investment into our economy. As a global enterprise we strive to meet the expectations of our international markets and investors, benchmarking our performance against best-in-class industry standards and our delivery against world class precedent, at all times conducting our business ethically in terms of best practice governance standards.

CONTENTS

Our mission and purpose

"**Across the world, society and economies are in search of a different level of sustainable growth and development.** There are significant disparities across all dimensions of humanity that make this a daunting challenge. Murray & Roberts is a global partner for sustainable development. We will use the year ahead to better prepare ourselves for this purpose, building on our more than 100 years of heritage and experience and our platform created over the past 10 years Rebuilding Murray & Roberts. **Our mission is to participate meaningfully in the design and construction of the social infrastructure and economic assets needed to deliver a better quality of life to all people.**" BRIAN BRUCE

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

Green Point Stadium under construction

CAPABILITIES

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

Southern African Development Community (SADC)

CONSTRUCTION

▪ Building ▪ Civil Engineering ▪ Industrial ▪ Roads ▪ Earthworks

FOCUS

Large and medium sector construction markets

COMPANIES

- Murray & Roberts Construction
- Concor
- Companies in Botswana, Namibia and Zimbabwe

GEOGRAPHIC MARKET

South Africa
Rest of SADC

ENGINEERING

▪ Industrial ▪ Mining ▪ Power ▪ Marine

FOCUS

Large scale and specialist EPC projects

COMPANIES

- Murray & Roberts Projects
- Murray & Roberts Marine
- Wade Walker
- Genrec

GEOGRAPHIC MARKET

South Africa
Rest of Africa
Middle East
Southeast Asia

CONSTRUCTION PRODUCTS

▪ Steel ▪ Infrastructure ▪ Building

FOCUS

Value-added construction products (principal raw material inputs are steel, cement, aggregate, bitumen, clay)

COMPANIES

- Murray & Roberts Steel
- Hall Longmore
- Rocla
- Much Asphalt
- Murray & Roberts Building Products (Technicrete and Ocon Brick)

GEOGRAPHIC MARKET

South Africa
Rest of SADC






Global

MIDDLE EAST

▪ Commercial ▪ Infrastructure

FOCUS

Major commercial facilities and selected infrastructure projects where the Group has a defined competitive advantage

COMPANIES

- Murray & Roberts Contractors (Middle East)
- Murray & Roberts Contractors (Abu Dhabi)

GEOGRAPHIC MARKET

Gulf Cooperation Council (GCC) countries

CEMENTATION GROUP

▪ Shafts ▪ Declines ▪ Drilling ▪ Engineering ▪ Operations

FOCUS

Specialist underground services to the mining and metals resources sector worldwide

COMPANIES

- Murray & Roberts Cementation *(Johannesburg, South Africa)*
- Cementation Canada *(North Bay, Ontario, Canada)*
- RUC Cementation *(Kalgoorlie, West Australia)*
- Cementation Sudamérica *(Santiago, Chile)*

GEOGRAPHIC MARKET

Worldwide

CLOUGH

▪ Engineering ▪ Fabrication ▪ Construction ▪ Asset Support

FOCUS

Upstream oil and gas sector, with strategic focus on liquid natural gas (LNG) and deep water submarine umbilical and riser flow (SURF) markets

COMPANIES

- Clough Limited (62%)
  Forge Group Limited (31%)
  (Perth Australia)

GEOGRAPHIC MARKET

Oil provinces of Atlantic Ocean
Southeast Asia and Australia

Construction Economy

MARKET SECTORS:

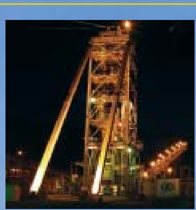
Building ▪ Infrastructure ▪ Mining ▪ Industrial ▪ Energy ▪ Power ▪ Environment

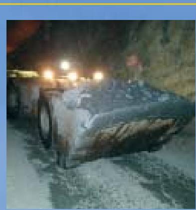
The construction economy is a well defined element of every national economic framework and is identified as a component of gross fixed capital formation (GFCF) within gross domestic product (GDP).*

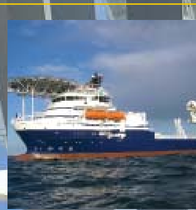
An established global benchmark is that GFCF should average between 20% and 30% of GDP and construction investment should represent between 20% and 30% of GFCF (4% to 9% of GDP).

The construction economy is represented by all expenditure associated with fixed investment into physical infrastructure, production and commercial facilities, and accommodation, as performed by general and specialist contractors, engineers, materials suppliers and service providers. It generally excludes the supply of process machinery and equipment.

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



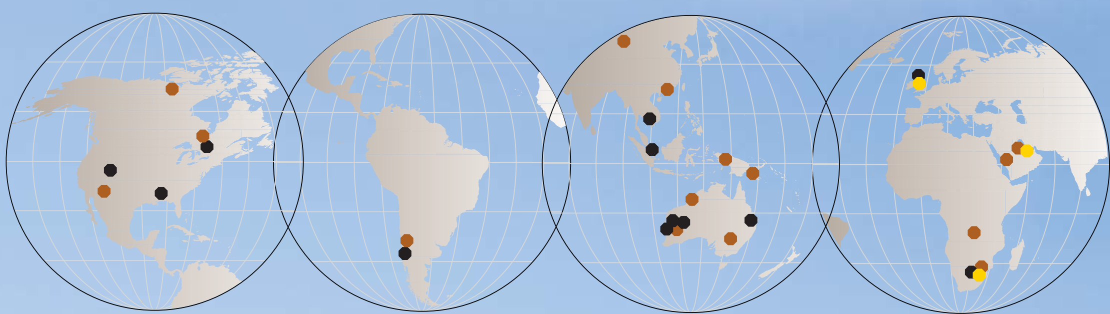




Globalising Murray & Roberts

Murray & Roberts is positioned as one of the world's leading engineering and contracting groups with a portfolio of global best-in-class projects to its credit. The Group has contracted internationally for more than four decades and currently records 33% of its revenues from international markets.

- *Johannesburg is the Group's head office and primary base for operations in southern Africa • London hosts a satellite corporate office that services international operations, coordinates the Cementation Group and oversees the operation in North Bay, Ontario, Canada, and the international treasury in the Isle of Man • Dubai is the centre of Middle East operations and primary base for group international activities • Perth is home to Clough and the point of access for the markets of Australia and Southeast Asia • Santiago in Chile has recently been established as the centre of South American operations.*



International activity

Africa: Botswana, Democratic Republic of Congo, Ghana, Mali, Mauritania, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, Zimbabwe. **Middle East & Asia:** Bahrain, Hong Kong, Mongolia, Qatar, Saudi Arabia, United Arab Emirates. **Southeast Asia:** Australia, Indonesia, Malaysia, New Zealand, Singapore, Thailand. **The Americas**: Canada, Chile, Gulf of Mexico, United States of America.

● Murray & Roberts offices ● Clough and Cementation offices ● Key Resources projects

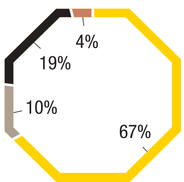
FINANCIAL HIGHLIGHTS

	2010	2009
Group summary (R millions)		
Revenue	**31 962**	32 684
Earnings before exceptional items, interest and taxation (EBIT)	**1 775**	2 766
Attributable profit before non-controlling interest	**1 229**	2 337
Total assets	**21 952**	23 494
Operating cash flow	**691**	1 559
Value created	**11 533**	13 179
Payroll cost	**8 673**	9 428
Total number of employees – 30 June	**40 413**	38 981
Ordinary share performance (cents)		
Diluted headline earnings per share	**340**	675
Diluted earnings per share	**371**	678
Operating cash flow per share	**208**	470
Net asset value per share	**1 869**	1 682
Market price per share	**3 880**	5 000
Total dividend per share	**105**	218
Financial statistics		
Operating margin (EBIT on revenue) (%)	**5,6**	8,5
Attributable earnings on average shareholders' funds (%)	**18,6**	38,6
Interest cover (times)*	**9,2**	138,3
Ratio (times)		
Debt/equity	**0,48**	0,54
Current	**1,27**	1,12

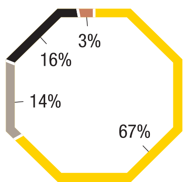
** EBIT divided by net interest expense.*

GEOGRAPHIC

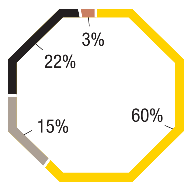
Revenue



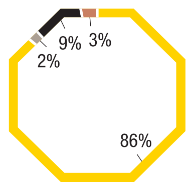
EBIT*



Segmental assets



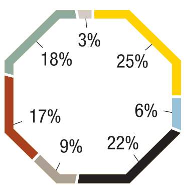
Number of employees



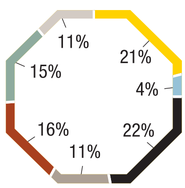
Southern Africa · Middle East · Southeast Asia · The Americas

SEGMENTAL

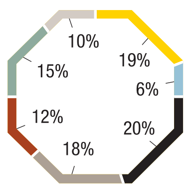
Revenue



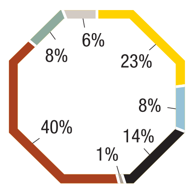
EBIT*



Segmental assets



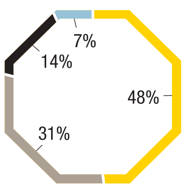
Number of employees



Construction SADC · Engineering SADC · Construction Products SADC · Middle East · Cementation Group · Clough · Corporate and Investments

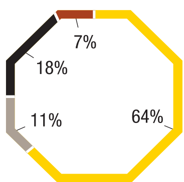
ORDER BOOK

Total distribution



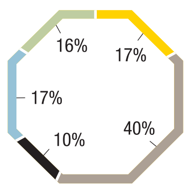
2011
2012
2013
2014 – 2015

Geographic distribution



Southern Africa
Middle East
Southeast Asia
The Americas

Sector distribution



Construction SADC
Engineering SADC
Middle East
Cementation Group
Clough

** Excludes losses from Gautrain of R619 million and Corporate expenses of R345 million.*

2010 highlights

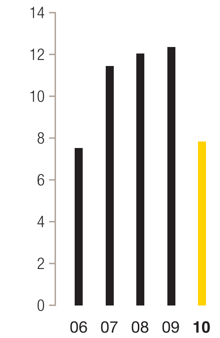
- Order book stable at R42 billion
- Operating margin of 5,6% remains within strategic framework of 5,0% – 7,5%
- Successful delivery of a number of major world class projects
- A number of group companies performed ahead of expectation
- Healthy statement of financial position

Challenges

- Manage the risk/reward profile of major projects
- Optimise performance in resurgent international markets
- Defend domestic status in challenging socio-economic conditions
- Minimise the impact of operations on society and the environment
- Focus on future initiatives that hold the greatest business impact

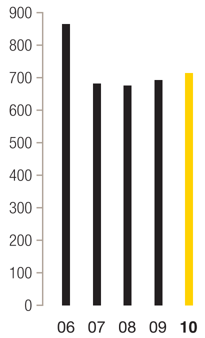
Return on average total assets

(%)



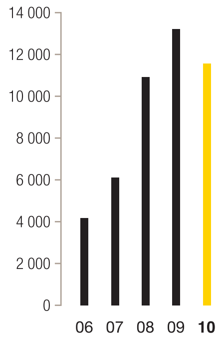
Productivity of assets

(assets per R1 000 turnover)



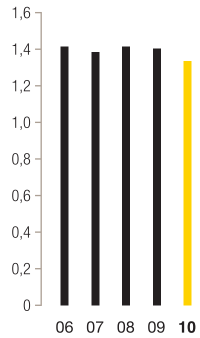
Creation of value

(R millions)



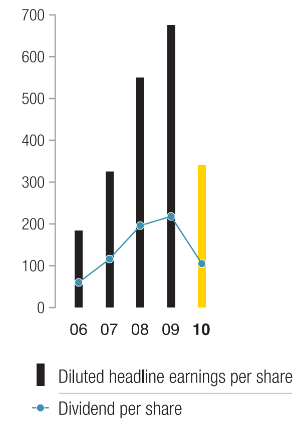
People productivity

(value ratio)



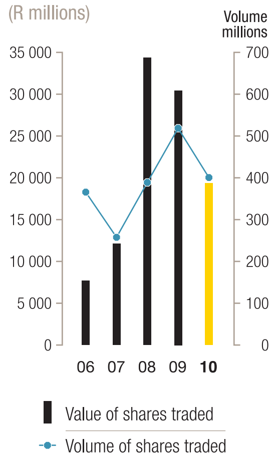
Diluted HEPS and dividends

per share (cents)



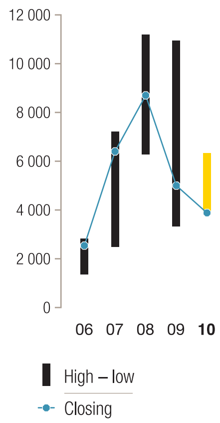
Shares traded

(R millions)



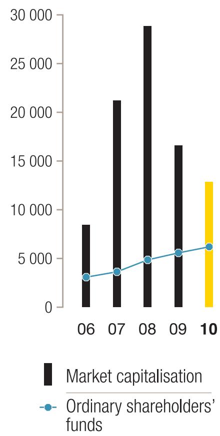
Share price movement

(cents)



Market capitalisation

(R millions)



SEGMENTAL ANALYSIS

30 June 2010

All monetary amounts are expressed in millions of Rands	Group		Discontinued operations[1]		Corporate and Investments	
	2010	2009	**2010**	2009	**2010**	2009
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE						
Revenue	**31 962**	32 684	**545**	2 684	**1 054**	1 006
Earnings before exceptional items and interest	**1 775**	2 766	**5**	219	**(52)**	–
Exceptional items	**101**	8	**–**	–	**97**	20
Earnings before interest and taxation	**1 876**	2 774	**5**	219	**45**	20
Net interest (expense)/income	**(193)**	(20)	**(3)**	(37)	**(6)**	(65)
Earnings before taxation	**1 683**	2 754	**2**	182	**39**	(45)
Taxation	**(470)**	(612)	**–**	12	**12**	(30)
Earnings after taxation	**1 213**	2 142	**2**	194	**51**	(75)
Income from equity accounted investments	**14**	2	**–**	–	**8**	–
Profit from discontinued operations	**2**	194	**–**	–	**–**	–
Non-controlling interest	**(131)**	(320)	**–**	–	**18**	–
Earnings attributable to owners of the parent	**1 098**	2 018	**2**	194	**77**	(75)
SUMMARISED STATEMENT OF FINANCIAL POSITION						
Non-current assets	**5 611**	5 769	**–**	250	**884**	1 100
Current assets[2]	**15 787**	17 235	**653**	2 411	**1 990**	2 207
Goodwill	**554**	490	**–**	–	**–**	–
Total assets	**21 952**	23 494	**653**	2 661	**2 874**	3 307
Equity	**6 203**	5 581	**270**	1 030	**(360)**	(545)
Non-controlling interest	**974**	1 053	**165**	342	**(23)**	(3)
Permanent capital	**7 177**	6 634	**435**	1 372	**(383)**	(548)
Non-current liabilities	**2 383**	1 447	**–**	49	**924**	601
Current liabilities[2]	**12 392**	15 413	**218**	1 240	**2 333**	3 254
Total equity and liabilities	**21 952**	23 494	**653**	2 661	**2 874**	3 307
SUMMARISED STATEMENT OF CASH FLOWS						
Cash generated by operations before working capital changes	**2 382**	3 928	**84**	276	**(141)**	(69)
Property activities	**(47)**	(25)	**–**	–	**(47)**	(25)
Change in working capital	**(931)**	(1 290)	**50**	(47)	**(168)**	(217)
Cash generated by operations	**1 404**	2 613	**134**	229	**(356)**	(311)
Interest and taxation	**(713)**	(1 054)	**(7)**	(37)	**8**	(212)
Operating cash flow	**691**	1 559	**127**	192	**(348)**	(523)
FINANCIAL STATISTICS						
Operating margin (%)	**5,6**	8,5	**0,9**	8,2	**–**	–
Return on equity (%)	**18,6**	38,6	**0,3**	21,9	**–**	–

1 Consists of Johnson Arabia LLC, BRC Arabia FZC and BRC Arabia LLC. Prior year includes PT Petrosea.
2 Includes assets/liabilities classified as held-for-sale.

Construction SADC[3]		Engineering SADC		Construction Products SADC		Middle East		Cementation Group		Clough	
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
7 991	9 114	**1 884**	2 692	**7 053**	6 167	**2 882**	3 558	**5 345**	5 962	**5 753**	4 185
(37)	524	**112**	447	**611**	675	**300**	350	**447**	428	**394**	342
4	–	**–**	–	**–**	(12)	**–**	–	**–**	–	**–**	–
(33)	524	**112**	447	**611**	663	**300**	350	**447**	428	**394**	342
61	197	**26**	71	**(265)**	(193)	**11**	18	**(7)**	(17)	**(13)**	(31)
28	721	**138**	518	**346**	470	**311**	368	**440**	411	**381**	311
(134)	(203)	**(80)**	(110)	**(82)**	(109)	**(1)**	–	**(136)**	(141)	**(49)**	(19)
(106)	518	**58**	408	**264**	361	**310**	368	**304**	270	**332**	292
3	1	**–**	–	**–**	–	**–**	–	**–**	–	**3**	1
–	–	**–**	–	**2**	(67)	**–**	182	**–**	–	**–**	79
(1)	(4)	**20**	(42)	**(31)**	(24)	**–**	(68)	**–**	(33)	**(137)**	(149)
(104)	515	**78**	366	**235**	270	**310**	482	**304**	237	**198**	223
761	927	**532**	424	**1 419**	1 306	**11**	15	**698**	693	**1 306**	1 054
3 422	3 115	**701**	1 076	**2 091**	2 252	**3 434**	3 158	**1 567**	1 310	**1 929**	1 706
44	44	**52**	52	**76**	62	**–**	–	**35**	35	**347**	297
4 227	4 086	**1 285**	1 552	**3 586**	3 620	**3 445**	3 173	**2 300**	2 038	**3 582**	3 057
741	438	**211**	(24)	**2 450**	2 533	**455**	520	**890**	885	**1 546**	744
2	1	**–**	20	**69**	24	**–**	–	**4**	79	**757**	590
743	439	**211**	(4)	**2 519**	2 557	**455**	520	**894**	964	**2 303**	1 334
401	211	**447**	(33)	**138**	73	**90**	131	**201**	59	**182**	356
3 083	3 436	**627**	1 589	**929**	990	**2 900**	2 522	**1 205**	1 015	**1 097**	1 367
4 227	4 086	**1 285**	1 552	**3 586**	3 620	**3 445**	3 173	**2 300**	2 038	**3 582**	3 057
149	805	**139**	494	**668**	781	**313**	417	**705**	717	**465**	507
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
(1 003)	(675)	**(272)**	(64)	**365**	(727)	**(161)**	852	**(95)**	57	**353**	(469)
(854)	130	**(133)**	430	**1 033**	54	**152**	1 269	**610**	774	**818**	38
(208)	(22)	**12**	(109)	**(314)**	(342)	**15**	18	**(112)**	(230)	**(108)**	(120)
(1 062)	108	**(121)**	321	**719**	(288)	**167**	1 287	**498**	544	**710**	(82)
–	5,7	**5,9**	16,6	**8,7**	10,9	**10,4**	9,8	**8,4**	7,2	**6,9**	8,2
–	150,5	**83,4**	132,6	**9,4**	14,2	**63,6**	53,6	**34,3**	28,7	**17,3**	27,7

3 *If the operating loss from Gautrain of R619 million were to be excluded, Construction SADC would have an operating margin of 7,2% and return on equity of 57% in the 2010 financial year.*

SUSTAINABLE GROWTH

We believe implicitly in the competitiveness of South African enterprise and the platform that our domestic environment creates for sustainable growth and value creation

For 108 years, Murray & Roberts has played a leading role in the socio-economic development of South Africa and the Southern African region and has participated in some of the world's leading engineering projects at home and abroad.

From humble beginnings in 1902 as an emerging house builder in the Cape Colony, Murray & Roberts steadily expanded throughout Southern Africa, across all industry sectors and into many international markets, pioneering the introduction of new technologies, materials and methodologies into its domestic construction and engineering industry.

From the platform created over more than a century, the Group serves its markets in Sub Saharan Africa, Middle East, Southeast Asia and the Americas.

Murray & Roberts has played a significant role in the built environment throughout its history, delivering the infrastructure and facilities required for sustainable socio-economic growth of the societies within which it operates.

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

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

Green Point Stadium

KEY FOCUS

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

Challenges

Key focus	Key actions
VULNERABLE COMPANIES AND PROJECTS	
Vulnerable companies are identified as those with special needs relative to current or future market dynamics. Vulnerable projects are those that either face future difficulty or require significant working capital.	▪ We have identified Murray & Roberts Construction, Steel, Building Products and Genrec for the year ahead. ▪ We will focus on Gautrain, Medupi Mechanicals and Gorgon MOF through the year ahead.
HEALTH, SAFETY & ENVIRONMENT	
We aspire to zero harm to our company, shareholders, employees, business partners and the societies in which we operate. Our safety targets are zero fatalities and disabling injuries and an LTIFR of less than 1,0 by 2012. We have suffered seven fatalities within the first three months of the 2011 financial year, five of which were in a single fall of ground incident.	▪ Forensic investigation is undertaken into every fatal and significant accident. ▪ Thokozani Mdluli has been appointed group chief safety executive. ▪ DuPont Sustainable Solutions has been appointed to perform a health & safety diagnostic across all South African operations.
ANTI-COMPETITIVE BEHAVIOUR	
We took an early industry lead to investigate possible collusion in our construction related businesses. Internal audits were conducted across all operations and a comprehensive program of communication and training was initiated to assist employees understand competition law and its implications for the Group.	▪ Where forensic investigation has uncovered any potential irregularity, we have placed leniency markers with the Competition Commission. ▪ In most instances, individuals have acted independently and fraudulently for personal gain. ▪ We cooperate with the authorities on an ongoing basis.
DISCRIMINATION	
While universal in nature, discrimination is a particularly South African concern. Our policy disallows discrimination based on any dimension of difference between our people and with the societies we serve.	▪ We have a particular challenge with age discrimination. We are refining our mentoring to create a bridge between new younger and longer serving older employees. ▪ Open communication mechanisms such as “Ask Brian” provide a platform for the exposure and resolution of discriminatory practices.
EQUITY AND EMPOWERMENT	
We are a responsible corporate citizen and drive employment equity throughout our Group, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.	▪ We are a level 4 contributor in compliance with the Codes of Good Practice relating to broad-based black economic empowerment. ▪ Our South African operations have been audited in terms of the Employment Equity Act and where necessary, we have submitted revised equity plans for approval.
COMMERCIAL ENTITLEMENT	
We are always challenged to deliver a predetermined financial reward for a defined service offering. Projects often experience variation and subjective assessment that impact final account settlement. We seek to ensure that financial entitlement under the terms of contract is solidly backed by sound commercial and administrative documentation.	▪ We always pursue our full commercial entitlement in terms of contracts and will invoke arbitration or litigation to achieve this objective. ▪ We will, however, preferably seek to resolve commercial disputes through direct personal engagement or alternative dispute resolution. ▪ The scale and duration of major projects often requires conservative revenue recognition that includes a portion of claims not yet resolved.

Opportunities

Key focus	Key actions
NUCLEAR AND RENEWABLE POWER	
Our research into potential mega-trends in fixed capital formation has identified a global trend to nuclear power and renewable energy technology. While nuclear is a medium term non-carbon solution to baseload power, solar systems must become viable within 50 years.	▪ We are geared to support South African plans to build a fleet of nuclear power stations and develop new industry capacity for global export. ▪ We are investigating solar energy technology developments.
CLOUGH AND OIL & GAS	
Clough is our preferred entry into Australia and Southeast Asia and the natural resources market in oil and gas.	▪ Clough acquired a strategic 31% stake in Forge Group in Australia, a majority stake in OFI in Houston and established Peritus International.
CEMENTATION AND MINING	
Cementation Group is the world's leading underground mining contractor. It has expanded into Asia and established a company in Chile to serve the South American market.	▪ Cementation Group is coordinated out of London and operates in every region of the world. ▪ Subsidiary Terracem is drilling the rescue shaft to the 33 trapped miners in Chile using its unique drilling equipment.
REST OF AFRICA	
We have developed a strategy to re-enter the resources and selected construction markets in the Rest of Africa, south of the Sahara Desert.	▪ China is a significant player and its business enterprises will play an increasing role in facilitating South African involvement in this market.
ACQUISITIONS	
Our strategy remains to acquire greater critical mass over time, both in the Group's domestic market and where appropriate, in support of its global business model.	▪ We continue to seek merger opportunities in our markets, either to build on existing capacity or add new capacity and extend our domestic and global footprint.

Human capital

The Murray & Roberts leadership teams are a key source of competitive advantage and the Group has implemented a rigorous process to prepare them for a period of sustainable growth.

Andrew Skudder, group executive responsible for enterprise capability

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

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

This defines a long term succession planning process ensuring a full and flowing pipeline of leadership talent.

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

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

Broad-based black economic empowerment

Murray & Roberts is a meritocracy and has embraced broad-based black economic empowerment in its South African businesses, addressing the full range of empowerment requirements across its diverse operations.

As the leading South African enterprise in its sector, Murray & Roberts has adopted a comprehensive broad-based black economic empowerment strategy which aims to achieve:

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

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

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

Additional information is available in the sustainability report on page 88.

2010 Milestones

- R117 million invested in skills development
- 10 000 employees in skills and training development
- 220 employees attended leadership development programs
- 53 professional graduates joined the Group
  – 62% of these are black and 23% female
- 167 engineering & construction management bursars

2011 Focus

- Maintain an appropriate level of skills development spend
- Maintain the number of Murray & Roberts employees attending leadership development programs at more than 200
- Recruit at least 50 new professional bursars and graduates
- Increase focus on transformation within South African operations

Paul Deppe, managing director, Hall Longmore

Mark Johnston, managing director, Murray & Roberts Western Cape

Laurence Savage, managing director, Genrec

Gary Steinmetz, managing director, Union Carriage and Wagon

Tim Wakefield, managing director, Wade Walker

Albert Weber, managing director, Murray & Roberts Building Products

2010 Milestones

- BBBEE rating improved to level 4
- 31,3% broad-based black ownership based on dti Codes of Good Practice
- 38% of voting rights held by black board members
- R74,9 million contributed to enterprise development
- R22,2 million invested in socio-economic development

2011 Focus

- Maintain BBBEE rating of level 4
- Improve employment equity and skills development ratings
- Maintain enterprise development

Thokozani Mdluli, group chief safety executive

Petrus Mulaudzi, marketing executive, UCW

Kelvin Pillay, production executive, Hall Longmore

Dhiren Singh, group financial manager

Wendy Tierlinck, human resources executive, Rocla

Elvis Tshivilinge, quality divisional manager, UCW

Risk management

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

Greg Ker-Fox,
group executive responsible for risk management

The Murray & Roberts enterprise risk management process is governed by the group risk framework which is adopted by all operating company boards and executive committees.

The process is applied in all areas of potential exposure to risk, including acquisitions, capital expenditure, project management, health, safety & environmental management and brand integrity.

Risk assessments are conducted at group, operational and project levels and collective group experience is leveraged to better understand potential exposures to threats and opportunities. Significant risk decisions are reviewed by the executive risk committee and then the Board.

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

- acquisitions are subject to rigorous due diligence study before approval
- capital expenditure requirements are assessed as part of business planning
- project opportunities are regulated through the opportunity management system (OMS)

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

Risk based audit tests the integrity of controls mitigating significant exposures. Business plan risk mitigations are reviewed and audits of selected major projects, systems and processes are performed through a combined assurance model by management and internal audit, and selectively reviewed by experienced corporate executives and external service providers.

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

Major project risk management

Our non-negotiable commitment to sustainable earnings growth and value creation is possible only through a focus on risk management to preserve operating margin.

The Group has a long and proud record of major project delivery. It constructed much of the built environment in Southern Africa and has been involved in some of the world's great engineering challenges. In recent years the Group has entered a new era of major projects with potentially high risk profiles.

Murray & Roberts has developed the capacity to better assess and manage these projects. The bespoke opportunity management system (OMS) controls the project approval process to ensure all opportunities entered into the tender process are evaluated against a predetermined risk appetite. This scorecard approach allows management to determine the potential risk profile for a project, those which can proceed normally (green), and those which can proceed only after more rigorous evaluation (amber and red).

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

We benchmark our leadership and systems capacity against best-in-class in the engineering and construction sector. We have strengthened our operations, positioning them to offer superior propositions to their markets. A third generation development of OMS will utilise the system's technology platform to facilitate standardised project delivery across the Group.

A major project is one which exceeds the inherent capacity of an organisation to manage it within its existing resource and capacity. Partnership is a strategic imperative to mitigate this risk and we select our partners against criteria including market knowledge or technological expertise.

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

Additional information is available in the sustainability report on page 88 and the risk management committee report on page 120.

2010 Milestones

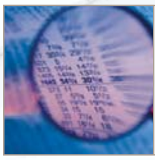
- Risk committee reviewed 11 major project bids
- Group risk completed two group-level risk assessments
- 19 business plan strategic risk assessments undertaken

2011 Focus

- Assess mega trends and emerging risk
- Develop and evaluate potential strategic responses mitigating exposure to longer term macro uncertainties impacting the Group

Risk management

Risk assessment
Establish exposure to threats and opportunities



Risk based audit
Test integrity of internal controls addressing significant areas of risk

Opportunity management
Take decisions which change Group's exposure to risk

Risk mitigation
Proactively reduce the likelihood and impact of threats
Exploit opportunities

2010 Milestones

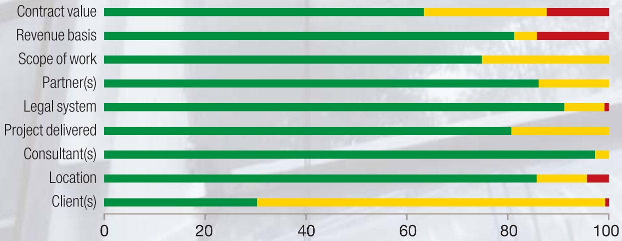
- All project companies now utilise the OMS, with a total 4 128 projects registered
- OMS supported 1 019 decisions and processed 7 096 transactions
- The group framework for standardised project delivery was produced
- Substantial progress was made with the development of OMS generation 3

2011 Focus

- Implement OMS 3 with additional modules to support group wide client relationship management, business development and performance management
- Embed the framework for standardised project delivery
- Expand the OMS platform to accommodate all group companies

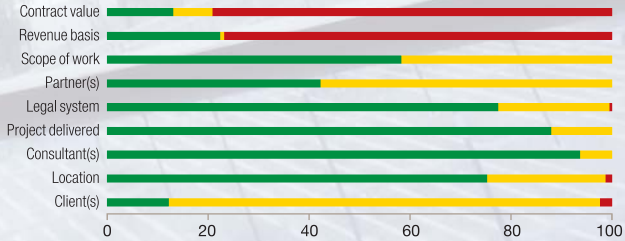
Number of project opportunities vs constraint filter

(%)



Value of project opportunities vs constraint filter

(%)



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

Assurance

The Murray & Roberts group assurance initiative has made significant progress in its first year.

Malose Chaba, group executive responsible for assurance

Under leadership of executive director Malose Chaba, group assurance has consolidated internal audit with risk management to give improved oversight of technical and operations performance.

KPMG has been appointed as the Group's internal audit partner to cater for the increased scope and complexity of our operations. The rolling three-year internal audit plan has been enhanced as a result of the partnership. The priority for the 2011 financial year is to monitor implementation of King III, including a readiness survey and audits.

Standard key performance indicators (KPIs) have been agreed for all project and manufacturing businesses, that identify and measure technical and operational performance. These KPIs incorporate financial, schedule, contractual, performance, capacity utilisation, human resources, supply chain and safety parameters.

The opportunity management system (OMS) monitors the performance of all active projects which are reported on a monthly basis. Version 3 of the OMS is under development in a pilot study at Concor, Murray & Roberts Marine, Hall Longmore and Cementation.

Some policy and procedure gaps have been identified in information management, stakeholder management and legal compliance practices across the Group. These are being rectified with new standardised policies.

Health, safety & environment

We aspire for zero harm to the safety of all our employees, our company, its shareholders, clients and business partners, the natural and built environment impacted by our operations, and society at large.

Thokozani Mdluli, group executive responsible for safety

Zero harm is an aspiration that drives our strategy and response to health, safety and environmental (HSE) challenges. Strong leadership and continuous motivation and education of our employees to take responsibility for themselves, their colleagues and the environment are key elements of our HSE strategy. Through this we strive to embed HSE values and a safety culture built on the principle of STOP.THINK.

The social, economic and health dynamics in our South African environment have a profound impact on our employees. This increases the need for strong leadership and focused management to maintain personal responsibility and effective communication across every level of the organisation. In the strength of our geographic and cultural diversity lies a greater demand for clear, consistent and timeous information on the importance and rationale for an organisational culture that supports a zero harm philosophy.

To assist with a change in safety culture, Murray & Roberts has appointed DuPont Sustainable Solutions to undertake a comprehensive evaluation of the Group's South African operations against best practice standards and to develop a set of continuous improvement recommendations.

Murray & Roberts subscribes to the principle that the risks of climate change associated with increasing greenhouse gas (GHG) concentrations in the atmosphere should be addressed through accelerated action, guided by the United Nations Inter-governmental Panel on Climate Change. An energy management initiative has been launched to ensure effective and efficient use of energy, and to reduce energy cost without compromising productive output, while leading to a lower carbon footprint.

Additional information is available in the sustainability report on page 88.

2010 Milestones

- Internal audit partner appointed
- Internal audit plan implemented
- Standard KPIs developed for all project and manufacturing businesses

2011 Focus

- Expand internal audit function
- Finalise King III readiness survey and audits
- Implement standardised policies where gaps or inconsistencies are identified

2010 Milestones

- Fatal accidents remained at nine (2009: 9), but seven fatalities (including a fall of ground incident resulting in five fatalities) were recorded in the first seven weeks of the new financial year
- LTIFR decreased 23% to 2,20 (2009: 2,87)
- Employee wellness program utilisation increasing
- Carbon footprint established and energy management initiative launched

2011 Focus

- Comprehensive safety review in partnership with DuPont Sustainable Solutions
- Greater focus on leadership responsibility and accountability in safety management
- Reduce LTIFR to below 2,0
- Enhanced environmental reporting and impact mitigation

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

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

Marina Naude,
health, safety & environment manager, Murray & Roberts Building Products

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

Jacqueline Pretorius,
divisional health & safety executive, Murray & Roberts Steel

Shane van der Nest,
health, safety & environment executive, Murray & Roberts Projects

Innovation

Innovation in Murray & Roberts dates back to the early history of the Group and is embedded in our culture as a key core value.

Carien Botha,
group executive responsible for innovation

Innovation is embedded within a number of our operations. It enhances our value offering to the market. The key driver of our innovation is to improve our service to society and to access new markets, improve our competitive position in established markets and fulfil our aspiration for zero harm.

We have invested significantly in the development of an integrated design and build solution for high quality and sustainable affordable living environments. We see this manifesting itself through medium to high density affordable housing projects in urban environments, using products and services of high quality and relative affordability.

All of our construction products businesses have new product development programs in various stages of commercialisation. During the year, Much Asphalt installed and commissioned its first warm mix asphalt plant for improved environmental impact. Murray & Roberts Steel introduced improved proprietary reinforcement products for mining which exceed global industry standards.

A Concrete Centre of Excellence has been established to improve the level of construction technology in the Group through the introduction of new technology to improve efficiency and reduce costs. Advanced research into the refinement of concrete technology is undertaken in partnership with the Council for Scientific and Industrial Research (CSIR).

The Cementation Group is committed to raising industry standards across various spheres of its mining operations. New era shaft sinking methodology has been introduced into our South African operations, including changes to the design of activities, ergonomics, mining technology and organisational dynamics. 3D visualisation and animation is used to refine planning, engineering, training and knowledge capture.

Cementation in Canada and Australia continue to develop improvements in specialised shaft sinking methodologies and raise boring equipment. Our bespoke Strata 950 raise bore technology supports the only raise drill in the world for underground raise drilling of up to six metre diameter and 1 000 metre depth. New technologies have been applied to the deep sewerage shafts in Hong Kong, addressing the challenges of working in confined spaces and high density urban environments.

Innovation is embedded in the Group's aspiration for zero harm to our business, employees, partners and the societies within which we operate. We have embarked on a coordinated drive to reduce our energy footprint across all operations. This includes ongoing initiatives to upgrade equipment with more energy efficient technologies and we are investigating the feasibility of alternative and renewable sources of energy.

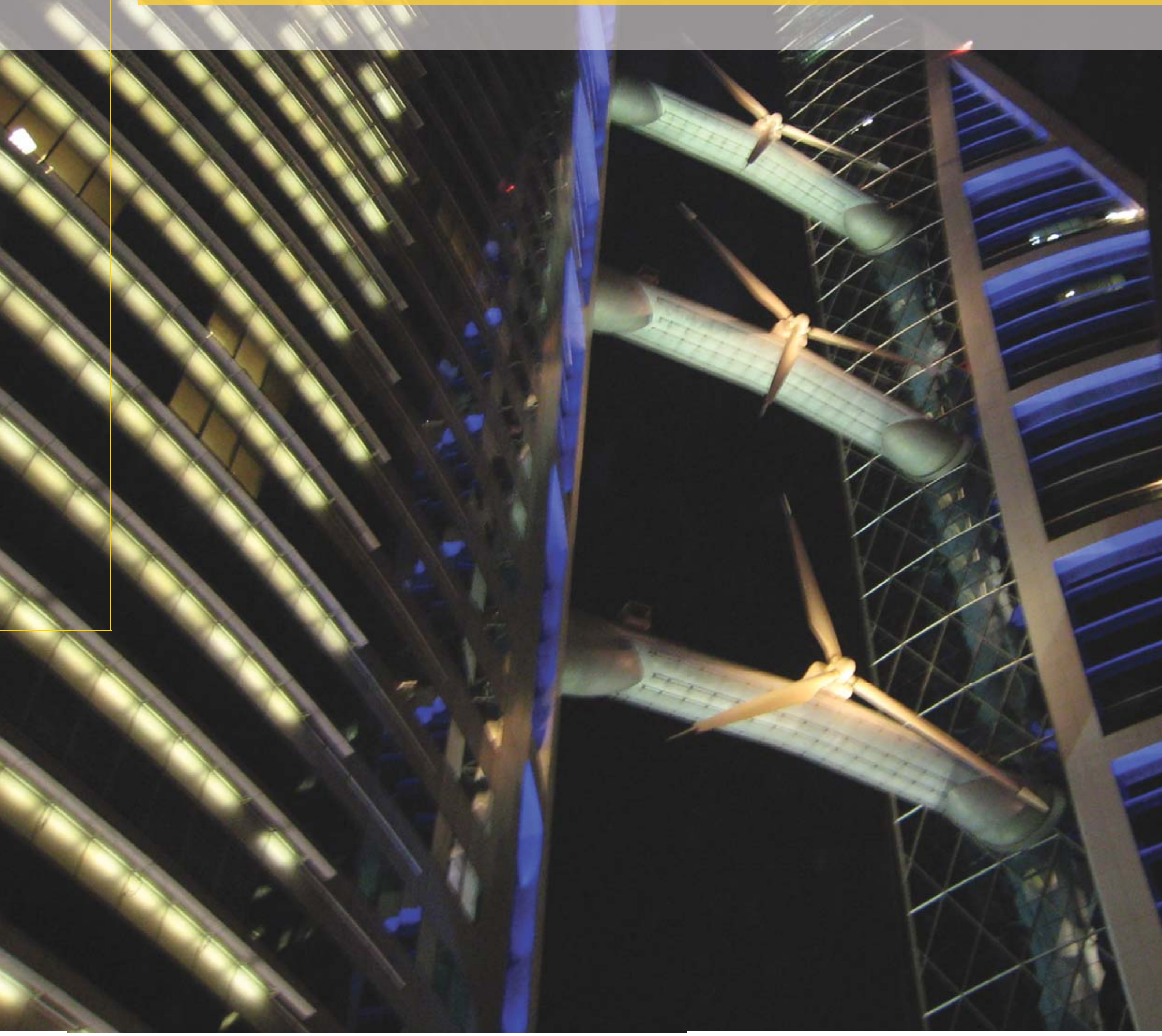
Wind turbines on the World Trade Centre in Bahrain generate 11% to 15% of the building's electricity needs

2010 Milestones

- Commissioning of warm mix asphalt plant and refinement of asphalt technology
- Development and industrialisation of advanced rebar products
- Establishment of Concrete Centre of Excellence
- Reduction of energy consumption and environmental footprint

2011 Focus

- Development and design of affordable housing solutions
- Implementation of new era shaft sinking and new mining technologies and methodologies
- Investment in technologies and materials to reduce environmental impact
- Refinement of construction methodologies and techniques



GAUTRAIN RAPID RAIL LINK

The Gautrain Rapid Rail Link is one of the largest public private partnerships in the world and offers a world class and cost effective, efficient, environmentally friendly and safe solution to commuter and transport challenges in the rapidly developing Gauteng Province. The project also seeks to provide partial relief to the challenge of road congestion by introducing an alternative mode of transport for commuters. It supports economic growth in the province and is creating as many as 7 000 employment opportunities during the construction and commissioning phase.

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

The 20 year concession to design, build, part-finance, operate and maintain the 80 kilometre transport system is held by Bombela Concession Company (BCC). Murray & Roberts is a 25% shareholder in both BCC (where group CE Brian Bruce is chairman, Terry Rensen a director and Jerome Govender CEO) and turnkey contractor Bombela TKC (where Ian Thoms is project director and Keith Smith and Malose Chaba directors). Murray & Roberts is a 45% shareholder in the Bombela Civils Joint Venture (where Keith Smith is chairman and Cobus Bester a director). Murray & Roberts is a 24% shareholder in Bombela Operating Company, where Judy Van Es is chairman and the lead Murray & Roberts director.

Design and construction of the project commenced when commercial close was achieved in September 2006. Despite delays with the procurement and delivery of land and the resultant disruption of the works, Bombela ensured that completion of phase 1 (the network between Sandton and OR Tambo), was completed in time for the 2010 FIFA World Cup. Design and construction work was about 95% complete at year end. Phase 2 of the system from Park Station to Hatfield via Pretoria Station is being constructed concurrently with the operation of phase 1, but has been disrupted by delays in land delivery and considerable challenges with dolomites in the Centurion area.

LOCATION: Gauteng, South Africa

PROJECT CEO: Jerome Govender

PROJECT DIRECTOR: Ian Thoms

CLIENT: Gauteng Provincial Government acting through the Gautrain Management Agency

PARTNERS:
25% Strategic Partners Group,
17% Bombardier, 17% Bouygues

PROJECT TYPE: Public private partnership

VALUE: R25 billion plus claims and variations

DURATION: 54 months and 15,5 year operational concession

PROJECT START: September 2006

Jerome Govender

Ian Thoms

Milestones

- Operation of phase 1 commenced 19 days ahead of schedule and 3 days before the 2010 FIFA World Cup
- Approximately 400 000 passenger trips were recorded on Gautrain trains and buses in the first month of operation
- At end July 2010, The UCW Partnership had completed assembly of approximately 98% of its portion of the Gautrain rolling stock
- At end July 2010, approximately 65 million man hours had been achieved on the infrastructure portion of the project

Gautrain station at OR Tambo International Airport

GREEN POINT STADIUM

South Africa is the first African nation to host the prestigious FIFA World Cup. New stadiums were built in Cape Town, Durban, Port Elizabeth, Polokwane and Nelspruit in preparation for the 2010 event, and other stadiums around the country were renovated to meet FIFA requirements.

The new Green Point Stadium, also known as Cape Town Stadium, was handed over to the City of Cape Town ahead of schedule on 21 December 2009. The stadium successfully hosted nine World Cup matches, including a semi-final, and will have a positive impact on communities and economic growth in the Western Cape Province for years to come.

The 68 000 seat stadium is located on Green Point Common close to the V&A Waterfront and Cape Town city centre. The stadium is 55 metres high with a fabric façade and a steel cable tensioned glazed roof.

This world class venue has been designed not only to offer football fans an unforgettable experience, but also with a view towards giving the people of Cape Town a versatile venue for decades.

A review team appointed by the Department of Environmental Affairs and Tourism has found that the Green Point Stadium meets high standards of environmental protection. Water and energy efficiency measures are part of the design and, when the old Green Point Stadium was demolished to make way for the new one, 95% of the components were recycled and reused. Water from the stadium roof and drainage from the pitch is pumped into ponds on Green Point Common, thus reducing dependency on potable water.

LOCATION: Cape Town, South Africa

PROJECT MANAGER: Andrew Fanton

CLIENT: City of Cape Town

PARTNER: 50% WBHO

PROJECT TYPE: Construction

VALUE: R3,6 billion

DURATION: 32 months

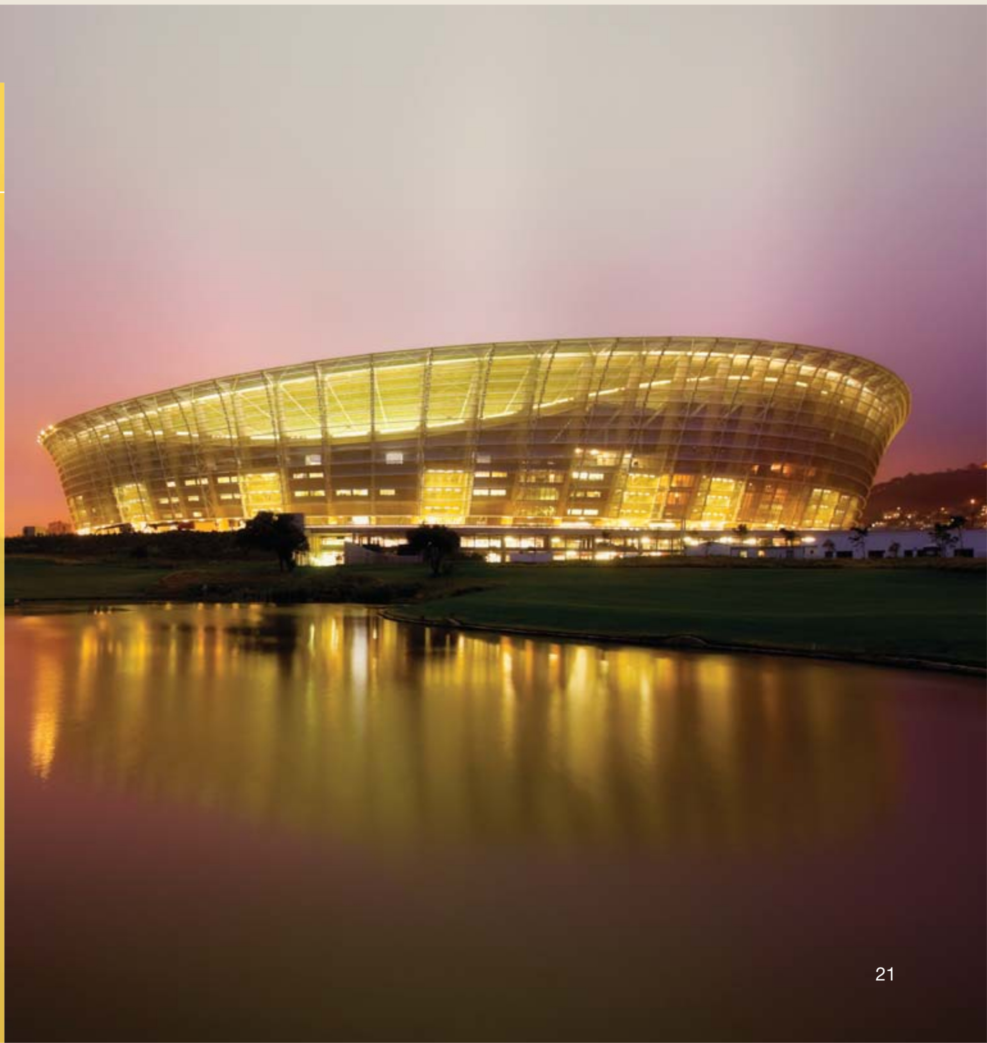
PROJECT START: March 2007

PROJECT COMPLETED: December 2009

Andrew Fanton

Achievements

- The project was handed over to the client in December 2009, two months ahead of the original contract program
- 2,7 million lost time injury free hours were recorded to July 2009
- 1 200 trade employees were trained, graded and developed (The peak construction labour force comprised 2 300 employees)
- The project invested in community based social initiatives, including support for abused women and disadvantaged children
- More than 80 000 school learners attended construction presentations at the Visitor's Centre



Green Point Stadium

MEDUPI AND KUSILE

Murray & Roberts is playing a pivotal role in the development of South Africa's new power station infrastructure with its major involvement in the construction of the Medupi and Kusile power stations. These power stations are amongst the largest dry-cooled thermal power stations in the world.

The need for new electricity capacity in South Africa has reached a critical stage and the planned Eskom power generation program will reinstate reliable electricity supply to South Africa and its neighbours over the next 20 years.

A number of Murray & Roberts companies are engaged in this program. Murray & Roberts Projects, in partnership with Hitachi, is responsible for the boiler mechanical portion of the works, comprising 12 units of about 800 megawatt electrical (MWe) each. The Murray & Roberts scope includes structural steel fabrication, erection and mechanical installation works for both power stations. Structural steelwork is being fabricated by Genrec and steel ducting is being fabricated by Energy Fabrication.

Murray & Roberts leads the civil joint venture for the Medupi project where works have progressed well on the first three of the six units. Concor, in joint venture, has been awarded the chimneys and silo contracts for both the Medupi and Kusile projects.

The strategy and investment by the businesses during the early stages of the works to develop South African resources are starting to show great benefit on the projects. The ASGISA trade skills programs and learnerships are progressing well with approximately 720 artisans enrolled. The professional development of engineers is currently a focus area and will remain a priority over the next 18 months.

Both projects have been subjected to significant start-up delay as a result of late access, inadequate site services and design challenges.

LOCATION: Lephalale, Limpopo Province and eMalahleni, Mpumalanga Province, South Africa

PROJECT DIRECTORS: Bruce Neave (Medupi mechanicals), Coenie Vermaak (Medupi civils)

CLIENT: Eskom Holdings Limited

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

PROJECT TYPE: Power generation – mechanical, electrical and civil construction

VALUE: R18 billion (Medupi and Kusile), R4,5 billion (Medupi civil construction)

DURATION: 120 months in total

PROJECT START: November 2007

Bruce Neave

Coenie Vermaak

Milestones

- Medupi boiler 6 civil sectional contractual handover achieved with accelerated program
- Mechanical completion of mainframe and auxiliary bay structural steel for boiler 6
- Fabrication of over 12 000 tonnes structural steel
- Kusile duct workshop established and commissioned
- Over 2,7 million work hours achieved on boiler contract with LTIFR of 0,07; CJV LTIFR 0,87
- Over 14 million man hours worked

Medupi power station under construction (boiler mainframe and gas ducting in centre of photograph)

AQUARIUS PARTNERSHIP

The Kroondal and Marikana platinum mines are located 120 kilometres northwest of Johannesburg in the Bushveld Igneous Complex in the North West Province. This region is one of the world's most productive platinum regions. These mines are amongst the most cost effective underground platinum mines globally, with a total workforce of more than 6 200 people.

Murray & Roberts has a history dating back more than 80 years of serving the mining industry and is recognised as a leading mining contracting group worldwide with a presence in Africa, Australasia, Asia and North and South America. In 1999, Cementation Africa entered into a landmark contract with Aquarius Platinum to toll mine the shallow platinum ore body at Kroondal. A revised three year contract to the value of R2,5 billion annually was negotiated in July 2010.

Murray & Roberts Cementation provides most of the services required to undertake mining activities and carries a shared responsibility for day-to-day operation of the mine, limited to underground activities from initial production planning and mineral resources management (including survey and grade control) to the final delivery of ore to the surface stockpiles. The Kroondal processing plants are supplied from seven main producing shafts with a production output of about 850 000 tonnes of underground ore per month blended with 60 000 tonnes of opencast ore supplied by others. Mining ore is processed by Aquarius in the metallurgical plants to produce a concentrate which is supplied to Impala Refining Services and RPM in Rustenburg.

The capital intensive small mine concept at Kroondal has revolutionised the South African platinum mining industry and incorporates the use of key contractors, highly mechanised mining operations and the outsourcing of high-cost, high-risk smelting and refining operations.

In accordance with the client's business model, the operational activities at the mine are outsourced to two specialised contractors. Murray & Roberts Cementation, with a workforce of more than 5 950 people, performs underground mining and Minopex operates the metallurgical plants. Other contractors perform the duties and responsibilities of service departments such as rock engineering, ventilation and geology.

PROJECT DIRECTOR: Freddie Geldenhuys

CLIENT: Aquarius Platinum South Africa

PROJECTS: Kroondal, Marikana, Blue Ridge and Everest platinum mines

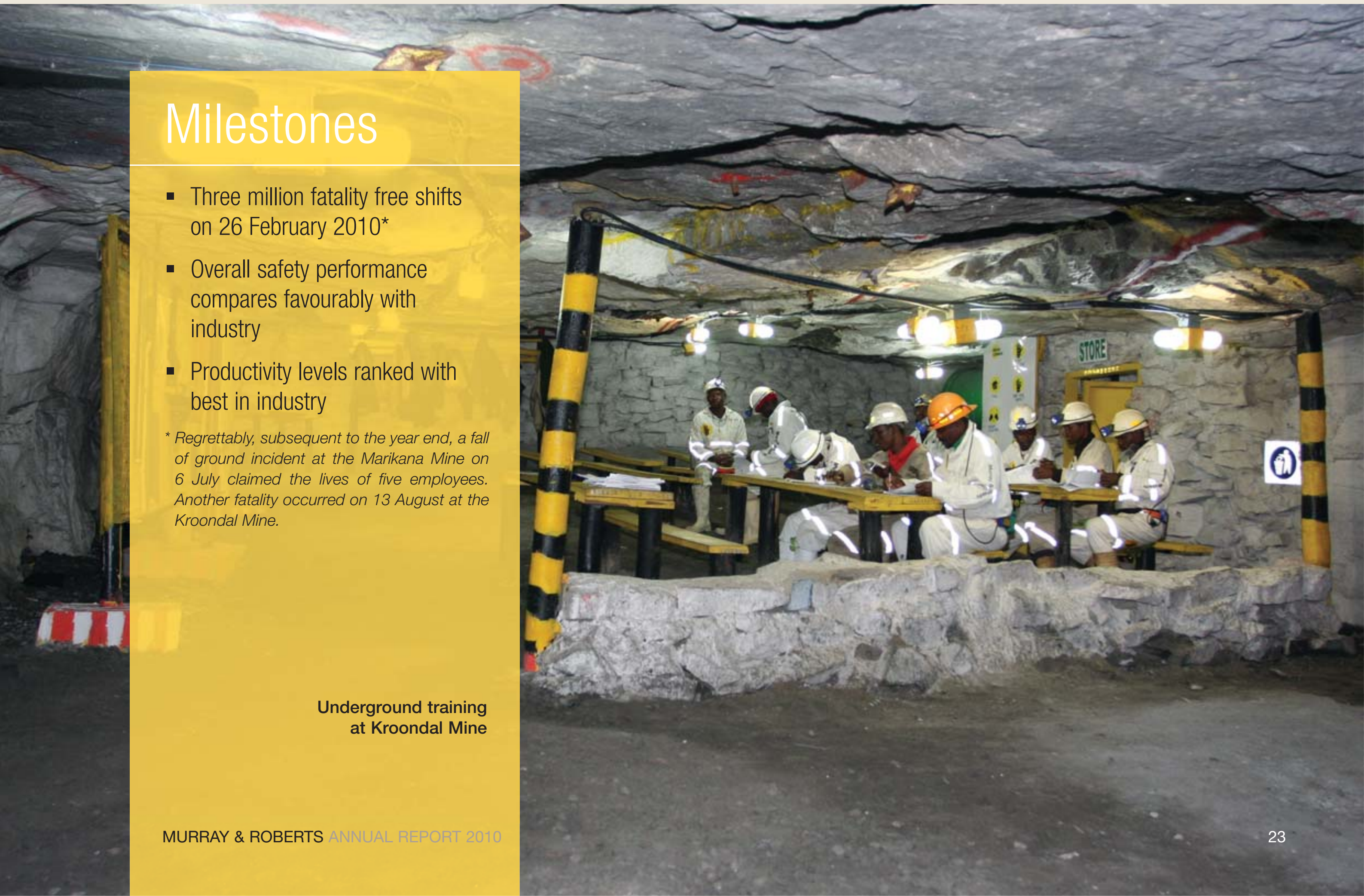
PROJECT TYPE: Contract mining

VALUE: R2,5 billion per annum

DURATION: Ongoing

PROJECT START: July 1999

Freddie Geldenhuys



Milestones

- Three million fatality free shifts on 26 February 2010*
- Overall safety performance compares favourably with industry
- Productivity levels ranked with best in industry

** Regrettably, subsequent to the year end, a fall of ground incident at the Marikana Mine on 6 July claimed the lives of five employees. Another fatality occurred on 13 August at the Kroondal Mine.*

Underground training at Kroondal Mine

NATIONAL FREEWAY IMPROVEMENT PROJECTS

Through its asset preservation arm, SANRAL, the Department of Transport has recognised that Cape Town and Gauteng generate nearly 40% of the total value of South Africa's economic activities. As a result, development in housing, offices, retail and industrial properties in the two centres has grown significantly over the past 10 years, resulting in above average traffic growth. Provision of road infrastructure has not kept up with the increased traffic demand, resulting in a road and freeway network that is under capacity.

The Gauteng Freeway Improvement Project (GFIP) has been implemented to upgrade and expand the Gauteng freeway network to significantly reduce traffic congestion and unblock access to economic opportunities and social development projects. The GFIP will inject approximately R29 billion into the South African economy and approximately R13 billion into the provincial gross geographic product, creating nearly 30 000 direct jobs over its lifecycle.

In anticipation of this development, Much Asphalt upgraded its facilities and capacity and, as a consequence, has been contracted to supply about 70% of the asphalt required to complete phase 1 of the GFIP.

Phase 1 is due for completion before the end of 2010. The initiative that crosses the Johannesburg, Ekurhuleni and Tshwane metropolitan boundaries widens freeways to at least four lanes in both directions and in some sections up to six lanes. This phase of the project will upgrade 185 kilometres of the existing freeway network. Furthermore, over the lifespan of the project, a further 376 kilometres of upgraded and newly constructed freeways are planned for implementation. The network will provide an interconnected freeway system of inner and outer ring roads, incorporating the historically-neglected western and southern Gauteng settlements.

The most significant contribution the investment will make to ordinary citizens is the quality of life improvement that an upgraded road infrastructure will deliver.

LOCATION: Johannesburg and Cape Town

PROJECT DIRECTOR: Bennie Greyling

CLIENT: South African National Roads Agency (SANRAL)

CUSTOMER: 15 major South African contractors and joint ventures

PROJECT TYPE: Manufacture and delivery of asphalt surfacing materials

VALUE: R867 million

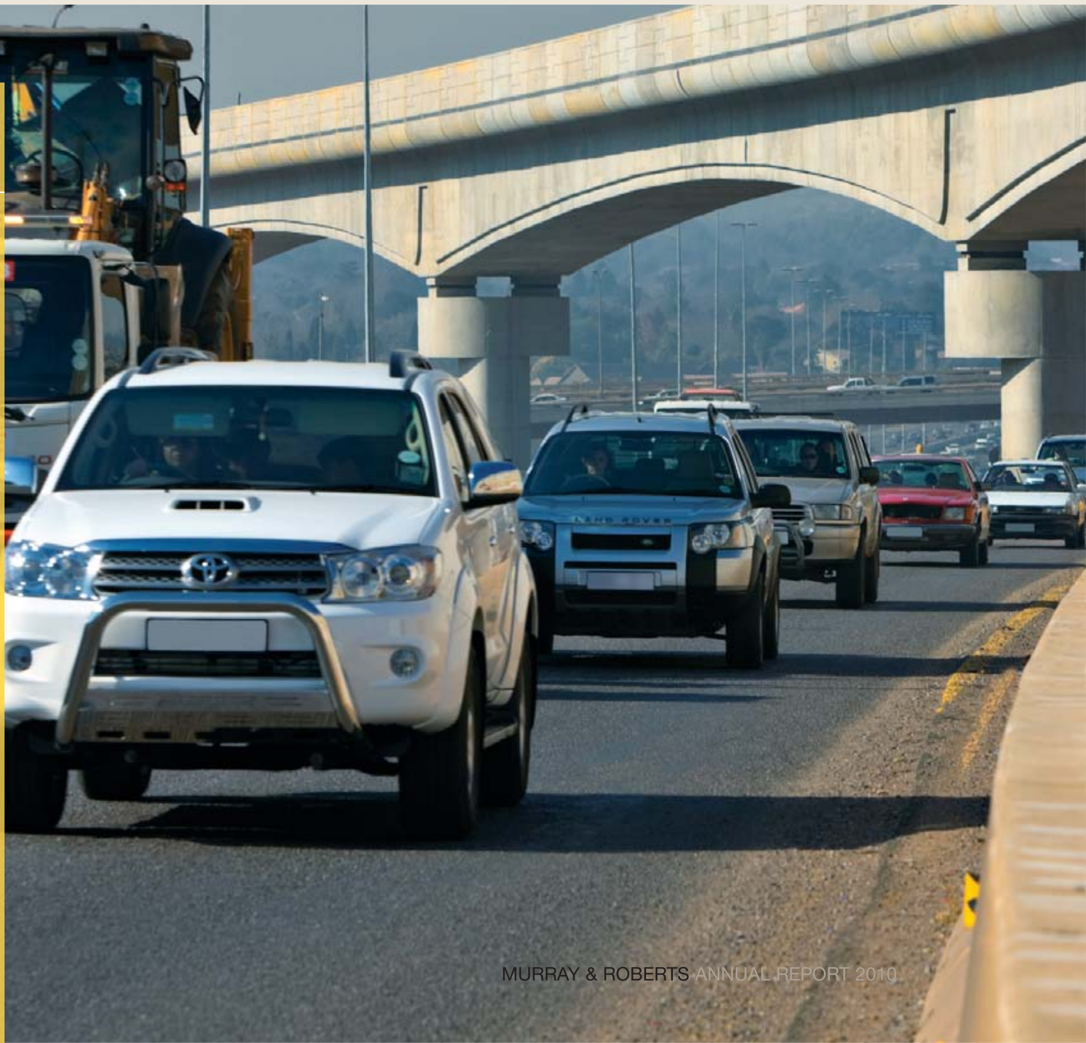
DURATION: 20 months

PROJECTS START: October 2008

Bennie Greyling

Milestones

- GFIP: 870 000 tonnes of five different specialist surfacing products (R610 million)
- R300, Cape Town: 266 000 tonnes EVA modified asphalt (R162 million)
- N1, Cape Town: 151 000 tonnes specialist surfacing products with recycled asphalt (R95 million)
- All contracts scheduled for substantial completion for 2010 FIFA World Cup delivered on time



Upgrading Gauteng freeways

MULTI-PRODUCT FUEL PIPELINE

To accommodate growth in demand for liquid fuels in Gauteng Province, Transnet allocated R11,2 billion for the construction of a new multi-product fuel pipeline from Durban to Johannesburg to replace and enlarge existing pipeline capacity. The National Multi-Product Pipeline (NMPP) will transport petrol, diesel and jet fuel from the second quarter of 2011. Although the pipeline has also been designed to transport crude oil, the wet commissioning using crude oil will take place at a later stage.

Murray & Roberts operation, Hall Longmore, was awarded the order to manufacture and supply the specialist pipe at a value of R2,4 billion. The order consists of approximately 560 kilometres of Ø610 mm line from Durban harbour to Nigel, and approximately 160 kilometres of Ø406 mm line from Nigel to Langlaagte, and from Watloo in Tshwane to the terminus near Kendal Power Station.

Hall Longmore's involvement with the NMPP began in 2006 with the submission of capability and feasibility information. Significant technical involvement with the NMPP Alliance Joint Venture culminated in the award of the order for the three layer coated pipe contract to Hall Longmore as part of the Impumelelo Pipeline Joint Venture. Final delivery took place in August 2010.

In preparation for the NMPP project, Murray & Roberts approved a significant capacity expansion at Hall Longmore, including a major upgrade of the electric resistance welded (ERW) plant and a new coating facility to a capacity of 250 000 tonnes per annum. The upgraded plant increases the company's capability to manufacture pipe by the more efficient ERW method. The upgrade to Ø610 mm and downstream improvements will enhance the company's capacity to take on future projects of this nature. Many positive spin-offs have emerged from the NMPP project that will minimise wastage and lead to more efficient pipe-making.

LOCATION: Johannesburg, South Africa

COMPANY: Hall Longmore

PRODUCTION EXECUTIVE: Kelvin Pillay

CLIENT: Transnet

PARTNERS: Kulungile Metals Group

PROJECT TYPE: Pipe manufacture

VALUE: R2,4 billion

DURATION: Two years

PROJECT START: August 2008

Kelvin Pillay

Achievements

- Manufacture of the first Ø610 mm pipe complying with American Petroleum 5L standards in grade X65 steel
- At 30 June 2010, supply of the Ø406 mm line was complete and 513 kilometres (90%) of the Ø610 mm pipeline had been delivered
- The project was completed in August 2010

The final delivery from the NMPP pipeyard

GORGON LNG PROJECT

The Greater Gorgon gas fields, off Western Australia's Pilbara Coast, contain more than 40 trillion cubic feet (Tcf) of gas, representing some 25% of Australia's total known gas resources. The Gorgon project is the largest resource project in Australia's history and will be adding 15 million tonnes of LNG a year to Australia's current annual output of approximately 20 million tonnes in a phased manner between 2014 and 2015.

Clough is a key member of the Kellogg Joint Venture – Gorgon (KJV-G), which has been awarded by Chevron Australia the engineering, procurement and construction management (EPCM) contract for all downstream facilities on the project.

The onshore facilities will consist of three five million tonne per annum LNG trains, gas processing and treatment facilities, product storage and offloading, complete offsites, utilities and accommodations. The EPCM contract also includes a 300TJ/d domestic gas plant. The design of the facility features improvements in greenhouse gas emissions performance, including improved waste heat recovery and the injection of reservoir carbon dioxide into the subsurface.

The EPCM effort is planned as a fully modular construction strategy to minimise impact on the island during the construction phase, and is being conducted from two main operating centres located in Perth, Australia and London, UK with support from global centres in USA, Singapore, Indonesia and Japan. Global procurement and numerous international fabrication yards will be utilised to supply the key components of the project and KJV-G personnel will manage these global sites, including the critical supply chain management and logistics processes.

Early construction activity is well underway to ensure that the proper infrastructure and marine logistics capability is established. A work force in excess of 3 500 personnel will construct and commission the facilities over a three year period. It is anticipated that over 40% of the project expenditure will occur in Australia.

Murray & Roberts Marine has been awarded a joint venture subcontract to design and construct the material offloading facility for the Gorgon Project.

CLIENT: Chevron Australia Pty Ltd

LOCATION: Barrow Island, Western Australia

CLOUGH COO: Bill Boyle

CONTRACT VALUE: A$2,7 billion (Clough 20%)

PARTNERS: Kellogg Brown Root (KBR), JGC, Hatch

CONTRACT PERIOD: September 2009 – present

SAFETY PERFORMANCE:

Man hours to 30 June 2010: 5 309 945, LTIFR: 0

Bill Boyle

Milestones

- Five million man hours completed without a days away from work (DAFW) incident
- Major contract and procurement commitments valued at about US$14 billion were secured to 30 June 2010
- Quarantine compliance plan implemented on Barrow Island rated world class by Western Australian Government Environmental Protection Agency in 2009 EPA decision document

Gorgon Project, Barrow Island

COAL LINE AND ORE LINE

COAL LINE

The Richards Bay Coal Terminal (RBCT) is the second largest coal export facility in the world and is expanding its capacity to accommodate increased coal exports. The Coal Line railway system between eMalahleni (Witbank) and Richards Bay plays an important role in the successful operation of RBCT. The Coal Line upgrade project is part of Transnet's Main Line Locomotive Investment Program that seeks to optimise the operation of the railway system in support of the expansion of RBCT.

Murray & Roberts subsidiary, Union Carriage and Wagon, through The UCW Partnership (UCWP) and with Mitsui African Railway Solutions and Toshiba as its partners, is contracted to supply new locomotives for the Coal Line corridor. Through this project, Transnet will acquire 110 class 19E dual voltage electric locomotives to be made available by 2012. UCWP is responsible for the overall mechanical design, systems integration, fabrication and assembly of the locomotives. Toshiba contributes to the design, development and supply of the electrical propulsion equipment. The first 12 locomotives have successfully completed the mandatory tests and have been in revenue earning operation since the first half of 2010.

ORE LINE

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

In 2007, Transnet awarded UCWP, with its partners Mitsui and Toshiba, the project to supply 44 new class 15E 50 kV electric locomotives for the iron ore rail link from Sishen to Saldanha. This is the most energy efficient locomotive that Transnet has ever added into its fleet. At 30 June 2010, 10 locomotives had been delivered. The first consignment of three locomotives have successfully completed the mandatory tests and have been in revenue earning operation since the second quarter of 2010.

COMPANY: The UCW Partnership

CLIENT: Transnet Freight Rail

OPERATIONS DIRECTOR: Craig Holden

PARTNERS: Toshiba and Mitsui

PROJECT TYPE: Rolling stock infrastructure

VALUE: R2,1 billion

DURATION: Four years

PROJECT START: September 2006

Craig Holden

Milestones

- 800 new job opportunities secured
- First major new electric locomotive contracts in South Africa since 1994
- The program positions UCWP as a supplier of choice for future rolling stock opportunities
- Class 15E the most energy efficient locomotive ever delivered to Transnet
- At 30 June 2010, 35 new locomotives had been delivered to Transnet by the two projects

Class 19E dual voltage electric locomotive

GROUP DIRECTORATE – NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen
(62)
CA(SA) CPA (Texas), independent non-executive chairman

Appointed to the Board in 2003 and appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee. Trustee of The Murray & Roberts Trust. Director of Aspen Pharmacare Holdings, Nampak and Virgin Active Group. Member of the King Committee on Corporate Governance.

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 the risk management committee. Director of AFGRI Limited.

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, Nedbank and board member of CSIR and Right to Care. Telecommunications consultant.

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 companies, including Santam, Simmer & Jack Mines and Merrill Lynch South Africa. Member of the University of Cape Town Business School Advisory Board.

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 and Impala Platinum Holdings.

Imogen Nonhlanhla Mkhize
(47)
BSc Information Systems MBA (Harvard), independent non-executive director

Appointed to the Board in 2005. Member of the audit committee and risk management committee. Chairman of Richards Bay Coal Terminal. Director of companies, including Sasol, Mondi plc, Mondi and MTN Service Provider. Member of the Financial Markets Advisory Board and Rhodes University Board of Governors.

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 health, safety & environment committee. Non-executive director of AngloGold Ashanti.

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

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

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 and member of the audit committee. Serves on the Johannesburg Bar Council and member of the South African Law Reform Commission.

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. Member of Roedean School Board of Governors. Fulbright Fellow at the California Institute of Technology in 1988.

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 nomination committee. Trustee of The Murray & Roberts Trust. Chairman of Hudaco Industries. CE of Waco International. Governor of Rhodes University.

EXECUTIVE DIRECTORS

Brian Cameron Bruce
(61)
PrEng BSc Eng (Civil) DEng (hc) HonFSAICE, group chief executive

First joined the Group in 1967. Appointed to the Board and group CE in 2000. Member of health, safety & environment committee. Director of Clough. Director of National Business Initiative and member of Council of the University of the Witwatersrand.

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. Responsible for Murray & Roberts Marine and Wade Walker. Member of the NEPAD Business Forum (Energy Working Group). Founder member of Black Business Council as well as 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. Executive director responsible for the Group's Construction Products SADC cluster and development of group housing strategy.

Trevor George Fowler
(59)
BSc Eng (Civil), group executive director

Joined the Group and appointed to the Board in 2009. Executive director responsible for Construction SADC. Deputy chairman of Health Systems Trust and 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. 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 2007.

Information correct as at 30 September 2010.

Additional information on the directors is available on pages 211 and 212 of this report.

ROY ANDERSEN, chairman

Challenges Murray & Roberts experienced in 2010 are reflected in our results but we remain financially robust and we continue to demonstrate our world class major project capability.

DEAR SHAREHOLDER,

Murray & Roberts is the leading engineering contractor for the largest and most complex projects in the South African Government's infrastructure investment program to build new power generation capacity and upgrade road, rail and pipeline infrastructure. The completion of Green Point Stadium and the first phase of Gautrain from Sandton Station to OR Tambo International Airport in time for the 2010 FIFA World Cup – and ahead of our contractual obligations – represent significant accomplishments of engineering, construction and project management. Many of our businesses play a leading role in other major infrastructural projects in the South African market, such as Eskom's Medupi and Kusile power stations, the Gauteng Freeway Improvement Program and Transnet's National Multi-Product Pipeline to transport fuel from Durban to Johannesburg. We have also undertaken major projects offshore, such as the Dubai International Airport Concourse 2.

However, our Group's achievements on these projects have to a certain degree been overshadowed by difficulties we have encountered in the largest of them and we have had to recognise that the size and complexity of major projects introduce significant new challenges to our business. The Gautrain project has encountered disruption and severe delays due primarily to the late procurement and delivery of land. This, combined with the significant acceleration required for the early completion of phase 1 of the project, resulted in an increase in working capital which had a financial impact on our Group during the year. Different challenges encountered on the Medupi project, associated largely with design changes, have delayed our work on both the civil engineering contract and the structural fabrication and erection of boilers. These challenges have been compounded by the difficulty we have faced securing payments in an economic downturn from a major client in Dubai.

Our financial results for the year to 30 June 2010 reflect the impact of these challenges on our business and the aftermath of the global economic downturn. Revenue and operating profits declined by 2% and 36% respectively, while diluted headline earnings per share declined by 50% to 340 cents. However, a number of our businesses performed exceptionally well in difficult

Green Point Stadium

market conditions. Clough achieved solid financial growth for a third consecutive year and the results of the Construction Products SADC cluster were strengthened by excellent performances from Hall Longmore and Much Asphalt.

Although the operating margin was impacted, it is encouraging to note that at 5,6% it remains within our strategic framework of 5,0% to 7,5%. The order book stabilised at R42 billion at 30 June 2010 – representing 176% of project revenue which exceeds global best practice – and the statement of financial position remains healthy.

I am pleased to report that the Board has declared a total dividend of 105 cents for the full year (2009: 218 cents).

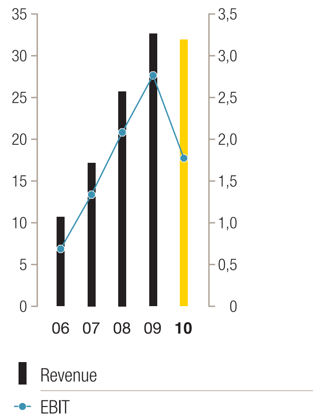
Safety

The Board has noted with great concern the deaths of nine employees, Joseph Tankiso Koenyana, Bhekizenzo Moses Khumalo, Lephoto Abel Motloung, Tankiso Sidwell Hlalele, Shofiqul Azahar Ali, Soma Swamy Reddy Rajam, Gabangane William Masilela, Dawid Johannes Jacobus Burger and Clementi Rakeiti Lelimo, at work sites in South Africa and the Middle East during the year under review. Subsequent to the year end, a fall of ground incident at the Aquarius Marikana Mine on 6 July claimed the lives of five employees, Ntobeko Siguca, Otladisang Petrus Kai, Tsielo Toko, Tshepo Jacob Motjotji and Zwelebango Manjawe. Two further fatalities occurred on 13 August at the Aquarius Kroondal Mine and on 17 August at Park Station, where Vasco Manuel Macamo and Lamulani Moyo respectively sustained fatal injuries. We express our condolences to the families of the deceased.

The Board has commissioned an independent review of the Group's safety policies, procedures and practices. Pending the outcome of the review, the Group will continue to implement measures such as the STOP.THINK campaign to make our operations safer and, to the fullest extent possible, injury-free. In another important development in this regard, a senior safety executive was appointed in May 2010 to support the Group's leadership in their efforts to strengthen health and safety standards and practices.

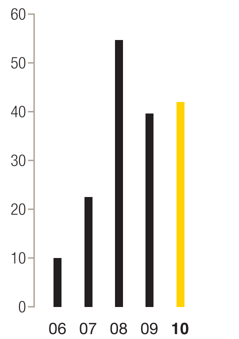
Revenue and EBIT

(R billion)



Group order book

(R billion)



Africa, in particular, offers the prospect of significant growth in our targeted mining, oil & gas and construction sectors and we are exploring opportunities to strengthen our presence in the SADC region and expand beyond SADC.

Medupi power station
air cooled condensers

The group consolidated lost time injury frequency rate (LTIFR) of 2,20 (2009: 2,87) has maintained the trend of improvement that we have experienced in recent years and it demonstrates the strong commitment of all of our businesses to a safe working environment. Nevertheless, it also indicates that much work is still required for the achievement of our group target of zero fatalities and permanent disablement and a LTIFR below 1,0.

Business environment

The global economy recovered strongly during the past year in response to stimulatory fiscal and monetary policies, and a rebound in inventory and commodity prices boosted sectors such as manufacturing. However, the global economy has shown recent signs of softening as the stimulatory forces have run their course and evidence of sustainable growth in private effective demand remains limited. Countries that experienced more robust recoveries, such as China, are tightening control to prevent over-heating of their economies and economists are forecasting a slow recovery in the year ahead which is likely to support the current level of commodity prices.

South African manufacturing and mining sectors responded positively to the global recovery and the domestic economy started to move out of recession in the third quarter of calendar 2009. However, growth in private sector investment slowed sharply and is unlikely to revive until companies are confident of a sustained improvement in the business environment. Capital spending by the public sector has also tapered off following the completion of Soccer World Cup-related projects, and future growth in this area is likely to be constrained as Government pauses to digest the consequences of the recent high levels of capital expenditure. These declines in private and public sector investment are partially accountable for the delayed impact of the recession on our business.

The opening up of African markets offers new opportunities to South African companies that could compensate for weaker domestic growth. Although the euphoria of a so-called super cycle in commodities has dissipated, the shift in global growth trends from developed to developing and emerging markets still offers the prospect of further commodity and infrastructure-related development.

Strategic positioning

Murray & Roberts has undergone significant growth in recent years. Our strategy to maintain future growth in challenging and rapidly changing domestic and global environments prioritises organic growth and acquisitions required to build the scale and capacity necessary to remain competitive and maintain future growth in our targeted sectoral and geographic markets. Africa, in particular, offers the prospect of significant growth in our targeted mining, oil & gas and construction sectors and we are exploring opportunities to strengthen our presence in the SADC region and expand beyond SADC.

Sustainability

Murray & Roberts is committed to growing its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current shareholders and a sustainable future for generations to come. In response to the King Code of Governance Principles for South Africa 2009 (King III), we are preparing for our first integrated report in 2011 and our expanded 2010 sustainability report is written in accordance with the Global Reporting Initiative G3 Sustainability Reporting Guidelines and King III. To improve our sustainability reporting and ensure comparability year-on-year, the Group will commission independent assurance of the 2011 sustainability report.

Human capital

Murray & Roberts considers its people and leadership teams as a critical source of competitive advantage. The continuous development of our human capital resource – from our workforce to our executive leaders – is central to our business strategy, ensuring that we have the stability, capacity and ethical steadfastness required to meet the demands of our business environment.

We continue to invest significantly in the development of our employees at all levels, providing a range of training, learning and career development opportunities for our people. We place a high level of emphasis on developing skilled artisans and supervisors – and this has been particularly important during our current phase of involvement in major projects. We invest much time and effort in building our talent and have a leadership succession and development process which aims to ensure that we have the talent required to meet our strategic objectives. In addition to our Leadership Pipeline process, the Board has recently initiated a project with external consultants to assist in the identification and development of leadership talent at the junior, middle and senior levels of management.

In 2010, the investment in formal training and development across the Group amounted to R117 million (2009: R96 million), including wages and salaries of participants and capital expenditure in upgrading training facilities. We continue to invest in an Artisan Training Centre at Lephalale FET College, where 720 artisans will be trained for the Medupi power station. Furthermore, the Group funded 167 bursars at South African tertiary institutions and approximately 10 000 employees undertook formal skills enhancement and training development during the year.

In 2010, the investment in formal training and development across the Group amounted to R117 million (2009: R96 million).

Black economic empowerment

Murray & Roberts believes that broad-based black economic empowerment is essential for the long term economic and social stability of South Africa and the development of the construction, mining and engineering sectors.

We achieve important new milestones every year in the implementation of a comprehensive strategy to address the full range of empowerment requirements across our diverse range of operations serving the domestic construction economy. During the past year, an independent review of the Group's empowerment status concluded that our broad-based black economic empowerment rating improved to level four (2009: level five) and we registered 31,3% broad-based black ownership based on dti Codes of Good Practice.

The Letsema broad-based black economic empowerment (BBBEE) scheme has created wealth of more than R985 million for an estimated 20 000 employees and community participants and total dividends of R157 million have been paid to the trusts to date. In 2010, we contributed R74,9 million to enterprise development and R44,2 million to socio-economic development through our corporate social investment program and from the dividend gains of the Letsema BBBEE community trust. Furthermore, R21,7 million in education bursaries for employees' family members has to date been allocated by the Letsema BBBEE employee benefits trust to 124 bursars at secondary and tertiary schools.

At leadership level the composition of the Board and senior management will increasingly reflect the transformation of South African society. Currently, six directors are black, three of them women. Two of our managing directors are black men and one is a woman, and we have two black operational chairmen.

Community development

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

The Murray & Roberts corporate social investment program invested R22,2 million (2009: R21,1 million) in development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numeracy and literacy education in early childhood development, and environmental education. Murray & Roberts supports sustainable social development through many of its community initiatives. A number of employees participate in community development as champions of projects the Group supports.

The Murray & Roberts corporate social investment program invested R22,2 million (2009: R21,1 million) in development projects aligned with the Group's business strategy.

The Board is committed to the highest standards of corporate governance and has already begun taking steps to implement King III.

Gautrain Rhodesfield Station

Risk management

A critical element of our future sustainability is our ability to manage risk. The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders.

Corporate governance

The Board is committed to and fully endorses the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). The Board is satisfied that the main principles of the Code have been implemented and is of the opinion that Murray & Roberts complies with the Listings Requirements of the JSE Limited (JSE).

The JSE has made a number of amendments to the Listings Requirements. All changes relating to King III must be complied with in respect of financial years commencing on or after 1 March 2010. The Board is committed to the highest standards of corporate governance and has already begun taking steps to implement King III.

External appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The appraisals were benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. Committee self assessments were also performed during the year under review. The appraisals were positive and their recommendations are being followed through for implementation. Internal appraisals will be conducted next year. An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisal was positive.

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

The Board approved the formation of a social & ethics committee with effect from 1 July 2010 in terms of the draft Companies Amendment Bill 2010. The committee met for the first time on 24 August 2010. After a year, the committee's merits will be reviewed.

Board of directors

It has been a great pleasure to welcome four new directors to the Board.

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

Trevor Fowler joined the Group and was appointed an executive director with effect from 25 September 2009. He succeeded Keith Smith as executive chairman of the Construction SADC cluster on 1 July 2010 and has assumed responsibility for expanding the Group's engagement with the rest of Africa. Trevor is a civil engineer and was previously chief operating officer in the South African Presidency.

Orrie Fenn was appointed an executive director with effect from 20 November 2009 and assumed executive responsibility for the businesses forming the Construction Products SADC cluster. Orrie was formerly the chief operating officer of PPC and obtained a doctorate in engineering while working at the Chamber of Mines Research Organisation.

Subsequent to the year end, Bill Nairn was appointed an independent non-executive director. He is currently an independent non-executive director of AngloGold Ashanti Limited and chairman of its Safety, Health and Sustainable Development Committee. He previously served on the boards of several companies including Anglo American plc, Anglo Platinum Limited and Kumba Resources Limited.

Sean Flanagan resigned from the Group and as an executive director with effect from 31 January 2010. Sean joined Murray & Roberts in 1991 and was appointed an executive director in 2004. He held principle executive responsibility for the Gautrain project, Green Point Stadium and the Eskom power program.

Imogen Mkhize has indicated that due to other work commitments she will not be available for re-election at the 2010 annual general meeting. Imogen was appointed an independent non-executive director in 2005 and has served as a member of the audit and risk management committees. She is a talented and respected member of the South African business community and Murray & Roberts has benefited from her wide-ranging experience. We wish her ongoing success in her career path.

Appreciation

The past year has placed a great deal of pressure on our business and our people and they have displayed great fortitude and resilience. I would like to express my appreciation for this to the people in all of our operations, from our top executive team, led by Brian Bruce, to our workforce. I am grateful to my fellow board members who have been an island of stability and wise counsel in challenging times. My thanks also go to our clients, our empowerment and commercial partners and our shareholders for their ongoing support.

Annual general meeting

Shareholders are reminded that the annual general meeting of the company will be held on 27 October 2010. The order of business is set out on pages 213 to 215 of this report.

Prospects

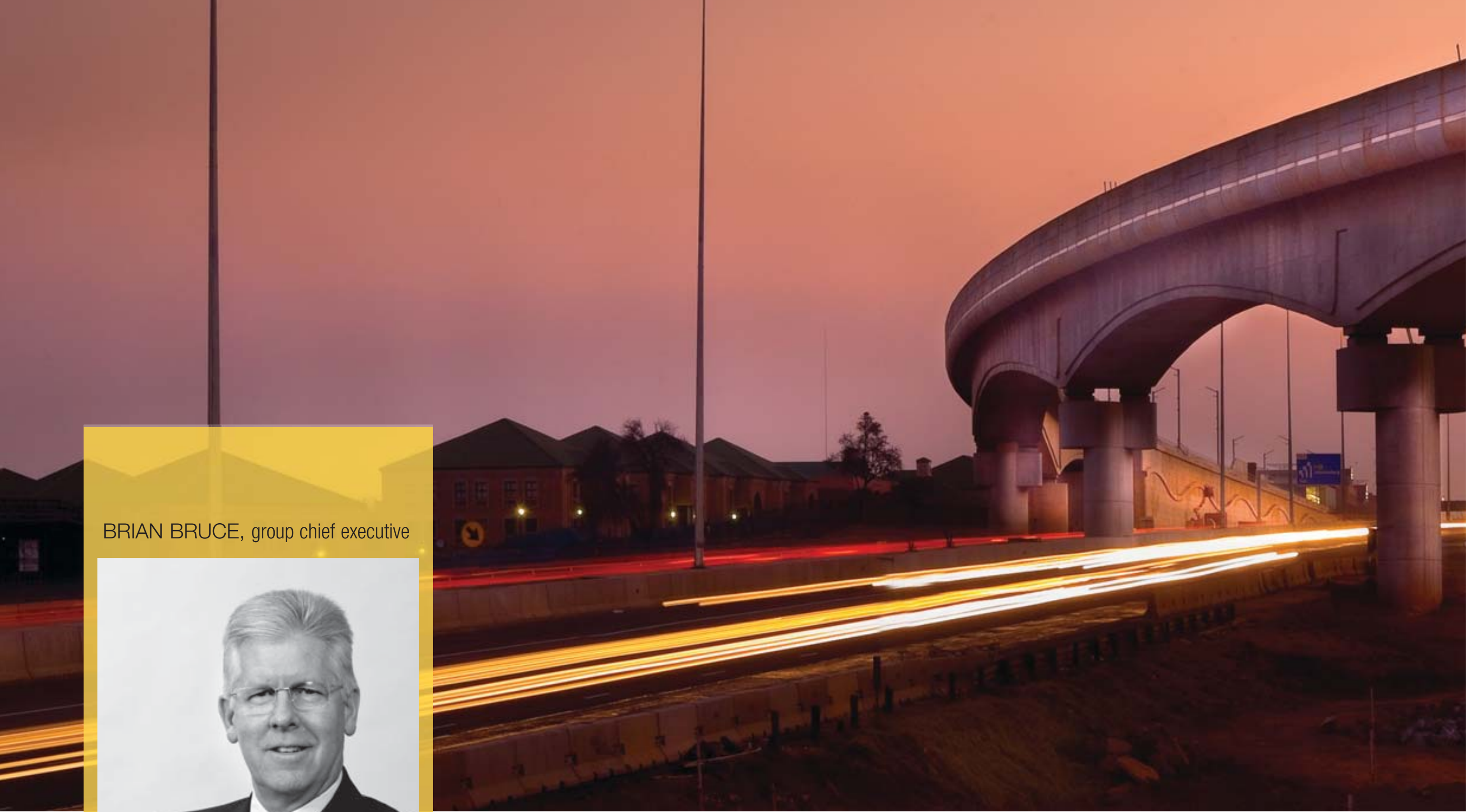
The Group expects that growth is probable in the year ahead, coming off the low base caused by the Gautrain charge to the statement of financial performance. However, the level of this growth will depend on order book development and general economic activity, particularly in South Africa, settlement of major project final accounts, reduction of working capital including through the closure or disposal of underperforming assets, and progress with the Eskom power program.

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

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

The Group expects that growth is probable in the year ahead, coming off the low base caused by the Gautrain charge to the statement of financial performance.

Roy Andersen
Chairman



BRIAN BRUCE, group chief executive

Murray & Roberts has a clear strategy based on strong fundamental principles embodied in its purpose and its vision for the future. There is no reason why its successful actions in pursuit of this strategy through the past decade will not be capable of repetition through the decade ahead.

A TURBULENT END TO A DECADE OF GREAT CHANGE

In finalising our statement of financial performance for the past year, the Group has given careful consideration to all factors influencing its current and future performance prospects. This includes our treatment of and response to a number of challenges associated with our major projects and ongoing volatility in some of our markets.

Murray & Roberts ends this first decade of the 21st Century significantly different and in better condition than through the 1990s, perhaps in its 108 year history to date. However, it is stormy economic times in the world and the Group has been impacted by a variety of difficulties associated with a number of significant projects.

Elsewhere, larger natural forces have wrought havoc in various parts of the world. Earlier this year the earthquake in Haiti claimed an estimated death toll of at least a quarter of a million lives. More recently in Pakistan, tens of millions of people were rendered homeless and destitute following the worst floods in recorded history while in Russia, the highest ever recorded temperatures have led to environmental disaster and severe human suffering. In Africa it seems, the plight of millions of destitute people lies at the hand of its leadership.

The true essence of leadership is to venture further than before, where risk identification and mitigation become an extension of current knowledge. Human fallibility then becomes the weak link in the best laid of plans. No event encapsulates the interface risk between human technology and the forces of nature more than Deepwater Horizon in the Gulf of Mexico.

In Chile, the lives of 33 miners hang in the balance, trapped about 700 metres underground with only a slim chance of being rescued. Murray & Roberts through its Cementation Group has proposed a plan that may offer their only hope. But the plan requires that existing expertise and equipment must perform beyond current experience. This is the demand of leadership and the risk is high. There is no other option.

It is these same factors that have defined our engagement of major projects, be it Gautrain or the power station program in South Africa, the various LNG projects in Australasia, increasingly competitive project activity in the United Arab Emirates or the global spread of underground

Gautrain viaduct under construction at Centurion,Tshwane

mining activity. Murray & Roberts leads the way in these and other ventures. The battleground is mostly uneven and the engagement often unfair. There is no place for the meek, the stakes are very high and risk is ever present.

Murray & Roberts has grown significantly and continues to develop through its major project engagement. New leaders have emerged from the challenge while others have fallen by the way. Mistakes have been made that might still be expensive, but are accounted for. Significant damages have been suffered which form the basis of claims under the various contracts. Working capital has been invested and must be recovered. Some of this investment may be at risk in these stormy economic times, in which case prudent provision has been made.

This is what makes Murray & Roberts South Africa's leading engineering and construction group.

MAJOR PROJECTS 1

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 how to account for revenues earned relative to cash received. This is particularly the case on long duration major projects where significant costs might have been incurred, but for which payment is subject to claims resolution over an extended period.

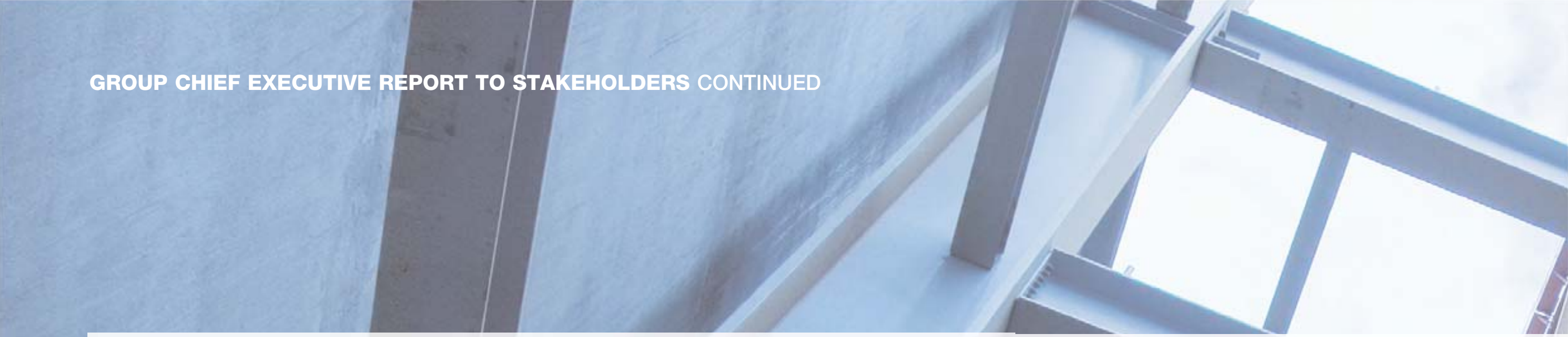
A cumulative total of R1,4 billion in uncertified revenues has been conservatively recognised in the Group's financial accounts to date, up from R1,1 billion at 30 June 2009.

The Group recognised a charge of R619 million to the statement of financial performance in the year, following a thorough review of the estimated cost to completion of the infrastructure works for the Gautrain project, including the additional cost of delivering phase 1 in time for the 2010 FIFA World Cup.

The statement of financial performance recognises a loss in the Group's fabrication operations of R86 million, which are the estimated costs of overcoming significant disruption caused by delayed design and change in scope on the mechanical works for the Medupi power station project. These costs form part of a substantial claim.

Over the past decade, Murray & Roberts has experienced significant growth.

- Order book has increased about 14 times to R42 billion
- Revenues have increased about 4 times to R32 billion
- Operating profit has increased about 26 times to R2,4 billion (before Gautrain provision)



Adjudications 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 finally awarded compared to that recognised in the statement of financial position at 30 June 2010.

The Transnet locomotive program is progressing to its revised plan with almost two locomotives a week coming off the production line at UCW.

FINANCIAL YEAR TO 30 JUNE 2010

Revenue at R32,0 billion is 2,2% down on the previous year for continuing operations, with operating profit down 36% to R1,8 billion at an operating margin of 5,6%, which is within the Group's strategic range of 5,0% to 7,5%.

The R619 million charge in respect of the infrastructure joint venture for the Gautrain project represents the Group's share of the increase in estimated cost to completion of the project in excess of the position recognised in the previous financial year. Had this charge not been recognised, the operating margin would have been 7,5%.

The direct impact of increased working capital funding on both Gautrain and The UCW Partnership has seen a significant increase in net finance cost to R193 million compared to R20 million for the previous financial year.

The consequence of these matters is a 50% decline in diluted headline earnings per share to 340 cents compared to 675 cents in the previous year.

Shareholder funds increased 11% to R6,2 billion giving an attributable earnings return of 18,6% on average shareholder funds for the year, which is temporarily below the Group's target return of 20%.

A number of factors have influenced performance in the financial year:

- The construction economy conventionally lags general economic activity. However, the South African construction sector, including Murray & Roberts, has been somewhat shielded in the short term by the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup.
- A decision by Bombela that delivered phase 1 of the Gautrain project between Sandton and OR Tambo Airport ahead of schedule in time for this event crystallised the realisation of how challenging it might be to reach commercial finalisation of the project. While good progress has been made since November 2009, including key personnel changes and a revised resolution process, Murray & Roberts has taken a prudent position and provided for its share of the projected additional costs to complete above what was recognised as a minimum recoverable in June 2009.

  There is no tax relief against the Gautrain write down as this has occurred in a joint venture company in which the Group has a share of 45%.

- The Group successfully delivered a number of major world class projects in the year, including the Green Point Stadium and the Sorbonne University in Abu Dhabi.
- The Eskom power program is an important current opportunity for the Group, which has suffered significant start-up delay and disruption, reducing expected revenues against costs incurred in the year. The Group has invested proactively in its response to these challenges, which will enable the program to proceed expeditiously as the start-up issues are systematically resolved by our two clients, Eskom and Hitachi.
- A number of companies have performed well ahead of expectation in the year including Concor, Much Asphalt, Hall Longmore, Murray & Roberts Cementation, Middle East, Clough and Murray & Roberts in Botswana and Namibia.
- Market conditions for some companies such as Murray & Roberts Steel, Johnson Arabia and Wade Walker were negatively impacted by the effects of the global financial crisis.
- The unexpected ongoing strength of the SA Rand has translated the very good financial results of our international operations into a relatively lower consolidated performance.
- Working capital demand increased through the year, particularly on Gautrain and at UCW, which was funded through proceeds on the disposal of non-core assets and short term borrowing, which led to a higher interest charge to the statement of financial performance. Advance payments are also being utilised, marginally reducing available cash in the year.

Amicable settlement processes are underway on the Dubai International Airport Concourse 2 and other final accounts in Middle East. Final completion of the Gautrain project is due within the 2011 financial year and every effort is being made under leadership of the Group to progress an acceptable contractual outcome.

It is expected that the Eskom power program may advance beyond its start-up problems in the first half of the year, offering for the first time the opportunity for uninterrupted progress of the works.

The Transnet locomotive program is in full progress and will be substantially delivered by the end of the 2011 financial year.

The Group invested R1,1 billion in capital expenditure during the year, which was significantly down on the previous year, ending the year with a solid statement of financial position and cash reserves of about R2,6 billion against various loan arrangements of about R2,2 billion.

Rebuilding Murray & Roberts

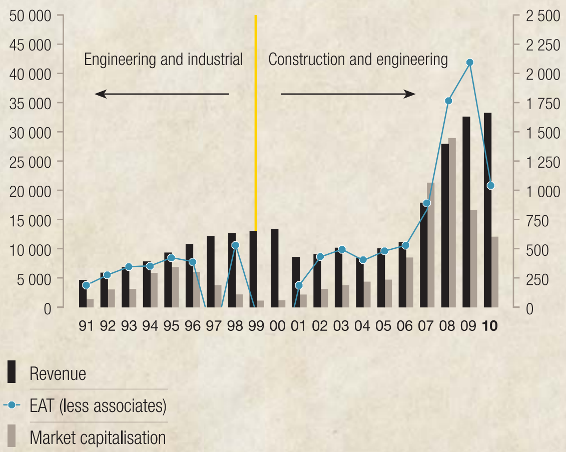
***It is a full 10 years ago that Rebuilding Murray & Roberts was approved as the strategy that would deliver the Group out of its late 1990s state of crisis.** This followed an extended 25 year period of decline in the economically and politically isolated South African construction economy, the latter period of which saw the Group win temporary respite in an industrial diversification strategy. This strategy was resoundingly defeated by the cold winds of global competition that followed our reintegration as a democratic society after the 1994 election.*

The gravity of the year 2000 decision Rebuilding Murray & Roberts should not be underestimated. The very future of Murray & Roberts was at stake. The authority given to the new leadership team was to make whatever decisions and changes were necessary to take the Group back to its construction and engineering roots and reinstate as a first objective, the January 1996 share price high of 2 850 cents within five years.

The chart alongside places some perspective on this year's performance relative to the past two years, the decade Rebuilding Murray & Roberts and the two decades since 1990. We have clearly created a more robust business and a theoretical reallocation of the current Gautrain provision back over the life of the project to date (the blue line), offers the formula for a sustainable business model for the Group.

Murray & Roberts performance

(R millions)



The share price objective of 2 850 cents was met in March 2006, at a more conservative price to earnings (p:e) ratio of 12 compared to the ratio of 20 in January 1996.

Our long term experience suggests a market capitalisation p:e ratio for the construction sector of between 8,0 and 12,0 at a premium of between 1,5 and 3,0 times net asset value. This is on the basis of a sustainable attributable earnings model that should deliver about 5,0% on revenue, which, for Murray & Roberts, is based on a tax rate less than 25%, near zero cost of finance and our strategic operating margin range of 5,0% to 7,5%.

The Group's share traded erratically through the year. It rose from the previous year close of 5 000 cents to a brief high of 6 600 cents in September 2009, with cautious news flow from the annual general meeting and November 2009 trading update causing a decline to its current range of between 3 750 cents and 4 250 cents.

The share closed the year at 3 880 cents on a p:e ratio of 11,5 and NAV premium of 1,9 times 2 069 cents, which indicates that valuation upside is possible on good forward prospects.

Murray & Roberts share price

(Cents)

REFLECTING ON OUR FUTURE

The Murray & Roberts heritage is rich and eventful, extending back more than a century to before the company was founded in 1902 in Cape Town, embracing the skill, resilience and enterprise of two Scottish immigrants who had met on the boat trip to Cape Town in 1899. This was at the height of the Anglo Boer war and 11 years ahead of the Act of Union that in 1910 brought about a unified South Africa, but crystallised the path to a divided nation.

For its first 65 years until 1967, Murray & Roberts comprised its two separate but interconnected constituent companies, Murray & Stewart and Roberts Construction Company, each led by their founding families. During this period the separate enterprises grew in pace with South Africa's development, extending their reach into numerous international markets.

In retrospect, that decade of the sixties most reflects the Group's recent experience.

Fifty years ago on 17 June 1960 Roberts Construction signed a contract in the USA to design and build a nuclear research facility outside Pretoria, which included South Africa's first nuclear reactor (6,67 MWe). In modern terminology, this was an EPC (engineer, procure and construct) contract with Allis Chalmers subcontracted to provide the nuclear systems and Hall Longmore all piping and tanking. A government requirement to import and localise the systems' advanced technological capacity saw 90% of all procurement and 100% of all non-nuclear engineering performed in South Africa. The project was a resounding success and was delivered and commissioned within its five year schedule and budget.

Murray & Roberts went on to engineer and construct much of the remainder of the Pelindaba facility, including its uranium enrichment capability.

That decade was one of significant growth for the sector but ended on a subdued note for the Group following a difficult major project to build the Carlton Tower and Hotel project in downtown Johannesburg. The Carlton was at the time, the largest building project in the world and is still today, the tallest building in Africa. It was a mega project by every definition, with Anglo American as client using an American architect, who simply failed to recognise local conditions and demanded a performance regime that changed the way things were done in South Africa. This was a "coming of age" for Murray & Roberts.

Murray & Roberts had been let down at the 11th hour by its own American contracting partner and was forced to draw on the limited resources of its constituent companies in a booming construction economy. The cost was high and Roberts Construction came perilously close to failure. This was averted only as a consequence of the merger that had occurred in 1967 with its sister company Murray & Stewart, to form Murray & Roberts.

The following is an edited extract from an in-house MUST Magazine in 1974.

> *"Murray & Roberts signed the [Carlton] contract at R39 million (2010: R3,5 billion) but the contract conditions made inadequate provision for escalation and eventually a substantial loss was incurred. However, much was learned from the contract. In Mr Skeen's words, "on such highly sophisticated intensely serviced modern complexes the method and structure of the management should be vastly different from what we had previously regarded as the normal way of doing things". Roberts Construction had been severely hampered by the fact that the USA Architect had never before handled such a large project in one phase and did not appreciate the need to issue their information so as to enable Murray & Roberts to build simultaneously and without breaks on all the major structures. Further, due to the building boom [in South Africa] Murray & Roberts was caught in the middle of a very severe period of cost and labour escalations, labour shortages and productivity drop-offs for which we received very little sympathy from the client."*

1967 was the year I first joined the Group in Port Elizabeth, initially as a clerk and later as an intern prior to securing my bursary to study civil engineering. I remember the many projects underway across the country and overseas during my years at university and the first decade of my career.

Carlton Hotel

When Murray & Roberts was awarded the R39 million contract (2010: R3,5 billion) to build the Carlton Tower and Hotel it was the largest building project in the world and is still today the tallest building in Africa. It was a mega project by every definition.

In South Africa, the majority of medium to major players in the sector have been fully or partially shielded this past year by the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup. However, a significant decline in the sector is now evident in South Africa, with growth in general economic activity only expected to pick up later in the year ahead.

THE SOUTH AFRICAN CONSTRUCTION ECONOMY

The construction economy lags at both the front and back end of general economic activity, which, depending on the relative critical mass of a particular company, could be anywhere between six and 18 months.

Following the intensity of activity required to deliver the necessary infrastructure ahead of the 2010 FIFA World Cup, a significant decline in the sector is now evident, with growth in general economic activity only expected to pick up later in the year ahead. On the other hand, the Group's international markets have all shown good recovery following the global financial crisis, although competitive levels have increased across the board.

South African gross fixed capital formation (GFCF) is expected to reach 25% of gross domestic product (GDP) for the first time in 35 years (since 1975). This is a function of the impact of the final investment in the 2010 FIFA World Cup against the backdrop of a severe decline in South African GDP as a consequence of the global financial crisis.

The South African government has shown consistent commitment to a long term program of capital spend, encompassing all aspects of socio-economic infrastructure investment. Despite a sovereign cash flow challenge brought on by the severe impact on the South African economy of the global financial crisis, Treasury has indicated it will increase borrowings to fund the program.

This presents a new opportunity for private sector investment and involvement in both the implementation and operations of new and existing public infrastructure and facilities.

ENTERPRISE CAPABILITY

If you cannot change the people, change the people! This is the hardest mantra on which to deliver, but one that every executive leader will admit is of utmost importance. The change (or transformation) we require of our people must be clear, so as to determine whether we have the correct people. My experience over 40 years in Murray & Roberts and the construction industry, and through the past 10 years as group chief executive, is that individual passion and belief are key leadership and performance differentiators.

Over the past decade, Murray & Roberts has experienced significant growth:

- order book has increased about 14 times to R42 billion
- revenues have increased about 4 times to R32 billion
- operating profit has increased about 26 times to R2,4 billion (before Gautrain provision)

The appointment of Andrew Skudder to the role of enterprise capability director two years ago was designed to enhance our focus on and coordination of solutions for the unique demands and challenges we face as a South African based global business. These include:

- leadership development and succession, including employment equity
- broad-based black economic empowerment
- sustainability management and reporting
- health and safety management
- corporate social responsibility

As we close out this first decade of the 21st century, the Group has expanded its brand and operations globally, with projects covering all four corners of the earth.

While wholly focused on selected aspects of the construction economy, Murray & Roberts is now a diverse organisation operating in a federal structure, with a strong corporate office that leads the Group through strategic interventions on matters of universal importance.

Revenue

Southern Africa 67%		International 33%
100%	Construction	0%
90%	Engineering	10%
99%	Construction Products	1%
67%	Cementation	33%
0%	Middle East	100%
0%	Clough	100%

Leadership development and succession

The combination of growth in size and global scale of Murray & Roberts has demanded a significant upgrade in executive and leadership capacity across the Group. As a first principle, we have adopted the Leadership Pipeline model as our basis of talent management.

We have learned that in most instances, specific experience trumps general management as the preferred appointment criteria for operations leadership. However, if the former is not available, which is often the case in South Africa, a general management appointment must possess specialist skills and intellectual capacity that overcome the experience shortfall.

While new executive capacity has been recruited into all levels of the Group on a regular basis over the past ten years, internal transfers and appointments are always prioritised.

Employment equity

The appointment of employment equity candidates is prioritised in general, although we have experienced only limited success to date finding sufficient experience in candidates for senior executive positions. There is a dearth of deep experience in the industrial and mining sector in general, which is only now in the early stages of resolution through increased output from our university and college bursary and graduate development programs.

Murray & Roberts prioritises internal appointment, with recruitment from the South African market as its back-up option. Only in special circumstances will an appointment be made from outside of South Africa, other than for the career development of key executives from our international operations.

Broad-based black economic empowerment

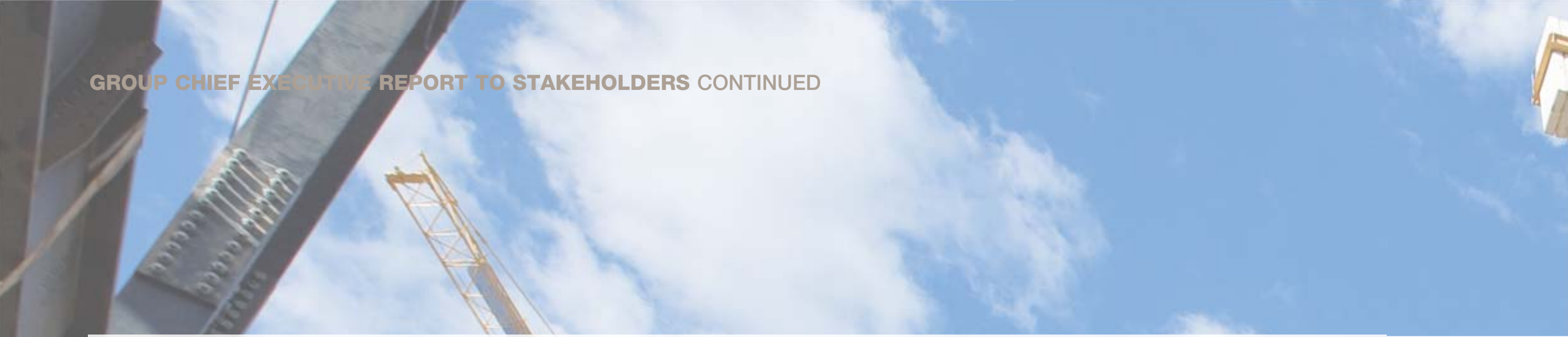
Murray & Roberts values its South African and entrepreneurial heritage and has set a clear ambition to remain an independent business, listed on the JSE Limited, with the majority of its activities in Southern Africa under the leadership and direction of executive management and its Board.

It is this philosophy that crystallised the groundbreaking Letsema empowerment strategy that saw the Group acquire 10% of its shares from the market in 2006 and distribute them amongst four broad-based black economic empowerment (BBBEE) trusts.

The Group's international shareholder base, recorded as 57% at 30 June 2010, its 33% international business footprint and significant BBBEE initiatives across all its South African operations, ensures an effective BBBEE shareholding above 30% and rating of level 4.

In Australia, the Group holds about 62% of the shares in Clough Limited, sharing ownership with the people of Australia through their pension and superannuation investments in ASX, the Australian Stock Exchange. In Canada, Cementation has a number of joint business ventures with the indigenous Kitikmeot peoples of North Saskatchewan.

The combination of growth in size and global scale of Murray & Roberts has demanded a significant upgrade in executive and leadership capacity across the Group. As a first principle, we have adopted the Leadership Pipeline model as our basis of talent management.



The true value of a company is not reflected purely in its market capitalisation, but includes the value placed on it by the society to which it belongs and contributes.

Sustainability management and reporting

Over the years, companies have developed different levels of response to the increased demand for triple bottom line reporting. The introduction of King III in South Africa has recently formulated our governance requirements for sustainability reporting.

Murray & Roberts has reported in terms of the Global Reporting Initiative (GRI) and has developed a comprehensive sustainability report, included in the annual report.

Health and safety management

The success of STOP.THINK over the past four years can be measured in the increased awareness of safety across the Group and the significant reduction in measured safety statistics. However, the fatality count in our South African operations has not abated.

With three fatalities in May and June 2010 and the multiple five fatality underground incident in July, we have crossed a tipping point. Management and the Board have resolved to engage DuPont to assist with a safety diagnostic of our South African operations leading to the implementation of its world renowned safety management system across the Group.

A number of action initiatives have arisen from this process which will receive priority attention into the future in terms of a prioritised program of engagement.

Corporate social responsibility

The true value of a company is not reflected purely in its market capitalisation, but includes the value placed on it by the society to which it belongs and contributes. And a company only contributes meaningfully to its society through the commitment of its leadership to and their personal involvement in, the aspiration and direction of development of that society.

Murray & Roberts recognises the real challenge faced by South African society to build on its past development history. So apart from the contribution it makes through an organised corporate social investment program, the Group chooses to play a leading role in the development, design, construction and operation where possible, of the key socio-economic infrastructure and facilities that make it possible for improved quality of life for all of society into the future.

MAJOR PROJECTS 2

Our non-negotiable commitment to sustainable earnings growth and value creation is the mission that has been the fundamental definer of performance within Murray & Roberts over the past decade. Construction is an economic lag sector and the general exuberance throughout all our markets leading up to the global financial crisis though 2008 and 2009, served to drive both order book and valuations to unprecedented highs.

Within this mission, the success of our hard-won globalisation and acquisition strategies has been offset for now by the difficulty we face in extracting value from our major projects strategy.

There are six key initiatives we have engaged to manage our prospects under the current economic market conditions:

- Manage the risk/reward profile of our major projects
- Optimise performance in our resurgent international markets
- Rationalise our domestic operations to match economic conditions
- Minimise the impact of all our operations on society and the environment
- Focus on future initiatives that hold the greatest business impact
- Deliver resolution of and value from our historic major project operations

It is in this context that we have concluded the financial year to 30 June 2010 and engaged our prospects for the period ahead.

Middle East public sector

At the height of the global financial crisis, Murray & Roberts and its partners voluntarily terminated about R40 billion of order book (Murray & Roberts value R17 billion) with clients in the United Arab Emirates, including the contract to build the Dubai International Airport Terminal 3. This proactive strategy while traumatic at the time, served to significantly reduce the future working capital risk profile of the Group in the region.

However, there are outstanding amounts due on two contracts:

- Dubai International Airport Concourse 2 where Dubai Civil Aviation (DCA) has slowed final account settlement notwithstanding that the project was completed on schedule in October 2008. Murray & Roberts and its partners have instituted arbitration proceedings, which have been temporarily suspended by agreement with DCA pending negotiated mediation.
- Al Salaam Project in Bahrain, where Sama Dubai is considering a term-based settlement of the account on termination.

Both project final accounts have been thoroughly audited and are deemed recoverable.

The South African public sector remains the principle source of Murray & Roberts order book. It is a conscious strategy that Murray & Roberts becomes the principal South African player in South Africa and the region's major projects future.

South African public sector

With the order book terminations in Middle East and despite a rapid recovery in the Group's international markets following the global financial crisis, the South African public sector remains the principle source of Murray & Roberts order book.

It is a conscious strategy that Murray & Roberts becomes the principal South African player in South Africa and the region's major projects future. While this has been successfully implemented to date and increased capacity has been deployed where appropriate, we have to overcome a number of internal and external challenges before we can be confident of the long term value proposition.

Union Carriage and Wagon (UCW) is the only private sector rolling stock manufacturer of substance in South Africa. Excluding the troubled DORTS contract in the mid 1990s, about 15 years with no work in its mainline operation had been partly offset by a regular program of coach refurbishment for the Passenger Rail Association of South Africa (PRASA).

There are two sources of working capital stress in the company:

- The Transnet locomotive program, where component inventory build-up has been faster than production. However, under its new management, UCW is producing the model 19E locomotive on a five day cycle with the model 15E locomotive rapidly approaching that cycle.
- The metro coach refurbishment program, where PRASA has withheld contracted payment for refurbished and delivered model 10M coaches. UCW has issued notice in the South Gauteng High Court against PRASA for recovery of the debt.

The net amount outstanding to Murray & Roberts in this latter respect is about R150 million.

Gautrain

The Bombela Consortium was formulated as far back as 2001 in advance of a request for qualification from Gauteng Province to design, build, finance and operate the proposed Gautrain Rapid Rail Link project in a public private partnership. At that stage the value of the project was estimated by Gauteng Province in the order of R4,0 billion.

Murray & Roberts was at that early stage still in a state of relative financial distress and the Group decided to play its lead local role as the concessionaire, with the project development process led by international partners, Bouygues (infrastructure) and Bombardier (system).

Contractors have always been easy targets for slowed, deferred or non-payment. Our terms and conditions of contract bind us to "progress" and "complete" the works regardless of cash flow, and our only remedy is the contract.

Although Gautrain was not originally linked to the 2010 FIFA World Cup, once the event was announced in favour of South Africa in July 2004, this became the primary driver in finalising the concession terms of contract, program and award. Initial tenders had been submitted as far back as September 2003 with a significantly higher price than anticipated.

An extended engagement and adjudication process followed with the final of four re-tenders submitted more than 18 months later in April 2005. Preferred contractor status was awarded in July 2005 leading to commercial close 15 months later in September 2006 on condition of financial close within six months.

In its final form the concession agreement contains rights and obligations for Bombela and Gauteng Province, as well as third party lenders, including what was required to achieve phase 1 completion in time for the 2010 FIFA World Cup.

The contracted parties have become embroiled in disputes over a number of cause and financial effect consequences of a failure to deliver on various obligations against the value of various rights embodied in the contract. Negotiations are advanced, including through arbitration, to resolve these weighty and complex disputes.

Eskom power program

The Eskom power program is a major project of global scale. Murray & Roberts has secured a critical role as key implementation contractor, incorporating the foundation, chimney and boiler works at Medupi and the chimney and boiler works at Kusile. These projects represent about R18 billion of order book for Murray & Roberts, about R1,7 billion of which had been converted to revenue by 30 June 2010.

From inception, the power program has been beset by delays and disruption. The Group is well behind its expected revenue curve from the two projects. While this holds some benefit for the near future in a work scarce market, revenues have been impacted in the current year.

The first phase foundation works at Medupi were partially accelerated to offer mechanical access earlier than would otherwise have been possible. However, a significant delay in access to the later phases has only recently been lifted.

There have been significant delays in the receipt of basic engineering for Medupi and subsequently, thousands of design changes have disrupted the detailed engineering and steel fabrication program. This has impacted the Kusile project as well.

Murray & Roberts has deployed significant leadership and resource to deal with and address these matters. This includes the development of sustainable solutions that will assist Eskom and Hitachi to recover the impact of their delays and recovery of our rights under the separate contracts.

Working in the public sector

Cash flow uncertainty and the recognition of uncertified revenues increases the risk profile of a contractor. Murray & Roberts has signalled over an extended period that a shift to public sector works brought the risk of a working capital increase.

The majority of our clients today are in the public sector, most of whom suffered initially as a result of rampant price increases during the economic bull run, but more recently due to liquidity constraints brought about by the global financial crisis.

Contractors have always been easy targets for slowed, deferred or non-payment. Our terms and conditions of contract bind us to "progress" and "complete" the works regardless of cash flow, and our only remedy is the contract. In South Africa, we are prevented in law from seeking legal redress outside of the contract, other than for misrepresentation, and in Dubai we must receive official sanction to proceed against any government body.

In South Africa, our major public sector clients are governed (albeit in different ways) by the Public Finance Management Act No.1 of 1999 (PFMA). Our legal advice on the PFMA itself informs us of its influence on the behaviour control and decision making of public officials when dealing with major contracts such as Gautrain or the power program.

Section 66 of the PFMA recognises the particular characteristics of contracts where payment by an institution to which the PFMA applies may only be made under a contract as follows:

- the amount of the contract for the work done in terms of the contract as approved under the PFMA prior to award of the contract
- the amount of a variation to the contract only as authorised by a variation notice issued under an approval in advance by the relevant authority provided under the PFMA
- the amount and/or time of a claim (other than a variation) as resolved in terms of the conditions of contract through mediation, arbitration and/or litigation as applicable

ORDER BOOK

The significant loss of order book between November 2008 and March 2009 has been felt in the current financial year, where short term work to fill the void in some operations has just not been available.

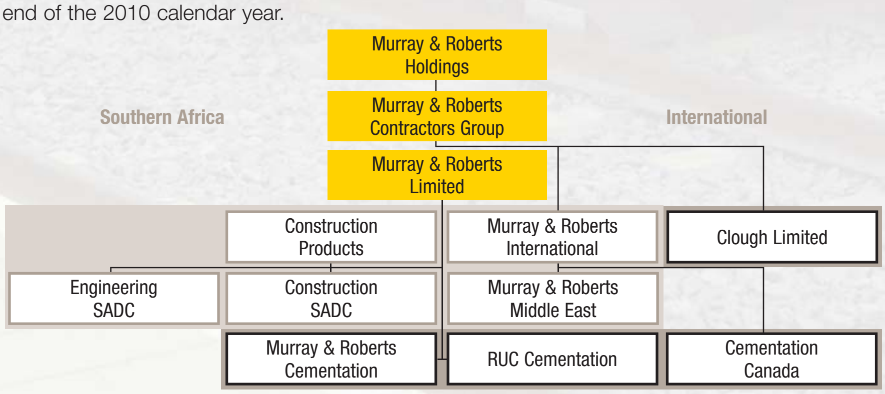
While we have managed to sustain a steady order book at about R40 billion over the past 15 months, winning more-or-less as much new work as we have been consuming, this has been in favour of our international operations, where markets have recovered faster and more robustly than in South Africa.

The consequence is that Construction SADC has become stressed with lower than ideal order book development and we will certainly feel the impact in Construction Products SADC during the year ahead.

LEADERSHIP, ORGANISATIONAL AND STATUTORY CHANGE

Murray & Roberts has an ongoing succession & development program under the auspices of the remuneration & human resources committee that involves about 150 senior managers and executives across the Group.

We have continued to streamline our statutory and organisational structure to offer increased efficiency and a more comprehensive link between responsibility and accountability. The following is the outline statutory and management structure that should be in place before the end of the 2010 calendar year.



Murray & Roberts may have a global reach and client base, but it is a South African company driven by South African dynamics. Its principal relationships are in South Africa, as are the majority of its employees.

The mainly USA emerging market funds that currently hold 57% of Murray & Roberts shares are invested in the company because it is South African, not because it is global.

PROSPECTS

> Overall, there is significant potential in the future profile of Murray & Roberts. To realise this potential we will have to solve our current challenges at the same time as we develop our future plans.

While disappointed with the need to recognise the Gautrain provision and its impact on our performance this financial year, it is a correct, prudent decision under the circumstances.

Notwithstanding our rather cautious prospects statement last year, many of our companies delivered exceptional performance in some difficult markets, while there are a few whose market conditions prevented any form of performance.

Overall, there is significant potential in the future profile of Murray & Roberts. To realise this potential we have to solve our current challenges as we develop our future plans.

We cannot undo the past. But we can and will recover what is rightfully ours through whatever process is feasible. We will rationalise what is not working in the current economic market and streamline our operations to suit the circumstances. We will build forward from whatever platform must result from these processes in this current year.

Murray & Roberts has a clear strategy based on strong fundamental principles embodied in its purpose and its vision for the future. There is no reason why its successful actions in pursuit of this strategy through the past decade will not be capable of repetition through the decade ahead. This includes merger, acquisition, closure and disposal; new market development; and participation in major projects both locally and in the international domain.

We have no limitation other than ourselves: the quality and capability of our leadership and people, the strength of our statement of financial position, and the selection of our partners.

APPRECIATION

I acknowledge the significant contribution of the great majority of our people who work every day within our operations, often under difficult conditions both in South Africa and elsewhere across the world where Murray & Roberts is present. We constantly strive to make this a better experience.

I regret the consequence of our operations where people's lives may have been changed through accident, injury or death. We constantly strive to make our workplace healthier and safer with minimal impact on society and the environment.

I welcome the many new people who joined our Group in the year and wish you an exciting and rewarding career in Murray & Roberts. We constantly strive to improve our systems and procedures to meet the changing needs of our younger generation of leaders.

I wish those who have left for a variety of reasons well in your new ventures. We constantly strive to make the Murray & Roberts experience one that will stay with you forever.

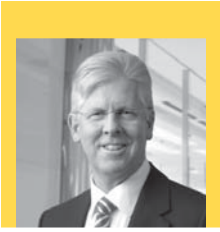
I extend my deep appreciation to the Murray & Roberts leadership team across the full spectrum of our domestic and global operations. We constantly strive to recognise your considerable commitment and achievement in delivering the Murray & Roberts value proposition to your various stakeholders.

I wish to thank the directors of Clough led by chairman Mike Harding for their work on behalf of the company and all its shareholders. Mike Harding will retire as chairman and as a director at the upcoming annual general meeting and will be succeeded as chairman by Keith Spence.

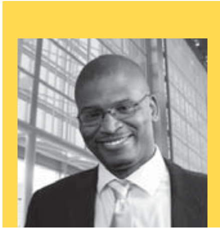
Finally, I thank the directors of Murray & Roberts who, led by our chairman Roy Andersen, have upheld the highest levels of governance during the year.

Brian Bruce
Group chief executive

MURRAY & ROBERTS EXECUTIVE COMMITTEE


Brian Bruce ■●▲

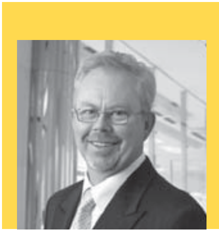

Roger Rees ■●▲


Malose Chaba ▲


Orrie Fenn ▲


Trevor Fowler ▲


Peter Adams ■

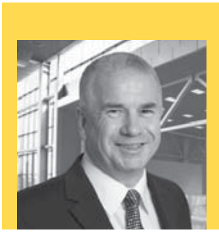

Cobus Bester ▲


Nigel Harvey ■●


Ian Henstock ■▲


Henry Laas ■▲


Andrew Langham ▲


Roger Mower ○■


Rob Noonan ▲


Richard Pope ■


Andrew Skudder ▲


Keith Smith ▲

▲ Murray & Roberts Limited
■ Murray & Roberts International Limited
● Clough Limited
○ Company secretary


Yunus Karodia ○

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

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