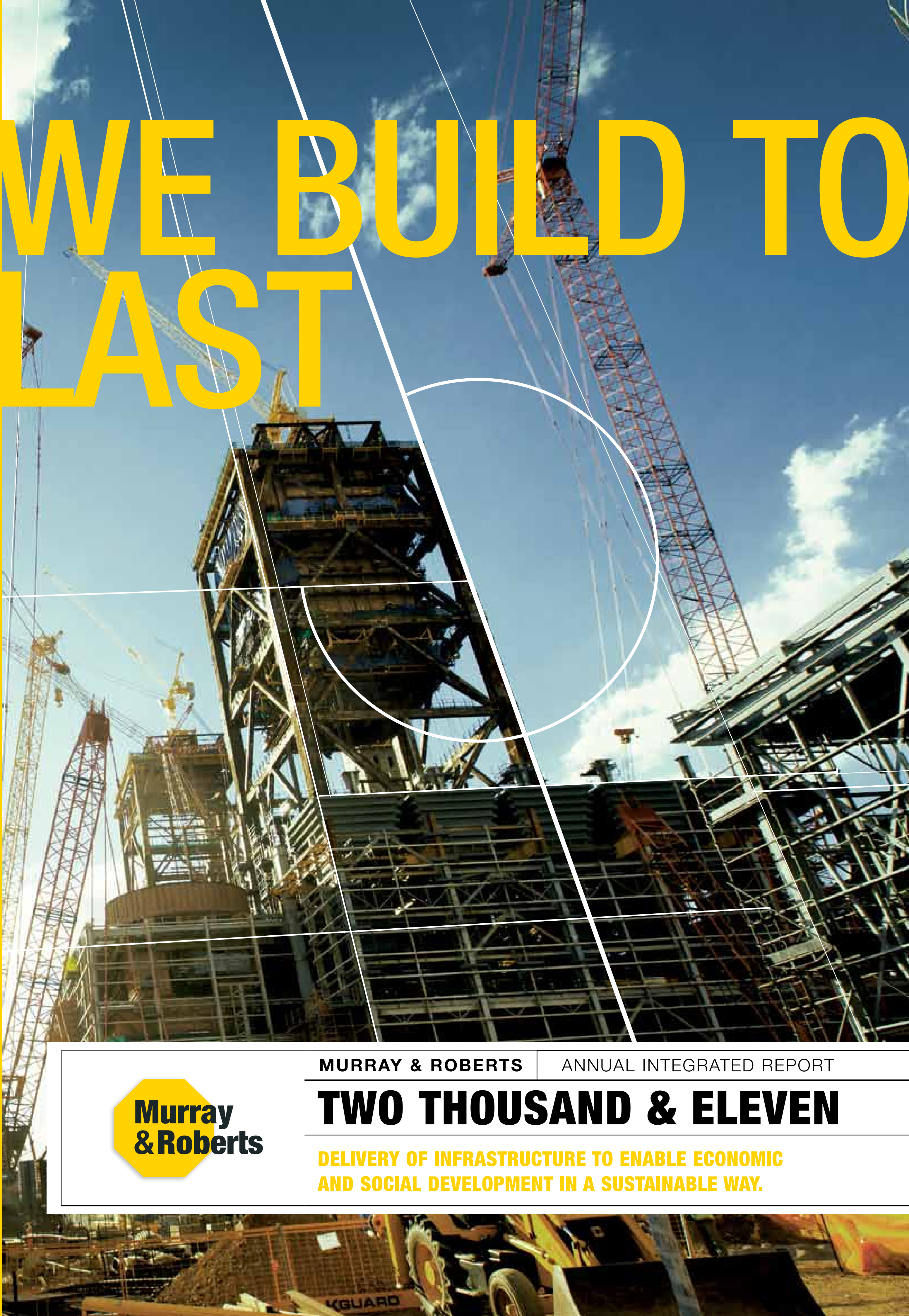
WE BUILD TO LAST



MURRAY & ROBERTS | ANNUAL INTEGRATED REPORT

TWO THOUSAND & ELEVEN

DELIVERY OF INFRASTRUCTURE TO ENABLE ECONOMIC AND SOCIAL DEVELOPMENT IN A SUSTAINABLE WAY.

TABLE OF CONTENTS

REVENUES UP

10% to 30,5 BILLION(R)

from continuing operations

DUE TO LIQUIDITY POSITION

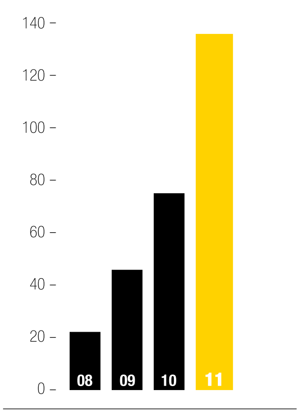
NO DIVIDEND DECLARED

CORE BUSINESS PROFITABLE WITH NORMALISED EBIT (EXCLUDING UNUSUAL COSTS AND CHARGES) AT OVER

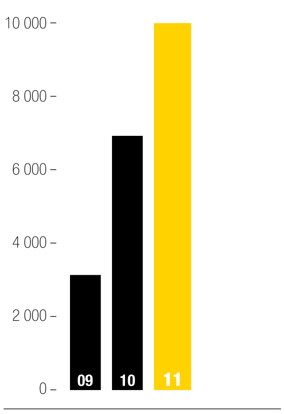
PAGE 37

1,3 BILLION(R)

ENTERPRISE DEVELOPMENT CONTRIBUTIONS (R MILLIONS)



PREFERENTIAL PROCUREMENT (R MILLIONS)

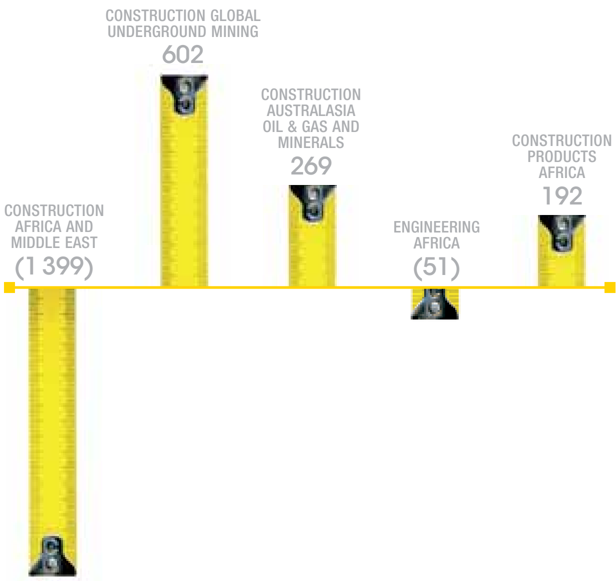


OPERATING LOSS OF

R678 million after charges and costs of R1 975 million including:

- Provision for possible Competition Commission penalties after submission of previously unknown possible transgressions
- Increased cost to complete and delay penalties on Gautrain Rapid Rail Link
- Contract completion costs on Gorgon Pioneer Materials Offloading Facility in Australia
- Impairment of contract receivables in Middle East
- Impairment of assets in Construction Products Africa

EBIT PER OPERATING PLATFORM FOR THE YEAR ENDED 30 JUNE 2011 (R MILLIONS)



INVESTMENT IN TRAINING AND SKILLS DEVELOPMENT DOWN MARGINALLY

PAGE 53

116 MILLION(R)

CONSOLIDATED BBBEE RATING

PAGE 56

LEVEL 4 CONTRIBUTOR

LEADERSHIP

Successful leadership transition with new Group executive team in place

CLEAR STRATEGY FOR

PAGE 32

RECOVERY & GROWTH

GROUP ORDER BOOK AT YEAR-END

PAGE 29

55 BILLION(R)

PROGRESS ON

RESOLUTION OF MAJOR CLAIMS

HENRY LAAS /// GROUP CHIEF EXECUTIVE

PAGE 33

"OUR STRENGTH LIES IN OUR PEOPLE."

ABOUT THIS REPORT

ROY ANDERSEN /// GROUP CHAIRMAN

"We enthusiastically embrace the 2009 King Code of Governance Principles (King III), effected in March 2010, and take pleasure in releasing our first integrated report. The Board fully subscribes to King III's guiding principles of giving all stakeholders greater insight into the sustainability of our business and the state of the markets in which we operate, as well as frankly and factually reflecting the risks and opportunities we face. As envisaged by King III, the integrated reporting process is a journey, one on which we embark not with trepidation but with enthusiasm. We welcome feedback on our reporting practices and standards."

IN PREPARING OUR FIRST ANNUAL INTEGRATED REPORT, WE HAVE SOUGHT TO TELL THE STORY OF THE YEAR ENDED 30 JUNE 2011 COMPREHENSIVELY AND CONCISELY.

We have provided material disclosure on governance, ethics, strategy, risk, opportunity and remuneration in relation to our financial, economic, ethical, social and environmental performance and prospects at Group and operating level. It is our hope that our annual integrated report will set the basis for meaningful engagement with our stakeholders in the year ahead.

We recognise that we have some way to go before we can report against a set of issues material to our stakeholders, which have been confirmed as such through our engagement with them. To this end, we have made a strong start on formulating a stakeholder engagement strategy that will be implemented in the year ahead, both at Group level and within our operating platforms.

The issues reported on in our annual integrated report have been identified through an internal process of engagement with executive management across the business. This aimed to determine what would substantively influence the sustainability of Murray & Roberts, and the assessments and decisions of our stakeholders.

The information included in the annual integrated report has been provided in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act 2008, the JSE Listings Requirements, the King Code of Governance Principles for South Africa 2009 and the guidance provided in the Integrated Reporting Committee of South Africa's Framework for Integrated Reporting and the Integrated Report Discussion Paper (Framework) released on 25 January 2011.

We again used the Global Reporting Initiative (GRI) G3 guidelines in preparing our annual integrated report. This year, our report rates as a self declared B+ level report in terms of the GRI.

For a full GRI table go to
http://www.murrob-online.co.za/murrob_ar2011/gri.php

The scope of our annual integrated report covers the financial and non-financial performance of operating subsidiaries over whose operating policies and practices Murray & Roberts exercises control or significant influence, according to the Group structure provided on page 08. The report includes Clough, which has an independent board of directors.

It has been necessary to restate comparative data from prior years due to the operational streamlining undertaken. This entailed some of our operating companies being moved to different operating platforms, or being moved from Corporate and Properties into the relevant operating platforms. These changes are also discussed in the Group chief executive's report. Restatements were also required due to the disposal of non-core assets, which is covered in the Group financial director's report on page 37.

We undertake to continuously improve our reporting systems and measures and to provide useful and accurate information. The data provided is collected from the Group's many operations around the world. In some cases, grouped data is not strictly comparable. Statistics in this report are for the 12-month period ended 30 June 2011, unless otherwise stated.

The Group is moving to a combined assurance model for the annual integrated report. Our external auditors, Deloitte & Touche, audited the annual financial statements and certain information related to sustainability included in this year's report. They were also asked to review a draft of the annual integrated report to assess it against the Framework and the disclosure requirements in King III. The review commended the progress made towards integrated reporting while preserving a structure familiar to those who have followed the Group for many years. Key recommendations made in the assessment were incorporated where possible. In addition, as part of the internal audit engagement, KPMG Climate Change and Sustainability Services (KPMG) were tasked with assessing the quality and integrity of selected sustainability performance indicators in terms of collection and reporting at selected operating companies. Work is required to improve the accuracy, completeness and reliability of sustainability information and recommendations made by KPMG will be addressed. The broad-based black economic empowerment rating and score card has been verified by accredited rating agency, EmpowerLogic.

The audit & sustainability committee had oversight of the preparation of the annual integrated report and recommended it for Board approval, which was obtained on 31 August 2011.

PAGE 130 For the report of the chairman of the audit & sustainability committee.

PAGE 132 For the independent auditor's report.

PAGE 126 For the sustainability assurance statement.

PAGE 29 For important information on the Group's prospects in this report.

WE RECOGNISE THE INCREASING IMPORTANCE OF THE ONLINE PLATFORM IN COMMUNICATING WITH AND REPORTING TO OUR STAKEHOLDERS.

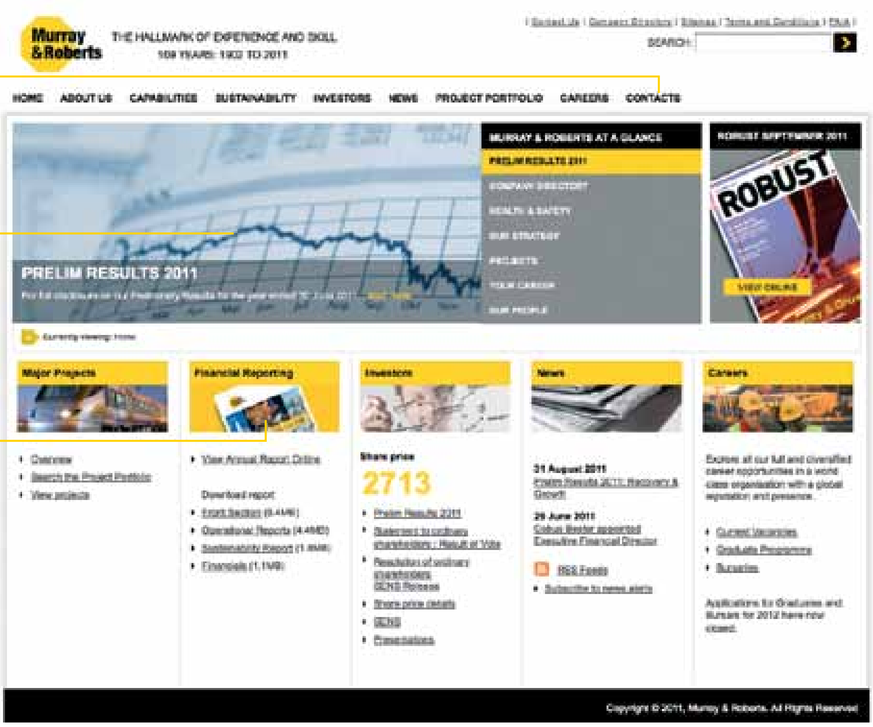
Below we provide an indication of the additional information that can be accessed on our website

WWW.MURROB.COM

A FEEDBACK FORM and contact details for comments, suggestions and queries from stakeholders can be found **HERE**

ANNUAL RESULTS, interim announcements and analyst presentations can be found **HERE**

OUR PAST ANNUAL and sustainability reports can be found **HERE**



HENRY LAAS /// GROUP CHIEF EXECUTIVE

"The Board and executive team are of one mind in believing that substantive, integrated reporting in terms of King III and the Integrated Report Discussion Paper will give all our stakeholders an accurate and meaningful understanding of our business, its place in society and its sustainability. Murray & Roberts' first integrated report will, I believe, stand up to scrutiny and will be subject to improvement in the years ahead based on the feedback we receive. But we have made a strong start. We take pride in the steps we have taken this year to build on the effort of past years to assist our stakeholders to assess, in the broader scope, the true economic value of our business."

OUR PURPOSE, VALUES & VISION

THROUGH A CONSULTATIVE PROCESS, THE NEW LEADERSHIP TEAM HAS REDEFINED PRECISELY OUR PRIMARY STATEMENT OF PURPOSE, the common values that bind the Group and inform our every interaction, and our vision for the future. These tenets of the Murray & Roberts business philosophy are explained in the pages that follow.

[1] DELIVERY OF INFRASTRUCTURE MEANS:

- We support infrastructure delivery through our core competency of engineering and construction, and through the provision of selected construction products and operations.
- This is underpinned by growing global demand for transport and logistics, power and energy, water and sanitation, telecommunications, health and education, accommodation and facilities, and mineral extraction and beneficiation infrastructure.
- Infrastructure owners rely on the various stakeholders within the built environment to develop, finance, design, engineer, construct, operate and supply inputs for delivery of infrastructure.

[2] ECONOMIC AND SOCIAL DEVELOPMENT MEANS:

- The built environment and the infrastructure associated with it is core to quality of life and prosperity.
- The engineering and construction sector and its value chain creates and sustains jobs, contributes to national fiscal revenue and seeks to improve the wellbeing of the many citizens employed by the sector.
- Without infrastructure, sustainable economic and social development is not possible.

DELIVERY OF INFRASTRUCTURE[1] TO ENABLE ECONOMIC AND SOCIAL DEVELOPMENT[2] IN A SUSTAINABLE WAY[3].

[3] IN A SUSTAINABLE WAY MEANS:

- Murray & Roberts is influenced by society and the environment and through its business activities has an impact on society and the environment.
- We aspire to operate in an ethical and sustainable way by considering the concerns of our stakeholders, understanding our risks and opportunities, and managing our social and environmental impact.
- Our framework for sustainability (below) provides the business model we employ in pursuing our goals and aspirations.

INTEGRATED REPORT

SOCIAL	ENVIRONMENTAL	ETHICAL
// Health & safety // Employees // Transformation and local economic development // Community development	// Resource efficiency and carbon footprint // Emissions, releases and waste management	// Human rights // Unfair discrimination and equality // Fraud, corruption and anti-competitive behaviour // Unfair business practices

FINANCIAL AND ECONOMIC SUSTAINABILITY

GOVERNANCE STRUCTURE

RISKS & OPPORTUNITIES AND STAKEHOLDER ENGAGEMENT

OUR VALUES

THE MURRAY & ROBERTS VALUES ARE THE ULTIMATE GUIDE OF OUR INTENT AND ACTIONS. THEY ALIGN AND UNITE ALL OUR PEOPLE ACROSS OUR DIVERSE OPERATING PLATFORMS.

CARE

// Care for our people by prioritising their safety and wellbeing above all else and ensuring they have the necessary tools and training to carry out their work safely and effectively **//** Care for our customers and stakeholders through striving for delivery excellence, on time and in budget **//** Care for the environment by minimising the potentially negative impacts of our activities.

INTEGRITY

// Being consistent in our actions and adhering to our core values **//** Conducting our business undertakings honestly, openly, directly and ethically.

RESPECT

// Appreciating the environment in which we operate **//** Acknowledging others' differences **//** Treating each other with trust and dignity.

ACCOUNTABILITY

// Taking responsibility for our actions **//** Being transparent in keeping record of our activities and in our disclosure **//** Being answerable for our actions.

COMMITMENT

// Our belief in what we do **//** Hard work and dedication to the tasks undertaken **//** Ensuring we deliver on what we have promised.

OUR PURPOSE, VALUES & VISION continued

BY 2020 WE WILL BE THE LEADING[1] DIVERSIFIED ENGINEERING AND CONSTRUCTION[2] GROUP: IN THE GLOBAL UNDERGROUND MINING MARKET AND IN SELECTED EMERGING MARKET NATURAL RESOURCES AND INFRASTRUCTURE SECTORS[3].

[1] LEADING MEANS:

FINANCIAL
- Satisfied shareholders through value creation
- Achievement of business objectives

LEADERSHIP
- Murray & Roberts brand respected
- Recognised as a diverse, high performing and responsible organisation
- Renowned for leadership development and capacity

RELATIONSHIP
- Stakeholder partnerships leveraged for growth
- Internal and external trusting and open relationships
- Employer of choice

OPERATIONAL
- Global capabilities harnessed to deliver successful project outcomes
- Effective systems and controls to ensure successful project delivery
- Sustainability and governance emulated by industry

RISK
- Recognised for outstanding health, safety and environment results
- Effective risk management

[3] OUR TARGET MARKETS:

- **GLOBAL** UNDERGROUND MINING We will leverage our existing global footprint and co-operate to share best practice, specialised personnel and equipment.
- **EMERGING MARKETS** NATURAL RESOURCES AND INFRASTRUCTURE A growing global population, urbanisation and ageing infrastructure are driving demand for infrastructure and natural resources, with Africa as a key focus for growth.

[2] DIVERSIFIED ENGINEERING AND CONSTRUCTION GROUP MEANS:

reduce our risk profile and operate sustainably in a cyclical industry through diversification of geographic footprint, market segment focus and value chain positioning, as shown below:

ENGINEERING AND CONSTRUCTION

MINING & MINERALS	INDUSTRIAL	INFRASTRUCTURE	BUILDING
Extraction // Benefaction	Oil & Gas // Petrochemical	Power // Transportation (road & rail) // Water // Marine	Mixed use // Non-residential

RAW MATERIALS ▶ CONSTRUCTION PRODUCTS ▶ CONSTRUCTION PARTS ▶ PROJECT DEVELOPMENT AND DESIGN ▶ PLANNING/ ENGINEERING ▶ CONSTRUCTION WORKS ▶ OPERATIONS AND FACILITY MANAGEMENT ▶ MAINTENANCE AND REFURBISHMENT

MURRAY & ROBERTS is active in nearly every segment of the engineering and construction value chain.

IN SUMMARY

MURRAY & ROBERTS IS A GROUP OF WORLD-CLASS COMPANIES AND BRANDS ALIGNED TO THE SAME PURPOSE AND VISION, AND GUIDED BY THE SAME SET OF VALUES.

STOP.THINK: SAFETY FIRST IN EVERYTHING WE DO

WE HAVE ALIGNED OUR STRUCTURE TO SUPPORT OUR STRATEGY FOR *RECOVERY & GROWTH*. WE HAVE MOVED AWAY FROM THE CONCEPT OF BUSINESS CLUSTERS TO FOCUSED OPERATING PLATFORMS THAT GROUP BUSINESSES BY SIMILAR TYPES OF WORK AND CORE COMPETENCIES.

- **CONSTRUCTION AFRICA AND MIDDLE EAST**
- **CONSTRUCTION GLOBAL UNDERGROUND MINING**
- **CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS**
- **ENGINEERING AFRICA**
- **CONSTRUCTION PRODUCTS AFRICA**

OUR VALUES

Care Integrity Respect Accountability Commitment

OUR PURPOSE

Delivery of infrastructure to enable economic and social development in a sustainable way.

OUR VISION

By 2020 we will be the leading diversified engineering and construction group:

- in the global underground mining market, and
- in selected emerging market natural resources and infrastructure sectors.

| ZAYED UNIVERSITY /// **UNITED ARAB EMIRATES**

STRUCTURE & CAPABILITY

FIVE DIVERSE OPERATING PLATFORMS FOR SUSTAINABLE GROWTH

⊖ CONSTRUCTION GLOBAL UNDERGROUND MINING

COMPANIES

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MURRAY & ROBERTS CEMENTATION
CEMENTATION CANADA
RUC CEMENTATION
CEMENTATION SUDAMÉRICA

GEOGRAPHY AFRICA // AUSTRALIA // AMERICAS

SEGMENTS Metals & minerals

VALUE CHAIN
- Planning/engineering
- Construction works
- Operations and facility management

✦ CONSTRUCTION PRODUCTS AFRICA

COMPANIES

PAGE 92

HALL LONGMORE
BUILDING PRODUCTS – OCON AND TECHNICRETE
MUCH ASPHALT
ROCLA
UCW (PREVIOUSLY INCLUDED IN CORPORATE AND PROPERTIES)

GEOGRAPHY AFRICA

SEGMENTS Metals & minerals // Industrial // Infrastructure // Building

VALUE CHAIN
- Construction works

◈ ENGINEERING AFRICA

COMPANIES

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MURRAY & ROBERTS PROJECTS
WADE WALKER
CONCOR ENGINEERING (PREVIOUSLY INCLUDED IN CONSTRUCTION SADC CLUSTER)
GENREC

GEOGRAPHY AFRICA

SEGMENTS Industrial // Metals & minerals

VALUE CHAIN
- Project development and design
- Planning/engineering
- Construction works
- Maintenance and refurbishment

☐ CONSTRUCTION AFRICA AND MIDDLE EAST

COMPANIES

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MURRAY & ROBERTS CONSTRUCTION
MURRAY & ROBERTS MARINE (PREVIOUSLY INCLUDED IN ENGINEERING SADC CLUSTER)
MURRAY & ROBERTS MIDDLE EAST (PREVIOUSLY REPORTED SEPARATELY)
MURRAY & ROBERTS CONCESSIONS (PREVIOUSLY INCLUDED IN CORPORATE AND PROPERTIES)
TOLCON (PREVIOUSLY INCLUDED IN CORPORATE AND PROPERTIES)

GEOGRAPHY AFRICA // MIDDLE EAST

SEGMENTS Metals & minerals // Industrial // Infrastructure // Building

VALUE CHAIN

- Project development and design
- Planning/engineering
- Construction works
- Operations and facility management
- Maintenance and refurbishment

⊡ CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS

COMPANIES

PAGE 84

CLOUGH
FORGE

GEOGRAPHY AFRICA // SOUTHEAST ASIA // AUSTRALASIA

SEGMENTS Industrial (oil & gas) // Metals & minerals

VALUE CHAIN

- Planning/engineering
- Construction works
- Maintenance and refurbishment

OUR STRATEGY

OUR PRIORITIES FOR THE 2012 FINANCIAL YEAR

OUR RECOVERY YEAR*

RE-ORGANISE AND RE-ENERGISE

STRENGTHEN OPERATIONAL LEADERSHIP AND OPERATIONAL FOCUS 50%

REDUCE OVERHEAD 70%

CHANGES TO BUSINESS AREAS 100%

IMPROVE LIQUIDITY AND RESUME DIVIDEND PAYMENT

CASH FROM OPERATIONS 25%

CLAIMS ON MAJOR PROJECTS 20%

SALE OF DISCONTINUED OPERATIONS 20%

RE-ALIGN MURRAY & ROBERTS

PURPOSE 75%

VISION 75%

VALUES 75%

DEVELOP GROWTH STRATEGY

AFRICA ENGAGEMENT STRATEGY 50%

GROWTH THROUGH ACQUISITION 20%

CLOUGH STRATEGY 20%

WE HAVE DEVELOPED A RECOVERY & GROWTH PLAN FOR MURRAY & ROBERTS, WITH A THREE-YEAR HORIZON.

In the year ahead, we will concentrate our efforts on a period of recovery that will be focused on improving liquidity and strengthening our financial position. While this will be our priority, we will also seek to actively grow the business.

*We have made progress on our objectives already, as shown alongside.

HENRY LAAS /// GROUP CHIEF EXECUTIVE

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"In the year of recovery to which we have committed Murray & Roberts, we shall not pause from actively growing the business. Rather, growth plans for all operating platforms have been defined and will be vigorously pursued by our executive teams. In the succeeding two years, we envisage embarking on a period of growth in which long term strategies and growth targets will be determined. Out of this process will emerge a new, stronger and more dynamic Murray & Roberts . . ."

OUR GROWTH STRATEGY /// FOR THE YEARS AHEAD

DIMENSIONS OF GROWTH

GEOGRAPHIC ▶ Growth with market or establish a market presence in new **geographies**.

SEGMENT ▶ Growth with **market segment** or establish market presence in new **segments**.

VALUE CHAIN ▶ Leverage current position or participate in new areas of the engineering and construction **value chain**.

COMPANY ▶ Focus on existing **companies** to prepare for growth.

MEANS OF GROWTH

ORGANIC GROWTH ▶ **Grow** with the expansion of existing geographic markets and market segments.

ACQUISITION & DISPOSAL ▶ **Acquire** value-adding participants in chosen markets. **Disposals** to enhance value.

PARTNERING ▶ **Partner** with local market participants and with solution and technology partners to access markets. **Partner** on major projects.

OPERATIONAL EXCELLENCE ▶ Best practice sharing and adoption to ensure **operational excellence** to enable growth, company re-organisation.

GROWTH THEMES BY OPERATING PLATFORM

	CONSTRUCTION AFRICA AND MIDDLE EAST	CONSTRUCTION GLOBAL UNDERGROUND MINING	CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS	ENGINEERING AFRICA	CONSTRUCTION PRODUCTS AFRICA
AFRICA ENGAGEMENT STRATEGY	●	●		●	●
GROWTH THROUGH ACQUISITION	●	●		●	●
CLOUGH STRATEGY			●		

RISK MANAGEMENT OVERVIEW

RISK MANAGEMENT PROCESSES ARE BEING ENHANCED IN ALL AREAS OF THE GROUP'S ACTIVITIES,

including acquisitions, capital expenditure, project delivery, the management of health, safety & environment management and brand integrity.

ENTERPRISE RISK MANAGEMENT

The Murray & Roberts enterprise risk management process is enhanced by the new integrated assurance framework, which will be applied across all operating company boards and executive committees.

RISK MANAGEMENT PROCESS

Risk assessments are conducted twice a year at Group level, to support interim and year-end financial reporting, annually at an operational level as part of the three-year business planning process, and at project level as part of bid preparation and project implementation. The collective Group experience is shared to better understand and identify potential exposures to threats and opportunities.

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

- Acquisitions are subject to rigorous due diligence before approval
- Capital expenditure requirements for organic growth are assessed as part of business planning
- Engagement of project opportunities is regulated through the opportunity management system (OMS)
- Significant risk decisions are first reviewed by the executive risk committee before submission to the Board.

Risk mitigation promotes proactive management of risk. This involves accountability, planning and resource allocation, ongoing review and communication with affected stakeholders.

Risk-based audit reviews form part of a structured programme to test the integrity of internal controls and systems for significant exposures. Business plan risk mitigations are reviewed for relevance and effectiveness. Audits of selected major projects, systems, controls and processes are performed through an integrated assurance model by management and internal audit, and selectively reviewed by experienced corporate executives and external service providers.

PROJECT PORTFOLIO MANAGEMENT

Murray & Roberts has a long and proud record of major project delivery. It has been responsible for constructing much of the built environment in southern Africa and involved in some of the world's great engineering challenges.

In recent years the Group has entered a new era characterised by major projects with higher risk profiles. The magnitude and complexity of these major projects has demanded a level of project leadership, management and capacity that is not scalable from traditional projects. The required commercial and contract experience to deal with contract administration, change management and control systems are a challenge in the context of the Group's current capacity.

All Murray & Roberts subsidiaries operating in the project markets are required to follow the project approval process in the opportunity management system (OMS):

- A formal decision to bid is taken before any commitment is made to prospective clients or partners, or any costs are incurred in preparing a bid.
- Project opportunities are risk-profiled in terms of the defined operating company's risk mandate. Prior to bid submission, authorisation is secured according to the risk-filter requirements built into OMS.
- The executive risk committee reviews significant bids prior to bid submission. The submission and contract negotiations are conducted within a formal mandate. Any change to this mandate is made by reverting to the committee for a revised mandate.

A number of key centralised initiatives have been developed and will be implemented in the coming year to bolster project management and underlying systems of control, which include:

- The executive project oversight committee will meet twice a year to independently peer review all major projects and projects indicating early signs of distress. The committee, consisting of seasoned project executives, non-executives and specialists, will provide the project teams with guidance and recommend interventions where necessary.
- All projects above a determined threshold will be required to complete the monthly performance management "top sheets" in OMS. This process is designed to identify early signs and warning of project difficulty. The standard key performance indicator reports and dashboards from this process will be included in monthly project review packs, as well as operating company board meetings and executive committee meetings.
- All projects are now required to align with and at least meet the minimum standard set down in the framework for standardised project delivery, a policy document developed and approved by the executive committee. It is based on ongoing project experience and forms the basis for providing Group-wide project assurance.
- Project risk registers will be the subject of a detailed and constructive internal audit review during the forthcoming year to ensure project leadership is identifying key and real risks and taking appropriate, corrective action in good time to properly mitigate the identified risks in their projects. A key focus of this review process will be the extent to which project management has considered the lessons of the past, documented in a formalised lessons learnt register, and has applied them in the set-up and execution of their current projects.
- A close out report, capturing lessons learned, skills availability and performance analysis, will be produced at 90% project completion. A knowledge management process will re-introduce key insights from previous projects into proposal development during the pipeline phase of the project lifecycle.

As an organisation, Murray & Roberts confidently seeks out risk to capitalise on its ability to benefit from the inherent opportunities. The hard lessons learned on major projects has provided the experience and capacity to operate successfully in this challenging, but highly rewarding area.

GROUP LEVEL RISKS

RISK	MITIGATION
1. GLOBAL ECONOMIC CRISES	
a. Contraction of international growth opportunities, particularly in developing markets, places business growth plans at risk. **b.** Reduced international shareholding revenues and earnings may also result in a lowering of the Group's broad-based black economic empowerment (BBBEE) ownership rating, which may impair domestic competitiveness and expose the Group to client sanction.	The Construction Global Underground Mining and Construction Australasia Oil & Gas and Minerals operating platforms are well positioned to participate in the global commodity boom. Operating platforms have been mandated to build the necessary business development capacity to drive growth.
c. International investors withdrawing from emerging markets may cause deterioration in Murray & Roberts' market rating, reducing our market capitalisation and perceived worth. This could affect our options in the capital and project markets.	Group chief executive and Group financial director actively engage with international and potential investors, building confidence in the *Recovery & Growth* strategy, supported by operational delivery.
2. MAJOR PROJECT DELIVERY	
a. Losses suffered during the year have highlighted the risk associated with the delivery of major projects. These complex, high-value projects require a level of project leadership and management that is not scalable from traditional projects.	Retention of core skills and capabilities developed on current major projects to deliver similar future projects. Dedicated steering committees for all major projects now responsible for governance on such projects. OMS and performance monitoring support project portfolio management. Executive risk committee interrogates key bids prior to submission, based more clearly on recent lessons learned. Executive project oversight committee will independently review major project performance. Integrated assurance model will promote project performance through enhanced risk management, regulatory compliance and internal audit. All projects are now required to follow a process no less comprehensive and regimented than that set out in the Group's framework for standardised project delivery. This will support project assurance.
b. Resource and financial capacity may constrain the Group's ability to take on additional major projects.	Secure advance payments ensure that cash flow remains neutral or better and that project finance has been secured prior to project commencement.
3. DECLINING ORDER BOOK IN SADC/UAE	
a. Declining contracting opportunities lead to declining resources and a loss of skills and experience, which become expensive and difficult to replace. **b.** Declining contracting opportunities lead to lower employment opportunities, resulting in the Group not being able to attract the talent it requires to sustain its development through growth periods.	Build relationships with key clients to negotiate longer-term programmes of work. Although the building markets in SADC and the UAE are highly competitive, there are significant project opportunities in the pipeline. Innovative alternative bids could offer clients better value without compromising performance aspirations. Invest in a core team and in driving skills development. Utilise spare capacity to prepare unsolicited proposals, particularly for the public sector.
4. LATE ENTRY INTO AFRICA	
a. European and Asian contractors have accessed Africa during its early period of limited development. As a continent of abundant resources, unless Murray & Roberts implements a co-ordinated plan to enter Africa in a measured and concerted manner, in partnership and on its own, a delayed entry may be detrimental to our ability to grow at a desired pace in Africa. **b.** Murray & Roberts is considered the leading South African contractor. Our inability to mobilise effectively, efficiently and successfully into Africa could have a negative impact on this reputation.	The Group's development of a co-ordinated Africa strategy is at an advanced stage. Key regional hubs from which we will identify, develop and implement opportunities have been identified. Operating companies will also follow strategic clients into Africa, on a ring-fenced project-by-project basis.

5. HEALTH & SAFETY

RISK	MITIGATION
a. The Group has a duty to provide employees with a healthy and safe working environment. The nature of the work conducted by companies in the Group is to mobilise a large labour force to work on construction sites and underground mining sites. Prevailing conditions present health & safety risks.	The Group has implemented the STOP.THINK campaign, and appointed a Group safety executive. DuPont Sustainable Solutions has been appointed to conduct a health & safety evaluation for the South African operations, and assist with improvement plans. Planned implementation of fatal risk control protocols will address common causes of fatal and serious incidents. Recent bid submissions by Construction Global Underground Mining operating platform in South Africa have included a mechanised shaft sinking methodology, utilised by the operating platform in North and South America.
b. Poor safety performance damages the Group's reputation, which may have an increasing impact on our ability to procure new work. It may also invoke Government reaction and result in industrial action. Penalties and financial sanction may also arise from safety incidents.	
c. Societal health risks including HIV/Aids and TB have the potential to negatively impact productivity, absenteeism and costs associated with hiring and training new employees. This is a particular concern in our South African and SADC operations.	An outside service provider has evaluated the wellness programmes at South African operations against best practice and has made recommendations for improvement. Policies, standards and guidelines will be developed for implementation in our operations.

6. HUMAN RESOURCE CAPACITY & CAPABILITY

RISK	MITIGATION
a. The required commercial and contract experience to deal with contract administration, change management and control systems are a challenge in the context of the Group's current capacity.	All operating platforms to perform a critical assessment of the leadership and critical skills talent within the operating companies. All identified gaps to be filled with skilled and experienced resources. Development programmes to be put in place for high potential and critical skills talent.
b. A number of the Group's recent project difficulties relate to build-only projects where design is incomplete and to design-build projects in an environment requiring a deep skills pool but suffering from a dearth of project management and engineering capability.	Early client engagement to assist with scope definition. Build-only proposals to clearly articulate design assumptions and baselines utilised in compiling bids. Design-build organisational structures fulfil a project management function, including design integration, as opposed to the traditional construction management function for build only projects. An extended focus on commercial experience and contract administration to ensure effective mechanisms for change management.
c. Contracting with state-owned entities places projects at greater risk as variations due to vague and/or incomplete client specifications are seldom agreed and almost never paid outside of a formal dispute process.	
d. A healthy and safe working environment is dependent on a unified, clear and consistent leadership drive and commitment to health and safety performance excellence.	Identify critical leadership competencies and design appropriate programmes to develop these. Stratify the leadership competency development by frontline, middle and executive leadership. Incorporate progress into performance contracts and personal development plans. Review performance and provide assistance and coaching.

GOVERNANCE & ETHICS OVERVIEW

THE MURRAY & ROBERTS BOARD PROMOTES AND SUPPORTS THE HIGHEST STANDARDS OF BUSINESS INTEGRITY, ETHICS AND CORPORATE GOVERNANCE.

In line with the 2009 King Code of Governance Principles (King III) the Board recognises the need to conduct the business of the Group with prudence, transparency, integrity and accountability, and to report to stakeholders in an integrated manner.

KEY DEVELOPMENTS IN THE YEAR

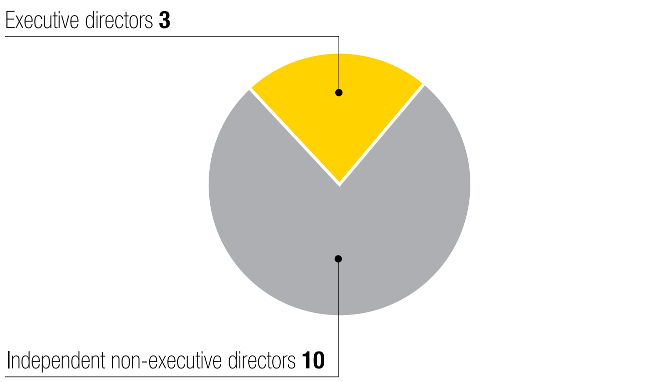
- Most King III principles were incorporated into the Group's internal controls, policies and procedures.
- Additional refinements aimed at full King III compliance included revisions to the Board and committee charters, and an internal risk assessment and gap analysis that highlighted areas of non-compliance, which have been dealt with.
- The development of regulatory and IT governance frameworks have been initiated.
- An internal appraisal of Board effectiveness was conducted and material recommendations are being implemented.
- A Statement of Business Principles was rolled out to assist in managing ethical performance in the Group.

The Board appointed executive directors Henry Laas and Cobus Bester as Group chief executive and Group financial director respectively with effect from 1 July 2011, following the retirement of Brian Bruce and Roger Rees on 30 June 2011.

PAGE 98 For the corporate governance report.

GOVERNANCE STRUCTURE

BOARD COMPOSITION



THE CORPORATE GOVERNANCE FRAMEWORK

that has been in operation in the Group for many years is reviewed from time to time and adapted where necessary to facilitate effective leadership and sustainability, as well as corporate governance and corporate citizenship best practice beyond prevailing minimum requirements.

STATEMENT OF BUSINESS PRINCIPLES

The Statement of Business Principles was designed to reaffirm Murray & Roberts' enduring values and practices developed over more than a century, and to identify areas of concern to avoid any damage to the Group's reputation, brand and ultimately, market value. It represents the ideals and standards that will differentiate the Group in the market and signals a dedication to core values that form the basis of an ethical approach to business. It is premised on a non-negotiable commitment to a fair and ethical business environment.

Its purpose is to:

- Establish standards to which all employees, service providers and business partners of the Murray & Roberts Group are expected to adhere.
- Stipulate acceptable behaviour that will govern the business endeavours of Murray & Roberts employees.
- Articulate principles of business conduct which ensure that Murray & Roberts conforms to the minimum standards required by law.
- Provide guidance in dealing with potential problem situations.

Its intent is to address the following areas of concern:

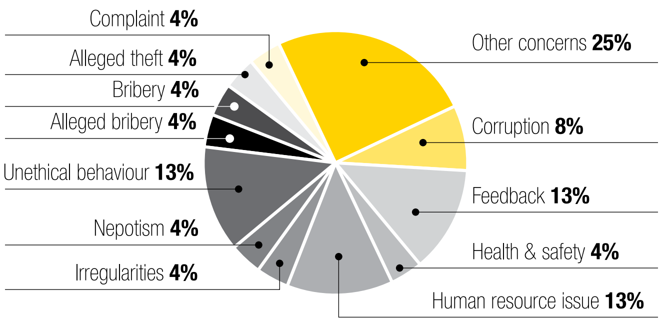
- Fraud
- Corruption
- Bribery
- Collusion
- Unfair business practices
- Ethical conduct
- Sexual harassment
- Workplace safety
- Use of Murray & Roberts assets and property
- Conflict of interest
- Business relationships
- Confidentiality.

TIP-OFFS ANONYMOUS

To support our commitment to conducting business honestly and with integrity, we subscribe to a service that allows all employees to report anonymously any unethical behaviour or dishonesty in the workplace. The hotline is managed by Deloitte & Touche and is completely independent of Murray & Roberts. All reports are investigated.

In the year under review, the hotline received 59 contacts, of which 24 reports were generated (the breakdown of reports is provided below).

OFFENCE PROFILE BREAKDOWN



GROUP DIRECTORATE

NON-EXECUTIVE DIRECTORS

ROY CECIL ANDERSEN (63)

CA(SA) CPA (Texas)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Roy was appointed to the Board in 2003 and became chairman in 2004. He is chairman of the nomination committee, a member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee, and a trustee of The Murray & Roberts Trust. Roy is a director of Aspen Pharmacare Holdings, Nampak, Sasfin Bank and Virgin Active Group, and a member of the King Committee on Corporate Governance.

DAVID (DAVE) DUNCAN BARBER (58)

FCA (England & Wales) AMP (Harvard)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee. Dave is a director of AFGRI Limited.

ALAN DE VILLIERS CHARLES KNOTT-CRAIG (59)

BSc Eng (Elec) MBL DBL(hc) DBA(hc)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Alan was appointed to the Board in 2008. He was chairman of the health, safety & environment committee until 30 June 2011 and has remained a member. He became a member of the audit & sustainability committee on 1 July 2011. Alan is a director of Nedbank Group, Nedbank and a board member of CSIR and Right to Care.

NAMANE MILCAH MAGAU (59)

BA EdD (Harvard) MEd BEd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Namane was appointed to the Board in 2004. She is a member of the remuneration & human resources committee and the health, safety & environment committee, and trustee of The Murray & Roberts Trust. Namane was formerly the president of International Womens' Forum and the Businesswomen's Association. She is a director of companies including Santam and Merrill Lynch South Africa. Namane is a member of the University of Cape Town Business School Advisory Board.

JOHN MICHAEL (MICHAEL) MCMAHON (64)

PrEng BSc Eng (Glasgow)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael was appointed to the Board in 2004. He is a member of the health, safety & environment committee. Michael is a director of Central Rand Gold and Impala Platinum Holdings.

WILLIAM (BILL) ALAN NAIRN (66)

PrEng BSc Eng (Mining)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bill was appointed to the Board on 30 August 2010. He was a member of the health, safety & environment committee until 30 June 2011, whereafter he became chairman. He is also a member of the risk management committee. Bill is a non-executive director of AngloGold Ashanti and non-executive chairman of MDM Engineering Group Limited and of the Procurement Committee for MTN Group Limited.

ANTHONY (TONY) ADRIAN ROUTLEDGE (63)

BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tony was appointed to the Board in 1994. He is a member of the audit & sustainability committee, the remuneration & human resources committee and the social & ethics committee, and a trustee of The Murray & Roberts Trust.

NON-EXECUTIVE DIRECTORS

MAHLAPE SELLO (49)

LLB, Master of Arts and Law (Russia)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mahlape was appointed to the Board in 2009. She is chairperson of the social & ethics committee and member of the audit & sustainability committee. She was appointed to the nomination committee subsequent to the year-end. Mahlape serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission.

SIBUSISO PATRICK SIBISI (56)

BSc Physics (Hons) PhD (Cambridge)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sibusiso was appointed to the Board in 2007. He is chairman of the risk management committee and a member of the nomination committee. He is president and CEO of the CSIR, director of Liberty Group and a member of the Roedean School Board of Governors. Sibusiso was a Fulbright Fellow at the California Institute of Technology in 1988.

ROYDEN THOMAS VICE (64)

BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee and a member of the risk management committee and nomination committee. He is also a trustee of The Murray & Roberts Trust. Royden is chairman of Hudaco Industries, a Governor of Rhodes University and previously CE of Waco International.

EXECUTIVE DIRECTORS

ANDRIES JACOBUS (COBUS) BESTER (51)

BCom (Acc) Hons CA(SA)

GROUP FINANCIAL DIRECTOR

Cobus was appointed to the Board and became Group financial director on 1 July 2011. He first joined the Group in 2006 following the acquisition of Concor. Cobus is chairman of Murray & Roberts International and a director of Clough Limited.

ORRIE FENN (56)

BSc (Hons) Eng MPhil Eng DEng

GROUP EXECUTIVE DIRECTOR

Orrie joined the Group and was appointed to the Board in 2009. He is the executive director responsible for the Group's Construction Products Africa operating platform.

HENRY JOHANNES LAAS (51)

BEng (Mining) MBA

GROUP CHIEF EXECUTIVE

Henry was appointed to the Board on 1 April 2011 and became Group chief executive on 1 July 2011. He first joined the Group in 2001. He became a member of the health, safety & environment committee on 1 July 2011. Henry is a director of Murray & Roberts International and Clough Limited.

GROUP SECRETARY

YUNUS KARODIA (39)

CFA CA(SA)

GROUP SECRETARY

Yunus joined the Group in 1999 and was appointed Group secretary in 2007.

PAGE 120 **For additional information on directors.**

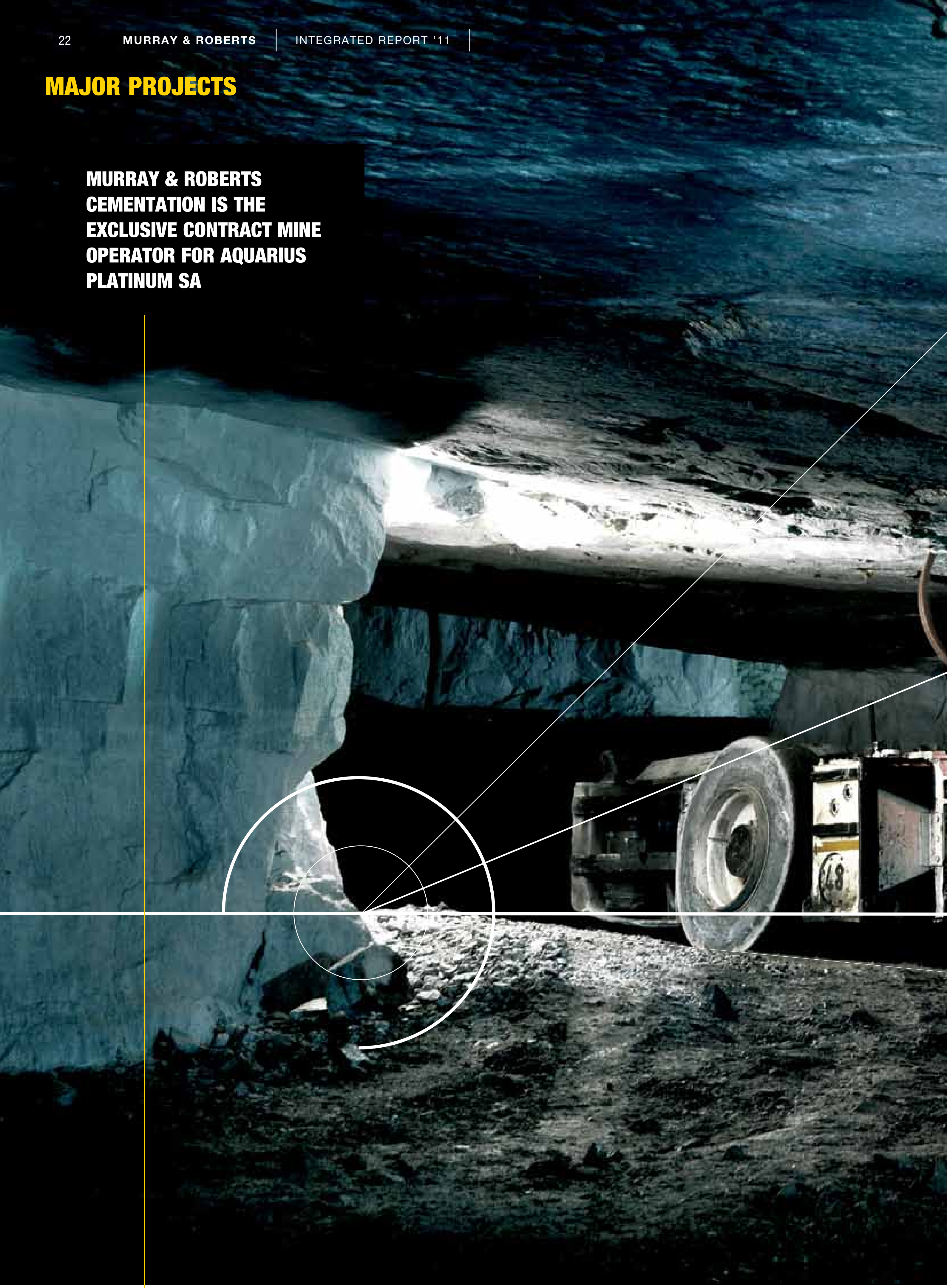
EXECUTIVE COMMITTEE

MEMBER	
PETER ADAMS (62) *Fellow of the Royal Institution of Chartered Surveyors* **Operations executive**	Peter joined the Group in 2004 and was appointed to the executive committee on 1 July 2011. He has over 32 years of experience with a major British contracting company. Peter was initially responsible for Cementation Canada following the Cementation acquisition, together with the construction operations in the Middle East. In 2009 he was appointed executive responsible for Construction Global Underground Mining. He is a director of Murray & Roberts International.
COBUS BESTER (51) *BCom (Acc) Hons CA(SA)* **Group financial director**	Cobus was appointed to the executive committee in 2007 and became Group financial director on 1 July 2011. He first joined the Group in 2006 following the acquisition of Concor. Cobus is chairman of Murray & Roberts International and a director of Clough Limited.
ORRIE FENN (56) *BSc (Hons) Eng MPhil Eng DEng* **Group executive director**	Orrie joined the Group and was appointed to the executive committee in 2009. He is the executive director responsible for the Construction Products Africa operating platform.
NIGEL HARVEY (56) *BSc Building Management* **Operations executive**	Nigel was appointed to the executive committee on 1 July 2011. He is the executive responsible for the Construction Africa and Middle East operating platform effective 1 July 2011. He was previously the managing director of Murray & Roberts Contractors (Middle East). Before moving to Dubai, he was responsible for the building construction activities of Murray & Roberts across South Africa and parts of Africa. During this time he played a pivotal role in merging some of the construction companies in the Group. Nigel is a director of Murray & Roberts International and Clough Limited.
IAN HENSTOCK (56) *BCompt (Hons) CTA CA(SA) HDip Tax Law MBA* **Commercial executive**	Ian joined the Group and was appointed to the executive committee in 2008. He is the corporate executive responsible for the assurance, commercial, legal and risk portfolios. Ian is a director of Murray & Roberts International.
HENRY LAAS (51) *BEng (Mining) MBA* **Group chief executive**	Henry was appointed to the executive committee in 2007 and became Group chief executive on 1 July 2011. He first joined the Group in 2001. Henry is a director of Murray & Roberts International and Clough Limited.
FRANK SAIEVA (51) *BEng (Mech)* **Operations executive**	Frank joined the Group and was appointed to the executive committee on 1 July 2011. He is the executive responsible for the Engineering Africa operating platform, which includes the power programme.
ANDREW SKUDDER (41) *BSc PDM MBA* **Sustainability executive**	Andrew joined the Group in 2004 and was appointed to the executive committee in 2008. He is responsible for the Group's sustainability strategy, including health, safety & environment and talent management.

RESPONSIBILITIES	BOARD COMMITTEE PARTICIPATION	
Cementation Canada // Cementation Sudamérica // Murray & Roberts Cementation // RUC Cementation	■ Health, safety & environment	
Clough (non-executive director) // Corporate office finance & payroll // Financial control & reporting // Information management & technology // Murray & Roberts Isle of Man // Murray & Roberts Properties // Secretarial // Taxation // Treasury	■ Audit & sustainability ■ Remuneration & human resources ■ Risk management	
Hall Longmore // Much Asphalt // Murray & Roberts Building Products // Rocla // UCW	■ Health, safety & environment	
Clough (non-executive director) // Murray & Roberts Construction Africa // Murray & Roberts Marine // Murray & Roberts Middle East	■ Health, safety & environment	
Commercial // Forensics // Internal audit // Legal, compliance & ethics // Risk and insurance	■ Audit & sustainability ■ Risk management ■ Social & ethics	
Sustainable delivery of Group strategy and Group performance	■ Audit & sustainability ■ Health, safety & environment ■ Nomination ■ Remuneration & human resources ■ Risk management ■ Social & ethics	
Concor Engineering // Genrec // Murray & Roberts Projects // Wade Walker	■ Health, safety & environment	
Corporate office human resources // Corporate Social Investment & Letsema BBBEE // Communications Health, safety & environment // Remuneration, compensation and benefits // Strategy support // Sustainability // Talent management	■ Audit & sustainability ■ Remuneration & human resources ■ Health, safety & environment ■ Social & ethics	

MAJOR PROJECTS

MURRAY & ROBERTS CEMENTATION IS THE EXCLUSIVE CONTRACT MINE OPERATOR FOR AQUARIUS PLATINUM SA



MURRAY & ROBERTS CEMENTATION, **AS CONTRACT MINER** TO AQUARIUS PLATINUM SA (AQPSA), PRODUCE SOME **800 000** TONNES **PER MONTH OF ORE.**

- Contract mining is undertaken at AQPSA's Kroondal, Marikana and Everest Mines and the contract with AQPSA is worth **R2,7 billion annually**
- AQPSA **revolutionised the South African platinum mining industry** with the successful implementation of its trackless mining method and is **intrinsically safer** than conventional mining methodologies
- Murray & Roberts Cementation operates and maintains a fleet of trackless machinery totalling **300 units**
- Murray & Roberts Cementation **provides a full service offering** to clients including procurement, business systems and trackless fleet maintenance and refurbishment
- Production at the Everest mine is ramping up and the mine is producing **130 000 tonnes a month**

CHAIRMAN'S STATEMENT

| ROY ANDERSEN /// GROUP CHAIRMAN

DEAR STAKEHOLDER

"MURRAY & ROBERTS EMBARKS ON THE 2012 FINANCIAL YEAR WITH NEW LEADERSHIP, A RENEWED FOCUS

on risk management, health & safety, a sound order book and a determination to grow the business while shrinking the debt."

OVERVIEW

The 2011 financial year has been one of almost unprecedented challenge for Murray & Roberts.

The Group had to grapple with project profitability and liquidity concerns, an unacceptable number of fatalities and allegations of collusion in our industry. These serious challenges were compounded by a slowdown in South African public sector spending on infrastructure following the 2010 FIFA World Cup™, and the lingering effects of the 2008 global economic crisis.

Aside from the difficult trading conditions, a clear acknowledgement is required that the Group's profitability was impeded largely due to challenges experienced on major projects. The estimated costs to complete, inclusive of penalties, on a number of contracts increased significantly. Furthermore, the decision to dispose of certain business operations resulted in asset impairments. Perhaps most disappointing of all, was raising a provision for possible Competition Commission penalties.

PAGE 37 **These issues are fully discussed in the Group financial director's report.**

The net result of the charges and costs, which totalled R1 975 million, was that the Group recorded a substantial deterioration in earnings. For the year to 30 June 2011, a diluted headline loss per share of 394 cents (2010: diluted headline earnings per share of 314 cents) and a diluted loss per share of 387 cents (2010: diluted earnings per share of 318 cents), both from continuing operations, was recorded.

However, these challenges are being tackled head-on by a new, invigorated management team. Our new Group chief executive, Henry Laas, and his team have already begun taking decisive action to return Murray & Roberts to profitability and earnings growth, to regain the Group's position as South Africa's leading construction and engineering contractor while building our expertise and portfolio in selected markets around the world, and to ensure the sustainability of the Group.

From an operational perspective, with the notable exception of those that are active in the resources sector, most of our businesses experienced depressed markets, with acute competition and intense margin pressure. Work on major projects, notably the Gautrain Rapid Rail Link (Gautrain) and the National Multi-Products Pipeline, was substantially completed and there was an absence of similar large orders in South Africa while Government paused to take stock of its infrastructural spending during the run-up to the 2010 FIFA World Cup™.

The productive capacity of our engineering and steel fabrication operations was almost entirely absorbed by Eskom's power programme, and is likely to remain so for the next three to four years. Executing our contractual obligations at Medupi and Kusile was burdened with unforeseen obstacles and delays. However, a renegotiation of our contract agreements with main contractor, Hitachi, has cleared the way for Murray & Roberts to unlock value from this work.

As with the power programme, the ongoing Gautrain delay and disruption claims process underscores the risks inherent in major projects. Although not on the same scale, Murray & Roberts Marine's unforeseen difficulties and ballooning costs relating to the Gorgon Pioneer Materials Offloading Facility (GPMOF) project in Western Australia provides yet another case in point.

However, despite the problems we encountered, the Group's achievements on project execution in recent years stand testament to our ability to deliver infrastructure from which society can derive value for decades to come. Major projects will continue to be an important part of our business and, with a renewed focus on identifying and evaluating risk on a project-by-project basis, they will be subject to more effective risk management processes.

The Group's liquidity position remains a concern. However, a concerted and structured recovery programme has been put in place and there are already encouraging signs of improvement. The Group financial director's report provides further detail on the specific initiatives we are implementing to restore the strength of the statement of financial position and return the Group to a firm financial footing.

CHAIRMAN'S STATEMENT continued

HEALTH & SAFETY

We experienced a distressing and unacceptable number of fatalities (12) in the year, up from nine in 2010. The Board extends its condolences to the families, friends and colleagues of the men who lost their lives.

While there is little comfort to be found in the face of these workplace tragedies, the Lost Time Injury Frequency Rate (LTIFR) for the Group reduced this year from 2,2 to 1,6, a pleasing improvement.

The safety of all who work for and with Murray & Roberts is of paramount importance to the Board. The health, safety & environment committee worked tirelessly with management throughout the year, to sharpen the focus on workplace safety and to chart new and improved principles, standards, protocols and guidelines. The appointment of consultants DuPont Sustainable Solutions to assess our South African operations against international best practice underscores the importance that Murray & Roberts attaches to safety.

A framework policy on HIV/Aids for the Group is currently under development but it is encouraging to note that a record number – some 12 400 employees – were voluntarily tested in the year under review.

RISK MANAGEMENT

Managing risk effectively is at the heart of our sustainability and this reality has been brought into sharp focus in recent years. Unforeseen setbacks on major projects cost the Group dearly and 2011 was a year of too many unpleasant surprises.

While it is in the nature of our operations that risk cannot be entirely negated and, in the past year, invaluable technical, commercial and legal lessons were learned, it has to be said that these lessons must not be acquired at too great a cost.

As a result of the problems encountered on major projects, the Board has set about improving management reporting and risk assessment systems even further. The audit & sustainability committee, in particular, spent a considerable amount of time on understanding the risks inherent in each business and working with executives and external advisors on the means to mitigate them.

Furthermore, recruiting staff into our legal and commercial teams is in progress, the Group's bespoke opportunity management system is being upgraded and improved project processes and systems are being implemented.

HUMAN CAPITAL

At the time of publishing last year's report, the lives of 33 Chilean miners hung in the balance with only a slim chance of them being rescued. Subsequently it was celebrated around the world that these men were indeed rescued. This feat was especially meaningful for the people of Murray & Roberts in that the pilot hole used to supply food and assist with communications was drilled by us, and was the first to reach the trapped miners.

Our people – their can-do attitude, expertise and skills – are what give Murray & Roberts its competitive edge. We dare not underestimate the importance of human capital development, particularly in South Africa where the gap between employment and skills levels is so apparent.

Given that capacity is a major risk factor for the Group, we continue to invest in leadership and skills development. Our investment in training and skills development declined marginally this year and there was a decline in the number of bursaries awarded, something we will strive to improve in the new financial year. We will also continue to invest in artisan training.

At senior executive level, apart from the appointments of the Group chief executive and Group financial director, there was an unusually high number of position changes and appointments between operating platforms, companies and from outside the Group. This has been a response to the much-needed restructuring of the business. The Board is satisfied that the correct choices have been made and that the new executive team will continue to be strengthened in the new financial year.

SUCCESSION

At the end of the year, Group chief executive Brian Bruce and Group financial director Roger Rees retired from Murray & Roberts having served the Group over many years. It is appropriate that we acknowledge their contributions to Murray & Roberts and wish them well for the future.

In anticipation of a changing of the guard, two executive recruitment companies were engaged to conduct a worldwide search for successors to Brian and Roger. I am extremely pleased that, such is the quality of our talent pool, the best candidates identified for both of these pivotal positions were found within the Group.

Henry Laas brings a rare mix of engineering and contractual expertise and top-level leadership to the chief executive's chair, while Cobus Bester is an exceptionally experienced financial professional who intimately understands our business and its diverse operating environments.

TRANSFORMATION

While there was no major change to our broad-based black economic empowerment (BBBEE) shareholding this year, 14 108 Murray & Roberts employees who participated as shareholders through the Letsema Bokamoso General Staff Trust, established in December 2005, elected to either take transfer of their 300 shares or to sell them from December 2010. Nearly all of the participants elected to sell their shares and a total of approximately R173 million in value was created for the participants, about R12 200 per beneficiary. This will marginally reduce our BBBEE shareholding. Murray & Roberts remains committed to the principles of equitable, affirmative access to economic and employment rights.

We retained the level 4 BBBEE contributor status achieved in 2010 and it was notable that we achieved 61% preferential procurement (an amount of R9,9 billion) of our total South African spend of R16,3 billion. Our enterprise development outlay has risen from R75 million in 2010 to R136 million in 2011. A new enterprise development project planned for 2012 is to arrange a forum at which enterprise development suppliers (and potential suppliers) can interact with each other and purchasing managers from the Group.

On BBBEE our key challenges remain employment equity and management control. These are both areas in which we must acknowledge limited success in attracting skilled black artisans, engineers and executives, and an organisational culture that is not effective enough in retaining them. This is certainly an area that will receive serious focus in the years ahead. It is however pleasing that Murray & Roberts won the Top Graduate Employer in the Engineering/ Industrial sector this year in a survey conducted by the South African Graduate Recruiters Association.

Our Letsema BBBEE scheme has created almost R800 million in wealth for 20 000 employees and community participants. However, we recognise that the continuing wealth creation of this scheme will be impacted, in the short term, by not declaring a dividend this year.

COMPETITION ISSUES

Allegations of collusion in the South African construction industry, allegedly involving some former executives of subsidiary companies Murray & Roberts, came as a most unwelcome surprise this year. While these alleged practices occurred in the past, I need to reiterate the Board's total intolerance of collusion and any anti-competitive practices.

The Group has committed to full co-operation with the Competition Commission (Commission) to eradicate anti-competitive behaviour within the construction industry.

In February 2011, the Commission announced a fast-track settlement process aimed at providing a transparent, cost effective and swift resolution to its investigations into the industry. Regrettably, and due mainly to late notifications by former executives of subsidiary companies, a limited number of projects were identified where possible transgressions may have occurred. As a consequence, the Group lodged its applications for these projects on 15 April 2011. A provision has now been made for potential penalties for these identified possible transgressions.

However, notwithstanding the Group's efforts to disclose all anti-competitive matters to the Commission, there may be certain residual matters which have not yet come to the Group's attention and that may potentially give rise to additional penalties.

The Board has instructed senior management to take whatever measures are required to guard against any similar incidents in future and to act decisively against such practices. Shortly after assuming the position, our new Group chief executive issued an updated Statement of Business Principles, a detailed exposition of ethical standards and practices Murray & Roberts expects from all its employees, service providers and business partners. The statement leaves no room for unacceptable practices such as collusion or corruption.

STRATEGIC POSITION

With a buoyant order book in most sectors, the Group intends to diversify its exposure beyond a few large projects, to identify and exploit its competitive advantage in mining, construction and engineering, and to optimally position itself for new opportunities as they present themselves.

This year we moved to dispose of certain investments that were deemed non-core and that had limited prospects of adding significant value to the Group's performance. Opportunities to dispose of other non-core, underperforming assets, such as the steel reinforcing bar manufacture and trading business, are being evaluated on a case-by-case basis. While the Group's liquidity position is likely to prevent acquisitions in the short term, a few selected opportunities are under investigation.

A strong strategic focus in the past year was on cementing relationships with clients and embedding our people and expertise in their operations. In the Middle East we are shifting our focus from Dubai to Abu Dhabi and Qatar, and expect a good return on the investments we are making in these emirates although these markets are expected to remain challenging for the foreseeable future. In moving into new geographies, including several in Asia and elsewhere in Africa, we will seek wherever possible to do so with strong partners whom we know and trust.

ENVIRONMENT

Murray & Roberts builds long term value for societies and communities by creating infrastructure that services progress. In doing so, we are committed to limit the harm inflicted on the environment and society.

Our operations have a mostly low environmental impact but we still have much work to do in this important aspect of our business. By disposing of our steel manufacturing business, notably the Cape Town Iron and Steel Company (CISCO) in the Western Cape, the Group will reduce its greenhouse-gas footprint. However, further actions to limit our carbon emissions will be required, particularly in our clay brick and asphalt production processes.

In South Africa we have participated in the Carbon Disclosure Project since its introduction to this country in 2008. According to the latest available data (disclosure lags financial reporting by a year), our scope 1 carbon emissions showed a 41% decline. While this was, to some extent, the result of switching from diesel-powered generators to electricity on a Namibian project, the reduction was largely driven by reductions in the scope of specific projects and a decline in output from our clay brick operation.

A portion of the Gautrain has not yet been opened due to water ingress in the Rosebank to Park Station tunnel. The current rate of water ingress into the tunnel is above the specifications agreed in the concession agreement. As a consequence, Bombela Civils Joint Venture will complete additional engineering works that will be implemented to reduce the volume of ground water seeping into this section of the tunnel. The water entering the tunnel drains is being appropriately handled and discharged.

DIVIDEND

The Board has reluctantly concluded that, given the Group's liquidity position, it would not be prudent to declare a dividend for the full year. This is regrettable as it is Murray & Roberts' policy to reward shareholders with dividends wherever possible. It is envisaged, however, that remedial steps already being implemented will result in the reinstatement of a dividend payment programme.

CHAIRMAN'S STATEMENT continued

| INSPECTION OF FABRICATED STEEL COLUMNS /// GENREC, JOHANNESBURG, GAUTENG

BOARD OF DIRECTORS

I wish to extend my thanks to all the members of the Board for their wise counsel in an exceptionally difficult year for the Group, and their additional effort in taking the necessary action to limit a repeat of the compounding effect of the challenges as we move forward.

Non-executive director Bill Nairn was appointed to the Board on 30 August 2010 and Imogen Mkhize retired as a non-executive director on 27 October 2010. Executive directors Malose Chaba and Trevor Fowler resigned on 14 February 2011 and 30 June 2011, respectively.

ANNUAL GENERAL MEETING

Shareholders are reminded that the annual general meeting of the Company will be held on 26 October 2011. The order of business is set out on pages 213 to 215 of this report.

PROSPECTS

The Group's fortunes are set to improve in the new financial year, led by an anticipated strong performance from the Construction Global Underground Mining operating platform both within SADC and the other territories in which it operates, coupled with stronger results from Engineering Africa. At the end of the year the Group order book stood at R55 billion – an improvement on the figure at the end of the 2010 year. This new business has been written with good, mostly improved, margins.

The restructuring of the commercial arrangement on the power programme augurs well for our Construction Africa and Middle East, and Engineering Africa operating platforms. In the medium to longer term, the outlook for both is positive given the major – and growing – infrastructural backlog in South Africa. This backlog extends to transport, ports, power generation, public sector buildings and even correctional facilities. While Government's temporary detachment from such spending is understandable, it is inconceivable that there will not, in time, be a renewed focus on fixed capital formation given the social and political imperatives facing the authorities. The only uncertainty lies in predicting what precisely Government's timing in this regard will be.

Further afield, the growth of oil & gas and minerals exploration and extraction in Australia and Southeast Asia spurs optimism and we expect to continue reaping the benefits of the investments, relationships and local knowledge that Clough and Murray & Roberts have built up in these areas.

Restructuring undertaken at each of the businesses in our Construction Products Africa operating platform is expected to pay dividends in future, with several companies already boosting market share in extremely competitive environments.

The most significant focus for the Group in 2012 will be addressing liquidity, to trade out of our debt position without raising new shareholder capital and to prepare to resume dividend payments.

The Group expects to return to an acceptable level of profitability in the year ahead and all operating platforms other than Construction Africa and Middle East are forecast to experience improved trading conditions. The level of this profitability will depend on economic conditions, order book development and conversion, particularly in South Africa, and a reduction in working capital.

Murray & Roberts embarks on the 2012 financial year with new leadership, a renewed focus on risk management, health & safety, a sound order book and a determination to grow the business while shrinking the debt.

I am confident of the Group's recovery.

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

ROY ANDERSEN

GROUP CHAIRMAN

GROUP CHIEF EXECUTIVE'S REPORT

HENRY LAAS /// GROUP CHIEF EXECUTIVE

DEAR STAKEHOLDER

"WE ARE WORKING HARD TO CREATE A SUSTAINABLE, THRIVING COMPANY

that is the preferred partner for the delivery of infrastructure that enables economic and social development in a sustainable way – a purpose we embrace with new energy and clear focus."

INTEGRATED, INVIGORATED AND INCLUSIVE LEADERSHIP

This is a defining time for the Murray & Roberts Group. At the end of the year under review, a new management team took over, a team which I have the privilege of leading.

Cobus Bester was appointed as Group financial director with effect from 1 July 2011 and will partner with me in taking the Group forward. Cobus was the group financial director of Basil Read and Concor for three and six years respectively, and managing director of Concor from 2005. Another key appointment was Frank Saieva as the new managing director of Murray & Roberts Projects. Frank joins Murray & Roberts from the Aveng Group, where he held the position of managing director of their Engineering and Projects Company. Frank joined us on 1 July 2011 and has executive responsibility for our Engineering businesses. Also, Nigel Harvey, previously managing director of Murray & Roberts Contractors Middle East, has assumed executive responsibility for the Murray & Roberts construction businesses within Africa and the Middle East, as well as Murray & Roberts Marine.

It is pleasing that the new leadership team was identified almost exclusively from within the ranks of Murray & Roberts. Importantly, after the difficulties of the last year, the team understands the seriousness of the challenges facing the business and how best to deal with them.

This has reassured staff that the Group has the talent and skills to take our business into the future.

I am confident that the re-energised executive team at the helm of Murray & Roberts will lead the business into a future that, while challenging, promises to be an exciting and rewarding new chapter in our history.

We have good reason to be proud of what Murray & Roberts has achieved for over a century. We add permanent value to people and society; we build infrastructure, monuments to collective skill, ingenuity and ability that will mostly outlive ourselves. I firmly believe that our Group will add even more permanent value in the years to come than it has in the past.

How we engage with our stakeholders will define Murray & Roberts. The new executive team is committed to a leadership style that affords sound relationships with all our stakeholders the highest priority. We are committed to building partnerships with our employees, with subcontractors, suppliers and partners, and importantly, with our clients. By becoming the best partners we can possibly be we intend to cement long term relationships with stakeholders and avoid much of the acrimony and dispute that has, in recent years, cost the Group dearly.

This approach is not about compromise but about finding mechanisms that maximise mutual benefit. Above all, it is about clear communication, transparency and understanding. The ultimate goal of this reshaping of relationships is a more robust and sustainable business – one that can deliver value to all its stakeholders over the long term.

This year we researched and re-evaluated our engagement with stakeholders. Our executive team analysed who we engage with, how we do so and about which issues. The result of this process was a commitment to sincere, open communication that emphasises one-on-one interaction wherever practical with all of our diverse stakeholders. As part of this commitment, we aim to ensure that their views and concerns inform our decision-making at the highest levels of our business.

In engaging with our stakeholders we will be guided by Murray & Roberts' newly articulated purpose, values and vision. In the coming months and years we will work hard to inculcate our business philosophy, so that it forms the basis for every interaction with our stakeholders.

GROUP CHIEF EXECUTIVE'S REPORT continued

A STRATEGY FOR *RECOVERY & GROWTH*

Given the significant charges and impairments taken in the year under review that dragged the Group into a loss-making position, a clearly mapped out strategy for *Recovery & Growth* is critical at this time in the Group's development.

It is appropriate that we prioritise recovery because of the extremely trying circumstances through which Murray & Roberts – and the construction and engineering sectors in general – have come in recent years, and which have left our Group exposed with a weak statement of financial position.

In the short term we will concentrate on a 12-month period of recovery primarily aimed at returning the Group to profitability and improving liquidity. In tandem with these foundational objectives, we will also be focusing on positioning the Group for growth in the years ahead. I can already say with confidence that due to the decisive actions taken since the end of the financial year, the Group is headed in the right direction. Returning the Group to a financial position that enables us to resume dividend payments is important in regaining the confidence of our shareholders and the investment community.

The plan to improve our liquidity is based on four key initiatives: driving cash generation from operations, the sale of non-core operations and assets, the restructuring of banking facilities, and the resolution of project claims.

Good progress has been made on all these initiatives. Arbitration proceedings have been initiated on a number of the Group's contract claims, but final outcomes from these hearings are unlikely before the end of the 2012 financial year.

While financial recovery is the foundation for the Group's sustainability and provides the capital needed to invest in all other areas of our business, it must be noted that we have adopted a safety first approach in everything we do. Notwithstanding the Group's disappointing financial performance, the tragic deaths of 12 of our colleagues were the lowlights of a very challenging year. We must do everything possible to make sure this unacceptable safety record is not repeated.

Specifically, as a growing proportion of our work is generated within the resources sector, we are determined to redouble our efforts to keep our people safe and to weave safety considerations into the very fabric of our business. I am satisfied that our approach to occupational safety this year, the decisive steps we have taken and our financial investment in this area will begin to bear fruit during our recovery year.

We strive to reduce injuries and fatalities within each business platform and operation, and salute those who achieve safety improvements. We benchmark our safety records against our peers and in many instances these are considerably better than industry or sectoral averages. However, what underpins our safety strategy is the conviction that safety is a moral imperative; that we must do absolutely everything within our power to safeguard our employees. The fervent belief that must accompany this commitment is that zero harm is in fact achievable and it is this ideal, and no less, that we will continue to strive for.

During the year, DuPont Sustainable Solutions was tasked with assessing our South African operations against best international practice. An outcome of the DuPont process, which is still underway, is the formulation of a new Group health & safety plan to support our vision of "Together to Zero Harm" for health, safety & the environment. This is being incorporated into everything we do. Print, SMS and video were all utilised to drive home safety messages, most of them delivered under our STOP.THINK slogan. Perhaps illustrating that our aspiration for zero harm is possible, between April and June 2011 no fatalities were recorded.

Aside from the fatalities we suffered, allegations of anti-competitive behaviour that touched the South African construction industry and the Group, was another distressing development. This has been amply covered by the chairman. Suffice for me to add that we have responded vigorously to the Board's instruction to implement the necessary precautionary measures and, following in-depth online education (completed by 1 058 employees), we implemented a consequence matrix in an attempt to prevent and deal with any past or future collusive behaviour.

I give all of our stakeholders the categorical assurance that, on my watch, we will constantly be on the lookout for anti-competitive actions and that any infringements will be severely dealt with. Our integrity is non-negotiable and must be restored as a hallmark of the Murray & Roberts brand.

From an organisational perspective, we believe that our federal operating model remains an effective way to manage our business. This model provides the required flexibility to deal with the diversity in our business. As we embark on this important period of Recovery & Growth, we will retain the philosophy of a federal system but will implement new Group-wide initiatives that will make Murray & Roberts a more effective organisation.

Guided by our Group purpose, values and vision, we have revisited our structure and realigned it to best support our strategy. This has entailed moving away from the concept of business clusters, which imply loosely associated businesses, to focused operating platforms that group businesses by similar types of work and core competencies. This will allow for better co-ordination and decision-making, as well as risk and cost management.

Five operating platforms have been established: Construction Africa and Middle East; Construction Global Underground Mining; Construction Australasia Oil & Gas and Minerals; Engineering Africa; and Construction Products Africa. To this end, Concor Engineering has been moved from the previous Construction SADC cluster to the Engineering Africa operating platform, UCW has moved from Corporate and Properties to Construction Products Africa, and Murray & Roberts Marine has moved to the Construction Africa and Middle East operating platform. Concessions and Tolcon have also moved into the latter operating platform, having previously been housed in Corporate and Properties.

Our operating platforms are the custodians of some of the strongest brands in their fields. They are reinforced by the abiding strength of the Murray & Roberts brand and the positive associations that stakeholders, both internally and externally, attach to it. It is part of our strategy going forward to ensure that these strong brands continue to reinforce each other.

In the year of recovery to which we have committed Murray & Roberts, we shall not pause from actively growing the business. Rather, growth plans for all operating platforms have been defined and will be vigorously pursued by our executive teams. In the succeeding two years, we envisage embarking on a period of growth in which long term strategies and growth targets will be determined. Out of this process will emerge a new, stronger and more dynamic Murray & Roberts able to fulfil its core purpose, over the long term, of delivering infrastructure that enables economic and social development in a sustainable way.

Another focus area during our recovery phase will be human capital. Our strength lies in our people and we understand the need to retain and develop talent across all of our operations. We also acknowledge that we have a long and difficult journey ahead of us in transforming at management levels.

In South Africa, competition for the most capable, most skilled top managers is intense. We are working hard to create a culture that reinforces the inclusive meritocracy we value at Murray & Roberts and that we are striving to become known for. Empowering all of our people will be a key driver of success and we are acutely aware of the need to create an environment in which transformation can take place – so that we become a preferred employer among talented black graduates, artisans and managers, and that we retain their skills in the Group.

COMING THROUGH A CHALLENGING YEAR

When the world went into economic meltdown in 2008, South African construction and engineering companies, including Murray & Roberts, were partly shielded from the almost immediate consequences of the financial crisis by the ongoing work required to deliver a successful World Cup.

In the last year, as activity in the South African construction sector declined, the Group faced the full consequences of severely constrained infrastructure markets both in South Africa and internationally. In Dubai, opportunities virtually vanished, while in South Africa there was little public sector appetite for new investment in fixed infrastructure. Following a period when South Africa's gross fixed capital formation approached 25% of GDP for the first time in more than three decades, the effects of slowing business throughput were sobering, to say the least.

However, the Group has remained resilient in the face of tough conditions due to the diversity of our operations and markets.

Our Construction Africa and Middle East operating platform suffered the most from an overall decline in business opportunity, although several business units – notably Civils, Roads, Botswana and Namibia – returned reasonable profits under these circumstances. Building work, in particular, slowed to a crawl and there were few opportunities to tender for sizeable infrastructural projects in South Africa.

Within Construction Products Africa, headcount was reduced and non-core, underperforming assets were identified for disposal, most significantly our steel business. The closure and imminent sale of the CISCO (Cape Town Iron and Steel Company) steel smelter will reduce our carbon footprint. This operating platform primarily serves the local construction sector and was strongly impacted by the depressed construction economy.

Both Construction Africa and Middle East, as well as Engineering Africa, experienced delays and project scope changes that hampered our work on Eskom's Medupi and Kusile power stations. However, new contractual arrangements entered into with Hitachi have significantly de-risked our commercial position on these projects. With the remaining contract value at about R17 billion, the power programme represents some 31% of the Group's total order book, ensuring a profitable and steady work flow for the next three years at least.

During this period, output capacity at Genrec will be largely dedicated to fabricating steel for the power programme, while other businesses in the Construction Africa and Middle East, as well as in the Engineering Africa business platforms, will continue to explore and exploit new opportunities, also in Africa.

Notwithstanding the substantial completion of the world-class Gautrain Rapid Rail Link Project (Gautrain), our participation in this project has translated into losses, penalties and delays. The Group has substantial claims on the project, which are still subject to legal processes. This is discussed in detail in the Group financial director's report.

Nevertheless, it bears stating that Gautrain is a major construction and engineering accomplishment that will stand the Group in good stead across the world. As a member of the Bombela consortium at concession and operational levels, Murray & Roberts can realistically look forward to substantial income throughout the fifteen-year lifespan of the concession or until this investment is sold.

A major and most unwelcome shock during the year under review concerned the difficulties encountered by Murray & Roberts at its loss-making Gorgon Pioneer Materials Offloading Facility (GPMOF) marine project in Western Australia. The liquidation of its joint-venture partner resulted in Murray & Roberts Marine having to take a 100% share (instead of 50%) of this project and incur punitive losses that have now been accounted for. The anticipated completion date of this project is January 2012.

In the past year we improved our bespoke opportunity management system and put in place processes that will go a long way towards mitigating our risk exposure on future projects, particularly as it pertains to the major projects that are the Group's calling card.

The losses associated with the GPMOF and Gautrain will not, however, deter Murray & Roberts from taking on projects of this size and complexity. In many instances we are the only Company in South Africa that has the capability and capacity to execute these projects, which will continue to form a substantial part of our business and differentiate us from our competitors. But this requires that we continue to strengthen our risk management, legal and commercial expertise and project systems so as to significantly reduce our risk exposure on such projects.

The Construction Global Underground Mining operating platform, which comprises our Cementation businesses, continued to perform exceptionally well, thanks to the sustained worldwide demand for commodities. Murray & Roberts is sinking 21 vertical shafts around the world – confirmation of our unrivalled standing in the mine development sector. Results were solid from all businesses, local and international.

GROUP CHIEF EXECUTIVE'S REPORT continued

Another strong performer this year was Clough, which reported a fourth consecutive year of earnings growth.

Murray & Roberts ended the year with a record R55 billion order book. This is testimony not only to the hard work that many executives put in over the past 12 months, but also to the continuing strength of the Murray & Roberts brand and the high esteem we enjoy among many valued clients.

This year our investment in training and skills development declined marginally, from R117 million in 2010 to R116 million. Also disappointingly, the number of graduates declined sharply – from 53 the previous year (and 88 in 2009) to just 18 in the year under review.

However, there were notable successes. Cementation's Bentley Park training facility introduced a "License to Supervise" programme that will equip our supervisors with the necessary knowledge and skills to perform the technical work required of them, as well as the interpersonal skills to manage subordinates to achieve company objectives safely. Our leadership in construction training was recognised by the SA National Defence Force, which requested that Murray & Roberts provide construction supervision training for an envisaged in-sourced construction drive. Meanwhile, at Medupi and Kusile, we continue to transfer skills to our targeted 700 new artisans who will be able to develop careers either at Murray & Roberts or elsewhere.

During the year we embarked on an extensive talent assessment programme, where 177 senior executives underwent a battery of psychometric evaluations and participated in panel interviews, with the intent to identify talent for mentoring and fast tracking. We allocated R3,6 million to our leadership development programmes in which 185 delegates took part.

LOOKING FORWARD TO A BETTER YEAR

Only 20% of planned EBIT for the new financial year derives from our construction activities in the traditional civil construction and building markets in southern Africa and Middle East. While these markets are expected to remain depressed for at least the next 12 months, we are not overly dependent on them. The Group's strength is increasingly in our diversity, in terms of the breadth of services and products we offer across the engineering and construction value chain, as well as our geographic spread and exposure to different economic cycles. This has helped the Group to weather severe economic headwinds and to end the year with a substantial order book.

All operating platforms, other than Construction Africa and Middle East, are expecting to experience improved trading conditions in the new financial year. Growth opportunities for the Group exist primarily outside southern Africa. Growth in the past decade has largely been driven by businesses the Group bought into and, while the current statement of financial position presents little room for an expansive acquisitions strategy, we will continue to evaluate selected acquisition opportunities in the medium term. These exist notably in the Construction Global Underground Mining operating platform, where there are opportunities that promise to enhance our value proposition and market shares.

Clough in Australia, with its 33% investment in Forge Group Ltd, presents strong growth potential and our long term strategy with regard to Clough will be further developed in the following year.

We have clarity on the way forward and are well equipped to realise the opportunities that come our way – as well as those we are actively working on.

APPRECIATION AND CLOSING

In closing, I thank my predecessor, Brian Bruce, as well as Roger Rees for their leadership since the year 2000.

My thanks are also due to our Board of directors and chairman, Roy Andersen, for the invaluable guidance and support they have provided during the changing of the guard. The continued involvement of our strong and proactive Board will be a key ingredient in our success going forward.

I thank all our stakeholders, especially our colleagues, shareholders and clients. I look forward to your ongoing support and reporting back to you next year on significant, positive change and resounding recovery.

We are working hard to create a sustainable, thriving Company that is the preferred partner for the delivery of infrastructure that enables economic and social development in a sustainable way – a purpose we embrace with new energy and clear focus.

HENRY LAAS

GROUP CHIEF EXECUTIVE

| WESSELS MINE HEADGEAR /// **HOTAZEL, NORTHERN CAPE**

GROUP FINANCIAL DIRECTOR'S REPORT

| COBUS BESTER /// **GROUP FINANCIAL DIRECTOR**

DEAR STAKEHOLDER

"MURRAY & ROBERTS EXPERIENCED TOUGH TRADING CONDITIONS AND FORMIDABLE CHALLENGES ON MAJOR PROJECTS IN THE YEAR TO 30 JUNE 2011.

Revenues from continuing operations increased by 10% to R30,5 billion (2010: R27,9 billion). However, an operating loss of R678 million (2010: profit R1 535 million) was recorded after accounting for charges and costs totaling R1 975 million."

The charges and costs comprised the following:

- SADC Construction – R1 150 million, made up of contract finalisation costs on the Gautrain Civils Joint Venture and provision made for potential Competition Commission penalties on identified possible transgressions on other projects.
- Marine Construction – R582 million of estimated contract completion costs on the Gorgon Pioneer Materials Offloading Facility (GPMOF) in Australia.
- Middle East Construction – R164 million impairment of contract receivables in respect of legacy contracts.
- Construction Products Africa – R79 million impairment of assets.

These charges and costs increased significantly from the R795 million of exceptional charges recorded to 31 December 2010, due to the following reasons:

- A provision for potential Competition Commission penalties following the submission of previously unknown possible transgressions to the Commissioner in April 2011.
- A provision against Rapid Rail Link project (Gautrain) uncertified revenue as a result of a new legal opinion received in respect of one component of the total claim.
- A Dispute Resolution Board ruling received in June 2011 requiring rectification work in respect of water ingress on the Rosebank to Park Station section of the Gautrain tunnel, resulting in increased cost to complete and further delay penalties.
- A provision for increased arbitration legal costs in relation to the Gautrain delay and disruption claim, which is only expected to be heard in 2013.
- Losses on the GPMOF contract due to further delayed access post 31 December 2010, adverse weather conditions that hindered construction activities and allowed claims recognition in terms of *IAS 11 Construction Contracts*.
- A change in outlook on a market sector in the Construction Products Africa platform requiring an impairment of related assets.

Excluding the charges detailed above, the Group's normalised earnings before interest and tax for the year amounted to R1,3 billion. Normalised earnings were weaker in the second half of the financial year, primarily as a result of lower than estimated contract final accounts achieved in the Middle East and delays in orders received primarily within the Construction Products Africa businesses.

On discontinued operations, R326 million in respect of impairment of assets held in businesses to be sold or closed was recorded, which is in addition to trading losses of R384 million for the year under review. Trading losses continued to be incurred in the second half of the financial year and additional provisions were made against assets to be sold, based upon indicative disposal values.

As a consequence, the Group recorded a diluted headline loss per share of 394 cents and diluted loss per share of 387 cents from continuing operations for the financial year to 30 June 2011. This compared to the previous comparable period of diluted headline earnings per share of 314 cents and diluted earnings per share of 318 cents. After accounting for the loss on discontinued operations, the Group recorded a diluted headline loss per share of 503 cents and diluted loss per share of 585 cents respectively for the financial year to 30 June 2011, compared to the previous comparable period of diluted headline earnings per share of 340 cents and diluted earnings per share of 371 cents.

Notwithstanding the deterioration in earnings in the past financial year, the Group is well positioned for a return to profitability and growth in earnings.

GROUP FINANCIAL DIRECTOR'S REPORT continued

LIQUIDITY

The Group's liquidity position improved substantially from the net debt position at 31 December 2010 of R1 billion to a net cash position at 30 June 2011 of R759 million, excluding cash and interest bearing liabilities within discontinued operations. While future revenue flows are anticipated, funding required to complete the Gautrain and GPMOF projects over the next six months is likely to again place the Group in a net debt position by 31 December 2011.

The Group's restricted liquidity position is being resolved through a structured approach involving four initiatives, in which good progress has already been made:

- Ensuring profitable and cash generative financial results from all operations
- The disposal of non-core operations and assets
- The restructuring of banking facilities, by spreading the term of the facilities and reducing the reliance on "on-demand" facilities
- Resolution of project claims – in this regard, arbitration proceedings have been initiated on a number of the Group's contract claims, but final outcomes from these hearings are unlikely prior to 30 June 2012.

No interim or final dividend was declared for the year ended 30 June 2011 due to the Group's current liquidity position.

MAJOR PROJECTS

Despite substantial completion of the Gautrain project, the Group has suffered a material loss on its participation in construction activities on this project. During the year additional charges were taken on the construction contract relating to the impairment of contract receivables, estimated costs associated with water ingress rectification work, delay penalties as well as increased costs to complete the project by January 2012. Bombela Concession Company has submitted its Statement of Case in connection with the delay and disruption and related disputes on the Gautrain project.

The Group encountered late site access, bad weather conditions and material scope changes at its GPMOF project in Western Australia. A significant charge was taken during the year in respect of the estimated costs to complete the project. The anticipated completion date of the project is January 2012.

During the year the Group's construction business in the Middle East participated in several major projects in Abu Dhabi. The Zayed University was completed while Saadiyat-St Regis resort complex will be completed during the course of financial year 2012. An arbitration proceeding on the Dubai International Airport Concourse 2 (Dubai Airport) is in progress and the Group expects to resolve the final account settlement in the second half of the 2012 calendar year.

Clough is undertaking, in a joint-venture, two major and profitable LNG (liquefied natural gas) projects, the PNG-C1 contract in Papua New Guinea and the Gorgon Downstream LNG contract in Western Australia.

The value of still to be agreed Group contract claims and variation orders included in the statement of financial position at 30 June 2011 was R1 968 million (2010: R1 966 million), net of on-account payments of R334 million. These claims have been taken to book in terms of IAS 11 (Construction Contracts) and following advice from independent legal, commercial and claims consultants. The majority of this balance relates to claims in respect of Gautrain, Medupi Civils Works, GPMOF and Dubai Airport.

The Board and management remain committed to the resolution of all contractual disputes and collection of resultant claims. As previously disclosed to shareholders, adjudication of these legally complex financial claims and variation orders within major projects has yet to be finalised, and is subject to arbitration and/or negotiation. Potential exists for a materially higher or lower amount being finally awarded compared to that recognised in the statement of financial position at 30 June 2011.

STATEMENT OF FINANCIAL PERFORMANCE

Construction Africa and Middle East revenue of R9,1 billion decreased by R2,1 billion compared to the prior year, with an operating loss of R1,4 billion down R1,9 billion on the prior year. The declines were a result of a low order book and a poor performance in Murray & Roberts Construction due to the slowdown in infrastructure spending in southern Africa. The Gautrain charge mentioned above represents the Group's share of the increase in estimated cost to complete the project.

Middle East revenues and operating profit declined primarily due to delays in projects and the total collapse of the market in Dubai. Contracts in Saudi Arabia have been written down to break-even and provisions have been made for receivables on legacy contracts.

Murray & Roberts Marine's revenues increased on the prior year. However, the tough trading conditions specifically related to the GPMOF project in Western Australia, which contributed to the operating loss of R582 million, a R659 million decline on the prior year.

The R4,1 billion of Engineering Africa revenue increased by R2,4 billion compared to the prior year. The increase was due to the Eskom power programme projects gaining momentum after initial delays at Kusile. An operating loss of R51 million showed a R119 million decrease on the prior year. The new agreement signed with Hitachi shortly before year-end will ensure that the power programme will be profitable.

Construction Products Africa revenues decreased by R1,6 billion on the prior year, to R4,2 billion. This was largely due to Hall Longmore, which completed the New Multi-Product Pipeline Project (NMPP) in the prior year. Operating profit of R192 million showed a R426 million decrease on the prior year. Volume and margin pressures are being experienced in Rocla and Technicrete while Hall Longmore experienced the delayed awarding of tenders. Much Asphalt again performed very well, although slightly down against the prior year, but better than budget.

Revenue of R7,8 billion in the Construction Global Underground Mining increased by R2,4 billion on the prior year due to improved activity in all three regions – Africa, the Americas and Australia. Revenues in Cementation were driven by the high demand for resources worldwide. Operating profit of R602 million showed a R155 million increase on the prior year.

Clough reported a revenue increase over the prior year of R1,5 billion, underpinned by a growing order book and activities on the Gorgon gas field and Papua New Guinea. Clough's operating profit increased by R65 million on the prior year, after the reclassification of their Marine Construction business to discontinuing.

The Group recorded net interest expense of R194 million compared to R122 million in the prior year. Higher working capital funding primarily for major projects and utilisation of advance payments increased working capital demand in the first half of the year. The Group's international cash holdings generated relatively lower interest income as global interest rates remained low.

Although the Group realised greater losses in GPMOF and Gautrain where no taxation assets are recognised, taxation decreased as a result of improved utilisation of the losses in UCW and Medupi Fabrication. Despite a net overall Group loss, tax is still payable where the Group has profitable businesses in separate companies, namely Cementation, Concor and foreign jurisdictions. With the benefit of a tax loss brought forward, Clough reported an effective tax rate of 11,3% (2010: 12,7%). Clough has a A$99,3 million tax loss carried forward.

STATEMENT OF FINANCIAL POSITION

The Group invested R832 million in capital expenditure for continuing operations during the year (2010: R1,1 billion). Capital expenditure in excess of depreciation has been incurred for the Power Mechanicals contracts and in Cementation operations. Some R367 million was spent on expansion and R465 million on replacement.

Capital expenditure in mining of R356 million was primarily project related and R64 million was invested in Construction Products Africa to ensure ongoing efficiencies in production facilities. Concor invested R116 million primarily to support the opencast mining and roads and earthworks divisions, while Engineering Africa invested R174 million to support the power programme projects.

Cash generated by operations was R872 million (2010: R1,4 billion), while operating cash flow was R334 million (2010: R691 million). The working capital inflow of R232 million was due to a stronger focus on cash collection during the latter part of the year. A further advance payment was received on the Medupi Civils contract, the Medupi and Kusile Mechanical contracts were renegotiated with Hitachi, resulting in a cash inflow and the sales proceeds of the investment in the N3 Toll Concession were received just before year-end.

The Group reported a net cash position of R759 million at 30 June 2011 with R3,1 billion cash on hand, a R47 million bank overdraft, R1,1 billion in short term loans and R1,2 billion in long term loans. This was a R322 million net improvement compared to 30 June 2010.

Total goodwill in the Group's statement of financial position at 30 June 2011 was R435 million (2010: R554 million) with Clough's goodwill accounting for 68% of the total.

CLOUGH

The Group holds a shareholding in Clough of approximately 62% and there was no change in shareholding during the year.

Clough's net assets have increased to A$311 million (2010: A$305 million). At year-end, Clough held A$65 million cash on hand.

During the year under review, Clough increased its equity interest in Forge from 31% to 33%. The fair value of our percentage holding is R1,1 billion.

On 8 August 2011, Clough announced the disposal of its Marine Construction business for a cash consideration of A$127 million. The results of the Marine Construction business have been recorded as being a discontinued operation and the assets and liabilities have been recorded as held for sale.

At 30 June 2011, Clough, which is listed on the Australian Stock Exchange, traded at a closing price of 71 Australian cents per share. This compares to the Group's average holding cost of 41 Australian cents per share. The Group holds approximately 479 million ordinary shares in Clough.

DISPOSALS OF NON-CORE ASSETS

During the year, the Group entered into agreements to dispose of interests in non-core businesses, which are detailed below.

An unsolicited offer for the Group's 14% shareholding in N3 Toll Concession has been accepted and reflects fair value.

An offer for the Group's 49% shareholding in Johnson Arabia was accepted prior to June 2011. Conclusion of the transaction is subject to conditions precedent.

On 27 October 2010 the Board approved the sale of the Group's interest in CISCO (Cape Town Iron and Steel Company). In February 2011 the Board further approved the sale of all the Group's interests in the trading and manufacturing of steel reinforcing products.

An offer for the sale of the mining roof bolts manufacturing division was accepted prior to 30 June 2011 and was approved by the Competition Commission in August 2011.

ACQUISITIONS

The Group acquired an additional 33% equity interest in PT Operational Services, who provide toll operations, maintenance and routine road maintenance services to Bakwena Platinum Corridor Concessionaire, thereby increasing its interest to 67%.

The Group also acquired an additional 8% equity interest in Bombela Concession Company, increasing its interest to 33%.

OUTLOOK

The Group's order book at 30 June 2011 was R55 billion (2010: R44 billion). The operating margin contained in the order book is within the Group's strategic range of 5,0% to 7,5%. We expect all operating platforms other than Construction Africa and Middle East to experience improved trading conditions.

Underpinned by a robust order book, the new management team is determined to grow the business while reducing debt. We look to the 2012 financial year confident that the Group will return to profitability.

COBUS BESTER

GROUP FINANCIAL DIRECTOR

MAJOR PROJECTS

THE GAUTRAIN IS A STATE-OF-THE-ART RAPID RAIL LINK SERVING GAUTENG'S MAJOR COMMERCIAL HUBS. THE R25 BILLION PROJECT IS ONE OF THE LARGEST PUBLIC PRIVATE PARTNERSHIPS IN THE WORLD AND HAS BEEN A MAJOR CREATOR OF JOBS, STIMULATING THE CONSTRUCTION AND INFRASTRUCTURE SECTORS DURING THE RECESSION.

"Gautrain stands out as a flagship public transport project of the provincial Government. It has developed a reputation for offering passengers a safe, convenient and affordable travel experience. On the airport link passenger support has exceeded expectations with almost three million passengers having already used the system. By April 2011, over 110 000 direct, indirect and induced jobs had been created through the Gautrain project."

ISMAIL VADI
MEC, ROADS & TRANSPORT, GAUTENG

"Murray & Roberts believes in sustainability, and in being involved in a project long enough to see it through. In the case of the Gautrain, this is not just about building a project at a point in time, but about investing in the result and remaining involved for the long term."

JEROME GOVENDER
CHIEF EXECUTIVE, BOMBELA CONCESSION COMPANY

WHAT DO THE PASSENGERS THINK?

A selection of tweets posted on Twitter:

"Petrol costs me R3 000 a month; the Gautrain works out to R1 200, and that doesn't include savings on wear and tear!" **MELANIE BALA**

"The best thing about the Gautrain is not necessarily the speed but being free of traffic stress at the destination. It's such a relaxed ride." **APHILE MOLEFE**

"One cannot help but swell with pride when you experience the Gautrain. Finally we have a quick and easy link between Joburg and Pretoria. Let's use it." **ANDREW SORRIL**

"On the Gautrain ... what a jol ... if I didn't know better I would have thought I was in London ... other provinces: sorry for you!" **WARREN ROUX**

MURRAY & ROBERTS PARTICIPATION

- **Bombela Concession Company 33%**
- **Turnkey Contractor 25%**
- **Bombela Operating Company 24%**
- **Bombela Civils Joint Venture 45%**

- The system covers some **80 km of track** linking Pretoria, Johannesburg, Sandton and OR Tambo International Airport
- It takes approximately **15 minutes** to travel between Sandton and OR Tambo International Airport, and **less than 40 minutes** to travel from Johannesburg to Pretoria.

GROUP PERFORMANCE REVIEW

| MUCH ASPHALT /// **BENONI, GAUTENG**

SUSTAINABLE

ANDREW SKUDDER
SUSTAINABILITY EXECUTIVE

"THE SUSTAINABILITY OF MURRAY & ROBERTS IS DEPENDENT ON OUR ABILITY TO FULFIL OUR CORE PURPOSE

of delivering infrastructure that enables economic and social development in a sustainable way. To secure access to the capital resources we require to maximise our contribution to the built environment – financial, manufactured, human, social and environmental capital – we need to maintain the trust of our stakeholders and thereby our licence to trade, and to conduct our operations in an ethical way while minimising our impact on the societies and the natural environment within which we operate. The ability to apply the appropriate resources to achieve all this is dependent on our ability to remain sustainably profitable."

OUR SUSTAINABILITY FRAMEWORK

Murray & Roberts has adopted a sustainability framework to guide our approach to sustainable performance, shown below.

The framework sets out our aspiration to operate in an ethical and sustainable way by:

- Considering the views and concerns of our stakeholders in our strategic and operational decision-making
- Understanding and mitigating our risks in relation to our opportunities
- Applying best practice corporate governance beyond minimum requirements
- Running world-class operations able to create and sustain value for clients, employees, shareholders, partners and suppliers, as well as the countries and communities in which we operate
- Managing all our impacts, according to the principle of zero harm and the precautionary principle.

The outcome of these inter-related objectives is integrated reporting and the integrated report, which links back to our stakeholders and completes the cycle of accountability and inclusivity that ultimately underpins our sustainability.

INTEGRATED REPORT

SOCIAL // Health & safety // Employees // Transformation and local economic development // Community development

ENVIRONMENTAL // Resource efficiency and carbon footprint // Emissions, releases and waste management

ETHICAL // Human rights // Unfair discrimination and equality // Fraud, corruption and anti-competitive behaviour // Unfair business practices

FINANCIAL AND ECONOMIC SUSTAINABILITY

GOVERNANCE STRUCTURE

RISKS & OPPORTUNITIES AND STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

CEMENTING SUSTAINABLE RELATIONSHIPS WITH STAKEHOLDERS

Murray & Roberts communicates constantly with its stakeholders and engages in a constructive and transparent manner. Key stakeholders are generally identified as groups or individuals impacted by our operations, with an interest in what we do or the ability to influence our activities, in proximity to our operations or dependent on Murray & Roberts. Mutual trust and understanding with our stakeholders is imperative and we use specific means of communication for each stakeholder group.

Murray & Roberts this year embarked on a process aimed at communicating and engaging more openly, more effectively and more inclusively with all stakeholder groups. This engagement process seeks to ensure that interaction with stakeholders in all our markets is continuous, effective and ongoing. We believe that this new process of engagement will underpin the Group's sustainability across all our operating platforms.

With the assistance of professional third-party advisors, we developed a stakeholder engagement framework for use by all Murray & Roberts companies. It is a framework which the various operations can customise to meet the unique concerns of their stakeholders. It is anticipated that the framework will be extensively adjusted, based on input from our stakeholders.

Various stakeholder engagement methods were researched and the most appropriate recommended for each stakeholder group.

These methods were then grouped into the following categories:

- Face-to-face engagement (one-on-one meetings, citizen panel/ public meetings, including "town hall" meetings)
- Technological engagement (website, intranet, email and SMS)
- Social engagement (Facebook and Twitter)
- Printed engagement (media releases, leaflets, internal magazines, annual integrated report).

CLIENTS

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

- Identification of customer/client needs through one-on-one and workshops
- Strategic alliances
- Market engagement
- Innovation and education
- Focus on quality, cost and performance delivery.

The Group also engages with Government entities at national, provincial and local levels as clients and regulators. Relationships are maintained at corporate and operational levels, as appropriate. Any engagement must be undertaken in a manner that adheres to high standards of ethics and complies with the law.

The top 10 concerns for our key stakeholder groups, as currently identified, are shown in the table below.

Rank	Clients	Employees	Murray & Roberts operating companies	Shareholders and investment community
1	Quality of work/product (Including timeous delivery)	Remuneration	Financial performance	Financial performance
2	Cost of services/products	Health & safety	Leadership and strategic direction	Leadership and strategic direction
3	Health & safety	Continued supply and demand for work and products	Health & safety	Continued supply and demand for work and products
4	Reputation/brand/credibility	Leadership and strategic direction	Reputation/brand/ credibility	Risk management
5	Capacity/capability	Human and labour rights issues	Continued supply and demand for work and products	Corporate governance/ ethics
6	Compliance with laws/regulations/ industry standards	Skills, training and education	Compliance with laws/ regulations/industry standards	Market environment
7	Transformation and BBBEE	Financial performance	Quality of work/product (including timeous delivery)	Health & safety
8	Risk management	Transformation and broad-based black economic empowerment (BBBEE)	Risk management	Compliance with laws/ regulations/industry standards
9	Environmental impact	Reputation/brand/ credibility	Remuneration	Reputation/brand/ credibility
10	Corporate governance/ethics	Compliance with laws/ regulations/industry standards	Market environment	Corporate Social Investment

Measures are in place to monitor client satisfaction. A Group client service centre assists to bridge the knowledge gap between Murray & Roberts and its people, potential clients, existing clients and the general public. This facility processes about 2 500 calls and email queries per month.

EMPLOYEES

Our workforce is large and diverse, with employees and limited duration contractors in more than 25 countries. Our employees are concerned about their own health and safety and that of their fellow workers. They also have an interest in decent working conditions, fair remuneration and career development opportunities.

We engage with our employees by a variety of means, including:

- One-on-one and open space meetings
- Direct communication through immediate supervisors and management
- Performance and development discussions
- Group and operations newsletters and general communications
- Staff training programmes
- Monthly safety SMSs and illustrated brochures
- The Murray & Roberts website and intranet
- The Murray & Roberts client service centre
- Participation in various forums and initiatives.

Feedback is obtained from our employees through:

- Direct communication with immediate supervisors and management
- Performance and development discussions
- Non-attributable information is provided by "Tip-Offs Anonymous", a confidential call centre to report unethical conduct
- Employee surveys conducted by some operations
- Facebook and Twitter initiatives will be added in the new financial year.

MURRAY & ROBERTS OPERATING COMPANIES

Murray & Roberts operates 19 operating companies and participates in project joint-ventures with other companies in the construction, engineering and mining sector. We engage with our operating companies by a variety of means, including:

- Operating platform board meetings
- Quarterly CE Forum meetings
- One-on-one meetings with the respective managing directors
- Site visits and project meetings.

Feedback is obtained from operating divisions through:

- Operating platform board meetings
- Quarterly CE Forum meetings
- Participation in various forums and initiatives
- The Murray & Roberts website and intranet.

Financial institutions	JV partners, service providers/ suppliers/subcontractors	Unions	Communities
Financial performance	Continued supply and demand for work and products	Human and labour rights issues	Skills, training and education
Leadership and strategic direction	Cost of services/ products	Transformation and BBBEE	Corporate social investment
Reputation/brand/credibility	Financial performance	Remuneration	Transformation and BBBEE
Risk management	Capacity/capability	Health & safety	Human and labour rights issues
Continued supply and demand for work and products	Quality of work/product (Including timeous delivery)	Continued supply and demand for work and products	Environmental impact
Corporate governance/ethics	Reputation/brand/credibility	Skills, training and education	Health & safety
Market environment	Health & safety	Compliance with laws/regulations/ industry standards	Continued supply and demand for work and products
Compliance with laws/regulations/ industry standards	Leadership and strategic direction	Financial performance	Compliance with laws/regulations/ industry standards
Cost of services/products	Transformation and BBBEE	Corporate Social Investment	Remuneration
Capacity/capability	Compliance with laws/regulations/ industry standards	Leadership and strategic direction	Corporate governance/ethics

STAKEHOLDER ENGAGEMENT continued

SHAREHOLDERS, INVESTMENT COMMUNITY AND FINANCIAL INSTITUTIONS

Murray & Roberts has a diverse shareholding; 43% of our shareholders are international investors, and over 75% of our shares are held by institutional investors. General communication with shareholders is facilitated by:

- The annual integrated report
- The Group's annual and interim announcements and presentations in February and August every year
- The annual general meeting
- Stock Exchange News Service (SENS)
- Media releases and operational news
- The Murray & Roberts client service centre
- The Murray & Roberts website.

Additional information is provided to the investment community through:

- One-on-one meetings with the Group chief executive and Group financial director
- Investor conferences
- Subject-specific presentations.

Feedback from the market is obtained through:

- Broker reports
- One-on-one contact
- Facebook and Twitter initiatives will be added in the new financial year.

JV PARTNERS/SERVICE PROVIDERS/SUPPLIERS/ SUBCONTRACTORS

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

- Pricing
- Reliability
- Quality
- BBBEE.

The creditworthiness, and safety and environmental records of joint-venture (JV) partners or subcontractors are also considered. The performance of our JV partners and suppliers is monitored regularly, and supplier audits are conducted from time to time within our operations.

Feedback is obtained from service providers/suppliers/subcontractors through:

- One-on-one and site meetings
- "Tip-Offs Anonymous", a confidential call centre to report unethical conduct
- The Murray & Roberts website.

SPECIAL AND OTHER INTEREST GROUPS

Murray & Roberts engages several other stakeholders, including NGOs, industry associations, trade unions and the media, which represent a broad range of interests groups. We engage NGOs as partners in our corporate social investment process and as opinion leaders or advocates of particular issues of importance to Murray & Roberts. Industry associations are, among others, professional bodies (associations) in the mining, engineering, construction and related industries. We engage trade unions as part of our collective bargaining arrangements with our employees to address some of our employee needs. The media represents a broad range of issues reflecting all stakeholder interests and we engage them through media releases, presentations and interviews.

We engage special interest groups by a variety of means, including:

- One-on-one meetings
- Conferences and workshops
- Strategic alliances
- Market engagement.

Feedback is obtained from operating divisions through:

- One-on-one and participation in conferences and workshops
- "Tip-Offs Anonymous", a confidential call centre to report unethical conduct
- The Murray & Roberts website.

COMMUNITIES

Murray & Roberts has more than 200 project and fixed sites across the globe. As a consequence, the Group operates in many communities and has the potential to influence these communities within which it operates both positively and negatively. Murray & Roberts encourages constructive and transparent engagement with these communities through its operations which are best placed to understand the impact and concerns of communities.

We welcome the feedback of all stakeholders on the following contact details:

- Murray & Roberts Client Service:
  +27 11 456 1144
  clientservice@murrob.com

ETHICAL PERFORMANCE

MANAGEMENT FRAMEWORKS

At Murray & Roberts we acknowledge that the "tone at the top" sets the foundation for an ethical culture within an organisation. A company builds an ethical culture in formal and informal ways. Formally, this entails articulating and aligning behaviour to the Group's redefined purpose, values and vision; compiling an ethics, risk and opportunity profile; developing and communicating a Statement of Business Principles (commonly referred to as a code of ethics); and integrating ethical standards into the Group's business activities and reporting on and disclosing its ethics performance. Informally, an ethical culture is determined by the manner in which Board members and Group executives conduct themselves in carrying out the business of the Group.

We undertake to conduct our business within the framework set by the regulatory requirements applicable to our industry, as well as our respective operating companies and geographies. We strive to conduct our business in compliance with both the letter and the spirit of the law, our internal policies, and our recently released Statement of Business Principles. To facilitate regulatory compliance the Group has developed a compliance plan and framework that includes the Group regulatory universe (covering non-statutory and statutory requirements) and risk management plans for the high risk regulations in the South African market, which include:

- Prevention and Combating of Corrupt Activities Act No. 12 of 2004
- Competition Act No. 89 of 1998
- Companies Act No. 71 of 2008
- Occupational Health and Safety Act No. 85 Of 1993
- Mine Health and Safety Act No. 29 Of 1996.

Each operating company is required to develop risk management plans that identify and implement the controls required to comply with all applicable laws and regulations. Monitoring procedures are also in place to assess and ensure compliance.

Directors are bound by a Board-mandated Code of Conduct that contains standards of accepted behaviour.

FRAUD, CORRUPTION, ANTI-COMPETITIVE BEHAVIOUR AND UNFAIR BUSINESS PRACTICES

Murray & Roberts subscribes to good corporate governance, good corporate citizenship and ethical business practices. The Group is a signatory to the World Economic Forum Partnering Against Corruption Initiative (PACI). The Group is also a member of Business Leadership South Africa and supports their Code of Good Corporate Citizenship.

According to Transparency International, the construction industry is perceived to be one of the industries most prone to corruption. This is of great concern to the Board and management of Murray & Roberts. We do not condone anti-competitive or collusive conduct in any shape or form by our employees in every jurisdiction in which we operate, whether or not there are anti-competitive or anti-collusive laws in place, and we are committed to compliance with the South African Competition Act, No 89 of 1998.

In 2000 the management of Murray & Roberts at the time took action to end collusive industry practices, followed in 2006 by a further initiative to root out any remaining collusive practices within our South African operations. All improper conduct that was identified and which, based on legal advice, was considered a contravention of the Competition Act was proactively brought to the Competition Commission`s attention. Several leniency applications, in terms of the Commission's Corporate Leniency Policy (CLP), have been submitted to the Commission. Where a firm is first to come forward to the Commission with a particular contravention of the Competition Act then, under the CLP, no penalty will apply. We have co-operated fully with the Commission in all of its investigations.

We have conducted a dedicated series of educational campaigns comprising of seminars, workshop discussions and online training, among others, aimed at instilling a culture of compliance within the Group, and raising the awareness and understanding of the requirements of and obligations imposed by the Competition Act. The majority of Murray & Roberts senior managers and individuals considered to be at risk (those who may have exposure to anti-competitive or collusive conduct due to their role), a total of 1 058 individuals, had completed the online training by the end of July 2010.

Aware that the industry was struggling with a collusive culture that was proving difficult to eradicate, the Commission announced in February 2011 a fast-track settlement process aimed at providing a transparent, cost effective and swift resolution to its investigations into the construction industry. In terms of the process, firms that believed they were still afflicted by a legacy of collusive conduct were invited to apply to the Commission to engage it in full and final settlement proceedings on less punitive terms.

The Group conducted further extensive internal legal and forensic investigations in terms of the specific provisions of the fast-track process. This included extensive interviews with both current and former executives of the Group, including those who had signed declarations of compliance in terms of the Competition Act. A large number of past and present project tenders were subjected to audit. Regrettably we identified a limited number of projects, primarily in a designated sector in which Concor Holdings is active, where the Competition Act may have been transgressed and for which no CLP applications had previously been lodged. As a consequence, on 15 April 2011, Murray & Roberts participated in the Commission's fast-track settlement process. We have now lodged CLP applications for these projects, but may well be exposed to the application of a penalty in terms of the rules of the fast-track process. We have made provision for potential penalties for these identified possible transgressions. The transgressions appear to have extended from an indeterminate period prior to the acquisition of Concor by Murray & Roberts in 2006, and have ceased after Concor was operationally integrated into the Group. It is possible, however, that the fast-track process may identify further projects where Concor and/or Murray & Roberts may have transgressed the provisions of the Competition Act and that may potentially give rise to additional penalties.

ETHICAL PERFORMANCE continued

As reported in our 2010 Annual Report, the Commission initiated an investigation into the South African ferrous and non-ferrous scrap metal industry in August 2006. The investigation included Cape Town Iron and Steel Company (CISCO) on the basis of allegations of market allocation, price fixing and fixing of trading conditions as well as restrictive vertical practices. The investigation also included National Scrap Metal (Cape Town) (NSM), a scrap-steel processing joint-venture between Murray & Roberts and The New Reclamation Group. Murray & Roberts and The New Reclamation Group each have a 42% effective shareholding in NSM. On 23 August 2010 the Commission referred its complaint in this matter to the Competition Tribunal citing a total of thirteen respondents, including CISCO. Although no relief was claimed against CISCO, the Commission found that NSM had contravened the Competition Act. On 1 December 2010, the Competition Tribunal confirmed a settlement agreement concluded between NSM and the Competition Commission, where NSM agreed to pay a fine of R17,7 million (an amount equal to 5% of NSM's total turnover for the 2006 financial year). This matter remains under review by Murray & Roberts.

Murray & Roberts has introduced an anti-competitive and collusive conduct consequence matrix, to provide guidance to directors, senior executives and all employees of the Group.

Murray & Roberts will continue to work with the Competition Commission in the best interests of the Group and the industry and to eliminate all forms of anti-competitive behaviour from the construction industry.

STATEMENT OF BUSINESS PRINCIPLES

Murray & Roberts has adopted a comprehensive Statement of Business Principles, which represents the ideals and standards that we believe differentiate the Group and signals a dedication to core values as the basis of an ethical approach to business. The Statement of Business Principles is intended to focus the Board, each director, officer and employee on areas of ethical risk, provide guidance to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster honest and ethical conduct. Each director, officer and employee must comply with the letter and spirit of the Statement of Business Principles.

Booklets containing the Statement of Business Principles are available to all our employees, who have been made aware of the Statement of Business Principles and the core principles it contains through *Impilo Yethu*, a monthly cartoon strip internal magazine.

The Statement of Business Principles is available on
www.murrob.com/sus_bus_principles.asp

TRANSPARENCY

Employees have a responsibility to conduct themselves in good faith and in the best interest of the Group and each of its companies and as such employees are encouraged to disclose any anti-competitive or unethical conduct of others. The Group chief executive is the direct point of contact for "Tip-Offs Anonymous", an independent hotline service that supports reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption.

The Group engages a professional firm of forensic consultants and investigators to investigate all reported cases. Appropriate disciplinary and legal action is taken for any form of dishonest conduct.

HUMAN RIGHTS

Murray & Roberts endorses the employee rights enshrined in the Constitution of the Republic of South Africa 1996, including the right to collective bargaining and other labour rights under constitutional laws, wherever we operate. Murray & Roberts acknowledges the right of individuals to freedom of association and rejects child and forced labour. Approximately 50% of the Group's employees, particularly those in the South African mining activities, are represented by trade unions and some 60% of our total workforce is covered by collective bargaining agreements.

For more information on our approach to human rights go to
http://www.murrob-online.co.za/murrob_ar2011/human_rights.php

UNFAIR DISCRIMINATION AND EQUALITY

Discrimination of any form is viewed in a very serious light by Murray & Roberts and appropriate disciplinary action is taken against offenders. We do not condone unfair discrimination and expect everyone who works for or acts on our behalf to adhere to the highest ethical standards. We expect all employees and service providers to treat those with whom they come in contact with dignity and respect. As a South African domiciled company, we believe that it is not unfair discrimination to promote affirmative action consistent with the Employment Equity Act or to prefer any person on the basis of an inherent job requirement.

For more information on our approach to unfair discrimination and equality go to
http://www.murrob-online.co.za/murrob_ar2011/equality.php

SOCIAL PERFORMANCE

KEY INDICATORS PERFORMANCE DIMENSION	Performance 2011	 2010	 2009	 Movement
Social				
Safety				
Fatalities	**12**	9	9	▼
FIFR* – fatality incident frequency rate	**0,06**	0,05	0,05	▼
RIFR* – reportable injury frequency rate	**0,4**	0,6	0,8	▲
LTIFR* – lost time injury frequency rate	**1,6**	2,2	2,9	▲
TRCR – total recordable case rate	**4,0**	N/A	N/A	
OHSAS – 18001 Management System implementation (% coverage)	**75%**	± 67%	± 69%	▲
* *Per million hours worked for the year*				
Health				
Voluntary HIV/Aids tests	**12 404**	8 063	>3 500	▲
HIV/Aids prevalence of employees tested	**About 14%**	About 14%	About 17%	◄
New cases of tuberculosis	**37**	82	58	▲
Noise induced hearing loss (NIHL)	**104**	103	65	◄
Alcohol random tests	**83 041**	271 460	4 445	▼
% positive alcohol random tests	**0,7%**	0,2%	5,6%	▼
Drug random tests	**9 998**	7 012	3 396	▲
% positive drug random tests	**2,2%**	3,0%	3,9%	▲
Employees				
Spending on formal employee training and development (Rm)	**116**	117	96	◄
Skills development on black employees	**78%**	71%	76%	▲
Total number of bursars	**133**	167	193	▼
% of bursars who are black	**62%**	57%	55%	▲
% of bursars who are female	**32%**	32%	31%	◄
Graduate recruitment	**18**	53	88	▼
% of graduates who are black	**61%**	62%	68%	◄
% of graduates who are female	**17%**	23%	25%	▼
Leadership Development Programme	**185**	220	269	▼
% of participants who are black	**40%**	45%	46%	▼
% of participants who are female	**16%**	16%	26%	◄
Transformation & Local Economic Development				
BBBEE rating based on the dti Codes of Good Practice	**Level 4**	Level 4	Level 5	◄
Wealth created through Letsema BBBEE share ownership transaction (Rm)	**799**	988	1 227	▼
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	**8,0**	12,0	5,4	▼
Dividends distributed to 14 125 employee shareholders through the Letsema employee share ownership scheme (Rm)	**0**	4,5	9,2	▼
% of South African based employees who are female	**15,6**	13,9	10,8	▲
% of South African based employees who are black	**84,1**	82,8	85,5	▲
% of South African based employees designated as management who are female	**11,5**	11,1	10,4	◄
% of South African based employees designated as management who are black	**49,4**	44,3	47,8	▲
Capital expenditure (three-year cumulative amount (Rm)	**4 295**	5 201		▼
% Preferential procurement spend South Africa	**61,2%**	45,7%	27,3%	▲
Community Development				
Corporate social investment in community programmes (Rm)	**15,5**	22,2	21,1	▼
Letsema broad-based community commitments (Rm)	**16,3**	22,0	20,4	▼

SOCIAL PERFORMANCE continued

HEALTH & SAFETY

Murray & Roberts seeks to create an environment that fosters the belief and mindset among our people that it is possible to work injury free, regardless of where they are in the world, their role or in which operating entity they work. In 2011, the Group's disappointing safety performance overshadowed the significant strides we made in advancing our health and safety programme. This indicates that we still have a long way to go to reach our goal of zero harm.

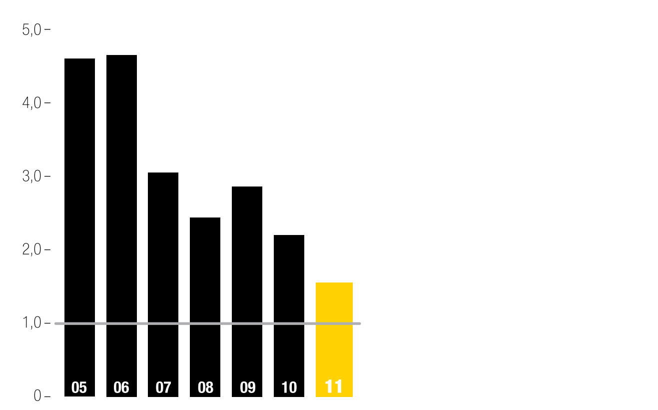
SAFETY PERFORMANCE

Regrettably, the Group recorded 12 fatal incidents (11 permanent staff and a subcontractor) in financial year 2011 (2010: 9 fatalities). Five of these resulted from a fall of ground (FOG) incident at Aquarius Marikana shaft number 4 on 6 July 2011. Comprehensive investigations were conducted in each case to determine root causes and corrective measures were implemented to prevent re-occurrence.

Our commitment to provide a workplace free of harm to employees, contractors and visitors remains unshaken despite this disappointing performance. We will do everything possible to make this a reality.

The Group's consolidated lost time injury frequency rate (LTIFR), measured over a million man hours, improved to 1,6 a 27% improvement on the previous year. The Group's LTIFR is based on the Group classification standard, where LTIFR excludes modified work cases, which are injuries that do not result in lost time. However our South African mining operation includes modified work cases in line with South African mine industry practice. Excluding lost time injuries that could have been classified as modified work cases, the Group LTIFR was 1,3. Through our internal assurance process, we identified inconsistent calculation of hours worked, which will be addressed. Our target is to achieve zero fatalities and an LTIFR of less than 1,0 by the end of the 2012 financial year. The graph below illustrates the Group's historic performance against this target.

ANNUAL LTIFR (PER 1 MILLION MAN HOURS)



During the year we introduced the total recordable case rate (TRCR) as one of our key indicators of safety performance. This is a broader indicator as it includes all injuries, except those requiring first aid treatment. Our TRCR was 4,0 at the end of the financial year.

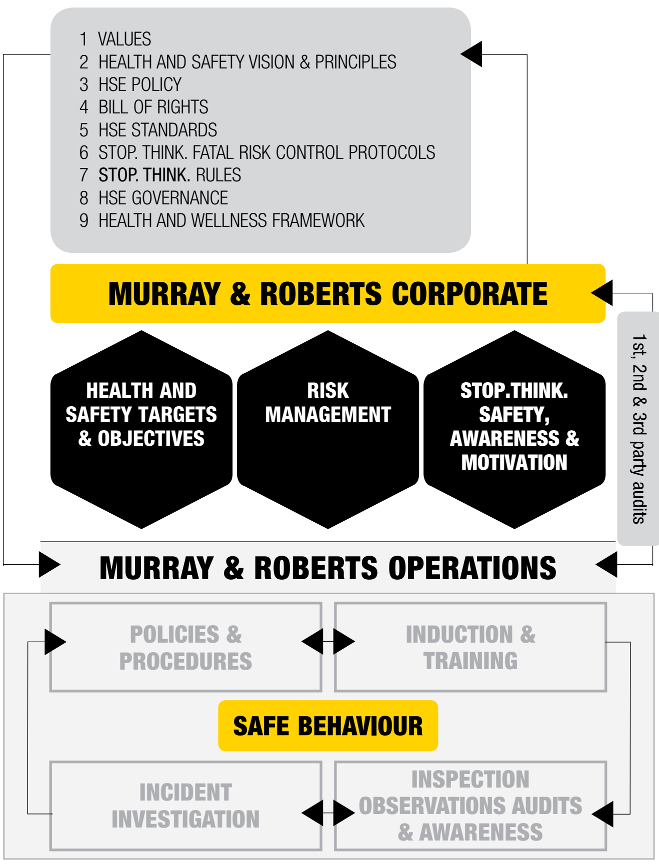
OUR HEALTH AND SAFETY APPROACH

In pursuit of our health and safety vision of "Together to Zero Harm" we recognise that the participation and contribution of all our stakeholders are essential. The rights of our employees to a safe and healthy work environment are enshrined in our STOP.THINK Bill of Rights, copies of which are provided to all employees. The Bill of Rights empowers employees to question instructions that put their lives or the environment at risk. It also spells out their health and safety responsibilities.

The Group health, safety and environment (HSE) policy outlines Murray & Roberts's aspiration of zero harm to the health and safety of its employees, subcontractors and suppliers, visitors and others in its managerial control. We have committed ourselves to adopt highest HSE standards everywhere we operate.

Our health and safety framework, depicted below, clearly articulates the roles, responsibility and accountability of the corporate office versus our operations in delivering this commitment. The framework seeks to implement a risk-based approach to better understanding and treating the exposures facing Murray & Roberts, and continually improving in this regard. We benchmark our approach against international best practices to ensure we stay up to date with the latest developments in health and safety.

MURRAY & ROBERTS HEALTH AND SAFETY FRAMEWORK



RESPONDING TO HEALTH AND SAFETY CHALLENGES

During the year we continued to enhance our efforts to improve health and safety performance, particularly at our South African operations where we experience significant challenges. Early in the financial year we engaged DuPont Sustainable Solutions to undertake a comprehensive evaluation of the Group's South African operations against best practice safety management standards and to develop a set of recommendations for improvement.

The DuPont assessment is nearing completion and has so far provided valuable insight into current best practice within our operations, the safety challenges facing the Group as well as opportunities for improvement. The assessment indicates a health and safety culture in which our employees still require high levels of supervision and guidance. Other key areas requiring improvement include leadership commitment and accountability, upholding and enforcing safety standards, effective contractor and client management, and employee engagement and coaching. DuPont's findings and recommendations will be incorporated into our improvement plans going forward.

The following are some of the good practices highlighted by the assessment:

- A strong STOP.THINK brand which is recognised at all operations and has been effective in raising health and safety awareness
- Zero harm goal widely communicated and known by employees
- Presence of good leaders with potential to take the organisation to another level of health and safety performance
- Safety is receiving management attention and resources are allocated to improve performance
- Invocoms, an effective communications platform to raise daily issues regarding health, safety and operations
- Existence of world-class health and safety systems in certain areas
- Implementation of good quality awareness programmes, such as "Hunt for Hazards" and STOP.THINK messages.

During the year we engaged two companies to conduct legal compliance audits of health and safety at our South African operations. Audits were conducted at 34 sites and management has since compiled action plans to close the gaps identified.

Our main aim is to implement actions that will ensure sustainable improvement in health and safety. To this end, we have identified the following key focus areas:

- Clear goals and targets
- Committed leadership
- Adoption of internationally recognised risk management systems and practices
- Client and contractor engagement
- Competent and engaged workforce
- Establishment of a culture of learning and sharing
- Continuous review and improvement of our health and safety programme.

GOALS AND TARGETS

Our goal of zero harm is premised on our belief that all workplace injuries and illnesses can be prevented. We have set ourselves the following progressive targets on our journey to zero harm:

- Zero fatalities and disablement
- Achieve LTIFR of less than 1 by June 2012.

Work continued to introduce proactive indicators to measure our health and safety performance, including near misses and the number of safety interactions versus behaviour observations. We will report our performance on these indicators on an ongoing basis.

COMMITTED LEADERSHIP

We believe that management is ultimately responsible for providing a safe and healthy workplace. The Murray & Roberts leadership succession and development model provides guidelines on the characteristics required of a Murray & Roberts leader. We have also included health and safety as one of the key performance measures in managers' performance contracts.

The role of leadership in establishing a positive health and safety culture is central to the DuPont culture assessment. Prior to the assessment, DuPont held workshops with the top 100 leaders in the organisation to establish a common appreciation and understanding of best practices in health and safety. The workshops also served to challenge existing beliefs and practices, and create an understanding of the role of leadership in establishing a health and safety culture. This resulted in the formulation of a shared health and safety vision and guiding principles for Murray & Roberts.

Coming out of the DuPont assessment is the realisation that while senior leadership is committed to health and safety, more work is needed to make this commitment visible and felt at all levels. There is a need to develop leadership knowledge in health safety management and clarify their role in building a culture of health and safety excellence, emphasising the integration of safety and production. This includes development of skills for leaders to coach employees and model desired behaviours.

RISK MANAGEMENT

Risk management is the foundation of our health and safety improvement drive. It seeks to focus the attention of line management and employees on incident prevention through effective anticipation of potential failures and adoption of preventative measures. The focus is on all types of risks, including major risks, risks associated with changes as well as daily activities. This requires the involvement of employees at all levels of the organisation.

Our major safety risks arise from underground operations, working at elevated heights, lifting operations, energy sources and other hazardous materials. These risks have been associated with the majority of our fatal and serious incidents. To this end, a set of fatal risk control protocols (FRCP) has been developed to help operations in maintaining close focus in managing these risks. These guidelines were rolled out at some of our major operations and the plan is to extend this to all businesses during the 2012 financial year.

Various procedures and guidelines are implemented at operations to manage risks on a daily basis. A variety of workplace interactions, observations and audits are implemented to encourage all employees to STOP.THINK and proceed with a task only if it is safe to do so.

Evidence from incident investigations and subsequently the DuPont assessment indicate that more work is needed to equip operational employees with knowledge and skills to recognise and manage risks effectively, particularly where changes are introduced. This is an area receiving focus, including reviewing and streamlining risk management guidelines and training relevant employees to improve understanding and compliance.

We have approached the University of Queensland in Australia to help us launch the Global Minerals Industry Risk Management (G-MIRM) course at Murray & Roberts Cementation. G-MIRM is an internationally recognised integrated risk management programme based on best practices in the mining industry and has been adopted by some of the major mining companies in South Africa and abroad. Experience and lessons from this programme will be extended to other businesses.

SOCIAL PERFORMANCE continued

Work continued to have all our operations certified under OHSAS 18001 by June 2012. Some 75% of our operations have achieved this milestone based on the number of employees covered by the system.

CULTURE OF LEARNING AND SHARING

Significant effort is being made to encourage the sharing of good practices and lessons learned across the Group. Corporate guidelines have been implemented to guide operations on reporting and investigating incidents.

Where we experience incidents of a serious nature we require operations to conduct thorough investigations to determine root causes and implement corrective measures. The executive committee and the health, safety & environment committee of the Board review reports on these incidents. Lessons learnt are shared to close gaps and prevent re-occurrence.

A Group health and safety forum meets on a regular basis, allowing participants from various operations to share their ideas and experiences in improving health and safety. These forums are held at operations on a rotational basis to expose participants to different practices and also to bring new perspectives to the hosting operation.

Plans are in place to implement a "cross site" audit programme where different sites will audit one another, thus facilitating sharing and learning.

CLIENT AND CONTRACTOR MANAGEMENT

Murray & Roberts works for clients with varying health and safety maturity and standards. This presents a potential health and safety risk to our employees and we have therefore committed to apply the highest standards wherever we operate. Our experience indicates that some of the workplace failures in projects are due to systematic deficiencies overlooked during project planning and design phases.

We have emphasised the importance of conducting proper internal risk assessments to identify these deficiencies and engaging clients in the early stages of projects. Work is in progress to put together a client engagement protocol to ensure a proper on-boarding process and continuous alignment between our clients' health and safety standards and requirements, and those of the Group.

Subcontractors are a key contributor to our health and safety statistics. While programmes aligned with the construction regulations have been put in place to manage subcontractors, the DuPont assessment identified deficiencies in pre-contract screening and post contract review processes. Work is in progress to ensure that all aspects of the contractor management process are covered.

INVOLVED AND COMPETENT WORKFORCE

Our STOP.THINK programme introduced in 2006 is a recognised health and safety brand aimed at educating and motivating employees to take responsibility for their own safety, colleagues and the work environment. It consists of an extensive collection of collateral that is used on work sites, including:

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

As part of the continuous effort to entrench the STOP.THINK principle, we implemented a Group-wide safety stand down in August 2010 where we stopped operations to allow everyone to reflect on health and safety. The stand down included a "hunt for hazards" by management, engagement of employees on hazards identified and corrective actions taken as well as discussions on STOP.THINK awareness messages. The STOP.THINK stand down was a great success and has since become a regular event at most of our operations.

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

SMS is another key medium of communication, used to establish membership of an *Impilo Yethu* club and communicate HSE messages. The Group has created a database of more than 10 000 mobile telephone numbers from club membership and previous entries into *Impilo Yethu* competitions. Early morning SMS messages to employees seek to reinforce key safety messages and remind them to stay alert.

Safety interactions are one of the tools we introduced to engage employees on health and safety matters. These are face-to-face discussions between leaders and employees carrying out work on the shop floor with an intention to increase commitment to safer ways of working. They are focused on recognising and reinforcing safer behaviours as well as getting commitment from employees to change less safe behaviours.

We are reviewing and streamlining our health and safety recognition programme to ensure that all operations recognise the positive contribution by employees in the health and safety programme. Training and motivation remain the key elements of our future health and safety improvement plans.

OCCUPATIONAL AND SOCIAL HEALTH

We have implemented medical surveillance and industrial hygiene programmes to identify and manage potential health risks in the workplace. Occupational noise induced hearing loss (NIHL) remains the major prevalent disease at most of our operations. 104 (2010:103) new NIHL cases were recorded in the year. Remedial measures implemented include engineering solutions to eliminate or manage the noise sources, issuing employees with hearing protection and providing them with knowledge and skills to protect themselves against noise exposure.

Other potential health risks identified by the occupational hygiene programme include lung function disorders from dust exposure, fatigue, heat stress, repetitive strain and other ergonomic injuries. Occupational tuberculosis remains a health risk to employees working in dust environments and is often compounded by HIV. HIV-positive employees are susceptible to TB infections due to a compromised immune system.

EMPLOYEE WELLNESS

We regard employee wellness as a business imperative given that unwell employees are likely to suffer illnesses or injuries that result in more occupational lost time. We aspire to create a caring and supportive work environment that encourages employees to take proactive steps in managing their health.

The majority of our operations have implemented social health programmes, including random substance abuse tests and voluntary HIV/Aids tests. The Group's risk-based HIV/Aids policy promotes voluntary testing, non-discrimination and awareness about preventing the spread of the disease and mitigating its effects.

Employees are encouraged to know their HIV status by going through a voluntary counselling and testing programme provided free of charge. The HIV/Aids prevalence among our employees who have been tested is estimated at 13,6%. The HIV prevalence of our SADC workforce is probably higher and in line with regional prevelance ratio of between 16% and 25%.

During the year we engaged an outside service provider to evaluate wellness programmes at South African operations against best practice and make recommendations on improvement. This assessment will be completed during the first quarter of the 2012 financial year.

OUR EMPLOYEES

The capacity and capability of our employees is a cornerstone of Murray & Roberts' sustainability. The Group aims to be an employer of choice in the engineering and construction sectors within which it operates and its world-class delivery of products and services is a reflection of the capability of its diverse and experienced workforce.

The Murray & Roberts employment value proposition is aligned to global practices of high-performing employers of choice. It focuses on issues that enable our people to achieve the Group's strategic objectives by:

- Attracting competent suitable employees
- Retaining employees
- Supporting employee performance
- Transitioning and developing employees
- Communicating with employees.

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

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

Many of the human capital challenges facing the Group are industry-wide, requiring an holistic approach aimed at both supply side initiatives (growing the talent pool, diversifying the source and being more effective than our competition at attracting employees) and demand side activities (retention plans, accelerated development and reconsidering job designs). This approach aims 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. We have adopted the leadership pipeline process to develop and retain our own talent with a comprehensive succession and development programme, 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.

We continuously strengthen our human capital development with formal management of our leadership pipeline. The Group is aiming to award more bursaries (after a drop in the year under review), as well as to facilitate more leadership development and provide more learnerships and artisan training.

We also continuously seek to attract talent from the external market to meet our talent and growth needs. The Murray & Roberts career website (www.careers.murrob.com) is used to communicate with potential candidates for advertised vacancies and for bursary and graduate development opportunities.

Murray & Roberts endorses employee rights contained within the Constitution of South Africa of 1996, including the right to freedom of association. The Group's policies and procedures are aligned with the constitution and the laws of South Africa and where appropriate, other countries in which we operate. Human resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all Group operations.

CAPACITY DEVELOPMENT

Building world-class leadership, as well as individual and organisational capability and capacity, is crucial to our Recovery and Growth strategy in the years ahead. The Group complies with prevailing skills development legislation and provides a range of training, learning and career development opportunities for its people. In 2011, investment in formal employee training and development was approximately R116 million (2010: R117 million), including wages and salaries of participants and capital expenditure in upgrading training facilities. Approximately 10 000 employees undertook formal skills enhancement and training development during the year.

We play a leading role in addressing the skills deficit in South Africa through public sector initiatives, including the requirements of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) that govern our involvement in the power generation projects, particularly the Eskom power programme. Enhancement of academic knowledge in power-related subjects and establishment of large-scale skills development capability is prioritised within communities surrounding major power stations and selected other developments.

Murray & Roberts is committed to the development of artisan training and supervisory training through initiatives like the National Business Initiative's Education College Industry Partnerships (CIP) partnership with South Africa's Department of Education, continued investment in artisan training through the Tlhahlong artisan training centre in partnership with the Lephalale Further Education and Training (FET) College. Murray & Roberts Construction runs a construction skills and supervisory training centre and has been recognised by the Construction Education and Training Authority as a Construction Centre of Excellence and was this year accredited as a FET facility. Murray & Roberts Cementation has a significant skills development programme run through its world-class Bentley Park facility in the heart of the gold mining area of South Africa, where employees are trained in various underground mining skills, safety practices and supervisory competencies.

Murray & Roberts actively attracts and develops young talented people to fulfil its human capital and transformation needs. The Group has established an integrated graduate pipeline to supplement the learnerships and traineeships offered by many of our operations.

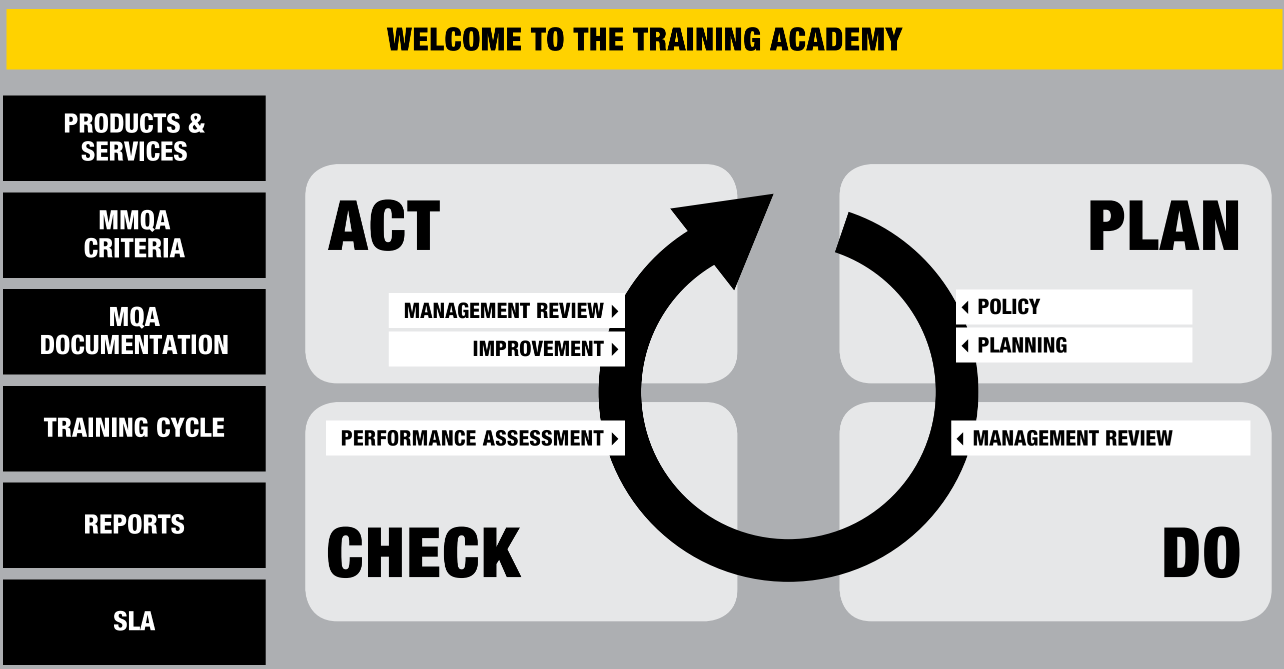
SOCIAL PERFORMANCE continued

STRIVING FOR CONTINUOUS IMPROVEMENT IN TRAINING

The Murray & Roberts Cementation Training Academy introduced a number of training initiatives in the 2011 financial year.

One of these was to design and develop an electronic Training Management System (TMS), a single system that takes cognisance of our ISO 9001: 2008, 14001:2004 & OHSAS 18001:1999 management systems as well as the requirements of the Mining Qualifications Authority (MQA).

The TMS provides access to information such as the structure, qualifications and roles and responsibilities of Training Academy staff, and the products and services offered. Other important information is made available on relevant MQA systems and processes, provider service level agreements and safety, health, environment and quality systems and processes.



Some unique products and services offered by the Training Academy include e-learning and supervisory training portfolios.

The e-learning portfolio was established to develop or acquire electronic training material with the objective of accelerating the foundational training process without jeopardising the quality of training. A number of electronic assessments and training programmes have been designed, which include:

Electronic assessments (e-assessment)

- Fatal risk control protocols
- Trade certificate (refresher)
- Blasting certificate (refresher)
- Master engineering procedures
- Electronic learning (e-learning)
- Company induction
- Standards and procedures (conventional mining and development)
- Supervisory soft skills training.

A suite of virtual simulated type training modules was also procured which include:

- 17 Triggers of fall-of-ground
- Basic PC literacy
- Conveyors
- Interactive plant safety
- Vehicle checklists
- Trackless mining machinery (driver and pedestrian).

To improve safety and performance across our operations, we have developed a set of programmes that equip our supervisors with the necessary knowledge and skills to perform the technical work required of them, as well as the interpersonal skills to manage subordinates to achieve company objectives safely. All supervisors undergo the revised mining supervisory training programme to obtain a "Licence to Supervise".

This pipeline comprises a tertiary education bursary scheme, a graduate development programme and a campus engagement initiative.

The Murray & Roberts bursary scheme provides financial assistance to full-time students, enabling them to obtain a degree or national diploma at a recognised South African University or University of Technology, and to contribute to the Group's medium- and long term needs for qualified staff. The scheme is aimed primarily at engineering and built environment fields of study. The number of bursaries awarded annually depends on the Group's needs. Murray & Roberts currently has a total of 133 bursars (2010: 167), 62% of whom are black students and 32% women. The Group aims to enhance the number of black bursars in the year ahead to at least 70%.

The graduate development programme (GDP) is part of our leadership pipeline approach to addressing human capacity and transformation issues. It aims to provide a steady pipeline of future leaders. The GDP is in its sixth year with an ex-bursary intake of 18 graduates (2010: 53). Currently, 61% of the graduates are black and 17% women. Murray & Roberts won the Top Graduate Employer in the Engineering/Industrial sector this year in a survey conducted by the South African Graduate Recruiters Association. The survey asked each graduate (1 562 graduates who are part of 81 of the largest and most well-known graduate employers in South Africa) to name the one organisation whom they felt had the best graduate programme in specific sectors or industry groups with which they were familiar.

Murray & Roberts and its operations offer skills development programmes, from adult basic education to learnerships and leadership programmes. The Group had 1 329 (2010: 1 140) people undertaking learnerships at 30 June 2010, 95% of whom are black, and 363 (2010: 559) black employees on adult basic education and training initiatives.

A further platform through which we aim to make a positive, broad-based contribution to skills development in society is through the Letsema Khanyisa Employee Benefits Trust (Letsema Khanyisa), a 2,2% shareholder in Murray & Roberts established as part of the Group's Letsema BBBEE shareholding transaction in 2005. The word Khanyisa means 'benefiting others besides yourself'. Letsema Khanyisa seeks to provide benefits to our employees and their immediate families on a compassionate needs basis. This benefit focuses exclusively on education and creates opportunities for employees' children to access better quality secondary school and tertiary education.

To date, a total of 187 bursaries have been awarded, including 27 new secondary school and 21 new tertiary bursaries awarded in 2011. Bursaries in 2011 amounted to R8,0 million (2010: R12,0 million), to be distributed between 2011 and 2015. A total of R12,6 million has been distributed since 2007. Costs per bursary range between R5 000 to R50 000 a year and these costs include tuition fees, accommodation (where necessary), school uniforms and stationery.

The Group has implemented a comprehensive leadership performance and development process for its corporate and senior operational leadership teams. Performance reviews are formal and in most instances conducted biannually, and monthly performance and development discussions are encouraged. There are more than 1 248 managers active in the system. Leadership development initiatives comprising four differentiated and role-aligned programmes ensure that our people are well equipped to meet current and future leadership opportunities.

The programmes are designed to support development of individuals throughout their careers and to help individuals to understand:

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

The leadership development programme has 185 (2010:220) delegates, 40% of whom are black employees and 16% are women.

The Group conducts an annual leadership succession review to identify and plan key activities to ensure that the right people assume leadership positions across the Group now and into the future. The leadership review extends the Group's business planning process by solely focusing on people selection, performance, development and succession aligned to the Group's business plans.

During the year we embarked on an extensive talent assessment programme, where 177 senior executives underwent a battery of psychometric evaluations and participated in panel interviews with Group leadership to identify high potential and critical talent. Individual development plans and mentors have been assigned to this important group of talent who are key to our future growth.

TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT

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

DIVERSITY AND EMPLOYMENT EQUITY

We embrace diversity and are committed to transformation, non-discrimination and freedom of association.

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

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

84% of South African-based employees are black, while 16% of all employees are women. Approximately 50% (2010: 44%) of all levels designated as management in the domestic market are black, and 12% (2010: 11%) women.

SOCIAL PERFORMANCE continued

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

Analysis of the Group's employment equity profile indicates that more work is required if the Group is to make greater progress in achieving its long term targets. In the year ahead we will step up our efforts in both supply side initiatives and demand side activities to attract, develop and retain the talent we require to meet our transformation objectives.

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

CONSOLIDATED SUMMARY OF THE MURRAY & ROBERTS EMPLOYMENT EQUITY PROFILE IN SOUTH AFRICA

	Male				Female				Total excluding foreigners	Foreign nationals		
Occupational levels	African	Coloured	Indian	White	African	Coloured	Indian	White		Female	Male	Total
Top management	5	1	1	71	0	1	0	2	81	4	0	85
Senior management	11	5	11	180	4	2	1	19	233	16	0	249
Professionally qualified and experienced specialists and mid-management	131	56	51	631	28	11	18	84	1 010	22	1	1 033
Skilled technical and academically qualified workers junior management, supervisor, foreman, and superintendents	2 111	273	75	1 925	226	44	27	251	4 932	409	1	5 342
Semi-skilled and discretionary decision-making	8 336	151	46	406	1179	76	42	288	10 524	3 742	11	14 277
Unskilled and defined decision-making	5 898	159	2	117	1427	51	1	10	7 665	1 555	12	9 232
TOTAL PERMANENT	**16 492**	**645**	**186**	**3 330**	**2864**	**185**	**89**	**654**	**24 445**	**5 748**	**25**	**30 218**
Temporary employees	812	94	3	86	175	6	3	16	1 195	2	0	1 197
GRAND TOTAL	**17 304**	**739**	**189**	**3 416**	**3039**	**191**	**92**	**670**	**25 640**	**5 750**	**25**	**31 415**

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Murray & Roberts is committed to broad-based black economic empowerment (BBBEE) in our South African business and addresses the full range of empowerment requirements across its diverse operations. We follow the provisions of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 and the principles embodied in the Codes of Good Practice on Broad-Based Black Economic Empowerment BBBEE codes. As a leading South African enterprise, Murray & Roberts and its business entities have adopted a holistic BBBEE strategy, which aims to achieve:

- Appropriate BBBEE 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 BBBEE
- Enterprise and social development programmes aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals and groups.

Due to the Group's diversity, individual business entities are encouraged to tailor their BBBEE strategies to their specific needs and the Group monitors their performance.

The Group maintained its consolidated BBBEE rating of level 4 through an independent verification process undertaken by EmpowerLogic (Pty) Limited, a South African National Accreditation System accredited BBBEE verification agency. Individual operating company BBBEE ratings range from level 2 to level 7. All operating companies are encouraged to improve their ratings so that the Group can, at least, maintain a level 4 BBBEE rating.

A review of the Group's current empowerment criteria confirms that the Group's empowerment status is compliant with various industry charters and current legislation. The key areas for improvement are management control and employment equity. We acknowledge that BBBEE remains a priority challenge for the Group. There is much to be done to ensure we meet our expectations as well as maintain our commitment to meritocracy as the basis for appointment and reward.

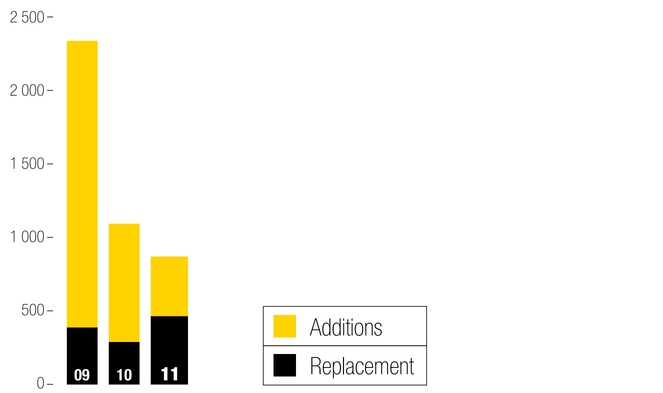
The Letsema BBBEE shareholding scheme offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates a stake in the company and its future. Since Letsema was launched in 2005, wealth of approximately R800 million has been created for participants and total dividends of R230 million have been paid to the trusts. In December 2010, 14 108 Murray & Roberts employees who participated as shareholders in the Letsema Bokamoso General Staff Trust (Letsema Bokamoso) were required to either take transfer of their 300 shares or to instruct the Letsema Bokamoso Trustees to sell their 300 shares on their behalf. Nearly all of the participants elected to sell their shares. A total of approximately R173 million in value was created for the participants, approximately R12 200 per beneficiary.

The Group's BBBEE share ownership will be marginally reduced by the sale of shares by employees from Letsema Bokamoso. The Group's BBBEE share ownership, calculated with reference to the dti Codes of Good Practice, may however be impacted by reduced international revenues and earnings. The calculation of our BBBEE ownership percentage is based on the value of Murray & Roberts' South African operations, where our South African revenue, EBIT and assets are considered. The higher the international activity, the higher the score.

LOCAL ECONOMIC DEVELOPMENT

Murray & Roberts is committed to the principle of supporting local economic development in the economies within which it operates with the aim of supporting Government and client localisation strategies. We have made a significant investment in our plant and equipment over the past three years with a cumulative capital expenditure of R4,3 billion. R3,2 billion has contributed to the expansion of our productive base.

CAPITAL EXPENDITURE (R MILLIONS)



This investment has created more jobs both directly and indirectly and provides a platform for future growth and economic development in the economies in which we operate.

Preferential procurement increased to R9,9 billion or 61% (2010: 46%) of the South African operations' procurement expenditure of approximately R16,3 billion. This represents a 44% increase in preferential procurement.

PREFERENTIAL PROCUREMENT (R MILLIONS)

Note: The procurement amounts are as per the procurement spend to June 2010 and included in the 2011 BBBEE rating which was completed in November 2010.

We also significantly increased our procurement from small and micro enterprises, more than 50% black-owned businesses and black-women-owned business, as shown below.

Procurement Expenditure (R millions)	2009	2010	2011
Qualifying small enterprises and exempted micro enterprises	576,5	1 605,1	**2 112,4**
Suppliers that are >50% Black-owned	581,9	1 166,4	**1 827,7**
Suppliers that are >30% Black-women-owned	51,0	259,5	**488,8**

The improvements are partly attributable to better recording of preferential procurement but primarily to our commitment to supporting local empowered suppliers.

Procurement from black-women-owned suppliers remains a challenge. The target procurement spend outlined in the BBBEE Codes for this category of supplier is 6% of total procurement spend. The Group currently achieves 3%. The constraint is the number of potential suppliers in this category.

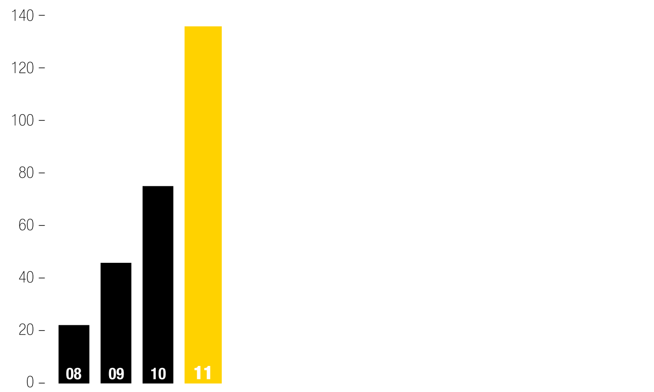
The Group's preferential procurement policy requires each operating entity to verify its suppliers and alternatively to source empowered suppliers, should the existing suppliers not be appropriately empowered.

We undertake various enterprise development activities through our operating companies. Activities include the procurement of subcontractors from small, medium and micro enterprises (SMMEs), early payment to SMME suppliers, preferential credit terms for buyers and administration support for certain contractors, suppliers and clients.

The total value of enterprise development initiatives across the Group has increased significantly over the last three years to R135,7 million as shown below.

SOCIAL PERFORMANCE continued

ENTERPRISE DEVELOPMENT CONTRIBUTIONS (R MILLIONS)



Note: The enterprise development amounts are to June 2010 and included in the 2011 BBBEE rating which was completed in November 2010.

COMMUNITY DEVELOPMENT

The Group's business activities have an impact on the communities in which they are undertaken. We are committed to managing this impact responsibly and accept that our obligation extends beyond statutory requirements to the upliftment of society as a whole. The Group engages community development through its corporate social investment (CSI) programme and through the Letsema Sizwe Broad-based Community Trust (Letsema Sizwe), a 3,5% shareholder in Murray & Roberts established as part of our Letsema BBBEE shareholding transaction in 2005.

CORPORATE SOCIAL INVESTMENT PROGRAMME

Our CSI programme focuses on development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numeracy education in early childhood development and environmental education. We support sustainable social development through many of our community initiatives. A number of employees participate in community development as champions of projects the Group supports.

Murray & Roberts invested R15,5 million (2010: R22,2 million) in CSI projects during the year under review, a decrease of 30%. The amount invested takes into consideration the Group's lower earnings, however, our long term commitments and strategic partnerships have been maintained.

CSI PROJECTS (R MILLIONS)

R13,4 million or 87% of the total investment was allocated directly to partner organisations implementing projects within universities, schools and early childhood development centres. The remaining 13% was allocated to general projects and CSI overheads.

Projects that focus primarily on mathematics, science and technology (MST) support within secondary schools were allocated the lion's share of the allocations. A total of R6,9 million or 51% was allocated to support MST projects. Universities received the second largest share of R3,3 million (25%) of the 2011 allocation, with three university projects being supported. This was in addition to the ongoing relationship with Rhodes University, where a donation in 1994 is still supporting environmental education activities. Interventions in early childhood development and environmental education projects were allocated 12% and 9% respectively. The smallest allocation was made to support general, ad hoc projects such as the Bedfordview Community Policing Forum, the Youth and Construction Week Career Exhibition, Business Against Crime and a range of smaller donations.

During the 2011 financial year, we partnered with 20 organisations to advance the pool of talent available in the general education system as well as within the engineering industry as a whole. We contributed to the work of four universities, three science centres and 13 civil society organisations, each of whom presented comprehensive project strategies, outputs and projected outcomes that would be achieved as a result of our financial investment.

Notwithstanding the reduction in the CSI allocation in 2011, we made a significant contribution to education during this period. The selection of reputable, expert organisations that are implementing sound, high-impact projects has enabled the Company to deliver quality interventions to thousands of learners, despite these legitimate financial constraints.

For a comprehensive report on the Group's CSI activities go to
www.murrob.com./sus_overview.asp

LETSEMA SIZWE

Letsema Sizwe was established as one of four vehicles that would help Murray & Roberts to broaden its ownership base. Through Letsema Sizwe, dividend income is diverted to partner organisations, selected for their ability to contribute to the broadening of the base of the economy and the key social development issues facing South Africa. Since the inception of Letsema Sizwe in 2005, we have provided funding to several partner NGOs to carry out work with women, young people, people with disabilities and other marginalised groups. In addition, Letsema Sizwe also supports the development of sport among able bodied and people with disabilities, through the annual Jack Cheetham and Letsema Sports Development Awards.

Through partnerships with and funding of the Letsema Sizwe beneficiaries, we are actively responding to the development issues facing South Africa. The Letsema Sizwe contribution enables access to education and training opportunities, safe spaces for children, life skills and leadership development, HIV/Aids prevention campaigns, entrepreneurial skills and the identification and development of local sporting talent.

In 2011, Letsema Sizwe distributed R15 million to support the work of five national youth development organisations: Disability Empowerment Concerns Trust, Heartbeat, LoveLife, Soul City Institute; and OutwardBound South Africa. A further R1,3 million was distributed to support sports development initiatives within 15 community based organisations in 2011. We continue to support Hilton Langenhoven, triple gold medalist at the Beijing Paralympics.

Regrettably, however, as a consequence of no dividends being declared by Murray & Roberts in financial year 2011, the Letsema Sizwe activities in 2012 will be focused solely on the development of sports among able-bodied and people with disabilities, through the annual Jack Cheetham and Letsema Sports Development Awards.

REPORT AND THANK YOU LETTER FROM HILTON KEITH LANGENHOVEN

Since I received the Chairperson's Special award from Murray & Roberts my life has changed dramatically and is continually improving. After three years of support and ongoing interest into my personal and sporting growth you have made me a more determined person to improve my life on and off the sporting field.

My year of 2011 has really started well after being selected to represent my country at the World Championship in Christchurch, New Zealand. Leading up to world champs I was calm with my training and recovery building towards the champs. Being able to have the confidence to go to my flat to go and eat, sleep and even have a chance to invite a few friends over means the world to me. As it was always my dream to stay on my own and to be the host to welcome my friends and entertain, enjoying a game together.

My sporting career has surely taught me respect and discipline in life and to appreciate friendships and family. It has also taught me to get to know my body much better. It was only two months ago I got to know that being an albino sportsman is a huge disadvantage for my body. If a person trains as hard as we do during the week, you will need to take every opportunity to recover, and that for me will mean that I will stay inside, sleep, and be easy in front of the television, to play TV games just to stay out of sun and so to rest and recover. I have now found out that the sun is actually good for me as it gives back the Vitamin D to my body to help me recover. This has cleared many unsolved reasons why I get to suffer all the small injuries and they can actually lead to big injuries which can keep me out of sport for longer times. This might have contributed to my injury at world champs in January 2011.

After my injury at world champs I have really learned a lot personally and learned hard lessons in my sporting career, which has made me more determined to enjoy my sports and more focus to my quest for glory in London 2012.

WHAT HILTON IS DOING IN HIS FREE TIME

My dream is to still be involved in sports after I have called it a day in my sporting career, by doing what I have already started with my Level 1 coaching course and also my Sports Marketing and Management course will help me in that department.

During my free time I go out to schools and federations to share my life story and motivate youngsters to achieve and excel in life and to become bigger, better and smarter person in life.

Through the funds that Murray & Roberts are sponsoring me I can also contribute to my family's worries, by buying them a food parcel once a month and go and visit them with a surprise.

MY SPORTING ACHIEVEMENTS IN 2011

I won a gold medal at world champs in pentathlon during January, also a silver medal in the long jump. Just before the 200 m final I pulled my hamstring and could not compete in the final, but can proudly say that I am still Ranked Number 1 in the world for the 200 m and pentathlon events.

I was recently selected to represent my country at the All Africa games in Maputo Mozambique during September 2011.

I am a final nominee for the South African sport Awards for Sportsman of the year with a disability 2011.

Finally I need to thank everybody at Murray & Roberts for supporting me and many other sports men and women to succeed in life and our sporting careers. This means the world to me and I will continue to spread the wonderful name of Murray & Roberts, and what you have done for me.

This is priceless.

Thank you

Hilton Langenhoven

NONKULULEKO KUBEKA

I was awarded a bursary through the Letsema Khanyisa Employee Benefits Trust in 2007. The Murray & Roberts' bursary funded the full three years of my undergraduate studies. As a result of this bursary I was able to study and complete a BA Corporate Communication degree at the University of Johannesburg. I am also proud to be the first graduate from the pool of learners that received bursaries.

Since completing my studies, I have had the opportunity to participate in two internship programmes. The first position being that of a Broadcast Information Assistant with Host Broadcast Services (HBS), the official host broadcaster of last year's 2010 FIFA World Cup™. I am currently working as an intern within the Internal Stakeholder Engagement portfolio at the Council for Scientific and Industrial Research (CSIR).

Both these internships have allowed me to gain valuable work experience and given me the opportunity to work with some highly qualified, local and international professionals. None of these achievements would have been possible without the support from the Letsema Khanyisa Employee Benefits Trust.

Thank you once again to Murray & Roberts for this life changing opportunity that has assisted me to tap into my own potential and has opened so many doors for me.

ENVIRONMENTAL PERFORMANCE

KEY INDICATORS	Performance			
PERFORMANCE DIMENSION	**2011**	2010	2009	Movement
Environmental				
Energy usage (MW-h)	**1 327 327**	2 013 497	1 772 416	▼
Water usage (kilolitres)	**± 1,0 million**	± 1,2 million	± 1,6 million	▼
Carbon footprint (tonnes of carbon dioxide equivalent)	**633 643**	805 764*	743 804	▼
ISO 14001 Management System implementation (percentage coverage)	**± 70%**	± 64%	± 62%	▲

Murray & Roberts is committed to the principle of zero harm to the natural environment in all operations and activities conducted. The Group's performance against environmental standards remained acceptable during the year.

The major environmental risks impacting the Group's operations are presented below:

Environmental risk	Applicability/Group segment
Release of hydrocarbons	All operating environments
Air pollution, particulate matter and dust emissions	Fixed facility sites
Water/ground water pollution	All operating environments
Waste management	All operating environments
Hazardous material handling	Fixed facility and construction sites

The Group monitors environmental performance in relation to these risks, according to the following indicators against which risks and opportunities can be assessed and managed for:

- Resource efficiency and carbon footprint
- Emissions, effluents, and waste management.

Our individual operations are encouraged to understand and identify hazards and risks and their potential effects, and to implement preventative measures to achieve the Group's zero harm aspiration.

Murray & Roberts requires that operating companies adopt the most stringent standards, whether they are imposed by client environmental management plans, local and national legislation, or the Group itself. Our operations are required to implement and comply with ISO 14001, a standard that addresses environmental management systems. Currently, 70% of the Group's operations are ISO 14001 certified, based on number of employees. We will be tracking progress towards full compliance as part of our internal assurance plan.

RESOURCE EFFICIENCY AND CARBON FOOTPRINT

ENERGY USAGE

Increasing industrialisation and urbanisation, higher fossil fuel consumption, rising energy costs and climate change are major concerns for broader society and Murray & Roberts. The Group consumed approximately 1,3 million megawatt hours (MW-h) of energy from a variety of fuel sources, with bituminous coal, electricity, heavy fuel oil and diesel oil accounting for 95% of the Group's energy usage. The table below indicates the amount of energy used across the Group.

Fuel source	MW-hr	% of total	Major user
Bituminous coal	427 615	32,2	Ocon Brick – 95,8%
Electricity	326 463	24,6	CISCO – 52,5%
Heavy fuel oil	310 850	23,4	Much Asphalt – 63,1%
Diesel oil	195 685	14,7	Murray & Roberts Middle East – 36,3%
Petrol	50 662	3,8	Concor – 28,0%
Natural gas	10 153	0,8	Hall Longmore – 100%
LPG	5 875	0,4	Cementation Canada – 20,4%
Naphtha	24	0,0	UCW – 100%

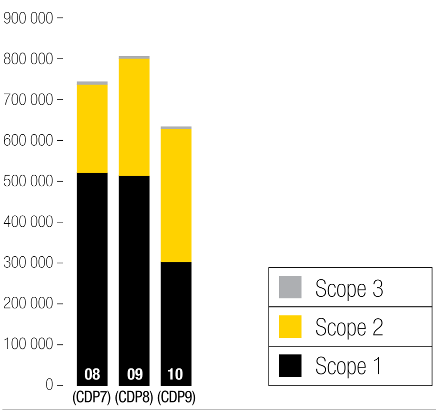
CARBON FOOTPRINT

Murray & Roberts has been participating in the Carbon Disclosure Project (CDP) since 2008. In this regard we have measured and reported on our carbon emissions. The CDP was launched in the United Kingdom in 2000 and introduced in South Africa in 2008 as a tool for businesses to address climate change, through the collection and disclosure of good quality information. The Group completed the CDP 9 (9th edition) questionnaire in May 2010.

The Group's carbon footprint decreased by 21% to 633 643 tonnes of carbon dioxide equivalent (CO_2e) for the year to June 2010 (CDP 9). This includes the Murray & Roberts Steel operations (including CISCO), which are held as discontinued operations. Excluding them reduces the Group's total carbon footprint to 424 332 tonnes CO_2e, a 33% reduction.

For more information on our carbon footprint go to
http://www.murrob-online.co.za/murrob_ar2011/carbon.phpr

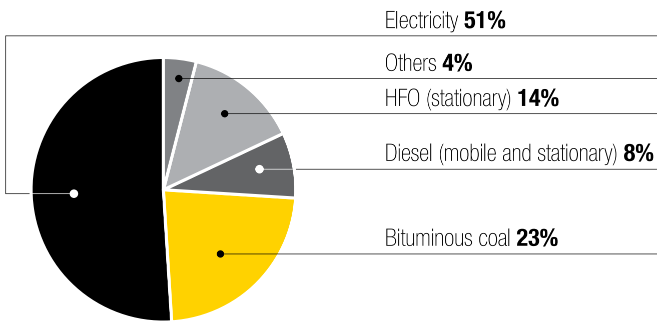
TOTAL GREENHOUSE GAS EMISSIONS (TONNES CO_2e)



Note: In CDP 2009, there was a misstatement of scope 3 emissions by 3 326 CO_2e. The 5 259 tonnes CO_2e above is the corrected figure. Scope 3 emissions were restricted to employee travel.

The figure below indicates the percentage contribution to the Group's carbon footprint by emission source. Electricity (scope 2 emissions), bituminous coal, diesel for mobile use and heavy fuel oil (HFO) (scope 1 emissions) are the largest contributors to our carbon footprint.

SOURCES OF GREENHOUSE GAS EMISSIONS



Our operating companies are encouraged to manage their energy efficiency and thereby their carbon footprint with the objective of:

- Ensuring effective and efficient use of energy, and reducing energy cost without compromising productive output
- Using the most effective source of energy
- Improving efficiency by reducing all sources of waste in energy.

Energy efficiency initiatives underway in our operations include:

- Replacing light bulbs with energy efficient bulbs
- Efficient use of air conditioning systems
- Improving power factor and harmonic controls
- Changing compressed air systems
- Using alternative fuel
- Installing solar heaters and heat pumps.

The setting of greenhouse gas (GHG) reduction targets for a large diversified Group such as Murray & Roberts requires the understanding and support of all the companies and operations involved. We recognise that setting a Group GHG target cannot be done without interacting with all our companies. While targets have not yet been set, engagement on emission reduction actions and targets is ongoing, particularly with Much Asphalt and Ocon Brick.

Details on our actions to date are provided in our public response to the Carbon Disclosure Project (www.cdproject.net).

Stakeholders are referred to *ROBUST* September 2011, the Murray & Roberts group magazine for a case study on Much Asphalt's efforts to improve its energy efficiency and reduce the company's carbon footprint.

Available on
http://www.murrob.com/news_magazine.asp

CARBON TAX IMPLICATIONS

The South African policy framework for climate change management is made up of the National Climate Change Response Green Paper and the Carbon Tax Discussion Paper. The climate change response paper sets out the overall framework for mitigation and adaptation, and the carbon tax paper sets out the mechanism for pricing carbon emissions to achieve the aims to mitigation. The carbon tax paper issued for public comment on 13 December 2010 proposes a carbon tax to balance the regulatory efforts of Government in addressing climate change challenges in South Africa.

The carbon tax paper follows the Government's announcement at COP 15 (Conference of the Parties to the United Nations Framework Convention on Climate Change) in Copenhagen in 2009 of its voluntary commitment to reduce GHG emissions by 34% by year 2020 and 42% by 2025 below a business as usual scenario, subject to the availability of financial and technological support.

An emissions tax applied to measured and verified emissions is the preferred model for implementing the carbon tax, although the National Treasury has indicated that an upstream tax on fuel inputs could also be considered. To support the achievement of national emissions reduction targets, the rate of the carbon tax is suggested to start at R75 with an increase to R200/ton CO_2e over time, with implementation anticipated in 2012. The carbon tax will have a financial impact on Murray & Roberts as we emit about 378 564 tonnes CO_2e direct scope 1 and 2 emissions (scope 1: 236 653 tonnes CO_2e and scope 2: 141 911 tonnes CO_2e in South Africa, excluding Murray & Roberts Steel and Cisco. An emission tax of R75 per tonne of CO_2e applied to scope 1 emissions could equate to additional taxation of about R18 million a year. The emission tax is likely to impact the cost of electricity by up to 20c/kWh assuming an emission tax of R200 per tonne of CO_2e.

The Australian Federal government in July 2011 announced the broad details of its proposed carbon pricing scheme (the Scheme), which is expected to be introduced as draft legislation into Parliament shortly. From 1 July 2012, certain GHG intensive companies will be required to pay a fixed carbon price of AUD$23 per tonne of CO_2e for a period of three years. The triggering threshold of a facility will be 25 000 tonne of CO_2e, which based on current emissions would exclude our Australian operations.

ENVIRONMENTAL PERFORMANCE continued

WATER USAGE

Murray & Roberts operates in several water constrained environments, including South Africa, Western Australia and the UAE. The estimated water usage for the Group was about one million kilolitres, mainly supplied by local municipal systems.

We were requested to participate in the Water Disclosure Project (WDP 2011), an initiative of the Carbon Disclosure Project, along with other JSE Top 100 companies. We decided not to participate, in acknowledgement of an inadequate understanding of the Group's water footprint.

Water data is possibly underreported across the Group. Currently, data for municipal water consumed is provided quarterly by some operations. The mine contracting operations and entities in the construction platform do not report on water used, as the client concerned will account for it on site. Each business entity and site is encouraged to understand and measure their water footprint (water usage and sources), and water intensive processes and activities. In understanding these parameters, risks and opportunities will be identified, which will assist in managing water related issues better and using water more efficiently in the future.

EMISSIONS, RELEASES, AND WASTE MANAGEMENT

AIR EMISSIONS

The Group's manufacturing operations measure and monitor air emissions in accordance with permit requirements. For example, Ocon Brick undertakes a monthly monitoring and measurement of air quality and Much Asphalt monitors particulate matter and gaseous emissions at all its sites. No testing is done by our mining operations as clients do the testing. Asphalt plants at the sites of Concor Roads & Earthworks are tested extensively. Murray & Roberts Construction and Gautrain only monitor dust on sites.

SURFACE AND GROUND WATER RELEASES

The Group recorded several minor hydrocarbon spillages of less than 50 litres, and all incidents have been remedied. In previous annual reports, the Group indicated that the South African Department of Water Affairs and Forestry (DWAF) had issued a formal directive to Bombela on 12 December 2008 regarding water treatment on the Gautrain project in South Africa. This has been partially lifted. A water use licence for the project operating period is required and the application is in process, following which the directive will no longer be in force.

A portion of the Gautrain rail system has not yet been opened due to water ingress in the Rosebank to Park Station tunnel. The current rate of water ingress into the tunnel is above the specifications that were agreed in the concession agreement. As a consequence Bombela will complete additional engineering works that will be implemented to reduce the volume of ground water seeping into this section of the tunnel. The engineering works will include drilling small diameter holes through the tunnel floor and injecting low viscosity grout into the surrounding rock. This will reduce the permeability of the rock mass and thus reduce the water which enters the tunnel drains. This is an iterative process and it is difficult to predict how long it will take to achieve the desired results; however it is envisaged that the section between Rosebank and Park Stations could be opened by January 2012. The water entering the tunnel drains is being appropriately handled and discharged.

Bombela has reported two contraventions of legislation during the reporting period. These were sewer leakages or overflows. The first overflow occurred at Bourke Street in Pretoria into storm water drains, and the second one flowed into the Louwlardia stream, a tributary of the Hennops River. These incidents were reported to the environmental authorities and all rehabilitation has been undertaken. No fines were issued for the incidents.

WASTE GENERATION AND DISPOSAL

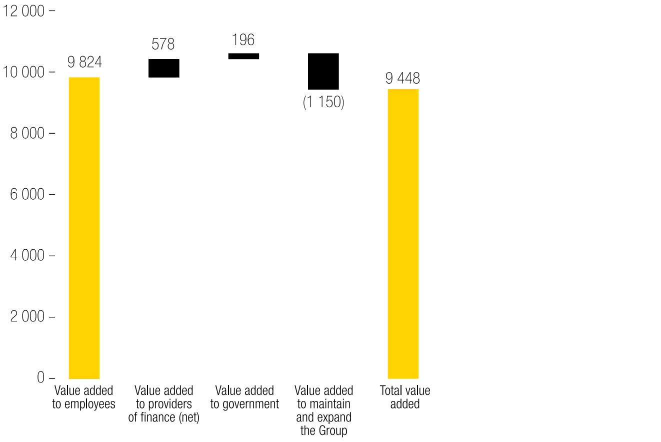
Waste generated by Murray & Roberts includes scrap steel, paper and plastic, waste bricks, concrete and hydrocarbons (oil and fuel). Waste generated is measured and monitored at an operational level, but the data is currently inconsistent and incomplete so no aggregation of data is possible at this time. Non-hazardous waste (concrete, brick, paper, steel) is either recycled or reused. Hazardous hydrocarbons and plastic waste is removed and recycled where possible.

ECONOMIC PERFORMANCE

KEY INDICATORS PERFORMANCE DIMENSION	Performance 2011	2010	Movement
Economic Contribution			
Value added to employees	**9 824**	8 259	▲
Value added to providers of finance (net)	**578**	529	▲
Value added to Government	**196**	414	▼
Value added to maintain and expand the Group	**(1 150)**	1 686	▼
Total value added	**9 448**	10 888	▼

Value added is the measure of wealth the Group creates through its operations by adding value to the cost of raw materials, products and services purchased. The chart summarises total wealth created and how it was shared between the stakeholders.

TOTAL WEALTH CREATED (R MILLIONS)



Value added to employees through payroll payments increased by 19%, while operating covering lease costs and net interest expense paid to providers of finance increased by 9%. Company tax paid to Governments declined by 53% on the back of lower profitability of the Group. As a consequence of the losses incurred in the Group, value added to maintain and expand the Group declined due to a decline in reserves available to ordinary shareholders.

PAGE 66 For the detailed statement of value created.

Everything that is not the natural or agricultural environment is the built environment. This is where Murray & Roberts has played a significant role throughout its history, delivering the infrastructure and facilities required for sustainable growth of the economies in which it operates.

Some of the greatest challenges we face as humankind are to satisfy the growing global demand for transport and logistics, power and energy, water and sanitation, telecommunications, health and education, accommodation and facilities, and mineral extraction and beneficiation infrastructure. Our economic contribution centres on the delivery of this infrastructure, without which no economic and social development is possible.

Infrastructure owners rely on the various stakeholders within the built environment to develop, finance, design, engineer, construct, operate and supply inputs for delivery of infrastructure. We support infrastructure delivery through our core competency of engineering and construction, and through the provision of selected construction products and operations.

The quantifiable benefits to society of our contribution are not easily identified, but considering the positive impact of an adequate built environment on socio-economic development and the scale required to make the difference measurable, the significance Murray & Roberts has attained in its market over more than 100 years, offers some testimony in this respect.

ECONOMIC PERFORMANCE continued

FINANCIAL PERFORMANCE

KEY INDICATORS PERFORMANCE DIMENSION	Performance 2011	2010	2011/2010 Movement
Financial performance			
Revenue	**30 535**	27 851	▲
Operating costs	**31 213**	26 316	▲
Cash and cash equivalents	**3 101**	3 811	▼
Operating cash inflow (before dividends)	**334**	691	▼
Order book relative to order book related revenues	**2,0 times**	1,8 times	▲
Opportunities in the active pipeline (R billion)	**86**	68	▲

FINANCIAL SUSTAINABILITY

The financial sustainability of engineering and construction businesses hinges on the following value drivers:

- Financial position strength which impacts the Group's credit rating for performance bonds and working capital
- Sound cash flows to support investment and growth
- A formalised project procurement system which defines our risk appetite
- The project order book relative to revenues.

The Group's year-end cash and cash equivalents position was R3,1 billion (2010: R3,8 billion) after a 24% decrease in net capital expenditure to R832 million (2010: R1 093 million). Operating cash inflow for the year was down 52% at R334 million (2010: R691 million) after a R232 million decrease in working capital (2010: R931 million increase). Operating cash flows were primarily negatively impacted by funding on Gautrain and Murray & Roberts Marine's Gorgon Pioneering Materials Offloading Facility.

Procurement of projects is the primary source of risk for the Group. The Group risk appetite sets the operational parameters for risk. Prospects are filtered against criteria such as value, country, legal system and scope, and the level of authorisation required is specified.

The opportunity management system (OMS) supports the evaluation and approval of project opportunities in the context of the risk appetite. At 30 June 2011, opportunities in the active pipeline amounted to R86 billion (2010: R68 billion).

The Group's order book grew by 25% to R55 billion (including R3,0 billion for Construction Products Africa) despite the challenging trading environment. The table below reflects order book development relative to order book related revenues. Global best practice indicates that, for sustainable performance, the order book should be within the range of 75% to 125% of current year revenues. Less than 75% would indicate stagnation.

Financial year	Order book	Relative to revenues
30 June 2009	R44 billion	1,7 times 2009 revenues
30 June 2010	R44 billion	1,8 times 2010 revenues
30 June 2011	R55 billion	2,0 times 2011 revenues

SUMMARY OF ANNUAL FINANCIAL STATEMENTS

The following pages provide an overview of the Group's financial performance, ahead of the audited annual financial statements that start on page 128.

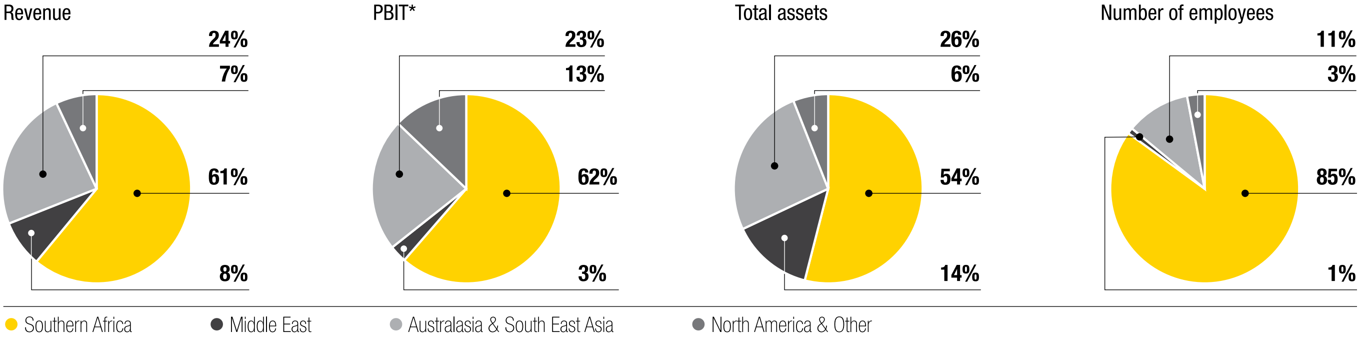
| ABSA TOWERS – JOHANNESBURG CENTRAL BUSINESS DISTRICT /// GAUTENG

STATEMENT OF VALUE CREATED

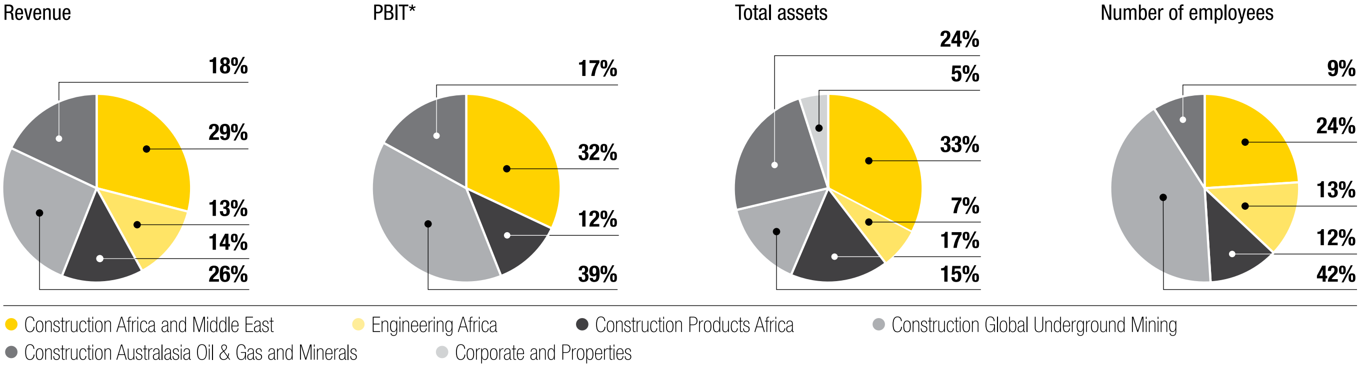
for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2011	%	2010	%
Revenue	**30 534,8**		27 851,0	
Less: Cost of materials services and subcontractors	**(21 087,3)**		(16 962,6)	
Value created	**9 447,5**		10 888,4	
Distributed as follows:				
To employees				
Payroll costs	**9 824,0**	104,0	8 259,4	75,9
To providers of finance				
Lease costs and net interest on loans	**577,1**	6,1	529,4	4,9
To government				
Company tax	**196,3**	2,1	413,4	3,8
To maintain and expand the Group				
Reserves available to ordinary shareholders	**(1 735,1)**		1 098,3	
Depreciation	**562,0**		565,5	
Amortisation	**23,2**		22,4	
	(1 149,9)	(12,2)	1 686,2	15,4
	9 447,5	100,0	10 888,4	100,0
Number of employees	**42 422**		40 413	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**196,3**		413,4	
Indirect taxation	**1 022,8**		1 107,0	
Employees' tax	**1 136,3**		1 290,0	
Rates and taxes	**6,5**		14,7	
Government grants	**(9,5)**		–	
Withholding tax	**0,3**		5,3	
Customs and excise duty	**–**		0,8	
	2 352,7		2 831,2	

GEOGRAPHIC



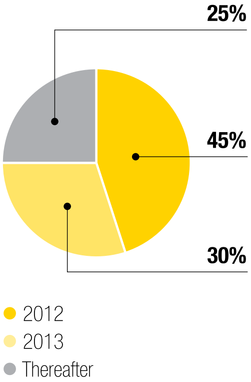
SEGMENTAL



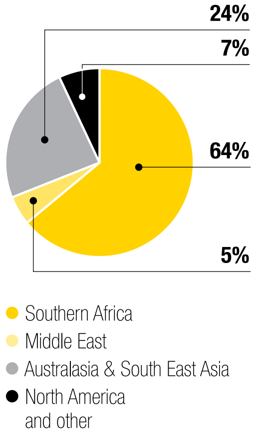
* *Profit before interest and taxation from Construction Africa & Middle East excludes R1 150 million of Gautrain and Competition Commission penalties, Marine loss of R582 million and Middle East impairments of R164 million. Engineering Africa operating loss of R51 million is excluded as well as Corporate expenses of R291 million.*

ORDER BOOK

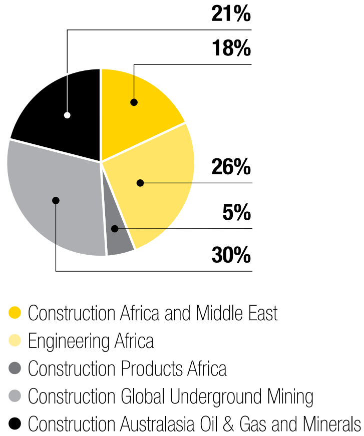
Total distribution



Geographic distribution

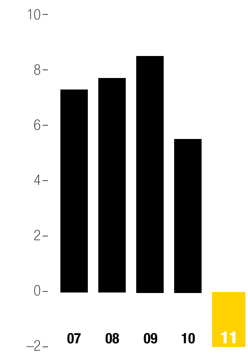


Sector distribution



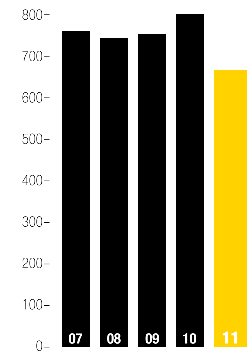
RETURN ON AVERAGE TOTAL ASSETS

(%)



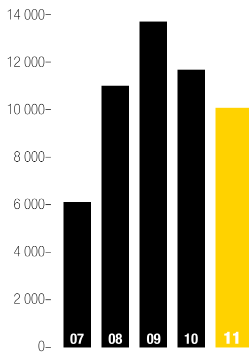
PRODUCTIVITY OF ASSETS

(assets per R1 000 turnover)



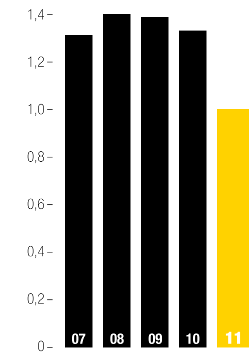
CREATION OF VALUE**

(R millions)



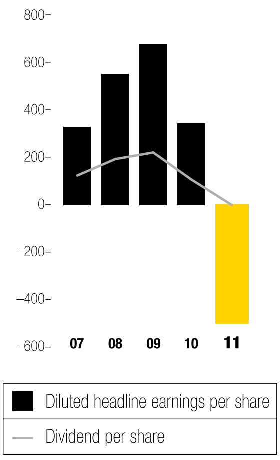
PEOPLE PRODUCTIVITY

(value ratio)



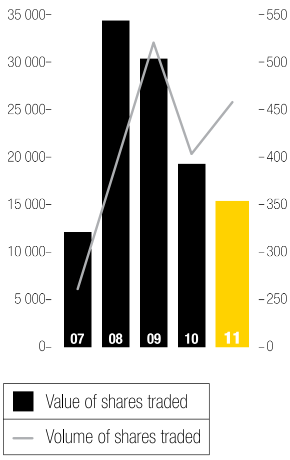
DILUTED HEPS AND DIVIDENDS

per share (cents)



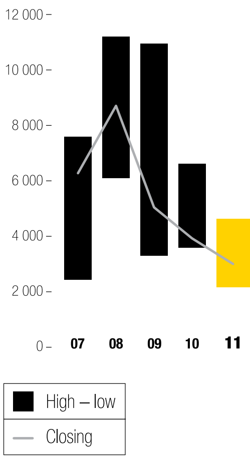
SHARES TRADED

(R millions)



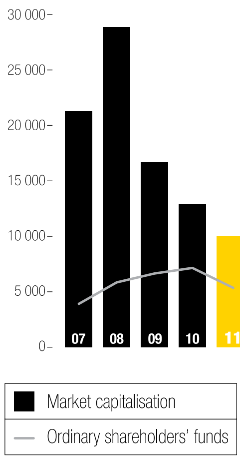
SHARE PRICE MOVEMENT

(cents)



MARKET CAPITALISATION

(R millions)



** *Includes continuing and discontinued operations.*

TEN YEAR FINANCIAL REVIEW

30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	IFRS restated* 2011	2010	2009	2008	2007	2006	2005	SA GAAP 2004	2003	2002
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE*										
Revenue	**30 535**	27 851	30 006	23 290	15 364	9 289	8 083	8 424	10 111	9 027
(Loss)/profit before interest and taxation	**(678)**	1 535	2 557	1 792	1 128	515	356	405	628	384
Net interest (expense)/income**	**(194)**	(122)	111	87	38	34	16	10	(66)	71
(Loss)/profit before taxation	**(872)**	1 413	2 668	1 879	1 166	549	372	415	562	455
Taxation expense	**(196)**	(414)	(575)	(482)	(299)	(168)	(120)	(27)	(76)	(36)
(Loss)/profit after taxation	**(1 068)**	999	2 093	1 397	867	381	252	388	486	419
Income/(loss) from equity accounted investments	**86**	15	2	9	(107)	1	78	114	97	90
(Loss)/profit from discontinued operations	**(666)**	215	243	657	36	179	163	–	–	–
Non-controlling interests	**(87)**	(131)	(320)	(349)	(94)	(49)	(30)	(25)	(9)	(4)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(1 735)**	1 098	2 018	1 714	702	512	463	477	574	505
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	**4 658**	5 268	5 464	4 835	3 953	3 389	2 547	2 422	2 082	2 007
Current assets	**13 997**	14 960	17 235	16 118	8 836	6 797	5 475	3 671	4 211	4 504
Goodwill	**435**	554	490	488	206	147	48	5	10	15
Deferred taxation assets	**470**	343	305	208	16	52	34	33	–	–
Total assets	**19 560**	21 125	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526
Ordinary shareholders' equity	**4 221**	6 203	5 581	4 865	3 637	3 086	3 067	2 603	2 485	2 648
Non-controlling interests	**1 100**	974	1 053	960	178	108	97	54	13	9
Total equity	**5 321**	7 177	6 634	5 825	3 815	3 194	3 164	2 657	2 498	2 657
Non-current liabilities	**1 873**	2 383	1 447	1 290	1 103	1 028	890	734	713	733
Current liabilities	**12 366**	11 565	15 413	14 534	8 093	6 163	4 050	2 740	3 092	3 136
Total equity and liabilities	**19 560**	21 125	23 494	21 649	13 011	10 385	8 104	6 131	6 303	6 526

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

RATIOS AND STATISTICS

30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	IFRS restated* 2011	2010	2009	2008	2007	2006	2005	SA GAAP 2004	2003	2002
EARNINGS										
(Loss)/earnings per share (cents)										
– Basic	**(587)**	373	685	577	239	168	145	150	181	152
– Diluted	**(585)**	371	678	565	235	165	143	147	176	152
Headline (loss)/earnings per share (cents)										
– Basic	**(505)**	341	683	562	329	165	148	158	186	154
– Diluted	**(503)**	340	675	550	325	162	146	155	181	154
Dividends per share (cents)	**–**	105	218	196	116	60	45	45	53	35
Dividend cover	**–**	3,2	3,1	2,8	2,8	2,7	3,2	3,4	3,4	4,4
Interest cover**	**4,4**	7,6	7,2	6,7	10,2	6,7	6,5	8,2	7,0	37,1
PROFITABILITY										
L/PBIT on revenue** (%)	**4,2**	8,1	8,5	7,7	7,3	5,5	4,4	5,0	6,3	4,3
L/PBIT on average total assets** (%)	**6,4**	10,1	11,3	10,3	9,6	5,6	5,0	6,8	9,9	6,4
Attributable (loss)/profit on average ordinary shareholders' equity** (%)	**5,7**	29,1	38,6	40,3	20,9	16,7	16,0	19,0	22,4	21,8
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll costs (rand)	**317**	291	314	330	287	316	336	216	188	201
Total average assets (rand)	**666**	801	752	744	761	995	881	738	634	671
Value created (Rm)***	**10 076**	11 665	13 699	10 996	6 073	4 129	3 600	2 606	2 913	2 609
Value ratio***	**1,00**	1,33	1,39	1,40	1,31	1,30	1,33	1,43	1,53	1,44
FINANCE										
As a percentage of total equity										
Total debt	**40**	45	54	35	36	40	32	30	38	25
Total liabilities	**268**	194	254	272	241	225	156	133	153	146
Current assets to current liabilities	**1,13**	1,29	1,12	1,11	1,10	1,10	1,35	1,34	1,36	1,44
Operating cash flow (Rm)	**334**	691	1 559	3 116	1 935	598	663	289	356	712
Operating cash flow per share (cents)	**101**	208	470	939	583	180	200	87	107	214
OTHER										
Weighted average ordinary shares in issue (millions)	**331,9**	331,9	331,9	331,9	331,9	331,9	331,9	331,9	331,9	331,9
Weighted average number of treasury shares (millions)	**36,3**	37,3	38,0	34,9	37,9	27,1	13,7	13,8	14,1	–
Number of employees – 30 June**	**42 422**	40 413	38 981	45 654	33 466	23 867	23 904	13 149	15 827	15 379

DEFINITIONS

Dividend cover	Diluted headline (loss)/earnings per share divided by dividend per share	Value ratio	Value created as a multiple of payroll cost
L/PBIT	(Loss)/profit before interest and taxation	Net asset value (NAV)	Ordinary shareholders' equity
Interest cover	L/PBIT divided by net interest expense	Average	Arithmetic average between consecutive year ends

** IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.*
*** The above calculations are based on normalised earnings of R1,3 billion (2010: R2,2 billion).*
**** Includes continuing and discontinued operations.*

SEGMENTAL ANALYSIS

30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Group 2011	Group 2010	Discontinued operations excluded from ongoing operations[1] 2011	Discontinued operations excluded from ongoing operations[1] 2010	Construction Africa and Middle East 2011	Construction Africa and Middle East 2010
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE						
Revenue	**30 535**	27 851	**2 646**	4 656	**9 108**	11 193
(Loss)/profit before interest and taxation	**(678)**	1 535	**(710)**	346	**(1 399)**	510
Net interest (expense)/income	**(194)**	(122)	**(58)**	(74)	**(44)**	28
(Loss)/profit before taxation	**(872)**	1 413	**(768)**	272	**(1 443)**	538
Taxation (expense)/credit	**(196)**	(414)	**118**	(56)	**(106)**	(147)
(Loss)/profit after taxation	**(1 068)**	999	**(650)**	216	**(1 549)**	391
Income/(loss) from equity accounted investments	**86**	15	**(16)**	(1)	**(2)**	1
(Loss)/profit from discontinued operations	**(666)**	215	**–**	–	**–**	–
Non-controlling interests	**(87)**	(131)	**–**	–	**(6)**	(3)
(Loss)/profit attributable to holders of Murray & Roberts Holdings Limited	**(1 735)**	1 098	**(666)**	215	**(1 557)**	389
SUMMARISED STATEMENT OF FINANCIAL POSITION						
Non-current assets	**5 128**	5 611	**145**	689	**1 208**	1 031
Current assets[2]	**13 997**	14 960	**2 692**	2 525	**4 872**	5 655
Goodwill	**435**	554	**–**	16	**44**	44
Total assets	**19 560**	21 125	**2 837**	3 230	**6 124**	6 730
Ordinary shareholders' equity	**4 221**	6 203	**1 198**	2 109	**659**	1 701
Non-controlling interests	**1 100**	974	**425**	289	**18**	8
Total equity	**5 321**	7 177	**1 623**	2 398	**677**	1 709
Non-current liabilities	**1 873**	2 383	**30**	64	**689**	520
Current liabilities[2]	**12 366**	11 565	**1 184**	768	**4 758**	4 501
Total equity and liabilities	**19 560**	21 125	**2 837**	3 230	**6 124**	6 730
SUMMARISED STATEMENT OF CASH FLOWS						
Cash generated by operations before working capital changes	**646**	2 382	**(103)**	325	**(384)**	607
Discontinued property activities	**(6)**	(47)	**(6)**	(47)	**–**	–
Change in working capital	**232**	(931)	**39**	174	**(676)**	(1 170)
Cash generated by operations	**872**	1 404	**(70)**	452	**(1 060)**	(563)
Interest and taxation	**(538)**	(713)	**(59)**	(97)	**(56)**	(263)
Operating cash flow	**334**	691	**(129)**	355	**(1 116)**	(826)

1 Includes the Group's properties divisions, interest in Steel reinforcing bar manufacture & trading operations, Johnson Arabia crane hire and Clough's marine operations.
2 Includes assets/liabilities classified as held-for-sale.

Engineering Africa		Construction Products Africa		Construction Global Underground Mining		Construction Australasia Oil & Gas and Minerals		Corporate and Properties	
2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
4 094	1 718	**4 157**	5 752	**7 789**	5 345	**5 387**	3 843	**–**	–
(51)	68	**192**	618	**602**	447	**269**	204	**(291)**	(312)
(19)	24	**(189)**	(189)	**14**	(7)	**29**	22	**15**	–
(70)	92	**3**	429	**616**	440	**298**	226	**(276)**	(312)
98	(47)	**(1)**	(140)	**(189)**	(137)	**(17)**	(28)	**19**	85
28	45	**2**	289	**427**	303	**281**	198	**(257)**	(227)
–	–	**(12)**	–	**–**	–	**91**	3	**9**	11
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(4)	20	**6**	(11)	**3**	–	**(86)**	(137)	**–**	–
24	65	**(4)**	278	**430**	303	**286**	64	**(248)**	(216)
737	508	**857**	916	**870**	698	**1 053**	1 306	**258**	463
586	1 328	**1 315**	1 843	**1 978**	1 520	**2 005**	1 646	**549**	443
52	52	**–**	60	**35**	35	**304**	347	**–**	–
1 375	1 888	**2 172**	2 819	**2 883**	2 253	**3 362**	3 299	**807**	906
150	61	**992**	1 866	**1 047**	890	**1 322**	1 403	**(1 147)**	(1 827)
4	–	**26**	–	**1**	4	**626**	673	**–**	–
154	61	**1 018**	1 866	**1 048**	894	**1 948**	2 076	**(1 147)**	(1 827)
134	445	**83**	74	**304**	201	**78**	182	**555**	897
1 087	1 382	**1 071**	879	**1 531**	1 158	**1 336**	1 041	**1 399**	1 836
1 375	1 888	**2 172**	2 819	**2 883**	2 253	**3 362**	3 299	**807**	906
32	56	**441**	698	**737**	705	**229**	275	**(306)**	(284)
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(71)	(267)	**646**	43	**94**	(95)	**164**	353	**36**	31
(39)	(211)	**1 087**	741	**831**	610	**393**	628	**(270)**	(253)
49	16	**(209)**	(251)	**(101)**	(112)	**(5)**	(37)	**(157)**	31
10	(195)	**878**	490	**730**	498	**388**	591	**(427)**	(222)

MAJOR PROJECTS

THE GREATER GORGON GAS FIELDS, SOME 130 KM OFF THE PILBARA COAST OF WESTERN AUSTRALIA, ARE THE LARGEST NATURAL GAS RESOURCE YET DISCOVERED IN THE REGION. GORGON IS AUSTRALIA'S BIGGEST SINGLE RESOURCE PROJECT AND ONE OF THE WORLD'S LARGEST NATURAL GAS PROJECTS.

"Gorgon will be an important pillar of the Australian economy for the next 40 years. We anticipate A$33 billion will be spent on Australian goods and services, with flow-on effects cascading through the Western Australian economy. Gorgon is a long term, technically complex project that will mark a step-change and dramatic advancement of engineering, developing new frontiers in up to 1 300 metres of deep water, and best practices in environmental management. To engineer, build and operate this project, we have brought together the best and brightest from Chevron, our partners and industry."

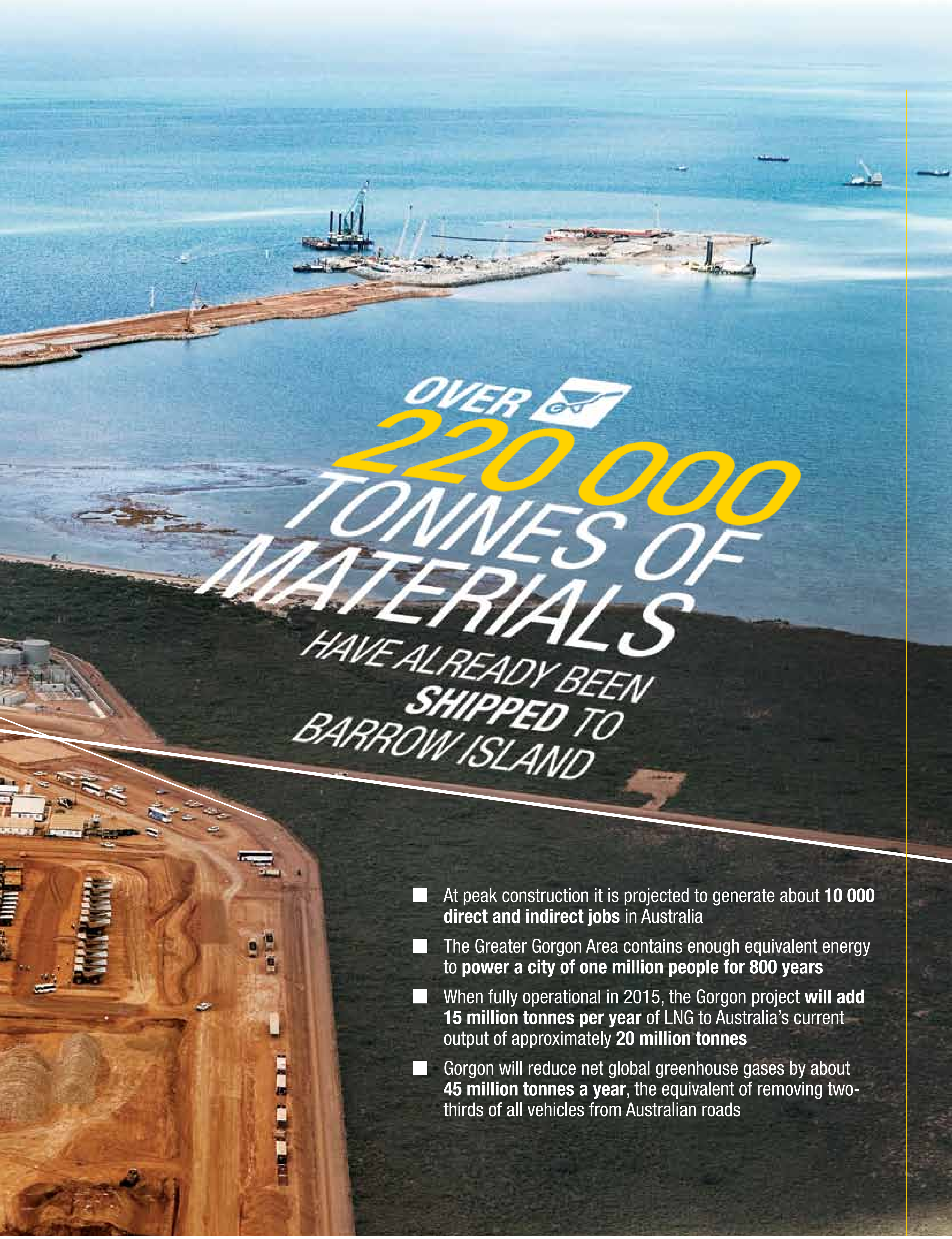
ROY KRZYWOSINSKI
MANAGING DIRECTOR, CHEVRON AUSTRALIA

"For a company which is essentially a traditional engineering contractor, the Gorgon project has been a fantastic passport for Clough. It has provided an opportunity to operate in the international market, to gain credibility and the ability to bid for similar projects in future. It has been a great opportunity to work on what is probably the biggest and most complex oil & gas project in the world today."

ANDY ANTOCI
GORGON PROJECT DIRECTOR, CLOUGH

MURRAY & ROBERTS AND CLOUGH PARTICIPATION

- Clough has a 20% share in Kellogg Joint Venture-Gorgon (KJVG) as the Engineering, Procurement and Construction Management (EPCM) contractor for the Gorgon Project
- Murray & Roberts Marine is a subcontractor to dredging company Boskalis for the design and build of the Gorgon Pioneer Material Offloading Facility (GPMOF), with an estimated value of AUD$320 million



OVER 220 000 TONNES OF MATERIALS HAVE ALREADY BEEN **SHIPPED** TO BARROW ISLAND

- At peak construction it is projected to generate about **10 000 direct and indirect jobs** in Australia
- The Greater Gorgon Area contains enough equivalent energy to **power a city of one million people for 800 years**
- When fully operational in 2015, the Gorgon project **will add 15 million tonnes per year** of LNG to Australia's current output of approximately **20 million tonnes**
- Gorgon will reduce net global greenhouse gases by about **45 million tonnes a year**, the equivalent of removing two-thirds of all vehicles from Australian roads

OPERATIONAL PERFORMANCE REVIEW
CONSTRUCTION AFRICA AND MIDDLE EAST

R MILLIONS*	CONSTRUCTION AFRICA		MARINE		MIDDLE EAST		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue*	**5 597**	7 960	**1 031**	351	**2 480**	2 882	**9 108**	11 193
Operating (loss)/profit*	**(653)**	133	**(582)**	77	**(164)**	300	**(1 399)**	510
Ongoing construction activities*	**237**	553	**(582)**	77	**–**	389	**(345)**	1 019
PPP Investments and Services*	**260**	199	**–**	–	**–**	–	**260**	199
Gautrain/Competition Commission penalties*	**(1 150)**	(619)	**–**	–	**–**	–	**(1 150)**	(619)
Contract receivables impairment*	**–**	–	**–**	–	**(164)**	(89)	**(164)**	(89)
Segment assets*	**2 926**	2 725	**358**	168	**1 605**	1 881	**4 889**	4 774
People	**8 891**	10 210	**511**	118	**318**	369	**9 720**	10 697
LTIFR (fatalities)	**1,6 (1)**	2,3 (3)	**4,2 (0)**	1,2 (0)	**0,3 (0)**	0,4 (2)	**0,9 (1)**	1,6 (5)
Order Book*	**6 929**	7 184	**606**	502	**2 430**	4 393	**9 965**	12 079

| GAUTRAIN BALANCED CANTILEVER VIADUCT /// **CENTURION, GAUTENG**

CONSTRUCTION

NIGEL HARVEY

OPERATING PLATFORM EXECUTIVE

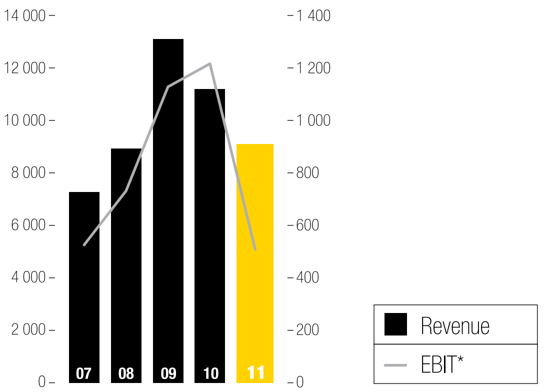
"NAMIBIA, BOTSWANA, CIVILS AND ROADS ALL RETURNED PLEASING – IN SOME CASES, EXCEPTIONAL – PERFORMANCES

but overall results for the construction operating platform were substantially down on the previous year as the market continued to deteriorate."

LEADERSHIP

Following the restructuring of the business, Concor managing director Cobus Bester was promoted to Group financial director and Nigel Harvey, former managing director of Murray & Roberts Contractors Middle East, returned to South Africa to become executive chairman of Murray & Roberts Construction Africa and Middle East.

CONSTRUCTION AFRICA AND MIDDLE EAST (R MILLIONS)



* *Excludes losses from Gautrain and Competition Commission penalties of R1 150 million (2010: R619 million), Marine of R582 million (2010: Rnil) and Middle East of R164 million (2010: R89 million).*

At Concor Roads, Chris Botha was appointed managing director. At Concor Civils, Graham Brown retired as managing director and was succeeded by Anton Botha. Both of these were internal appointments.

In Namibia, Arrie Niehuis succeeded Mark Johnson who was transferred to Murray & Roberts Western Cape, as managing director.

A new managing director for the Middle East business will be appointed soon.

PERFORMANCE

We reported one fatality during the year. On a rolling 12-month average, between 20 and 25 lost time injuries (LTIs) were reported. Three units – Murray & Roberts Buildings, Murray & Roberts Plant and Murray & Roberts Western Cape – had zero LTIs.

The death of Lamulani Moyo was the low point of Gautrain construction this year. He was tragically killed when he fell from a height of seven metres at Park Station.

The operating platform recorded an operating loss of R1,4 billion (2010: R510 million profit).

The Bombela Civils Joint Venture (BCJV) in which the Murray & Roberts Group has a 45% share, proved to be a major financial drain on the Group with penalties being levied due to the failure to meet the targeted phase 2 handover date of 27 March 2011. The first phase, a 48-month contract to construct and deliver the Gautrain route from Sandton to the OR Tambo International Airport, was completed ahead of schedule. There were several delays as a result of the late handover of land and the route between Hatfield and Rosebank eventually opened on 2 August 2011.

Water ingress in the 1 km section of tunnel between Park Station and Rosebank prevented the opening of this section. While the specification for drainage of 10 litres per 10 metres per minute proved to be correct, following a dispute ruling, the 1 km section under dispute was determined to be 13 litres per 10 metres per minute. Rectification work has started and is expected to be completed by the end of December 2011.

There were 17 external environmental incidents reported in the year on the Gautrain project, but no fines were imposed during the period. Oil traps were installed and continuous audits done to mitigate the risks of polluting water and ground water. The project generated 15 000 tonnes of waste steel which was recycled and 10 kilolitres of oil, which was reused.

CONSTRUCTION AFRICA AND MIDDLE EAST continued

ALL CHANGE FOR MURRAY & ROBERTS CONSTRUCTION

As a result of the turbulence that continues to batter the construction industry, from 1 July 2011 Murray & Roberts Construction was set up as a new operating company to oversee the activities of a number of business units. They are:

- Murray & Roberts Buildings, a national building operation
- Murray & Roberts Western Cape, predominantly a building operation
- Concor Civils, operating in the SADC region working on large and small contracts
- Concor Roads and Earthworks, operating in predominantly roads, railways, bulk earthworks, mine and township infrastructure and development
- Concor Opencast Mining, operating predominantly in hard rock (platinum) mining and coal mining
- Murray & Roberts Namibia (focused mainly on building)
- Murray & Roberts Botswana, a 50/50 split between building and civils
- Service Division, which houses Murray & Roberts Plant and Building Equipment – the merged Concor Plant and Murray & Roberts Plant operations.

Murray & Roberts Middle East continues as a separate operating company and Concor Engineering will become part of the Engineering Africa operating platform.

The new entity keeps its strongest brand names but the operating companies named above will operate as divisions of Murray & Roberts Construction.

Nigel Harvey, former managing director of Murray & Roberts Middle East and now executive chairman of Murray & Roberts Construction, Africa and Middle East, was tasked with the restructuring process and with creating a new culture for the revamped business. "Our main driver was to create a substantial company that is on par with other listed entities and which has critical mass to enable it to go for the bigger contracts and to expand into Africa," he says.

The new business unit will cater for a blend of smaller and larger contracts and the individual business units will, in time, be moved to the Murray & Roberts campus in Bedfordview. There will be natural attrition as a result of the move but not "massive retrenchments".

"The retention of our key people is critical. In the construction business a lot of companies are becoming increasingly aggressive. It's a fact of life that even if you fill up your order books with low-margin projects you need people to run them, so competition for the best talent is intense," Harvey comments.

Hydrocarbon management, waste management and hazardous materials are the key environmental risks for this operating platform. The Waste Group is contracted to perform regular inspections of hydrocarbon management.

BUILDINGS

The building market was particularly depressed in the year and, as a result, the Concor building operation was merged with the Murray & Roberts Buildings division. Concor operated in the fiercely competitive small- and medium-sized contracts arena. Very few of the jobs tendered for were won and so it made sense to incorporate what was, essentially, a small and independent building operation into the larger one with its high profile branding and good depth of management.

While Murray & Roberts Buildings also suffered, its relationships with clients ensured repeat business, with Melrose Arch being a good example. Here, except for one small section, the Group has been involved and on site for 10 years. In July this year, we were awarded a R160 million contract for the erection of a residential unit, which will extend our presence in Melrose Arch for another three to four years.

Murray & Roberts Buildings lost out on tenders for two large contracts – the Standard Bank headquarters in Rosebank and Village Walk in Sandton. While its bids were competitive, the companies that won these tenders are operating at margins last seen in 2007. Additionally, the tenders put in for four new public private partnership (PPP) prisons have not been opened and this put considerable financial strain on the business. The weak state of the market also resulted in other proposed projects either being delayed or shelved altogether.

As with most other companies in this operating platform, Murray & Roberts Buildings generally receives free electricity on site. Power consumption and water use have therefore not been computed.

CIVILS

The value of Medupi Civils, the single largest project for the operating platform, has more than doubled as a result of design changes. When it started in May 2008, the project was valued at R2,9 billion. Today the value is more than R7 billion. Despite significant delays in the first 12 months, the project is now 55% complete. Joint-venture partners, Murray & Roberts and Aveng Grinaker LTA Civils, are working together to deliver Unit 6 on time to meet Eskom's December 2012 deadline to deliver power to the grid.

Eskom has acknowledged that scope changes have put considerable strain on Concor Civils' working capital and, in June, made an additional advance payment to resolve the issue.

As a separate contract, alongside our joint-venture partner, the company is building two chimneys and nine silos at Medupi as well as the two chimneys at Kusile, valued at R950 million and R650 million respectively.

Other projects during the year included a significant amount of work from Kumba and Assmang in iron ore and manganese mining projects in the Northern Cape, as well as the completion of the R1 billion Coega Phase 2 project to extend the container berth.

Looking forward, in line with its drive to work with more mining clients, the company is partnering with Concor Roads and Earthworks to investigate opportunities in Africa.

ROADS AND EARTHWORKS

While both margins and revenue were down, the company performed well. It completed the R1,2 billion roller compacted Braamhoek and rockfill Bedford dams contract on time for Eskom's Ingula hydro-electric pump storage scheme.

A large proportion of the company's work was on Northern Cape mining infrastructure projects for Kumba and Assmang. In Namibia, it is busy at Trekkopje on a R1,2 million uranium leech pad contract. It also has a number of road rehabilitation contracts in the Eastern Cape.

The company has tendered on many small to medium projects, but the margins on these are low and, together with Concor Civils, it is looking at opportunities in Africa.

OPENCAST MINING

With the price of resource materials at an all time high, the company has been involved in many of opencast mining activities. While these projects are capital intensive, margins are good.

The long-standing relationship between the company and the Lonmin and Impala mining groups on the Western platinum belt between Rustenburg and Brits continued. It was asked to prepare feasibility studies and budgets for opencast mining expansion projects. The company's expertise in the platinum mining arena stands it in good stead to capitalise on the many opportunities in this sector, with the caveat that these must be extremely well managed given capital expenditure constraints.

Work commenced on South Africa's first state-owned coal mine at Vlakfontein and the company continues to look at other opportunities in the coal-mining sector. As a result of these opportunities, the Company will not move into the African market for the time being.

NAMIBIA

This was a record year in terms of turnover and profit for Murray & Roberts Namibia, the largest contractor in the country. Its track record in terms of jobs negotiated was exemplary.

There is a healthy list of potential projects in the pipeline, evenly spread between building and civils.

BOTSWANA

Botswana also posted its best ever year and has secured 100% of its budgeted revenue for 2012. Should it obtain additional projects, Murray & Roberts Construction will provide support to help grow the business.

TOLCON

The Tolcon group of companies recorded a particularly robust performance this year and cemented its position as the leading transport infrastructure management group in South Africa.

New business was won for the management and operation of the N1 North, the N2 South, the N17 and the Huguenot tunnel operations. Tolcon increased its stake in PT Operations, the company responsible for operations and management of the N1/N4, to 67%.

A particular focus this year was on the implementation of systems to operate the Gautrain transport system where the Group has a 24% shareholding in the Bombela Operating Company (BOC). It is worth recording the significant impact that these operations have had on job creation. This year BOC employed 423 people directly, while other employment opportunities were generated by the Bombela Maintenance Company (150), Mega Express Bus Company (331), four security subcontractors (767) as well as other cleaning and maintenance contracts.

Tolcon participated in the DuPont safety review, with the operations at De Hoek and the Huguenot tunnel being audited. Material risks include the unpredictability of strike action, increased competition from new entrants and the theoretical loss of the rail regulator certification.

CONCESSIONS

While most of the public and media attention on Gautrain has focused on construction, opening delays and project costs, it is notable that passenger volumes on the Sandton to OR Tambo International first phase exceeded projections by more than 25%. With the section between Hatfield, Pretoria and Rosebank opened on 2 August 2011, it is apparent that public enthusiasm for Gautrain is exceedingly high. Gautrain's first-phase performance augurs well for the Group's 33% investment in BOC.

During the year Concessions contributed R170 million to Group earnings and detailed work was in progress on several envisaged and planned PPPs – a process to which the Government has committed itself as a key component in its drive to accelerate service delivery. A best and final offer was submitted on the N1/N2 Winelands toll road development. The potential project pipeline includes construction and operation of four prisons, six hospitals, the R300 and Wild Coast road contracts as well as Government buildings.

MARINE

Murray & Roberts Marine's subcontracting work on the Gorgon Pioneer Materials Offloading Facility (GPMOF) for the Gorgon LNG Project in Western Australia resulted in an AUD$86 million loss in the year under review. This is the anticipated loss at completion of the project, which is expected to be during January 2012.

The main contractor Boskalis, a Dutch dredging company, appointed Australian marine construction company Marine & Civil, to build the GPMOF, who in turn invited Murray & Roberts Marine to participate in the project on a 50/50 joint-venture basis. Shortly after the contract was awarded, however, Marine & Civil went into liquidation and Murray & Roberts Marine was obliged to take on full project responsibility on a project that then ballooned in value from AUD$115 million to AUD$315 million.

Due to difficulties in proving entitlement and value of change orders, plus substantial claims for operational delays, Murray & Roberts Marine recorded a loss of R582 million on GPMOF. This was a substantial setback for the Group, one that has led to a review of processes relating to the assessment of risks inherent in joint ventures, and particularly in marine projects.

Murray & Roberts Marine's scope 1 emissions reduced by 71% in 2011 as a result of the end of the Trekkopje project (Namibia), which was largely reliant on diesel-powered generators and the fact that the GPMOF development has access to electricity.

CONSTRUCTION AFRICA AND MIDDLE EAST continued

With few likely marine prospects in the South African market apart from relatively small-scale assignments at Coega and Saldanha, the company's order book at year-end stood at R250 million. It plans to augment this in the year ahead by seeking new opportunities especially along the West Africa and Central Africa coastline, Indonesia and, on the back of its developing track record in the region, in Australia.

MIDDLE EAST

The year was intensely challenging for the company, particularly in Dubai where the construction market crashed. To offset this loss of work, the company focused on Abu Dhabi and working with government clients, which paid off as three large contracts collectively worth R16 billion are now being constructed.

Providing some comfort in the face of the poor financial performance in 2011, was a good safety performance. Murray & Roberts Middle East achieved 10 million man-hours without any lost time injuries (LTIs) on the Zayed University project and three entire projects have now been delivered with no LTIs.

The company successfully designed and constructed the Zayed University, a R6 billion project, for Mubadala, a local government client. Further work is taking place on the St Regis Hotel and Resort on Saadiyat Island, a R5 billion project for TDIC, a government-linked venture. The hotel, which is surrounded by a Gary Player-designed golf course, will be completed in time for the Abu Dhabi Grand Prix in November 2011. The third contract was for the R5 billion Mafraq Hospital for the Abu Dhabi government health authority.

PROSPECTS

The operating platform starts the new financial year with close to 75% of its order book secured, putting it in a good condition going forward.

The power programme promises secured work on a large scale at satisfactory margins but profitability, particularly at Medupi, is challenged by potential pitfalls relating to the increase in project scope and delayed site access. These demands, including increased pressure on working capital, will need to be carefully handled.

Murray & Roberts Buildings is in discussions with shopping centre developers across South Africa for planned projects in the new financial year, and is bidding for work on extending the Chris Hani Baragwanath Hospital in Soweto.

Concor Civils is following up several opportunities, including coal mining in Mozambique, copper mining in Zambia and gold mining in East Africa.

A prime target for Concor Roads and Earthworks in the year ahead is South Africa's largest new road project, the R8 billion to R12 billion Winelands Route between Cape Town and the Huguenot tunnels. It includes an upgrade of the second Huguenot tunnel. The client, Sanral, wants the preferred contractor to be on site between January and March 2012.

The outlook for both Murray & Roberts Botswana and Namibia remains buoyant.

The Gautrain claim lodged against the Gauteng Government will, if successful, go a long way towards restoring profitability on this project.

A year after the first phase of operations began, Gautrain had already carried three million passengers and all indications are that the Group's investment in operating Gautrain will translate into most satisfactory rewards over the 15-and-a-half-year concession period.

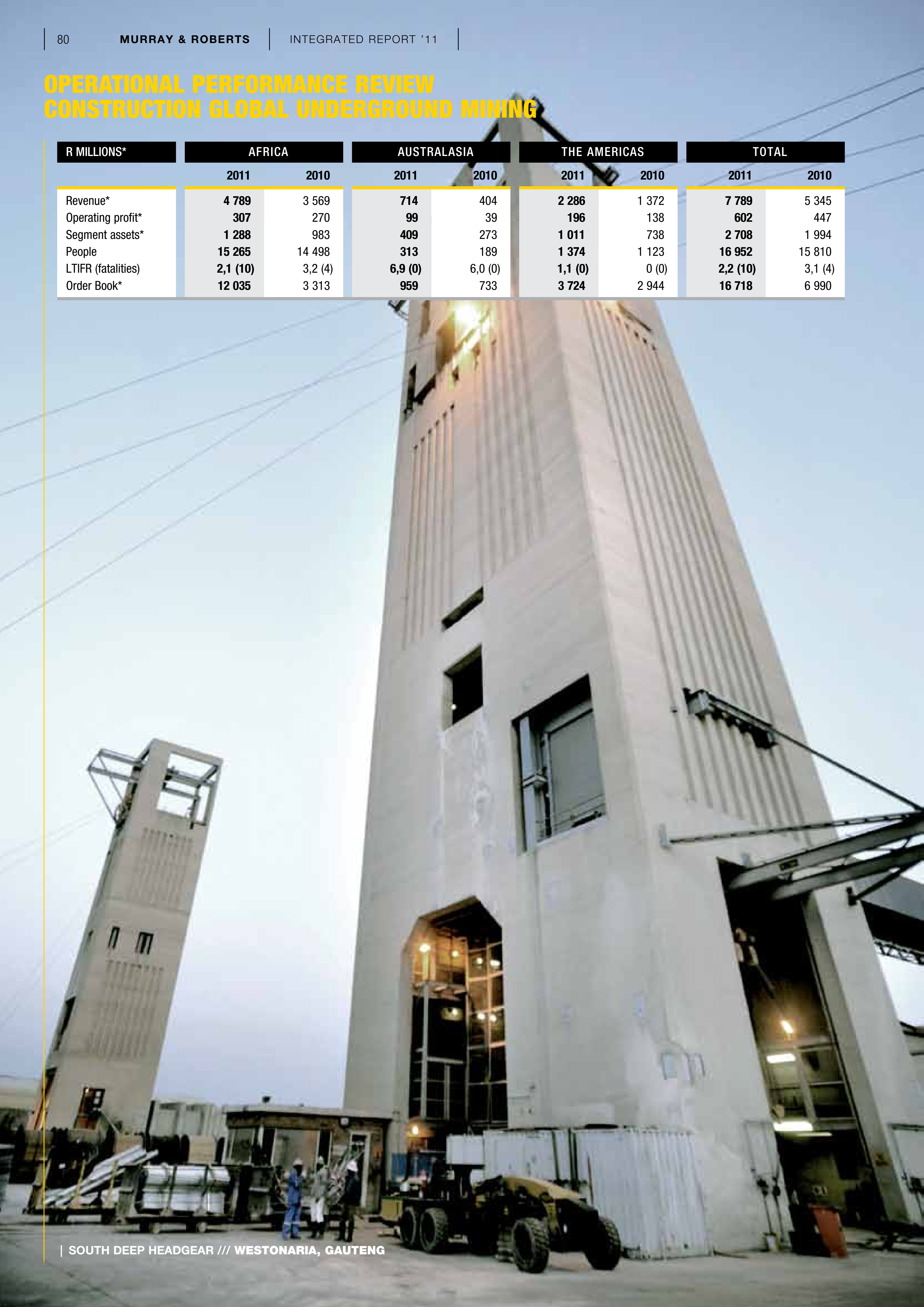
Murray & Roberts Middle East is well placed to obtain a possible R6 billion worth of business in the region, in which it remains the preferred supplier. The Murray & Roberts brand after nearly 20 years in the Middle East remains extremely strong.

The business is looking to engage more in the civil infrastructure market in Abu Dhabi and is one of the bidders for the Abu Dhabi Airport Terminal valued at R20 billion. A cornerstone of the business is that all its projects are joint ventures with local partners. In the case of the airport, its partners are the Habtoor Leighton group and German company, Hoctief, which has worked on major airports around the world. The company is also working with a partner in Qatar, Contrack and its parent company Orascom, on projects for the 2022 FIFA World Cup™ in that country.

| PARIS-SORBONNE UNIVERSITY /// **UNITED ARAB EMIRATES**

OPERATIONAL PERFORMANCE REVIEW
CONSTRUCTION GLOBAL UNDERGROUND MINING

R MILLIONS*	AFRICA		AUSTRALASIA		THE AMERICAS		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue*	**4 789**	3 569	**714**	404	**2 286**	1 372	**7 789**	5 345
Operating profit*	**307**	270	**99**	39	**196**	138	**602**	447
Segment assets*	**1 288**	983	**409**	273	**1 011**	738	**2 708**	1 994
People	**15 265**	14 498	**313**	189	**1 374**	1 123	**16 952**	15 810
LTIFR (fatalities)	**2,1 (10)**	3,2 (4)	**6,9 (0)**	6,0 (0)	**1,1 (0)**	0 (0)	**2,2 (10)**	3,1 (4)
Order Book*	**12 035**	3 313	**959**	733	**3 724**	2 944	**16 718**	6 990



| SOUTH DEEP HEADGEAR /// **WESTONARIA, GAUTENG**

UNDERGROUND MINING

PETER ADAMS

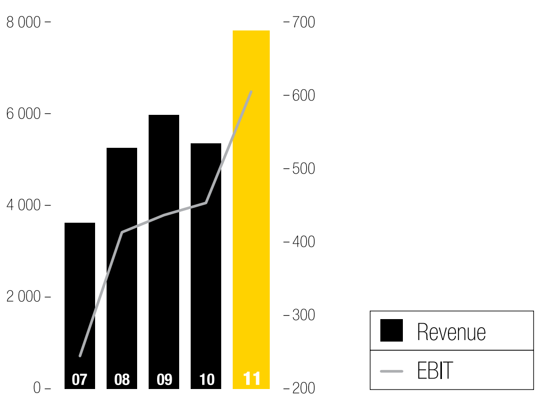
OPERATING PLATFORM EXECUTIVE

"THE CONSTRUCTION GLOBAL UNDERGROUND MINING OPERATING PLATFORM PERFORMED EXCEPTIONALLY WELL THIS YEAR as investment in mining continued to gather pace across the world. While Cementation Africa enjoyed markedly robust growth, the group performed well in all of its markets, successfully completing major projects and tendering for – and winning – new business. Around the world we were sinking 21 shafts at the end of the year while our nearest competitor was doing just seven. With a burgeoning order book, the outlook at the end of the year was extremely positive."

LEADERSHIP

The Construction Global Underground Mining operating platform is led by its London-based chairman, Peter Adams. This year Chris Sheppard was appointed managing director of Cementation Africa, replacing Henry Laas who was promoted to Group chief executive.

CONSTRUCTION GLOBAL UNDERGROUND MINING (R MILLIONS)



PERFORMANCE

On safety, our performance was unacceptable and overshadowed an exceptional financial performance. Cementation Africa suffered ten fatalities in the year; eight of them in the first half, five of these in a single fall of rock at Aquarius Platinum's Marikana mine, where we are the contract miner. The following employees lost their lives in this tragic incident:

- Tshepo Jacob Motjotji – Miner
- Otladisang Petrus Kai – Miner's Assistant
- Tsielo Toko – Rock Drill Operator
- Zwelebango Manjawe – Rock Drill Operator
- Ntobeko Siguca – Rock Drill Operator.

Management has analysed the safety performance of Cementation Africa and the rest of the mining industry, which showed that low injury rates do not necessarily translate into low fatality rates. Additionally, most reported fatalities can be linked to certain activities and operational risks. As a result, fatal risk control protocols (FRCP) were developed and implemented as a complementary and focused approach to fatal risks. The FRCP address risks ranging from working at heights to safeguarding machinery and equipment, managing explosives and hazardous materials, and safeguarding against falling objects.

Cementation Africa does not report water usage or air emissions as our clients generally account for these impacts. Construction Global Underground Mining recorded a most pleasing financial result, raising EBIT 35% to R602 million.

AFRICA

The investigation into the tragedy at Marikana concluded that the basic causes of the fall of ground incident were that the extent of localised geological features was not adequately identified and interpreted, and there was inadequate design. The support design was based on an assumption that the hanging-wall beam between the mined UG2 leader and the doublets was at least 2,5 metres thick and therefore, self-supporting.

The deaths led to a sharpened focus within Cementation Africa on health and safety, and a renewed bid to adopt best practice from other operations within the operating platform, where safety performance is much better than in southern Africa. Aquarius management's response to the Marikana tragedy was decisive and far-reaching. The mining direction was changed, roadway widths reduced and the length and density of roof bolt supports increased. These vital safety improvements resulted in a substantial short term

CONSTRUCTION GLOBAL UNDERGROUND MINING continued

loss of production amounting to R55 million of revenues in the second half of the year.

This financial year the following operations took part in the DuPont Sustainable Solutions audit of Murray & Roberts' health, safety and culture programme: South Deep, Karee 4, Pandora, Kopaneng and Blue Ridge Cementation. Managers at all levels have been instructed to co-operate fully with DuPont in an effort to reduce fatalities to zero. The consultants' recommendations are currently being evaluated and an action plan formulated.

Continuing – and growing – confidence in commodities helped Cementation Africa to achieve an outstanding financial result this year.

Cementation Africa's relationship with Aquarius has been entrenched and Aquarius remains the company's largest single customer. Until this year contracts had been negotiated on a year-to-year basis but Aquarius has now agreed a three-year renewal for the first time.

Cementation Africa now has an ongoing agreement worth R2,5 billion annually to contract mine at Kroondal, Marikana, Everest and Blue Ridge for Aquarius.

Combined production at Marikana and Kroondal during the past year has been in the order of 800 000 tonnes a month. Blue Ridge mine has been placed on care and maintenance as of the end of June 2011 but Everest is ramping up to full production and is producing 130 000 tonnes a month. Work commenced this year on the decline development of a new shaft for Aquarius's joint-venture K6 mine adjacent to the existing Kroondal Mine. In June, Aquarius announced its intention to purchase Booysendal South, which is contiguous to Everest and will significantly extend the life of the mine.

The Aquarius business model is based on identifying, acquiring and mining smaller platinum deposits, which may not be of sufficient interest to the larger players. These deposits are mined using the Australian model of contract mining. This approach allows a high degree of mechanisation, which should translate into greater safety. Contract mining allows Aquarius to contract with mining services specialists such as Cementation Africa and to benefit from their knowledge.

Cementation Africa's revenue has contributed significantly to the Group's results this year. During the recent recession, when the construction industry faced numerous challenges, contract mining which is sometimes perceived to be high risk, continued to deliver steady revenues.

A pleasing mine development contract win was achieved in the coal sector, specifically a replacement shaft system for Sasol's Impumelelo mine, as well as contracts at two underground collieries, BHP Billiton's Khutala and Goedehoop, owned by Amcoal.

In Zambia, Cementation Africa secured significant development work at Glencore's Mopani copper mine and at the Konkola North ARM/Vale joint-venture. In South Africa, other important orders were received from Northam (Booysendal) and Goldfields South Deep Ventilation shaft extension, as well as the New Mine Development project. For Lonmin's K4 project, the company's work – worth in excess of R2 billion – continues to focus on access development.

A landmark, turnkey project for the company this year was the raise boring of ventilation shafts, support and the installation of surface equipment at the Maropule Colliery in Botswana. The project involved the introduction of ground-breaking technology using a remote robotic shotcreting technique, developed and successfully implemented by Cementation Africa, which delivered superior safety, speed and cost savings for the client.

CANADA AND USA

The North American business recorded an excellent safety performance, with the US business recording no LTIs for the fifth year in a row and, overall, more than 60% of all projects recording no LTIs.

The company delivered turnover growth of more than 65% and ended the year 20% above budget, with EBIT up 50% on budget. It capitalised on the turnaround in the region's mining economy, with projects that were previously on hold coming back on stream and a number of new projects being launched. The company continued to diversify its client and commodities base.

The North American labour market was very active in the period under review and attracting and retaining key people was a priority. The company's drive in this area was underpinned by the fact that it was again placed in the top 100 employers in Canada.

Since Murray & Roberts acquired the company in 2004, it has been transformed from an operation with a turnover of US$65 million to one that today generates income of US$350 million. Much of this success relates to a concentration on engineering, procurement and construction (EPC) projects, in which the Group's service delivery is unrivalled. At US$530 million, the company's order book is strong.

Three key projects during the year were at the Resolution copper mine in Arizona, the Piccadilly potash mine on Canada's East Coast and the Diavik diamond mine in the Arctic Circle, a long term joint-venture project with its First Nations partner.

SOUTH AMERICA

Cementation Sudamérica, set up in late 2009 at the behest of Chile's state-owned Codelco copper mining operation, tendered this year for the shaft sinking and tunnel construction of the underground operations at Codelco's Chuquicamata mine, the largest copper mine in the world. This is a R300 billion project spread over eight years. The winning bid will be announced in late 2011.

AUSTRALASIA

The company managed to more than halve its lost time injury frequency rate (LTIFR), a pleasing improvement.

It also returned very strong results for the year with an increase in operating profit of 154% to R99 million and turnover of R714 million.

Other highlights included raise drilling projects in Indonesia and Mongolia, the ongoing shaft sinking work on Hong Kong Island, and the successful award of the Freeport shaft project, which was a major technical challenge.

The company's main challenges in the year ahead will be to maintain the same margins and operating performance, and to further reduce the LTIFR. With an order book of R959 million – 95% of the budget for the next financial year – the company is well positioned to succeed.

PROSPECTS

There is no doubt in the minds of the Construction Global Underground Mining leadership that safety has to be put before every other consideration – even profitability.

Cementation Africa ended the year with a buoyant order book worth R12 billion. While this lessens our reliance on Aquarius, management now needs to exploit the expertise gained in contract mining through this valuable client and unlock opportunities in what is widely acknowledged as a Murray & Roberts' area of expertise among the mining majors. The order outlook from Australia is similarly strong, translating into work of approximately R1 billion.

The strong order book means that Cementation Africa has the workflow to retain key employees but skills shortages remain a critical challenge, especially as additional projects come on line. In Africa, in particular, we will redouble efforts to ensure the safety of our workers and subcontractors. Energy consumption in South Africa is a significant risk to the operating platform's profitability but our evolving expertise in renewable energy has to be considered a significant opportunity.

In Australia, Canada, Mongolia, the United States and Indonesia we are confident of embedding the Construction Global Underground Mining in world-class mines with long term potential, and with clients who trust and value our expertise. Prospects are emerging in China, where we are looking at 15 shafts for a single client. New markets being investigated include the Philippines, Europe and India. A priority for the next year will be to ramp up business in Chile where we are now involved in converting the Chuquicamata copper mine from open cast to underground.

There are also encouraging indications that customers in territories outside of Africa could soon turn to Cementation Africa to run their mining operations on a contract basis, as we do for Aquarius. In most markets the Company will continue to diversify the sources of income and the minerals from which they are derived.

Within the next three years Construction Global Underground Mining is targeting significant organic growth. While the Murray & Roberts Group's financial position in recent years has mitigated against acquisitions, we are now considering future activity, including a small but significant acquisition in Australia.

The outlook for the operating platform is similar to that which prevailed in 2007 but the balance of all reasonably assessed indications is that our prospects will remain positive for at least the next three years and that the pleasing results of 2011 will be sustainable.

There is no doubt that Cementation Africa remains overly reliant on Aquarius, but moves to diversify income streams and a new, longer-term contract with Aquarius and other mining companies will mitigate the risk of this exposure.

BURNING THE MIDNIGHT OIL TO GET A SIGNIFICANT TENDER IN

For Mark Venning, managing director of Cementation Sudamérica, and his 15 strong team, the last 10 months have been a time of unprecedented activity in preparing a 1 500 page tender for shafts and tunnels at the world's largest copper mine, Chuquicamata in Chile.

Historically an open-cast operation, the mine had reached the stage where it could not expand any further on the surface, so it had to move operations underground. Although this will be an expensive exercise – the entire project over the next eight years will cost R300 billion – the price of copper, which has soared to US$4 a pound – makes the operation viable.

According to Venning, since the company was formed it has been playing a waiting game for the tenders to be announced. This finally happened soon after his arrival in October 2010 when, as he puts it, "the wheels were put in motion".

Ten members of the team worked night and day for six months putting the tender together in what Venning describes as a "very complicated process as the tender had not only the technical aspects but a financial and commercial presentation as well". The day before the tender was submitted, Mark and his team worked right through the night, finishing at 10:00 the next morning to ensure the tender was perfect.

Venning explains that Codelco has opened the technical presentations first and, based on these, some participants will be excluded. When the last two or three companies are announced, the financial and commercial presentations will be opened, with the winning bid being announced in November/December 2011.

"As the leading shaft contractor in the world, we are currently working on 21 shafts whereas our nearest competitor has only seven. This puts us in a very strong position. We also have a very good safety culture where, although mining is a risky business, deaths and injuries are unacceptable," he says.

Should the company be awarded the tender, the staff complement will rise to 500, mainly locals who will be trained to the highest standards. The company has designed a "train the trainer" programme where expatriate workers, mainly from Canada, but with a sprinkling of Australians and South Africans, will train the Chilean staff in three phases from maintenance to more complex operations such as winching. The programme will take between six and nine months and, thereafter, there will be only four or five expatriates on the team.

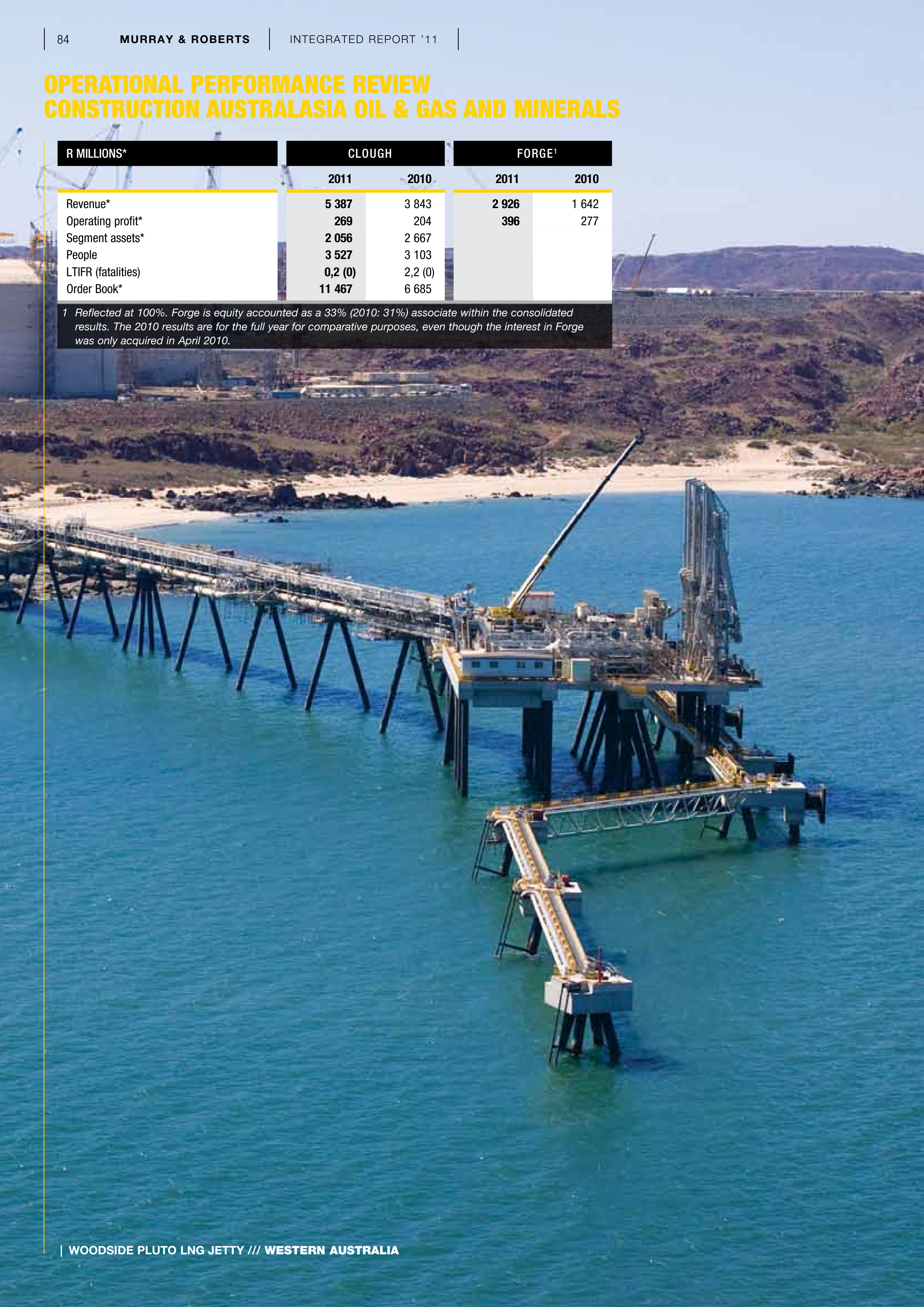
"If we can build a strong Chilean team this will make us even more competitive," says Venning.

In addition to the two shafts, which will take six or seven years to complete, the company has tendered for the building of two highway tunnels, each 8 km long and four lanes wide, for Codelco. Given the enormous mineral reserves in South America, the company is already looking ahead at opportunities in Peru, Argentina and Colombia.

OPERATIONAL PERFORMANCE REVIEW
CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS

R MILLIONS*	CLOUGH		FORGE[1]	
	2011	**2010**	**2011**	**2010**
Revenue*	**5 387**	3 843	**2 926**	1 642
Operating profit*	**269**	204	**396**	277
Segment assets*	**2 056**	2 667		
People	**3 527**	3 103		
LTIFR (fatalities)	**0,2 (0)**	2,2 (0)		
Order Book*	**11 467**	6 685		

1 *Reflected at 100%. Forge is equity accounted as a 33% (2010: 31%) associate within the consolidated results. The 2010 results are for the full year for comparative purposes, even though the interest in Forge was only acquired in April 2010.*



| **WOODSIDE PLUTO LNG JETTY /// WESTERN AUSTRALIA**

OIL & GAS

JOHN SMITH
CHIEF EXECUTIVE

"CLOUGH ACHIEVED GOOD OPERATIONAL RESULTS IN THE PAST YEAR, IMPROVING

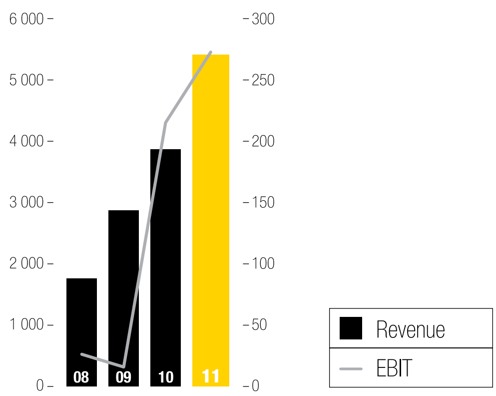
safety performance and delivering on key project milestones despite some challenging market conditions."

LEADERSHIP

After four years at the helm, John Smith will retire as Clough CEO at the end of December 2011. He leaves the Company poised for growth, with a strong statement of financial position and a robust order book of world-class projects.

After an extensive local and international search, Clough appointed Kevin Gallagher as CEO. Kevin will join Clough in December 2011 bringing 20 years experience in oil & gas operations, including 13 years experience with Australian oil & gas giant Woodside Energy Limited.

CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS (R MILLIONS)



Note: Clough's results were only consolidated from financial year 2008.

There were a number of Board changes throughout the year. In May 2011 David Crawford was appointed to the Clough Board, filling the vacancy created when Mike Harding stepped down in October 2010. Brian Bruce and Roger Rees retired from their positions as non-executive directors on Clough's Board and have been replaced by Henry Laas and Cobus Bester.

PERFORMANCE

Clough's safety performance improved again during the financial year. Lost time injury (LTI) rates declined by 42% to 0,21 across the 18,9 million man-hours worked by Clough people. In Papua New Guinea, Clough's upstream infrastructure project achieved seven million man-hours without a LTI, an exceptional performance considering the challenging project conditions.

Clough achieved a 40% increase in turnover to R5,4 billion with operating profit from continuing operations increasing by 32% to R269 million.

Highlights for the year were the ramping up of the Gorgon liquefied natural gas (LNG) project and the three projects being executed for ExxonMobil in Papua New Guinea, which created 1 750 local jobs. Clough's total direct employment rose more than 40% to 1 687, with another 1 949 people being employed by joint ventures.

Work on Clough's three contracts for ExxonMobil's massive Gorgon LNG project progressed well throughout the year. The Upstream Infrastructure project, which is being undertaken in joint-venture (JV) with Curtain Bros, completed work scopes for the Highlands Highway and all southern areas, while achieving seven million man-hours without a LTI. In conjunction with partner CB&I, Clough completed over 85% of the engineering and commenced civil construction activities on the engineering, procurement and construction (EPC) contract for the Hides Gas Conditioning Plant, while work on the Gorgon LNG jetty project, which was awarded to the BAM Clough JV in August 2010, reached 25% completion.

The Gorgon LNG project is the largest resource project in Australia's history and will supply the growing Asia-Pacific market with LNG for power generation and domestic use. The greater Gorgon gas fields, are estimated to contain over 40 trillion cubic feet of natural gas – some 25% of Australia's known gas resources. When fully operational in 2015, the Gorgon project will add 15 million tonnes of LNG per year to Australia's current output of approximately 20 million tonnes.

CONSTRUCTION AUSTRALIA OIL & GAS AND MINERALS continued

The downstream engineering, procurement, construction management (EPCM) contract for the project, in which Clough is executing as a 20% partner in the Kellogg Joint Venture, includes a three-train, 15 million metric-ton-per-annum LNG facility and a domestic gas plant on Barrow Island. KJV previously completed the updated onshore facilities front-end engineering and design and execution planning. Murray & Roberts Marine is involved as a subcontractor (under contract to Boskalis Australia) to engineer and construct the materials offloading facility (MOF) on Barrow Island.

The Gorgon project has more than 400 Clough employees deployed on the project and will help cement Clough's position in the international market and to gain credibility on what is probably the largest and most complex oil and gas project in the world.

Start-up Clough Seam Gas has now begun bearing fruit by securing work with BG and Arrow, and is tendering extensively for the construction phases of Queensland's extensive coal seam gas projects.

Although Clough's Marine Construction division recorded an AUD$7,6 million loss, their performance was commendable in an extremely difficult market. In early August 2011 Clough announced that it has agreed to sell its offshore Marine Construction Division to Malaysian stock exchange listed SapuraCrest, for gross proceeds of approximately AUD$127 million in cash. The sale, which is expected to complete in December, will achieve a one-off profit of approximately AUD$8 million and will increase Clough's net cash by approximately AUD$55 million.

As a growing business, Clough has had to invest heavily in human resources, especially in its ability to attract and retain talent. The Success Through People initiative continued this year, training 400 leadership candidates, while female workforce participation became a top priority for the company, resulting in the launch of the Women@Clough initiative, which has started to gain momentum.

Following financial year close Clough began execution of new contracts for BHP Billiton on Macedon, INPEX on Ichthys, CSBP (Wesfarmers) on the NAAN 3 ammonium nitrate development and, through the Clough Forge joint-venture, for Hancock Prospecting on the Roy Hill Development.

The Ichthys project entails offshore integrated management support services and is being undertaken in conjunction with French joint-venture partner, DORIS. The contract is valued at AUD$250 million. As with Gorgon, Ichthys will secure Clough's offshore integrated project management credentials on a worldwide scale. The project involves exporting gas from the Ichthys field, 200 km offshore Western Australia to processing facilities in Darwin, Northern Territory via an 885 km subsea pipeline.

The AUD$43 million Macedon gas project work involves construction of approximately 83 km of onshore pipelines and associated umbilical and cable for BHP Billiton's gas-field development project, also in the Pilbara region.

While the scope of the Roy Hill Iron Ore ECI contract is limited to reviewing the preliminary and bankable feasibility study documentation, this contract award is strategically significant in that it is the first project win for the Clough Forge joint-venture. The work will position Clough Forge well for the Roy Hill EPC phase, which is likely to be worth more than AUD$500 million. Similarly, NAAN 3 is an ECI contract that will position Downer Clough well for EPC work worth circa AUD$200 million.

PROSPECTS

The Australian energy and resource landscape presents abundant opportunities for Clough. The combined forecast capital expenditure (capex) for the 94 committed energy and resource projects was AUD$173,5 billion, while a further 305 projects are in the planning phase. The total estimated capex spend for committed and planned resource projects in Australia is AUD$429,9 billion.

The sale of Marine Construction will leave the company debt free. At the end of the year cash holdings stood at a healthy AUD$90,4 million or AUD$64,6 million excluding Marine Construction, equipping Clough to take advantage of a wide range of opportunities for expansion.

Confirmation of a two-year extension of the Clough AMEC joint-venture contract with ConocoPhillips is expected shortly. Together with the ongoing work for Chevron, Woodside, Oil Search and Maersk, this will provide a strong base load for the joint-venture.

The order book currently stands at AUD$1,5 billion (AUD$1,25 billion excluding Marine Construction), more than three times the value reported at the end of the 2009 year and a good 50% up on the order book at the end of 2010. Additionally, Clough's tender pipeline is at record levels and a number of major prospects are at an advanced stage of pursuit.

The coming year proves to be an exciting time for Clough. As an Australian EPC contractor serving the thriving energy and resource sectors in Australia, Clough has the capability and capacity to leverage the many opportunities on its doorstep. With a strong cash position, robust order book of world-class projects and new industry leaders joining the management and board teams, the future for Clough looks very bright.

OPERATIONAL PERFORMANCE REVIEW ENGINEERING AFRICA

R MILLIONS*	POWER PROGRAMME[1]		ENGINEERING[2]		TOTAL	
	2011	2010	2011	2010	2011	2010
Revenue*	**3 337**	1 099	**757**	619	**4 094**	1 718
Operating (loss)/profit*	**(34)**	38	**(17)**	30	**(51)**	68
Segment assets*	**901**	1 557	**340**	245	**1 241**	1 802
People	**4 362**	2 557	**831**	629	**5 193**	3 186
LTIFR (fatalities)	**1,5 (0)**	0,8 (0)	**1,0 (0)**	2,3 (0)	**1,3 (0)**	1,5 (0)
Order Book*	**13 411**	15 578	**800**	569	**14 211**	16 147

1 Murray & Roberts Projects power programme contracts and Genrec.
2 Includes Wade Walker, Concor Engineering and Murray & Roberts Projects non-power programme projects.

| ENGINEERING WORKS, MEDUPI POWER STATION /// **LEPHALALE, LIMPOPO PROVINCE**

ENGINEERING

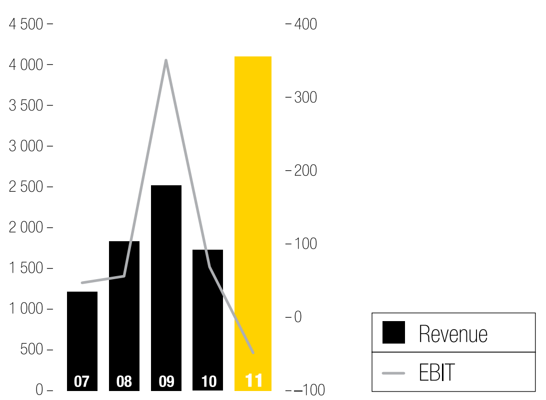
FRANK SAIEVA

OPERATING PLATFORM EXECUTIVE

"MURRAY & ROBERTS PROJECTS' PERFORMANCE IN THE YEAR CONTINUED TO BE SEVERELY IMPACTED

by delays and design changes at the Medupi and Kusile power station projects. A breakthrough was achieved toward the end of June 2011, when a new commercial arrangement was entered into between Murray & Roberts Projects and the main contractor, Hitachi Power, which significantly reduces the commercial risk on the balance of the projects. Mechanical work at Medupi is progressing satisfactorily but Kusile continues to be subject to lengthy delays."

ENGINEERING AFRICA (R MILLIONS)



LEADERSHIP

Frank Saieva was appointed managing director of Murray & Roberts Projects, joining from Aveng in July 2011, and succeeding Gary Wells. He will serve as chairman of all businesses in the Engineering Africa operating platform.

Extensive management changes took place at Wade Walker and Genrec. At Concor Engineering, Martin Walsh, an external appointment, succeeded Jean Charoux as managing director.

PERFORMANCE

The lost time injury frequency rate (LTIFR) for the operating platform was 1,3 (2010: 1,5).

EBIT for the year was a loss of R51 million (2010: R68 million profit).

Genrec is operating at full capacity manufacturing steel for the Medupi and Kusile power station projects, and subsequent to the commercial settlement with Hitachi, declared a strong EBIT contribution.

Wade Walker returned a reasonable financial performance, considering ongoing delay in the award of new work, and is now set for sustained growth.

The operating platform continued to experience a mismatch between project human resource requirements, the desire and need to recruit locally, and the availability of skills.

MURRAY & ROBERTS PROJECTS

Murray & Roberts Projects recorded an improvement in operational safety and the team is focused on continuing to improve this performance. Proactive management has been emphasised. The LTIFR was 1,18 for the year. During this period, the operations at Medupi recorded in excess of two million man-hours without a Lost-Time Injury (LTI) and is close to recording a further million LTI-free man-hours at the time of reporting.

The company's focus on Eskom's Medupi and Kusile power station projects deepened during the year. These two projects now represent almost 24% of the Group's order book and more than 95% of that of Murray & Roberts Projects.

By 2026, Eskom plans to have an output capacity in its various power stations of 80 000MW. Once complete, Medupi and Kusile will each have a maximum capacity of 4 800MW. The project will therefore add 9 600MW of capacity to the power grid. Construction at Medupi is about 29% complete, while Kusile is some 9% complete. Both projects are on track for completion around 2015/16.

ENGINEERING AFRICA continued

VCT CAMPAIGN AT MEDUPI A GREAT SUCCESS

In partnership with Eskom, Murray & Roberts Projects ran an HIV/Aids voluntary counselling and testing (VCT) campaign at the Medupi site from 1 March to 3 March 2011. More than 1 700 employees were tested over the three days.

Such was the interest in the campaign that the Deputy President, Kgalema Motlanthe, national Ministers of Health, Dr Aaron Motsoaledi, and Public Enterprises, Malusi Gigaba, attended along with the Premier of Limpopo, Cassel Mathale, the Limpopo MEC for Health and Social Development, Ms Dikeledi Magadzi, Eskom chairman, Mr Mpho Makwana, Eskom CEO, Brian Dames, former Murray & Roberts CEO, Brian Bruce and former Murray & Roberts operating platform executive, Henry Laas, now the Group's CEO.

Of the 1 765 people tested, 195 males and 19 females were found to be HIV positive.

Across the Murray & Roberts Group, 12 404 employees underwent voluntary HIV/Aids testing, with about 14% confirmed positive.

Murray & Roberts Projects is the sole contractor for the detailed connection design, steel manufacture and erection of six boiler units at Medupi in Mpumalanga, and six boiler units at Kusile in Limpopo. The scope of work includes all heavy steel and ducting work.

As part of the Murray & Roberts capacity delivering on Medupi and Kusile, Genrec has devoted its entire steel fabrication output to the power station projects. In the year Energy Fabrication, responsible for manufacturing ductwork, was absorbed by Murray & Roberts Projects, which means that there are now only two Murray & Roberts companies involved in the projects, Murray & Roberts Projects and Genrec. This is expected to facilitate better decision-making, project co-ordination and reporting while accelerating delivery.

Mechanical works at Medupi have been a particular challenge because of the more than 30 000 design changes made by main contractor Hitachi. In some cases steel already erected had to be removed and modified. These changes gave rise to a dispute between Murray & Roberts Projects and Hitachi, which was the main catalyst for the new commercial arrangement.

While about R4 billion of work has been completed (mostly at Medupi) Murray & Roberts Projects has as yet unlocked no financial value from the power project. However, there remains about R14 billion of order value on the projects and, following the successful negotiation of the new commercial arrangement through a far-reaching variation agreement with Hitachi, future value has been effectively de-risked.

At the end of the financial year, more than a year behind schedule, the project team at Kusile has still not yet been given access to site to commence the steel erection works. The delay costs have been accounted for as part of the commercial settlement with Hitachi. Much effort is still required as the Murray & Roberts Projects team grapples with embedding the new operational requirements and approach not only with Hitachi, but also in its own organisation.

The other project undertaken during the year was the receiving tank farm for Transnet's National Multi-Product Pipeline at Heidelberg, Gauteng. In joint-venture with Chicago Bridge & Iron, the first of ten tanks had been completed by the end of the year and the project was on schedule for completion by May 2012. Project value is about R400 million.

At the time of reporting, a tender for a water treatment plant in Newcastle, KwaZulu-Natal was awaiting client board approval. Nineteen other viable projects were in the opportunity pipeline, predominantly in the energy sector. Due to Murray & Roberts' standing in the market, strategic alliances and knowledge of the market, the company is well placed to exploit any formal announcements to incentivise independent power producers and generators of renewable energy.

WADE WALKER

The company's LTIFR was unchanged at 0,62.

During the year, an exclusive Murray & Roberts team successfully took over full management control of Wade Walker, from the entrepreneurs who had previously owned and managed the company. An entirely new set of business systems was implemented and the business fully integrated into the Group.

The company delivered a low operating result for 2011 but ended the year with an exceptionally positive outlook. 53% of all work tendered for during the year was awarded to the company. In the new financial year staff numbers are expected to increase strongly and the company has exploited the general contraction in the industry to recruit skilled staff.

New orders include contracts across Africa, notably sizeable new work at Botswana's Cut 8 and AK6 diamond mines, Grootgeluk (Exxaro) and Medupi. Opportunities in Africa include resource companies' move to invest in their own power generation as well as alternative energy.

GENREC

The company's LTIFR increased marginally, from 1,5 to 1,83. At 26 August Genrec had achieved two million LTI-free hours – a first for the company.

Turnover for the year was R1 676 million with attributable profit of R84 million, a healthy margin of 5,0% and a significant turnaround from 2010. Genrec was the primary beneficiary of the far-reaching variation agreement concluded with Hitachi and Murray & Roberts Projects, and the outlook for the rest of the contract period, until 2015, is promising.

To meet the demand from the Medupi and Kusile power station projects, fabrication output rose from 13 300 tonnes to 35 600 tonnes, compelling the Wadeville facility to move to a three-shift, 24-hour operation. At the same time, decisive interventions to improve quality control slashed the product rejection rate from 35% to 3,5%.

Extensive changes to the Genrec management team during the year resulted in a leadership that is keenly focused on creating a sustainable future for Genrec, beyond the current Medupi and Kusile projects. Genrec is acknowledged as the leading steel fabricator in South Africa.

A major business risk is skills shortage. During the year Genrec's in-house artisan training programme was reconfigured to bridge the gap between theoretical knowledge and project-relevant practical skills. Such was the success of this undertaking that Seifsa has announced its intention to use Genrec's new system as the model for industry-wide training.

With a secure and profitable order book for the next three to four years, Genrec is strongly focused on developing longer-term new market opportunities. Marketing and brand-building interventions will be intensified in the year ahead.

CONCOR ENGINEERING

This structural steel, mechanicals, piping and platework operation, which works mainly in the mining sector, had a disappointing year, missing its budgeted revenue targets. However, it has already secured its revenue targets for the next financial year, with a major contract in Zambia, work at the Kusile Power Station and two contracts in the platinum mining sector.

PROSPECTS

The Medupi and Kusile power projects provide Murray & Roberts Projects with a baseload of work extending to 2016. The new agreement with Hitachi, the main contractor at Medupi and Kusile, will result in acceptable margins on the balance of this contract.

While the power contract is fulfilled, Murray & Roberts Projects is focusing on diversifying its revenue stream, with emphasis on alternative energy, oil & gas and water, and especially the opportunities presented by the entry of independent power producers to the market.

Wade Walker has a strong order book that is well diversified across geographies and sectors.

Genrec is well positioned for the new financial year with full capacity dedicated to the Medupi and Kusile power projects, while positioning itself for opportunities outside the power programme.

OPERATIONAL PERFORMANCE REVIEW
CONSTRUCTION PRODUCTS AFRICA

R MILLIONS*	CONSTRUCTION PRODUCTS[1]		INDUSTRIAL PRODUCTS[2]		TOTAL	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue*	**3 147**	4 988	**1 010**	764	**4 157**	5 752
Operating profit*	**75**	612	**117**	6	**192**	618
Ongoing activities*	**154**	612	**117**	6	**271**	618
Intangible asset impairment*	**(79)**	–	**–**	–	**(79)**	–
Segment assets*	**1 663**	1 909	**438**	823	**2 101**	2 732
People	**3 808**	3 939	**1 122**	1 277	**4 930**	5 216
LTIFR (fatalities)	**2,6 (1)**	3,7 (0)	**7,6 (0)**	5,1 (0)	**3,9 (1)**	4,0 (0)
Order Book*	**587**	367	**2 421**	1 809	**3 008**	2 176

1 *Includes Hall Longmore, Rocla, Much Asphalt, Ocon and Technicrete.*
2 *UCW.*

| **MUCH ASPHALT PLANT /// JOHANNESBURG, GAUTENG**

CONSTRUCTION PRODUCTS

ORRIE FENN

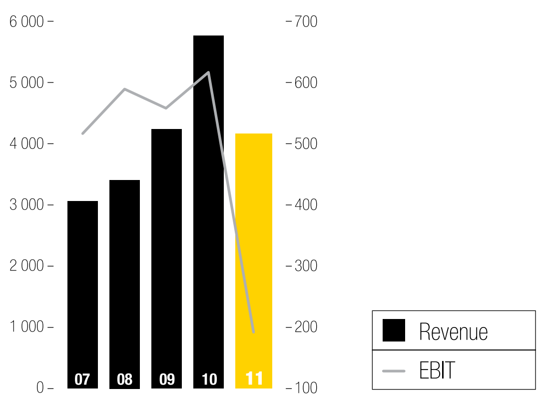
OPERATING PLATFORM EXECUTIVE

"ALL BUSINESSES IN THE MURRAY & ROBERTS CONSTRUCTION PRODUCTS AFRICA OPERATING PLATFORM, WITH THE EXCEPTION OF MUCH ASPHALT, continued to experience extremely difficult trading conditions this year. Revenue declined significantly as markets contracted following the completion of public sector-financed work undertaken in the run-up to the 2010 FIFA World Cup™, and the South African Government slowed down on infrastructural spending, exacerbated by general economic uncertainty."

LEADERSHIP

Orrie Fenn joined the Group on November 2009 and assumed full executive responsibility for the Construction Products Africa operating platform. Key leadership remained stable with Rob Noonan, Phillip Hechter, Paul Deppe, Trevor Barnard and Albert Weber responsible for Murray & Roberts Steel, Much Asphalt, Hall Longmore, Rocla and Building Products (Technicrete & Ocon Brick) respectively.

CONSTRUCTION PRODUCTS AFRICA (R MILLIONS)



PERFORMANCE

The operating platform's lost time injury frequency rate (LTIFR) was 3,9 (2010: 4,0).

Modise Baase of Ocon Brick was fatally injured when his tractor overturned and fell on him.

Construction Products Africa returned an EBIT of R192 million (2010: R618 million).

In the face of tough market conditions, tough decisions were taken and implemented at most operations. The most significant decision in the year under review was to dispose of Murray & Roberts Steel. The Group announced in October 2010 the temporary closure of the Cape Town Iron and Steel Company (CISCO) furnace, melt shop and reinforcing steel rolling mill in the Western Cape pending its disposal or permanent closure. This will significantly reduce the Group's greenhouse-gas emissions as CISCO represented a large portion of the Group's electricity consumption.

This decision was reached following a strategic review, which indicated that under current market conditions there was limited opportunity for Murray & Roberts Steel to generate acceptable returns on its investment in the steel business.

At other operations costs were closely examined and significant savings made. Excluding the closure of CISCO and restructuring of the steel business, head count was reduced across every division. Various manufacturing and operational improvements, including the closure of non-profitable operations, were implemented to rightsize the operating companies to better suit prevailing conditions and position them for any upturn in the market.

Much Asphalt and Hall Longmore were selected to take part in a pilot project to establish the Group's environmental risk profile. The results of this project will inform environmental decision-making throughout Murray & Roberts and, especially, within the Construction Products Africa operating platform.

HALL LONGMORE

A particularly pleasing decline was achieved in Hall Longmore's LTIFR, which fell from 4,5 to 2,1.

As envisaged, turnover at Hall Longmore declined sharply this year following the completion of Transnet's 720-kilometre New Multi-Product Pipeline (NMPP) project. This major project, worth more than R2 billion to Hall Longmore, accounted for 70% of turnover in the previous year, and left the company with excess electric resistance welded (ERW) pipe production capacity which has proved difficult to fill.

CONSTRUCTION PRODUCTS AFRICA continued

GRADUATES HUNT FOR HAZARDS

As part of the Group's overall effort to establish and entrench a safety awareness culture, management decided that as part of their development, all graduates should visit operations and "hunt" for hazards and other housekeeping issues. A pilot programme was run within the Construction Products Africa operating platform, with two teams of graduates being deployed at:

- Rocla Roodepoort
- Much Asphalt Benoni
- Ocon Brick Meyerton
- Technicrete Olifantsfontein.

The programme was very successful, with the teams identifying and highlighting a number of housekeeping issues and safety hazards that needed to be addressed at each operation. Best practices that could be transferred across the operating platform and the Group were also identified.

All findings were presented to company management and the Board and it was decided to extend the programme to other parts of the Group.

A strategic review of the ERW market worldwide has identified potential export opportunities which are being pursued along with a focus on meeting the demands of the local market.

The company was strongly cash generative – to the extent of some R233 million – following a concerted effort to dispose of excess stock, which contributed to freeing up working capital.

In the longer term, strong potential is seen in a number of planned long-distance pipeline projects, while in the short term, opportunities in the spiral pipe market remain good as South Africa embarks on a programme to upgrade its water reticulation network.

With a number of new spiral pipe orders being placed late in the year, the company is now focused on the Komati water pipeline for the Trans-Caledon Tunnel Authority and Sasol's Gauteng Network Pipeline. Further delays in the awarding of public sector tenders remain the greatest risk facing Hall Longmore in the short term.

MUCH ASPHALT

The company's safety performance was disappointing, having started the year with a LTIFR of 4,0 and ending it with a figure of 5,2 following five LTIs.

While the first half of the year saw some post 2010 FIFA World Cup™ carry-over work being completed, particularly on the Gauteng Freeway Improvement Project (GFIP), the market contracted sharply in the second half, with overall road construction activity declining year on year by 35%. Compounding a constrained market was the presence of several new entrants attracted by the 2010 FIFA World Cup™ windfall, as well as shortages of aggregates and, especially, bitumen. In some months bitumen shortfalls were as much as 50% of demand in some areas.

Such was the extent of recent bitumen shortages that management initiated steps to diversify its supply of this most important input, particularly its reliance on the refineries.

In the face of a tight market, Much Asphalt performed creditably with sales volumes declining by 20% and profit by 18% to R218 million (2010: R266 million).

The new R50 million warm-mix asphalt production facility in Benoni, Gauteng commissioned at the tail end of last year, performed to expectation. With its ability to produce asphalt at greatly reduced temperatures, the plant, the first of its kind in Africa, will significantly lower the company's carbon footprint. The availability of this plant will, we believe, underscore our competitive edge as a "green" asphalt producer.

The outlook for the road construction industry in the short term remains uncertain but in the medium to longer term, South Africa's growing national, regional and municipal roads backlog, the Government's need to deliver services and infrastructure, as well as specific, planned projects all point towards a significant upturn in asphalt demand.

ROCLA

A pleasing aspect of the company's performance was a reduction in the LTIFR from 4,4 to 2,3 (2009: 11,2).

Decisive measures were taken in the past year to position Rocla for sustained growth in the medium term. The company's trading environment was extremely challenging, with Government cutting back on infrastructural spend, little to no activity in the residential market and contractors struggling to get paid. This situation was compounded by an excess of production capacity in the sector and resulting pressure on margins. Such was the impact of heightened competition that Rocla's traditionally strong performance on operating profit as a percentage of turnover failed to materialise, with revenue declining by a quarter.

Restructuring initiatives this year included closing the plant in Orkney and mothballing the George operation. In total, more than 120 jobs, from a total of 1 000, were lost.

Another direction pursued this year was the introduction of new products to reduce reliance on the traditional lines of pipes and culverts. Four new products were launched in the year and another three are planned for the new financial year.

BUILDING PRODUCTS (TECHNICRETE AND OCON BRICK)

Building Products had a mixed performance on workplace safety. Tragically, Ocon Brick employee Modise Baase was killed when the tractor he was driving overturned and fell on him.

In response to this tragedy, the Construction Products Africa resolved to pay particular attention to "non-standard" risks and to engage outside expertise whenever deemed appropriate. Where relevant, safety belts and roll-over equipment have been made mandatory on all mobile equipment and all sites have been assessed for compliance.

Ocon Brick's LTIFR reduced from 4,9 to 2,9 while Technicrete's rose from 0,7 to 1,1. This year DuPont conducted safety management evaluations at Ocon Brick's facility in Meyerton, and Technicrete's Olifantsfontein and Polokwane factories.

Faced with stagnant demand, ongoing competition and sustained downward pressure on margins, the Technicrete business was further restructured during the year, resulting in a 13% reduction in the workforce (on the back of a 17% reduction in the prior year), and the closure of two loss-making facilities, one in Port Elizabeth and a joint-venture operation in Rustenburg.

The response to the restructuring measures, coupled with a concerted marketing drive and focus on reducing waste and improving productivity, was encouraging. Ocon Brick almost doubled its EBIT earnings while Technicrete generated a similarly positive return to both its traditional strength of generating cash for the Group and healthier margins after suffering declines in profitability since 2007.

The outlook for Technicrete remains challenging with the market heavily dependent on a resumption of Government tenders and an upturn in the residential building market. Ocon Brick's prospects, however, appear to be improving, the business having sold 102 million clay bricks in the second half of the year, compared to just 80 million in the first six months.

Ocon Brick accounts for 29% of the Group's carbon footprint. In the last year, a monthly air quality monitoring and measuring programme was put in place; with dust fall-out, particulate matter, carbon dioxide and Volatile Organic Compounds being measured in accordance with the new SANS 1929 Standard.

Also this year, management of Ocon Brick reached an agreement with Nampak to receive pulp from its neighbouring facility, which is included in the clay mix, reducing the coal content by 0,5%.

UCW

Operating from its 37-hectare production facility in Nigel, Gauteng, Union Carriage & Wagon (UCW) was completing delivery of 44 15E locomotives for Transnet Freight Rail's Sishen-Saldanha iron ore line and 110 19E locomotives for Transnet's Ermelo to Richards Bay coal line in June 2011. In the previous year UCW completed the assembly of 81 Gautrain rail vehicles.

UCW concluded a contract extension with Transnet for the design, manufacture and integration of a further 32 15E locomotives, with production due to start in the next financial year.

Completing the 19E contract, UCW will manufacture one locomotive per week until February 2012 and thereafter one 15E locomotive every two weeks. With a capacity to produce 100 electric locomotives a year – and possibly more – the challenge facing UCW is to find enough work to optimise production capacity and to retain the company's skills.

UCW participates in the Passenger Rail Authority of South Africa's General Overhaul and Upgrade programme but this work is of limited scope, as is the programme itself. South African rail authorities acknowledge that in the order of R80 billion (for freight) and R100 billion (for metro and long-distance passenger) will need to be spent in South Africa to recapitalise the country's ageing rolling stock. There is, however, an inevitable lag of between 36 and 48 months from the issuing of a tender to the commencement of manufacturing.

During the year, the partnership with broad-based black economic empowerment investors, the J&J Group, was dissolved, subsequent to year-end, resulting in UCW again being a wholly owned Murray & Roberts company.

PROSPECTS

Having taken a number of necessary, and sometimes painful, steps to reduce costs and to rightsize our businesses, the operating platform is well placed for an eventual upturn in infrastructural spending. The pending disposal of the steel business will remove a drain on both financial and management resources, allowing leadership to focus on further strengthening our stable of world-class manufacturing companies.

For the foreseeable future, we will remain largely focused on the South African market and, with gross fixed capital formation as a percentage of GDP currently below 20%, and the prognosis for the health of the domestic and world economies still uncertain, the ability of most of our operations in the short term to deliver pre-2008 returns is limited.

OCON BRICK GIVES NEW HOPE TO RETRENCHED STAFF

As a result of a declining market, Ocon Brick had to lay off a number of employees, including supervisors. However, mindful of the tough economic conditions, the company established a pallet-making company for some of those retrenched staff members, for whom life is looking up again.

Ocon Brick will buy all of the pallets the new company can produce and today the business employs some 12 people full time. Additionally, other Murray & Roberts companies were brought into the loop and they too are now buying pallets.

MAJOR PROJECTS

THE MEDUPI AND KUSILE POWER STATIONS, NOW UNDER CONSTRUCTION, WILL BE AMONG THE LARGEST DRY-COOLED POWER STATIONS IN THE WORLD.

"We know we cannot have the kind of economic growth that leads to job opportunities unless we have sufficient power. The current strain on the power supply is constraining the growth of our economy. Murray & Roberts is proud to be involved in Medupi and Kusile; they are examples of the way in which we add permanent value in whatever we undertake. This infrastructure will be utilised for decades to come and will contribute to social upliftment and economic growth."

HENRY LAAS
GROUP CHIEF EXECUTIVE, MURRAY & ROBERTS

"While construction of the new power stations at Medupi and Kusile is on track, 2011 and 2012 will be potentially challenging years. We expect demand on the system to increase by about 2% a year for the next two years. This is lower than the projected growth in GDP, but contingency plans have to be made in case growth increases along with the demand for power. Funding is no longer a problem so all that remains is for the funds to be channelled into the relevant programmes."

ANDREW ETZINGER
DSM PROGRAMME MANAGER, ESKOM

MURRAY & ROBERTS PARTICIPATION

- 66% share in Medupi Civil Joint Venture
- 40% share in joint-venture for Medupi and Kusile chimneys respectively
- Subcontractor to Hitachi for detail engineering, steel and ducting fabrication and boiler erection at Medupi and Kusile


MPS - JV
THE POWER PROGRAMME
IS VALUED AT ABOUT
R20
BILLION FOR
MURRAY & ROBERTS

CORPORATE GOVERNANCE

STATEMENT OF COMMITMENT AND COMPLIANCE

The Board of Murray & Roberts Holdings Limited (Board) promotes and supports the highest standards of business integrity, ethics and corporate governance. The Board fully endorses the King Code of Governance Principles for South Africa 2009 as set out in the King Report on Governance for South Africa 2009 (collectively known as King III), which came into effect on 1 March 2010. In supporting the Code, the Board recognises the need to conduct the business of the Group with prudence, transparency, integrity and accountability, and the importance of reporting annually in an integrated manner. The corporate governance framework that has been in operation in the Group for many years is reviewed from time to time. As necessary, the structures and processes that make up the framework are adapted to facilitate effective leadership, sustainability, corporate citizenship and corporate governance best practice beyond the prevailing minimum requirements.

The Board intends complying with the principles contained in King III and adheres to its "apply or explain" principle. The Board believes that most of the principles of King III are already incorporated in the Group's internal controls, policies and procedures governing corporate conduct, and that every effort has been made to apply the principles in all material respects with King III in the year under review.

During the year, additional refinements aimed at complying fully with King III included revisions to the charters of the Board and its committees, but more particularly, our internal auditors, KPMG, performed a King III Readiness Review to provide Murray & Roberts with a status update in terms of its King III readiness early in the financial year. The key findings can be summarised as follows:

- Murray & Roberts applies most of the principles and many of the recommended practices contained in King III.
- Numerous practices were identified that were applied by Murray & Roberts, but which could be more fully disclosed in the annual integrated report. This has been addressed in this report.
- The main areas where Murray & Roberts are seeking to improve their governance principles and practices are listed below with the status of the action plans to address these areas.

FINDINGS	ACTION PLANS IMPLEMENTED
Remuneration: Shareholders should pass a non-binding advisory vote on the Company's yearly remuneration policy.	■ Remuneration policy, practices and prior disclosure has been reviewed against the requirements of King III ■ Stakeholders are referred to the 2011 remuneration report on page 114 of this report and to Ordinary Resolution Number 7 on page 213 of the annual integrated report.
Risk Management: Murray & Roberts apply many of the risk principles i.e. Board responsibility for risk; risk tolerance determination; risk management within the organisation; performance of risk assessments; use of acceptable risk methodologies and monitoring of risk by management. However, the Board does not currently receive assurance on the effectiveness of the risk management process.	■ KPMG, as part of the internal audit, provides assurance on the effectiveness of the risk management process. Refer to pages 12 and 13 for an overview of our improved approach to risk management.
Information Technology (IT): King III introduced more fully the governance of IT. Given the nature of Murray & Roberts business, this has correctly not been an area of high focus. The 'Federal' philosophy of operations, where businesses run autonomously, has resulted in each business unit governing IT as best fits their perceived needs.	■ Through a revised Group IT strategy, an IT governance framework is under development.
Compliance with Laws, Codes and Standards: Currently there is no integrated compliance framework in place for the Group. Compliance is managed by specific business units and functions e.g. finance, human resources, operations, health, safety & environment, etc.	■ A Group compliance plan and framework has been developed and includes the following: – A regulatory framework – Risk rating of the regulatory framework – Risk management plans for highest risk regulations ■ Each operating company is required to develop a risk framework and risk management plans ■ A Group compliance officer has been appointed.

FINDINGS	ACTION PLANS IMPLEMENTED
Internal Audit: Internal audit has recently been co-sourced. Outstanding issues relating to use of a fully developed combined assurance framework, written statements to the Board and audit & sustainability committee on risk management, internal control and internal financial control still need to be implemented.	■ An integrated assurance model has been developed for implementation in 2012. ■ This will be overseen by the Group commercial executive and his team of risk, internal audit and compliance executives. ■ The 2012 internal audit plan applies a combined assurance framework and includes governance, risk management and internal controls.
Stakeholder Management: Murray & Roberts have partially implemented the principles relating to stakeholder engagement in terms of management and communication.	■ Murray & Roberts has developed a stakeholder management plan that identifies all Group stakeholders, their concerns and methods for engaging with stakeholders, as well as specific engagement plans for each stakeholder grouping.
Integrated Reporting: While Murray & Roberts states that they apply the principles of integrated reporting, we nonetheless recommend that when the new IRC guidelines and international reporting standards are released later in 2011, that Murray & Roberts assess themselves against these new developments.	■ Murray & Roberts has reviewed the IRC guidelines and has developed the 2011 annual integrated report taking these guidelines into consideration. ■ Readers are referred to the "About this report" section on page 02 for how Murray & Roberts has approached this year's report, which is the start of a journey to integrated reporting.

In addition to the abovementioned key findings, a Statement of Business Principles was rolled out to assist in managing ethical performance. Key policies were also provided by the Board for implementation.

BOARD OF DIRECTORS

At the date of this report, Murray & Roberts had a unitary Board with 13 directors, of whom 10 are independent non-executive directors and three are executive directors. The composition of the Board promotes a balance of authority and prevents any one director from exercising undue influence over decision-making.

The Board is the highest governing authority in the Group and has ultimate responsibility for corporate governance. It appreciates that strategy, risk, performance and sustainability are inseparable and is responsible for approving the strategic direction of the Group, which integrates these elements. The Board is governed by a charter that sets out the framework of its accountability, responsibility and duty to the Company.

The Board has a fiduciary duty to conduct its business in the best interest of the Company and, in discharging its duty, ensures that the Group performs in the best interests of its stakeholders. The Company's key stakeholders include present and future investors, customers, business partners, employees, regulators and the societies in which it operates.

The Board:

- provides ethical leadership and gives direction to the Group in all matters
- approves the strategic plan developed by management and monitors its implementation
- acknowledges that strategy, risk, performance and sustainability are inseparable by:
  - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
  - monitoring the governance of key risk areas and key operational performance areas including IT
  - ensuring that the strategy will result in sustainable outcomes
  - considering sustainability as a business opportunity that guides strategy formulation
- directs the commercial and economic fortunes of the Company
- ensures the Company is a responsible corporate citizen by considering the impact of the business operations of the Company on its people, society and the environment
- ensures measurable corporate citizenship policies are developed and programmes implemented
- monitors the Company's compliance with all relevant laws, regulations and codes of business practice, and considers adherence to non-binding rules and standards through a compliance framework
- monitors the Company's communication with all relevant stakeholders (internal and external) openly and promptly, on the basis of substance over form
- ensures that shareholders are treated equitably
- ensures that disputes are resolved effectively and expeditiously
- defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to management
- monitors performance through the various board committees established to assist in the discharge of its duties without abdicating its own responsibilities
- ensures directors act in the best interest of the Company by adhering to legal standards of conduct, disclosing real or perceived conflicts to the Board and dealing in securities only in accordance with a developed policy

CORPORATE GOVERNANCE continued

- determines policies and processes to ensure the integrity and effectiveness of
  - risk management, risk-based internal audit and internal controls
  - executive and general remuneration
  - external and internal communications
  - director and chairman selection, orientation and evaluation
  - the annual integrated report.

Directors are required to act with due attentiveness and care in all Company dealings and to uphold the ethics and values of the Company. Accordingly, they are required to adhere to a Code of Conduct that incorporates agreed standards of accepted behaviour and guidance on decision-making, promotes integration and coordination, and reaffirms the directors' commitment to the Group.

The independent non-executive directors complement the executive directors through the diverse range of skills and experience they have from their involvement in other businesses and sectors. They also provide independent perspectives on corporate governance and general strategy to the Board as a whole.

During the year, non-executive directors were paid a retainer of R160 000 each with a deduction for non-attendance of R14 000 per meeting. Five scheduled and five special meetings were held during the year. Non-executive directors were paid R27 500 per special board meeting.

Based on a review of non-executive directors' fees, it is proposed that shareholders approve a revised remuneration structure at the annual general meeting on 26 October 2011. This proposes that non-executive directors be paid a fixed annual fee of R170 000 with the deduction for non-attendance increasing to R15 000 and the fee for ad hoc and special board meetings to R30 000, as well as a fee of R15 000 per special committee meeting.

The proposal is based on a minimum of five scheduled meetings a year and takes into account additional committee workload.

BOARD MEETINGS

The Board meets formally at least five times a year. In addition, directors meet ahead of the scheduled meeting at which the Group's budget and business plan is examined in the context of an approved strategy.

At this meeting, the directors engage with senior executives on the implementation of the Group's strategy. The Board has adopted a policy to visit key operations on an annual basis. All directors are kept informed between meetings of major developments affecting the Group. The record of attendance at board meetings for the year is reflected in the table on page 122 of this report.

CHANGES TO THE BOARD

The Board appointed executive directors HJ Laas as Group chief executive and AJ Bester as Group financial director with effect from 1 July 2011.

Group chief executive BC Bruce and Group financial director RW Rees retired on 30 June 2011. Executive directors MP Chaba and TG Fowler, resigned on 14 February 2011 and 30 June 2011, respectively. MP Chaba resigned to pursue personal interests and TG Fowler resigned to assume the position of city manager at the City of Johannesburg Municipality.

Non-executive director WA Nairn was appointed with effect from 30 August 2010.

Due to other commitments, IN Mkhize retired as a non-executive director on 27 October 2010.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The roles of chairman and Group chief executive are separate. They operate under distinct mandates issued and approved by the Board that clearly differentiate the division of responsibilities within the Company and ensure a balance of power and authority.

The chairman, an independent non-executive director, presides over the Board, providing it with effective leadership and ensuring that all relevant information is placed before it for decision. The Group chief executive is responsible for the ongoing operations of the Group, developing its long term strategy, and recommending the business plan and budgets to the Board for consideration and approval.

The Board appoints the chairman and the Group chief executive. The Board appraises and appoints the chairman annually and the remuneration & human resources committee appraises the Group chief executive annually. This committee also assesses the remuneration of the Board, chairman and Group chief executive. The nomination committee is responsible for Board succession planning.

BOARD COMMITTEES

The Board has established and mandated a number of permanent standing committees to perform specific work on its behalf in various key areas affecting the business of the Group.

They are the:

- executive committee
- audit & sustainability committee
- health, safety & environment committee
- nomination committee
- remuneration & human resources committee
- risk management committee
- social & ethics committee

Shareholders elect the members of the audit & sustainability committee at each annual general meeting. The audit & sustainability committee still forms part of the unitary board even though it has statutory duties over and above the responsibilities set out in its terms of reference.

Although all the committees assist the Board in the discharge of its duties and responsibilities, it does not abdicate its responsibilities.

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CORPORATE GOVERNANCE continued

The Board and each committee give attention to new and existing governance and compliance matters according to their respective mandates. A statement from the chairman of the Board and chairman of each committee is included in this report.

Each committee operates according to a Board-approved terms of reference. With the exception of the executive committee, an independent non-executive director chairs each committee. The committee chairmen are appointed by the Board.

Each committee chairman participates fully in setting the agenda and reporting back to the Board at the board meeting that follows a committee meeting. In line with King III and as mandated by the individual terms of reference, each committee chairman attends the annual general meeting and is available to respond to shareholder questions on committee activities.

In the year, all committees conducted a self-assessment of their effectiveness with positive outcomes in each case. All committee terms of reference were also reviewed and updated.

The record of attendance of the respective committees for the year is reflected in the tables on pages 122 to 124 of this report.

In the previous reporting period, the Board approved the formation of a social & ethics committee, effective 1 July 2010 to 30 June 2011 in terms of the draft Companies Amendment Bill 2010. The Board has subsequently approved that the tenure of the committee be extended indefinitely in terms of the Companies Act, No. 71 of 2008 (as amended).

SELECTION OF DIRECTORS

The Board has an approved policy on the selection and continuation of office for directors, and the nomination and evaluation processes to be followed. One third of directors are required to retire annually by rotation and, if put forward for re-election, are considered for reappointment at the annual general meeting. All directors are appointed at the annual general meeting by a shareholders' resolution. The Board is permitted to remove a director without shareholder approval.

The nomination committee considers and makes appropriate recommendations to the Board on the appointment and re-election of directors. This process encompasses an annual evaluation of skills, knowledge and experience, considers transformation imperatives and ensures the retention of directors with an extensive understanding of the Company. All recommended director appointments are subject to background and reference checks: Re-election of directors to the Board is made according to a formal and transparent process. Each non-executive director is given a letter of appointment.

The names of directors standing for re-election at the 2011 annual general meeting are contained in the explanatory notes to the resolutions of the annual general meeting on page 213.

As recommended by King III, the Board, assisted by the nomination committee, assessed the independence of the non-executive directors. All non-executive directors including AA Routledge, who has been on the Board for more than nine years, meet the criteria for independence as set out in King III.

INDEPENDENT ADVICE

There is an agreed procedure for directors to seek professional independent advice at the Company's expense.

BOARD AND COMMITTEE EFFECTIVENESS

Internal appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The Group policy is to use internal and external appraisals in alternate years. The appraisals were benchmarked against the strategic requirements of Murray & Roberts to ensure the capacity to deliver on these requirements, and to strengthen the diversity and sector expertise of directors. Overall the appraisal was positive and the material recommendations were accepted by the Board for implementation.

An external appraisal will be conducted in the new financial year.

An appraisal by the Board of the performance of the chairman was led by the chairman of the remuneration & human resources committee. The result was positive.

ORIENTATION PROGRAMME

It has been the practice of the Group to ensure that non-executive directors appointed to the Board undergo an induction process to familiarise themselves with the Group. This includes visits to key operations and extensive discussions with Group management. Ongoing professional development together with regular briefings is also provided.

GROUP SECRETARY

All directors have access to the advice and services of the Group secretary who is responsible for ensuring the proper administration of the Board, sound corporate governance procedures and assisting with best practice as recommended in King III. All directors have full and timely access to information that may be relevant to the proper discharge of their duties. The Group secretary provides guidance to the directors on their responsibilities according to the prevailing regulatory and statutory environment, and the manner in which such responsibilities should be discharged. The Board is responsible for the appointment and removal of the Group secretary.

EXECUTIVE COMMITTEES

The directors of Murray & Roberts Limited serve as members of the executive committee of the Board, chaired by the Group chief executive. The directors support the Group chief executive in:

- implementing the strategies and policies of the Group
- managing the business and affairs of the Group
- prioritising the allocation of capital, technical know-how and human resources
- establishing best management practices and functional standards
- approving and monitoring the appointment of senior management
- fulfilling any activity or power delegated to the executive committee by the Board that conforms to the Company's memorandum of incorporation.

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders. Details of the Group's risk management process are set out on page 12 of this report.

CONFLICTS OF INTEREST AND SHARE DEALINGS

Directors are obliged to disclose their shareholdings, additional directorships and any potential conflicts of interest, direct or indirect, that may arise, at every meeting of the Board. These are appropriately managed and recorded in the minutes.

In accordance with the JSE Listings Requirements and the prohibitions contained in the Security Services Act, the Group has an insider trading policy that requires directors and officers who may have access to price sensitive information, to be precluded from dealing in the Group's shares as well as the shares of Clough Limited for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the Group's annual results. To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors, officers and participants in the share incentive scheme must at all times obtain permission from the chairman, Group chief executive or Group financial director before dealing in the shares of the Group. The Group secretary is notified of any share dealings and, in conjunction with the corporate sponsor, publishes the details of dealings in the Group's shares by directors that have been approved on the Stock Exchange News Service (SENS) of the JSE Limited. All approved director dealings are reported to the Board.

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited acted as sponsor during the period under review in terms of the JSE Listings Requirements.

HEALTH, SAFETY COMMITTEE

ALAN KNOTT-CRAIG

CHAIRMAN

THE HEALTH, SAFETY & ENVIRONMENT (HSE) COMMITTEE ASSISTS THE BOARD TO FULFIL ITS SUPERVISORY ROLE

relating to the integration of sound HSE management into all aspects of the Group's business activities. The committee operates under an approved charter.

The committee reviews HSE performance in operational entities and provides guidance to management and the Board. It also evaluates the appropriateness and adequacy of policies and strategies against global best practice.

MEMBERSHIP

The committee comprises five non-executive directors and the Group chief executive, and was chaired by ADVC Knott-Craig, an independent non-executive director. During the year under review, independent members RC Andersen, NM Magau, JM McMahon and WA Nairn served on the committee.

Subsequent to year-end, WA Nairn was appointed chairman of the committee with ADVC Knott-Craig continuing as a member.

The Group executive directors, executives responsible for sustainability and health and safety attend meetings by invitation. The committee met four times in the year.

Operating platform executives now also attend these meetings by invitation.

TERMS OF REFERENCE

The committee's responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical developments and practice in HSE management
- reviewing compliance by the Company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters
- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with global best practice.

The Board reviewed and approved the committee's terms of reference during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material respects.

& ENVIRONMENT

SAFETY

FATALITIES

The committee deeply regrets the 12 fatal incidents (11 permanent staff and one subcontractor) recorded during the year (2010: nine fatalities). Five of these were the result of a fall of ground incident at Aquarius Marikana shaft number 4 on 6 July 2010. The committee extends heartfelt condolences to the family, colleagues and friends of the deceased.

Every fatal incident represents a major failure in the Company's health and safety programme. It is for this reason that the committee spends significant effort and time reviewing all fatalities to ensure that root causes are identified and that corrective actions are implemented. Lessons learned from these incidents are widely shared across the Group to increase awareness and prevent recurrence of similar events.

LOST TIME INJURY FREQUENCY RATE

The Group's consolidated lost time injury frequency rate (LTIFR), measured over a million man hours, improved to 1,6 (2010: 2,2). The Group introduced the total recordable case rate (TRCR) as a key indicator. This includes all injuries, except first aid cases. Our TRCR was 4,0 for the year. Further information on the Group's safety performance is provided in the social performance section of the Group performance review on page 49.

SAFETY EVALUATION

The Board and management continuously look for new ideas to make significant advances in health and safety performance, particularly at South African operations where the Company experiences significant challenges. Early in the financial year the Board approved the appointment of DuPont Sustainable Solutions (DuPont) to undertake a comprehensive evaluation of the Group's South African operations against best practice safety management standards and to develop a set of recommendations for improvement.

The DuPont assessment is nearing completion and has so far provided valuable insight into the safety challenges facing the organisation as well as opportunities for improvement. Overall the assessment indicates that the Group has a health and safety culture where employees still require high levels of supervision and guidance. DuPont is helping our businesses to design appropriate improvement interventions taking this reality into account. Some of the key improvements required include improved leadership commitment and accountability, upholding and enforcement of safety standards, effective contractor and client management, and employee engagement and coaching.

HEALTH

OCCUPATIONAL HEALTH

Medical surveillance and industrial hygiene programmes are implemented to prevent, identify and manage potential occupational health risks to employees and subcontractors. Noise induced hearing loss remains the main prevailing health risk. 104 noise induced hearing loss cases were reported during the 2011 financial year (2010: 103). Corrective measures including engineering solutions, issuing employees with protective equipment and providing them with knowledge and skills to protect themselves are continuously implemented.

SOCIAL HEALTH

In recognition of the potential impact of employee wellness on the business, operating companies are encouraged to implement programmes to address issues such as HIV/Aids, substance abuse, chronic disease management and lifestyle management. During the year, Right to Care Health Services, a company specialising in wellness services was approached to conduct a gap analysis on existing wellness programmes and make improvement recommendations. This assessment will be completed during the first quarter of the 2012 financial year.

NOMINATION COMMITTEE

ROY ANDERSEN

CHAIRMAN

THE NOMINATION COMMITTEE ENSURES THAT THE STRUCTURE, SIZE, COMPOSITION AND EFFECTIVENESS OF THE BOARD AND ITS COMMITTEES ARE MAINTAINED AT LEVELS

that are appropriate to the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the directors, evaluating the effectiveness of committees and making related recommendations to the Board. The Board is responsible for evaluating the performance of the Group chairman. The committee operates under an approved charter.

MEMBERSHIP

The committee comprises the chairman of the Board and two other independent non-executive directors. The Board appoints the chairman of the committee.

RC Andersen served as chairman of the committee and SP Sibisi and RT Vice as members. M Sello was appointed to the committee subsequent to the year-end.

The committee met three times during the year under review. The Board reviewed and approved the committee's terms of reference during the year.

BOARD & COMMITTEE APPRAISAL

Internal appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The Group policy is to use internal and external appraisals in alternate years. The appraisals were benchmarked against the Group's strategic requirements 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. The appraisals were positive and their recommendations are being implemented. External appraisals will be conducted next year.

An appraisal by the Board of the performance of the chairman was led by the chairman of the remuneration & human resources committee. The result was positive.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material respects.

SUCCESSION

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was addressed. The committee takes cognisance of the importance of institutional knowledge to the Board and the need to balance this with introducing new ideas and experience. During the year, the Board appointed WA Nairn as a non-executive director and HJ Laas as an executive director and Group chief executive designate. HJ Laas was appointed Group chief executive subsequent to the year-end following the retirement of BC Bruce. AJ Bester was appointed as an executive director and Group finance director subsequent to the year-end following the retirement of RW Rees. Executive director MP Chaba resigned on 14 February 2011 to pursue personal interests. Executive director TG Fowler resigned on 30 June 2011 to assume the position of city manager at the City of Johannesburg Municipality. Due to other commitments, non-executive director, IN Mkhize, retired during the year.

PERFORMANCE AND RE-ELECTION

The committee reviewed the performance of directors DD Barber, ADVC Knott-Craig and SP Sibisi who, in terms of the memorandum of incorporation, retire by rotation at the 2011 annual general meeting. HJ Laas and AJ Bester also retire at the 2011 annual general meeting. The committee recommends their re-election to the Board.

King III recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted an assessment of the independence of its non-executive directors. All non-executive directors including AA Routledge, who has been on the Board for more than nine years, meet the criteria for independence set out in King III.

The average length of service of the current non-executive and executive directors was less than five years during the year under review.

AUDIT & SUSTAINABILITY COMMITTEE

The committee considered whether the current members (individually/collectively) of the audit & sustainability committee satisfy the requirements of section 94 of the Companies Act, No. 71 of 2008 (as amended) and King III. The nomination committee recommends the election of the current members, DD Barber, ADVC Knott-Craig, AA Routledge and M Sello to the audit & sustainability committee, to the shareholders at the annual general meeting to be held on 26 October 2011. The members of the audit & sustainability committee will serve for a one year term, concluding at the 2012 annual general meeting.

REMUNERATION RESOURCES

ROYDEN VICE
CHAIRMAN

THE REMUNERATION & HUMAN RESOURCES COMMITTEE

assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration philosophy with the Company's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of the Company and shareholders. The committee operates under an approved charter.

MEMBERSHIP

The committee comprises the Group chairman and three independent non-executive directors. RT Vice served as chairman of the committee with RC Andersen, NM Magau and AA Routledge as members. The Group chief executive, Group financial director, sustainability executive and independent advisor attend meetings in an ex officio capacity. The executives who attended meetings in their ex officio capacity did not participate in any discussions or decisions pertaining to their own remuneration. Specialised advice is sought from time to time.

The committee met seven times during the year under review.

TERMS OF REFERENCE

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the Group chief executive, all managing directors of the Group's operating entities and senior Group executives. It also considers and approves the remuneration and benefits paid to general staff and has responsibility for oversight of the Group pension, provident and other benefit plans.

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

The functions, role and mandate of the Group chief executive are considered by the committee and his performance is assessed. Succession planning to the Group chief executive and senior executives is also considered by the committee.

The committee considers the Group's leadership succession and development strategy and the Group's employment equity status as described in this report.

The committee's terms of reference were reviewed and approved by the Board during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and complies with its terms of reference in all material respects.

& HUMAN COMMITTEE

DIRECTOR AND EXECUTIVE REMUNERATION

The remuneration packages of executive directors and senior executives include performance related remuneration, which is determined in terms of incentive schemes operated at Group and operating entity level. These schemes are disciplined and are designed and implemented with assistance from independent remuneration consultants to competitively reward those directors and executives who have contributed to the Group's performance.

Non-executive directors receive a fee for their contribution to the Board and its committees. The level of fees for service as directors, additional fees for service on board committees and the chairman's fee are reviewed annually. The committee recommends fee structures, other than for services on this committee, to the Board following research into trends in director remuneration for approval by shareholders at the annual general meeting.

The Group's remuneration policy is described in the Remuneration Report included on page 114 of this report. The remuneration of executive directors for the year ended 30 June 2011 is set out in note 44 to the consolidated annual financial statements. Remuneration details of non-executive directors for the year to 30 June 2011 are set out in note 44 to the consolidated annual financial statements. The proposed fee increase for non-executive directors is included on page 100.

RETIREMENT AND OTHER BENEFIT PLANS

A number of retirement funds operate within the Group. In South Africa these are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although some funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 43 to the consolidated financial statements.

SUCCESSION

Former Group chief executive, BC Bruce and Group financial director, RW Rees, retired on 30 June 2011 after 11 years at the helm of the Group. Following an extensive domestic and international search, we were pleased to announce that HJ Laas was appointed as the Group chief executive and AJ Bester as Group financial director of Murray & Roberts with effect from 1 July 2011. Both HJ Laas and AJ Bester are internal appointments, testimony to the depth of senior leadership within the Group.

RISK MANAGEM COMMITTEE

SIBUSISO SIBISI

CHAIRMAN

THE RISK MANAGEMENT COMMITTEE ASSISTS THE BOARD TO FULFIL ITS CORPORATE GOVERNANCE

supervision responsibilities over the development and implementation of the integrated assurance framework. The committee operates under an approved charter.

MEMBERSHIP

The committee comprises four independent non-executive directors. During the year under review SP Sibisi served as chairman of the committee with DD Barber, WA Nairn and RT Vice as members. The Group chief executive, Group financial director, Group commercial executive and Group risk executive attend meetings ex officio. The chairman of the audit & sustainability committee also serves on this committee. This ensures that overlapping responsibilities are appropriately managed. IN Mkhize retired as a member during the year under review. The committee met twice during the year under review.

The committee terms of reference were reviewed and approved by the Board during the year. The role of the committee is to assist the Board to ensure that:

- The Group has designed, implemented and monitors an effective policy and plan for risk management (Group Risk Framework), with appropriate organisational structures, processes and systems, that will enhance the Group's ability to achieve its strategic objectives
- Significant risk exposures are timeously identified and clearly understood and that mitigation responses effectively and efficiently promote stakeholder interests
- The risk management and control systems are adequate and effective
- Disclosure regarding risk is comprehensive, timely and relevant.

RISK MANAGEMENT

The committee has considered the Group Risk Framework. Based on recent experiences and events in the Group, the committee agrees that further enhancements proposed by management are necessary to ensure that the Group is capable of responding effectively to the risks it faces. The committee is satisfied that the Group risk executive is a suitably qualified and experienced individual, with access to and regular interaction with the executive committee and risk committee on strategic, operational and project risk matters.

The executive committee's risk committee acts as custodian of the Group risk mandate, reviews Group level risk and interrogates key decisions prior to board approval. During the year, that committee reviewed seven major project bids.

Currently 15 of the Group's operating companies utilise the opportunity management system (OMS). This project portfolio management system was developed in-house to highlight project risks entering the Group's environment. At 30 June 2011, opportunities in the active pipeline amounted to R73 billion.

ENT

A top down assessment of Group level risks was conducted in support of the 2011 half-year and year-end results. Operating companies conducted risk assessments as part of their business planning process, and also carried out a range of project risk assessments. A table of significant risk exposure is included under the risk management section of this report.

A new integrated assurance framework will align risk management, regulatory compliance and internal audit. To increase the probability of anticipating unpredictable risk and the exploitation of available opportunities, new initiatives will emphasise structures for independent oversight, standardised project delivery, performance monitoring, knowledge management and longer term strategic risk assessment.

INTERNAL AUDIT

The Group has adopted a risk-based, systems approach to internal audit, aimed at testing the integrity of controls managing significant exposure. Co-sourced internal auditors, KPMG, progressed the internal audit coverage plan during the year. In addition to Group internal audit, assurance is provided by audit specialists; dedicated operational resources; peer review at both Group and operational level; and management review at board, executive committee and project meetings.

The committee has received a report from the internal auditors on their initial findings of the effectiveness of the Group's systems of risk management. The findings identified a number of areas for improvement. Management has responded to these findings and a comprehensive programme of risk management and internal control enhancements are being implemented within the Group.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness, by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material aspects.

INSURANCE AND TREASURY

Murray & Roberts has a Group insurance programme covering asset and liability risks. Bonds and guarantees are integrated with the treasury management system, and administered centrally.

CLAIMS AND LITIGATIONS

The Group commercial executive together with the operations' commercial executives, supported and advised by external legal and commercial experts and consultants manage the Group's contractual risk.

The Group commercial executive leads the engagement of general litigation and reputational risks to the Group, supported as appropriate by external legal advice.

FORENSICS

The Group employs a firm of forensic consultants and investigators that report to the Group commercial executive. The CE Discussion Forum on the website promotes transparent direct communication with the Group chief executive. Tip-Offs Anonymous, an independent hotline service provider, is available to report inappropriate, unethical and/or unlawful behaviour in the workplace.

GLOBAL ENGAGEMENT

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

Murray & Roberts is a signatory to the United Nations Global Compact on Transparency and Crime.

SOCIAL & ETHICS COMMITTEE

MAHLAPE SELLO

CHAIRPERSON

THE SOCIAL & ETHICS COMMITTEE ASSISTS THE BOARD TO FULFIL ITS SUPERVISORY ROLE,

specifically in relation to the Group's commitment to zero harm from its business activities on the wellbeing of employees, shareholders, customers, business partners and society in general, as well as to monitor its ethical practices. It was established on 1 July 2010 and operates under an approved charter and the Companies Act, No. 71 of 2008 (as amended).

MEMBERSHIP

The committee comprises the Group chairman and two independent non-executive directors. M Sello serves as chairperson of the committee with RC Andersen and AA Routledge as members. The Group chief executive, Group financial director, Group head of assurance and enterprise capability executive attend meetings in an ex officio capacity.

The committee met five times during the year under review.

TERMS OF REFERENCE

The chairperson of the committee reports to the Board on the committee's deliberations and decisions. The committee regularly submits reports and recommendations and assists the Board by:

- reviewing and approving the policy, strategy and structures to manage social and ethics matters in the Group
- monitoring to the best of its ability that subsidiaries, associate companies and significant investments develop policies, guidelines and practices congruent with the Group's social and ethics policies
- assessing and measuring social and ethics performance with reference to the United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the JSE Socially Responsible Investment Index, the Department of Trade and Industry Broad-based Black Economic Empowerment (BBBEE) scorecard, International Labour Organisation protocols and King III
- reviewing compliance by the Company, its subsidiaries and associates with local and international laws, policy, guidelines and standards relating to social and ethics matters, including competition law
- considering substantive national and international regulatory developments as well as practice in social and ethics management
- reviewing the Murray & Roberts Socially Responsible Investment Index and BBBEE performance disclosures
- consulting and communicating with internal and external stakeholders with respect to social and ethics issues
- reporting annually to shareholders at the annual general meeting on social and ethics issues
- ensuring that management has allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material respects.

COMPETITION MATTERS

Murray & Roberts does not condone any anti-competitive or collusive conduct by its employees and is committed to compliance with the Competition Act, No. 89 of 1998.

Murray & Roberts will continue to work with the Competition Commission in the best interests of the Group and to eliminate any possible collusion from the construction industry.

Further details on competition matters are contained in the chairman's statement on page 27 and the ethics performance review on page 47.

STATEMENT OF BUSINESS PRINCIPLES

Murray & Roberts has adopted a comprehensive Statement of Business Principles, which represents the Group's ideals and standards, and which signal a dedication to the core values that form the basis of an ethical approach to business. Murray & Roberts is committed to fair and ethical business practices. Each director, officer and employee must comply with the letter and spirit of the Statement of Business Principles.

The Statement of Business Principles is available on
www.murrob.com/sus_bus_principles.asp

STAKEHOLDER ENGAGEMENT

Murray & Roberts is currently streamlining its stakeholder engagement process to maximise the value of interacting with its wide range of stakeholders, across the Group. A Stakeholder Engagement Framework has been developed that identifies all Group stakeholders, methods for engaging with stakeholders, as well as specific engagement plans for each stakeholder grouping. The framework will assist in defining processes to measure the gap between stakeholder perceptions and its performance and also ensure that equitable treatment of all stakeholders. The framework is not a one size fits all application but rather one which the various Group operating platforms can customise to meet the unique concerns of their stakeholders.

CORPORATE SOCIAL INVESTMENT

Murray & Roberts has implemented a deliberate and targeted corporate social investment (CSI) strategy to influence and impact the delivery of quality education in South Africa and address specifically the shortage of critical skills in the engineering and construction industry. In 2011 Murray & Roberts contributed R15,5 million to CSI. In addition, through the Letsema Sizwe Broad-based Community Trust, the Group distributed R16,3 million to partner organisations, selected for their ability to contribute to broadening the economic base and the key social development issues facing South Africa.

Further details of the Group's CSI and Letsema Sizwe activities are contained in the social performance section of the Group performance review starting on page 57.

REMUNERATION REPORT

INTRODUCTION

The Board and the remuneration & human resources committee present this remuneration report. It discloses the remuneration policy on executive remuneration with regard to fixed and variable components. In the past year the Company has reviewed its remuneration policy and the key decisions taken. Proposed changes for the next financial year are covered in this report. On recommendation by the committee, the Board has approved the information in this report.

The Company's remuneration policy aims to develop a performance culture and to motivate and retain key and critical talent. The Company considers this the basis of success for operating in the engineering and construction sector, which is known to be difficult and cyclical.

The Company undertook considerable work in complying with King III in last year's remuneration report and this extended into the year under review. We are confident the current disclosure meets King III requirements. This report covers:

- A summary of the Company's remuneration policy incorporating King III principles
- Key remuneration decisions taken by the remuneration & human resources committee in the 2011 financial year
- Overview of current remuneration components and disclosure of payments made
- Executive contracts and policies
- Non-executive directors fees.

The Company recognises that aligning its business strategy with its remuneration policy is a key success factor. It undertakes to implement remuneration policies that support the Company's long term growth and success.

REMUNERATION POLICY

To give effect to the general philosophy that directors, senior executives and staff should be paid fair, competitive and appropriately structured remuneration in the best interests of the Company and shareholders, the following broad principles are applied:

- Remuneration consists of fixed and variable elements
- Remuneration structures support the development of a performance culture and the business strategy
- Remuneration components are set at a competitive level to attract and retain the services of high calibre employees
- The annual incentive plan aligns the interests of executives with those of shareholders in the short term through a focus on earnings growth and other key performance indicators (KPIs)
- The share incentive scheme offers share options to certain executives and thereby provides direct alignment with shareholder interests by focusing on long term value creation.

The committee ensures that the mix of remuneration, including short term (STI) and long term (LTI) incentives, meets the Group's strategic objectives. The link between remuneration components and the business strategy is set out below:

Fixed	Variable: 1 year	Variable: 3 – 5 years
Guaranteed package	**Annual performance bonus plan**	**Long term share incentive plan**
Base pay ■ Internal and external benchmarking for guaranteed pay encourages the attraction and retention of talent ***Retirement funding and healthcare benefits*** ■ Ensures employees are providing for their retirement and that their health and wellness is supported.	■ Recovery measured by profitability, cash flow, returns and individual's KPIs will be supported by appropriate STI payments.	■ Growth is key to sustainable value creation and the LTI is aimed at creating value for shareholders as well as alignment of management, shareholders and other stakeholder interests ■ Retention and key leadership stability is critical to the sustainable growth of the Group and the LTI is aimed at retaining the critical talent required to implement the *Recovery & Growth* strategy.

The remuneration policy is aligned to the Group's key business drivers, which are recovery in the short term and sustainable growth into the future. These drivers form part of the key performance areas (KPAs) and KPIs applicable to executive directors and other senior executives. KPAs and KPIs are used in grading executive positions and determining individual remuneration packages. They are also used in determining eligibility for performance related remuneration (described later in this report) and the quantum of payments and awards made under these incentive schemes.

We recognise that to maintain a sustainable, profitable business in the long term requires leadership, relationships, operational excellence, safety and risk to be managed at all levels. The importance of these is demonstrated by their incorporation into KPAs and KPIs.

The remuneration policy is applied to executives and salaried staff within all the Group's operations. However, cognisance is taken of the Group's diversity and limited flexibility is allowed within the operating platforms with respect to external benchmarking and certain benefits.

INCORPORATION OF KING III

The Company engaged the services of PricewaterhouseCoopers to review the extent to which our previous remuneration reports complied with King III principles. Based on this review, considerable work was done with regard to the disclosure in both the 2010 and and 2011 remuneration reports.

In accordance with King III and the Companies Act, details of remuneration paid to senior employees other than directors have been disclosed. The remuneration of prescribed officers of the Company (including the three most highly paid employees in South Africa) and the three most highly paid employees in our international operations taking into account all cash payments, benefits and incentive awards received during the year under review, have been disclosed.

The remuneration paid to executive directors, prescribed officers and key international management for the year ended 30 June 2011 is set out in note 44 to the consolidated annual financial statements.

In line with King III, shareholders are asked to vote on the remuneration policy for the year ended 30 June 2011. The shareholders resolution is advisory and non-binding in nature. Shareholders are referred to Ordinary Resolution Number 7 on page 213 of this report in this regard.

REMUNERATION & HUMAN RESOURCES COMMITTEE

Further information on the committee's role is contained on page 108 of the Integrated Report.

KEY REMUNERATION DECISIONS TAKEN DURING 2011

During the 2011 financial year the committee, in accordance with its ambit, performed a number of remuneration reviews that formed the basis of remuneration decisions. These are summarised below:

- Review of King III principles and alignment of remuneration approach to best practice guidelines
- Formal review commissioned of the current remuneration structures and practices across the Group to determine best practices in terms of design and implementation of guaranteed pay and short term and long term incentives
- Approval of long term incentive awards for 2011 and the related performance conditions
- Approval of short term incentive payments in respect of the 2011 financial year
- Executive salary increases for the 2012 financial year
- Review and approval of non-executive director fees for 2012
- Review of changes to the remuneration policy for the 2012 financial year
- Review of the status of retirement funds operating within the Group
- Review and approval of the Company's remuneration report and policy for 2011.

OVERVIEW OF CURRENT REMUNERATION COMPONENTS

The Group employs the services of independent consultants to advise on the profiling and appropriate remuneration levels of executive directors and senior executives relative to market trends. The Group's remuneration policies and practices are reviewed in light of this data. The mix of remuneration components supports the short and long term business strategy.

The remuneration packages of executive directors and senior executives consist of the following:

- Guaranteed package:
  - Salary
  - Benefits
  - Retirement fund contributions
- Annual performance bonus payments
- Long term share incentive awards.

There are no material payments made to executive directors and senior executives which are ex gratia in nature.

SALARY

Salary levels are determined with reference to job grade and benchmarked against appropriate external companies.

Benchmarking is conducted bi-annually and referenced to updated online data to ensure that salary levels for each job grade are in line with the market. Data is collated for companies listed on the JSE Limited (JSE) which are of a similar size and nature, in terms of market capitalisation and sector, to Murray & Roberts. This includes companies in the construction, mining and industrial sectors. The objective is to set salary levels for executive directors and senior executives, on average, at the market median.

The recommendations for executive remuneration adjustment take into consideration:

- Where each individual is considered to be within the range offered by the survey
- Prevailing inflation in the market
- Executive remuneration trends in the market
- How critical the executive role is
- Performance over the past year
- Future development potential.

The average remuneration adjustment for executive directors and senior executives in 2011 was 6,2%. The adjustments are aligned to the average Murray & Roberts increase awarded in March 2011 for other salaried employees.

BENEFITS

Murray & Roberts adopts a total fixed cost of employment to company (TFCE) remuneration structure for guaranteed pay. Executive directors and senior executives are contractually entitled to certain benefits in addition to base salary which makes up their TFCE. These benefits include travel allowance, insurance policies relating to death in service and disability, and medical aid. In addition, executive directors and senior executives are covered under the terms and conditions of the Group's personal accident policy.

Unless executive directors and senior executives are a dependant on a medical aid scheme by virtue of his or her spouse's or partner's membership, the employee is required to become a member of a medical aid scheme as may be approved by Murray & Roberts from time to time. Medical aid contributions are reflected as employee contributions.

REMUNERATION REPORT continued

In addition, the Company contributes a minimum of 2,4% of pensionable remuneration to separate policies of insurance to provide for disability and death in service benefits. The employees may increase the death cover with additional voluntary contributions.

RETIREMENT FUND CONTRIBUTIONS

A number of retirement funds operate within the Group. In South Africa these are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although some funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. The Group makes employer contributions to the retirement fund of executive directors and senior executives.

Executive directors and senior executives are required to become members of the Murray & Roberts Retirement Fund. The Company contribution is flexible and may be set at either 8,0%, 10,5% or 13,0% of pensionable remuneration of which 0,5% is allocated to administration expenses and the balance to the employee's fund credit as the Company's contribution.

Fixed salary, benefits and retirement fund contributions constitute employees' TFCE.

The committee reviews TFCE packages annually and changes to the packages of executive directors and members of the executive leadership team are proposed. The committee approves any changes to the annual TFCE package of the Group chief executive.

PERFORMANCE BONUS

Executive directors and senior executives are eligible to participate in an annual short term incentive plan. Non-executive directors are not eligible to participate in this plan. Together with the share incentive scheme, the annual short term incentive plan makes up the variable component of the remuneration package. The overall purpose of the annual bonus plan is to incentivise and reward those executive directors and senior executives who have contributed to the Group's performance over the year.

Participants receive a cash payment at the end of the relevant financial year. The amount depends on company and personal performance. No deferral is applied.

The bonus pool available to be distributed under the annual bonus plan is usually calculated according to the Group's earnings before interest and tax (EBIT). However, due to the operating loss incurred by the Group in 2011, bonus allocations were determined per operating company, where the operations have been categorised as Green, Amber or Red based primarily on the financial performance (EBIT and cash generated) of the particular operation and the following set of guidelines were implemented:

	Short term incentive as % of TFCE			
Ranking	Operations leadership	Senior executives	Middle management/ specialists	General staff/junior management
Green	35 – 40	30 – 35	15 – 20	8
Amber	25 – 30	20 – 25	5 – 8	5
Red	0	0	0	0

The ranges above apply for full and exceptional performers. Unacceptable performers were not allocated a bonus.

In addition, certain individuals within Red companies are either high potential or critical talent and as such allocations were made to individuals by exception.

Given the financial performance of the Group this year, the executive directors and executive committee members were allocated bonuses based on their individual performance only, which resulted in reduced payouts relative to 2010.

The earnings potential per salary level is benchmarked on an annual basis. As per salary benchmarking, data is collated for companies listed on the JSE which are of a similar size, in terms of market capitalisation, to Murray & Roberts. This includes companies in the construction, mining and industrial sectors. The objective is to set the target annual bonus earning potential, as a percentage of TFCE, at the upper quartile of the market.

The payments made to directors and senior executives for the 2011 financial year are disclosed in note 44 to the consolidated annual financial statements.

Each year, the committee sets the principles of the annual bonus plan for the following year and proposes the awards to be made to executive directors and senior executives. Changes are envisaged to the structure of the annual bonus plan with threshold and stretch levels being used to determine the bonus pool and financial and individual metrics being taken into account for bonus qualification.

SHARE INCENTIVE SCHEME

Executive directors and senior executives are eligible to participate in the Murray & Roberts Holdings Limited Employee Share Incentive Scheme (scheme). Non-executive directors are not eligible to participate in the scheme. The overall purpose of the scheme is to provide general alignment between the interests of executives and shareholders of the Company. It also motivates and rewards executives who have contributed to the Group's real sustainable earnings growth and value creation over the long term and supports retention of key executives.

Under the scheme, participants are granted options to acquire shares in Murray & Roberts at a future date. No consideration is paid by participants for the option grant. The purchase price for the shares is set at the date of grant and is the closing price of a share on the day immediately preceding the grant date. At the end of the vesting period, participants can pay the purchase price and acquire the specified number of shares in Murray & Roberts. It is only at this point that participants will become shareholders and will acquire shareholder rights.

The vesting period applicable to options granted under the scheme after October 2009 is five years, with a third of shares vesting after three years, a third vesting after four years and the final third vesting after five years, subject to the relevant conditions being met. All vested options must be exercised within six years from the date of grant, failing which they lapse.

Historically, some options granted under the scheme have been subject to a performance condition. This means that they vest only if the condition is satisfied. Where a performance condition is imposed, they are referred to as "hurdle" options. Where no performance condition has been imposed and vesting is subject to continued employment only, the options are referred to as "standard". Where the vesting terms of the options vary from those summarised above, they are referred to as "special". The minimum vesting period for these special allocations was four years. Standard awards are primarily made for retention; however, option schemes have an inherent hurdle built into them through the appreciation of the share price above the purchase price.

Where a performance condition is imposed, it was based on an increase in share price. The condition applied has been CPI + 4% per annum compound growth. This has been considered to be an appropriate condition in that it supports the Group's focus on value creation. In addition, it motivates an increase in share price and aligns the interests of participants in the scheme with those of shareholders.

The performance condition is tested over the five-year vesting period. In the event that the performance condition is not satisfied at the end of the relevant vesting period, the option will not lapse and it can be exercised if the performance condition has been satisfied on the next anniversary date, and provided that the higher share price applicable to that anniversary date has been met. Where the performance condition has not been achieved by the sixth anniversary of the grant date, it will lapse in full and vesting on a sliding scale is not applied. This approach has been deemed suitable due to the cyclical nature of the engineering and construction sector.

It is acknowledged that retesting performance conditions in this way does not comply with King III and this issue was considered as part of the remuneration policy review conducted in 2011. As a result, the options granted under the scheme in August 2011 to executive directors and other select executives was based on a cliff vesting in year three subject to meeting a performance condition. The performance condition applied for the August 2011 allocation is a growth in the budgeted 2012 fully diluted HEPS for continuing operations of annual CPI + 5% cumulatively over the performance period. A share option scheme inherently has the share price as a hurdle and as such headline earnings is considered an appropriate performance condition as it underpins shareholder value creation. In order to support retention, 10,5% of the shares allocated in August 2011 were allocated to certain executive directors and executive committee members without performance conditions attached to them.

Options are granted under the scheme generally on an annual basis. However, given that special options were granted to certain executive directors and senior executives on 6 March 2007 to secure their retention and performance through the Group's executive succession and development programme up to and beyond 2010, these individuals were not to be granted additional options under the Scheme until after 4 March 2011. The shares were allocated at a purchase price of R50.60 per share and are due to expire on 6 March 2015. In order to incentivise the remaining participants of this allocation, the committee agreed to extend the expiry date to the maximum allowable time of 10 years under King III or to 6 March 2017. The extension also applies to the general allocation made on 6 March 2007.

Should scheme participants retire from the Group, they are entitled to exercise any vested share options within two years of the date of retirement. If the participants fail to exercise the vested share options within the two year period, their share options shall be cancelled.

Allocations were made under the Scheme in April 2011 and August 2011. The purpose of the April 2011 allocation, to a broad group of executives (105 in total), was to create leadership stability, support retention and to achieve alignment to the new business strategy. The purpose of the August 2011 allocation was to provide greater alignment between key executives and shareholders, to contribute to the *Recovery & Growth* strategy and sustainable value creation. Some 33 key executives were allocated shares.

The value of options granted in April 2011 was set after considering the following:

- Under the rules of the scheme, a participant cannot acquire more than 3 318 926 shares
- The number and value of shares already held under option
- The factor applicable to the individual's salary level, ranging from 0,5 to 6 and relating to the value of unexercised options held by that individual as a percentage of TFCE
- The individual's job grade and role.

The April allocation was limited to 0,5% of the Group's market capitalisation, which amounted to a maximum of 1,66 million shares.

The value of options granted in August 2011 was set after considering the following:

- Under the rules of the scheme, a participant cannot acquire more than 3 318 926 shares under the Scheme
- The expected value of shares allocated relative to the current TFCE of the executive as per the table below.

Indicative executive level		Expected value as a % of TFCE
Group chief executive		75
Group financial director		65
Group executive director – Operations		55
Group executive director – Staff		50
Group executive	– Operations	45
Group executive	– Staff	40
Operations director	– Managing director	40
Operations director	– Operations and staff	30
Operations executive	– Project/General manager	30
Corporate executive	– Key function	30
Operations & Corporate	– Senior management	20
Operations & Corporate	– Middle management	10
Operations & Corporate	– Junior management	5

REMUNERATION REPORT continued

The cap on the value of shares allocated as outlined in the April 2011 allocation did not apply to the August allocation. The intent is to set award levels by reference to the expected value of the award expressed as a percentage of TFCE on an annual basis rather than by limiting allocations based on the face value of the allocations. This more accurately reflects the potential earnings of an individual and is more applicable when benchmarking against peer companies.

On an annual basis, the committee reviews the share incentive scheme to ensure its continued contribution to shareholder value and proposes allocations for that year in accordance with the guidelines summarised above. The committee is also responsible for administering the scheme.

PARTICIPATION LIMITS AND DILUTION

Shares required to satisfy options granted under the scheme which are subsequently exercised, are provided by The Murray & Roberts Trust (trust). Under the rules of the scheme, a maximum of 33 189 262 shares can be issued by Murray & Roberts for purposes of this scheme. To date, the trust has been funded through the purchase of Murray & Roberts shares in the market and the Company has not issued shares to the trust to satisfy options granted. Therefore, this limit has not been utilised and there has been no shareholder dilution.

Details of the shares held by the trust and the outstanding options granted under the scheme at 30 June 2011 are set out in note 12 to the consolidated annual financial statements.

LETSEMA VULINDLELA BLACK EXECUTIVE TRUST

In addition to the scheme, Murray & Roberts allocates shares to black executives through the Letsema Vulindlela Black Executives Trust (Letsema), which was established in December 2005 as part of the Group's broad-based black economic empowerment shareholding structure. The objective of Letsema is to give black executives the opportunity to become shareholders in Murray & Roberts and as an attraction and retention incentive. In addition, Letsema aims to align the interests of black executives with those of the shareholders.

The beneficiaries of Letsema are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers.

The number of shares allocated to the beneficiaries is based on three dimensions:

1. Management band (top, senior and middle);
2. Performance rating; and
3. Potential rating.

The August 2011 allocation adopted a new allocation framework. Based on management band, performance and potential, the number of shares allocated was determined with reference to the expected value of shares to be allocated relative to the employee's current TFCE. Allocations range from 5% to 35% of TFCE for stretch performance. A minimum of 3 500 shares was allocated, and certain executives received no allocation due to performance considerations.

REMUNERATION POLICY CHANGES FOR THE 2012 FINANCIAL YEAR

In the year ahead the Company will review and amend the remuneration mix to place greater emphasis on variable pay, underpinned by stretching performance conditions. This change supports the Company's philosophy of performance-driven remuneration.

A more robust approach will be followed with regards to benchmarking of fixed pay against peer companies and alignment internally by way of a job design and grading process.

Changes will be considered for the accrual of the bonus pool based on financial measures which support the Company's business strategy. Threshold, on-target and stretch determination levels are to be introduced ensuring greater alignment with business strategy and performance driven bonuses. Qualification for bonuses will be determined by company and individual performance.

With regard to long term incentives, the committee will review the current scheme and consider aligning the mix of long term incentives to leading practices.

CONTRACTS OF EMPLOYMENT – EXECUTIVE DIRECTORS

Executive directors do not have fixed term contracts, but are subject to notice periods of between one and three months. Similarly, senior executives are subject to a notice period of between one and three months. A twelve month notice period applied to the previous Group chief executive and Group financial director.

There is no material liability to the Group with respect to the termination of contract of any executive director or senior executive. The applicable contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts. Further, no agreements have been entered into with the executive directors or senior executives regarding restraint of trade.

The only provision in the contract of employment relating to a payment on termination of employment is to provide that where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual TFCE.

Normal retirement of executive directors and senior executives is at age 63.

NON-EXECUTIVE DIRECTORS

Non-executive directors are appointed for a period of three years and, following this period, may be available for re-election for a further three year period. They are required to retire at age 70.

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. The fee paid to the chairman includes his director's fee as well as his committee fees. The fee is calculated on the basis of five Board meetings per annum. In addition to a fee, non-executive directors are entitled to claim travelling and other expenses incurred in carrying out the business of the Company and attending Board and committee meetings.

To the extent that a non-executive director does not attend a scheduled Board meeting, an amount will be deducted from his or her fee. Where a director is required to attend a special Board or committee meeting, he or she will receive an additional fee in respect of their attendance. This fee structure reflects the skill and experience brought to the Company by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance at and contribution to Board and committee meetings.

The level of fees for service as directors, additional fees for service on Board committees, fees paid to independent advisors and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following research into trends in director remuneration for approval by shareholders at the annual general meeting. The fees are benchmarked against independent benchmark sources and against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector, to Murray & Roberts. This includes companies in the construction, mining and industrial sectors. Fees are set at the upper quartile relative to benchmarks given the complexity and nature of the Group.

Non-executive directors do not participate in the annual bonus plan or the scheme and they do not receive any benefits other than those disclosed.

Details of non-executive director's fees paid for the financial year ended 30 June 2011 are set out in note 44 to the consolidated annual financial statements.

COMPANIES ACT DECLARATION

It should be noted that in addition to the abovementioned disclosure requirements and best practice recommendations, section 66(8) of the Companies Act provides that except to the extent that the memorandum of incorporation of a company provides otherwise, the company may pay remuneration to its directors for their "services as director", subject to a resolution as detailed in subsection 9. Subsection 9 provides that remuneration of directors may be paid only in accordance with a special resolution approved by the shareholders within the previous two years.

"Services as director" can be interpreted narrowly as only including "fees as directors", distinct from "salaries/fees paid for directorship" (as in the case of non-executive directors). Murray & Roberts has applied the former interpretation. The other, broader interpretation would be that the authorisation extends, for example, to executive directors whose fees are not specifically paid as "services as director", but by reason of their employment agreement, and directorship is merely incidental to their employment agreement.

As such shareholders are referred to Special Resolution Number 1 on page 214 of this report regarding approval of the proposed non-executive director fee structure.

DETAILED GROUP DIRECTORATE

NON-EXECUTIVE DIRECTORS

ROY CECIL ANDERSEN (63)

CA(SA) CPA (Texas)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Roy was appointed to the Board in 2003 and became chairman in 2004. He is chairman of the nomination committee and a member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee. He is also a trustee of The Murray & Roberts Trust. Roy's other directorships include Aspen Pharmacare Holdings Limited, Nampak Limited, Sasfin Bank, Virgin Active Group Limited and Business Against Crime, and he is a member of the King Committee on Corporate Governance. He was previously the chairman of Sanlam Limited and the chief executive and deputy chairman of Liberty Group. Roy served as executive president of the JSE Limited from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. He was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence. He is a member of the Defence Staff Council and the Military Command Council.

DAVID (DAVE) DUNCAN BARBER (58)

FCA (England & Wales) AMP (Harvard)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee. He is a director of AFGRI Limited. Dave was formerly the global chief financial officer of Anglo Coal, a division of the Anglo American Plc Group with operations in Australia, Canada, Venezuela, Colombia, China and South Africa as well as chief financial officer of Anglo American Corporation of South Africa. The majority of his career was spent in the Anglovaal Group prior to its unbundling where he held the position of group chief financial officer. He has served as a non-executive director and member of the audit committee for several companies, including Anglo Platinum Limited, Barnard Jacobs Mellet Holdings Limited, Telkom Limited, Highveld Steel and Vanadium Corp Limited. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

ALAN DE VILLIERS CHARLES KNOTT-CRAIG (59)

BSc Eng (Elec) MBL DBL (HC) DBA (HC)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Alan was appointed to the Board in 2008. He was chairman of the health, safety & environment committee until 30 June 2011 and remains a member of the committee. He became a member of the audit & sustainability committee from 1 July 2011. Alan's other directorships include Nedbank Group Limited and Nedbank Limited. He is a board member of the Council for Scientific and Industrial Research (CSIR) and Right to Care. Previously the chief executive of Vodacom Group, Alan is a telecommunications consultant and was recently awarded an Honorary Professorship in Business Leadership.

NAMANE MILCAH MAGAU (59)

BA EdD (Harvard) MEd BEd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Namane was appointed to the Board in 2004. She is a member of the remuneration & human resources committee and the health, safety & environment committee, and a trustee of The Murray & Roberts Trust. Namane is a past president of the International Womens' Forum and the Businesswomen's Association. She is a director of Santam Limited, Xhumani Zandla Bafazi Investments (Proprietary) Limited and Merrill Lynch South Africa (Proprietary) Limited, and a member of the Advisory Board of University of Cape Town Business School. Namane is currently director of her own consulting company and was formerly the director of group human capital services at the SABC. She came to the SABC from the CSIR where she was vice president of human resources.

JOHN MICHAEL MCMAHON (64)

PrEng BSc Eng (Glasgow)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael was appointed to the Board in 2004. He is a member of the health, safety & environment committee. Michael is a director of Central Rand Gold Limited and Impala Platinum Holdings Limited. He was formerly the chairman of Gencor Limited and Impala Platinum Holdings Limited, and a director of Gold Fields. Michael was a project manager at Murray & Roberts during the 1970s.

WILLIAM (BILL) ALAN NAIRN (66)

PrEng BSc Eng (Mining)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bill was appointed to the Board on 30 August 2010. He was a member of the health, safety & environment committee until 30 June 2011, when he became chairman. He is a member of the risk management committee. He is a director of AngloGold Ashanti Limited, and non-executive chairman of MDM Engineering Group Ltd and of the Procurement Committee for MTN Group Limited. Bill previously served on the boards of several companies including Anglo American plc, Anglo Platinum Limited and Kumba Resources Limited.

ANTHONY (TONY) ADRIAN ROUTLEDGE (63)

BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tony was appointed to the Board in 1994. He is a member of the audit & sustainability committee, remuneration & human resources committee and social & ethics committee. He is a trustee of The Murray & Roberts Trust. Tony was formerly an executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

MAHLAPE SELLO (49)

LLB, Master of Arts and Law (Russia)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mahlape was appointed to the Board in 2009. She is chairperson of the social & ethics committee and a member of the audit & sustainability committee. She serves on the Johannesburg Bar Council and is a member of the South African Law Reform Commission. Mahlape was formerly the chairperson of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

SIBUSISO PATRICK SIBISI (56)

BSc Physics (Hons) PhD (Cambridge)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sibusiso was appointed to the Board in 2007. He is chairman of the risk management committee and a member of the nomination committee. Sibusiso is the president and CEO of the CSIR and a director of Liberty Group Limited. He was the co-founder of a research-based enterprise at Cambridge and a Fulbright Fellow at the California Institute of Technology in 1988. He was formerly the deputy vice chancellor, research and innovation, at the University of Cape Town.

ROYDEN THOMAS VICE (64)

BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee, and a member of the risk management committee and the nomination committee. He is also a trustee of The Murray & Roberts Trust. Royden is chairman of Hudaco Industries Limited and a Governor of Rhodes University. Royden recently retired as the CE of Waco International Limited, and was previously CEO of Industrial and Special Products at the UK-based BOC Group, chairman of African Oxygen Limited (Afrox), Afrox Healthcare and Consol Glass Limited.

EXECUTIVE DIRECTORS

ANDRIES JACOBUS (COBUS) BESTER (51)

BCom (Acc) Hons CA(SA)

GROUP FINANCIAL DIRECTOR

Cobus joined the Group in 2006 following the acquisition of Concor and was appointed to the Board and as Group financial director on 1 July 2011. He is a director of Clough Limited. Previously group financial director for Basil Read and Concor for three and six years respectively and managing director of Concor since 2005, he has extensive experience in the construction and engineering industry.

ORRIE FENN (56)

BSc (Hons) Eng MPhil Eng DEng

GROUP EXECUTIVE DIRECTOR

Orrie joined the Group and was appointed to the Board in 2009 when he became executive director for the Group's Construction Products SADC businesses. He was previously chief operating officer of PPC and project director for Blue Circle Cement. He spent seven years at the Chamber of Mines Research Organisation, where he obtained a doctorate in engineering. Orrie is a member of the SA Institute of Mining and Metallurgy, a fellow of the Institute of Quarrying and holds a Government Certificate of Competency (Mines and Works).

HENRY JOHANNES LAAS (51)

BEng (Mining) MBA

GROUP CHIEF EXECUTIVE

Henry was appointed to the Board on 1 April 2011 and became Group Chief Executive on 1 July 2011. He first joined the Group in 2001. He is a director of Clough Limited and Murray & Roberts International Limited. He became a member of the health, safety & environment committee on 1 July 2011. Henry played an instrumental role in the global expansion of the Cementation Group and has a strong track record of successful mine project delivery worldwide. He was previously an executive director of Murray & Roberts Limited responsible for the Group's Engineering businesses.

GROUP SECRETARY

YUNUS KARODIA (39)

CA(SA) CFA

Yunus joined the Group in 1999 and was appointed Group secretary in 2007. He was previously the financial manager at Murray & Roberts International Limited based in Dubai and financial manager of Murray & Roberts Concessions. He is a trustee of Letsema Vulindlela Black Executives and Sizwe Broad-Based Community Trusts.

Imogen Mkhize retired as an independent non-executive director on 27 October 2010.

Executive directors Malose Chaba and Trevor Fowler resigned on 14 February 2011 and 30 June 2011 respectively.

Former Group chief executive Brian Bruce and Group financial director Roger Rees retired on 30 June 2011.

RECORD OF ATTENDANCE

Record of attendance at directors' meetings for the 2011 financial year

		Scheduled					Special[7]				
		25/08/10	01/12/10	23/02/11	20/04/11	29/06/11	24/08/10	27/10/10	08/11/10	30/03/11	14/04/11
RC Andersen	Independent Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BC Bruce[1]	Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DD Barber	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MP Chaba[2]	Executive	✓	✓	–	–	–	✓	✓	✓	–	–
O Fenn	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TG Fowler[3]	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ADVC Knott-Craig	Independent	✓	✓	✓	✓	✓	✓	X	✓	X	✓
HJ Laas[4]	Executive	–	–	–	✓	✓	–	–	–	–	✓
NM Magau	Independent	✓	X	✓	✓	✓	✓	✓	✓	✓	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IN Mkhize[5]	Independent	✓	–	–	–	–	✓	✓	–	–	–
WA Nairn[6]	Independent	–	✓	✓	✓	✓	–	✓	X	✓	✓
RW Rees[1]	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓	✓	X	✓	✓
M Sello	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SP Sibisi	Independent	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
RT Vice	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Record of attendance at board committee meetings for the 2011 financial year

	Scheduled			Special[7]			
Remuneration & human resources committee	24/08/10	22/02/11	27/06/11	02/02/11	23/02/11	16/03/11	20/04/11
RT Vice (Chairman)	✓	✓	✓	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓	✓	✓	✓
NM Magau	✓	✓	✓	✓	✓	✓	✓
AA Routledge	✓	✓	✓	✓	✓	X	✓

	Scheduled				Special[7]	
Audit & sustainability committee	23/08/10	21/02/11	19/04/11	27/06/11	27/01/11	02/06/11
DD Barber (Chairman)	✓	✓	✓	✓	✓	✓
IN Mkhize[5]	✓	–	–	–	–	–
AA Routledge	✓	✓	✓	✓	✓	✓
M Sello	✓	✓	X	X	✓	✓

Record of attendance at board committee meetings for the 2011 financial year *(continued)*

Risk management committee	Scheduled 23/08/10	Scheduled 21/02/11
SP Sibisi (Chairman)	✓	✓
DD Barber	✓	✓
IN Mkhize[5]	X	–
WA Nairn[6]	–	✓
RT Vice	✓	✓

Nomination committee	Scheduled 23/08/10	21/02/11	27/06/11
RC Andersen (Chairman)	✓	✓	✓
SP Sibisi	✓	✓	✓
RT Vice	✓	✓	✓

Health, safety & environment committee	Scheduled 24/08/10	29/11/10	22/02/11	19/04/11
ADVC Knott-Craig (Chairman)	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓
BC Bruce	✓	✓	✓	✓
NM Magau	✓	✓	✓	✓
JM McMahon	✓	✓	✓	✓
WA Nairn[6]	–	✓	✓	✓

Social & ethics committee	Scheduled 24/08/10	29/11/10	19/04/11	28/06/11	Special[7] 22/02/11
M Sello (Chairperson)	✓	X	✓	✓	✓
RC Andersen	✓	✓	✓	✓	✓
AA Routledge	✓	✓	✓	✓	✓

1 *Retired 30 June 2011.*
2 *Resigned 14 February 2011.*
3 *Resigned 30 June 2011.*
4 *Appointed 1 April 2011.*
5 *Retired 27 October 2010.*
6 *Appointed 30 August 2010.*
7 *Special meetings called at short notice can result in some directors/members being unavailable.*

RECORD OF ATTENDANCE continued

Record of attendance at executive committee meetings for the 2011 financial year

Executive committee	Scheduled												
	22/07/10	12/08/10	19/08/10	23/09/10	21/10/10	25/11/10	27/01/11	10/02/11	16/02/11	24/03/11	13/04/11	26/05/11	22/06/11
BC Bruce[1]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AJ Bester	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
MP Chaba[2]	✓	✓	✓	✓	✓	✓	✓	–	–	–	–	–	–
O Fenn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TG Fowler[5]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IW Henstock	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HJ Laas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AR Langham	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RCC Noonan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RW Rees[1]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TW Rensen[4]	✓	–	–	–	–	–	–	–	–	–	–	–	–
RAG Skudder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
KE Smith[3]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–

Executive committee	Special[6]			
	08/07/10	02/12/10	28/02/11	11/03/11
BC Bruce[1]	✓	✓	✓	✓
AJ Bester	✓	✓	✓	✓
MP Chaba[2]	✓	✓	–	–
O Fenn	✓	✓	✓	✓
TG Fowler[5]	✓	✓	✓	✓
IW Henstock	✓	✓	✓	✓
HJ Laas	✓	✓	✓	✓
AR Langham	✓	✓	✓	✓
RCC Noonan	✓	✓	✓	✓
RW Rees[1]	✓	X	✓	✓
TW Rensen[4]	✓	–	–	–
RAG Skudder	✓	✓	✓	✓
KE Smith[3]	✓	✓	✓	✓

1 *Retired 30 June 2011.*
2 *Resigned from the executive committee on 28 January 2011 and as a director on 14 February 2011.*
3 *Retired 31 March 2011.*
4 *Retired 31 July 2010.*
5 *Resigned 30 June 2011.*
6 *Special meetings called at short notice can result in some directors/members being unavailable.*

ANALYSIS OF SHAREHOLDERS

June 2011

	Number of shareholders	% of shareholders	Number of shares	%
Size of holding				
1 — 1 000 shares	5 368	65,36	1 810 105	0,54
1 001 — 10 000 shares	2 098	25,55	6 825 996	2,06
10 001 — 100 000 shares	525	6,39	17 464 234	5,26
100 001 — 1 000 000 shares	176	2,14	57 774 186	17,41
1 000 001 shares and above	46	0,56	248 018 098	74,73
Total	**8 213**	**100**	**331 892 619**	**100**
Category				
Pension funds	174	2,12	110 800 895	33,39
Unit/Mutual fund	209	2,55	102 595 137	30,91
Black Economic Empowerment	3	0,04	28 853 227	8,69
Insurance companies	24	0,29	28 302 552	8,53
Private investor	71	0,86	10 991 516	3,31
Custodians	25	0,31	9 735 708	2,93
Sovereign wealth	10	0,12	7 505 045	2,26
Investment trust	4	0,05	1 354 074	0,41
Exchange-traded fund	1	0,01	1 026 564	0,31
University	6	0,07	698 946	0,21
Treasury	1	0,01	676 644	0,20
Charity	7	0,09	478 651	0,14
Hedge fund	1	0,01	111 610	0,04
Local authority	1	0,01	79 587	0,03
Other	7 676	93,46	28 682 463	8,64
Total	**8 213**	**100**	**331 892 619**	**100**

	Number of shares	% of shares
Major shareholders holding 5% or more of the company's ordinary shares		
Government Employees Pension Fund (ZA)	55 692 365	16,78
Lazard Emerging Markets Portfolio (US)	31 585 517	9,52
Fund managers holding 5% or more of the company's ordinary shares		
Lazard Asset Management LLC (Various)	52 016 419	15,67
Public Investment Corporation (ZA)	43 534 869	13,12
Allan Gray Investment Council (ZA)	19 989 747	6,02
Old Mutual Asset Managers (Various)	17 451 081	5,26

	Number of shareholders	% of shareholders	Number of shares	%
Shareholder spread				
Non-Public*	10	0,12	37 848 768	11,40
Public	8 203	99,88	294 043 851	88,60
Total	**8 213**	**100**	**331 892 619**	**100**
Domestic			187 863 085	56,60
International			144 029 534	43,40
			331 892 619	**100**

* *Includes directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.*

ASSURANCE STATEMENT

Independent assurance statement by Deloitte & Touche to Murray & Roberts on their sustainability indicator disclosure in their Integrated Report 2011 ("Report")

SCOPE OF OUR WORK

Murray & Roberts engaged us to perform limited assurance procedures for the year ended 30 June 2011 on the following subject matter:

COMMUNITY DEVELOPMENT:

- Corporate social investment in community programs (Rm)
- Letsema broad-based community commitments (Rm)

ECONOMIC:

- Statement of total value added
- Significant fines paid

EMPLOYEES:

- Total number of bursars and % of bursars who are black and female
- Graduate Recruitment and % of graduates who are black and female
- Leadership Development Program and % of participants who are black and female

GOVERNANCE:

- Composition of governance bodies

SAFETY:

- Number of fatalities

TRANSFORMATION & LOCAL ECONOMIC DEVELOPMENT:

- Bursaries awarded by the Letsema Employee Benefits Trust (Rm)
- Wealth created through Letsema BBBEE share ownership transaction (Rm)

ASSURANCE PROCESS AND STANDARD

We conducted our limited assurance engagement in accordance with the International Standard on Assurance applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000). To achieve limited assurance ISAE 3000 requires that we review the processes and systems used to compile information in the areas on which we provide assurance. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.

The evaluation criteria used for our assurance are the Murray & Roberts definitions and basis of reporting.

KEY PROCEDURES

Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence on which we base our conclusion. Our work was planned to mirror Murray & Roberts' own group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by corporate head office and included in the Report.

Key procedures we conducted included:

- Gaining an understanding of Murray & Roberts' systems through interview with management responsible for reporting systems at corporate head office and site level; and
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the Report.

OUR CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected sustainability performance indicators are not fairly presented.

RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT ASSURANCE PROVIDER

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for the preparation of the Integrated Report 2011, including the implementation and execution of systems to collect required sustainability data.

DELOITTE'S RESPONSIBILITIES

Our responsibility is to express our limited assurance conclusion on the performance data for the year ended 30 June 2011.

This report is made solely to Murray & Roberts in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a limited assurance report and for no other purpose. Thus, we do not accept or assume responsibility to anyone other than Murray & Roberts for our work, for this report, or for the conclusions we have formed.

Nina le Riche
Director, Deloitte & Touche

Cape Town, South Africa
25 August 2011

1st Floor, The Square, Cape Quarter, 27 Somerset Road, Greenpoint, Cape Town, 8005

National Executive: **GG Gelink** Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Risk Advisory, **NB Kader** Tax & Legal Services, **L Geeringh** Consulting, **L Bam** Corporate Finance, **JK Mazzocco** Human Resources, **CR Beukman** Finance, **TJ Brown** Clients, **NT Mtoba** Chairman of the Board, **MJ Comber** Deputy Chairman of the Board

A full list of partners is available on request.

| GAUTRAIN PASSENGER ASSISTANTS /// JOHANNESBURG, GAUTENG

ANNUAL FINANCIAL STATEMENTS

TABLE OF CONTENTS

The reports and statements set out below comprise the annual financial statements presented to shareholders:

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

The directors of the Company and the Group are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss and cash flows for that year in conformity with International Financial Reporting Standards and in the manner required by the Companies Act No. 71 of 2008 (as amended) (Companies Act). The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

- The Board and management set standards and management implements systems of internal controls, accounting and information systems, and
- The audit & sustainability committee recommends Group accounting policies and monitors these policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

KPMG fulfil the Group internal audit function and is conducting a two year programme to review the design, implementation and effectiveness of internal financial controls. Based on the results to date, nothing has come to the attention of the directors which indicates that the Group's system of internal financial controls, in all material aspects, does not provide a basis for reliable annual financial statements.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act and are based on appropriate accounting policies, supported by reasonable and prudent judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 1.

The annual financial statements have been compiled under the supervision of AJ Bester (CA) SA, Group financial director.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the auditors to express an opinion on the annual financial statements. Their unmodified report to the members of the Company and Group is set out on page 132.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2011, set out on pages 133 to 212, were approved by the Board of directors at its meeting held on 31 August 2011 and are signed on its behalf by:

RC Andersen
Group chairman

HJ Laas
Group chief executive

AJ Bester
Group financial director

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2011

In my capacity as company secretary, I hereby certify, in terms of section 88(2)(e) of the Companies Act No. 71 of 2008 (as amended), that for the year ended 30 June 2011, the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of this Act, and that all such returns and notices, to the best of my knowledge and belief, appear to be true, correct and up to date.

Y Karodia
Company Secretary

AUDIT & SUSTAINABILITY COMMITTEE

DAVE BARBER

CHAIRMAN

THE COMMITTEE ASSISTS THE BOARD TO FULFIL ITS SUPERVISORY ROLE RELATING TO THE INTEGRITY OF FINANCIAL REPORTING

in terms of accounting standards and the Listings Requirements of the JSE Limited, and the operation of adequate financial systems and controls. It does so by evaluating the findings of internal and external audits, actions taken and the appropriateness, adequacy and effectiveness of the system of internal financial controls.

The audit & sustainability committee operates under an approved charter.

The committee chairman reports on committee deliberations and decisions at the Board meeting following each committee meeting. The internal and external auditors have unrestricted access to the committee without the presence of management. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and reported on.

The committee reviews the quality and effectiveness of the external audit process. For the year under review, the committee is satisfied that the external auditor is independent and has nominated for shareholder approval at the annual general meeting that Deloitte & Touche is accredited and be reappointed as independent auditors, and AJ Zoghby as the individual registered auditor.

MEMBERSHIP

The composition of the committee complies with the Companies Act, No. 71 of 2008 (as amended) (Companies Act) and King III and comprises of three independent non-executive directors. DD Barber served as chairman of the committee with AA Routledge and M Sello as members, all of whom are suitably skilled and experienced to discharge their responsibilities. IN Mkhize retired as a member during the year under review. ADVC Knott-Craig was appointed a member effective 1 July 2011. The committee members will be re-appointed annually by shareholders.

The Group chairman, Group chief executive, Group financial director, Group head of assurance, and internal and external auditors all attend meetings by invitation. A chief audit executive was appointed subsequent to the year-end and will also attend all meetings by invitation.

The committee met six times during the year under review.

The chairman of the committee also serves on the risk management committee. This ensures that overlapping responsibilities are appropriately dealt with.

TERMS OF REFERENCE

The committee's responsibilities include:

- assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls
- monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders
- making recommendations to the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process
- nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services
- overseeing fraud and information technology (IT) risks as they relate to financial reporting
- receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters
- overseeing the annual integrated report and recommending approval to the Board
- reviewing price sensitive information such as trading statements
- performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa as public companies.

The Board reviewed and approved the committee's terms of reference and policy for non-audit services during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and complies with its terms of reference in all material respects.

STATUTORY DUTIES

In addition to the duties set out in the terms of reference, the committee performed the required statutory functions in terms of Section 94(7) of the Companies Act.

INTERNAL AUDIT

KPMG fulfils the internal audit function and serves management and the Board by performing independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The internal audit function is tasked with providing assurance by performing risk-based audits throughout the Group, and adjusts its coverage and focus based on changing strategic and operational needs. Internal audit coverage includes a review of strategic risk mitigations, an independent validation of management's control self-assessment representations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT audits and CoBiT maturity assessments. A combined assurance model is adopted to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the company.

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which was reviewed by the committee and approved by the Board. The committee approved the appointment of a chief audit executive during the year under review.

FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. Group financial director, RW Rees, retired on 30 June 2011 and was succeeded by AJ Bester on 1 July 2011. The committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

INTERNAL FINANCIAL CONTROLS

KPMG fulfils the Group internal audit function and is conducting a two year programme to review the design, implementation and effectiveness of internal financial controls. Based on the results to date, nothing has come to the attention of the committee which indicates that the Group's system of internal controls, in all material aspects, does not provide a basis for reliable annual financial statements.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts is continuously strengthened to cater for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews at half year and full year-end. Audit close-out meetings are held between external auditors and operational management at year-end. A detailed audit summary memorandum is prepared for all operating entities in the Group and a consolidated report is presented to the committee. There is an agreed procedure for the committee to seek professional independent advice at the Company's expense.

INTEGRATED REPORTING

During the year under review, external service providers were appointed to assist the Group to implement the annual integrated report and to provide an assurance framework for sustainability information. The committee recommended for Board approval the annual integrated report and Group's annual financial statements. It is satisfied that they comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements. The Group's annual financial statements will be open for discussion at the forthcoming annual general meeting where the committee chairman will be present to answer questions on the activities of the committee.

ASSURANCE

Group assurance has expanded its activities and made significant progress to ensure effective coverage of the Group's operations, implementation of King III principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in this regard is underscored by various policy frameworks that are developing and being implemented, including stakeholder management, regulatory compliance and information management. Project governance has been enhanced by the implementation of the upgraded Opportunity Management System (OMS).

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

Combined assurance is achieved through a significantly broadened control self-assessment programme. Internal audit validates the results using a risk-based approach and recommends further improvements where required. The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise or eliminate gaps.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have audited the annual financial statements of Murray & Roberts Holdings Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of financial performance, the consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 133 to 212.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited as at 30 June 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: AF Mackie
Partner
31 August 2011

Deloitte & Touche
Buildings 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton

National executive: **GG Gelink** Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Risk Advisory, **NB Kader** Tax & Legal Services, **L Geeringh** Consulting, **L Bam** Corporate Finance, **JK Mazzocca** Human Resources, **CR Beukman** Finance, **TJ Brown** Clients, **NT Mtoba** Chairman of the Board, **MJ Comber** Deputy Chairman of the Board.

REPORT OF DIRECTORS

for the year ended 30 June 2011

This report presented by the directors is a constituent of the consolidated annual financial statements at 30 June 2011. Except where otherwise stated, all monetary amounts set out in tabular form are expressed in millions of Rands.

NATURE OF BUSINESS

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, underground mining development, construction materials and related fabrication sectors.

The Company does not trade and all of its activities are undertaken through a number of subsidiaries, joint ventures and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated annual financial statements.

Group financial results

At 30 June 2011 the Group recorded a loss of R1 648 million (2010: profit of R1 229 million), representing a diluted loss per share of 585 cents (2010: diluted earnings per share of 371 cents). Diluted headline loss per share was 503 cents (2010: diluted headline earnings per share of 340 cents).

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

Going concern

The Board is satisfied that the consolidated annual financial statements comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

Major projects – Uncertified revenue

Included in amounts due from contract customers in the statement of financial position is the Group's share of uncertified revenue that has been recognised through the statement of financial performance in current and prior periods in respect of claims and variation orders on major projects (refer to note 9 of the consolidated annual financial statements), Gautrain Rapid Rail Link (Gautrain), Dubai International Airport Concourse 2 (Dubai Airport), Gorgon Pioneer materials Offloading Facility contract (GPMOF) and Medupi Civils Works.

A cumulative total revenue of R2,0 billion, net of on-account payments of R334 million, being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2011 (2010: R2,0 billion) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is supported by the Group's contract partners and by independent experts and advisers, and in accordance with IAS 11 *Construction Contracts.*

The amount of R1,4 billion of uncertified revenue disclosed in the prior year was in respect of Gautrain, Dubai Airport and power programme only.

Adjudication of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the Statement of Financial Position at 30 June 2011.

Competition Commission

The Group has committed to full co-operation with the Competition Commission (Commission) to eradicate anti-competitive behaviour within the construction industry.

Through internal, legal and forensic investigations, between 2007 and 2011, all identified improper conduct was proactively brought to the Commission's attention with several leniency applications submitted in terms of the Commission's Corporate Leniency Policy (CLP). Certain of those leniency applications submitted to the Commission have resulted in leniency agreements.

Where leniency agreements have not yet been concluded in respect of such CLP applications, the Group is advised that it has been successful in achieving a marker in certain of these CLP applications and it has no reason to believe that formal leniency agreements will not flow in due course.

Accordingly, the Group is of the view that it is inappropriate under these circumstances to conclude whether a provision for potential penalties should be created. However, the risk remains that a leniency agreement may not be achieved resulting in a consequential fine.

In February 2011, the Commission announced a fast-track settlement process aimed at providing a transparent, cost-effective and swift resolution to its investigations into the construction industry. The Group conducted further extensive internal legal and forensic investigations in terms of the specific provisions of the fast-track settlement process. Regrettably, and due mainly to late notifications by former subsidiary company executives, a limited number of additional projects were identified where possible transgressions may have occurred, primarily in a designated sector in which Concor Holdings (Pty) Limited is active. As a consequence, the Group participated in the fast-track settlement process and lodged its applications for these projects on 15 April 2011. Provision has been made for potential penalties for these identified possible transgressions.

Notwithstanding the Group's efforts to disclose all anti-competitive matters to the Commission, there may be certain residual matters which have not yet come to the Group's attention and that may potentially give rise to additional penalties.

The Board reiterates that it does not condone any anti-competitive or collusive conduct.

REPORT OF DIRECTORS

continued

Segmental disclosure

The Group manages its operations through five operating platforms. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated annual financial statements).

AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2011 are contained in note 11 of the consolidated annual financial statements.

There were no changes to the authorised and issued share capital during the year under review.

Particulars relating to The Murray & Roberts Trust (Trust) are set out in note 12.1 of the consolidated annual financial statements. During the year, the Trust granted a total of 1 738 000 options over ordinary shares (2010: 2 325 000 options) to senior executives, including executive directors.

At 30 June 2011, the Trust held 6 189 282 (2010: 7 260 782) ordinary shares against the commitment of options granted by the Trust totalling 11 173 125 (2010: 11 204 625) ordinary shares. The shares held by the Trust have been purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme is limited to 10% of the total issued share capital of the Company, currently 33 189 262 (2010: 33 189 262) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

Purchase of own shares

In terms of the general authority obtained at the last annual general meeting, the Company or its subsidiaries may repurchase ordinary shares to a maximum of 10% of the issued ordinary shares. No ordinary shares were repurchased during the year in terms of this general authority.

DIVIDEND

No interim or final dividend was declared for the year ended 30 June 2011.

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

Final dividend No. 117 of 53 cents declared on 25 August 2010 and paid on 18 October 2010, and

Interim dividend No. 116 of 52 cents declared on 24 February 2010 and paid on 16 April 2010.

SUBSIDIARIES

Acquisitions

Acquisition of additional shares in Forge Group Limited (Forge)
During the financial year Clough Limited increased its interest in Forge from 31% to 33%.

Acquisition of controlling interest in PT Operational Services (Proprietary) Limited
The Group acquired an additional 33% equity interest in PT Operational Services (Proprietary) Limited increasing its interest to 67%.

Acquisition of additional interest in Bombela Concession Company (Proprietary) Limited
The Group acquired an additional 8% equity interest in Bombela Concession Company (Proprietary) Limited increasing its interest to 33%.

Disposals

Disposal of non-core assets
During the year, the Group entered into an agreement to dispose of its equity interest in a toll road concession. The Group continues to dispose of its investment properties.

On 27 October 2010, the Board approved the sale of the Group's interest in CISCO (Cape Town Iron and Steel Company). In February 2011 the Board further approved the sale of all the Group's interests in the trading and manufacturing of steel reinforcing products. An offer for the sale of the mining roof bolts manufacturing division was accepted prior to 30 June 2011. Conclusion of the transaction is subject to Competition Commission approval.

An offer for the disposal of the Group's interest in Johnson Arabia was accepted prior to 30 June 2011. Conclusion of the transaction is subject to the satisfaction of conditions precedent.

SPECIAL RESOLUTIONS

No special resolutions relating to capital structure, borrowing powers or any other material matter were passed by subsidiary companies during the year under review.

EVENTS AFTER REPORTING DATE

On 8 August 2011, Clough Limited announced the disposal of its Marine Construction business for a cash consideration of AUD127 million, subject to conditions precedent. The financial effects of the transaction have not been brought into account at 30 June 2011. The results of the Marine Construction business have been disclosed as a discontinued operation and the assets and liabilities recorded as held-for-sale.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2011 or the results of its operations or cash flows for the year then ended.

INTERESTS OF DIRECTORS

A total of 2 065 750 (2010: 2 488 750) share options are allocated to directors in terms of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme, further details are set out in note 44.

The directors of the Company held direct beneficial interests in 28 000 of the Company's issued ordinary shares (2010: 1 426 805 ordinary shares). Details of ordinary shares held per individual director are listed below.

	Direct	Indirect
30 June 2011		
Beneficial		
RC Andersen	20 000	–
DD Barber	2 000	–
AJ Bester*	6 000	–
BC Bruce**	1 404 805	–
Non-beneficial		
RW Rees**	–	615 000
30 June 2010		
Beneficial		
RC Andersen	20 000	–
DD Barber	2 000	–
BC Bruce	1 404 805	–
Non-beneficial		
RW Rees	–	500 000

* *AJ Bester was appointed to the Board as Group financial director on 1 July 2011.*

** *Group chief executive BC Bruce and Group financial director RW Rees retired on 30 June 2011.*

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

DIRECTORS

At the date of this report, the directors of the Company were:

Independent non-executive

RC Andersen (Chairman); DD Barber; ADVC Knott-Craig; NM Magau; JM McMahon; WA Nairn; AA Routledge; M Sello; SP Sibisi and RT Vice.

Non-executive director WA Nairn was appointed with effect from 30 August 2010.

Due to other commitments, IN Mkhize retired as a non-executive director on 27 October 2010.

Executive

HJ Laas (Group chief executive); AJ Bester (Group financial director); and O Fenn.

HJ Laas was appointed to the Board as an executive director on 1 April 2011 and became Group chief executive on 1 July 2011.

Executive directors MP Chaba and TG Fowler resigned on 14 February 2011 and 30 June 2011 respectively. MP Chaba resigned to pursue personal interests and TG Fowler resigned to assume the position of City Manager at the City of Johannesburg Municipality.

COMPANY SECRETARY

The company secretary's business and postal addresses are:

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

AUDITORS

Deloitte & Touche continued in office as external auditors. At the annual general meeting of 26 October 2011, shareholders will be requested to appoint Deloitte & Touche as external auditors for the 2012 financial year. AJ Zoghby will be the individual registered auditor who will undertake the audit.

31 August 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2011	2010*
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 325,1**	4 233,4
Investment property	3	**18,3**	51,7
Goodwill	4	**434,9**	553,7
Other intangible assets	5	**197,0**	71,5
Investments in associate companies	6	**564,4**	376,1
Other investments	7	**445,0**	216,2
Deferred taxation assets	20	**469,8**	343,4
Non-current receivables		**108,4**	319,1
Total non-current assets		**5 562,9**	6 165,1
Current assets			
Inventories	8	**817,2**	1 707,0
Derivative financial instruments		**10,5**	45,6
Amounts due from contract customers	9	**5 290,0**	5 786,9
Trade and other receivables	10	**1 836,6**	2 049,3
Current taxation assets	35	**82,9**	111,7
Cash and cash equivalents	24	**3 100,6**	3 811,1
Total current assets		**11 137,8**	13 511,6
Assets classified as held-for-sale	31	**2 859,8**	1 448,4
TOTAL ASSETS		**19 560,5**	21 125,1
EQUITY AND LIABILITIES			
Equity			
Share capital and premium	11	**756,9**	737,1
Reserves		**189,3**	215,1
Retained earnings		**3 274,9**	5 251,1
Equity attributable to owners of Murray & Roberts Holdings Limited		**4 221,1**	6 203,3
Non-controlling interests	15	**1 100,3**	974,0
Total equity		**5 321,4**	7 177,3
Non-current liabilities			
Long term loans	17	**1 225,2**	1 535,3
Obligations under finance headleases	18	**–**	–
Retirement benefit obligations	43	**7,4**	9,3
Long term provisions	19	**126,5**	84,4
Deferred taxation liabilities	20	**310,9**	380,5
Subcontractor liabilities	22	**141,1**	293,7
Non-current payables		**62,0**	80,2
Total non-current liabilities		**1 873,1**	2 383,4
Current liabilities			
Amounts due to contract customers	9	**2 244,4**	2 446,1
Trade and other payables	21	**5 226,9**	4 391,1
Subcontractor liabilities	22	**2 171,4**	2 104,8
Provisions for obligations	23	**254,3**	387,3
Short term loans	25	**1 079,5**	636,4
Current taxation liabilities	35	**115,8**	102,0
Derivative financial instruments		**45,1**	1,7
Bank overdraft	24	**46,8**	1 244,9
Total current liabilities		**11 184,2**	11 314,3
Liabilities directly associated with a disposal group held-for-sale	31	**1 181,8**	250,1
Total liabilities		**14 239,1**	13 947,8
TOTAL EQUITY AND LIABILITIES		**19 560,5**	21 125,1

* *The prior year balances relating to amounts due from and to contract customers have been reclassified, refer to note 9 for additional disclosure.*

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2011	2010*
Continuing operations			
Revenue	26	**30 534,8**	27 851,0
(Loss)/profit before interest, depreciation and amortisation		**(92,6)**	2 123,3
Depreciation		**(562,0)**	(565,5)
Amortisation of intangible assets		**(23,2)**	(22,4)
(Loss)/profit before interest and taxation	27	**(677,8)**	1 535,4
Interest expense	28	**(293,9)**	(296,2)
Interest income	29	**99,5**	173,8
(Loss)/profit before taxation		**(872,2)**	1 413,0
Taxation expense	30	**(196,3)**	(413,4)
(Loss)/profit after taxation		**(1 068,5)**	999,6
Income from equity accounted investments	6	**86,3**	14,9
(Loss)/profit for the year from continuing operations		**(982,2)**	1 014,5
(Loss)/profit from discontinued operations	31	**(666,1)**	214,9
(Loss)/profit for the year		**(1 648,3)**	1 229,4
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**(1 735,1)**	1 098,3
Non-controlling interests	15	**86,8**	131,1
		(1 648,3)	1 229,4
Weighted average ordinary shares ('000)			
Number of ordinary shares in issue		**331 893**	331 893
Weighted average ordinary shares held by The Murray & Roberts Trust		**(6 737)**	(7 658)
Weighted average ordinary shares held by the Letsema BBBEE trusts		**(28 917)**	(28 946)
Weighted average ordinary shares held by Murray & Roberts Limited		**(676)**	(676)
Weighted average number of shares used for basic per share calculation		**295 563**	294 613
Dilutive adjustment for share options		**1 029**	1 233
Weighted average number of shares used for diluted per share calculation		**296 592**	295 846
(Loss)/earnings per share from continuing and discontinued operations (cents)			
– Diluted	32.2	**(585)**	371
– Basic	32.2	**(587)**	373
(Loss)/earnings per share from continuing operations (cents)			
– Diluted	32.2	**(387)**	318
– Basic	32.2	**(388)**	319

* *Reclassified as a result of discontinued operations.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2011	2010
(Loss)/profit for the year	**(1 648,3)**	1 229,4
OTHER COMPREHENSIVE (LOSS)/INCOME		
Exchange differences on translating foreign operations	**3,8**	123,0
Effects of cash flow hedges	**(27,0)**	(11,0)
Other comprehensive (loss)/income for the year net of taxation	**(23,2)**	112,0
Total comprehensive (loss)/income	**(1 671,5)**	1 341,4
Total comprehensive (loss)/income attributable to:		
Owners of Murray & Roberts Holdings Limited	**(1 787,3)**	1 163,6
Non-controlling interests	**115,8**	177,8
	(1 671,5)	1 341,4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Share capital	Share premium	Hedging and translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2009	29,4	689,3	(30,4)	153,2	4 739,0	**5 580,5**	1 053,0	**6 633,5**
Total comprehensive income for the year	–	–	65,3	–	1 098,3	**1 163,6**	177,8	**1 341,4**
Treasury shares acquired (net)	0,1	18,3	–	–	–	**18,4**	–	**18,4**
Recognition of financial instrument on acquisition of business	–	–	–	(54,7)	–	**(54,7)**	–	**(54,7)**
Disposal of business	–	–	7,0	–	–	**7,0**	–	**7,0**
Net acquisition/disposal of non-controlling interests	–	–	–	–	(14,2)	**(14,2)**	(142,9)	**(157,1)**
Net movement in non-controlling interest loans	–	–	–	–	–	**–**	(1,7)	**(1,7)**
Transfer to non-controlling interests	–	–	2,1	15,6	–	**17,7**	(17,7)	**–**
Recognition of share-based payment	–	–	–	57,0	–	**57,0**	–	**57,0**
Dividends declared and paid	–	–	–	–	(572,0)	**(572,0)**	(94,5)	**(666,5)**
Balance at 30 June 2010	29,5	707,6	44,0	171,1	5 251,1	**6 203,3**	974,0	**7 177,3**
Total comprehensive (loss)/income for the year	–	–	(52,2)	–	(1 735,1)	**(1 787,3)**	115,8	**(1 671,5)**
Treasury shares acquired (net)	0,1	19,7	–	–	–	**19,8**	–	**19,8**
Net acquisition/disposal of non-controlling interests	–	–	–	–	(54,6)	**(54,6)**	58,9	**4,3**
Net movement in non-controlling interest loans	–	–	–	–	–	**–**	36,2	**36,2**
Transfer to non-controlling interests	–	–	–	(2,7)	–	**(2,7)**	2,7	**–**
Reclassification	–	–	(4,1)	4,1	–	**–**	–	**–**
Recognition of share-based payment	–	–	–	32,5	–	**32,5**	–	**32,5**
Dividends declared and paid	–	–	–	–	(186,5)	**(186,5)**	(87,3)	**(273,8)**
Recycled to the statement of financial performance	–	–	–	(3,4)	–	**(3,4)**	–	**(3,4)**
Balance at 30 June 2011	29,6	727,3	(12,3)	201,6	3 274,9	**4 221,1**	1 100,3	**5 321,4**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2011	2010
Cash flows from operating activities			
Receipts from customers		**32 881,6**	32 057,0
Payments to suppliers and employees		**(32 010,0)**	(30 653,1)
Cash generated from operations	34	**871,6**	1 403,9
Interest received		**105,6**	187,6
Interest paid		**(357,8)**	(383,1)
Taxation paid	35	**(286,0)**	(517,0)
Operating cash flow		**333,4**	691,4
Dividends paid to owners of Murray & Roberts Holdings Limited		**(186,5)**	(572,0)
Dividends paid to non-controlling interests		**(87,3)**	(94,5)
Net cash inflow from operating activities		**59,6**	24,9
Cash flows from investing activities			
Acquisition of business		**(70,1)**	(77,0)
Acquisition of non-controlling interests		**–**	(59,0)
Associate company – loans paid		**–**	(20,1)
Dividend received from associate companies		**24,5**	1,7
Acquisition of associates		**(7,1)**	(340,6)
Increase in investments		**–**	(113,0)
Purchase of intangible assets other than goodwill		**(11,5)**	(28,0)
Purchase of property, plant and equipment by discontinued operations		**(35,2)**	–
Purchase of property, plant and equipment		**(832,4)**	(1 092,7)
Replacements		**(465,0)**	(255,0)
Additions		**(367,4)**	(837,7)
Proceeds on reduction in investments and investment property		**–**	49,0
Proceeds on disposal of property, plant and equipment		**131,8**	177,4
Proceeds on disposal of business		**–**	669,0
Proceeds on disposal of assets held-for-sale		**635,4**	–
Advance payment received in respect of investment disposal		**170,0**	–
Cash related to assets held-for-sale		**(110,6)**	(153,9)
Proceeds on disposal and realisation of investments		**44,5**	255,0
Other		**(1,7)**	(5,7)
Net cash outflow from investing activities		**(62,4)**	(737,9)
Cash flows from financing activities			
Net movement in borrowings	37	**529,4**	378,3
Net acquisition of treasury shares		**19,8**	18,4
Net cash inflow from financing activities		**549,2**	396,7
Net increase/(decrease) in net cash and cash equivalents		**546,4**	(316,3)
Net cash and cash equivalents at beginning of year		**2 566,2**	2 876,5
Effect of foreign exchange rates		**(58,8)**	6,0
Net cash and cash equivalents at end of year	24	**3 053,8**	2 566,2

ACCOUNTING POLICIES

for the year ended 30 June 2011

1. PRESENTATION OF FINANCIAL STATEMENTS

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

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

IAS 32 (Amendment): Financial Instruments: Presentation – Classification of Rights Issues

The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

IFRS 2 (Amendment): Share-based Payments – Group Cash-settled Share-based Payment Transactions

The amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendment provides guidance on how to account for group share-based payment schemes in entities' separate financial statements. The amendment incorporates guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 Group and Treasury Share Transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11.

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

This interpretation provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. It clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.

Certain improvements to IFRS's 2010

Improvements to IFRS is a collection of amendments to International Financial Reporting Standards (IFRS). These amendments are the result of conclusions the board reached on proposals made in its annual improvements project.

The above standards and interpretations had no impact on the Group or Company annual financial statements.

1.1 Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in note 47.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 48.

1.2 Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and the AC 500 Standards as issued by the Accounting Practices Board.

1.3 Basis of consolidation

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited (Company), its subsidiaries, its interest in joint ventures and its interest in associates.

Subsidiaries are entities, including special purpose entities such as The Murray & Roberts Trust controlled by the Group. Control exists where the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying an interest of more than half of the voting rights. In assessing control, potential voting rights that are exercisable or convertible presently are taken into account.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Inter-company transactions and balances on transactions between group companies are eliminated.

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

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

1.4 Business combination
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date, and
- assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if the interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill
The Group uses the acquisition method to account for the acquisition of businesses.

Goodwill is recognised as an asset at the acquisition date of a business, subsidiary, associate or jointly controlled entity. Goodwill on the acquisition of a subsidiary and joint venture company is included in intangible assets. Goodwill on the acquisition of an associate company is included in the investment in associates.

ACCOUNTING POLICIES

continued

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the business combination. Any impairment loss of the cash generating unit is first allocated against the goodwill and thereafter against the other assets of the cash generating unit on a pro-rata basis.

Whenever negative goodwill arises, the identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities are reassessed. If negative goodwill still remains, it is recognised in profit or loss immediately.

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

1.5 Joint ventures

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

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

1.6 Investments in associate companies

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

1.7 Stand-alone Company's financial statements

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

1.8 Foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

Foreign currency monetary items

Monetary assets denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at the reporting date. Exchange differences arising on translation are credited to or charged against income.

Monetary liabilities denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at reporting date. Exchange differences arising on translation are credited to or charged against income.

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

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

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

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

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

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

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

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is recycled to profit or loss.

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

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

1.9 Financial instruments

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

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

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

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

Trade and other receivables
Trade and other receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

The provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Contract receivables and retentions
Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

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

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

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

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

ACCOUNTING POLICIES
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Impairment of financial assets
Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting date and impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

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

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

Trade and other payables
Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade and other payables are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

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

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

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

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets. Fair value is determined in the manner as described in note 7. Where management has identified objective evidence of impairment, provisions are raised against the investment. Assets are considered to be impaired when the fair value of the assets is considered to be lower than the original cost of the investment.

Available-for-sale assets
Available-for-sale assets include financial instruments normally held for an indefinite period, but may be sold depending on changes in exchange, interest or other market conditions. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs, and subsequently carried at fair value. Fair value is based on market prices for these assets. Resulting gains or losses are recognised in statement of other comprehensive income and accumulated as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in profit and loss.

Where management has identified objective evidence of impairment, a provision is raised against the investment. When assessing impairment, consideration is given to whether or not there has been a significant or prolonged decline in the market value below original cost.

Derivative financial instruments
Derivative financial instruments are initially measured at fair value at the contract date, which includes transaction costs. Subsequent to initial recognition derivative instruments are stated at fair value with the resulting gains or losses recognised in profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the statement of financial performance.

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

The Group generally makes use of three types of derivatives, being foreign exchange contracts, interest rate swap agreements and embedded derivatives. The majority of these are used to hedge the financial risks of recognised assets and liabilities, unrecognised forecasted transactions or unrecognised firm commitments (hereafter referred to as "economic hedges").

Hedge accounting is not necessarily applied to all economic hedges but only where management made a decision to designate the hedge as either a fair value or cash flow hedge and the hedge qualifies for hedge accounting.

Hedging activities
Economic hedges where hedge accounting is not applied
When a derivative instrument is entered into as a hedge, all fair value gains or losses are recognised in profit or loss.

Economic hedges where hedge accounting is applied
Hedge accounting recognises the offsetting effects of the hedging instrument (i.e. the derivative) and the hedged item (i.e. the item being hedged such as a foreign denominated liability).

Hedges can be designated as fair value hedges, cash flow hedges, or hedges of net investments in foreign entities.

Fair value hedges
When a derivative instrument is entered into and designated as a fair value hedge, all fair value gains or losses are recognised in profit or loss.

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

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

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

If the underlying transaction occurs and results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity must be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that interest income or interest expense is recognised). However, if the Group expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it shall reclassify into profit or loss the amount that is not expected to be recovered.

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

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Loans to (from) group companies
These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

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

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

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

1.11 Intangible assets other than goodwill
An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the Group has control over the asset; it is probable that economic benefits will flow to the Group; and the cost of the asset can be measured reliably.

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Computer software
Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense as incurred.

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

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

Research and development
Research expenditure is recognised as an expense as incurred.

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

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

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

Other intangible assets
Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairments. Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred and is not capitalised.

Subsequent expenditure
Subsequent costs incurred on intangible assets are included in the carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is expensed as incurred.

Amortisation
Amortisation is charged to profit or loss on a systematic basis over the estimated useful life of the intangible asset from the date that they are available for use unless the useful lives are indefinite. Intangible assets with indefinite lives are tested annually for impairment. The estimated useful lives and residual values are reviewed at the end of each reporting period and the effect of any change in estimate will be applied prospectively.

The average amortisation periods are set out in note 5.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.12 Property, plant and equipment
Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. Property, plant and equipment could be constructed by the Group or purchased by the entities. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

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

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

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

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

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

Measurement
All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that revaluation date.

Subsequent costs
Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Day-to-day servicing costs are recognised in profit or loss in the year incurred.

Revaluations
Property, plant and equipment are not revalued.

Assets held under finance leases
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Components
The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Depreciation
Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its residual value over its estimated useful life. The average depreciation periods are set out in note 2.

Depreciation commences when the asset is in the location and condition for its intended use by management and ceases when the asset is derecognised or classified as held-for-sale.

The useful life and residual value of each component is reviewed annually at year-end and, if expectations differ from previous estimates, adjusted for prospectively as a change in accounting estimate.

Impairment
Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying value in line with its recoverable amount.

Dismantling and decommissioning costs
The cost of an item of property, plant and equipment includes the initial estimate of the costs of its dismantlement, removal, or restoration of the site on which it was located.

1.13 Impairment of assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable value of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible asset not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.14 Investment property

Investment property is any land, building or part thereof that is either owned or leased by the Group under a finance lease for the purpose of earning rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis.

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

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gain or loss on the derecognition of an investment property is recognised in profit or loss in the year of derecognition.

1.15 Non-current assets held-for-sale and discontinued operations

Non-current assets, disposal groups, or components of an enterprise are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, disposal groups, or components of an enterprise classified as held-for-sale are stated at the lower of its previous carrying value and fair value less costs to sell.

An impairment loss, if any, is recognised in profit or loss for any initial and subsequent write-down of the carrying value to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised first reduces the carrying value of the goodwill allocated to the disposal group, and the remainder to the other assets of the disposal group pro-rata on the basis of the carrying value of each asset in the disposal group.

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the write-down as they are assessed for impairment according to the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be proportionately allocated to the other assets of the disposal group on the basis of the carrying value of each asset in the unit (group of units), but not to goodwill.

Assets held-for-sale are not depreciated or amortised. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

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When the sale is expected to occur beyond one year, the costs to sell are measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as an interest expense.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the statement of financial position. The sum of the post-tax profit or loss of the discontinued operation, and the post-tax gain or loss on the remeasurement to fair value less costs to sell is presented as a single amount on the face of the statement of financial performance.

1.16 Inventories

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or for general servicing purposes. Consumable stores are recognised in profit or loss as consumed.

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

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

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

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

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

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

Property development

Property developments are stated at the lower of cost or realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

1.17 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised.

All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Greater weight is therefore given to those features which have a commercial effect in practice. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

All headleases in which the Group has a controlling interest in the property at the end of the lease are classified as finance leases. All other headleases are classified as onerous operating leases.

Finance leases

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct cost incurred in negotiating or arranging a lease is added to the cost of the asset. The present value of the cost of decommissioning, restoration or similar obligations relating to the asset are also capitalised to the cost of the asset on initial recognition. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or unit of production basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values. Where it is not certain that an asset will be taken over by the Group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

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

Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the Group to enter into the agreement, such as up-front cash payments or an initial rent-free period. These benefits are recognised as a reduction of the rental expense over the lease term, on a straight-line basis.

Finance headleases

Headlease assets, where part of finance headleases, are capitalised as investment property at their fair values and a corresponding liability is raised.

Land is not depreciated. Buildings are depreciated using the straight-line basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values.

Operating headleases

A long term provision is raised in respect of the onerous headleases that are classified as operating headleases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating lease payments are recognised in the profit or loss on a straight-line basis over the lease term.

1.18 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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

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

Provisions are reflected separately on the face of the statement of financial position and are separated into their long term and short term portions. Contract provisions are, however, deducted from contracts-in-progress.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs that will be incurred in meeting contract obligations are in excess of the economic benefits expected to be received from the contract.

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

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

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities

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

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

Contingent assets

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

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised in the statement of financial position.

1.19 Share based payment transactions

An expense is recognised where the Group receives goods or services in exchange for shares or rights over shares (equity-settled transactions) or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions).

Employees, including directors, of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external value using the binomial lattice and Monte Carlo Simulation models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

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

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

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

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

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

ACCOUNTING POLICIES

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

1.20 Employee benefits

Defined contribution plans

Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits, is borne by the employee. Such plans include multi-employer or state plans.

Employee and employer contributions to defined contribution plans are recognised as an expense in the year in which incurred.

Defined benefit plans

Under defined plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer plan or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average working lives of participating employees.

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

The defined benefit obligation in the statement of financial position, if any, represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and are reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

1.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value of the grant is credited to the item of property, plant and equipment and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

1.22 Taxation

Income taxation expense represents the sum of current and deferred taxation.

Current taxation assets and liabilities

The current taxation liability is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

A deferred taxation liability is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profits, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in business combinations, of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred taxation liabilities are recognised for the taxable temporary differences arising from investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

1.23 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.24 Revenue

Revenue is the aggregate of turnover of subsidiaries and the Group's share of the turnover of joint ventures and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

Interest and dividend income

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

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Long term and construction contracts

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amount received in excess of work completed. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

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

1.25 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1.26 Segmental reporting

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

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's-length prices. These transfers are eliminated on consolidation.

ACCOUNTING POLICIES

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

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

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

1.27 Black economic empowerment

IFRS 2: *Share-Based Payment* requires share-based payments to be recognised as an expense in profit or loss. This expense is measured at the fair value of the equity instruments issued at grant date.

Letsema Vulindlela Black Executives Trust
Once selected, black executives become vested beneficiaries of the Letsema Vulindlela Black Executives Trust and are granted Murray & Roberts shares. In terms of their vesting rights, the fair value of these equity instruments, valued at the various dates on which the grants take place, are recognised as an expense over the related vesting periods.

Letsema Khanyisa Black Employee Benefits Trust and Letsema Sizwe Community Trust
These trusts are established as 100-year trusts. However, after the lock-in period ending 31 December 2015, they may, at the discretion of the trustees be dissolved in which event any surplus in these trusts, after the settlement of all the liabilities, will be transferred to organisations which engage in similar public benefit activities. An IFRS 2 expense will have to be recognised at such point in time when this surplus is distributed to an independent public benefit organisation.

1.28 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.29 Borrowing costs

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

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

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

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2. PROPERTY, PLANT AND EQUIPMENT

	2011 Cost	2011 Accumulated depreciation and impairment	2011 Carrying value	2010 Cost	2010 Accumulated depreciation and impairment	2010 Carrying value
Land and buildings	**622,2**	**(83,3)**	**538,9**	784,0	(72,3)	711,7
Plant and machinery	**4 625,0**	**(2 041,6)**	**2 583,4**	5 428,7	(2 262,8)	3 165,9
Other equipment	**400,5**	**(197,7)**	**202,8**	531,8	(176,0)	355,8
	5 647,7	**(2 322,6)**	**3 325,1**	6 744,5	(2 511,1)	4 233,4

Reconciliation of property, plant and equipment	Land and buildings	Plant and machinery	Other equipment	Total
At 30 June 2009	585,8	3 134,7	559,8	4 280,3
Additions	183,1	689,6	220,0	1 092,7
Disposal of businesses	(3,0)	(146,0)	(22,0)	(171,0)
Disposals	–	–	(6,3)	(6,3)
Transfer to investment property	(11,3)	(1,7)	(0,2)	(13,2)
Transfer to other intangible assets	(7,1)	(222,9)	(17,1)	(247,1)
Transfer to inventory	(18,8)	–	–	(18,8)
Transfers to assets classified as held-for-sale	–	–	(1,3)	(1,3)
Foreign exchange movements	(1,2)	4,7	2,3	5,8
Reclassified	14,1	310,0	(324,1)	–
Depreciation	(29,9)	(589,3)	(61,3)	(680,5)
Net impairment (loss)/reversal	–	(13,2)	6,0	(7,2)
At 30 June 2010	**711,7**	**3 165,9**	**355,8**	**4 233,4**
Additions	**22,0**	**731,3**	**79,1**	**832,4**
Acquisition of businesses	**–**	**10,5**	**1,2**	**11,7**
Disposals	**(1,9)**	**(78,7)**	**(2,4)**	**(83,0)**
Disposal of businesses	**(0,5)**	**(2,4)**	**–**	**(2,9)**
Transfer from investment property	**3,0**	**–**	**–**	**3,0**
Transfer to other intangible assets	**–**	**–**	**(2,3)**	**(2,3)**
Transfer from contracts-in-progress	**–**	**148,4**	**–**	**148,4**
Transfers to assets classified as held-for-sale	**(117,3)**	**(746,5)**	**(29,9)**	**(893,7)**
Foreign exchange movements	**(2,3)**	**(12,2)**	**(1,5)**	**(16,0)**
Reclassified	**(32,4)**	**175,0**	**(142,6)**	**–**
Depreciation	**(31,4)**	**(544,5)**	**(52,8)**	**(628,7)**
Net impairment loss	**(12,0)**	**(263,4)**	**(1,8)**	**(277,2)**
At 30 June 2011	**538,9**	**2 583,4**	**202,8**	**3 325,1**

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

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

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– Land	Not depreciated	
– Buildings	20 to 40 years	on a straight-line basis
– Plant and machinery	3 to 30 years	on a straight-line basis
– Other equipment	3 to 10 years	on a straight-line basis

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3. INVESTMENT PROPERTY

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

The fair value of the investment properties at 30 June 2011 has been arrived at on the basis of a valuation carried out by Murray & Roberts Properties Group, a related party, on an open market basis.

The property rental income earned by the Group from its investment property, including those investment properties classified as held-for-sale, all of which is leased out under operating leases, amounted to R82,1 million (2010: R137,7 million). Direct operating expenses arising on the investment property in the period amounted to R42,1 million (2010: R91,7 million).

	Headlease property	Investment property	Total
At 30 June 2009	148,7	361,4	510,1
Additions	–	34,9	34,9
Disposals	–	(7,7)	(7,7)
Transfers to assets classified as held-for-sale	(157,2)	(448,4)	(605,6)
Transfer to investment property	(8,0)	8,0	–
Transfer from property, plant and equipment	–	18,8	18,8
Fair value adjustments	16,5	84,7	101,2
At 30 June 2010	**–**	**51,7**	**51,7**
Additions	**–**	**1,1**	**1,1**
Acquisition of businesses	**–**	**21,6**	**21,6**
Transfers to assets classified as held-for-sale	**–**	**(47,7)**	**(47,7)**
Transfer to property, plant and equipment	**–**	**(3,0)**	**(3,0)**
Fair value adjustments	**–**	**(5,4)**	**(5,4)**
At 30 June 2011	**–**	**18,3**	**18,3**

4. GOODWILL

	2011	2010
At beginning of the year	**553,7**	490,3
Additions through business combinations	**41,9**	66,3
Transfers to assets classified as held-for-sale	**(43,9)**	–
Foreign exchange movements	**(6,8)**	(2,9)
Impairment losses	**(110,0)**	–
	434,9	553,7
Goodwill is allocated to the Group's cash generating units identified according to the business segments that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following business segments:		
Construction Africa and Middle East	**51,6**	44,2
Engineering Africa	**52,2**	52,2
Construction Products Africa	**–**	75,4
Construction Global Underground Mining	**34,7**	34,7
Construction Australasia Oil & Gas and Minerals	**296,4**	347,2
	434,9	553,7

Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long term average growth rate for the relevant market.

A post-tax discount rate of 12,5% was used for impairment testing, with the exception of the Construction Products Africa operating platform where a 14,5% discount rate was used. The discount rate reflects the acquiree's weighted average cost of capital adjusted for relevant risk factors.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

5. OTHER INTANGIBLE ASSETS

	2011 Cost	2011 Accumulated amortisation and impairment	2011 Carrying value	2010 Cost	2010 Accumulated amortisation and impairment	2010 Carrying value
Patents, trademarks and other rights	**4,2**	**(0,6)**	**3,6**	4,2	(0,4)	3,8
Computer software	**218,5**	**(182,9)**	**35,6**	206,0	(158,8)	47,2
Mineral rights	**19,9**	**(19,9)**	**–**	19,9	(9,0)	10,9
Tolling rights	**157,0**	**(0,7)**	**156,3**	–	–	–
Other intangible assets	**9,1**	**(7,6)**	**1,5**	19,9	(10,3)	9,6
	408,7	**(211,7)**	**197,0**	250,0	(178,5)	71,5

	Patents, trademarks and other rights	Computer software	Mineral rights	Tolling rights	Other intangible assets	Total
At 30 June 2009	4,0	40,2	12,0	–	2,3	58,5
Additions	–	28,0	–	–	–	28,0
Acquisition of businesses	–	–	–	–	9,6	9,6
Disposals	–	(1,3)	–	–	–	(1,3)
Transfer from property, plant and equipment	–	1,3	–	–	–	1,3
Foreign exchange movements	–	0,5	–	–	–	0,5
Amortisation	(0,2)	(21,5)	(1,1)	–	(2,3)	(25,1)
At 30 June 2010	**3,8**	**47,2**	**10,9**	**–**	**9,6**	**71,5**
Additions	**–**	**11,2**	**–**	**–**	**0,3**	**11,5**
Acquisition of businesses	**–**	**–**	**–**	**157,0**	**–**	**157,0**
Disposals	**–**	**(2,5)**	**–**	**–**	**–**	**(2,5)**
Transfers to assets classified as held-for-sale	**–**	**(0,5)**	**–**	**–**	**(5,2)**	**(5,7)**
Transfer from property, plant and equipment	**–**	**2,3**	**–**	**–**	**–**	**2,3**
Foreign exchange movements	**–**	**0,2**	**–**	**–**	**(0,7)**	**(0,5)**
Impairment loss	**–**	**–**	**(10,9)**	**–**	**–**	**(10,9)**
Amortisation	**(0,2)**	**(22,3)**	**–**	**(0,7)**	**(2,5)**	**(25,7)**
At 30 June 2011	**3,6**	**35,6**	**–**	**156,3**	**1,5**	**197,0**

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Tolling rights relates to the controlling interest obtained in PT Operational Services (Proprietary) Limited (Note 36). The purpose of PT Operational Services (Proprietary) Limited is to provide toll operations, maintenance and routine road maintenance services to Bakwena Platinum Corridor Concessionaire (Proprietary) Limited. The intangible asset is amortised over the remaining life of the contract which runs until 31 December 2031.

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

– Patents, trademarks and other rights	20 years	on a straight-line basis
– Computer software	2 to 4 years	on a straight-line basis
– Tolling rights	20,5 years	on a straight-line basis
– Other intangible assets	3 to 5 years or indefinite	on a straight-line basis

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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6. INVESTMENTS IN ASSOCIATE COMPANIES

		2011	2010
6.1	**Investments in associate companies**		
	The Group's share of associate companies included in the consolidated statement of financial position is:		
	At beginning of the year	**376,1**	31,9
	Acquisition of businesses	**–**	340,1
	Additions	**90,2**	0,5
	Deconsolidation of Peritus International (Proprietary) Limited	**5,4**	–
	Dividend received	**(24,5)**	(1,7)
	Share of post-acquisition earnings	**70,2**	13,9
	Impairment loss	**(7,9)**	–
	Foreign exchange movements	**54,9**	(8,6)
		564,4	376,1
	The carrying value of the investments may be analysed as follows:		
	Investment in associate at cost	**496,1**	353,5
	Share of post-acquisition earnings, net of dividends received	**68,3**	22,6
		564,4	376,1
6.2	**Valuation of shares**		
	Construction Africa and Middle East		
	Murray & Roberts (Zimbabwe) Limited	**57,0**	56,9
	The investment in Murray & Roberts (Zimbabwe) Limited is fully impaired.		
	Construction Australasia Oil & Gas and Minerals		
	Forge Group Limited	**1 096,8**	429,3
	Forge Group Limited is listed on the Australian Stock Exchange. The valuation is determined based on the quoted price per the exchange at each respective year-end. As at 30 June 2011 the carrying value of the Group's interest in Forge Group Limited is R527 million (2010: R334 million).		
	Other associates		
	Directors' valuation of unlisted associates	**37,4**	42,1
6.3	**Summarised financial information in respect of the Group's associates:**		
	Total assets	**2 267,1**	1 448,0
	Total liabilities	**(1 110,5)**	(791,1)
	Net assets	**1 156,6**	656,9
	Revenue	**5 248,8**	5 752,0*
	Attributable earnings for the year	**310,1**	211,0*

* *The 2010 results relating to Forge Group Limited are included for a full year for comparative purposes even though the interest in Forge Group Limited was only acquired in April 2010.*

6.4 Details of associate companies

		% of ownership and votes		
Name of significant associates	**Place of incorporation**	**2011**	2010	**Main activity**
Murray & Roberts (Zimbabwe) Limited	Zimbabwe	**47,0**	47,0	Construction
Forge Group Limited	Australia	**33,3**	31,3	Construction
Peritus International (Proprietary) Limited*	Australia	**54,3**	100,0	Subsea Engineering
Bombela TKC (Proprietary) Limited	South Africa	**25,0**	25,0	Construction

* *During the year Peritus International (Proprietary) Limited was deconsolidated as Clough Limited no longer has control. Clough Limited now has significant influence, notwithstanding the 54,3% shareholding.*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

7. OTHER INVESTMENTS

	2011	2010
7.1 Financial assets designated as fair value through profit or loss		
Investments in infrastructure services concessions		
At beginning of the year	**211,1**	443,8
Additions	**66,6**	–
Disposals	**–**	(255,0)
Fair value adjustment recognised in the statement of financial performance	**164,1**	182,3
Transfer to assets classified as held-for-sale	**–**	(160,0)
	441,8	211,1

Directors' valuation R441,8 million (2010: R211,1 million).

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

	% interest	Remaining concession period	2011	2010
Bombela Concession Company (Proprietary) Limited*	33	15 years	**441,8**	211,1

* *The fair value of Bombela Concession Company has been calculated using discounted cash flow models and a market discount rate. The discount rate has been reduced in the current year due to more certainty regarding future cash flows. The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economical fundamentals, taking into consideration the operating conditions experienced in the current financial year. An increase of 1% in the discount rate results in a decrease in the value of the concession of R24 million.*

	2011	2010
7.2 Available-for-sale financial assets		
Unlisted investments		
At beginning of the year	**4,5**	4,5
Additions, disposals and other movements	**(1,8)**	–
	2,7	4,5
7.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
At beginning of the year	**0,6**	35,1
Additional loans raised	**22,9**	14,0
Disposal and repayments	**(20,2)**	(48,7)
Foreign exchange movements	**(2,8)**	0,2
	0,5	0,6
Total other investments	**445,0**	216,2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2011	2010
8. INVENTORIES		
Raw materials	**522,1**	853,0
Work-in-progress	**41,9**	135,4
Finished goods and manufactured components	**135,4**	373,7
Consumable stores	**107,2**	132,3
Property development	**10,6**	212,6
	817,2	1 707,0

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

	2011	2010	2009
9. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES			
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	**556,6**	883,5	2 194,1
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11 *Construction Contracts*)	**1 968,0**	1 966,0	1 355,0
Uncertified claims and variations	**2 302,0**	1 966,0	1 355,0
Less payments received on account	**(334,0)**	–	–
Amounts receivable on contracts (net of impairment provisions)	**2 339,9**	2 543,4	2 511,3
Retentions receivable (net of impairment provisions)	**425,5**	394,0	432,0
	5 290,0	5 786,9	6 492,4
Amounts received in excess of work completed	**(2 244,4)**	(2 446,1)	(4 193,8)
	3 045,6	3 340,8	2 298,6
Disclosed as:			
Amounts due from contract customers*	**5 290,0**	5 786,9	6 492,4
Amounts due to contract customers*	**(2 244,4)**	(2 446,1)	(4 193,8)
	3 045,6	3 340,8	2 298,6

* *Amounts due from and to contract customers have been reclassified in the prior year to provide more meaningful disclosure. The net amounts due from and to contract customers remained unchanged.*

	2011	2010
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 115,4**	1 415,0
Provision for doubtful debts	**(75,9)**	(144,9)
Operating lease receivables recognised on a straight-line basis	**1,6**	3,9
Amounts owing by joint venture partners	**239,0**	198,7
Prepayments	**236,7**	217,1
Other receivables	**319,8**	359,5
	1 836,6	2 049,3

Details in respect of the Group's credit risk management policies are set out in note 42.

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

		2011	2010
11.	**SHARE CAPITAL AND PREMIUM**		
11.1	**Share capital**		
	Authorised		
	500 000 000 authorised ordinary shares of 10 cents each (2010: 500 000 000 of 10 cents each)	**50,0**	50,0
	Issued and fully paid		
	331 892 619 ordinary shares of 10 cents each (2010: 331 892 619 of 10 cents each)	**33,2**	33,2
	Less: Treasury shares held by The Murray & Roberts Trust at par value	**(0,6)**	(0,7)
	Less: Treasury shares held by the Letsema BBBEE trusts and companies at par value	**(2,9)**	(2,9)
	Less: Treasury shares held by Murray & Roberts Limited at par value	**(0,1)**	(0,1)
	Net share capital	**29,6**	29,5
	Unissued		
	At 30 June 2011, the number of unissued shares was 168 107 381 (2010: 168 107 381)		
11.2	**Share premium**		
	Share premium	**1 639,6**	1 639,6
	Less: Treasury shares held by The Murray & Roberts Trust at net cost	**(468,3)**	(486,8)
	Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost	**(428,3)**	(429,5)
	Less: Treasury shares held by Murray & Roberts Limited at net cost	**(15,7)**	(15,7)
	Net share premium	**727,3**	707,6
	Total share capital and share premium	**756,9**	737,1
11.3	**Treasury shares**		
	Market value of treasury shares:		
	The Murray & Roberts Trust	**185,7**	281,7
	The Letsema BBBEE trust and companies	**865,5**	1 123,1
	Murray & Roberts Limited	**20,3**	26,3

Reconciliation of issued shares:	**Number of shares**	Number of shares
Issued and fully paid	**331 892 619**	331 892 619
Less: Treasury shares held by The Murray & Roberts Trust	**(6 189 282)**	(7 260 782)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(28 849 727)**	(28 945 903)
Less: Treasury shares held by Murray & Roberts Limited	**(675 644)**	(675 644)
Net shares issued to public	**296 177 966**	295 010 290

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12. SHARE INCENTIVE SCHEMES

12.1 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (Trust). Subsequent amendments to the Scheme and Trust were approved by shareholders in October 2009.

At 30 June 2011, the Trust held 6 189 282 (2010: 7 260 782) ordinary shares against the commitment of options granted by the Trust totalling 11 173 125 (2010: 11 204 625) ordinary shares. The shares held by the Trust have been purchased in the market and have not been issued by the company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme is limited to 10% of the total issued share capital of the company, currently 33 189 262 (2010: 33 189 262) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

44,32% of the outstanding options at 30 June 2011 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2011 were as follows:

Schemes implemented		Outstanding options at 30 June 2010	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2011	Option price per share (cents)	Weighted average share price on exercise (cents)
08 May 2000	–	3 000	–	(3 000)	–	**–**	316	–
13 March 2002	Standard	22 500	–	–	–	**22 500**	693	–
13 March 2002	Hurdle	22 500	–	–	–	**22 500**	693	–
06 March 2003	Standard	55 000	–	–	(16 250)	**38 750**	1 100	4 502
06 March 2003	Hurdle	60 000	–	–	(25 000)	**35 000**	1 100	4 502
15 March 2004	Standard	152 500	–	–	(120 000)	**32 500**	1 304	3 464
15 March 2004	Hurdle	109 000	–	–	(81 500)	**27 500**	1 304	3 754
28 June 2005*	Standard	381 250	–	–	(283 750)	**97 500**	1 400	3 471
28 June 2005*	Hurdle	212 500	–	–	(140 000)	**72 500**	1 400	3 245
03 March 2006	Standard	760 625	–	(15 000)	(302 500)	**443 125**	2 353	3 923
03 March 2006	Hurdle	235 000	–	(7 500)	(102 500)	**125 000**	2 353	4 081
06 March 2007	Hurdle	1 150 000	–	(163 500)	–	**986 500**	5 060	–
06 March 2007	Special	4 440 000	–	–	–	**4 440 000**	5 060	–
30 August 2007	Standard	10 000	–	–	–	**10 000**	7 200	–
02 November 2007	Standard	45 000	–	(35 000)	–	**10 000**	9 352	–
26 February 2008	Standard	1 246 500	–	(234 000)	–	**1 012 500**	9 201	–
01 July 2008	Standard	45 500	–	(10 000)	–	**35 500**	8 651	–
26 August 2008	Standard	33 750	–	–	–	**33 750**	9 372	–
26 August 2009	Standard	2 080 000	–	(230 000)	–	**1 850 000**	4 774	–
08 December 2009	Standard	140 000	–	–	–	**140 000**	4 542	–
20 April 2011	Hurdle	–	1 738 000	–	–	**1 738 000**	2 516	–
		11 204 625	1 738 000	(698 000)	(1 071 500)	**11 173 125**		

Notes:
1. For the 2000 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.
2. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.
3. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.
4. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.
5. For the 2004 to 2011 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.
6. The 2007 special scheme is time-related with the first tranche exercisable in 2011 and the expiry date being extended from 2013 to 2015.
7. The Group has no legal or constructive obligation to repurchase or settle the options in cash.
8. Options are forfeited if the employees leave the Group before the options vest.

12. SHARE INCENTIVE SCHEMES (continued)

12.1 Equity-settled share incentive scheme – The Murray & Roberts Trust (continued)

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Binomial lattice model
Hurdle scheme	Hybrid of binomial lattice and Monte Carlo models
Special scheme	Binomial lattice model

The inputs into the models were as follows:

Schemes implemented		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
06 March 2003	Standard	1 100	41,9%	06 March 2013	9,7%	3,0%	508
06 March 2003	Hurdle	1 100	41,9%	06 March 2013	9,7%	3,0%	254
15 March 2004	Standard	1 304	35,8%	06 March 2014	9,5%	4,0%	523
15 March 2004	Hurdle	1 304	35,8%	15 March 2014	9,5%	4,0%	334
28 June 2005	Standard	1 400	31,1%	28 June 2011*	7,6%	4,3%	433
28 June 2005	Hurdle	1 400	31,1%	28 June 2011*	7,9%	3,0%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	3,0%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	3,0%	733
06 March 2007	Hurdle	5 060	29,0%	06 March 2015	8,2%	2,0%	1 629
06 March 2007	Special	5 060	29,0%	06 March 2015	8,2%	2,0%	1 838
30 August 2007	Standard	7 200	29,0%	30 August 2013	9,5%	1,0%	2 586
02 November 2007	Standard	9 352	29,5%	02 November 2013	8,9%	1,0%	3 278
26 February 2008	Standard	9 201	30,8%	26 February 2014	9,6%	1,0%	3 484
01 July 2008	Standard	8 651	31,3%	01 July 2014	11,6%	5,0%	2 829
26 August 2008	Standard	9 372	32,4%	26 August 2014	9,7%	5,0%	2 824
26 August 2009	Standard	4 774	38,3%	26 August 2015	8,4%	5,0%	1 499
08 December 2009	Standard	4 542	39,2%	08 December 2015	8,7%	5,0%	1 525
20 April 2011	Hurdle	2 516	40,3%	20 April 2017	8,0%	4,9%	801

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R15,7 million (2010: R33,1 million) relating to these share options during the year.

* *In the event that the sixth anniversary of the option date falls within a period which is designated by Murray & Roberts Holdings Limited ("Company") to be a period during which directors of the Company may not deal in shares of the Company ("closed period"), then the option period in respect of those participants who are precluded from dealing shall be extended. Such extension shall be for the same number of business days after the end of the closed period as the number of business days between the beginning of the closed period and the sixth anniversary of the option date.*

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

The Letsema Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's Broad-based Black Economic Empowerment transaction. This transaction operates through various broad-based entities of which the Letsema Vulindlela Black Executives Trust (Vulindlela Trust) is one. The purpose of the Vulindlela Trust is to facilitate ownership in the Company's ordinary share capital by black executives. At 30 June 2011, the Vulindlela Trust held 9 865 703 (2010: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 2 463 713 (2010: 1 911 344) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the Trust will be offset against the outstanding balance of the loan. After the expiry of the five year lock in period but before 31 December 2016, provided that the prevailing market value exceeds the adjusted amount due in respect of those shares, the black executive may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such election, the black executives will be required to make a contribution to the Trust in order to settle the outstanding loan amount. Should the value of the shares be less than the outstanding loan amount, the Trust must return the shares to the company and the loan will be cancelled.

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12. SHARE INCENTIVE SCHEMES (continued)

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

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2011 were as follows:

Schemes implemented		Outstanding options at 30 June 2010	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2011	Option price per share (cents)	Weighted average share price on exercise (cents)
02 March 2006	Standard	349 294	–	(8 983)	(91 076)	**249 235**	2 353	2 486
27 June 2006	Standard	8 167	–	–	–	**8 167**	2 431	–
28 August 2006	Standard	50 500	–	(6 333)	–	**44 167**	3 002	–
06 March 2007	Standard	448 633	–	(30 889)	–	**417 744**	5 200	–
25 June 2007	Standard	68 100	–	(8 000)	–	**60 100**	6 619	–
26 February 2008	Standard	147 000	–	(37 500)	–	**109 500**	9 201	–
28 August 2008	Standard	52 900	–	(2 200)	–	**50 700**	9 508	–
25 August 2009	Standard	786 750	–	(156 550)	–	**630 200**	4 774	–
24 August 2010	Standard	–	821 700	(89 300)	–	**732 400**	4 102	–
22 February 2011	Standard	–	6 500	–	–	**6 500**	2 820	–
20 April 2011	Hurdle	–	155 000	–	–	**155 000**	2 516	–
		1 911 344	983 200	(339 755)	(91 076)	**2 463 713**		

Notes:
1. The options can only be exercised after 5 years from date of allocation.
2. Options are forfeited if the employee leaves the Group before the options vest.
3. For the 20 April 2011 scheme, the hurdle rate is CPI + 4% per annum compound growth on option price.

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Monte Carlo
Hurdle scheme	Binomial lattice model

Schemes implemented	Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
02 March 2006	2 353	31,0%	31 December 2016	7,2%	2,7%	1 253
27 June 2006	2 431	36,0%	31 December 2016	8,7%	2,3%	1 395
28 August 2006	3 002	29,0%	31 December 2016	8,9%	2,0%	1 621
06 March 2007	5 200	29,0%	31 December 2016	8,2%	2,0%	2 590
25 June 2007	6 619	29,0%	31 December 2016	8,9%	2,0%	3 588
26 February 2008	9 201	31,0%	31 December 2016	9,6%	2,5%	4 209
28 August 2008	9 508	33,0%	31 December 2016	9,6%	5,0%	4 772
25 August 2009	4 774	40,3%	31 December 2016	8,2%	5,0%	2 133
24 August 2010	4 102	41,9%	31 December 2016	7,1%	4,9%	1 798
22 February 2011	2 820	42,4%	31 December 2016	7,9%	4,9%	1 248
20 April 2011	2 516	42,6%	31 December 2016	7,9%	4,9%	818

Expected volatility was determined using the exponentially and equally weighted moving average models to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R10,0 million (2010: R13,9 million) relating to these share options during the year.

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13. OTHER CAPITAL RESERVES

	2011	2010
Capital redemption reserve fund		
At beginning of the year	**1,7**	1,7
Recycled to the statement of financial performance	**(0,6)**	–
	1,1	1,7
Statutory reserve		
At beginning of the year	**23,1**	23,1
Reclassification	**8,2**	–
	31,3	23,1
Other non-distributable reserve		
At beginning of the year	**(35,4)**	–
Acquisition of business	**–**	(54,7)
Reclassification	**0,4**	–
Recycled to the statement of financial performance	**(2,8)**	–
Transfer to non-controlling interests	**–**	19,3
	(37,8)	(35,4)
Share-based payment reserve		
At beginning of the year	**181,7**	128,4
Reclassification	**(4,5)**	–
Recognition of share-based payments	**32,5**	57,0
Transfer to non-controlling interests	**(2,7)**	(3,7)
	207,0	181,7
	201,6	171,1

The capital redemption reserve fund represents retained earnings transferred to a non-distributable reserve on the redemption of previously issued redeemable preference shares of group companies.

The statutory reserve represents retained earnings of foreign subsidiary companies that are not available for distribution to shareholders in accordance with local laws.

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

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments.

14. HEDGING AND TRANSLATION RESERVES

	2011	2010
Hedging reserve		
At beginning of the year	**(1,7)**	2,3
Reclassification	**1,5**	–
Effects of cash flow hedges	**(27,0)**	(11,0)
Transfer to non-controlling interests	**10,0**	–
Disposal of business	**–**	7,0
	(17,2)	(1,7)
Foreign currency translation reserve		
At beginning of the year	**45,7**	(32,7)
Reclassification	**(5,6)**	–
Foreign exchange movements	**(35,2)**	78,4
	4,9	45,7
	(12,3)	44,0

The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges.

The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional currency of the holding company.

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	Notes	2011	2010
15. NON-CONTROLLING INTERESTS			
The non-controlling interests comprise			
15.1 Non-controlling interests in reserves			
At beginning of the year		**903,1**	980,3
Share of attributable earnings		**86,8**	131,1
Dividends declared and paid		**(87,3)**	(94,5)
Acquisition of controlling interest in associate		**(33,2)**	–
Acquisition of controlling interest in joint venture		**37,7**	–
Acquisition of non-controlling interests		**50,1**	(22,9)
Transfers from reserves		**2,7**	(17,7)
Disposal of business		**–**	(120,0)
Foreign exchange and other movements		**42,3**	46,8
		1 002,2	903,1
15.2 Equity loans from non-controlling interests			
At beginning of the year		**70,9**	72,7
Additional loans raised		**64,6**	0,5
Loan repayments		**(28,4)**	(2,2)
Acquisition of non-controlling interests		**4,3**	–
Foreign exchange and other movements		**(13,3)**	(0,1)
		98,1	70,9
The loans from the non-controlling shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.			
Balance at year-end		**1 100,3**	974,0
16. SECURED LIABILITIES			
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R806,3 million (2010: R977,4 million)		**670,1**	845,3
Reflected in the statement of financial position under:			
Long term loans	17	**100,6**	376,5
Long term capitalised finance leases	17	**322,8**	250,8
Short term loans	17	**246,7**	218,0
		670,1	845,3

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	2011	2010
17. LONG TERM LOANS			
17.1 Interest bearing secured loans			
Payable			
Within 1 year		**50,2**	75,0
Within the 2nd year		**5,8**	66,4
Within 3 to 5 years		**94,8**	310,1
		150,8	451,5
Less: Current portion	25	**(50,2)**	(75,0)
		100,6	376,5
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**825,0**	376,0
Within the 2nd year		**300,0**	901,0
Within 3 to 5 years		**500,0**	–
		1 625,0	1 277,0
Less: Current portion	25	**(825,0)**	(376,0)
		800,0	901,0
17.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**7,8**	36,4
Within the 2nd year		**1,8**	3,2
Within 3 to 5 years		**–**	3,8
		9,6	43,4
Less: Current portion	25	**(7,8)**	(36,4)
		1,8	7,0
17.4 Capitalised finance leases			
Minimum lease payments			
Within 1 year		**222,8**	156,0
Within the 2nd year		**180,4**	135,1
Within 3 to 5 years		**160,5**	133,4
		563,7	424,5
Less: Future finance charges		**(44,4)**	(30,7)
Present value of lease obligations		**519,3**	393,8
The present value of lease obligations can be analysed as follows:			
Within 1 year		**196,5**	143,0
Within the 2nd year		**170,5**	122,8
Within 3 to 5 years		**152,3**	128,0
		519,3	393,8
Less: Current portion	25	**(196,5)**	(143,0)
		322,8	250,8
Total long term loans		**1 225,2**	1 535,3

Details of repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 16. Details of Group's interest rate risk management policies are set out in note 42.

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	2011	2010
18. OBLIGATIONS UNDER FINANCE HEADLEASES			
Payable			
Within 1 year – current portion	25	**–**	6,0

Details of the repayment terms of the obligations and the related interest rates are set out in Annexure 2. Details of the Group's interest rate risk management policies are set out in note 42.

19. LONG TERM PROVISIONS

	Decommissioning, payroll and other provisions	Headleases and other property activities	Total
At 30 June 2009	69,6	8,5	78,1
Additional raised	24,2	–	24,2
Released during the year	(8,4)	–	(8,4)
Utilised during the year	(3,4)	(6,8)	(10,2)
Foreign exchange movements	0,7	–	0,7
At 30 June 2010	**82,7**	**1,7**	**84,4**
Additional raised	**35,9**	**–**	**35,9**
Released during the year	**(9,1)**	**–**	**(9,1)**
Utilised during the year	**(4,8)**	**(1,7)**	**(6,5)**
Transfer to liabilities classified as held-for-sale	**(8,5)**	**–**	**(8,5)**
Reclassified	**34,3**	**–**	**34,3**
Foreign exchange movements	**(4,0)**	**–**	**(4,0)**
At 30 June 2011	**126,5**	**–**	**126,5**

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

20. DEFERRED TAXATION

		2011	2010
20.1	**Deferred taxation assets**		
	Inventory	–	0,1
	Uncertified work and other construction temporary differences	(305,7)	–
	Plant	(268,5)	(37,0)
	Taxation losses	628,0	104,5
	Receivables	43,9	–
	Provisions and accruals	153,5	199,6
	Advance payments received net of tax allowances	174,5	14,0
	Fair value adjustments	(24,9)	16,8
	Prepayments	(9,8)	(1,3)
	Other	78,8	46,7
		469,8	343,4
20.2	**Reconciliation of deferred taxation assets**		
	At beginning of the year	343,4	305,0
	Transfer from deferred taxation liabilities	(119,0)	(4,9)
	Transfer to deferred taxation liabilities	–	(51,7)
	Credit to the statement of financial performance	94,6	85,4
	Credit to the statement of financial performance in respect of discontinued operations	128,4	–
	Deferred taxation asset transferred to assets classified as held-for-sale	(2,5)	–
	Foreign exchange movements	24,9	9,6
		469,8	343,4
20.3	**Deferred taxation liabilities**		
	Inventory	(3,7)	(9,1)
	Uncertified work and other construction temporary differences	252,5	774,9
	Plant	112,8	333,4
	Taxation losses	(20,7)	(29,6)
	Receivables	(2,8)	(32,3)
	Provisions and accruals	(110,2)	(195,3)
	Advance payments received net of taxation allowances	(35,0)	(530,4)
	Fair value adjustments	60,6	36,1
	Finance leases	–	(2,4)
	Prepayments	5,2	24,2
	Other	52,2	11,0
		310,9	380,5
20.4	**Reconciliation of deferred taxation liabilities**		
	At beginning of the year	380,5	271,5
	Transfer to deferred taxation assets	(119,0)	(4,9)
	Transfer from deferred taxation assets	–	(51,7)
	Charge relating to acquisition of business	43,8	–
	Deferred taxation liability transferred to liabilities directly associated with assets held-for-sale	(6,3)	(32,6)
	Charge to the statement of financial performance for continuing operations	11,9	167,2
	Taxation charged to the statement of financial performance recognised under discontinued operations	–	22,0
	Foreign exchange movements	–	9,0
		310,9	380,5

20.5 Unused taxation losses

At 30 June 2011, the Group had unused taxation losses of R3 579 million (2010: R1 364 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R2 316 million (2010: R457 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R1 263 million (2010: R907 million) due to the unpredictability of future profit streams. The unused taxation losses exclude the losses recognised in the Bombela Civils Joint Venture (Proprietary) Limited.

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	2011	2010
21. TRADE AND OTHER PAYABLES		
Trade payables	**1 585,2**	1 141,5
Payroll accruals	**684,1**	704,0
Accruals and other payables	**2 957,6**	2 545,0
Operating lease payables recognised on a straight-line basis	**–**	0,6
	5 226,9	4 391,1

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

22. SUBCONTRACTOR LIABILITIES

Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.

	2011	2010
Non-current subcontractor liabilities	**141,1**	293,7
Current subcontractor liabilities	**2 171,4**	2 104,8
	2 312,5	2 398,5

23. PROVISIONS FOR OBLIGATIONS

	Payroll	Warranty and other	Total
At 30 June 2009	471,4	7,6	479,0
Additional raised	244,7	–	244,7
Released during the year	(30,7)	–	(30,7)
Utilised during the year	(289,0)	(5,0)	(294,0)
Transfer to liabilities directly associated with a disposal group held-for-sale	(15,4)	–	(15,4)
Foreign exchange movements	3,7	–	3,7
At 30 June 2010	**384,7**	**2,6**	**387,3**
Additional raised	**210,4**	**0,4**	**210,8**
Released during the year	**(74,7)**	**–**	**(74,7)**
Utilised during the year	**(223,1)**	**(1,5)**	**(224,6)**
Acquisition of business	**0,6**	**–**	**0,6**
Reclassification	**(38,0)**	**–**	**(38,0)**
Transfer to liabilities directly associated with a disposal group held-for-sale	**(7,3)**	**(0,4)**	**(7,7)**
Foreign exchange movements	**0,6**	**–**	**0,6**
At 30 June 2011	**253,2**	**1,1**	**254,3**

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

	2011	2010
24. NET CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**2 336,5**	2 478,0
Restricted cash	**764,1**	1 333,1
Bank overdraft	**(46,8)**	(1 244,9)
	3 053,8	2 566,2

Restricted cash

Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:

	2011	2010
Held in joint ventures	**724,1**	1 261,9
Held in trust accounts for sublease tenants	**5,6**	8,0
Other agreements with banks and other financial institutions	**34,4**	63,2
	764,1	1 333,1

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	2011	2010
25. SHORT TERM LOANS			
Current portion of long term loans:			
– Interest bearing secured	17	**50,2**	75,0
– Interest bearing unsecured	17	**825,0**	376,0
– Non-interest bearing unsecured	17	**7,8**	36,4
Current portion of capitalised finance leases	17	**196,5**	143,0
Current portion of obligations under finance headleases	18	**–**	6,0
		1 079,5	636,4
26. REVENUE			
Construction contracts		**27 072,1**	22 639,5
Sale of goods		**3 183,5**	5 009,9
Rendering of services		**279,2**	201,6
		30 534,8	27 851,0
27. (LOSS)/PROFIT BEFORE INTEREST AND TAXATION			
(Loss)/profit before interest and taxation is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Dividends received		**1,2**	3,6
Fair value gain on investments designated as fair value through profit and loss	7	**164,1**	182,3
Fair value of concession investment classified as held-for-sale		**54,4**	–
Fair value gain on investment property		**–**	4,2
Rentals received		**23,0**	6,2
Amortisation of intangible assets		**23,2**	22,4
Auditors' remuneration:			
Fees for audits		**35,9**	34,4
Other services		**16,1**	2,9
Expenses		**1,1**	0,9
Compensation income from insurance claims		**2,0**	18,4
Depreciation:			
Land and buildings		**28,0**	26,1
Plant and machinery		**486,2**	484,6
Other equipment		**47,8**	54,8
Total depreciation from continuing operations		**562,0**	565,5
Total depreciation from discontinued operations	31	**66,7**	115,0
		628,7	680,5
Employee benefit expense:			
Salaries and wages		**9 675,3**	8 110,2
Share option expense		**25,3**	46,7
Share option expense (Clough Limited)		**6,8**	10,0
Pension costs – defined contribution plans	43	**116,6**	92,5
Fees paid for:			
Managerial services		**82,8**	66,6
Technical services		**59,6**	28,0
Administrative services		**25,5**	82,5
Secretarial services		**1,3**	0,5

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27. PROFIT FOR THE YEAR (continued)

	2011	2010
Impairment loss recognised on:		
Goodwill	**60,0**	–
Other intangibles	**10,9**	–
Plant and equipment	**25,6**	16,1
Inventory	**42,0**	–
Investment in associate	**7,9**	–
Impairment charges:		
Trade receivables	**13,3**	9,5
Uncertified revenue	**385,0**	-
Amounts receivable on contracts	**180,2**	2,9
Other receivables	**7,4**	7,2
Reversal of impairment loss recognised on property, plant and equipment	**22,4**	8,9
Profit on disposal of property, plant and equipment	**57,3**	45,4
Loss on disposal of property, plant and equipment	**9,2**	40,0
Net fair value profit on financial instruments	**7,8**	11,7
Net foreign exchange losses	**37,0**	41,4
Operating lease costs:		
Land and buildings	**179,6**	159,8
Plant and machinery	**178,1**	234,8
Other	**25,0**	22,3
Research and development	**1,5**	0,1
Items by function*		
Cost of sales**	**28 428,0**	24 247,4
Distribution and marketing costs	**270,8**	316,0
Administration costs	**3 137,5**	2 570,5
Other operating income	**623,7**	818,3

* *Excluding discontinued operations.*

** *Cost of sales include R2,6 billion (2010: R4,3 billion) relating to the cost of inventories sold during the year.*

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	2011	2010
28. INTEREST EXPENSE		
Bank overdrafts	**208,6**	214,3
Present value expense	**13,9**	20,5
Capitalised finance leases, loans and other liabiities	**71,4**	61,4
	293,9	296,2
29. INTEREST INCOME		
Bank balances and cash	**79,9**	128,7
Present value income	**2,0**	5,1
Capitalised finance leases	**13,6**	14,2
Unlisted loan investment and other receivables	**4,0**	25,8
	99,5	173,8
30. TAXATION EXPENSE		
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**99,9**	168,1
Normal taxation – prior year	**–**	(35,3)
Secondary taxation on companies	**25,7**	58,1
Deferred taxation – current year	**(86,6)**	40,1
Deferred taxation – prior year	**11,9**	33,8
Foreign taxation		
Normal income taxation and withholding taxation – current year	**153,3**	129,2
Normal income taxation and withholding taxation – prior year	**–**	11,5
Deferred taxation – current year	**10,5**	12,2
Deferred taxation – prior year	**(18,4)**	(4,3)
	196,3	413,4

South African income tax is calculated at 28% (2010: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Reconciliation of effective rate of taxation to the standard rate of taxation	%	%
Effective rate of taxation	**(22,5)**	29,2
Reduction in rate of taxation due to:		
Capital and non-taxable items	**(6,9)**	6,0
Taxation on foreign companies	**–**	13,8
Taxation losses utilised	**(5,9)**	–
Prior year adjustments	**–**	0,2
	(35,3)	49,2
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**6,9**	(9,8)
Taxation on foreign companies	**18,9**	–
Current year's losses not recognised	**32,6**	(6,1)
Foreign withholding taxation	**1,0**	(1,0)
Imputed foreign income	**0,2**	(0,2)
Secondary taxation on companies	**2,9**	(4,1)
Prior year adjustments	**0,8**	–
South African standard rate of taxation	**28,0**	28,0

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

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

31.1 (Loss)/profit from discontinued operations

Discontinued operations include the Group's properties divisions, interest in steel reinforcing bar manufacturing & trading operations, Johnson Arabia crane hire and Clough's marine operations.

Prior to 30 June 2011, the Group received conditional offers for Johnson Arabia crane hire and the steel reinforcing bar roof bolt division.

Post 30 June 2011, Clough Limited received a conditional offer for the sale of its marine operations.

The (loss)/profit from discontinued operations is analysed as follows:

	2011	2010
Revenue		
Construction contracts	**555,0**	1 302,5
Sale of goods	**1 643,6**	2 192,3
Rendering of services	**260,2**	359,9
Properties	**187,6**	801,7
	2 646,4	4 656,4
(Loss)/profit after taxation for the period is analysed as follows:		
(Loss)/profit before interest, depreciation and amortisation[1]	**(641,0)**	462,9
Depreciation and amortisation	**(69,2)**	(117,7)
(Loss)/profit before interest and taxation[1]	**(710,2)**	345,2
Interest income	**6,1**	13,8
Interest expense	**(63,9)**	(86,9)
(Loss)/profit before taxation	**(768,0)**	272,1
Taxation credit/(expense)	**118,0**	(56,2)
Loss from equity accounted investments	**(16,1)**	(1,0)
(Loss)/profit from discontinued operations	**(666,1)**	214,9
Non-controlling interest income/(expense) relating to discontinued operations	**78,5**	(57,3)
Cash flows from discontinued operations		
Cash flows from operating activities	**(128,5)**	335,1
Cash flows from investing activities	**573,9**	(357,5)
Cash flows from financing activities	**(466,2)**	(102,6)
	(20,8)	(125,0)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

31. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

31.1 (Loss)/profit for the year from discontinued operations (continued)

	2011	2010
[1]*Comprises:*		
Investment income other than interest:		
Rentals received	**7,5**	11,9
Fair value gain on investment property	**–**	97,0
Amortisation of intangible assets	**2,5**	2,7
Auditors' remuneration:		
Fees for audits	**2,5**	3,2
Other services	**–**	0,1
Expenses	**0,1**	–
Depreciation:		
Land and buildings	**3,4**	3,8
Plant and machinery	**58,3**	104,7
Other property, plant and equipment	**5,0**	6,5
	66,7	115,0
Employee benefit expense:		
Salary and wages	**598,8**	510,2
Share option expense	**0,4**	0,3
Profit on disposal of property, plant and equipment	**2,6**	1,3
Loss on disposal of property, plant and equipment	**1,9**	0,3
Profit on sale of subsidiary	**16,7**	–
Net foreign exchange (losses)/gains	**(6,3)**	15,6
Fees paid for:		
Managerial services	**4,9**	10,8
Technical services	**1,8**	7,8
Administrative services	**3,4**	2,0
Impairment loss recognised on:		
Goodwill	**50,0**	–
Plant and equipment	**274,0**	–
Inventory	**32,0**	61,0
Fair value loss on investment property	**5,4**	–
Impairment charges:		
Trade receivables	**88,2**	67,3
Amounts receivable on contracts	**–**	0,1
Other receivables	**1,3**	–
Operating lease costs:		
Land and buildings	**19,1**	7,3
Plant and machinery	**1,0**	1,1
Other	**0,9**	1,0
Research and development	**1,7**	2,5
Items by nature		
Cost of sales*	**2 529,8**	4 176,0
Distribution and marketing costs	**38,0**	55,1
Administration costs	**851,4**	188,0
Other operating income	**62,6**	107,9

* *Cost of sales includes R1,6 billion (2010: R1,7 billion) relating to the cost of inventories sold during the year.*

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

31. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

31.2 Assets classified as held-for-sale

Assets held-for-sale include assets relating to discontinued operations as referred to in note 31.1, investment property and other investments. These disposals are expected to occur within the next 12 months and have therefore been classified as assets held-for-sale. The proceeds from disposals are expected to exceed the net carrying amount of the assets, and accordingly no impairment loss has been recognised on the classification of these assets as held-for-sale.

The major classes of assets comprising the assets held-for-sale are as follows:

	2011	2010
Property, plant and equipment	**1 137,2**	247,1
Investment property	**67,2**	605,6
Goodwill	**43,9**	–
Other intangible assets	**7,9**	–
Other investments	**170,0**	177,8
Deferred taxation asset	**6,4**	–
Other non-current receivables	**40,4**	–
Inventories	**497,4**	40,7
Amounts due from contract customers	**166,0**	–
Trade and other receivables	**426,1**	223,3
Current taxation asset	**4,3**	–
Cash and cash equivalents	**293,0**	153,9
	2 859,8	1 448,4

31.3 The major classes of liabilities directly associated with a disposal group held-for-sale

	2011	2010
Long term loans	**297,5**	71,9
Long term provisions	**9,0**	–
Deferred taxation liabilities	**2,6**	32,6
Other non-current payables	**66,9**	–
Trade payables and other payables	**537,7**	130,0
Subcontractor liabilities	**138,5**	–
Short term loans	**78,6**	0,2
Current taxation liabilities	**14,9**	–
Provisions for obligations	**7,6**	15,4
Bank overdrafts	**28,5**	–
	1 181,8	250,1

Refer to Annexure 3 for a segmental analysis of assets and liabilities classified as held-for-sale.

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32. (LOSS)/EARNINGS AND HEADLINE (LOSS)/EARNINGS PER SHARE

		Notes	2011	2010
32.1	**Weighted average number of shares**			
	Number of shares ('000)			
	Number of ordinary shares in issue		**331 893**	331 893
	Less: Weighted average number of shares held by The Murray & Roberts Trust		**(6 737)**	(7 658)
	Less: Weighted average number of shares held by the Letsema BBBEE trusts		**(28 917)**	(28 946)
	Less: Weighted average number of shares held by Murray & Roberts Limited		**(676)**	(676)
	Weighted average number of shares in issue used in the determination of basic per share figures		**295 563**	294 613
	Add: Dilutive adjustment for share options		**1 029**	1 233
	Weighted average number of shares in issue used in the determination of diluted per share figures		**296 592**	295 846
32.2	**(Loss)/earnings per share**			
	Reconciliation of (loss)/earnings			
	(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited		**(1 735,1)**	1 098,3
	Adjustments for discontinued operations:			
	Loss/(profit) from discontinued operations	31	**666,1**	(214,9)
	Non-controlling interests	31	**(78,5)**	57,3
	(Loss)/earnings for the purposes of basic and diluted earnings per share from continuing operations		**(1 147,5)**	940,7
	(Loss)/earnings per share from continuing and discontinued operations (cents)			
	– Diluted		**(585)**	371
	– Basic		**(587)**	373
	(Loss)/earnings per share from continuing operations (cents)			
	– Diluted		**(387)**	318
	– Basic		**(388)**	319
	(Loss)/earnings per share from discontinued operations (cents)			
	– Diluted		**(198)**	53
	– Basic		**(199)**	54

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32. (LOSS)/EARNINGS AND HEADLINE (LOSS)/EARNINGS PER SHARE (continued)

32.3 Headline (loss)/earnings

Reconciliation of headline (loss)/earnings	Notes	2011 Gross pre-tax and non-controlling interests	2011 Net	2010 Gross pre-tax and non-controlling interests	2010 Net
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited		**(1 570,0)**	**(1 735,1)**	1 699,0	1 098,3
Investment property fair value adjustment		**5,4**	**5,4**	(101,2)	(87,0)
Profit on disposal of subsidiaries		**(16,7)**	**(10,5)**	(10,1)	(6,1)
(Profit)/loss on disposal of property, plant and equipment (net)		**(48,8)**	**(41,4)**	(6,4)	(4,7)
Impairment of property, plant and equipment (net)		**277,2**	**202,1**	7,2	5,2
Impairment of goodwill		**110,0**	**110,0**	–	–
Impairment of other intangibles		**10,9**	**10,9**	–	–
Fair value adjustments on assets held-for-sale		**38,0**	**24,4**	–	–
Profit on sale of assets held-for-sale		**(5,9)**	**(3,7)**	–	–
Negative goodwill arising on business acquisitions		**(9,3)**	**(9,3)**	–	–
Fair value adjustment on acquisition of joint venture		**(52,3)**	**(45,0)**	–	–
Other		**(0,6)**	**(0,4)**	0,2	0,2
Headline (loss)/earnings		**(1 262,1)**	**(1 492,6)**	1 588,7	1 005,9
Adjustments for discontinued operations:					
Loss/(profit) from discontinued operations	31	**784,1**	**666,1**	(271,1)	(214,9)
Non-controlling interests	31	**–**	**(78,5)**	–	57,3
Investment property fair value adjustment		**(5,4)**	**(5,4)**	97,0	83,4
Profit on disposal of subsidiaries		**16,7**	**10,5**	–	–
Profit/(loss) on sale of property, plant and equipment (net)		**1,1**	**1,5**	–	–
Impairment of property, plant and equipment (net)		**(274,0)**	**(200,7)**	–	–
Impairment of goodwill		**(50,0)**	**(50,0)**	–	–
Fair value adjustments on assets held-for-sale		**(38,0)**	**(23,9)**	–	–
Profit on sale of assets held-for-sale		**4,0**	**1,8**	–	–
Negative goodwill arising on business acquisitions		**1,3**	**1,3**	–	–
Headline (loss)/earnings from continuing operations		**(822,3)**	**(1 169,9)**	1 414,6	931,7

	2011	2010
Headline (loss)/earnings per share (cents)		
– Diluted	**(503)**	340
– Basic	**(505)**	341
Headline (loss)/earnings per share from continuing operations (cents)		
– Diluted	**(394)**	314
– Basic	**(396)**	316

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

33. ORDINARY DIVIDENDS

	2011	2010
Final dividend No. 117 of 53 cents declared on 25 August 2010 and paid on 18 October 2010	–	175,9
Interim dividend No. 116 of 52 cents declared on 24 February 2010 and paid on 16 April 2010	–	172,6
	–	348,5
Less: Dividends relating to treasury shares	–	(38,7)
	–	309,8

34. CASH GENERATED FROM OPERATIONS

	2011	2010
(Loss)/profit before interest and taxation	(1 388,0)	1 880,6
Adjustments for non-cash items:		
Amortisation of intangible assets	25,7	25,1
Depreciation	628,7	680,5
Fair value adjustments on investment property	5,4	(101,2)
Fair value adjustments on concession investments	(164,1)	(182,3)
Fair value adjustments on concession investments in assets held-for-sale	(54,4)	–
Profit on deconsolidation of subsidiary	(16,7)	–
Movements in retirement benefit assets and liabilities	–	11,2
Long term provision raised, released and utilised	20,3	5,6
Net provisions raised, released and utilised	(88,5)	(80,0)
Net profit on disposal of property, plant and equipment	(48,8)	(6,4)
Share-based payment expense	32,5	57,0
Impairment of assets	1 155,2	61,0
Non-cash contract completion expenses	585,0	–
Other non-cash items	(45,9)	30,4
Adjustment for cash items		
Headlease and other property activities	(6,0)	(47,0)
Change in working capital	231,2	(930,6)
Inventories	367,0	371,3
Trade and other receivables	(80,9)	421,4
Contracts-in-progress and contract receivables	(541,4)	(759,0)
Trade and other payables	440,8	(888,3)
Subcontractor liabilities	45,7	(76,0)
	871,6	1 403,9

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	2011	2010
35. TAXATION PAID		
Taxation due at beginning of the year	**111,7**	–
Taxation unpaid at beginning of the year	**(102,0)**	(150,4)
Foreign exchange movements	**–**	8,9
Transfer to taxation directly associated with assets held-for-sale	**(10,6)**	–
Taxation charged to the statement of financial performance, excluding deferred taxation	**(278,9)**	(341,6)
Taxation charged to statement of financial performance recognised under discontinued operations	**–**	(24,2)
Taxation in respect of discontinued operations	**(39,1)**	–
Taxation due at end of the year	**(82,9)**	(111,7)
Taxation unpaid at end of the year	**115,8**	102,0
	(286,0)	(517,0)

36. ACQUISITION OF BUSINESS

Acquisition of Subsidiary

During June 2011, Toll Road Concessionaires (Proprietary) Limited obtained control of PT Operational Services (Proprietary) Limited by acquiring an additional 33,3% stake in the company for consideration of R52,2 million. The purpose of PT Operational Services (Proprietary) Limited is to provide toll operations, maintenance and routine road maintenance services to Bakwena Platinum Corridor Concessionaire (Proprietary) Limited.

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

	Notes	Acquiree's carrying value	Fair value
Property, plant and equipment		(3,6)	(3,6)
Other intangible assets	5	–	(157,0)
Inventories		(0,7)	(0,7)
Trade and other receivables		(8,2)	(8,2)
Cash and cash equivalents		(14,7)	(14,7)
Deferred taxation liability		–	44,0
Trade and other payables		2,9	2,9
Current taxation liability		2,5	2,5
Net assets acquired			(134,8)
Non-controlling interest*			37,7
Fair value of net assets acquired			(97,1)
Fair value adjustment to previously held interest			52,3
Goodwill	4		(7,4)
Consideration paid			(52,2)
Net cash outflow arising on consolidation			37,5

The other intangible asset recognised on acquisition of PT Operational Services (Proprietary) Limited relates to tolling rights. Refer to note 5 for more detail.

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

	2011	2010
37. NET MOVEMENT IN BORROWINGS		
Loans raised	**530,5**	702,0
Loans repaid	**(126,6)**	(472,7)
	403,9	229,3
Capitalised finance leases raised	**125,5**	149,0
	529,4	378,3

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

38. JOINT VENTURES

38.1 Joint venture arrangements

A proportion of the Group's operations are performed through joint ventures. The Group operates through two types of joint ventures:

Joint venture entities

– these are incorporated arrangements such as jointly controlled companies.

Joint venture operations

– these are unincorporated arrangements such as partnerships and contracts.

	2011	2010*
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial position is:		
Non-current assets	**55,9**	254,8
Current assets	**4 546,2**	5 123,0
Total assets	**4 602,1**	5 377,8
Non-current liabilities	**167,5**	318,5
Current liabilities	**3 799,6**	3 885,1
Total liabilities	**3 967,1**	4 203,6
Net assets	**635,0**	1 174,2
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial performance is:		
Revenue	**9 455,6**	10 205,7
(Loss)/profit after taxation	**(414,2)**	678,8

* *Following the evaluation of prior year amounts, the numbers have been restated.*

38.2 Details of significant joint ventures

	Business segment	2011 %	2010 %
The Group has the following significant joint venture entities			
Bombela Civils Joint Venture (Proprietary) Limited	Construction Africa and Middle East	**45,0**	45,0
Alert Steel Polokwane (Proprietary) Limited**	Construction Products Africa	**50,0**	50,0
Freyssinet Posten (Proprietary) Limited**	Construction Products Africa	**50,0**	50,0
Precast Reinforcing Steel (Proprietary) Limited**	Construction Products Africa	**50,0**	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited**	Construction Products Africa	**50,0**	50,0
National Metal Cape Town (Proprietary) Limited**	Construction Products Africa	**42,0**	42,0
Clough Amec (Proprietary) Limited	Construction Australasia Oil & Gas and Minerals	**50,0**	50,0
S&B/Civils JV Goedgevonden	Construction Africa and Middle East	**50,0**	50,0
Overseas AST Murray & Roberts Joint Venture	Engineering Africa	**50,0**	50,0
Al Habtoor — Murray & Roberts – Takenaka Joint Venture	Construction Africa and Middle East	**40,0**	40,0
Al Habtoor — Murray & Roberts Joint Venture	Construction Africa and Middle East	**50,0**	50,0
Vresap Civils Joint Venture	Construction Africa and Middle East	**40,0**	40,0
Mpumalanga Pipeline Contractors Joint Venture	Construction Products Africa	**25,0**	25,0
Murray & Roberts Enza Construction Joint Venture	Construction Africa and Middle East	**80,0**	80,0
Murray & Roberts/WBHO Joint Venture	Construction Africa and Middle East	**50,0**	50,0
Murray & Roberts Construction SPG Construction Joint Venture	Construction Africa and Middle East	**65,0**	65,0
A A Nass — Murray & Roberts Joint Venture	Construction Africa and Middle East	**50,0**	50,0
Vulindlela Joint Venture	Construction Products Africa	**33,3**	33,3
Medupi Reinforcing Steel Joint Venture**	Construction Products Africa	**50,0**	50,0
Medupi Civils Joint Venture*	Construction Africa and Middle East	**67,0**	67,0
Wade Walker Alstom Joint Venture	Engineering Africa	**50,0**	50,0
Harbourwork Clough Joint Venture	Construction Australasia Oil & Gas and Minerals	**50,0**	50,0
Braamhoek Dams Joint Venture	Construction Africa and Middle East	**40,0**	40,0
Concor – Karrena Joint Venture	Construction Africa and Middle East	**40,0**	–
MRC/Power (Zeekoegat) Joint Venture	Construction Africa and Middle East	**50,0**	–

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

** *These entities are classified as discontinued operations.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2011	2010
39. CONTINGENT LIABILITIES		
The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group are likely to have a material adverse effect on the financial condition or future of the Group.		
An industry wide investigation is currently underway by the Competition Commission into collusive behaviours within the construction industry. A provision has been raised in the current year for potential penalties for identified possible transgressions, however, there may be unknown matters that could result in additional contingent liabilities, in addition to amounts disclosed below. Such unknown contingent liabilities cannot be reliably calculated at this stage and are not included in the ascertainable contingent liability below.		
The ascertainable contingent liabilities at 30 June being	**982,9**	344,5
Total financial institution guarantees given to third parties on behalf of Group companies amounted to	**10 408,2**	9 693,4
The directors do not believe any exposure to loss is likely.		
Contingent liabilities arising from interest in joint ventures included above, comprise claims against JV's either by clients or subcontractors which have not been brought to book	**4 559,6**	5 095,8
The directors do not believe any exposure to loss is likely.		
40. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the statement of financial position	**52,8**	200,9
Approved by the directors, not yet contracted for	**799,2**	754,2
	852,0	955,1
Capital expenditure will be financed from internal resources and existing facilities.		
The capital commitments relate primarily to the acquisition of project related capital expenditure.		
41. OPERATING LEASE ARRANGEMENTS		
41.1 General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease costs		
Operating lease costs recognised in the statement of financial performance is set out in note 27.		
Minimum lease payments due		
Due within one year	**381,8**	365,1
Due between two and five years	**896,6**	925,0
Due thereafter	**876,1**	856,2
	2 154,5	2 146,3
41.2 Operating headleases		
Operating headlease payments represent rentals payable by the Group for the headlease properties in which the Group does not have a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
The future minimum sublease payments expected to be received for the next three years on the leased properties is Rnil million (2010: R6,7 million).		
Minimum lease payments due		
Due within 1 and 2 years	**–**	7,4

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT

42.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 17 and 25 and equity attributable to owners of the parent, comprising issued reserves and retained earnings as disclosed.

The Board reviews the capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

The Group is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board.

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

42.2 Financial instruments

The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.

In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, derivatives, accounts receivable and payable and interest bearing borrowings.

Categories of financial instruments

	2011	2010
Financial assets		
Financial assets designated as fair value through profit and loss (level 3)	**441,8**	211,1
Loans and receivables	**9 949,9**	11 632,0
Available-for-sale financial assets carried at fair value (level 3)	**2,7**	4,5
Derivative financial instruments (level 2)	**10,5**	45,6
Financial liabilities		
Loans and payables	**12 197,3**	12 732,5
Derivative financial instruments	**45,1**	1,7

The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair values:
Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data

42.3 Foreign currency risk management

The Group has major operating entities in the Middle East, Australia and Canada and hence has an exposure to fluctuations in exchange rates. The Group may, from time to time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency forward exchange contracts.

Foreign currency sensitivity

The Group is mainly exposed to the currencies of United Arab Emirates, Australia, United States of America, Canada and Europe. The following table details the Group's major foreign currency balances at year-end and the sensitivity of a 1% decrease in the Rand against the relevant currencies. The sensitivity includes only foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. A positive number indicates an increase in profit and equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
	2011	2010	**2011**	2010
UAE Dirham	**8,8**	13,7	**(12,9)**	(12,5)
Australian Dollar	**13,4**	10,0	**(6,4)**	(2,0)
US Dollar	**5,0**	9,4	**(1,3)**	(5,6)
Canadian Dollar	**5,4**	4,8	**(2,9)**	(2,4)
European Euro	**2,0**	1,8	**(0,4)**	(0,2)

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Foreign currency sensitivity (continued)

Forward foreign exchange contracts

The Group may, from time to time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Each operation manages its own trade exposure. In this regard the Group has entered into certain forward foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

All forward foreign exchange contracts are valued at fair value on the reporting date with the resultant gain or loss included in the statement of financial performance with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded directly in equity and either transferred to income when the hedged transaction affects income or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

At reporting date, the notional amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Related to specific statement of financial position items	**2011** Foreign amount	**2011** Rand amount	2010 Foreign amount	2010 Rand amount
Bought:				
Australian Dollar	**0,4**	**3,0**	0,9	6,2
European Euro	**10,5**	**103,3**	2,8	26,5
Thai Baht	**364,1**	**80,4**	125,9	28,8
Indonesian Rupiah	**35 901,4**	**28,4**	–	–
Singapore Dollar	**2,0**	**11,1**	–	–
US Dollar	**40,2**	**282,4**	6,0	47,5
		508,6		109,0
Sold:				
Australian Dollar	**36,3**	**263,7**	–	–
European Euro	**–**	**–**	3,9	46,8
US Dollar	**11,0**	**74,7**	1,1	8,0
		338,4		54,8

At 30 June 2011, the fair value of the Group's currency derivatives is estimated to be a loss of approximately R5,8 million (2010: R1,7 million loss). These amounts are based on quoted market prices for equivalent instruments at the reporting date, which comprise R10,5 million assets (2010: R45,6 million) and liabilities of R45,1 million (2010: R1,7 million).

R17 million relating to currency derivatives that have been designated as cash flow hedges have been recognised in the statement of comprehensive income during the year (2010: R11 million).

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Foreign currency sensitivity (continued)

The carrying amounts of the significant financial assets are denominated in the following currencies:

	2011	2010
Bank balances and cash		
Australian Dollar	**626,6**	591,0
Bahraini Dinar	**89,7**	107,4
Botswana Pula	**51,9**	55,0
British Pound	**52,7**	32,3
Canadian Dollar	**73,9**	133,9
Egyptian Pound	**7,3**	8,6
European Euro	**197,8**	177,7
Malaysian Ringgit	**7,9**	18,2
Qatari Rial	**4,4**	16,0
South African Rand	**894,2**	956,2
Thai Baht	**51,9**	55,9
UAE Dirham	**528,0**	838,6
US Dollar	**311,5**	767,7
Other	**202,8**	52,6
	3 100,6	3 811,1
Trade and net contract receivables		
Australian Dollar	**714,7**	412,4
Bahraini Dinar	**51,1**	101,8
British Pound	**41,3**	64,4
Botswana Pula	**90,9**	33,4
Canadian Dollar	**468,4**	346,2
European Euro	**2,0**	7,0
Malaysian Ringgit	**2,2**	6,6
Mauritian Rupee	**–**	26,8
South African Rand	**1 938,8**	2 725,4
Thai Baht	**20,8**	15,8
UAE Dirham	**354,0**	533,5
US Dollar	**190,1**	169,3
Other	**52,6**	22,8
Gross receivables	**3 926,9**	4 465,4
Present value and other adjustments	**(46,1)**	(113,0)
	3 880,8	4 352,4

The carrying amounts of the significant financial liabilities are denominated in the following currencies:

	2011	2010
Bank overdrafts		
Botswana Pula	**–**	8,5
South African Rand	**43,5**	1 232,2
Other	**3,3**	4,2
	46,8	1 244,9

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Foreign currency sensitivity (continued)

	2011	2010
Trade payables and subcontractor liabilities		
Australian Dollar	**591,1**	174,5
Bahraini Dinar	**37,5**	148,9
Botswana Pula	**109,2**	35,0
British Pound	**44,2**	58,2
Canadian Dollar	**89,0**	88,4
Egyptian Pound	**0,3**	–
European Euro	**37,7**	22,9
Qatari Rial	**4,4**	5,1
Singapore Dollar	**34,3**	5,3
South African Rand	**1 387,5**	1 510,8
Thai Baht	**16,7**	31,2
UAE Dirham	**1 301,1**	1 254,5
US Dollar	**128,4**	157,8
Other	**124,4**	57,6
Gross liabilities	**3 905,8**	3 550,2
Present value and other adjustments	**(8,1)**	(10,2)
	3 897,7	3 540,0
Interest bearing liabilities		
Australian Dollar	**45,2**	26,8
Canadian Dollar	**196,8**	149,0
South African Rand	**2 052,9**	1 550,5
US Dollar	**0,2**	402,0
	2 295,1	2 128,3
Non-interest bearing liabilities		
Australian Dollar	**8,9**	17,8
Malaysian Ringgit	**–**	11,6
South African Rand	**0,7**	7,2
US Dollar	**–**	3,4
Other	**–**	3,4
	9,6	43,4

42.4 Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds on both fixed and floating interest rates through bank overdrafts and other interest bearing liabilities as well as borrows in local and foreign markets. The Group manages this risk by a central treasury function which looks at the cash requirements of the various businesses and meets these requirements internally. The Group's treasury function also considers future interest rate forecasts and borrows at a fixed rate where necessary.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and held constant throughout that reporting period in the case of instruments that have floating rates.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT (continued)

42.4 Interest rate risk management (continued)

The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables were held constant. A positive number indicates an increase in profit and other equity as a consequence of change in interest rates.

Based on the prime interest rates of the countries listed below:

	2011	2010
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(13,0)**	(23,6)
Australia		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**5,8**	5,0
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**1,0**	2,3
Canada		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(1,2)**	(0,2)
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**3,1**	3,6

42.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of trade accounts receivables, short term cash investments and non-current unsecured loan receivables.

Trade receivables consist mainly of a widespread customer base. Credit risk is managed by performing credit checks on customers and setting of credit limits where necessary. Group companies monitor the financial position of their customers on an ongoing basis and where appropriate, use is made of credit guarantee insurance. Contract receivables and retentions are usually secured by means of a lien over the property or payment guarantee from a respectable local bank.

Included in trade and contract receivables are amounts due directly or indirectly, from South African parastatals and government of R165 million (2010: R429 million) and R237 million (2010: R209 million) respectively. None of the amounts receivable are considered to be impaired. An amount of R28 million (2010: R194 million) is considered to be past due, but not impaired.

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

The Group deposit short term cash investments with major financial institutions.

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

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42. FINANCIAL RISK MANAGEMENT (continued)

42.5 Credit risk management (continued)

	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate and Properties	Group
2011							
Cash and cash equivalents	**1 178,0**	**136,5**	**84,7**	**174,7**	**1 038,6**	**488,1**	**3 100,6**
Trade and other receivables (net of provisions)	**357,0**	**35,8**	**656,8**	**403,3**	**267,8**	**126,4**	**1 847,1**
Contract receivables (net of provisions)	**1 281,1**	**77,7**	**96,9**	**802,9**	**506,8**	**–**	**2 765,4**
Total assets subject to credit risk	**2 816,1**	**250,0**	**838,4**	**1 380,9**	**1 813,2**	**614,5**	**7 713,1**
Assets not subject to credit risk	**3 619,4**	**1 124,9**	**2 457,6**	**1 502,2**	**2 846,7**	**296,6**	**11 847,4**
Total assets	**6 435,5**	**1 374,9**	**3 296,0**	**2 883,1**	**4 659,9**	**911,1**	**19 560,5**
2010							
Cash and cash equivalents	1 798,5	88,3	189,8	232,7	915,3	586,5	3 811,1
Trade and other receivables (net of provisions)	432,4	62,4	1 131,5	217,1	233,4	18,1	2 094,9
Contract receivables (net of provisions)	1 440,2	146,0	306,0	690,2	355,0	–	2 937,4
Total assets subject to credit risk	3 671,1	296,7	1 627,3	1 140,0	1 503,7	604,6	8 843,4
Assets not subject to credit risk	3 538,7	1 591,3	2 957,9	1 112,8	2 079,8	1 001,2	12 281,7
Total assets	7 209,8	1 888,0	4 585,2	2 252,8	3 583,5	1 605,8	21 125,1
Financial assets subject to credit risk*							
2011							
Not past due	**2 643,7**	**240,0**	**790,4**	**1 370,7**	**1 805,4**	**612,6**	**7 462,8**
Past due	**194,4**	**10,0**	**115,1**	**25,9**	**20,6**	**3,4**	**369,4**
Provisions for impairments	**(22,0)**	**–**	**(67,1)**	**(15,7)**	**(12,8)**	**(1,5)**	**(119,1)**
Carrying value of financial assets	**2 816,1**	**250,0**	**838,4**	**1 380,9**	**1 813,2**	**614,5**	**7 713,1**
2010							
Not past due	3 490,0	330,1	1 399,6	1 116,1	1 505,0	606,7	8 447,5
Past due	205,9	19,5	360,0	43,7	21,6	0,2	650,9
Provisions for impairments	(24,8)	(52,9)	(132,3)	(19,8)	(22,9)	(2,3)	(255,0)
Carrying value of financial assets	3 671,1	296,7	1 627,3	1 140,0	1 503,7	604,6	8 843,4

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

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42. FINANCIAL RISK MANAGEMENT (continued)

42.5 Credit risk management (continued)

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but the Group believes that impairment is not appropriate as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

The age of receivables that are past due, but not impaired is:

	Past due less than 1 year	Past due longer than 1 year
2011		
Trade receivables	**81,9**	**47,6**
Contract receivables	**206,0**	**20,6**
Other receivables	**8,8**	**4,5**
	296,7	**72,7**
2010		
Trade receivables	119,5	71,8
Contract receivables	327,3	91,6
Other receivables	38,6	2,1
	485,4	165,5

Financial assets individually assessed to be impaired

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

	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate and Properties	Group
2011							
Trade receivables	**3,5**	**–**	**67,1**	**3,8**	**–**	**1,5**	**75,9**
Contract receivables	**18,5**	**–**	**–**	**11,9**	**12,8**	**–**	**43,2**
	22,0	**–**	**67,1**	**15,7**	**12,8**	**1,5**	**119,1**
2010							
Trade receivables	6,3	–	129,5	6,8	–	2,3	144,9
Contract receivables	18,5	52,9	2,8	13,0	22,9	–	110,1
	24,8	52,9	132,3	19,8	22,9	2,3	255,0

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

42. FINANCIAL RISK MANAGEMENT (continued)

42.5 Credit risk management (continued)

Reconciliation of total impairments	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate and Properties	Group
2011							
Balance at the beginning of the year	**24,8**	**52,9**	**132,3**	**19,8**	**22,9**	**2,3**	**255,0**
Acquisition of business	**–**	**–**	**3,3**	**–**	**–**	**–**	**3,3**
Transfer to assets held-for-sale	**–**	**–**	**(183,6)**	**–**	**–**	**–**	**(183,6)**
Raised during the year	**19,2**	**–**	**122,0**	**0,3**	**0,4**	**–**	**141,9**
Utilised during the year	**(18,0)**	**(21,0)**	**(4,1)**	**(1,1)**	**(8,7)**	**(0,7)**	**(53,6)**
Released during the year	**(3,5)**	**(31,9)**	**(3,2)**	**(3,9)**	**(0,2)**	**–**	**(42,7)**
Foreign exchange movements	**(0,5)**	**–**	**0,4**	**0,6**	**(1,6)**	**(0,1)**	**(1,2)**
	22,0	**–**	**67,1**	**15,7**	**12,8**	**1,5**	**119,1**
2010							
Balance at the beginning of the year	38,2	54,4	78,0	21,5	29,1	2,4	223,6
Transfer to assets held-for-sale	(28,1)	–	(0,5)	–	–	–	(28,6)
Raised during the year	22,4	1,0	74,6	–	1,6	–	99,6
Utilised during the year	(0,6)	(0,8)	(3,7)	–	–	(0,1)	(5,2)
Released during the year	(6,6)	(1,7)	(15,4)	(2,1)	(8,1)	–	(33,9)
Foreign exchange movements	(0,5)	–	(0,7)	0,4	0,3	–	(0,5)
	24,8	52,9	132,3	19,8	22,9	2,3	255,0

42.6 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below.

Borrowing capacity

The company's borrowing capacity is unlimited in terms of its articles of association.

	2011	2010
Borrowing facility		
Total borrowing facility	**7 073,0**	7 883,8
Current utilisation	**2 677,9**	3 203,5
Borrowing facilities available	**4 395,1**	4 680,3

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42. FINANCIAL RISK MANAGEMENT (continued)

42.7 Maturity profile of financial instruments

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

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	3 100,6	–	3 100,6
Contract receivables	2 765,4	–	2 765,4
Trade and other receivables	1 836,6	–	1 836,6
Non-current receivables	–	108,4	108,4
Derivative financial instruments	10,5	–	10,5
Other investments	–	445,0	445,0
Financial liabilities			
Bank overdrafts	46,8	–	46,8
Interest bearing liabilities	1 071,7	1 223,4	2 295,1
Non-interest bearing liabilities	7,8	1,8	9,6
Trade and other payables	5 226,9	–	5 226,9
Derivative financial instruments	45,1	–	45,1
Subcontractor liabilities	2 171,4	141,1	2 312,5
Non-current payables	–	62,0	62,0

These profiles represent the undiscounted cash flows that are expected to occur in the future.

43. RETIREMENT AND OTHER BENEFIT PLANS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No. 24 of 1956 (as amended).

43.1 Defined contribution plan – pension fund

In South Africa, the Group operates the following privately administered defined contribution pension plan for salaried employees:

Murray & Roberts Retirement Fund (M&RRF)

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members. The fund was actuarially valued on 31 December 2010 the following dates and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2011 was R113,0 million (2010: R90,2 million).

43.2 Defined contribution plans – provident fund

In South Africa, the Group operates the following privately administered defined contribution provident plan for salaried employees:

Murray & Roberts Provident Fund

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members.

The fund was actuarially valued on 28 February 2011 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2011 was R3,6 million (2010: R2,3 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

43. RETIREMENT AND OTHER BENEFIT PLANS (continued)

43.3 Defined benefit plan – retirement benefit

The Murray & Roberts Retirement Fund is a defined contribution scheme that provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of scheme reserves, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 3 075 pensioners as members.

	2011	2010
Present value of funded liability	**2 078,5**	1 924,4
Fair value of plan assets	**(2 583,2)**	(2 395,1)
Funded status	**(504,7)**	(470,7)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**504,7**	470,7
Present value of the defined benefit obligation-wholly unfunded	**–**	–
	–	–

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2011 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

The components of the pension expense included in the statement of financial performance are:

	2011	2010
Interest cost	**165,1**	160,3
Expected return on plan assets	**(241,5)**	(231,3)
Gains/(losses) recognised due to paragraph 58A	**42,4**	(87,6)
Actuarial loss unrecognised due to paragraph 58A limits	**34,0**	158,6
	–	–

The principal actuarial assumptions used for accounting purposes were:	2011	2010
Discount rate	**8,5%**	9,0%
Inflation rate	**6,0%**	6,0%
Expected return on plan assets	**10,1%**	10,5%
Pension increase allowance	**4,5%**	4,5%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R331,4 million (2010: R354,3 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2012.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

43. RETIREMENT AND OTHER BENEFIT PLANS (continued)

43.4 Defined benefit plan – post-retirement medical aid

Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.

	2011	2010
Present value of funded liability	**66,0**	68,9
Fair value of plan assets	**(85,5)**	(85,7)
Funded status	**(19,5)**	(16,8)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**19,5**	16,8
	–	–

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2011 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

Costs for the year included in payroll costs (note 27) and interest expense (note 28) in the statement of financial performance:

	2011	2010
Current service cost	**0,6**	13,7
Interest cost	**5,8**	5,8
Expected return on plan assets	**(7,7)**	(6,3)
Net actuarial loss recognised	**4,0**	3,1
	2,7	16,3

Movements in the net assets were:

	2011	2010
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(16,8)**	(10,9)
Amounts recognised in the statement of financial performance	**2,7**	16,3
Net transfer for new continuation members	**0,9**	2,8
Contributions	**(1,3)**	(13,2)
Restriction on assets not recognised	**19,5**	16,8
Transfer of assets from disability benefits	**(5,0)**	(11,8)
	–	–

The principal actuarial assumptions used for accounting purposes were:

	2011	2010
Discount rate	**8,8%**	9,0%
Post retirement discount rate	**8,8%**	9,0%
Expected return on plan assets	**8,8%**	9,0%
Long term increase in medical subsidies	**6,3%**	6,0%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R10,1 million (2010: R9,3 million profit). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute to its post-retirement medical aid defined benefit in 2012 (2010: R16 million).

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

43. RETIREMENT AND OTHER BENEFIT PLANS (continued)

43.5 Defined benefit plan – disability benefit

With effect from 1 March 2010, disability benefits for qualifying salaried employees are provided through a registered insurer. Disability benefits for existing claimants are provided via the Murray & Roberts Group Employee Benefits Policy. The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits may be reviewed annually and increases are discretionary and not guaranteed.

	2011	2010
Present value of funded liability	**28,0**	31,1
Fair value of plan assets	**(38,9)**	(46,2)
Funded status	**(10,9)**	(15,1)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**10,9**	15,1
	–	–

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2011 by NMG Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

Costs for the year, included in payroll costs (note 27) and interest expense (note 28) in the statement of financial performance:

	2011	2010
Current service cost	**–**	13,4
Interest cost	**2,5**	3,3
Expected return on plan assets	**(3,7)**	(5,4)
Net actuarial gain	**(4,6)**	(7,1)
	(5,8)	4,2

Movements in the net assets were:

	2011	2010
Present value at beginning of year	**–**	–
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**(15,1)**	(22,5)
Amounts recognised in the statement of financial performance	**(5,8)**	4,2
Contributions	**5,1**	(8,6)
Restriction on assets not recognised	**10,8**	15,1
Transfer of assets to post retirement medical aid	**5,0**	11,8
	–	–

The principal actuarial assumptions used for accounting purposes were:

	2011	2010
Discount rate	**8,8%**	9,0%
Expected return on plan assets	**8,8%**	9,0%
Long term increase in disability benefits	**6,3%**	6,0%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was R4,3 million (2010: R5,5 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

43. RETIREMENT AND OTHER BENEFIT PLANS (continued)

43.6 Defined benefit plan – pension scheme

The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.

	2011	2010
Present value of funded liability	**43,1**	46,3
Fair value of plan assets	**(35,7)**	(37,0)
Unrecognised actuarial loss	**7,4**	9,3

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2011 by Barnett Waddingham LLP. The present value of the defined benefit obligation, and the related current service costs were measured using the Projected Unit Credit Method.

The components of the pension expense included in the statement of financial performance are:

	2011	2010
Current service cost	**–**	–
Interest cost	**2,3**	2,7
Expected return on plan assets	**(1,8)**	(1,4)
Net actuarial (gain)/loss	**(0,8)**	11,6
	(0,3)	12,9

Movements in the net assets were:

	2011	2010
Present value at beginning of year	**9,3**	–
Amounts recognised in the statement of financial performance	**(0,3)**	12,9
Contributions	**(1,1)**	–
Exchange rate adjustment	**(0,5)**	(3,6)
	7,4	9,3

The principal actuarial assumptions used for accounting purposes were:

	2011	2010
Discount rate	**5,5%**	5,3%
Expected return on scheme assets	**5,0%**	5,0%
Rate of increase in pension payments	**3,7%**	3,3%
Rate of increase in pensions in deferment	**2,9%**	3,3%
Rate of inflation	**3,7%**	3,3%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group.

The actual return on plan assets was a profit of R2 million (2010: R12,3 million profit). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amount to this defined benefit plan in 2012.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST

44.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 6), joint ventures (note 38), retirement and other benefit plans (note 43) and with its directors and prescribed officers.

44.2 Related party transactions and balances

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

Balances between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

	2011	2010
Amounts owed to related parties		
Amounts owing to joint ventures	**149,3**	193,1

The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carrying interest at 10% (2010: 10%) per annum.

44.3 Transactions with key management personnel

Interest of the directors in the share capital of the company is set out in the directors' report.

The key management personnel compensation, excluding the directors and prescribed officers are:

	2011	2010
Salaries	**33,7**	30,4
Retirement fund contributions	**2,8**	2,3
Allowances	**3,7**	1,5
Other benefits	**0,7**	0,2
Total guaranteed remuneration	**40,9**	34,4
Gain on exercise of share options	**1,2**	14,5
Performance related	**15,5**	17,8
	57,6	66,7

44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

44.3 Transactions with key management personnel (continued)

Executive directors

The remuneration of executive directors for the year ended 30 June 2011 was as follows:

	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related* R'000	Contract payment R'000	Total R'000
2011					
BC Bruce	**4 850**	**517**	**–**	**4 850**	**10 217**
MP Chaba	**2 383**	**9**	**–**	**–**	**2 392**
O Fenn	**3 400**	**–**	**375**	**–**	**3 775**
TG Fowler	**3 200**	**–**	**–**	**–**	**3 200**
H Laas[1]	**813**	**–**	**250**	**–**	**1 063**
RW Rees	**3 750**	**179**	**–**	**3 750**	**7 679**
	18 396	**705**	**625**	**8 600**	**28 326**
2010					
BC Bruce	4 850	–	–	–	4 850
MP Chaba	2 317	–	750	–	3 067
O Fenn	2 200	–	750	–	2 950
TG Fowler	2 343	–	750	–	3 093
RW Rees	3 550	–	1 500	–	5 050
	15 260	–	3 750	–	19 010

BC Bruce and RW Rees retired from the Board and Group on 30 June 2011. The contract payment represents 12 months guaranteed remuneration. MP Chaba and TG Fowler resigned from the Board on 14 February 2011 and 30 June 2011 respectively and from the Group on 31 May 2011 and 30 June 2011 respectively.

1 Remuneration from 1 April 2011. Appointed to the Board on 1 April 2011 and as Group chief executive on 1 July 2011.

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

The remuneration of executive directors and key management personnel is determined by the remuneration & human resources committee having regard to the performance of individuals and market trends.

Details of service on Board committees are set out in the Corporate Governance Report. Interest of the directors in the share capital of the Company is set out in the directors' report.

The executive directors of the Company hold in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 0,70% (2010: 0,75%) of the ordinary shares of the Company. These options are subject to the terms and conditions of the employee share scheme.

Prescribed officers

	Total guaranteed R'000	Performance related* R'000	Total R'000
2011			
PR Adams	**2 367**	**500**	**2 867**
AJ Bester	**3 150**	**600**	**3 750**
NWR Harvey	**2 818**	**468**	**3 286**
IW Henstock	**2 600**	**500**	**3 100**
HJ Laas[2]	**2 104**	**750**	**2 854**
AR Langham	**2 600**	**–**	**2 600**
RCC Noonan	**2 550**	**–**	**2 550**
RAG Skudder	**2 000**	**450**	**2 450**
KE Smith[3]	**2 625**	**–**	**2 625**

** Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.*
2 Remuneration to 31 March 2011.
3 Retired 31 March 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

44.3 Transactions with key management personnel (continued)

Prescribed officers (continued)

	Total guaranteed R'000	Performance related* R'000	Total R'000
2010			
PR Adams	2 278	1 167	3 445
AJ Bester	2 960	1 500	4 460
NWR Harvey	2 975	1 536	4 511
IW Henstock	2 400	1 100	3 500
HJ Laas	2 400	1 375	3 775
AR Langham	2 267	1 300	3 567
RCC Noonan	2 400	750	3 150
RAG Skudder	1 750	1 000	2 750
KE Smith	3 250	1 500	4 750

Prescribed officers include the three highest paid employees in South Africa.
* *Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year-end.*

	Total guaranteed '000	Performance related* '000	Total '000
Three highest paid non South African employees			
2011			
R Slack (CAD)	**291**	**1 526**	**1 817**
J Smith (AUD)	**1 348**	**–**	**1 348**
W Boyle (AUD)	**979**	**–**	**979**

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

Non-executive directors

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

The remuneration of non-executive directors for the year ended 30 June 2011 was:

	Directors' fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Chairman's fee R'000	Total 2011 R'000	Total 2010 R'000
RC Andersen[4]	–	–	–	–	1 025	**1 025**	988
DD Barber	158	–	136	225	–	**519**	410
ADVC Knott-Craig	158	–	81	107	–	**346**	287
N Magau	158	(14)	136	136	–	**416**	315
M McMahon	158	–	136	68	–	**362**	237
IN Mkhize[5]	51	–	53	47	–	**151**	311
W Nairn[6]	133	–	82	114	–	**329**	–
AA Routledge	158	–	108	216	–	**482**	337
SP Sibisi	158	–	108	141	–	**407**	332
M Sello	158	–	136	187	–	**481**	260
RT Vice	158	–	136	208	–	**502**	380
	1 448	(14)	1 112	1 449	1 025	**5 020**	3 857

4 Remuneration for financial year 2010 is made up of R950 000 per annum earned from 1 July 2009 to 31 December 2009 and R1 025 000 per annum from 1 January 2010 to 30 June 2010. The Chairman declined an increase effective 1 January 2011.
5 Retired 27 October 2010.
6 Appointed 30 August 2010.

The remuneration of non-executive directors is submitted to the annual general meeting for approval in advance of such payment being made.

The chairman's fee includes attendance at committee meetings.

Details of service on Board committees are set out in the Corporate Governance Report. Interest of the directors in the share capital of the company is set out in the directors' report.

44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

44.3 Transactions with key management personnel (continued)

The movements in share options of executive directors during the year ended 30 June 2011 are:

Executive directors

Grant date	Conditions	Outstanding options at 1 July 2010	Strike price	Granted during the year	Exercised during the year	Net gain (R'000)	Average exercise price	Outstanding options at 30 June 2011	Expiry date
Bruce, BC[7]									
15 Mar 2004	Standard	35 000	13,04	–	35 000	477	26,77	**–**	15 Mar 2014
15 Mar 2004	Hurdle	17 500	13,04	–	17 500	237	26,66	**–**	15 Mar 2014
28 Jun 2005	Standard	67 500	14,00	–	67 500	847	26,66	**–**	28 Jun 2011
28 Jun 2005	Hurdle	67 500	14,00	–	67 500	847	26,66	**–**	28 Jun 2011
06 Mar 2007	Special	800 000	50,60	–	–	–	–	**800 000**	06 Mar 2015
		987 500		–	187 500	2 408		**800 000**	
Fenn, O									
08 Dec 2009	Standard	125 000	45,42	–	–	–	–	**125 000**	08 Dec 2015
20 Apr 2011	Hurdle	–	25,16	37 000	–	–	–	**37 000**	20 Apr 2017
		125 000		37 000	–	–		**162 000**	
Fowler, TG[8]									
26 Aug 2009	Standard	125 000	47,74	–	–	–	–	**125 000**	26 Aug 2015
Laas, HJ[9]									
28 Jun 2005	Standard	7 500	14,00	–	–	–	–	**7 500**	28 Jun 2011*
28 Jun 2005	Hurdle	10 000	14,00	–	–	–	–	**10 000**	28 Jun 2011*
03 Mar 2006	Standard	15 000	23,53	–	–	–	–	**15 000**	03 Mar 2012
03 Mar 2006	Hurdle	15 000	23,53	–	–	–	–	**15 000**	03 Mar 2012
06 Mar 2007	Special	385 000	50,60	–	–	–	–	**385 000**	06 Mar 2017
20 Apr 2011	Hurdle	–	25,16	100 000	–	–	–	**100 000**	20 Apr 2017
		432 500		100 000	–	–		**532 500**	
Rees, RW[7]									
06 Mar 2003	Standard	16 250	11,00	–	16 250	551	45,02	**–**	06 Mar 2013
06 Mar 2003	Hurdle	25 000	11,00	–	25 000	848	45,02	**–**	06 Mar 2013
15 Mar 2004	Standard	45 000	13,04	–	45 000	1 434	45,02	**–**	15 Mar 2014
15 Mar 2004	Hurdle	45 000	13,04	–	45 000	1 434	45,02	**–**	15 Mar 2014
28 Jun 2005	Standard	15 000	14,00	–	11 250	348	45,02	**3 750**	28 Jun 2011*
03 Mar 2006	Standard	150 000	23,53	–	112 500	2 403	45,02	**37 500**	03 Mar 2012
03 Mar 2006	Hurdle	100 000	23,53	–	75 000	1 602	45,02	**25 000**	03 Mar 2012
06 Mar 2007	Special	380 000	50,60	–	–	–	–	**380 000**	06 Mar 2015
		776 250		–	330 000	8 620		**446 250**	

7 Retired 30 June 2011.
8 Resigned 30 June 2011.
9 Appointed 1 April 2011.

* *In the event that the sixth anniversary of the option date falls within a period which is designated by Murray & Roberts Holdings Limited ("Company") to be a period during which directors of the Company may not deal in shares of the Company ("closed period"), then the option period in respect of those participants who are precluded from dealing shall be extended. Such extension shall be for the same number of business days after the end of the closed period as the number of business days between the beginning of the closed period and the sixth anniversary of the option date.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

44.3 Transactions with key management personnel (continued)

Prescribed officers

Grant date	Conditions	Outstanding options at 1 July 2010	Strike price	Granted during the year	Outstanding options at 30 June 2011	Expiry date
Adams, PR						
06 Mar 2007	Special	500 000	50,60	–	**500 000**	06 Mar 2017
Bester, AJ						
06 Mar 2007	Special	500 000	50,60	–	**500 000**	06 Mar 2015
20 Apr 2011	Hurdle	–	25,16	37 000	**37 000**	20 Apr 2017
		500 000		37 000	**537 000**	
Harvey, NWR						
28 Jun 2005	Standard	28 750	14,00	–	**28 750**	28 Jun 2011*
28 Jun 2005	Hurdle	10 000	14,00	–	**10 000**	28 Jun 2011*
03 Mar 2006	Standard	45 000	23,53	–	**45 000**	03 Mar 2012
03 Mar 2006	Hurdle	30 000	23,53	–	**30 000**	03 Mar 2012
06 Mar 2007	Special	325 000	50,60	–	**325 000**	06 Mar 2017
20 Apr 2011	Hurdle	–	25,16	37 000	**37 000**	20 Apr 2017
		438 750		37 000	**475 750**	
Henstock, IW						
01 Jul 2008	Standard	25 000	86,51	–	**25 000**	01 Jul 2014
26 Aug 2009	Hurdle	190 000	47,74	–	**190 000**	26 Aug 2015
20 Apr 2011	Hurdle	–	25,16	37 000	**37 000**	20 Apr 2017
		215 000		37 000	**252 000**	
Langham, AR						
06 Mar 2007	Special	400 000	50,60	–	**400 000**	06 Mar 2017
20 Apr 2011	Hurdle	–	25,16	37 000	**37 000**	20 Apr 2017
		400 000		37 000	**437 000**	
Noonan, RCC						
13 Mar 2002	Standard	22 500	6,93	–	**22 500**	13 Mar 2012
13 Mar 2002	Hurdle	22 500	6,93	–	**22 500**	13 Mar 2012
06 Mar 2003	Standard	18 750	11,00	–	**18 750**	06 Mar 2013
06 Mar 2003	Hurdle	35 000	11,00	–	**35 000**	06 Mar 2013
15 Mar 2004	Standard	30 000	13,04	–	**30 000**	15 Mar 2014
15 Mar 2004	Hurdle	25 000	13,04	–	**25 000**	15 Mar 2014
28 Jun 2005	Standard	20 000	14,00	–	**20 000**	28 Jun 2011*
28 Jun 2005	Hurdle	30 000	14,00	–	**30 000**	28 Jun 2011*
03 Mar 2006	Standard	30 000	23,53	–	**30 000**	03 Mar 2012
03 Mar 2006	Hurdle	30 000	23,53	–	**30 000**	03 Mar 2012
06 Mar 2007	Special	375 000	50,60	–	**375 000**	06 Mar 2017
		638 750		–	**638 750**	
Skudder, RAG						
03 Mar 2006	Standard	37 500	23,53	–	**37 500**	03 Mar 2012
06 Mar 2007	Special	15 000	50,60	–	**15 000**	06 Mar 2017
26 Feb 2008	Standard	12 500	92,01	–	**12 500**	26 Feb 2014
26 Aug 2009	Hurdle	100 000	47,74	–	**100 000**	26 Aug 2015
20 Apr 2011	Hurdle	–	25,16	37 000	**37 000**	20 Apr 2017
		165 000		37 000	**202 000**	

* *In the event that the sixth anniversary of the option date falls within a period which is designated by Murray & Roberts Holdings Limited ("Company") to be a period during which directors of the Company may not deal in shares of the Company ("closed period"), then the option period in respect of those participants who are precluded from dealing shall be extended. Such extension shall be for the same number of business days after the end of the closed period as the number of business days between the beginning of the closed period and the sixth anniversary of the option date.*

44. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

44.3 Transactions with key management personnel (continued)

Interest of directors in contracts

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

Directors' service contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of between one and three months. A twelve month notice period applied to the previous Group chief executive and Group financial director. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

45. SUBSIDIARY COMPANIES

A list of the major subsidiary companies is set out in Annexure 1.

Although the Group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2011	2010
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Johnson Arabia LLC	**49**	49
BRC Arabia FZC	**49**	49
BRC Arabia LLC	**49**	49
The following entities are not consolidated as the Group does not have control:		
Entilini Concession (Proprietary) Limited	**75**	75
Peritus International (Proprietary) Limited	**54***	100

* *During the year Peritus International (Proprietary) Limited was deconsolidated as Clough Limited no longer has control. Clough Limited now has significant influence, notwithstanding the 54,3% shareholding.*

46. EVENTS AFTER REPORTING DATE

On 8 August 2011, Clough Limited announced the disposal of its Marine Construction business for a cash consideration of AUD127 million. The financial effects of the transaction have not been brought into account at 30 June 2011. The results of the Marine Construction business have been disclosed as a discontinued operation with the assets and liabilities being recorded as held-for-sale.

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2011 or the results of its operations or cash flows for the year then ended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

47. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated annual financial statements are discussed below.

Revenue recognition and contract accounting

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- the estimation of costs to completion and the determination of the percentage of completion
- the recoverability of under claims
- the recognition of penalties and claims on contracts, and
- the recognition of contract incentives.

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

Involvement in major transport system, power station, locomotive, pipeline, stadium and contracting projects makes this a permanent feature of the Group's accounts. The Group directors and executives have ensured the right level of capacity and external advice to manage this feature.

Murray & Roberts has a 33% share in the 20 year concession in the Gautrain Rapid Rail Link (Gautrain) project, a 24% share in the system operator and has a 45% share in the construction of infrastructure for the project. During the year additional charges were taken on the construction contract relating to the impairment of contract receivables, estimated costs associated with water ingress rectification work, delay penalties as well as increased costs to complete the project by January 2012. Bombela Concession Company has submitted its Statement of Case in connection with the Delay and Disruption and related disputes on the Gautrain project.

The Group encountered late site access, adverse weather conditions and material scope changes at its GPMOF project in Western Australia. A significant charge was taken during the year in respect of the estimated costs to complete the project. The anticipated completion date of the project is January 2012.

The Group has a 40% share in the Dubai International Airport Concourse 2 project where the final account settlement has been in progress since hand-over to the client in October 2008.

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

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 4.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 12.

Estimated value of employee benefit plans

Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 43.

Other estimates made

The Group also makes estimates for the:

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

The estimates and assumptions relating to the above that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financials where applicable.

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

48.1 Standards and interpretations that are not yet effective

Set out below are the significant new and revised accounting standards and interpretations that apply in the future. Management is currently assessing the impact of these amendments and new interpretations.

Accounting Standard/Interpretation	Type	Effective date
IAS 24 (Revised): Related Party Disclosures	Amendment	Financial years commencing on or after 1 January 2011
IFRS 9: Financial Instruments	New	Financial years commencing on or after 1 January 2013
IFRS 9 (Amendment): Financial Instruments	Amendment	Financial years commencing on or after 1 January 2013
IFRS 10: Consolidated Financial Statements	New	Financial years commencing on or after 1 January 2013
IFRS 11: Joint Arrangements	New	Financial years commencing on or after 1 January 2013
IFRS 12: Disclosure of Interest in Other Entities	New	Financial years commencing on or after 1 January 2013
IFRS 13: Fair Value Measurement	New	Financial years commencing on or after 1 January 2013
IFRIC 14 (Amendment): The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of minimum funding requirements	Amendment	Financial years commencing on or after 1 January 2011
IFRS 7 (Amendment): Disclosures – Transfer of Financial Assets	Amendment	Financial years commencing on or after 1 July 2011
Certain improvements to IFRS 2011	Improvement	Each improvement has its own effective date the earliest being 1 July 2011
IAS 1 (Amendment): Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2012
IAS 19 (Amendment): Employee Benefits	Amendment	Financial years commencing on or after 1 January 2013
IAS 27 (Amendment): Separate Financial Statements	Amendment	Financial years commencing on or after 1 January 2013
IAS 12: Deferred Tax – Recovery of Underlying Assets	Amendment	Financial years commencing on or after 1 January 2012
IAS 28 (Amendment): Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2013

MURRAY & ROBERTS HOLDINGS LIMITED FINANCIAL STATEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2011	2010
STATEMENT OF FINANCIAL POSITION			
at 30 June 2011			
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**0,4**	0,4
Total non-current assets		**0,4**	0,4
Current assets			
Amount owing from subsidiary company	2	**1 408,0**	1 389,8
Amount owing from The Murray & Roberts Trust	3	**188,9**	281,6
Trade and other receivables		**0,3**	0,3
Cash and cash equivalents		**1,0**	0,8
Total current assets		**1 598,2**	1 672,5
TOTAL ASSETS		**1 598,6**	1 672,9
EQUITY AND LIABILITIES			
Equity			
Share capital and premium	4	**1 672,8**	1 672,8
Non-distributable reserve		**0,9**	0,9
Retained earnings		**(78,7)**	(4,4)
Total ordinary shareholder's equity		**1 595,0**	1 669,3
Current liabilities			
Trade and other payables		**3,6**	3,6
Total current liabilities		**3,6**	3,6
TOTAL EQUITY AND LIABILITIES		**1 598,6**	1 672,9

		2011	2010
STATEMENT OF FINANCIAL PERFORMANCE			
for the year ended 30 June 2011			
Revenue			
Dividend received from subsidiary companies		**175,9**	614,0
Fees received from subsidiary company		**5,9**	4,7
Total revenue		**181,8**	618,7
Total expenses		**(80,2)**	(4,7)
Impairment of loan		**(74,3)**	–
Auditors' remuneration		**(0,7)**	(0,7)
JSE fees		**(0,1)**	(0,1)
Other		**(5,1)**	(3,9)
Profit before taxation		**101,6**	614,0
Taxation		**–**	–
Profit for the year		**101,6**	614,0
Other comprehensive income		**–**	–
Total comprehensive income for the year		**101,6**	614,0

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Share capital	Share premium	Capital redemption reserve	Retained earnings	Attributable to owners of the parent
STATEMENT OF CHANGES IN EQUITY					
for the year ended 30 June 2011					
Balance at 30 June 2009	33,2	1 639,6	0,9	150,2	1 823,9
Total comprehensive income for the year	–	–	–	614,0	614,0
Dividends declared and paid	–	–	–	(614,0)	(614,0)
Impairment of loan to Murray and Roberts Trust	–	–	–	(154,6)	(154,6)
Balance at 30 June 2010	**33,2**	**1 639,6**	**0,9**	**(4,4)**	**1 669,3**
Total comprehensive income for the year	**–**	**–**	**–**	**101,6**	**101,6**
Dividends declared and paid	**–**	**–**	**–**	**(175,9)**	**(175,9)**
Balance at 30 June 2011	**33,2**	**1 639,6**	**0,9**	**(78,7)**	**1 595,0**

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2011	2010
STATEMENT OF CASH FLOWS		
for the year ended 30 June 2011		
Profit before taxation	**101,6**	614,0
Adjustment for:		
Dividends received	**(175,9)**	(614,0)
Impairment of loan	**74,3**	–
Changes in working capital	**–**	0,3
Increase in trade and other payables	**–**	0,6
Increase in trade and other receivables	**–**	(0,3)
Operating cash flow	**–**	0,3
Dividends paid	**(175,9)**	(614,0)
Cash flows from operating activities	**(175,9)**	(613,7)
Dividends received	**175,9**	614,0
Cash flows from investing activities	**175,9**	614,0
Increase in amounts owing from subsidiary company	**(18,2)**	(31,7)
Decrease in amounts owing from The Murray & Roberts Trust	**18,4**	31,5
Cash flows from financing activities	**0,2**	(0,2)
Net increase in cash and cash equivalents	**0,2**	0,1
Net cash and cash equivalents at beginning of the year	**0,8**	0,7
Net cash and cash equivalents at end of the year	**1,0**	0,8

NOTES TO THE MURRAY & ROBERTS HOLDINGS LIMITED FINANCIAL STATEMENTS

for the year ended 30 June 2011

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2011	2010
1. ACCOUNTING POLICIES		
The accounting policies are set out on pages 140 to 152.		
2. INVESTMENT IN SUBSIDIARY COMPANY		
Shares at cost	**0,4**	0,4
Amount due	**1 408,0**	1 389,8
	1 408,4	1 390,2
The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms (refer Annexure 1 for details).		
3. AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST		
Amount due	**400,9**	436,2
Impairment of amount owing	**(212,0)**	(154,6)
Total due	**188,9**	281,6
The amount due from The Murray & Roberts Trust ("Trust") is unsecured, interest free and does not have any fixed repayment terms.		
The Company has subordinated its claims against the Trust in favour of all other creditors of the Trust. The agreement between the Trust and the Company will remain in force and effect for as long as the liabilities of the Trust exceed its assets, fairly valued.		
4. SHARE CAPITAL AND PREMIUM		
Share capital		
Authorised		
500 000 000 ordinary shares of 10 cents each (2010: 500 000 000 of 10 cents each)	**50,0**	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2010: 331 892 619 of 10 cents each)	**33,2**	33,2
Share premium	**1 639,6**	1 639,6
Total share capital and share premium	**1 672,8**	1 672,8

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2011	2010
5. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	**28,3**	21,4
Non-executive directors (paid by the Company)	**5,0**	3,9
Number of directors at year-end	**15**	15
Details of individual directors and their emoluments are disclosed in note 44 of the consolidated annual financial statements.		
6. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the ascertainable contingent liabilities at 30 June covered by such guarantees amounting to:	**1 400,0**	900,0

7. DERIVATIVE FINANCIAL INSTRUMENTS: CALL OPTIONS

In terms of the Broad-based Black Economic Empowerment transaction approved by shareholders on 21 November 2005, the Company has one call option to repurchase the shares in Murray & Roberts Letsema Khanyisa (Proprietary) Limited and Murray & Roberts Letsema Sizwe (Proprietary) Limited (BBBEE subco's) at market value and on the following condition:

a) 31 December 2015 call option

On 31 December 2015, being the date on which the lock-in-period expires, if the value of the shares owned by the BBBEE subco's is less than the aggregate redemption amount of the funding.

No value has been placed on this call option as it provides the Company with an option to repurchase the shares at market value and therefore does not expose the Company to any potential loss or gain.

b) 31 December 2010 call option

This call option expired during the current financial year. Following a review the option was not exercised as the structure at that date was still economically viable.

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATED COMPANIES

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

(a) Direct

	Issued share capital amount in Rand	Interest in issued share capital 2011 %	2010 %	Cost of investment 2011 Rm	2010 Rm	Loan account 2011 Rm	2010 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**1 408,0**	1 389,8

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2011 %	2010 %	Proportion of voting power held 2011 %	2010 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Construction Africa and Middle East						
Murray & Roberts Construction (Proprietary) Limited		100	**100**	100	**100**	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD	80 000	**100**	100	**100**	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP	2	**100**	100	**100**	100
Concor (Proprietary) Limited		6 673 797	**100**	100	**100**	100
Murray & Roberts Contractors (Zambia) Limited (incorporated in Zambia)	ZMK	22 000 000	**100**	100	**100**	100
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Contractors (Abu Dhabi) LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	**49**	49	**50**	50
Tolcon-Lehumo (Proprietary) Limited		100	**74**	74	**74**	74
Murray & Roberts Concessions (Proprietary) Limited		100	**100**	100	**100**	100
Toll Road Concessionaires (Proprietary) Limited		12 000	**100**	100	**100**	100
Murray & Roberts Marine (Proprietary) Limited		2	**100**	100	**100**	100
Engineering Africa						
Murray & Roberts Projects (Proprietary) Limited		1	**100**	100	**100**	100
Wade Walker (Proprietary) Limited		101	**100**	100	**100**	100
Genrec Engineering (Proprietary) Limited		200	**100**	100	**100**	100
Construction Products Africa						
Murray & Roberts Steel (Proprietary) Limited		100	**100**	100	**100**	100
Hall Longmore (Proprietary) Limited		100	**100**	100	**100**	100
Much Asphalt (Proprietary) Limited		100	**100**	100	**100**	100
Rocla (Proprietary) Limited		250 000	**100**	100	**100**	100
Murray & Roberts Building Products (Proprietary) Limited		100	**100**	100	**100**	100
BRC Arabia (FZC) Limited	AED	2 000 000	**49**	49	**50**	50
Union Carriage and Wagon Company (Proprietary) Limited		8 160 000	**100**	100	**100**	100
The UCW Partnership			**70**	70	**70**	70
Construction Global Underground Mining						
Cementation Canada Inc (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Cementation SudAmerica SA (incorporated in Chile)	USD	2 036	**90**	90	**90**	90
Cementation USA Inc (incorporated in Nevada, United States of America)	USD	5 000	**100**	100	**100**	100
Murray & Roberts Cementation (Proprietary) Limited		1 750 000	**100**	100	**100**	100
RUC Cementation Mining Contractors (Proprietary) Limited	AUD	808 754	**100**	100	**100**	100

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATED COMPANIES

continued

(b) Indirect (continued)

		Issued share capital (in Rand except where indicated otherwise)	Proportion ownership interest		Proportion of voting power held	
			2011 %	2010 %	**2011 %**	2010 %
Construction Australasia Oil & Gas and Minerals						
Clough Limited (incorporated in Australia)	AUD	229 728 000	**62**	62	**62**	62
Corporate and Properties						
Murray & Roberts Australia (Proprietary) Limited (incorporated in Australia)	AUD	1	**100**	100	**100**	100
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	**100**	100	**100**	100
Murray & Roberts Properties Services (Proprietary) Limited		2	**100**	100	**100**	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	**100**	100	**100**	100
Associate companies						
Forge Group Limited	AUD	42 836 560	**33,3**	31,3	**33,3**	31,3

ANNEXURE 2 – INTEREST BEARING BORROWINGS

	Financial years of redemption	Closing interest rate (effective NACM) 2011 %	2010 %	Amount 2011 Rm	2010 Rm
Secured					
Equal monthly instalments	2014	**3,88**	4,50	**150,8**	100,6
Equal monthly instalments	2014	**–**	7,36	**–**	350,9
				150,8	451,5
Unsecured					
One bullet repayment	2011	**–**	9,25	**–**	23,5
One bullet repayment	2011	**8,79**	9,83	**300,0**	300,0
One bullet repayment	2012	**8,92**	9,80	**300,0**	300,0
One bullet repayment	2012	**9,25**	10,39	**300,0**	300,0
One bullet repayment	2013	**7,71**	–	**500,0**	–
Equal monthly instalments	2012	**5,70**	6,18	**14,3**	16,3
No fixed terms of repayment		**–**	12,80	**–**	21,9
No fixed terms of repayment		**–**	6,00	**–**	19,4
No fixed terms of repayment		**2,30**	1,70	**44,9**	46,9
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**165,8**	249,0
Bank overdrafts				**46,8**	1 244,9
				1 671,8	2 521,9
Capitalised finance leases					
Plant and equipment				**195,0**	189,8
IT Equipment rentals				**0,5**	1,4
Specific project plant and equipment				**316,8**	201,3
Various plant and equipment financing				**7,0**	1,3
				519,3	393,8
Obligations under finance headleases					
Monthly instalments	2011	**–**	17,90	**–**	6,0
Total Group				**2 341,9**	3 373,2
Reflected in the notes under:					
Long term loans (note 17)					
Interest bearing secured loans				**100,6**	376,5
Interest bearing unsecured loans				**800,0**	901,0
Capitalised finance leases				**322,8**	250,8
Bank overdrafts (note 24)				**46,8**	1 244,9
Short term loans (note 25)					
Current portion of long term borrowings				**875,2**	451,0
Current portion of capitalised finance leases				**196,5**	143,0
Current portion of obligations under finance headleases				**–**	6,0
				2 341,9	3 373,2

ANNEXURE 3 – GROUP SEGMENTAL REPORT

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

The Group's operating segments are categorised as follows:

Construction Africa and Middle East
The Construction Africa & Middle East operating platform comprises of the following elements:

- **SADC Construction** engages the large to medium sector building, civil engineering, industrial and roads & earthworks construction markets of South Africa, Botswana, Namibia and Zimbabwe and pursues selected project opportunities elsewhere in SADC.
- **Middle East** market is coordinated out of Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint venture with appropriate local partners. The primary market focus is major commercial facilities and selected infrastructure projects.
- **Marine** engages the Africa, Middle East and Australasia markets to design and construct the marine infrastructure.
- **PPP Investments and Services** includes the Tolcon Group of companies who operate various toll road concessions throughout South Africa and investment in Concession Companies.

Engineering Africa engages large scale EPCM (engineer, procure, construct and manage) and EPC (engineer, procure and construct) projects in the industrial, mining and power markets.

Construction Products Africa manufacture and supply value-added construction products to the infrastructure and building markets of South Africa and the rest of Africa. Principal raw material inputs are steel, cement, aggregate, bitumen and clay.

Construction Global Underground Mining comprises of four constituents based in Johannesburg South Africa, North Bay in Ontario Canada, Kalgoorlie West Australia and Santiago Chile which are coordinated out of London. The Group provides specialist engineering, construction and operational services in the underground mining environment worldwide.

Construction Australasia Oil & Gas and Minerals is based in Perth West Australia and delivers a variety of engineering, procurement and construction services.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

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

Segmental assets

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

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, sub-contractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

The prior year figures have been restated in order to reflect the new operating platforms of the Group and the manner in which performance is evaluated and resources allocated as managed by the Group's chief decision maker, which came into effect on 1 April 2011.

ANNEXURE 3 – GROUP SEGMENTAL REPORT

continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate and Properties	Group
2011							
Revenue*	**9 108**	**4 094**	**4 157**	**7 789**	**5 387**	**–**	**30 535**
Results							
(Loss)/profit before interest and taxation	**(1 399)**	**(51)**	**192**	**602**	**269**	**(291)**	**(678)**
Ongoing activities	**(85)**	**(51)**	**192**	**602**	**269**	**(291)**	**636**
Gautrain and Competition Commission penalties	**(1 150)**	**–**	**–**	**–**	**–**	**–**	**(1 150)**
Contract receivables impairment	**(164)**	**–**	**–**	**–**	**–**	**–**	**(164)**
Net interest (expense)/income	**(44)**	**(19)**	**(189)**	**14**	**29**	**15**	**(194)**
(Loss)/profit before taxation	**(1 443)**	**(70)**	**3**	**616**	**298**	**(276)**	**(872)**
Taxation (expense)/credit	**(106)**	**98**	**(1)**	**(189)**	**(17)**	**19**	**(196)**
(Loss)/profit after taxation	**(1 549)**	**28**	**2**	**427**	**281**	**(257)**	**(1 068)**
(Loss)/income from equity accounted investments	**(2)**	**–**	**(12)**	**–**	**91**	**9**	**86**
(Loss)/profit from discontinued operations	**(132)**	**–**	**(517)**	**–**	**(45)**	**28**	**(666)**
Non-controlling interests	**(6)**	**(4)**	**6**	**3**	**(86)**	**–**	**(87)**
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(1 689)**	**24**	**(521)**	**430**	**241**	**(220)**	**(1 735)**
2010							
Revenue*	11 193	1 718	5 752	5 345	3 843	–	27 851
Results							
Profit/(loss) before interest and taxation	510	68	618	447	204	(312)	1 535
Ongoing activities	1 218	68	618	447	204	(312)	2 243
Gautrain	(619)	–	–	–	–	–	(619)
Contract receivables impairment	(89)	–	–	–	–	–	(89)
Net interest income/(expense)	28	24	(189)	(7)	22	–	(122)
Profit/(loss) before taxation	538	92	429	440	226	(312)	1 413
Taxation (expense)/credit	(147)	(47)	(140)	(137)	(28)	85	(414)
Profit/(loss) after taxation	391	45	289	303	198	(227)	999
Income from equity accounted investments	1	–	–	–	3	11	15
Profit/(loss) from discontinued operations	139	–	(22)	–	(7)	105	215
Non-controlling interests	(3)	20	(11)	–	(137)	–	(131)
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	528	65	256	303	57	(111)	1 098

* *Segmental revenue reported above represents revenue generated from external customers. Inter-segmental revenue for the Group is R272 million (2010: R219 million).*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

ANNEXURE 3 – GROUP SEGMENTAL REPORT

continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate** and Properties	Group
Operating segments								
2011								
Statement of financial position								
Segmental assets	1	**5 201**	**1 241**	**3 166**	**2 708**	**3 354**	**236**	**15 906**
Segmental liabilities	2	**5 300**	**1 224**	**1 448**	**1 708**	**2 039**	**2 046**	**13 765**
Investments in associate companies*		**35**	**–**	**2**	**–**	**527**	**–**	**564**
Non-current assets held-for-sale *		**505**	**–**	**1 026**	**–**	**1 298**	**31**	**2 860**
Non-current liabilities held-for-sale *		**123**	**–**	**395**	**–**	**663**	**1**	**1 182**
Other information								
Purchases of property, plant and equipment		**132**	**174**	**76**	**356**	**80**	**14**	**832**
Purchases of other intangible assets		**1**	**–**	**–**	**4**	**3**	**4**	**12**
Depreciation		**164**	**86**	**121**	**173**	**65**	**20**	**629**
Amortisation of other intangible assets		**3**	**1**	**1**	**9**	**8**	**4**	**26**
Impairment of property, plant and equipment		**–**	**–**	**270**	**7**	**–**	**23**	**300**
Impairment of receivables		**568**	**–**	**107**	**–**	**–**	**–**	**675**
Number of employees		**10 140**	**5 193**	**6 377**	**16 952**	**3 636**	**124**	**42 422**
2010								
Statement of financial position								
Segmental assets	1	5 254	1 802	4 384	1 994	2 667	758	16 859
Segmental liabilities	2	5 065	1 804	1 287	1 282	1 453	1 330	12 221
Investments in associate companies*		28	–	14	–	334	–	376
Non-current assets held-for-sale *		687	–	173	–	–	588	1 448
Non-current liabilities held-for-sale *		155	–	63	–	–	32	250
Other information								
Purchases of property, plant and equipment		318	187	238	193	123	34	1 093
Purchases of other intangible assets		1	2	–	18	3	4	28
Depreciation		244	48	124	181	57	27	681
Amortisation of other intangible assets		4	2	1	6	8	4	25
Impairment of property, plant and equipment		–	–	6	10	–	–	16
Impairment of receivables		9	–	72	2	–	4	87
Number of employees		11 143	3 186	6 929	15 810	3 212	133	40 413

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

ANNEXURE 3 – GROUP SEGMENTAL REPORT

continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2011	2010
NOTES		
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**19 560**	21 125
Cash and cash equivalents	**(3 101)**	(3 811)
Current taxation assets	**(83)**	(112)
Deferred taxation assets	**(470)**	(343)
Segmental assets	**15 906**	16 859
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	**14 239**	13 948
Bank overdraft	**(47)**	(1 245)
Current taxation liabilities	**(116)**	(102)
Deferred taxation liabilities	**(311)**	(380)
Segmental liabilities	**13 765**	12 221

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given to shareholders that the sixty-third annual general meeting of the Company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 26 October 2011 at 11:00 to conduct the following business and to consider, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below in the manner required by the Companies Act 71 of 2008 (as amended):

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements, incorporating the directors' and audit & sustainability committee reports of the Group and Company for the year ended 30 June 2011, were approved by the Board on 31 August 2011 and will be presented at the annual general meeting.

2. ELECTION OF DIRECTORS

To elect by way of separate resolutions:

2.1 AJ Bester and HJ Laas as executive directors, who were appointed since the last annual general meeting, and in accordance with the Company's memorandum of incorporation, retire at this annual general meeting.

2.2 DD Barber, ADVC Knott-Craig and SP Sibisi as non-executive directors, who in terms of the memorandum of incorporation retire by rotation.

All the above retiring directors are eligible and available for re-election. Their profiles appear on pages 120 and 121. The Board recommends the re-election of these directors.

Ordinary resolution number 1
"RESOLVED THAT AJ Bester, be and is hereby elected as a director of the Company."

Ordinary resolution number 2
"RESOLVED THAT HJ Laas, be and is hereby elected as a director of the Company."

Ordinary resolution number 3
"RESOLVED THAT DD Barber, be and is hereby elected as a director of the Company."

Ordinary resolution number 4
"RESOLVED THAT ADVC Knott-Craig, be and is hereby elected as a director of the Company."

Ordinary resolution number 5
"RESOLVED THAT SP Sibisi, be and is hereby elected as a director of the Company."

3. REAPPOINTMENT OF EXTERNAL AUDITORS

The audit & sustainability committee has nominated for re-appointment Deloitte & Touche as independent auditors and in particular AJ Zoghby, being the individual registered auditor who will undertake the Company's audit for the year ending 30 June 2012.

Ordinary resolution number 6
"RESOLVED THAT Deloitte & Touche, be and is hereby re-appointed as auditors of the Company to hold office until conclusion of the next annual general meeting."

4. APPROVAL OF REMUNERATION POLICY

To consider and approve the remuneration policy for the year ended 30 June 2011. The vote on this resolution is advisory only and non-binding. The resolution is put to shareholders to endorse the Company's remuneration programme and policies and their implementation, as summarised in the remuneration & human resources committee's report set on pages 108 to 109.

Ordinary resolution number 7
"RESOLVED THAT the remuneration policy for the year ended 30 June 2011 be and is hereby approved."

5. APPOINTMENT OF MEMBERS OF THE AUDIT & SUSTAINABILITY COMMITTEE

To elect, by way of separate resolutions, the following independent non-executive directors as members of the Company's audit & sustainability committee until the conclusion of the next annual general meeting:

Ordinary resolution number 8

"RESOLVED THAT DD Barber, be and is hereby re-elected as a member of the Company's audit & sustainability committee."

Ordinary resolution number 9

RESOLVED THAT AA Routledge, be and is hereby re-elected as a member of the Company's audit & sustainability committee."

Ordinary resolution number 10

RESOLVED THAT M Sello, be and is hereby re-elected as a member of the Company's audit & sustainability committee."

Ordinary resolution number 11

RESOLVED THAT ADVC Knott-Craig, be and is hereby elected as a member of the Company's audit & sustainability committee."

The profiles of the directors up for membership appear on pages 120 and 121. The nomination committee recommends the re-election of these members.

6. SPECIAL BUSINESS

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

6.1 Fees payable to non-executive directors

To approve the proposed fees payable quarterly in arrears to non-executive directors.

Special resolution number 1

"RESOLVED as a special resolution in terms of Section 66(9) of the Companies Act 71 2008 (as amended) that the proposed fees for the next 12-month period, payable quarterly in arrears to non-executive directors be increased, with effect from the quarter commencing 1 October 2011, as follows:

		Proposed per annum	Previous per annum
Chairman	Includes director and committee fees	[1 & 2] R1 095 000	R1 025 000
Director	Per annum	[3 & 4] R170 000	R160 000
Committee fees:			
Audit & sustainability	Chairman	R170 000	R160 000
	Member	R85 500	R80 000
Health, safety & environment	Chairman	R115 500	R108 500
	Member	R73 500	R69 000
Nomination	Member	R37 000	R34 500
Remuneration & human resources	Chairman	R115 500	R108 500
	Member	R73 500	R69 000
Risk management	Chairman	R115 500	R108 500
	Member	R73 500	R69 000
Social & ethics	Chairman	R115 500	R108 500
	Member	R73 500	R69 000

1 *Effective from 1 January 2012 payable monthly in arrears.*
2 *Includes fees for chairing the nomination committee.*
3 *Calculated on the basis of five meetings per annum.*
4 *A deduction of R15 000 per meeting will apply for non-attendance at a scheduled meeting and R30 000 will be payable for attendance at a special board meeting as well as R15 000 per special committee meeting.*

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to ensure that the level of annual fees paid to non-executive directors remains competitive, to enable the Company to attract and retain individuals of the calibre required to make a meaningful contribution to the Company, having regard to the appropriate capability, skills and experience required. The Board has recommended that the level of fees paid to non-executive directors be adjusted as proposed with effect from 1 October 2011.

RECORD DATE

The record date for shareholders to be registered in the register of the Company for purposes of being entitled to attend, speak and vote at the annual general meeting shall be Friday 21 October 2011. Accordingly, the last date to trade in order to be registered in the Company's register of shareholders on the record date shall be Friday 14 October 2011.

VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company.

The special resolution to be adopted at this annual general meeting requires approval from 75% of the voting rights represented in person or by proxy at this meeting. Ordinary resolutions to be adopted only require approval from a simple majority, which is more than 50% of the voting rights represented in person or by proxy at this meeting.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated in the agreement, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of representation to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented at the meeting, must complete the relevant form of proxy attached in accordance with the instructions and lodge it with or mail it to the transfer secretaries.

Forms of proxy (which are enclosed) should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, by no later than 11:00 on Monday, 24 October 2011.

The completion of a form of proxy does not preclude any shareholder registered by the record date from attending the annual general meeting.

Shareholders and proxies attending the annual general meeting on behalf of shareholders are reminded that satisfactory identification must be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

By order of the Board

Per: Yunus Karodia
Group Secretary

28 September 2011

SHAREHOLDERS' DIARY

Financial year-end	30 June 2011
Mailing of annual integrated report	28 September 2011
Annual general meeting	26 October 2011
Publication of half year results 2011/12	29 February 2012
Publication of preliminary report 2011/12	29 August 2012

ADMINISTRATION

COMPANY REGISTRATION NUMBER	1948/029826/06
JSE SHARE CODE	MUR
ISIN	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE

Douglas Roberts Centre,
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa

POSTAL & ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS

PO Box 1000, Bedfordview 2008
Republic of South Africa

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Fax	+27 11 455 2222
Email	info@murrob.com
Website	www.murrob.com
Mobile website	http://murrob.mobi

SHARE TRANSFER SECRETARIES

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

Telephone	+27 11 713 0800
Fax	+27 86 674 4381

SPONSORED LEVEL 1 AMERICAN DEPOSITORY RECEIPT (ADR) PROGRAM

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

AUDITORS

Deloitte & Touche

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited

COMMUNICATION ENQUIRIES

Ed Jardim

Telephone	+27 11 456 6200
Fax	+27 11 455 1322
Email Address	eduard.jardim@murrob.com

FORM OF PROXY

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

If you are a dematerialised shareholder, other than with own name registration, do not use this form. Dematerialised shareholders, other than with own name registration, should provide instructions to their appointed Central Securities Depository Participant (CSDP) or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We
(please print full names)
of
(please state address)
being the holder(s) of ______________ ordinary shares in the issued share capital of the Company, do hereby appoint
(see note 3 and 5)
1.
2.
3. the chairman of the annual general meeting

as my/our proxy to attend and speak and vote for me/us on my/our behalf at the sixty-third annual general meeting which will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday, 26 October 2011 at 11:00 and at any adjournment or postponement of the meeting, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s) in accordance with the following instructions (see note 6):

		Insert an 'X' or number of ordinary shares		
		For	Against	Abstain
1.	Ordinary resolution number 1 Election of AJ Bester as a director			
2.	Ordinary resolution number 2 Election of HJ Laas as a director			
3.	Ordinary resolution number 3 Election of DD Barber as a director			
4.	Ordinary resolution number 4 Election of ADVC Knott-Craig as a director			
5.	Ordinary resolution number 5 Election of SP Sibisi as a director			
6.	Ordinary resolution number 6 Re-appointment of Deloitte & Touche as external auditors			
7.	Ordinary resolution number 7 Approval of remuneration policy			
8.	Ordinary resolution number 8 Appointment of DD Barber as a member of the audit & sustainability committee			
9.	Ordinary resolution number 9 Appointment of AA Routledge as a member of the audit & sustainability committee			
10.	Ordinary resolution number 10 Appointment of M Sello as a member of the audit & sustainability committee			
11.	Ordinary resolution number 11 Appointment of ADVC Knott-Craig as a member of the audit & sustainability committee			
12.	Special resolution number 1 Approval of fees payable to non-executive directors			

Signed at ______________ on ______________ 2011

Signature

Assisted by me (where applicable)

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

NOTES TO FORM OF PROXY

Instructions on signing and lodging the annual general meeting proxy form

1. The following categories of ordinary shareholders are entitled to complete a form of proxy:
   a) certificated ordinary shareholders whose names appear on the Company's register
   b) own name electronic ordinary shareholders whose names appear on the sub-register of a Central Securities Depository Participant (CSDP)
   c) CSDPs with nominee accounts
   d) brokers with nominee accounts.
2. Certificated ordinary shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the Company that their shares are registered in their name.
3. Beneficial ordinary shareholders whose shares are not registered in their own name, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by the registered ordinary shareholder and they should contact the registered ordinary shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, should such an ordinary shareholder wish to attend the meeting in person, in terms of the agreement with the CSDP or broker, such ordinary shareholder may request the CSDP or broker to provide the ordinary shareholder with a letter of representation.
5. An ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but the ordinary shareholder must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
6. Please insert an 'X' or the number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the Company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote, or to abstain from voting at the annual general meeting as he/she deems fit in respect of all ordinary shareholder's votes exercisable. Where the proxy is the chairman, failure to comply will be deemed to authorise the chairman to vote in favour of the resolution. An ordinary shareholder or the proxy is not obliged to use all the votes exercisable by the ordinary shareholder or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder or by the proxy.
7. Forms of proxy must be received by the Company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, at any of the following addresses:
   a) Physical address: 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
   b) Postal address: PO Box 4844, Johannesburg, 2000
   c) Fax: +27 (86) 674 2450
   d) Email: meetfax@linkmarketservices.co.za

   by no later than 11:00 on Monday 24 October 2011.
8. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the annual general meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Link Market Services South Africa (Proprietary) Limited.
12. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes, if he/she is satisfied as to the manner in which the ordinary shareholder wishes to vote.

Shareholder right to be represented by proxy

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf, or to give or withhold consent on behalf of the shareholder to a decision.
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below.
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument").
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:

   6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

   6.2 the appointment is revocable unless the proxy appointment expressly states otherwise; and

   6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above.
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder, or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:

    10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised

    10.2 the invitation or form of proxy instrument supplied by the Company must:

    10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;

    10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder; and

    10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;

    10.3 the Company must not require that the proxy appointment be made irrevocable; and

    10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above.

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Fax: +1 705 472 0078
Email: info@cementation.ca

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Fax: +56 2 7133101
Email: info@cementation.cl

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Fax: +61 8 9281 9943
Email: clough@clough.com.au

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British Isles
Tel: +44 1624 61 5999
Fax: +44 1624 61 1126
Email: roger.mower@murrob.co.im

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Fax: +263 4612986
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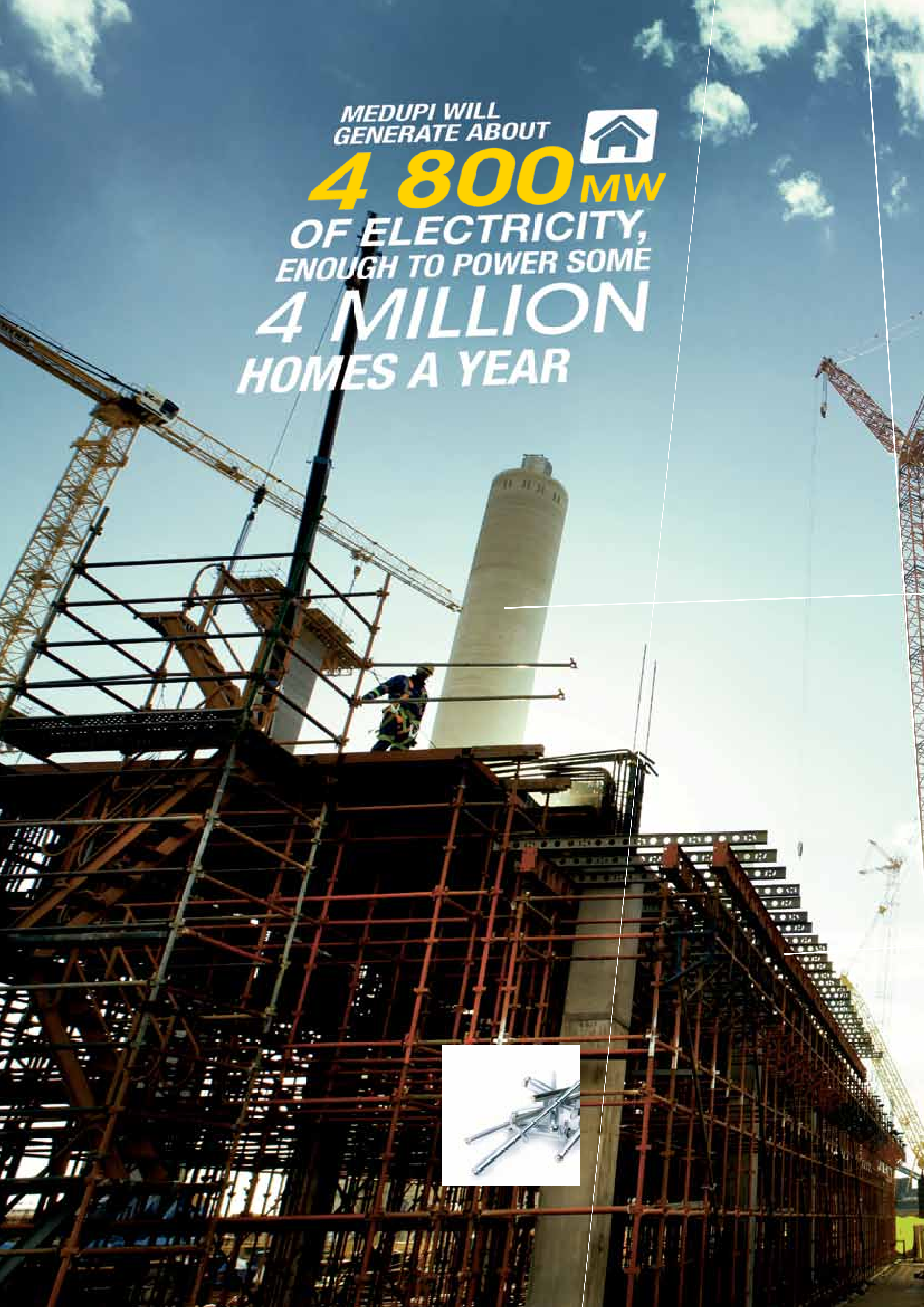
Disclaimer – Annual Integrated Report

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year’s annual integrated report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.


MEDUPI WILL
GENERATE ABOUT
4 800MW
OF ELECTRICITY,
ENOUGH TO POWER SOME
4 MILLION
HOMES A YEAR