Murray & Roberts Holdings Limited
(Registration number 1948/029826/06)
Annual Financial Statements
for the year ended 30 June 2020

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Responsibilities of directors for annual financial statements

The directors of Murray & Roberts Holdings Limited ("Company") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and Murray & Roberts Holdings Limited and its subsidiaries ("Group") at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act No. 71 of 2008 ("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:

a) The Murray & Roberts Board of directors ("Board") and management set standards and management implement systems of internal controls, accounting and information systems; and
b) The Audit & Sustainability Committee recommends Group accounting policies and monitors these accounting 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 misstatements and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the Group chief audit executive and comprises both internal employees and external resources when required. It serves management and the Board by performing an independent evaluation 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 Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable 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 43. The annual financial statements have been compiled under the supervision of DF Grobler (CA)SA, (Group financial director) and the financial statements as set out on pages 15 to 92 have been audited in terms of Section 30(2) of the Companies Act of South Africa.

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 external auditors to express an opinion on the consolidated and separate financial statements. For their unmodified report to the shareholders of the Company and Group refer to page 7 to 11.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2020 as set out on pages 3 to 92 were approved by the Board of directors on 26 August 2020 and are signed on its behalf by:

....
SP Kana
Group chairman

....
HJ Laas
Group chief executive

....
DF Grobler
Group financial director

Certification by Company secretary

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2020, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

....

L Kok
Group company secretary
26 August 2020

Audit & Sustainability Committee Report

The Audit & Sustainability Committee ("Committee") assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the Johannesburg Stock Exchange ("JSE") Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The committee chairman reports on committee deliberations and decisions at the Board meeting immediately following each committee meeting. The internal and external auditors have unrestricted access to the committee chairman. The independence of the external auditor is regularly reviewed and non-audit related services are pre-approved and notified.

MEMBERSHIP

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. The chairman and all members of the committee also serve on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed.

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;
- Reviewing fraud and information technology risk 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;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

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 of South Africa.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The committee reviews the quality and effectiveness of the external audit process. In particular, the committee considers the independence of the external auditor. In this regard, the committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis.

PricewaterhouseCoopers Inc. (PwC) served as external auditor for the financial year ending 30 June 2020 for the first time, post the approval of their appointment at the Company's 2019 Annual General Meeting on 28 November 2019.

The designated auditor is JFM Kotzé. The committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence.

The committee is satisfied that the external auditor is independent and has nominated PwC for re-election at the forthcoming annual general meeting of shareholders, with JFM Kotzé as the individual registered auditor. PwC and JFM Kotzé are properly accredited.

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. 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 AUDIT

The Group internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes.

Audit & Sustainability Committee Report (continued)

The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas internal audit and management identify, as well as focus areas highlighted by the committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found.

The internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every 5 years. The last review was performed in June 2018 and the internal audit activity has been assessed as being in "General Conformance" with the IIA's International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the committee in June 2020 and determined to be appropriate and consistent with the internal audit strategy and mandate. The committee approved internal audit's risk-based audit plan for financial year 2021. The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

- Approve the appointment and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of all assurance and special investigations internal audit and management's responses. Review and track management's action plans to address results of internal audit assignments;
- Review the expertise, resources and experience of the Company's internal audit function, and disclose the results of the review in the integrated report.
- Review and provide input on the internal audit function's strategic plan, objectives, performance measures, and outcomes.
- Review and approve the risk-based internal audit plan, and make recommendations concerning internal audit projects. Review the internal audit function's performance relative to its audit plan. Review the coordination between the internal and external auditors and the resourcing and standing within the Company of the internal audit function;
- Monitor and evaluate the performance of the chief audit executive and the internal audit function in terms of agreed goals and objectives in order to provide input to management related to evaluating and recording of the performance in the Company's performance management system;
- Recommend to management or the Remuneration Committee the appropriate compensation of the chief audit executive;
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee on an exception basis;
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the board about any recommendations for the continuous improvement of the internal audit activity; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the audit committee.

An internal audit charter, reviewed by the committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

The charter gives the chief audit executive direct access to the Group chief executive, Group financial director, chairman of the audit committee and chairman of the Board.

INTERNAL FINANCIAL CONTROLS

The internal audit plan works on a multi-year programme and based on the work and findings to date of the Group's system of internal control and risk management in 2020, which included the design implementation and effectiveness of internal control, considering information and explanations provided by management and the results of the external audit, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts caters 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 throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the committee. There are agreed procedures for the committee to seek professional independent advice at the Company's expense.

Audit & Sustainability Committee Report (continued)

INTEGRATED REPORTING

During the year under review, external service providers were appointed to provide assurance on the sustainability information. The committee recommended the Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

ASSURANCE

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

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.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

KEY AUDIT MATTERS

Key audit matters are those that, PwC, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances

SIGNIFICANT AREAS OF JUDGEMENT

Further information on significant areas of judgement can be found in note 42 of the consolidated financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2020 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DCRadley

DC Radley
Audit Committee chair
26 August 2020

Independent auditor's report

To the Shareholders of Murray & Roberts Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Murray & Roberts Holdings Limited's consolidated and separate financial statements set out on pages 15 to 92 comprise:

- the consolidated and company statements of financial position as at 30 June 2020;
- the consolidated and company statements of financial performance for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

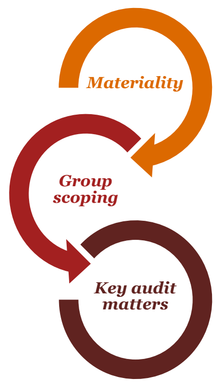
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R208.4 million, which represents 1% of consolidated revenue.

Group audit scope

- The Group comprises 175 reporting components of which full scope audits were performed at 13 financially significant components, and specified audit procedures were performed on a further 12 components. Analytical review procedures were performed over the remaining components as they were deemed to be financially insignificant.

Key audit matters

- Estimation uncertainty involved in accounting for revenue from contracts with customers; and
- Recognition and recoverability of uncertified revenue balances.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R 208.4 million.
How we determined it	1% of consolidated revenue.
Rationale for the materiality benchmark applied	We selected consolidated revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We chose 1% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector where revenue is the appropriate materiality benchmark.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of financially significant components, based on indicators such as the contribution to consolidated assets, consolidated revenue and consolidated profit before taxation as well as risks associated with the component. Based on this assessment we identified 13 financially significant components, on which full scope audits were performed. Specified audit procedures were performed on certain account balances and transactions for a further 12 components as a result of significant account balances and transactions within those components. In order to obtain sufficient audit evidence in respect of non-significant components, the group engagement team performed analytical review procedures on their financial information. These components have been assessed to be financially inconsequential to the Group.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, and component auditors from other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters with regard to the audit of the separate financial statements of the Company of the current period to communicate in our report.

Key audit matter	*How our audit addressed the key audit matter*
Estimation uncertainty involved in accounting for revenue from contracts with customers Refer to the following accounting policies and notes to the consolidated financial statements: Accounting Policy 1.10 Contracts in progress, 1.17 Provisions and contingencies and 1.22 Revenue, Note 8 Contracts-in-progress and Contract Receivables and Note 25 Revenue. Revenue generated in the Group, relates to revenue from contracts with customers. Revenue from construction contracts with customers is recognised over time, and measured with reference to the transaction price. The	Our audit procedures, as noted below, included an evaluation of the relevance and application of the significant assumptions and estimates within the Group's calculations of revenue from contracts with customers. We performed the following procedures for a sample of contracts: • We assessed the reasonableness of significant assumptions and estimates relating to the estimated total contract cost, estimated total

transaction price is the consideration to which the entity is expected to be entitled to, in exchange for transferring goods or services to the customer. Variations in contract work, claims and incentive payments are included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The progress towards complete satisfaction of a performance obligation is measured based on applying either of the following methods: (i) Output method: Recognise revenue on the basis of direct measurement, i.e. performance or milestone completed. (ii) Input method: Recognise revenue on the basis of the total contract cost incurred to date in relation to the estimated total contract cost. These assumptions and inputs represent the basis for the calculation of contract revenue, contract work-in-progress and amounts due to contract customers including the onerous contract provision to be recognised in the consolidated financial statements. We considered the accounting for revenue from contracts with customers to be a matter of most significance to our current year audit due to the following: • Management's assessment involves making significant estimates about the profit margin and cost to completion; and • Given the magnitude of the contract revenue recognised, the contract work-in-progress and provision for onerous contracts balances, the accounting treatment of revenue from contracts with customers has a significant impact on the consolidated financial statements.	revenue, claims recognised and penalties recognised, through inspection of relevant contract documentation (such as bill of quantities, tender budgets and forecasts and correspondence between the contractor and client). We did not find any material differences; • We obtained audit evidence regarding the total contract revenue by examining signed contracts, enforceable contract penalties, management's costing per contract and approved variation order documentation. No material differences were noted; • We tested a sample of costs incurred to date from a selection of contracts by agreeing them to relevant underlying documentation including supplier invoices, subcontractor agreements and invoices, payroll information for labour costs and inventory issue notes etc. No material differences were noted; • We compared the estimated progress towards the satisfaction of the performance obligations on each contract to work certified to date by management's contract engineering experts and quantity surveyors with no material differences noted; • We assessed the competency of management's contract engineering experts and quantity surveyors by obtaining evidence relating to their qualifications and professional memberships through inspection of their qualifications and professional memberships; • We tested profit margins from year to year on projects running over the current financial year end. Deviations in margins were identified and evaluated against explanations from management and relevant documentation including correspondence between clients and the Group, subcontractors and the Group, progress certificates and notices in terms of contracts etc. Based on our work performed, we accepted the deviations; and • We recalculated the revenue per contract based on the input or output method, where applicable. Based on our recalculation, we agreed the adjustments between certified progress revenue and revenue recognised to the work-in-progress, provision for onerous contracts and retentions recognised in the financial statements. No material differences were noted.
Recognition and recoverability of uncertified revenue balances Refer to the following accounting policies and notes to the consolidated financial statements: Accounting Policy 1.10 Contracts in progress, 1.17 Provisions and contingencies, 1.22 Revenue, Note 8 Contracts-in-progress and Contract Receivables and Note 25 Revenue. Uncertified revenue balances consisted mainly of claims and variation orders. Variation orders and claims are recognised as revenue to the extent that collection is highly probable and the amounts can be reliably measured. The assessment as to whether the recoverability of variation orders and claims are highly probable requires significant judgement. Each variation order or claim is assessed individually to	Our work on the recognition and recoverability of uncertified revenue balances entailed the following: • We utilised our quantity surveying expertise to assess the reasonableness of the merits and quantum of variation orders and claims recognised in favour of and against the Group. We did not identify any material differences; • We obtained and inspected legal experts' reports, confirmations and opinions and held discussions with the legal experts, to understand the current status and progress on claims and variation orders in the dispute resolution and arbitration process. In doing so, we assessed the legal experts' experience and independence by inspecting their qualifications. We did not identify any material exceptions; • We assessed judgements, estimates and assumptions made in relation to uncertified

confirm entitlement and to conclude on the strength of the claim. The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenue and that the recoverability of amounts recognised are considered highly probable. We considered the recognition of uncertified revenue balances to be a matter of most significance to our current year audit due to the following: • Management's assessment involves making significant estimates and judgments relating to the merits, quantum and recoverability of these balances; and • Given the magnitude of uncertified revenue balances recognised, this has a significant impact on the consolidated financial statements.	revenue balances, through discussion with the directors, engineering experts and quantity surveyors and against relevant documentation such as correspondence between parties, contractual agreements, signed variation orders etc. We did not identify any material differences; • We inspected correspondence relating to claims and variation orders, to assess merits, quantum and recoverability of amounts recognised. We did not identify any material exceptions; and • We assessed the recoverability of uncertified revenue balances receivable, through testing of receipts subsequent to period end and where receipts remained outstanding specific client circumstances such as force majeure notifications, industry specific circumstances and publicly available financial information and media reports. We did not identify any material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Murray & Roberts Holdings Limited Annual Financial Statements for the year ended 30 June 2020", which includes the Report of directors, the Audit & sustainability committee's report and the Certification by company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Murray & Roberts Annual Integrated Report for the year ended 30 June 2020", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. are the newly appointed auditors of Murray & Roberts Holdings Limited for the 2020 financial year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: JFM Kotzé

Registered Auditor

4 Lisbon Lane

Waterfall City

Jukskei View

2090

26 August 2020

Report of directors

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the mining, energy, resources & infrastructure and power, industrial & water markets.

The Company does not trade and its activities are undertaken through subsidiaries, joint arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

GROUP FINANCIAL RESULTS

At 30 June 2020 the Group recorded attributable loss of R352 million (FY2019: R337 million profit), representing a diluted loss per share of 89 cents (FY2019: 83 cents profit). A diluted headline loss per share of 80 cents was recorded (FY2019: 78 cents profit).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with IFRS. 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 43.

GOING CONCERN

As a result of the restrictions and measures imposed by governments around the globe to limit the spread and effects of the COVID-19 pandemic, the Group's global portfolio of projects was severely impacted during the reporting period, estimated at R622 million. Only a few projects continued with little or no disruption. A number of projects were suspended, while others were placed on care and maintenance.

The Group entered the COVID-19 period of disruption and uncertainty with a strong balance sheet and took early and proactive action to preserve its financial position. Prudent cash and working capital management initiatives were implemented across the Group and no client has defaulted on payments due as a result of COVID-19.

Globally, the majority of projects have now resumed operations. The impact of COVID-19 on the various operations in the business platforms across the geographies has been detailed below:

MINING PLATFORM

Australasia - *The Oyu Tolgoi project in Mongolia (in joint venture with the Energy, Resources & Infrastructure and Mining platforms as two of the three joint venture partners) has experienced a significant impact to date. As Mongolia shares a border with China, the project was brought to a halt over a few weeks due to supply chain constraints and travel bans. The businesses have, in conjunction with the client, taken the necessary action to reduce costs and preserve cash on the project and the project is currently operational again.*

Projects in Australia and Asia Pacific continued to operate, albeit with added restrictions on people movement that necessitated a revision of work rotations on most of the remote mining sites.

Sub-Saharan Africa - *Most of the project sites were shut down for the duration of the lockdown period that was instituted by the South African government. Certain projects were on care and maintenance and limited essential work, as directed by clients until lockdown restrictions eased.*

Americas - *Approximately 50% of the project portfolio in the region was affected. These projects, mainly in Canada, had been suspended by clients for periods ranging from two weeks to two months, as a measure to prevent the virus from spreading to some of the remote project locations. Certain states in Canada declared mines as essential services. We demobilised employees from affected projects and instituted measures to reduce costs and preserve cash. In the USA, only one project was on a reduced level of work.*

ENERGY, RESOURCES & INFRASTRUCTURE PLATFORM

Australia - *Projects continued, but clients implemented modified work rosters which impacted project resourcing and progress. Engineering and procurement services continued on the multi-billion rand Snowy Hydro project and construction teams have since remobilised to site post the tragic Australian bush fires earlier this year, though activities are still site preparation works.*

Americas - *Most states imposed various levels of lockdown measures and the Group's operations were impacted by varying degrees on a project by project basis. Engineering and procurement services continued on the Next Wave project in Texas, although significant procurement delays were experienced due to supply chain challenges.*

Europe (UK) - *Integrated engineering services company, Booth Welsh's projects were put on hold and operations were impacted.*

POWER, INDUSTRIAL & WATER PLATFORM

Sub-Saharan Africa - *Most of the project sites were shut down for the lockdown period that was instituted by the South African government. Maintenance and outage work continued at Medupi and Kusile power stations. Some projects invoked force majeure clauses and commercial teams responded accordingly in line with contractual requirements.*

BOMBELA CONCESSION COMPANY

The Gautrain did not operate during the lockdown period. The system's infrastructure was secured while essential maintenance functions continued. The shutdown impacted the fair value adjustment of the investment in the Bombela Concession Company in the current year.

Support from clients has varied from compensation for costs incurred and time lost, to only allowing extensions of time for project delays resulting from COVID-19 restrictions and measures. It is expected that the commercial close-out of all COVID-19 related impacts will take some time.

The expectations for economic recovery after COVID-19 are uncertain and revised frequently. However, the relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-pandemic world, and the Group's exposure to these markets, support our view of strong growth in Group earnings, especially after FY2021.

Cash flow projections based on financial budgets approved by management cover a three year period. The impact of COVID-19 has been factored into the budgets prepared by management and assumptions going forward have been adjusted. To remain prudent, management has included potential delays in projects secured and revised commencement timelines for new projects to reflect the current economic conditions and expectations going forward.

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.

Report of directors (continued)

The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

UNCERTIFIED REVENUE

The Group's uncertified revenue is included in amounts due from and to contract customers in the statement of financial position. The uncertified revenue has been recognised through the statement of financial performance in current and prior periods in respect of claims and variation orders on projects (refer to note 8 of the consolidated financial statements). Uncertified revenue increased to R1,1 billion (FY2019: R0,7 billion). The Group remains confident that all revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

MIDDLE EAST

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year.
In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation. The results for the comparative financial year have been restated.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Implementation of IFRS 16 (Leases)

The Group has applied IFRS 16 for the first time in the current financial year. IFRS 16 requires lessees to account for all leases under a single statement of financial position model in a similar way to finance leases under IAS 17 (Leases).

The cumulative effect of initially applying IFRS 16 resulted in assets of R773 million and liabilities of R864 million being recognised at 1 July 2019.

SEGMENTAL DISCLOSURE

The Group operated under three strategic platforms in financial year 2020. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated financial statements).

1. AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2020 are contained in note 11 of the consolidated financial statements.

Particulars relating to the Vulindlela Trust are set out in note 12 of the consolidated financial statements.

At 30 June 2020 the Vulindlela Trust held 10 624 366 (FY2019: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 098 588 (FY2019: 5 452 905) ordinary shares. The shares held by the Vulindlela Trust were 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 ("Scheme") is limited to 5,0% (FY2019: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2019: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 7 249 585 shares (FY2019: 5 092 328). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

2. DIVIDEND

In terms of the Group's dividend policy, the Board aims to maintain a stable annual dividend, which may be supplemented from time-to-time with a special dividend. A dividend is subject to the Group's financial position and market circumstances.

Considering the market uncertainty brought about by the COVID-19 pandemic, the Board has resolved not to declare a dividend for the period under review, in order to further preserve the Group's financial position.

3. SUBSIDIARIES AND INVESTMENTS

ACQUISITIONS

OptiPower Projects

On 1 September 2019, the Power, Industrial & Water platform acquired OptiPower Projects, whose capabilities are largely in the construction of MV and HV power lines, construction of MV and HV substations and construction of overhead and underground fibre optic networks, for a consideration of R38 million. The acquisition of OptiPower Projects has given the Power, Industrial & Water platform the capability to undertake work in the transmission, distribution and substation subsectors of the power market. This acquisition is a business combination.

DISCONTINUED OPERATIONS

Discontinued operations include the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation. The results and cash flows of the disposal group have met the requirements of IFRS 5 and have hence been presented as discontinued operations in the current financial year and the prior year results have been restated.

4. SPECIAL RESOLUTION

During the year under review the following special resolutions were passed by shareholders:

1. Fees payable quarterly in arrears to non-executive directors.

Report of directors (continued)

5. EVENTS AFTER THE REPORTING PERIOD

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 2020 or the results of its operations or cash flows for the year then ended. Post the reporting period, notice to draw down on two guarantees (worth R745 million) for a completed project was issued by a client in the Middle East. Management's legal team is vigorously defending our position. In the unlikely event that the claim is successful, based on our current assessment of the status and likely outcome of the final account position, this will not have an income statement impact.

6. INTEREST OF DIRECTORS

The directors of the Company held direct beneficial interests in 1 327 361 ordinary shares of the Company's issued ordinary shares (FY2019: 1 059 813). Details of the ordinary shares held per individual director are listed below and also set out in note 39.

BENEFICIAL	Direct	Indirect
30 June 2020		
DF Grobler	**192 557**	**1 524 346**
HJ Laas	**1 034 804**	**2 207 387**
DC Radley	**100 000**	**-**
30 June 2019		
DF Grobler	108 296	1 088 242
HJ Laas	951 517	1 923 326

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

7. DIRECTORS

At the date of this report, the directors of the Company were:

INDEPENDENT NON-EXECUTIVE

SP Kana (Chairman); J Boggenpoel; R Havenstein; NB Langa-Royds; AK Maditsi; B Mawasha; DC Radley; C Raphiri

EXECUTIVE

HJ Laas (Group chief executive) and DF Grobler (Group financial director)

8. COMPANY SECRETARY

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard
Bedfordview, 2007

9. AUDITORS

PwC served as external auditor for the financial year ending 30 June 2020 for the first time, post the approval of their appointment at the Company's 2019 Annual General Meeting on 28 November 2019. The designated auditor is JFM Kotzé.

Consolidated statement of financial position as at 30 June 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019#
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 374.0**	2 203.4
Goodwill	3	**1 124.6**	958.8
Other intangible assets	4	**506.0**	474.9
Investment in joint ventures & associate companies	5 & 35	**76.4**	115.9
Other investments	6	**1 227.3**	1 436.7
Deferred taxation assets	20	**689.3**	421.7
Net investment in lease		**76.0**	-
Receivables		**19.9**	107.8
Total non-current assets		**7 093.5**	5 719.2
Current assets			
Inventories	7	**360.0**	337.2
Amounts due from contract customers	8	**6 039.1**	5 175.3
Trade and other receivables	9	**1 897.5**	1 668.7
Net investment in lease		**72.6**	-
Taxation assets	33	**20.9**	13.9
Cash and cash equivalents	10	**3 415.3**	3 455.0
Total current assets		**11 805.4**	10 650.1
Assets classified as held for sale	30	**-**	21.2
Total assets		**18 898.9**	16 390.5
EQUITY AND LIABILITIES			
Stated capital	11	**2 595.5**	2 593.7
Reserves	13 & 14	**1 620.5**	1 026.1
Retained Earnings		**1 394.5**	2 096.8
Equity attributable to owners of Murray & Roberts Holdings Limited		**5 610.5**	5 716.6
Non-controlling interests	15	**8.2**	34.1
Total equity		**5 618.7**	5 750.7
Non-current liabilities			
Long term loans	17	**1 197.9**	1 127.4
Retirement benefit obligations	18	**13.5**	12.2
Long term provisions	19	**91.0**	80.1
Deferred taxation liabilities	20	**104.3**	74.4
Payables		**108.2**	129.2
Total non-current liabilities		**1 514.9**	1 423.3
Current liabilities			
Amounts due to contract customers	8	**3 543.2**	2 819.9
Trade and other payables	22	**4 273.9**	4 409.4
Short term loans	23	**1 213.1**	521.4
Taxation liabilities	33	**191.0**	134.9
Provisions for obligations	24	**238.8**	220.9
Subcontractor liabilities	21	**1 193.1**	1 074.5
Bank overdrafts	10	**1 111.3**	35.5
Derivative financial instruments		**0.9**	-
Total current liabilities		**11 765.3**	9 216.5
Total liabilities		**13 280.2**	10 639.8
Total equity and liabilities		**18 898.9**	16 390.5

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

Consolidated statement of financial performance

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019*
Continuing operations			
Revenue	25	**20 837.7**	20 112.6
Profit before interest, depreciation and amortisation		**833.7**	1 323.9
Depreciation		**(759.0)**	(418.4)
Amortisation of intangible assets		**(91.6)**	(58.8)
(Loss)/profit before interest and taxation	26	**(16.9)**	846.7
Interest expense	27	**(301.4)**	(125.5)
Interest income	28	**80.3**	69.9
(Loss)/profit before taxation		**(238.0)**	791.1
Taxation expense	29	**(150.5)**	(296.9)
(Loss)/profit after taxation		**(388.5)**	494.2
Income/(loss) from equity accounted investments		**1.9**	(4.2)
(Loss)/profit for the year from continuing operations		**(386.6)**	490.0
Income/(loss) from discontinued operations	30	**15.6**	(143.9)
(Loss)/profit for the year		**(371.0)**	346.1
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**(351.6)**	336.9
Non-controlling interests	15	**(19.4)**	9.2
		(371.0)	346.1

Basic and diluted loss per share were 89 cents (2019: 85 cents earnings per share) and 89 cents (2019: 83 cents earnings per share) respectively.
Continuing basic and diluted loss per share were 97 cents (2019: 121 cents earnings per share) and 97 cents (2019: 118 cents earnings per share) respectively.
For further details refer to note 31.

**Restated for discontinued operations. Refer to note 30 for further details.*

Consolidated statement of comprehensive income

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019
(Loss)/profit for the year		**(371.0)**	346.1
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	14	**(2.7)**	(2.9)
		(2.7)	(2.9)
Items that may be reclassified subsequently to profit or loss:			
Exchange gains/(losses) on translating foreign operations and realisation of reserve	13 & 15	**598.5**	(27.4)
		598.5	(27.4)
Other comprehensive income/(loss) for the year net of taxation		**595.8**	(30.3)
Total comprehensive income		**224.8**	315.8
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**247.1**	305.0
Non-controlling interest		**(22.3)**	10.8
		224.8	315.8

Consolidated statement of changes in equity

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2018	2 591.3	984.5	74.2	3 046.4	6 696.4	47.5	6 743.9
Impact of IFRS 9 adjustment	-	-	-	(8.8)	(8.8)	-	(8.8)
Impact of IFRS 15 adjustment	-	-	-	(1 071.7)	(1 071.7)	(24.2)	(1 095.9)
Balance at 01 July 2018 restated	2 591.3	984.5	74.2	1 965.9	5 615.9	23.3	5 639.2
Total comprehensive (loss)/income for the year	-	(29.0)	(2.9)	336.9	305.0	10.8	315.8
Treasury shares disposed	53.1	-	-	-	53.1	-	53.1
Treasury shares acquired	(82.3)	-	-	-	(82.3)		(82.3)
Transfer to retained earnings	-	-	(1.0)	1.0	-	-	-
Utilisation of share-based payment reserve	31.6	-	(31.6)	-	-	-	-
Recognition of share-based payment	-	-	31.9	-	31.9	-	31.9
Dividends declared and paid	-	-	-	(207.0)	(207.0)	-	(207.0)
Balance at 30 June 2019	2 593.7	955.5	70.6	2 096.8	5 716.6	34.1	5 750.7
Impact of IFRIC 23 adjustment	**-**	**-**	**-**	**(33.0)**	**(33.0)**	**-**	**(33.0)**
Impact of IFRS 16 adjustment	**-**	**-**	**-**	**(90.5)**	**(90.5)**	**-**	**(90.5)**
Balance at 01 July 2019 restated	**2 593.7**	**955.5**	**70.6**	**1 973.3**	**5 593.1**	**34.1**	**5 627.2**
Total comprehensive income/(loss) for the year	**-**	**601.4**	**(2.7)**	**(351.6)**	**247.1**	**(22.3)**	**224.8**
Treasury shares disposed	**105.2**	**-**	**-**	**-**	**105.2**	**-**	**105.2**
Treasury shares acquired	**(136.5)**	**-**	**-**	**-**	**(136.5)**	**-**	**(136.5)**
Utilisation of share-based payment reserve	**33.1**	**-**	**(33.1)**	**-**	**-**	**-**	**-**
Recognition of share-based payment	**-**	**-**	**28.8**	**-**	**28.8**	**-**	**28.8**
Dividends declared and paid	**-**	**-**	**-**	**(227.2)**	**(227.2)**	**(3.6)**	**(230.8)**
Balance at 30 June 2020	**2 595.5**	**1 556.9**	**63.6**	**1 394.5**	**5 610.5**	**8.2**	**5 618.7**

Consolidated statement of cash flows

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019
Cash flows from operating activities			
Receipts from customers		**21 019.9**	21 148.1
Payments to suppliers and employees		**(21 072.4)**	(19 584.8)
Cash generated from operations	32	**(52.5)**	1 563.3
Interest received		**85.4**	74.1
Interest paid		**(296.3)**	(120.2)
Taxation paid+	33	**(272.6)**	(276.6)
Taxation refund+	33	**8.6**	70.6
Operating cash flow		**(527.4)**	1 311.2
Dividends paid to owners of Murray & Roberts Holdings Limited		**(227.2)**	(207.0)
Dividends paid to non-controlling interests		**(3.6)**	-
Net cash (outflow)/inflow from operating activities		**(758.2)**	1 104.2
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	34	**(37.9)**	(664.5)
Cash received from reclassification of joint venture to joint operation	35	**86.7**	-
Acquisition of associate	5	**-**	(2.0)
Purchase of intangible assets other than goodwill	4	**(20,9)**	(50.4)
Purchase of property, plant and equipment	2	**(654.2)**	(142.0)
- Replacements		**(112.7)**	(41.2)
- Additions		**(1 479.7)**	(774.9)
- Acquisition of assets by means of a lease (non-cash)		**938.2**	674.1
Proceeds on disposal of property, plant and equipment		**116.5**	208.2
Proceeds on disposal of intangible assets other than goodwill		**4.6**	-
Proceeds on disposal of assets held-for-sale		**20.9**	-
Proceeds from realisation of investment	6	**328.0**	183.5
Other		**0.7**	(0.2)
Net cash outflow from investing activities		**(155.6)**	(467.4)
Cash flows from financing activities			
Net acquisition of treasury shares		**(31.3)**	(36.2)
Acquisition of treasury shares+		**(136.5)**	(82.3)
Disposal of treasury shares+		**105.2**	46.1
Net movement in borrowings		**(685.1)**	549.7
Loans raised		**698.9**	876.7
Loans repaid		**(665.0)**	(161.9)
Leases repaid		**(719.0)**	(165.1)
Net cash (outflow)/inflow from financing activities		**(716.4)**	513.5
Total (decrease)/increase in net cash and cash equivalents		**(1 630.2)**	1 150.3
Net cash and cash equivalents at beginning of year		**3 419.5**	2 353.4
Effect of exchange rates		**514.7**	(84.2)
Net cash and cash equivalents at end of year	10	**2 304.0**	3 419.5

+ *In previous periods, amounts disclosed net, current period reflects gross movements.*

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The preparation of financial statements require 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 revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (“IFRS”) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated and separate financial statements are discussed in note 42.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 43.

1.2. STATEMENT OF COMPLIANCE

These consolidated and separate financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act.

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 arrangements and associates.

Subsidiaries are entities, including structured entities such as The Murray & Roberts Trust controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of financial performance from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in the non-controlling interest 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.

Intercompany transactions and balances on transactions between group companies are eliminated.

NON-CONTROLLING INTEREST LOANS

Certain companies elect to contribute to shareholder loans as opposed to stated capital.

Loans from non-controlling shareholders are classified as equity instruments rather than financial liabilities if both conditions (a) and (b) below, as required by IAS 32: *Financial Instruments: Presentation*, paragraph 16, are met.

(a) Loans from non-controlling shareholders includes no contractual obligations:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the issuer or the Group.

(b) Loans from non-controlling shareholders will not or may not be settled in the issuer's or the Group's own equity instruments.

If the loans from non-controlling shareholders do not meet both conditions (a) and (b) they are classified as financial liabilities.

The raise or repayment of non-controlling interest loans that are classified as equity instruments has no impact on the effective shareholding of the non-controlling shareholder.

Accounting Policies

1.4. BUSINESS COMBINATIONS

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 recognised in profit or loss as incurred.

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 represent 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 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 depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured 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 37: *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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.

GOODWILL

Goodwill is recognised as an asset at the acquisition date of a business. Goodwill on the acquisition of a subsidiary is included in intangible assets.

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicated 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 business combinations. 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 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 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 ARRANGEMENTS

Joint arrangements are those entities in which the Group has joint control. Under IFRS 11: *Joint Arrangements*, joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has in the joint arrangement. The Group's interest in joint arrangements, classified as joint ventures are accounted for using the equity method of accounting and are initially recognised at cost while those classified as joint operations are accounted for by recognising the joint operator's share of the assets, liabilities, revenue and expenses on the joint operation. The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of the disposal.

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

Accounting Policies

1.6. INVESTMENTS IN ASSOCIATE COMPANIES

Associates are 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, with the exception of service concession investments which are measured at fair value through profit or loss. The Group's investments in associates include 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: *Impairment of Assets* 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. SEPARATE COMPANY'S FINANCIAL STATEMENTS

In the separate financial statements of the Company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

1.8. FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous audited 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

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.

Accounting Policies

1.8. FOREIGN CURRENCIES (continued)

FOREIGN OPERATIONS

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

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

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

Murray & Roberts has elected the absolute approach in respect of partial disposals of entity's interest in foreign operations.

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, INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Classification depends on the business model and contractual cash flow characteristics for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets measured at 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 liabilities into the following categories:

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets 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.

Trade and other receivables are initially recognised at fair value, and are subsequently classified and measured at amortised cost using the effective interest rate method.

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified 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 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. For the purpose of the statement of cash flows, cash and cash equivalents are offset against bank overdrafts.

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets, other than those held for trade, are classified in this category if the financial assets 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 a manner as described in note 6. Where management has identified objective evidence of impairment, provisions are raised against the investment. Assets are considered to be impaired when the fair value of the assets are considered to be lower than the original cost of the investment.

Accounting Policies

1.9. FINANCIAL INSTRUMENTS (continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Service concession investments are classified and measured at fair value through profit or loss. All other investments are classified as financial assets at amortised cost and accounted for accordingly.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each reporting date. Under IFRS 9, the Group calculates the allowance for credit losses by using the expected credit loss (ECL) model for financial assets. ECLs are measured at the present value of all cash shortfalls arising from a credit default event, discounted at the original effective interest rate.

A simplified approach was applied in determining the ECL for trade receivables and amounts due from contract customers which requires the lifetime losses to be recognised from initial recognition of the receivable. A lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

Financial assets are considered to have low credit risk when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows in the near term. Impairment losses on trade receivables and contract receivables are presented as impairment losses within operating expenses. Subsequent recoveries of amounts previously written off are presented as a reversal of impairment losses previously recognised within sundry income.

The group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:
• Significant financial difficulty of the customer;
• Liquidation, business rescue proceedings or other forms of financial reorganisation are implemented; or
• Any other event where the likelihood of full settlement is remote.

In instances where the group determines a receivable to be credit-impaired, the receivable is excluded from the portfolio for the purposes of calculating an ECL and a specific credit loss is raised based on an assessment of the individual circumstances relating to the default event.

For the other financial assets, the group recognises ECLs that reflects changes to the individual credit risk profile of each financial asset at the reporting date.

Expected credit losses are recognised:
- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that could result from default events that are possible within the next 12 months
- When the credit risk of financial assets significantly increased and the resultant credit quality is not low risk, then credit losses are provided for over the remaining life of the exposure
- When financial assets have already become credit impaired (or default events have occurred), a lifetime approach is adopted on the net amount less allowance. These are individually assessed.

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 or 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 EQUITY AND LIABILITIES

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 cost.

TREASURY SHARES

The cost of an entity's own equity instruments that it has reacquired ("treasury shares") is deducted from equity. A gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

FINANCIAL LIABILITIES AT AMORTISED COST

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 are liabilities to pay for goods and 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 and measured at amortised cost using the effective interest rate method.

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 and measured at amortised cost using the effective interest rate method.

Accounting Policies

1.9. FINANCIAL INSTRUMENTS (continued)

LOANS TO/FROM GROUP COMPANIES

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint arrangements and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as financial assets measured at fair value initially and subsequently at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

BANK OVERDRAFTS AND BORROWINGS

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy.

1.10. CONTRACTS-IN-PROGRESS

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

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.

COMPUTER SOFTWARE

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense 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.

PATENTS AND OTHER RIGHTS, TRADEMARKS AND CUSTOMER RELATIONSHIPS

Separately acquired patents and other rights, trademarks and customer relationships are recognised at the purchase price and other costs that are directly associated with the acquisition including professional fees, costs of registration and employee benefits. When acquired as part of a business combination, these assets are recognised at fair value on the acquisition date.

With the exception of trademarks, these intangible assets have a finite life and are amortised over its estimated useful life from the date it becomes available for use.

Trademarks with an indefinite useful life are not amortised, but tested annually for impairment.

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 be used 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 designated to reduce the asset to its residual value over its useful life. The useful lives of property, plant and equipment are set out in note 2.

The residual value, useful life and depreciation method of each asset is 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.

Accounting Policies

1.12. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

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 for the year incurred.

RIGHT-OF-USE ASSETS

Assets held under 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.

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.

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 period 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, goodwill acquired in a business combination is 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 assets belong.

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.

Accounting Policies

1.14. 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 amount will be recovered through a sale transaction rather than through continuing use.

1.15. INVENTORIES

Inventories comprise raw materials, 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.

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

1.16. LEASES

At inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of the identified asset for a period of time and in exchange for consideration.

The following is assessed to determine if a contract conveys the right to control the use of an identified asset:

- Whether the contract involves the use of an identified asset, which may be specified explicitly or implicitly. The asset must be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the Group does not have the right to use the identified asset
- Whether the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use
- Whether the Group has the right to direct the use of the identified asset throughout the period of use only if:
  - The Group has the right to direct how and for what purpose the asset is used
  - The relevant decisions about how and for what purpose the asset is used is predetermined and the Group has the right to operate the asset without the supplier having the right to change those operating instructions or the Group has designed the asset in a way that predetermined how and for what purpose the asset will be used.

THE GROUP AS A LESSEE

At the commencement of the lease term, a right-of-use asset and a lease liability is recognised on the statement of financial position.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is utilised.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments, less any incentives receivable,
- variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date,
- amounts payable under residual value guarantees,
- the exercise price of an option if this is reasonably certain to be exercised and
- payments of penalties for terminating the lease if this is accounted for in the lease term.

Right-of-use 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 value 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.

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 the statement of financial performance as they become due. The carrying amount of the lease liability is remeasured to reflect any reassessment, lease modifications or revised in-substance fixed payments. The amount of the remeasurement is recognised as an adjustment to the right-of-use asset and any further reduction required is recognised in profit or loss.

SHORT-TERM AND LOW VALUE LEASES

Leases with a lease term of less than 12 months or leases of assets which are low value in nature are not recognised on the statement of financial position. The lease payments on these leases are recognised as an expense on a straight-line basis over the lease term.

Accounting Policies

1.16. LEASES (continued)

THE GROUP AS A LESSOR

FINANCE LEASES

If a lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as a finance lease by the Group.
As an intermediate lessor, the Group accounts for its interests in the head lease and the sublease separately. The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Amounts due from lessees are recognised as receivables at the amount of the Group's net investment in the lease. The net investment in the lease is measured at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group as an intermediate lessor utilises the discount rate for the head lease, adjusted for any initial direct costs associated with the sublease, to measure the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease include:

- fixed payments, including in-substance fixed payments, less any incentives receivable,
- variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date,
- any residual guarantees provided to the Group as lessor by the lessee, a party related to the lessee or a third party unrelated to the Group that financially capable of discharging the obligations under the guarantee,
- the exercise price of an option if this is reasonably certain to be exercised; and
- payments of penalties for terminating the lease if this is accounted for in the lease term.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

OPERATING LEASES

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.

1.17. PROVISIONS AND CONTINGENCIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

RESTRUCTURING

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 expenditure 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.

ONEROUS CONTRACTS

Present obligations arising under onerous contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Accounting Policies

1.18. SHARE-BASED PAYMENTS

An expense is recognised where the Group received 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 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 independently by 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 cost of equity-settled transactions is recognised, together with a corresponding increase in equity 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 is treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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.

Earnings per share and headline earnings per share is reflected including and excluding Middle East.

For cash-settled transactions, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting period.

Where there are any vested share options which have not been exercised by the employees and have expired, the cumulative expense recognised in the share-based payment reserve is reclassified to retained earnings.

1.19. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits, is borne by the employee. Such plans include multi-employer or state plans.

Employee and employer contributions to defined contribution plans are recognised as an expense in the year in which incurred.

DEFINED BENEFIT PLANS

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer 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 Methods, with actuarial valuations being carried out at each reporting period date.

The current service cost as well as net interest expense in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past service costs are recognised immediately in profit or loss. Experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing and retired employees are recognised in other comprehensive income as remeasurements in the period 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 cost, and are reduced by the fair value of planned assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contribution to the plan.

Accounting Policies

1.20. TAXATION

Income taxation expense represents the sum of current and deferred taxation.

CURRENT TAXATION ASSETS AND LIABILITIES

The current taxation asset/liability is based on taxable profit/loss for the year. Taxable profit/loss differs from profit/loss 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 asset/liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

DEFERRED TAXATION ASSETS AND LIABILITIES

Deferred taxation is based on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base 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 the 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 arrangements, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred taxation 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 substantively enacted 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 deferred taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

UNCERTAIN TAX POSITIONS

Where there is uncertainty over income tax treatments, the Group applies the requirements of IFRIC 23 when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts').

The Group applies the requirements as follows:

- Judgement is applied to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together,
- The assumption is made that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so,
- Tax amounts are determined on a basis that is consistent with the tax treatment included in the Group's income tax filings if the Group concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities, and
- Tax amounts are determined using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where the Group concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

1.21. RELATED PARTIES

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 party in making financial and operating decisions. Refer to IAS 24*: Related Party Disclosures* for a comprehensive list of entities defined as related parties.

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.

1.22. REVENUE

The Group applies IFRS 15: *Revenue from Contracts with Customers*.

IFRS 15:56 states that variable consideration should only be included in the transaction price, when recognising revenue, to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 5 defines “highly probable” as “significantly more likely than probable”, where “probable” means “more likely than not” (IFRS 5: Appendix A).

Due to the higher threshold required for recognition and measurement purposes, the application of IFRS 15 has resulted in the delayed recognition of variable consideration until such time that it is highly probable that the revenue will not be reversed when the uncertainty is resolved.

Accounting Policies

1.22. REVENUE (continued)

The Group principally recognises revenue from construction contracts and rendering of engineering services to the natural resource market sectors.

The Group applies the 5 step approach contained in IFRS 15 for determining when to recognise revenue, the amount that should be recognised and when revenue should be recognised.

a) Construction contracts

Step 1: Identify contracts with customers

The Group's customer base, in terms of revenue contribution, consists mostly of construction contracts with large local and international firms.

Step 2: Identify separate performance obligations

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

If a construction contract has multiple sub-level performance obligations that are highly integrated with each other, the construction contract is considered a significant integrated service with one performance obligation. This requires judgement and each contract is assessed individually.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group does not adjust the transaction price for the effects of a significant financing component.

Variations in contract work, claims and incentive payments are included to the extent that collection is highly probable and the amounts can be reliably measured. IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: Appendix A). The assessment as to whether the recoverability of claims are highly probable requires significant judgement. Each claim is assessed individually to confirm entitlement and to conclude on the strength of the claim. The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenue and that the recoverability of amounts recognised are considered highly probable. The cumulative balance of uncertified revenue taken to book is disclosed as "Uncertified claims and variations less payments received on account" under note 8, and "Amounts due to contract customers" on the Statement of Financial Position.

Step 4: Allocate the transaction price to the performance obligation in the contract

Where the output method (refer to step 5) is used to recognise revenue over time, the transaction price of the contracts are that as per the agreed bill of quantities ("BOQ") finalised during the tender stage. The quantities of the variable components included in the BOQ are updated (measured) during the implementation stage of the contracts.

Where the contract is considered to have one performance obligation and the transaction price as determined in step 3 is allocated to it, the input method (refer to step 5) is used to recognise revenue over time,.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when the performance obligation is satisfied.

Revenue on construction contracts is recognised over time as the delivery of the project enhances an asset controlled by the customer. During the execution of projects, the progress is measured on a monthly basis and reviewed by the client's engineer and approved by the client before invoices are issued.

The progress towards complete satisfaction of a performance obligation is measured based on applying either of the following methods:

(i) Output method: Recognise revenue on the basis of direct measurement, i.e. performance or milestone completed.
(ii) Input method: Recognise revenue on the basis of the total contract cost incurred to date bear to the estimated total contract cost.

For each performance obligation, management applies measurement methods that are consistent for similar performance obligations and circumstances. In most cases contracts within Mining apply the output method, whilst contracts within Energy, Resources & Industrial and Power, Industrial & Water apply the input method.

Accounting Policies

1.22. REVENUE (continued)

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation (continued)

Cost incurred for which the performance obligation has not been met, are recognised as prepaid costs or plant and equipment. These costs are not included in the total cost incurred to date until they are utilised, which occurs on a systematic basis over the life of the contract. If the costs incurred in fulfilling a contract with a customer is not within the scope of another standard, the group recognises an asset for these costs when all of the following criteria are met:
a) the costs relate directly to a contract or an anticipated contract that the entity can specifically identify;
b) the costs generate or enhance resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future; and
c) the costs are expected to be recovered. These costs are not included in the total cost incurred to date until they are utilised, which occurs on a systematic basis over the life of the contract.

Where the outcome of 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 contract assets. A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a client that is not yet unconditional. Contract assets are disclosed as "Contracts-in-progress" and "Uncertified claims and variations less payments received on account" under note 8, and "Amounts due to contract customers" on the Statement of Financial Position.

For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts received in excess of work completed. Contract liabilities are disclosed as "Amounts received in excess of work completed" under note 8, and "Amounts due to contract customers" on the Statement of Financial Position.

Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under amounts due to contract customers, as "Amounts receivable on contracts" and "Retentions receivable".

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 include 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 judgmental. Refer to note 42 (Critical accounting estimates and judgements) regarding revenue recognition and contract accounting.

b) Rendering of engineering services

Revenue is recognised over time as the services are provided as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

c) Sale of goods

The Group recognises revenue when the performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer when the goods are delivered.

d) Other revenue

Other revenue includes the provision of labour, information technology and other services to joint operations.

Revenue is recognised over time as the services are provided as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Accounting Policies

1.23. DIVIDENDS

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1.24. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. 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 make strategic decisions. The basis of segmental reporting is set out in Annexure 3.

INTER-SEGMENT TRANSFERS

Segment revenue, segment expenses and segment results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arm’s length prices. These transfers are eliminated on consolidation.

SEGMENTAL REVENUE AND EXPENSES

All segment revenue and expenses are directly attributable to the segments.

SEGMENTAL ASSETS

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

SEGMENTAL LIABILITIES

All operating liabilities of a segment principally include accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation are excluded.

1.25. 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 fair value of the equity instruments issued at grant date.

LETSEMA VULINDLELA BLACK EXECUTIVE TRUST

Once selected, black executives become vested beneficiaries of the Letsema Vulindlela Black Executive 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 2020, 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.

Notes to the annual financial statements

2. PROPERTY, PLANT AND EQUIPMENT

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

PPE	2020 Cost	2020 Accumulated depreciation and impairment	2020 Carrying value	2019 Cost	2019 Accumulated depreciation and impairment	2019 Carrying value
Land and buildings	**559.4**	**(309.5)**	**249.9**	480.2	(242.5)	237.7
Plant and machinery	**4 859.5**	**(3 410.2)**	**1 449.3**	4 893.8	(3 097.8)	1 796.0
Other equipment	**775.6**	**(201.6)**	**574.0**	389.2	(219.5)	169.7
Total	**6 194.5**	**(3 921.3)**	**2 273.2**	5 763.2	(3 559.8)	2 203.4

RIGHT-OF-USE ASSET	2020 Cost	2020 Accumulated depreciation and impairment	2020 Carrying value	2019 Cost	2019 Accumulated depreciation and impairment	2019 Carrying value
Land and buildings	**465.3**	**(149.8)**	**315.5**	-	-	-
Plant and machinery	**1 232.7**	**(453.7)**	**779.0**	-	-	-
Other equipment	**7.8**	**(1.5)**	**6.3**	-	-	-
Total	**1 705.8**	**(605.0)**	**1 100.8**	-	-	-
Grand Total	**7 900.3**	**(4 526.3)**	**3 374.0**	5 763.2	(3 559.8)	2 203.4

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and machinery	Other equipment	Total
At 30 June 2018	181.4	1 686.3	128.0	1 995.7
Additions	74.4	670.7	71.0	816.1
Acquisition of businesses	-	2.3	0.5	2.8
Disposals	-	(176.3)	(4.2)	(180.5)
Transfer between categories	1.4	10.8	(12.2)	-
Transfer from other intangible assets	-	0.2	-	0.2
Foreign exchange movements	0.7	(11.5)	(1.7)	(12.5)
Depreciation	(20.2)	(386.5)	(11.7)	(418.4)
At 30 June 2019	237.7	1 796.0	169.7	2 203.4
Impact of adoption of IFRS 16	**(6.6)**	**(458.2)**	**-**	**(464.8)**
Additions	**2.0**	**206.6**	**460.9**	**669.5**
Acquisition of business^	**-**	**38.0**	**0.1**	**38.1**
Disposals	**(2.7)**	**(48.5)**	**(17.4)**	**(68.6)**
Transfer between categories	**10.8**	**25.8**	**(36.6)**	**-**
Transfer to Right-of-use assets	**-**	**-**	**(41.3)**	**(41.3)**
Foreign exchange movements	**39.8**	**210.3**	**58.8**	**308.9**
Depreciation	**(31.1)**	**(309.0)**	**(20.2)**	**(360.3)**
Impairment loss[1]	**-**	**(11.7)**	**-**	**(11.7)**
At 30 June 2020	**249.9**	**1 449.3**	**574.0**	**2 273.2**

RECONCILIATION OF RIGHT-OF-USE ASSET

	Land and Buildings	Plant and machinery	Other equipment	Total
At 30 June 2019	-	-	-	-
Impact of adoption of IFRS 16[2]	**372.5**	**660.8**	**1.6**	**1 034.9**
Additions	**76.8**	**251.6**	**5.9**	**334.3**
Transfer from Property, Plant and equipment	**-**	**41.3**	**-**	**41.3**
Foreign exchange movements	**44.5**	**90.3**	**0.2**	**135.0**
Depreciation	**(136.9)**	**(260.4)**	**(1.4)**	**(398.7)**
Lease modification[3]	**(41.4)**	**(2.6)**	**-**	**(44.0)**
Lease reassessment	**-**	**(2.0)**	**-**	**(2.0)**
At 30 June 2020	**315.5**	**779.0**	**6.3**	**1 100.8**

Notes to the annual financial statements

2. PROPERTY, PLANT AND EQUIPMENT (continued)

^Acquisition of business amount in the current financial year relates to property, plant and equipment that has been acquired as part of the acquisition of OptiPower Projects. Refer to note 34.1 for further details.

[1] Impairment of plant and machinery relates to an impairment of plant in Canada within the Mining platform.

[2] The Right-of-use assets recognised as a result of the adoption of IFRS 16 can be reconciled as follows:

Transfer of assets from property, plant and equipment `	**464.8**
IFRS 16 transition adjustment	**570.1**
	1 034.9

`The transfer of assets from property, plant and equipment relate to leases previously classified as finance leases. The Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

[3] Lease modifications within the Group relate to changes in lease terms, changes in repayment structures and a cancellation of a lease of Land and Buildings. At the effective date of the lease modification, the lease liability was remeasured with a corresponding adjustment to the right-of-use asset.

The Group considered the impact of COVID-19 on property plant and equipment mainly where project delays were experienced and operations were brought to a halt. Property, plant and equipment was assessed for deterioration as a result of idle time and reduced use. No material impairments were recognised in the financial statements.

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 (including leasehold improvements)	3 to 40 years	on a straight-line basis
- Plant and machinery	3 to 30 years	on a straight-line basis and units of production
- Other equipment	3 to 10 years	on a straight-line basis

3. GOODWILL

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2020	2019#
Goodwill	**1 189.4**	961.1
Accumulated impairment losses	**(64.8)**	(2.3)
	1 124.6	958.8

	2020	2019#
At beginning of year	**958.8**	615.8
Acquisition of business^	**11.1**	349.8
Foreign exchange movements	**217.2**	(6.8)
Impairment loss	**(62.5)**	-
	1 124.6	958.8

^Acquisition of business movement in the 2019 financial year has been restated for the measurement period adjustment relating to the acquisition of Saulsbury in the prior financial year. Refer to note 34.2 for further details.
In the current financial year, a goodwill adjustment of R11,1 million was also made with respect to the amendment of the joint venture agreement in respect of Terra Nova Technologies. Refer to note 35.3 for further details.

Goodwill is allocated to the Group's cash-generating units identified according to the operating platforms that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following cash generating units:

Power, Industrial & Water	**52.2**	81.4
- Wade Walker	**52.2**	52.2
- MR Aqua	**-**	29.2
Mining	**358.6**	288.7
- Cementation Africa	**32.8**	32.8
- Cementation USA Inc.	**285.2**	231.4
- Cementation Canada Inc.	**40.6**	24.5
Energy, Resources & Infrastructure	**713.8**	588.7
- Clough Limited	**397.4**	296.5
- e2o Pty Ltd	**66.1**	54.7
- Booth Welsh Pty Ltd	**114.1**	94.9
- CH-IV Pty Ltd	**-**	30.0
- Clough USA	**136.2**	112.6
	1 124.6	958.8

Notes to the annual financial statements

3. GOODWILL (continued)

Impairment testing

Summary of growth and discount rates per cash generating units:

	Growth rate	Pre-tax discount rate	Post-tax Discount rate
Power, Industrial & Water			
- Wade Walker	3% - 4.5%	13% - 14%	12% - 13%
Mining			
- Cementation Africa	2% - 3%	13% - 14%	12% - 13%
- Cementation USA Inc.	1.5% - 2.5%	21% - 22%	17% - 18%
- Cementation Canada Inc.	1.5% - 2.5%	10.5% - 11.5%	9.5% -10.5%
Energy, Resources & Infrastructure			
- Clough Limited	1.5% - 2.5%	11.5% - 12.5%	9.5% -10.5%
- e2o Pty Ltd	1.5% - 2.5%	11.5% - 12.5%	9.5% -10.5%
- Booth Welsh Pty Ltd	1.5% - 2.5%	11.5% - 12.5%	9.5% -10.5%
- Clough USA	1.5% - 2.5%	11.5% - 12.5%	9.5% -10.5%

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash generating units are 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. The cash flow projections are based on multiyear project awards currently secured as well as incorporating a probability weighting with respect to near orders that management expects to be awarded going forward. The impact of COVID-19 has been factored into the budgets prepared by management and assumptions going forward have been adjusted. To remain prudent, management has included potential delays in projects secured, downward adjusted probability weighting of near orders and category 1 opportunities to be secured, and revised commencement timelines for new projects to reflect the current economic conditions and expectations going forward.

The growth rates used depend on management's assessment of the sector in which the cash-generating unit operates. Factors such as the industry, market conditions and geographical area are also considered when determining the growth rate. These growth rates do not exceed the long term average growth rate for the relevant market. Cash flows beyond the three year period are extrapolated using an estimated growth rate of between 1,5% and 4,5%.

In line with market practice, the Group applied a post-tax discount rate of between 9,5% and 18,0% (2019: between 10,5% and 15,5%) to post-tax cash flows for impairment testing. The discount rate applied is dependent on factors such as the weighted average cost of capital, industry, market conditions and geographical area of the relevant cash generating unit. Post-tax rates were applied as returns observable in the capital market on equity investments usually include tax effects.

Goodwill was tested for impairment using a sensitivity analysis by increasing the applicable post-tax discount rate of the cash generating unit by 3%. Further sensitivity analysis was performed by varying the base assumptions which included removing synergies which relate to cross-selling opportunities and cost-savings through reallocation of resources due to the impact of COVID-19. Where changes in key assumptions resulted in a potential impairment, the cash generating unit was impaired. No changes in key assumptions for the remaining cash generating units that would cause the carrying amount to exceed the recoverable amount were noted.

Impairment losses

	2020
MR Aqua	29.2
CH-IV Pty Ltd	33.3
	62.5

Impairment testing performed in the current year resulted in the impairment of the Aquamarine business which is part of the Power, Industrial & Water business and on the CH-IV business which is part of the Energy, Resources & Infrastructure business based on uncertainty in the Aquamarine and LNG markets respectively. The impairment charge of R62,5 million has been recorded as an impairment loss (refer to note 26) in the consolidated statement of financial performance.

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

Notes to the annual financial statements

4. OTHER INTANGIBLE ASSETS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2020			2019#		
	Cost	**Accumulated amortisation**	**Carrying value**	Cost	Accumulated amortisation	Carrying value
Patents and other rights	**8.7**	**(6.2)**	**2.5**	8.2	(5.4)	2.8
Computer software	**514.0**	**(342.0)**	**172.0**	436.8	(262.8)	174.0
Trademarks	**198.5**	**-**	**198.5**	161.1	-	161.1
Customer relationships	**165.6**	**(32.6)**	**133.0**	134.2	(5.1)	129.1
Other intangible assets^	**23.7**	**(23.7)**	**-**	10.6	(2.7)	7.9
Total	**910.5**	**(404.5)**	**506.0**	750.9	(276.0)	474.9

RECONCILIATION FOR OTHER INTANGIBLE ASSETS	**Patents and other rights**	**Computer software**	**Trademarks**	**Customer relationships**	**Other intangible assets**	**Total**
At 30 June 2018	4.1	167.2	-	-	-	171.3
Additions	-	50.4	-	-	-	50.4
Acquisition of businesses	-	-	163.9	145.9	10.8	320.6
Transfer to property, plant and equipment	-	(0.2)	-	-	-	(0.2)
Foreign exchange movements	-	(3.7)	(2.8)	(1.7)	(0.2)	(8.4)
Amortisation	(1.3)	(39.7)	-	(15.1)	(2.7)	(58.8)
At 30 June 2019#	**2.8**	**174.0**	**161.1**	**129.1**	**7.9**	**474.9**
Additions	**-**	**20.9**	**-**	**-**	**10.4**	**31.3**
Disposals	**-**	**(4.6)**	**-**	**-**	**-**	**(4.6)**
Foreign exchange movements	**1.5**	**28.9**	**37.4**	**27.4**	**0.8**	**96.0**
Amortisation	**(1.8)**	**(47.2)**	**-**	**(23.5)**	**(19.1)**	**(91.6)**
At 30 June 2020	**2.5**	**172.0**	**198.5**	**133.0**	**-**	**506.0**

^Other intangible assets previously included customer relationships, at acquisition order books and a trademark that arose on the acquisition of Terra Nova Technologies ("TNT") by Cementation USA Inc. In the current period, trademarks and customer relationships have been reflected separately whilst at-acquisition order books have remained in the other intangible assets class. The disaggregation of the other intangible assets has been applied to the current and the comparative period.

With the exception of trademarks, the intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below.

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

- Patent and other rights	5 years	on a straight-line basis
- Computer software	2 to 10 years	on a straight-line basis
- Customer relationships	3 to 10 years	on a straight-line basis
- Other intangible assets	1 to 2 years	on a straight-line basis

The trademark that arose on the acquisition of TNT has been assessed to have an indefinite useful life and is not amortised, but is tested for impairment annually at the cash-generating unit level as the trademark does not generate cash inflows that are largely independent of those generated by the cash-generating unit. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Refer to note 3 for details on impairment testing performed.

Intangible assets relating to computer software are still required for the day to day operations of entities as they are still functioning in the current environment. As a result of this, no impairment was recognized in the current financial year. Customer relationships were assessed for their ability to generate future economic benefits in the current environment and no impairment was recognised. The trademark recognised on the TNT acquisition was tested as part of the CGU taking into account COVID-19 impact and no impairment was deemed necessary.

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

5. INVESTMENT IN ASSOCIATE COMPANIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2020**	2019
5.1. INVESTMENTS IN ASSOCIATE COMPANIES		
At beginning of year	**4.5**	2.9
Acquisition of business	**-**	2.0
Dividend received	**-**	-
Share of post-acquisition loss	**(0.2)**	(0.4)
Foreign exchange movements	**0.4**	-
	4.7	4.5

Notes to the annual financial statements

5. INVESTMENT IN ASSOCIATE COMPANIES (continued)

5.2. SUMMARISED FINANCIAL INFORMATION IN RESPECT OF THE GROUP'S ASSOCIATES

Total assets	**9.6**	5.0
Total liabilities	**(6.8)**	(3.5)
Net assets	**2.8**	1.5
Revenue	**28.4**	2.5

The above summarised financial information reflects the associate's financial information at 100%.

5.3. DETAILS OF ASSOCIATE COMPANIES

NAME OF ASSOCIATES	Place of incorporation	% of Ownership and votes 2020	2019	Main activity
Bombela TKC Proprietary Limited*	South Africa	**45.0**	45.0	Construction
Insig Technologies	Australia	**30.0**	30.0	Information Technology

* 31 December year end.

6. OTHER INVESTMENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
6.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investment in infrastructure service concession		
At beginning of year	**1 433.9**	1 308.3
Realisation of investment	**(328.0)**	(183.5)
Fair value adjustment recognised in the statement of financial performance	**119.4**	309.1
	1 225.3	1 433.9

Directors' valuation: R1,2 billion (2019: R1,4 billion).

The financial assets at fair value through profit or loss comprise of the Group's interest in the following infrastructure service concession:

	% interest	Remaining concession period	2020	2019
Bombela Concession Company Proprietary Limited ("BCC")*	50	6 years	**1 225.3**	1 433.9

* *The investment is reflected at fair value through profit or loss as the investment meets the requirements of IAS28.18 with regards to venture capital organisations or similar entities, as the transaction did not result in a change of control. The fair value of BCC is calculated using discounted cash flow models and a market discount rate of 16,25% (2019: 18%). The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economic fundamentals, taking into consideration the operating conditions experienced in the current financial year. The future profits from the concession are governed by a contractual agreement and are principally based on inflationary increases in the patronage revenue and operating costs of the current financial year. The lower discount rate in the current financial year is considered appropriate owing to further clarification of elements of the concession contract after several operational risks were successfully mitigated.*

Operating cost includes an operating fee that is payable to the Bombela Operating Company (Pty) Ltd ("BOC"), the company responsible for the operation and maintenance of Gautrain. The fee payable to BOC, although predictable, is subject to annual inflationary increases and is subject to review every 5th year where increases of more than inflation are considered. The next review is due in 2023.

Operating cost also includes a Railway Usage Fee ("RUF") which constitutes a fee for the use of the system owned by Gauteng Province. The fee is 50% of the concessionaire's excess free cash flow above an 18% real rate of return. The fee reduces to 35% should the concessionaire comply with certain Socio Economic Development ("SED") obligations. Historically the SED obligations have been achieved and the valuation is based on the SED obligations being achieved. If these obligations are not achieved, then the result would be a decrease in the value of the concession investment of R282 million (2019: R306 million).

Revenue based on patronage is underpinned by the Gauteng Province. The Patronage Guarantee is the difference between the Minimum Required Total Revenue ("MRTR") and the Actual Total Revenue ("ATR") in each month. Revenue below the MRTR is a BCC risk. A 1% shortfall in patronage revenue below the MRTR reduces the value of the concession investment by approximately R12,2 million. The impact of COVID-19 for the financial year ended 30 June 2021 is included in the discounted cash flow model. Thereafter, it is assumed that patronage will return to pre-COVID levels and owing to the Patronage Guarantee, no further revenue reductions were forecast for the subsequent years. In this regard, annual revenue, prior to COVID-19, was predictable in nature and was in excess of MRTR. Furthermore, to date, the Gauteng Province has honoured its Patronage Guarantee. The impact of COVID-19 is lessened by a business interruption policy taken out by BCC. Management has taken a view, based on Senior Counsel opinion, that it is probable the policy will be honoured and a discounted value of R100 million is included in the fair value calculation.

A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R42,3million (2019: R42,3 million).

Notes to the annual financial statements

6. OTHER INVESTMENTS (continued)

6.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

6.1.1. SUMMARISED FINANCIAL INFORMATION IN RESPECT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
Total assets	**5 423.0**	5 394.8
Total liabilities	**(2 480.8)**	(2 528.9)
Net assets	**2 942.2**	2 865.9
Revenue	**2 337.5**	2 609.8

The above summarised financial information reflects BCC's financial information at 100%.

6.2. FINANCIAL ASSETS AT AMORTISED COST

At beginning of year	**2.8**	3.2
Repayment	**(0.8)**	(0.4)
	2.0	2.8
Total other investments	**1 227.3**	1 436.7

7. INVENTORIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Raw materials and consumable stores	**201.1**	290.8
Work-in-progress	**47.1**	0.4
Finished goods	**111.8**	46.0
	360.0	337.2

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

The cost of inventories recognised as an expense includes R76,0 million (2019: R10,8 million) in respect of write-downs of inventory to net realisable value and has been reduced by R10,8 million (2019: R0,5 million) in respect of the reversal of such write-downs.

8. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019#
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**1 816.9**	**1 715.5**
Uncertified claims and variations less payments received on account of R357 million (2019: R290 million)	**1 083.6**	**637.1**
Amounts receivable on contracts (net of impairment provisions)	**2 699.3**	**2 571.2**
Retentions receivable (net of impairment provisions)	**439.3**	**251.5**
	6 039.1	**5 175.3**
Amounts received in excess of work completed	**(3 543.2)**	**(2 915.6)**
Uncertified claims and variations included in amounts received in excess of work completed	**-**	**95.7**
	2 495.9	**2 355.4**
Disclosed as:		
Amounts due from contract customers	**6 039.1**	5 175.3
Amounts due to contract customers	**(3 543.2)**	(2 819.9)
	2 495.9	2 355.4

The amounts received in excess of work completed have increased predominantly due to an advance payment received on an Australian contract.

The Group utilises experts and probabilities when necessary in determining the amounts to be recognised relating to underclaims, uncertified revenue and contract debtors. The recoverability of amounts recognised are considered highly probable and as a result, the impairments recognised were not significant.

Update on the Group's claims processes

Uncertified revenue as at the end of the financial year increased to R1,1 billion (FY2019: R0,7 billion). The Group remains confident that all revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

Notes to the annual financial statements

9. TRADE AND OTHER RECEIVABLES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Trade receivables	**28.5**	28.6
Expected credit loss allowance	**(2.6)**	(1.1)
Amounts owing by joint arrangements and partners	**1 231.5**	759.3
Prepayments	**278.2**	275.3
Sundry loans	**56.4**	18.8
Deposits	**15.3**	19.7
Value Added Taxation receivable	**72.6**	48.2
Vendor related receivables	**-**	133.2
Government wage subsidy	**40.3**	-
Other receivables	**177.3**	386.7
	1 897.5	1 668.7

The vendor related receivable above was settled in the current financial year.
The Genrec vendor loan included in the prior year non-current receivables (R80,4m) was impaired in the current financial year.

Trade and other receivables have been assessed in light of COVID-19 and the ECL model. An expected credit loss allowance has been raised for trade receivables and reflected above. All other receivables reflected above have been deemed to be recoverable based on assessments performed.

Details in respect of the Group's credit risk management policies are set out in note 38.

The carrying value of trade and other receivables approximates their fair value due to the short term nature of these instruments.

10. NET CASH AND CASH EQUIVALENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2020	2019
Bank balances	**2 590.9**	2 694.0
Restricted cash	**824.4**	761.0
Cash and cash equivalents	**3 415.3**	3 455.0
Bank overdrafts	**(1 111.3)**	(35.5)
	2 304.0	3 419.5

Restricted cash

Cash and cash equivalents relating to restricted cash are mainly as a result of cash held in joint arrangements where these amounts are restricted from immediate use without joint arrangement partner approval.

Restricted cash at the end of the financial year include bank balances and cash as follows:

	2020	2019
Amounts held in joint operations	**760.4**	760.1
Amounts held in trust accounts	**62.7**	-
Other agreements with banks and other financial institutions	**1.3**	0.9
	824.4	761.0

11. STATED CAPITAL

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
11.1. STATED CAPITAL		
Authorised		
750 000 000 no par value shares		
Issued and fully paid		
444 736 118 ordinary shares at no par value	**3 582.8**	3 582.8
Less: Treasury shares at no par value	**(987.3)**	(989.1)
Net stated capital	**2 595.5**	2 593.7

Unissued
At 30 June 2020 the number of unissued shares was 305 263 882 (2019: 305 263 882).

Notes to the annual financial statements

11. STATED CAPITAL (continued)

11.2. TREASURY SHARES	**2020**	2019
Market value of treasury shares		
The Letsema BBBEE trusts and companies	**158.5**	459.6
Subsidiary companies	**74.0**	221.7
Treasury shares held by subsidiary companies forfeited, not yet sold	**2.5**	4.9

RECONCILIATION OF ISSUED SHARES	**Number of shares**	Number of shares
Issued and fully paid	**444 736 118**	444 736 118
Less: Treasury shares held by Letsema BBBEE trusts and companies	**(31 696 039)**	(31 696 039)
Less: Treasury shares held by subsidiary companies	**(14 798 379)**	(15 287 300)
Less: Treasury shares held by the subsidiary companies forfeited, not yet sold	**(509 248)**	(338 740)
Net shares issued to the public	**397 732 452**	397 414 039

12. SHARE INCENTIVE SCHEMES

12.1. FORFEITABLE SHARE PLAN

The Murray & Roberts Holdings Limited Forfeitable Share Plan ("FSP") was approved by shareholders in November 2012. A new allocation of shares is approved by the Remuneration Committee on an annual basis. The forfeitable shares are held in an escrow account by an escrow agent. In 2013 the Remuneration Committee approved the automatic deferral of part of select employees' Short Term Incentive ("STI") into forfeitable share awards as a Long Term Incentive ("LTI").

Plan implemented			Balance at 30 June 2019	Granted during the year	Surrendered during the year	Transfer to own broker^	Exercised during the year	Balance at 30 June 2020	Weighted average share price on exercise (cents)
02 November 2016	FSP	2	4 413 236	-	(2 211 507)	(660 938)	(1 540 791)	-	1 100
02 November 2016	FSP-STI	1	123 258	-	-	(65 945)	(57 313)	-	1 263
01 September 2017	FSP	3	3 881 349	-	(236 952)	(43 805)	(91 952)	3 508 640	1 263
01 September 2017	FSP-STI	1	186 406	-	(430)	(49 856)	(43 329)	92 791	1 263
01 September 2018	FSP-STI	1	430 828	-	(4 541)	(76 833)	(66 774)	282 680	1 263
01 September 2018	FSP	4	4 554 389	-	(447 773)	(31 763)	(60 408)	4 014 445	1 263
01 September 2019	FSP	5	-	6 700 000	(343 278)	-	-	6 356 722	-
01 September 2019	FSP-STI	1	-	549 585	(6 484)	-	-	543 101	-
			13 589 466	**7 249 585**	**(3 250 965)**	**(929 140)**	**(1 860 567)**	**14 798 379**	

Notes:
1. *A compulsory automatic deferral scheme of part of the STI into forfeitable share awards as a LTI was introduced in September 2013 for selected employees. The LTI allocation has a 3 year vesting period (1/3 each year) and is not subject to performance conditions, but is subject to continued employment.*
2. *For the November 2016 scheme, 50% of the forfeitable shares vested after 3 years, on 2 November 2019, subject to satisfying certain performance conditions.*
3. *For the September 2017 scheme, the forfeitable shares will cliff vest after 3 years, in September 2020, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 2 months.*
4. *For the September 2018 scheme, the forfeitable shares will cliff vest after 3 years, in September 2021, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 14 months.*
5. *For the September 2019 scheme, the forfeitable shares will cliff vest after 3 years, in September 2022, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 26 months.*

^This relates to shares vested whereby the tax due is paid by the participant and the shares are transferred to the personal broker account of said participant.

The estimated fair values of shares granted were determined using the following valuation methodology:

FSP Monte Carlo Model (for schemes from 02 November 2016 to 1 September 2019)

The inputs into the model were as follows:

Plan implemented		Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of FSP (cents)
02 November 2016	FSP	34,0%	01 November 2019	7,9%	0,0%	808
02 November 2016	FSP-STI	34,0%	01 November 2019	7,9%	0,0%	950
01 September 2017	FSP	34,0%	01 September 2020	6,9%	0,0%	1 407
01 September 2017	FSP-STI	34,0%	01 September 2020	6,9%	0,0%	1 646
01 September 2018^	FSP	N/A	01 September 2021	N/A	N/A	1 596
01 September 2018^	FSP-STI	N/A	01 September 2021	N/A	N/A	1 596
01 September 2019^	FSP	N/A	01 September 2022	N/A	N/A	1 250
01 September 2019^	FSP-STI	N/A	01 September 2022	N/A	N/A	1 250

12. SHARE INCENTIVE SCHEMES (continued)

12.1. FORFEITABLE SHARE PLAN (continued)

^ Total shareholder return ("TSR") conditions are not a condition of the September 2018 and 2019 awards, hence Monte Carlo model not utilised. Fair value of these awards equals the value of the underlying share.

Expected volatility was determined using either the exponentially weighted or equally weighted moving average models (where appropriate) to calculate the historical volatility of the share price over the option lifetime.

The sub-optimal exercise assumption is not applicable to the FSP since the exercise is assumed to occur on vesting date.

The Group recognised total expenses of R27,1 million (2019: R30,3 million) relating to this share scheme during the year.

On 1 September 2017, 864 000 cash settled options were awarded to Mr. HJ Laas. Refer to the remuneration report of financial year 2017 for more detail.
On 1 September 2019, a further 150 000 cash settled options were awarded to Mr. HJ Laas. Refer to the remuneration report of financial year 2020 for more detail.

An amount of R1,7 million has been recognised relating to the above award. The cash settled liability balance as at 30 June 2020 is R2,1 million.

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 stated capital by black executives.

At 30 June 2020, the Vulindlela Trust held 10 624 366 (2019: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 098 588 (2019: 5 452 905) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the Vulindlela 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 2021 provided that the prevailing market value exceeds the adjusted amount due in respect of those shares, the black executives may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such election, the black executives will be required to make a contribution to the Vulindlela Trust in order to settle the outstanding loan amount. Should the value of the shares be less than the outstanding loan amount, the Vulindlela Trust must return the shares to the company and the loan will be cancelled.

The details of the movement in the outstanding shares granted by the Vulindlela Trust during the year ended 30 June 2020 were as follows:

Schemes implemented			**Outstanding shares at 30 June 2019**	**Granted/ Reinstated during the year**	**Surrendered during the year**	**Exercised during the year**	**Outstanding shares at 30 June 2020**	**Allocation price per share**	**Weighted average share price on exercise (cents)**
02 March 2006	Standard	1,2	166 079	-	-	-	166 079	2 353	
27 June 2006	Standard	1,2	1 167	-	-	-	1 167	2 431	
28 August 2006	Standard	1,2	40 667	-	-	-	40 667	3 002	
06 March 2007	Standard	1,2	401 410	-	-	-	401 410	5 200	
25 June 2007	Standard	1,2	56 147	-	-	-	56 147	6 619	
26 February 2008	Standard	1,2	90 145	-	-	-	90 145	9 201	
28 August 2008	Standard	1,2	35 886	-	-	-	35 886	9 508	
25 August 2009	Standard	1,2	365 029	-	(6 500)	-	358 529	4 774	
24 August 2010	Standard	1,2	368 952	-	(5 700)	-	363 252	4 102	
20 April 2011	Hurdle	1,2,3	84 017	-	-	-	84 017	2 516	
30 August 2011	Standard	1,2	493 956	-	-	-	493 956	2 770	
15 March 2012	Rights offer	1	142 292	-	-	-	142 292	-	1 134
28 November 2012	Standard	1,2	304 103	-	-	-	304 103	2 195	
28 August 2013	Standard	1,2	304 929	-	(506)	-	304 423	2 463	
01 September 2014	Standard	1,2	598 941	-	(13 316)	-	585 625	2 449	
15 September 2015	Standard	1,2	943 824	-	(102 308)	-	841 516	1 254	
02 November 2016	Standard	1,2	1 055 361	-	(225 987)	-	829 374	1 053	
			5 452 905	**-**	**(354 317)**	**-**	**5 098 588**		

Notes:
1. *The shares can only be exercised after 5 years from date of allocation.*
2. *Shares are forfeited if the employee leaves the Group before the shares vest.*
3. *For the 20 April 2011 scheme the hurdle rate is CPI + 4% per annum compound growth on allocation price.*

Notes to the annual financial statements

12. SHARE INCENTIVE SCHEMES (continued)

12.2. EQUITY-SETTLED SHARE INCENTIVE SCHEME - LETSEMA VULINDLELA BLACK EXECUTIVES TRUST (continued)

The estimated fair values of the shares granted were determined using the following valuation methodologies:

Standard scheme	Monte Carlo Model
Hurdle scheme	Binomial Lattice Model

Schemes implemented	Allocation price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of shares granted per share (cents)
02 March 2006	2 353	35,8%	31 December 2021	7,2%	2,7%	1 253
27 June 2006	2 431	35,8%	31 December 2021	8,7%	2,3%	1 395
28 August 2006	3 002	29,0%	31 December 2021	8,9%	2,0%	1 621
06 March 2007	5 200	29,0%	31 December 2021	8,0%	2,0%	2 590
25 June 2007	6 619	29,0%	31 December 2021	8,9%	2,0%	3 588
26 February 2008	9 201	31,2%	31 December 2021	9,6%	2,5%	4 209
28 August 2008	9 508	32,7%	31 December 2021	9,6%	5,0%	4 772
25 August 2009	4 774	40,3%	31 December 2021	8,2%	5,0%	2 133
24 August 2010	4 102	41,9%	31 December 2021	7,1%	4,9%	1 798
20 April 2011	2 516	42,4%	31 December 2021	7,9%	4,9%	818
30 August 2011	2 770	41,8%	31 December 2021	5,8%	4,9%	1 163
28 November 2012	2 195	36,2%	31 December 2021	6,9%	5,0%	974
28 August 2013	2 463	37,1%	31 December 2021	8,5%	5,1%	1 215
01 September 2014	2 449	26,9%	31 December 2021	7,7%	4,3%	1 168
15 September 2015	1 254	30,0%	31 December 2021	8,1%	5,6%	506
02 November 2016	1 053	34,0%	31 December 2021	7,9%	0,0%	398

Expected volatility was determined using either the exponentially weighted or equally weighted moving average models (where appropriate) to calculate the historical volatility of the share price over the option lifetime.

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 R1,7 million (2019: R3,5 million) relating to these share options during the year.

Notes to the annual financial statements

13. TRANSLATION RESERVE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Foreign currency translation reserve		
At beginning of year	**955.5**	984.5
Foreign currency translation movements	**601.4**	(29.0)
	1 556.9	955.5

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 and reporting currency of the holding company.

14. OTHER CAPITAL RESERVES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Capital redemption reserve fund		
At beginning and end of year	**1.1**	1.1
Statutory reserve		
At beginning and end of year	**28.9**	28.9
Other non-distributable reserves		
At beginning of year	**(56.2)**	(56.2)
Reclassification to retained earnings	**-**	-
Reclassification between categories of equity	**-**	-
	(56.2)	(56.2)
Share-based payment reserve		
At beginning of year	**115.6**	116.3
Recognition of share-based payment	**28.8**	31.9
Transfer to retained earnings	**-**	(1.0)
Reclassification between categories of equity	**-**	-
Utilisation of reserve	**(33.1)**	(31.6)
	111.3	115.6
Retirement benefit obligation reserve		
At beginning of year	**(18.8)**	(15.9)
Effects of remeasurement on retirement benefit obligation	**(2.7)**	(2.9)
	(21.5)	(18.8)
	63.6	70.6

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 reserves include the fair value of the estimated consideration for acquiring the non-controlling interests in Ocean Flow International LLC from the non-controlling shareholder at the date of acquisition.

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments. The utilisation of the reserve in the current financial year reflects the value of the share-based payment reserve that was recognised in prior years relating to forfeitable shares that have vested in the current period.

The retirement benefit obligation reserve represents the remeasurement of the Group's retirement benefit obligation, recognised in terms of the amendments to IAS 19: *Employee Benefits.*

Notes to the annual financial statements

15. NON-CONTROLLING INTERESTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

The non-controlling interests comprise:

15.1. NON-CONTROLLING INTERESTS IN RESERVES

	2020	2019
At beginning of year	**34.1**	47.5
Share of attributable (loss)/profit	**(19.4)**	9.2
Impact of IFRS 15 adjustment	**-**	(24.2)
Dividends declared and paid	**(3.6)**	-
Foreign exchange and other movements	**(2.9)**	1.6
	8.2	34.1

16. SECURED LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Note	**2020**	2019
Liabilities of the Group are secured as follows: Loans secured over plant and machinery with a book value of R1 486,4 million (2019: R1 278,7 million). Loans secured over buildings with a book value of R89,7 million (2019: Rnil million). Loans secured over vehicles with a book value of R29,4 million (2019: R7,6 million). Loans secured over client receipts with a book value of R972,5 million (2019: Rnil million).Loans secured by 17% shareholding in the Group's interest in BCC (refer to note 6.1) with a carrying value of R416,6 million (2019: R487,5 million. Loans secured over client receipts are in respect of the joint venture contract in Mongolia in which Clough and RUC have a 30% share respectively.		**1 438.5**	1 534.6

Reflected in the statement of financial position under:

	Note	**2020**	2019
Long term loans	17	**600.0**	734.9
Leases^	17	**565.0**	392.5
Short term loans	23	**273.5**	407.2
		1 438.5	1 534.6

^ Leases in the prior year reflect capitalised finance leases that were secured whilst the current year includes all leases (including right-of-use asset leases), the secured element has been reflected above.

Notes to the annual financial statements

17. LONG TERM LOANS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

17.1. INTEREST BEARING SECURED LOANS

	Note	**2020**	2019
Payable			
Within 1 year		**273.5**	63.7
Within the 2nd year		**111.5**	127.3
Within 3 to 5 years		**438.7**	607.6
Payable after the 5th year		**49.8**	
		873.5	798.6
Less: Current portion	23	**(273.5)**	(63.7)
		600.0	734.9

17.2. INTEREST BEARING UNSECURED LOANS

	Note	**2020**	2019
Payable			
Within 1 year		**340.9**	88.8
Within the 2nd year		**-**	-
Within 3 to 5 years		**-**	-
		340.9	88.8
Less: Current portion	23	**(340.9)**	(88.8)
		-	-

17.3. NON-INTEREST BEARING UNSECURED LOANS

	Note	**2020**	2019
Payable			
Within 1 year		**-**	25.4
Less: Current portion	23	**-**	(25.4)
		-	-

17.4. LEASES

	Note	**2020**	2019
Minimum lease payments			
Within 1 year		**661.7**	375.3
Within the 2nd year		**520.2**	311.7
Within 3 to 5 years		**166.7**	89.7
		1 348.6	776.7
Less: Future finance charges		**(152.0)**	(40.7)
Present value of lease obligations		**1 196.6**	736.0

The present value of lease obligations can be analysed as follows:

	Note	**2020**	2019
Within 1 year		**598.7**	343.5
Within the 2nd year		**481.1**	306.1
Within 3 to 5 years		**116.8**	86.4
		1 196.6	736.0
Less: Current portion	23	**(598.7)**	(343.5)
		597.9	392.5
Total long term loans		**1 197.9**	1 127.4

The Group's South African current facilities range from on-demand to 365 day facilities and are supported by cross guarantees from local Group companies.

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 16. Details of the Group's interest rate risk management policies are set out in note 38.

Notes to the annual financial statements

18. RETIREMENT BENEFITS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

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 Fund Act No. 24 of 1956 (as amended).

18.1. DEFINED CONTRIBUTION PLAN - PENSION FUND

The Group is a participating employer of the Sanlam Umbrella Pension Fund.

The total cost to the Group in respect of the above fund for the year ended 30 June 2020 was R32,6 million (2019: R36,4 million).

18.2. 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.

	2020	2019
Present value of funded liability	**91.6**	72.6
Fair value of plan assets	**(78.1)**	(60.4)
Present value of unfunded liability	**13.5**	12.2
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**72.6**	71.2
Interest cost	**1.6**	1.8
Past service cost	**-**	0.1
Experience losses on defined benefit obligation	**1.8**	-
Gains from changes to demographic assumptions	**(0.8)**	-
Losses from changes to financial assumptions	**6.2**	5.8
Exchange differences on foreign plans	**14.8**	(0.8)
Benefits paid	**(4.6)**	(5.5)
	91.6	72.6
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**60.4**	58.5
Interest on assets	**1.3**	1.5
Return on plan assets less interest	**4.5**	3.0
Contributions from the employer	**4.0**	3.7
Exchange differences on foreign plans	**12.5**	(0.8)
Benefits paid	**(4.6)**	(5.5)
	78.1	60.4

Notes to the annual financial statements

18. RETIREMENT BENEFITS (continued)

18.2. DEFINED BENEFIT PLAN - PENSION SCHEME (continued)

	2020	2019
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Debt instrument	**76.4**	59.6
Cash	**1.7**	0.8
	78.1	60.4

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2020 by Barnett Waddingham LLC. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method.

	2020	2019
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Net interest cost	**0.3**	0.3
Past service cost	**-**	0.1
	0.3	0.4
Amounts recognised in other comprehensive income in respect of the defined benefit plan were as follows:		
Gain on scheme assets in excess of interest	**(4.5)**	(3.0)
Experience losses on defined benefit obligation	**1.8**	-
Gains from changes to demographic assumptions	**(0.8)**	-
Losses from changes to financial assumptions	**6.2**	5.8
	2.7	2.8
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**1.3%**	2.0%
Rate of increase in pension payments	**3.5%**	3.6%
Rate of increase in pensions in deferment	**2.5%**	2.6%
Rate of inflation	**3.3%**	3.4%

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 Scheme is subject to the Statutory Funding Objective under the Pension Act 2004. The actual return on plan assets net of interest was a profit of R4,5 million (2019: R3,0 million). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute R4,3 million to this defined benefit plan in 2021 (2020: R3,6 million).

	Approximate effect on liabilities R millions
Sensitivity analysis	
Adjustment to assumptions	
Discount rate - Plus 0,1% p.a.	**(0.9)**
Inflation – Less 0,1%	**(0.5)**
Mortality - Long term rate of mortality improvement of 0,25% p.a.	**0.7**

The schemes expose the Group to a number of risks:

Investment risk: The scheme holds investments in asset classes such as corporate bonds, which have volatile market values and while these assets are expected to provide the real return over long term, the short term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk: The scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme invests in a wide variety of assets, some of which are not high quality corporate bonds, the value for assets and liabilities may not move in the same way.

Inflation risk: A significant proportion of the benefits under the scheme are not linked to inflation. Although the scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

Mortality risk: In the event that members live longer than assumed, a deficit will emerge in the scheme.

Concentration risk: A significant proportion of the plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

Notes to the annual financial statements

19. LONG TERM PROVISIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
At beginning of year	**80.1**	125.7
Additional raised	**46.7**	7.9
Utilised during the year	**(5.5)**	(6.3)
Released during the year	**(35.3)**	(46.9)
Unwinding/interest	**-**	1.0
Foreign exchange movements	**12.1**	(1.3)
Transfer to current portion	**(7.1)**	-
	91.0	80.1
Long term provisions comprise the following categories:		
Payroll provisions	**65.8**	33.8
Onerous lease provisions	**-**	20.0
Warranty provisions	**-**	5.9
Other provisions	**25.2**	20.4
	91.0	80.1

2020	Payroll Provisions	Onerous lease provisions	Warranty provisions	Other provisions	Total
At beginning of year	**33.8**	**20.0**	**5.9**	**20.4**	**80.1**
Additional raised	**46.2**	**-**	**-**	**0.5**	**46.7**
Utilised during the year	**(5.5)**	**-**	**-**	**-**	**(5.5)**
Released during the year	**(14.1)**	**(21.2)**	**-**	**-**	**(35.3)**
Transfer to current portion	**-**	**-**	**(7.1)**	**-**	**(7.1)**
Foreign exchange movements	**5.4**	**1.2**	**1.2**	**4.3**	**12.1**
	65.8	**-**	**-**	**25.2**	**91.0**

2019	Payroll provisions	Onerous lease provisions	Warranty provisions	Other provisions	Total
At beginning of year	48.7	51.3	5.9	19.8	125.7
Additional raised	6.8	-	-	1.1	7.9
Utilised during the year	(6.3)	-	-	-	(6.3)
Released during the year	(15.2)	(31.7)	-	-	(46.9)
Unwinding/interest	-	1.0	-	-	1.0
Foreign exchange movements	(0.2)	(0.6)	-	(0.5)	(1.3)
	33.8	20.0	5.9	20.4	80.1

Payroll provisions – costs relating to employee incentives as well as statutory requirements in the Middle East, Australia and America region with regards to severance or restructuring payments.

Other provisions – relates to make good provisions on leased premises in terms of contractual agreement with the lessor.

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty regarding timing of these cash flows.

Notes to the annual financial statements

20. DEFERRED TAXATION

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

20.1. DEFERRED TAXATION ASSETS

	2020	2019
Inventory	**4.7**	3.0
Uncertified work and other construction temporary differences	**(123.4)**	(239.2)
Plant	**(232.6)**	(114.1)
Taxation losses	**626.1**	250.6
Receivables	**9.0**	8.4
Provisions and accruals	**240.2**	383.0
Advance payments received net of taxation allowances	**124.9**	177.1
Leases	**103.3**	-
Prepayments	**(8.2)**	(5.3)
Other	**(54.7)**	(41.8)
	689.3	421.7

Deferred taxation liabilities are offset against deferred taxation assets when there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxation asset and liabilities relate to income taxes levied by the same taxation authority.

20.2. RECONCILIATION OF DEFERRED TAXATION ASSETS

	2020	2019
At beginning of year	**421.7**	385.3
Credited to the statement of financial performance	**266.7**	33.5
Credited to the statement of financial performance in respect of discontinued operations	**-**	2.3
Foreign exchange movements	**0.9**	0.6
	689.3	421.7

20.3. DEFERRED TAXATION LIABILITIES

	2020	2019
Uncertified work and other construction temporary differences	**35.3**	74.9
Plant	**123.8**	95.2
Provisions and accruals	**(26.2)**	(55.2)
Advanced payments received net of taxation allowances	**(0.6)**	(7.0)
Fair value adjustments	**(3.4)**	-
Other	**(24.6)**	(33.5)
	104.3	74.4

Deferred taxation assets are offset against deferred taxation liabilities when there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxation asset and liabilities relate to income taxes levied by the same taxation authority.

20.4. RECONCILIATION OF DEFERRED TAXATION LIABILITIES

	2020	2019
At beginning of year	**74.4**	74.5
Charged/(credited) to the statement of financial performance	**129.6**	(13.1)
Deferred tax asset arising from joint operation^	**(35.5)**	-
IFRS 16 transition adjustment	**(27.9)**	-
Tax losses forfeited	**29.2**	-
Foreign exchange movements	**(68.2)**	13.0
Change in taxation rates	**2.7**	-
	104.3	74.4

^ This relates to a contractual change resulting in a share of assets and liabilities recognised for previously equity accounted investments. Refer to note 35.3 for further details.

20.5. UNUSED TAXATION LOSSES

The Group's results include a number of legal statutory entities which fall under a range of taxation jurisdictions. The deferred taxation assets cannot be offset against the deferred taxation liabilities as the Group will not be able to settle on a net basis.

At 30 June 2020, the Group has estimated unused taxation losses of R2 358 million (2019: R2 011 million) available for offset against future profits. Deferred taxation assets have been recognised in respect of R2 112 million (2019: R852 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R246 million (2019: R1 159 million) due to the unpredictability of future profit streams. The Group performed an assessment based on the current operations and developments including a three year forecast for the financial years 2021 to 2023 which supports the recognition of deferred taxation assets in the statutory entities. Tax losses in South Africa of R472 million have no expiry date. The remaining tax losses of R1 886 million have an expiry date of between one and six years.

20.6. WITHHOLDING TAX ON DIVIDENDS

The Group has available retained earnings in foreign subsidiary companies. Should such earnings be distributed to holding companies within the Group, the Group shall be liable to foreign withholding tax levied on dividends at the rate of between 0% and 15%. Should the subsidiaries declare all their retained earnings as dividends, the withholding tax payable is estimated to be R220 million (2019: R126 million).

Notes to the annual financial statements

21. SUBCONTRACTOR LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	2020	2019
Current subcontractor liabilities	**1 193.1**	1 074.5
	1 193.1	1 074.5

22. TRADE AND OTHER PAYABLES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019#
Trade payables	**968.1**	914.1
Amounts owing to joint arrangements and partners	**990.1**	744.0
Payroll accruals	**994.5**	752.6
Operating lease payables recognised on a straight-line basis	**-**	10.4
Accruals	**547.3**	791.7
Value Added Taxation payable	**112.1**	167.4
Onerous lease	**-**	13.4
Voluntary Rebuild Programme settlement liability	**21.3**	21.3
Other payables	**640.5**	994.5
	4 273.9	4 409.4

The carrying value of trade and other payables approximates their fair value due to the short term nature of these instruments.

Non-current payables includes an amount of R108 million (2019: R118 million) relating to the present value of the remaining Voluntary Rebuild Programme (VRP) settlement liability.

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

23. SHORT TERM LOANS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2020	2019
Current portion of long term loans:			
- Interest bearing secured	17	**273.5**	63.7
- Interest bearing unsecured	17	**340.9**	88.8
- Non-interest bearing unsecured	17	**-**	25.4
Current portion of leases	17	**598.7**	343.5
		1 213.1	521.4

24. PROVISIONS FOR OBLIGATIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
At beginning of year	**220.9**	232.7
Additional raised	**231.3**	167.4
Released during the year	**(29.5)**	(55.5)
Utilised during the year	**(213.1)**	(121.4)
Foreign exchange movements	**29.2**	(2.3)
	238.8	220.9
Provisions for obligations comprise the following categories:		
Payroll provisions	**238.8**	220.9

The payroll provision comprises of amounts owed to employees relating to discretionary bonuses and severance pay or restructuring obligations.

The provisions have been determined based on assessments and estimates by management.

25. REVENUE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019*
Construction contracts (over time)	**20 100.2**	19 158.4
Sale of goods (point in time)	**10.7**	17.5
Rendering of services (over time)	**420.1**	603.2
Properties (over time)	**3.3**	6.7
Other revenue (over time)	**303.4**	326.8
	20 837.7	20 112.6

** Restated for discontinued operations. Refer to note 30 for further details.*

Order book time distribution is as follows: (FY2021: R16,6 billion; FY2022: R12,9 billion; >FY2022: R24,7 billion)

Notes to the annual financial statements

26. (LOSS)/PROFIT BEFORE INTEREST AND TAXATION

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

The items below comprise of continuing operations only.

(Loss)/profit before interest and taxation for the year is arrived at after taking into account:

	Notes	**2020**	2019*
Items by nature			
Investment income other than interest:			
Fair value gain on associate at fair value through profit or loss	6	**119.4**	309.1
Income from subleasing land and buildings		**36.1**	110.0
Amortisation of intangible assets		**(91.6)**	(58.8)
Auditors' remuneration:			
Fees for audits		**(46.3)**	(35.6)
Other services		**(6.2)**	(3.5)
Expenses		**(0.2)**	(0.1)
Compensation income from insurance		**5.6**	2.8
Depreciation:			
Land and buildings	2	**(168.0)**	(20.2)
Plant and machinery	2	**(569.4)**	(386.5)
Other equipment	2	**(21.6)**	(11.7)
Employee benefit expense:			
Salaries and wages		**(11 478.6)**	(10 485.1)
Share option expense	12	**(1.7)**	(3.5)
Forfeitable Share Plan expense	12	**(27.1)**	(28.2)
Forfeitable Share Plan income	12	**1.7**	(2.1)
Pension and provident costs - defined contribution plans	18	**(32.6)**	(36.4)
Fees paid for:			
Managerial services		**(14.1)**	(21.3)
Technical services		**(5.4)**	(5.5)
Administrative services		**(4.7)**	(4.6)
Secretarial services		**(0.8)**	(1.0)
Other		**(49.2)**	(4.7)
Impairment charges:			
Inventory		**(76.0)**	(10.8)
Trade and other receivables		**(5.2)**	(8.5)
Contract receivables		**(46.2)**	(20.7)
Uncertified revenue		**(45.7)**	
Reversal of impairment loss recognised on trade and contract receivables		**8.7**	0.1
Reversal of impairment loss recognised on inventory		**10.8**	-
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**48.6**	28.5
Loss on disposal of property, plant and equipment		**(0.7)**	(0.8)
Foreign exchange gains		**82.3**	11.8
Foreign exchange losses		**(26.3)**	(8.4)
Impairment loss recognised on:			
Goodwill	3	**(62.5)**	-
Plant & machinery	2	**(11.7)**	-
Lease costs:			
Land and buildings		**(73.6)**	(244.7)
Other		**(11.8)**	(19.2)
Lease costs can be analysed as follows:			
Expense relating to short-term leases		**(22.2)**	-
Expense relating to leases of low-value assets		**(10.5)**	-
Expense relating to variable lease payments not included in the measurement of lease liabilities		**(52.7)**	-

** Restated for discontinued operations. Refer to note 30 for further details.*

Notes to the annual financial statements

26. (LOSS)/PROFIT BEFORE INTEREST AND TAXATION (continued)

	2020	2019*
Computer expenses:		
Software costs	**(143.0)**	(139.7)
Consultation fees	**(55.7)**	(62.7)
Other	**(80.6)**	(95.3)
Direct costs:		
Materials	**(5 903.8)**	(6 124.7)
Subcontractor costs	**(555.3)**	(692.9)
Items by function		
Cost of sales`	**(18 556.8)**	(17 655.1)
Distribution and marketing costs	**(22.2)**	(15.1)
Administration costs	**(2 639.7)**	(2 103.6)
Other operating income	**364.1**	507.9

`Cost of sales include R13,5 million (2019: R13,7 million) relating to the cost of inventories sold during the year.

** Restated for discontinued operations. Refer to note 30 for further details.*

27. INTEREST EXPENSE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Bank overdrafts	**97.5**	**55.6**
Present value expense	**11.5**	**11.8**
Leases	**101.6**	**11.2**
Loans and other liabilities	**90.8**	**46.9**
	301.4	**125.5**

28. INTEREST INCOME

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019*
Bank balances and cash	**66.3**	65.9
Leases	**6.0**	-
Unlisted loan investment and other receivables	**8.0**	4.0
	80.3	69.9

** Restated for discontinued operations. Refer to note 30 for further details.*

29. TAXATION EXPENSE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Major components of the taxation expense		
South African taxation		
Normal taxation - current year	**3.1**	1.1
Deferred taxation - current year	**(34.4)**	73.2
Deferred taxation - prior year	**-**	1.7
Foreign taxation		
Normal income taxation and withholding taxation - current year	**313.3**	342.4
Normal income taxation and withholding taxation - prior year	**(31.5)**	-
Deferred taxation - current year	**(99.7)**	(105.3)
Deferred taxation - prior year	**(0.3)**	(16.2)
	150.5	296.9

South African income tax is calculated at 28% (2019: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the annual financial statements

29. TAXATION EXPENSE (continued)

RECONCILIATION OF THE STANDARD RATE OF TAXATION TO THE EFFECTIVE RATE OF TAXATION

	2020	2019
	%	%
South African standard rate of taxation	**28.0**	28.0
Increase in rate of taxation due to:		
Corporate activities	**(5.6)**	3.0
Share incentive scheme costs	**(3.1)**	-
Goodwill and capital losses	**(9.5)**	-
JSE Listing costs	**(1.4)**	1.2
Penalty costs	**(1.3)**	-
Investment costs	**(2.1)**	-
Non-deductible expenditure	**(3.9)**	-
Preference shares	**(4.0)**	0.7
Fair value gains	**(11.4)**	-
Taxation on foreign companies	**(27.4)**	1.5
Current year's losses not recognised	**(34.2)**	5.1
Foreign withholding taxation	**(43.9)**	14.9
	(119.8)	54.4
Reduction in rate of taxation due to:		
Dividends received	**25.7**	(0.3)
IFRS 16 accounting adjustments	**5.0**	**-**
Joint venture accounting adjustments	**8.8**	
Share incentive scheme costs	**-**	(0.1)
Fair value gains	**-**	(11.3)
Other taxation allowances and incentives	**2.2**	(1.8)
Taxation losses utilised	**0.7**	(1.4)
Taxation on foreign companies	**0.8**	-
Prior year adjustments	**13.4**	(2.0)
Effective rate of taxation	**(63.2)**	37.5

The South African standard rate of taxation has been used as the starting point for the tax rate reconciliation as the company is domiciled in South Africa.

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

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

30.1. PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS

Discontinued operations includes the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation. The results and cash flows of the disposal group have met the requirements in terms of IFRS 5 and have hence been presented as discontinued operations in the current period and all comparative periods have been restated.

The profit/(loss) from the discontinued operations is analysed as follows:

Revenue		
Construction contracts	**182.1**	122.5
Properties	**-**	23.3
	182.1	145.8
Profit/(loss) after taxation for the year is analysed as follows:		
Profit/(loss) before interest, depreciation and amortisation	**18.8**	(145.7)
Depreciation and amortisation	**-**	-
Profit/(loss) before interest and taxation	**18.8**	(145.7)
Interest expense	**(1.5)**	(4.8)
Interest income	**5.1**	4.2
Profit/(loss) before taxation	**22.4**	(146.3)
Taxation (expense)/credit	**(6.8)**	2.4
Profit/(loss) after taxation	**15.6**	(143.9)
Expense from equity accounted investments	**-**	-
Profit/(loss) from discontinued operations	**15.6**	(143.9)
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**31.8**	(142.7)
Non-controlling interests	**(16.2)**	(1.2)
	15.6	(143.9)

Notes to the annual financial statements

30. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

30.1. PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS (continued)

	Notes	2020	2019
Cash flows from discontinued operations			
Cash flows from operating activities		**(429.0)**	(243.5)
Cash flows from investing activities		**20.9**	1.4
Cash flows from financing activities		**-**	(0.4)
Net decrease in cash and cash equivalents		**(408.1)**	(242.5)

(Profit)/loss before interest and taxation is arrived at after taking into account:

	2020	2019
Items by nature		
Auditors' remuneration:		
Fees for audits	**(2.3)**	(2.5)
Employee benefit expense:		
Salaries and wages	**(35.4)**	(30.9)
Fees paid for:		
Managerial services	**(2.1)**	-
Administrative services	**(2.2)**	(2.5)
Other	**-**	(1.9)
Impairment loss:		
Trade and other receivables	**(6.8)**	-
Non-current receivables	**(102.0)**	-
Reversal of impairment loss on trade and contract receivables	**-**	0.2
Loss on sale of assets held for sale	**-**	(6.0)
Foreign exchange gains	**192.0**	16.4
Foreign exchange losses	**-**	(1.1)
Lease costs:		
Land and buildings	**(1.0)**	(0.9)
Other	**(0.2)**	(0.2)
Lease costs can be analysed as follows:		
Expense relating to short-term leases	**(1.2)**	-
Items by function		
Cost of sales`	**(192.4)**	(227.3)
Distribution and marketing costs	**-**	-
Administration costs	**(163.5)**	(80.6)
Other operating income	**192.6**	16.4

`Cost of sales includes Rnil million (2019: Rnil million) relating to the cost of inventories sold during the year.

Notes to the annual financial statements

30. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

30.2. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets held for sale in the prior financial year related to property in Botswana that was disposed of at net book value in the current financial year.

	2020	2019
Major classes of assets classified as assets held for sale		
Property, plant and equipment	**-**	1.8
Investment property	**-**	19.4
Inventories	**-**	-
	-	21.2

Refer to Annexure 3 for a segmental analysis of assets classified as held for sale.

31. (LOSS)/EARNINGS PER SHARE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2020**	2019
31.1 WEIGHTED AVERAGE NUMBER OF SHARES		
Number of shares ('000)		
Weighted average number of shares in issue	**444 736**	444 736
Less: Weighted average number of shares held by the Murray & Roberts Trust	**-**	-
Less: Weighted average number of shares held by Letsema BBBEE trusts	**(31 696)**	(31 696)
Less: Weighted average number of shares held by subsidiary companies	**(15 785)**	(13 697)
Less: Weighted average number of shares bought back	**-**	(1 867)
	397 255	397 476
*Add: Dilutive adjustment^*	**5 725**	8 485
Weighted average number of shares in issue used in the determination of diluted per share figures	**402 980**	405 961

^The options are considered anti-dilutive for the current financial year as the options increase the Group's loss per share.

Notes to the annual financial statements

31. (LOSS)/EARNINGS PER SHARE (continued)

31.2 (LOSS)/EARNINGS PER SHARE

	2020	2019*
Reconciliation of (loss)/earnings		
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(351.6)**	336.9
Adjustments for discontinued operations		
(Profit)/loss from discontinued operations	**(15.6)**	143.9
Non-controlling interests	**(16.2)**	(1.2)
(Loss)/earnings for the purpose of basic and diluted earnings per share from continuing operations	**(383.4)**	479.6

	2020	2019*
(Loss)earnings per share from continuing and discontinued operations (cents)		
- Diluted	**(89)**	83
- Basic	**(89)**	85
(Loss)/earnings per share from continuing operations (cents)		
- Diluted	**(97)**	118
- Basic	**(97)**	121
Earnings/(loss) per share from discontinued operations (cents)		
- Diluted	**8**	(35)
- Basic	**8**	(36)

31.3 HEADLINE (LOSS)/EARNINGS

		2020		2019*	
Reconciliation of headline (loss)/earnings	**Note**	**Gross pre-tax & non-controlling interests**	**Net**	Gross pre-tax & non-controlling interests	Net
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited		**(194.3)**	**(351.6)**	631.4	336.9
Profit on disposal of property, plant and equipment +	26	**(48.6)**	**(36.9)**	(28.5)	(20.2)
Loss on disposal of property, plant and equipment +	26	**0.7**	**0.5**	0.8	0.6
Impairment of property, plant and equipment	2	**11.7**	**8.7**	-	-
Impairment of goodwill	3	**62.5**	**62.5**	-	-
Headline (loss)/earnings		**(168.0)**	**(316.8)**	603.7	317.3
Adjustments for discontinued operations:					
(Profit)/loss from discontinued operations		**(22.4)**	**(31.8)**	146.3	142.7
Headline (loss)/earnings from continuing operations		**(190.4)**	**(348.6)**	750.0	460.0

+ In previous periods, amounts disclosed net, current period reflects gross movements.

	2020	2019*
Headline (loss)/earnings per share from continuing and discontinued operations (cents)		
- Diluted	**(80)**	78
- Basic	**(80)**	80
Headline (loss)/earnings per share from continuing operations (cents)		
- Diluted	**(88)**	114
- Basic	**(88)**	116

** Restated for discontinued operations. Refer to note 30 for further details.*

Notes to the annual financial statements

32. CASH GENERATED FROM OPERATIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	2020	2019
Profit before interest and taxation		**1.9**	701.0
Adjustments for non-cash items:			
Amortisation of intangible assets	4	**91.6**	58.8
Depreciation	2	**759.0**	418.4
Fair value gain on investments at fair value through profit or loss	6	**(119.4)**	(309.1)
Long term provisions raised and released		**11.4**	(44.3)
Provisions for obligations raised and released		**201.8**	(9.5)
Profit on disposal of property, plant and equipment+		**(48.6)**	(28.5)
Loss on disposal of property, plant and equipment+		**0.7**	0.8
Loss on disposal of assets held for sale	30	**-**	6.0
Share-based payment expense		**27.1**	33.8
Impairment of assets		**356.1**	40.0
Reversal of impairment of assets		**(19.5)**	(0.3)
Profit on sale of investment in associate		**-**	-
Foreign exchange and other non-cash items		**(407.2)**	23.0
Changes in working capital		**(907.4)**	673.2
Inventories		**(88.2)**	(47.7)
Trade and other receivables		**(50.0)**	(586.0)
Contracts-in-progress and contract receivables		**(985.2)**	(168.0)
Trade and other payables		**(626.0)**	481.9
Subcontractor liabilities and amounts due to contract customers		**842.0**	993.0
		(52.5)	1 563.3

+ *In previous periods, amounts disclosed net, current period reflects gross movements.*

NET DEBT RECONCILIATION

	Net cash and cash equivalents	Borrowings (including leases)	Total
Net debt at 1 July 2018	**2 353.4**	**(442.9)**	**1 910.5**
Total increase in cash and cash equivalents	1 150.3	-	1 150.3
Loans raised	-	(876.7)	(876.7)
Loans repaid	-	161.9	161.9
Leases repaid	-	165.1	165.1
Leases raised (non-cash)	-	(674.1)	(674.1)
Foreign exchange movements	(84.2)	17.9	(66.3)
Net debt at 30 June 2019	**3 419.5**	**(1 648.8)**	**1 770.7**
Total decrease in cash and cash equivalents	(1 630.2)	-	(1 630.2)
Loans raised	-	(698.9)	(698.9)
Loans repaid	-	665.0	665.0
Leases repaid	-	719.0	719.0
Leases raised (non-cash)	-	(938.2)	(938.2)
Adjustments relating to net investment in lease	-	(133.7)	(133.7)
Foreign exchange movements	514.7	(292.8)	221.9
Other	-	(82.6)	(82.6)
Net debt at 30 June 2020	**2 304.0**	**(2 411.0)**	**(107.0)**

33. TAXATION PAID

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Taxation unpaid/(receivable) at beginning of year	**(121.0)**	11.1
Foreign exchange movements	**(12.4)**	5.4
Current tax arising from joint operation^	**(5.0)**	-
IFRIC 23 transition adjustment	**(33.0)**	
Tax losses forfeited	**29.0**	-
Taxation charged to the statement of financial performance excluding deferred taxation	**(291.7)**	(343.5)
Taxation unpaid at end of year	**170.1**	121.0
	(264.0)	(206.0)
Taxation unpaid at end of year comprises:		
Current taxation assets	**(20.9)**	(13.9)
Current taxation liabilities	**191.0**	134.9
	170.1	121.0

^This relates to a contractual change resulting in a share of assets and liabilities recognised for previously equity accounted investments. Refer to note 35.3 for further details.

Notes to the annual financial statements

34. ACQUISITION OF BUSINESSES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

2020

34.1. ACQUISITION OF OPTIPOWER PROJECTS

On 1 September 2019, the Power, Industrial & Water platform acquired OptiPower Projects, whose capabilities are largely in the construction of MV and HV power lines, construction of MV and HV substations and construction of overhead and underground fibre optic networks, for a consideration of R38 million.

The acquisition of OptiPower Projects has given the Power, Industrial & Water platform the capability to undertake work in the transmission, distribution and substation subsectors of the power market. This transaction was structured through an acquisition of assets.

Management is in the process of finalising the at acquisition accounting in the current financial year and this has resulted in the revision of accounting positions at acquisition. Changes in net asset value related to remeasurements of contract positions that existed at acquisition date, which directly impacted the loan receivable, derived from the working capital position. Contingent consideration was assessed as relating to benefits accruing to the combined entity post acquisition. A provision for these benefits has been included in payroll provisions (refer to note 19).

The net cash outflow arising from the acquisition was R38 million.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value	Measurement period adjustment	Adjusted fair value
Plant and equipment	**38.1**	**-**	**38.1**
(Amounts due to contract customers)/ Work-in-progress/Inventories	**(26.9)**	**(11.6)**	**(38.5)**
Loan receivable	**48.5**	**10.4**	**58.9**
Long-term liabilities	**(0.8)**	**0.6**	**(0.2)**
Trade and other payables	**(20.4)**	**-**	**(20.4)**
Contingent consideration	**(36.8)**	**36.8**	**-**
Net identifiable assets acquired	**1.7**	**36.2**	**37.9**
Add: Goodwill	**36.2**	**(36.2)**	**-**
Net outflow on acquisition of business	**37.9**	**-**	**37.9**

The amounts above have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

In the ten months to 30 June 2020, the acquiree contributed revenue of R311 million and a profit of R21 million to the Group's results. If the acquisition had occurred on the 01 July 2019, management estimates that the consolidated revenue would have been an additional R62 million and the consolidated profit for the year would have been an additional Rnil million.

Notes to the annual financial statements

34. ACQUISITION OF BUSINESSES (continued)

34.2. ACQUISITION OF GULF COAST DIVISION

2019

On 15 February 2019, Clough USA Inc., which forms part of the Energy, Resources & Infrastructure platform, acquired the business of Saulsbury Industries Inc., Gulf Coast division for a consideration of R79 million.

The assets and liabilities recognised as a result of the acquisition were measured on a provisional basis at 30 June 2019.

In accordance with the asset purchase agreement, additional consideration of up to approximately R42,3 million may have been payable to Saulsbury Industries Inc., subject to the successful award of a significant contract within the US to Clough USA Inc. R38,6 million of this amount was recognised as contingent consideration at 30 June 2019.

With respect to the above mentioned contingent consideration, in August 2019, Clough US Inc. was awarded a petrochemical engineering, procurement and construction contract (EPC) in the US, valued at $620 million. Clough received the full notice to proceed with the Next Wave EPC project in mid-November 2019.

During the due diligence review and finalisation of accounting in the current financial year, certain project positions on selected contracts resulted in the revision of accounting positions at acquisition. The positions on these projects was as a result of facts and circumstances that existed at acquisition date and have therefore resulted in a measurement period adjustment. The measurement period adjustment has resulted in a restatement of the prior financial year statement of financial position.

Goodwill is attributable to the establishment of the EPC business in North America, which is expected to become the Energy, Resources & Infrastructure platform's largest international market. Project opportunities such as the Next Wave project, and other project opportunities for midstream pipelines and gas compression, processing, treatment and hook-up & commissioning are strong and growing.

The adjustment to the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value	Measurement period adjustment	Adjusted fair value
Plant and equipment	1.9	-	1.9
Intangible assets – Customer relationships	56.0	(8.8)	47.2
Trade and other receivables	0.3	-	0.3
(Amounts due to contract customers)/ Work-in-progress/Inventories	(11.2)	18.6	7.4
Trade and other payables	(1.4)	(52.2)	(53.6)
Contingent consideration	(38.6)	-	(38.6)
Net identifiable assets/(liabilities) acquired	7.0	(42.4)	(35.4)
Add: Goodwill	71.9	42.4	114.3
Net outflow on acquisition of business	78.9	-	78.9

Notes to the annual financial statements

35. JOINT ARRANGEMENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

A proportion of the Group's operations are performed through joint arrangements. The Group operates through two types of joint arrangements:

35.1. Joint ventures

These are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

35.1.1. Details of joint ventures

	Nature of activities	**Principal place of business and country of incorporation**	**2020 % Shareholding**	2019 % Shareholding
The Group has the following joint venture entities				
Forum SA Trading 284 Proprietary Limited	Property development	South Africa	**38.0**	38.0

35.1.2. Investment in joint venture

	2020	2019
At beginning of year	**111.4**	72.1
Derecognition of joint venture^	**(41.8)**	43.9
Share of post-acquisition profit/(loss)	**2.1**	(3.8)
Foreign exchange movements	**-**	(0.8)
	71.7	111.4

^ Refer to note 35.3 for further details.

The carrying value of the investments may be analysed as follows:		
Net asset value	**65.1**	109.0
Share of post-acquisition earnings	**6.6**	3.2
Foreign exchange movements	**-**	(0.8)
	71.7	111.4

35.1.3. Summarised financial information in respect of the Group's joint ventures

Non-current assets	**117.8**	113.5
Current assets	**0.5**	513.9
Total assets	**118.3**	627.4
Non-current liabilities	**98.3**	90.4
Current liabilities	**-**	481.3
Total liabilities	**98.3**	571.7
Net assets	**20.0**	55.7
Revenue	**-**	122.8

Notes to the annual financial statements

35. JOINT ARRANGEMENTS (continued)

35.2. Joint operations

These are joint arrangements where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement.

35.2.1. Details of significant joint operations

The Group has the following significant joint operations	Nature of activities	Principal place of business and country of incorporation	2020 % Shareholding	2019 % Shareholding
Bombela & Middle East				
Mafraq Hospital Joint Venture*#	Construction of hospital	United Arab Emirates	**30.0**	30.0
Murray & Roberts - Bahwan JV - Oman Marriot Hotel*#	Construction of hotel	Oman	**50.0**	50.0
Energy, Resources & Infrastructure				
Clough AMEC (Pty) Ltd#	Asset management services to the oil and gas sector	Australia	**50.0**	50.0
Clough DORIS Joint Venture#	Project management for Inpex's Ichthys development	Australia	**50.0**	50.0
Clough Suez Joint Venture#	ECI services, design and construction of treatment plant for Water Corporation	Australia	**50.0**	50.0
Salini Clough Joint Venture	Execution of the Snowy Hydroelectric Power Station Project (Snowy 2.0)	Australia	**35.0**	35.0
Acciona Clough Joint Venture	Completion of works for the Rail Formation North Package	Australia	**50.0**	50.0
Mining				
Boipelo Mining Contractors^	Coal mining	South Africa	**49.0**	49.0
Consorcio TNT Vial y Vivies – DSD Chile Ltda	EPC – Spence SGO project	Chile	**50.0**	-
Energy, Resources & Infrastructure and Mining				
GCR Mongolia LLC	Completion of underground project works at Oyu Tolgoi mine site	Mongolia	**60.0**	60.0

The criteria used to determine significant joint operations include contribution to revenue or the Group's share of obligations. A monetary threshold of R250 million has been used to determine significant joint operations for the current year.

**31 December year end.*
 # Threshold above not met but joint venture retained for comparative purposes.
^ Threshold not met in current year but joint operation reflected as the entity's operations are expected to increase going forward.

35.3. Contractual change resulting in share of assets and liabilities recognised for previously equity accounted investment

On 1 July 2019, the Group amended its 50% investment in Consorcio TNT Vial y Vivies DSD Chile Limitada from a joint venture to a joint operation to reflect an amendment in the joint venture agreement whereby the joint operators now have rights to assets and obligations for the liabilities of the arrangement.

The impact of the change from equity accounting to recognising the Group's share of the assets and liabilities of the joint operation at 1 July 2019 is as follows:

R millions	Fair value
Cash and cash equivalents	**86.7**
Trade and other receivables	**114.8**
Non-current receivables	**0.3**
Deferred taxation assets	**35.5**
Trade and other payables	**(212.0)**
Current taxation liabilities	**(5.0)**
Goodwill	**11.1**
Other intangible assets	**10.4**
Net identifiable assets acquired	**41.8**
Reduction in the investment in joint venture	**(41.8)**

Notes to the annual financial statements

36. CONTINGENT LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

As a contracting Group, Murray & Roberts is in the ordinary course of its business involved in various disputes, a number of which arise when operations and projects are closed out and finalised. Depending on the merits, disputes can translate into claims and legal proceedings, which Murray & Roberts always rigorously defends. Where Murray & Roberts, in consultation with its legal advisors and counsels, believes the claims are predicated on weak and/or spurious grounds, and Murray & Roberts has sound and strong defences, no provision is made for any such claim, and they are aggregated and disclosed as contingent liabilities. The Board does not believe that adverse decisions in any pending proceeding or claims against the Group will have a material adverse effect on the financial condition or future of the Group. The Group does not account for any potential contingent liabilities where a back-to-back arrangement exists with the clients or subcontractors and there is a legal right to offset (R1,5 billion).

	2020	2019
Contingent liabilities	**4 781.5**	3 489.7
Financial institution guarantees given to third parties	**7 970.3**	7 644.0
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to	**3 277.0**	2 995.4

Update on the Group's claims processes

Uncertified revenue as at the end of the financial year increased to R1,1 billion (FY2019: R0,7 billion). The Group remains confident that all revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

Grayston Temporary Works Collapse

Stakeholders are referred to the Group's interim results announcement released on SENS on 4 March 2020. All costs relating to this matter have been previously accounted for and no further financial impact is expected.

37. CAPITAL COMMITMENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2020**	2019
Approved by directors, contracted and not provided for in the statement of financial position	**355.2**	101.7
Approved by the directors, not yet contracted for	**1 835.8**	1 130.3
	2 191.0	1 232.0

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

38.1. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst 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 23 and equity attributable to owners of Murray & Roberts Holdings Limited, comprising issued reserves and retained earnings as disclosed.

The Board reviews the capital structure and as part of the review, considers the cost of capital and the risk associated with each class of capital. The Group's current liabilities range from on-demand to 365 day facilities and are supported by cross guarantees from group companies.

The Group has a target gearing ratio of 30% – 35% determined on the proportion of net debt to equity. The gearing ratio for the current financial year is 27% (excluding project specific asset based finance). The Group increased its utilisation of overdraft facilities for the current financial year to assist in meeting financing requirements and other commitments. The Group is actively monitoring and managing its debt usage.

The Group is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board.

The Group was able to fulfil most covenants across its various subsidiaries with respect to funding arrangements due to a strong balance sheet and liquidity position despite the COVID-19 impact. Early action was taken by management to preserve its financial position and there was no need to raise further facilities in the current year. The only covenant defaults noted in the Group were in RUC Cementation Mining Contractors (Pty) Ltd (part of the Mining Platform) which is secured by a parent guarantee from Murray & Roberts Australia (Pty) Ltd, which has access to sufficient resources to fund the 2 breaches should the need arise. The covenant certificates to be issued to the lenders are not due as yet and waivers have been obtained for the breaches. The details have been documented below:

The company did not fulfil HSBC Bank's EBITDA/Total Borrowings ratio due to operating losses and debt levels not meeting the terms of the principal lenders covenant requirements. Due to this breach of the covenant clause, HSBC Bank was contractually entitled to request the outstanding loan amount of AUD 10 million. The balance has been presented as a current liability as at 30 June 2020. The existing facility is up for renewal each year on the 5th September and is usually re-negotiated post year end. Management has taken action to reduce the debt balance and does not foresee requiring additional borrowings for capital investment.

The Company has breached its Interest Cover Ratio – EBITDA to Interest Expense covenant with EFIC. The EFIC outstanding loan balance is AUD10 million. Management is in the process of negotiation with this lender and taking action to reduce the level of borrowings in the joint venture. This will immediately reduce the Company's interest expense as the bank loan's incremental borrowing rate is 15%.

38.2. 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, accounts receivable and payable and interest bearing borrowings.

Categories of financial instruments

	Note	2020	2019#
Financial assets			
Financial assets at fair value through profit or loss (level 3)	6	**1 225.3**	1 433.9
Financial assets measured at amortised cost		**8 085.2**	7 733.5
Financial liabilities			
Financial liabilities measured at amortised cost		**7 207.7**	6 517.0

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

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

38.3. MARKET RISK

The Group operates in various countries and is exposed to the market risk evident in each specific country. The primary market risk identified relate to foreign currency fluctuations and interest rate fluctuations. The sensitivities relating to these market risks are detailed in notes 38.4 and 38.5.

38. FINANCIAL RISK MANAGEMENT (continued)

38.4. FOREIGN CURRENCY RISK MANAGEMENT

The Group has major operating entities in Australia, The Americas and Zambia and hence has an exposure to fluctuations in exchange rates. Although discontinued, the Group still has long standing open contract positions in the Middle East. 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 Australia, Canada, Europe, United Arab Emirates, United States of America and Zambia. The following table details the Group's major foreign currencies and the sensitivity of a 1% decrease in the Rand against the relevant currencies. A 1% increase in the Rand would have an inverse, proportionate impact. The sensitivity includes only foreign currency denominated monetary items and adjust 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**	
	2020	2019#	**2020**	2019#
Australian Dollar	**20.3**	26.3	**(8.9)**	(10.7)
Canadian Dollar	**11.2**	8.6	**(2.7)**	(4.4)
European Euro	**0.1**	0.7	**(2.6)**	(0.7)
UAE Dirham	**5.8**	2.6	**(6.2)**	(3.6)
US Dollar	**17.6**	13.6	**(5.3)**	(7.7)
Zambian Kwacha	**1.1**	1.0	**(0.1)**	(0.1)

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

The carrying amount of the significant financial assets are denominated in the following currencies (amounts shown are in Rand equivalent):

	2020	2019
Cash and cash equivalents		
Australian Dollar	**1 397.7**	1 840.3
Bahraini Dinar	**1.6**	1.3
Botswana Pula	**11.3**	2.5
British Pound	**49.7**	32.1
Canadian Dollar	**366.6**	81.8
Central African Franc	**-**	8.7
Chile Pesos	**90.2**	7.9
Columbian Pesos	**21.2**	-
Egyptian Pound	**-**	0.1
European Euro	**13.7**	62.5
Ghanaian New Cedi	**1.3**	21.5
Hong Kong Dollar	**5.8**	-
Indonesian Rupiah	**13.9**	24.5
Japanese Yen	**-**	6.8
Malaysian Ringgit	**1.8**	4.2
Mongolian Tugrik	**20.2**	35.4
Mozambican Metical	**0.8**	1.0
Omani Rial	**5.5**	20.2
Papua New Guinea Kina	**82.7**	11.9
Qatari Rial	**10.1**	1.3
Singapore Dollar	**9.3**	8.5
South African Rand	**133.8**	203.4
South Korean Won	**9.5**	7.5
Tanzanian Shilling	**0.2**	0.1
Thai Baht	**0.5**	0.2
UAE Dirham	**413.0**	181.0
US Dollar	**629.9**	791.6
West African Franc	**20.9**	-
Zambian Kwacha	**102.1**	98.3
Other	**2.0**	0.4
	3 415.3	3 455.0

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT (continued)

38.4. FOREIGN CURRENCY RISK MANAGEMENT (continued)

	2020	2019#
Trade and net contract receivables		
Australian Dollar	**634.2**	786.1
Botswana Pula	**1.7**	1.5
British Pound	**49.0**	49.7
Canadian Dollar	**750.6**	778.3
Chile Pesos	**31.6**	35.6
European Euro	**-**	3.3
Ghanaian New Cedi	**-**	0.3
Indonesian Rupiah	**80.6**	-
Mongolian Tugrik	**32.0**	134.7
Omani Rial	**39.7**	36.0
Papua New Guinea Kina	**3.6**	35.0
Qatari Rial	**6.0**	-
South African Rand	**320.1**	385.6
UAE Dirham	**166.4**	81.5
US Dollar	**1 132.9**	572.9
Zambian Kwacha	**5.5**	4.0
Other	**-**	0.1
Gross receivables	**3 253.9**	2 904.6
Present value and other adjustments	**(89.4)**	(53.3)
	3 164.5	2 851.3

 # Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are in Rand equivalent):

Bank overdrafts		
Botswana Pula	**-**	34.5
South African Rand	**883.0**	1.0
UAE Dirham	**228.3**	-
Other	**-**	-
	1 111.3	35.5

	2020	2019
Trade payables and subcontractor liabilities		
Australian Dollar	**711.9**	548.9
Bahraini Dinar	**0.5**	0.5
Botswana Pula	**16.0**	14.6
British Pound	**3.2**	12.4
Canadian Dollar	**191.8**	214.6
Chile Pesos	**30.9**	9.2
European Euro	**261.2**	65.9
Ghanaian New Cedi	**1.3**	-
Indonesian Rupiah	**1.5**	-
Malaysian Ringgit	**1.1**	0.2
Mongolian Tugrik	**54.0**	57.8
Omani Rial	**89.8**	52.7
Papua New Guinea Kina	**0.5**	28.2
Qatari Rial	**5.7**	0.6
South African Rand	**294.8**	328.6
South Korean Won	**-**	0.1
UAE Dirham	**395.9**	361.8
US Dollar	**94.9**	282.5
Zambian Kwacha	**5.1**	9.6
Other	**1.1**	0.4
Gross liabilities	**2 161.2**	1 988.6
Present value and other adjustments	**-**	-
	2 161.2	1 988.6

	2020	2019
Interest bearing liabilities		
Australian Dollar	**174.2**	446.9
Canadian Dollar	**82.9**	225.7
Mongolian Tugrik	**151.1**	-
South African Rand	**373.1**	463.1
US Dollar	**433.1**	487.7
	1 214.4	1 623.4
Non-interest bearing liabilities		
Australian Dollar	**-**	25.4
	-	25.4

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT (continued)

38.5. INTEREST RATE RISK MANAGEMENT

Interest rate sensitivity

The Group is exposed to interest rate risk through its global operations in different geographical regions whereby interest rates vary in response to prevailing market rates. Furthermore, the Group utilises various forms of financing including significant usage of variable interest rate debt which increases its exposure to interest rate risk. The Group manages the impact of adverse interest rate movements through the use of interest rate management hedges should the need arise. There has been no use of interest rate hedges in the previous 5 years, however, the group policy does make provision for this. Negotiation of borrowing facilities are managed through the Corporate Office in South Africa and through the platform financial executives for offshore entities. Interest rate management including debt servicing is optimised and reviewed continually.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative 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 is held constant throughout the reporting period in the case of instruments that have floating rates.

The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables were held constant. A positive number indicates an increase in profit and other equity (in Rands) as a consequence of change in interest rates. Based on the prime interest rates of the countries listed below:

	2020	2019
South Africa		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**(11.7)**	(3.0)
Australia		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**8.7**	9.4
United Arab Emirates		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**(2.0)**	0.1
Canada		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**2.8**	(1.4)
United States of America		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**1.8**	2.9
Zambia		
Basis points increase	**100.0**	100.0
Effect on profit or loss	**1.0**	1.0

38. FINANCIAL RISK MANAGEMENT (continued)

38.6. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of cash and cash equivalents, trade and other receivables (net of provisions) and contract receivables (net of provisions).

Credit quality

Cash and cash equivalents:
The Group only deposits its money with large reputable financial institutions.

Trade and other receivables:
Trade and other receivables consists mostly of amounts due from joint arrangement partners and vendor loans.

Amounts due from joint arrangement partners: The expected credit risk is considered low as the Group has a similar amount payable to joint arrangement partners (note 22). These loans are governed by joint arrangement agreements that set out the rights and obligations of each partner. Joint arrangement partners are subject to financial reviews before a partnership is entered into and the risk relating to the partner is constantly monitored to assess any risks as they arise.

Other receivables: Relates mostly to the rendering of services to the same customer base as described under contract receivables.

Amounts due from contract customers:

Over the last 5 financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R55 million per year on an average revenue of R21,9 billion and an average trade and contract receivables balance of R2 659 million.

The Group's client base, in terms of revenue contribution, consists mostly of large firms, which secures funding for projects before the project is awarded.

Each operating platform assesses the project risk (including credit risk) before a decision is made to tender. Higher risk projects are presented to the Group Risk Committee and the Group's Board to obtain approval to tender. Often approval will be granted subject to reducing the identified risk to an acceptable level. For clients where the credit risk is considered higher than normal, payment guarantees and/or property liens (Americas) would be obtained.

Certain projects (specifically in the mining sector) are lender financed and are indirectly controlled by such lenders. Lenders may, for example, include a requirement that a reputable contractor be used to execute the project or certain sections thereof. Lender financed projects reduce the overall credit risk on a project as the client would have been required to illustrate the financial viability of the project as well as the ability to repay the debt to the relevant financial institution, whilst being subject to debt covenants over the repayment period of the debt.

During the execution of projects, the work performed is certified and is therefore liquid and executable, which enables the Group to use the necessary commercial rights to its disposal to recover amounts receivable once they become due.

Receivables relating to uncertified claims and variations are not assessed for expected credit losses as they relate to rights and obligations within the scope of IFRS 15. The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable.

A contract asset reflects an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. In terms of IFRS 15, an entity shall assess a contract asset for impairment in accordance with IFRS 9. The impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

Where an arbitration occurs, the Group's experts assess and determine the recoverability of the amounts under dispute. This process involves assessing the customer's ability to settle the amount under dispute and takes into consideration any factors that may have a detrimental impact on the expected cash flows of that receivable. Factors such as the customer's financial position, the existing and expected future economic conditions that impact the sector the customer operates in, historical default events by the customer as well as any individual characteristics of the customer that are pertinent in assessing the probability of recovering the amounts due. The Group, therefore, does not expect any further credit losses when the arbitration process is concluded.

Included in trade receivables and amounts due from contract customers are amounts due from South African parastatals and government of Rnil million (2019: Rnil million) and Rnil million (2019: Rnil million) respectively. An impairment of R5,2 million (2019: R8,5 million) was recognised on trade receivables. An amount of Rnil million (2019: Rnil million) is considered to be past due, but not impaired.

The credit quality of this category of financial assets that are neither passed due nor impaired ("not passed due") are considered appropriate.

The Group applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year-end management believed that any material credit risk exposure was covered by credit guarantees or bad debt provisions.

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT (continued)

38.6. CREDIT RISK MANAGEMENT (continued)

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.

2020	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
Cash and cash equivalents	**477.8**	**52.2**	**1 111.9**	**1 737.6**	**35.8**	**3 415.3**
Trade and other receivables (net of provisions)	**173.8**	**48.3**	**85.6**	**1 168.0**	**47.8**	**1 523.5**
Contract receivables (net of provisions)	**212.0**	**56.2**	**1 784.1**	**1 086.3**	**-**	**3 138.6**
Non-current receivables	**-**	**-**	**-**	**5.8**	**-**	**5.8**
Total assets subject to credit risk	**863.6**	**156.7**	**2 981.6**	**3 997.7**	**83.6**	**8 083.2**
Assets not subject to credit risk	**1 899.4**	**860.3**	**4 387.4**	**2 785.3**	**883.4**	**10 815.8**
	2 763.0	**1 017.0**	**7 369.0**	**6 783.0**	**967.0**	**18 899.0**

2019	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure#	Corporate & Properties	Group
Cash and cash equivalents	239.2	55.1	903.3	2 157.7	99.7	3 455.0
Trade and other receivables (net of provisions)	166.6	80.3	97.2	1 114.6	210.0	1 668.7
Contract receivables (net of provisions)	128.7	97.6	1 891.0	705.4	-	2 822.7
Non-current receivables	-	-	-	8.0	99.8	107.8
Total assets subject to credit risk	534.5	233.0	2 891.5	3 985.7	409.5	8 054.2
Assets not subject to credit risk	2 180.0	578.9	3 604.5	1 610.5	320.0	8 293.9
	2 714.5	811.9	6 496.0	5 596.2	729.4	16 348.1

Financial assets subject to credit risk*

2020	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
Not past due	**685.5**	**67.6**	**2 184.1**	**3 890.0**	**37.5**	**6 864.7**
Past due	**178.1**	**103.3**	**868.4**	**112.0**	**46.1**	**1 307.9**
Provisions for impairments	**-**	**(14.2)**	**(70.9)**	**(4.3)**	**-**	**(89.4)**
	863.6	**156.7**	**2 981.6**	**3 997.7**	**83.6**	**8 083.2**

2019	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure#	Corporate & Properties	Group
Not past due	528.0	187.7	2 532.4	3 816.2	257.7	7 322.0
Past due	6.5	56.1	399.2	173.0	151.8	786.6
Provisions for impairments	-	(10.8)	(40.1)	(3.5)	-	(54.4)
	534.5	233.0	2 891.5	3 985.7	409.5	8 054.2

**Not past due relates to invoices not past the expected payment date for trade receivables, contract receivables and other receivables. Included in not past due is also cash and cash equivalents.*

[#] *Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.*

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT (continued)

38.6. CREDIT RISK MANAGEMENT (continued)

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but where the Group does not expect a credit loss or future impairment as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

Over the last 5 financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R55 million per year on an average revenue of R21,9 billion and an average trade and contract receivables balance of R2 659 million.

The age of receivables that are past due, but not impaired is:

	<Three months	Three to six months	Six to twelve months	>Twelve months	Total
2020					
Trade receivables	**7.3**	**-**	**8.4**	**0.2**	**15.9**
Contract receivables	**469.5**	**241.4**	**261.6**	**173.8**	**1 146.3**
Other receivables	**88.4**	**-**	**39.6**	**17.7**	**145.7**
	565.2	**241.4**	**309.6**	**191.7**	**1 307.9**

	<Three months	Three to six months	Six to twelve months	>Twelve months	Total
2019					
Trade receivables	2.7	0.7	5.0	1.6	10.0
Contract receivables	393.3	44.0	21.9	23.8	483.0
Other receivables	51.2	3.7	7.5	231.2	293.6
	447.2	48.4	34.4	256.6	786.6

Loss allowance per segment

The Group decided to apply the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year-end management believed that any material credit risk exposure was covered by credit guarantees or provisions for expected credit losses.

	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2020						
Trade receivables	**-**	**(2.0)**	**(0.6)**	**-**	**-**	**(2.6)**
Contract receivables	**-**	**(12.2)**	**(70.3)**	**(4.3)**	**-**	**(86.8)**
	-	**(14.2)**	**(70.9)**	**(4.3)**	**-**	**(89.4)**

	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2019						
Trade receivables	-	0.5	0.6	-	-	1.1
Contract receivables	-	10.3	39.5	3.5	-	53.3
	-	10.8	40.1	3.5	-	54.4

Reconciliation of loss allowance

	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2020						
Balance at beginning of year	**-**	**10.8**	**40.1**	**3.5**	**-**	**54.4**
Raised during the year	**-**	**5.3**	**42.3**	**-**	**-**	**47.6**
Utilised during the year	**-**	**-**	**(11.9)**	**-**	**-**	**(11.9)**
Released during the year	**-**	**(2.0)**	**(6.7)**	**-**	**-**	**(8.7)**
Foreign exchange movements	**-**	**0.1**	**7.1**	**0.8**	**-**	**8.0**
	-	**14.2**	**70.9**	**4.3**	**-**	**89.4**

	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2019						
Balance at beginning of year	-	2.9	12.9	10.1	-	25.9
Raised during the year	-	9.4	27.6	3.6	-	40.6
Utilised during the year	-	(1.4)	-	-	-	(1.4)
Released during the year	-	(0.1)	(0.4)	(10.6)	-	(11.1)
Foreign exchange movements	-	-	-	0.4	-	0.4
	-	10.8	40.1	3.5	-	54.4

Notes to the annual financial statements

38. FINANCIAL RISK MANAGEMENT (continued)

38.7. LIQUIDITY RISK MANAGEMENT

The ultimate responsibility for liquidity risk management rests with the Board of directors. The Group's liquidity risk management involves maintaining sufficient cash and available funding through borrowing facilities to meet obligations when due. Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents based on expected cash flows. Cash flow forecasts are compiled by each business unit in accordance with the requirements set by the Group.

Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below. Certain financial institution borrowing facilities restrict the movement of cash internationally between related group entities, before obtaining approval. The Group manages these restrictions by ensuring that the appropriate level of facilities are in place within different operating regions. During the 2020 financial year R145.3 million was transferred to Murray & Roberts Middle East.

Borrowing capacity

The Company's borrowing capacity is unlimited in terms of its memorandum of incorporation.

	2020	2019
Borrowing facilities		
Total borrowing facilities	**5 906.6**	5 633.9
Current utilisation	**(3 065.5)**	(1 850.7)
Borrowing facilities available	**2 841.1**	3 783.2

38.8. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

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

	Notes	**< One year**	**One to six years**	**Total**
2020				
Financial liabilities				
Bank overdrafts	10	**1 111.3**	**-**	**1 111.3**
Interest bearing liabilities	17	**587.7**	**608.5**	**1 196.2**
Non-interest bearing liabilities	17	**-**	**-**	**-**
Trade and other payables	22	**3 579.8**	**-**	**3 579.8**
Subcontractor liabilities	21	**1 193.1**	**-**	**1 193.1**
Non-current payables		**21.7**	**127.5**	**149.2**
Derivative financial instruments		**0.9**	**-**	**0.9**
2019				
Financial liabilities				
Bank overdrafts	10	35.5	-	35.5
Interest bearing liabilities	17	496.0	1 127.4	1 623.4
Non-interest bearing liabilities	17	25.4	-	25.4
Trade and other payables	22	3 633.6	-	3 633.6
Subcontractor liabilities	21	1 074.5	-	1 074.5
Non-current payables		-	181.0	181.0

Notes to the annual financial statements

39. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

39.1. IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 5), joint operations (note 35), retirement and other benefit plans (note 18) and with its directors, prescribed officers and key management personnel.
Refer to note 44 for detail of major shareholders.

39.2. 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.

No significant disclosable transactions with related parties other than Key management were entered into during the year.

39.3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interest of the directors in the stated capital of the Company is set out in the Directors' Report.

The key management personnel compensation, excluding the directors and prescribed officers are:

	2020	2019
Salaries	**18.4**	16.5
Retirement fund contributions	**1.7**	1.2
Allowances	**0.1**	0.1
Other benefits	**2.4**	0.3
Total guaranteed remuneration	**22.6**	18.1
Gain on forfeitable share awards	**1.2**	1.0
Performance related	**10.1**	8.9
	33.9	28.0

Executive directors

The remuneration of executive directors for the year ended 30 June 2020 was as follows:

	Total guaranteed remuneration R'000	**Performance related* R'000**	**Gain on Forfeitable Share Awards R'000**	**Other** R'000**	**Total R'000**
2020					
DF Grobler	**4 750**	**1 915**	**1 828**	**-**	**8 493**
HJ Laas	**7 380**	**4 243**	**6 529**	**392**	**18 544**
	12 130	**6 158**	**8 357**	**392**	**27 037**
2019					
DF Grobler	4 452	4 124	1 981	-	10 557
HJ Laas	6 996	8 640	8 035	101	23 772
	11 448	12 764	10 016	101	34 329

*Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2019: 30%) of the performance bonus was deferred into forfeitable share awards.

**Fringe benefit on company vehicle and deferred compensation.

Notes to the annual financial statements

39. RELATED PARTY TRANSACTIONS. DIRECTORS' EMOLUMENTS AND INTEREST (continued)

39.3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

The remuneration of executive directors and key management personnel is determined by the Remuneration and Human Resource Committee having regard to the performance of individuals and market trends.

Interests of the directors in the stated capital of the Company are set out in the Directors' Report.

Prescribed officers

2020	**Total guaranteed remuneration R'000**	**Leave payouts R'000**	**Performance related* R'000**	**Other** R'000**	**Gain on Forfeitable Share Awards R'000**	**Sign on STI and LTI R'000**	**Total R'000**
M Da Costa	**4 530**	**-**	**815**	**-**	**-**	**-**	**5 345**
S Harrison[1]	**3 589**	**-**	**-**	**-**	**1 824**	**-**	**5 413**
IW Henstock	**4 320**	**-**	**1 638**	**73**	**1 583**	**-**	**7 614**
T Mdluli	**3 400**	**-**	**904**	**-**	**1 260**	**-**	**5 564**

2019	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related* R'000	Other** R'000	Gain on Forfeitable Share Awards R'000	Sign on STI and LTI*** R'000	Total R'000
M Da Costa	3 942	-	3 625	-	-	2 800	10 367
O Fenn[2]	407	-	-	8	4 450	-	4 865
S Harrison	3 500	-	914	-	757	-	5 171
IW Henstock	4 100	-	3 139	73	2 118	-	9 430
T Mdluli	3 200	-	1 882	-	1 592	-	6 674

2020	**Total guaranteed remuneration AUD'000**	**Leave payouts AUD'000**	**Performance related* AUD'000**	**Other AUD'000**	**Gain on Forfeitable Share Awards AUD'000**	**Sign on STI and LTI AUD'000**	**Total AUD'000**
P Bennett	**955**	**-**	**-**	**-**	**22**	**-**	**977**

2019	Total guaranteed remuneration AUD'000	Leave payouts AUD'000	Performance related* AUD'000	Other AUD'000	Gain on Forfeitable Share Awards AUD'000	Sign on STI and LTI AUD'000	Total AUD'000
P Bennett	894	-	519	-	-	-	1 413

*Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2019: 30%) of the performance bonus was deferred into forfeitable share awards.

**Payment to purchase private life cover.

***Guaranteed amount in respect of September 2018 STI of R1,3 million and amount of R1,5 million in lieu of former employer LTIP/retention foregone.

[1] Guaranteed Remuneration decreased by 20% in June 2020 in line with Power, Industrial & Water platform employees.
[2] Retired on 31 July 2018.

Notes to the annual financial statements

39. RELATED PARTY TRANSACTIONS. DIRECTORS' EMOLUMENTS AND INTEREST (continued)

39.3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Non-executive directors

The level of fees for services as directors additional fees for services on the board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2020 excluding Independent Board fees was:

	Directors fees	**Non-attendance**	**Special Board**	**Committee fees**	**Lead Independent fee**	**Chairman's fee**	**Total 2020**	Total 2019
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	R'000
J Boggenpoel[1]	**85**	**-**	**168**	**71**	**-**	**-**	**324**	-
R Havenstein	**-**	**-**	**386**	**86**	**1 166**	**-**	**1 638**	1 482
SP Kana	**-**	**-**	**-**	**86**	**-**	**1 655**	**1 741**	1 568
NB Langa-Royds	**335**	**-**	**333**	**611**	**-**	**-**	**1 279**	1 085
AK Maditsi	**335**	**(11)**	**386**	**345**	**-**	**-**	**1 055**	904
TE Mashilwane[2]	**226**	**-**	**162**	**190**	**-**	**-**	**578**	783
B Mawasha[3]	**85**	**-**	**112**	**58**	**-**	**-**	**255**	-
DC Radley	**335**	**-**	**386**	**425**	**-**	**-**	**1 146**	1 083
XH Mkhwanazi[4]	**171**	**(63)**	**53**	**175**	**-**	**-**	**336**	873
C Raphiri[5]	**85**	**-**	**168**	**99**	**-**	**-**	**352**	-
	1 657	**(74)**	**2 154**	**2 146**	**1 166**	**1 655**	**8 704**	7 778
AUD'000								
KW Spence[6]	**68**	**(2)**	**69**	**29**	**-**	**-**	**164**	241

[1] Appointed on 1 April 2020.
[2] Resigned on 5 March 2020.
[3] Appointed on 5 March 2020.
[4] Deceased on 4 January 2020.
[5] Appointed on 5 March 2020.
[6] Resigned on 5 March 2020.

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 however excludes Independent Board fees.

Independent Board

	Committee fees	Committee fees
	2020 R'000	2019 R'000
R Havenstein	**159**	1 008
SP Kana	**159**	958
AK Maditsi	**78**	696
DC Radley	**78**	699
	474	3 361

Interest of the directors in the stated capital of the Company is set out in the Directors' Report.

Notes to the annual financial statements

39. RELATED PARTY TRANSACTIONS. DIRECTORS' EMOLUMENTS AND INTEREST (continued)

39.3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Share option and Letsema scheme: The movements in share options and Letsema shares of executive directors during the year ended 30 June 2020 are:

Prescribed officers

Grant date	Conditions	Outstanding options 1 July 2019	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2020	Expiry date
Mdluli, T - Letsema						
24 Aug 2010	Standard	11 500	41,02	-	**11 500**	31 Dec 2021
20 Apr 2011	Hurdle	10 000	25,16	-	**10 000**	31 Dec 2021
30 Aug 2011	Standard	25 500	27,70	-	**25 500**	31 Dec 2021
		47 000		-	**47 000**	

Cash Settled Conditional Rights

Name	Date	Opening balance	Number of rights allocated	Value at grant date	Number settled in the year	Number forfeited in the year	Closing balance
Laas, HJ	Sep 17	864 000	-	12 537	-	-	864 000
Laas, HJ	Sep 19	-	150 000	1 720	-	-	150 000

As reported in the FY2017 Remuneration report, Mr. Laas did not receive an award under the FSP as he has reached the individual limit in terms of the Plan rules. A cash-settled conditional rights award was made to him instead. This award will not result in a more favourable outcome compared to the FSP and the performance conditions mirror the FSP award made to other executives.
Mr Laas had again reached the individual limit in FY2020 and consequently a portion of his long term incentive was awarded as a cash-settled conditional rights award.

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2020 are:

	Balance at 1 July 2019	**Granted during the year**	**Vested**	**Forfeited**	**Balance at 30 June 2020**
Da Costa, M	**274 000**	434 500	-	-	**708 500**
Grobler, DF	**939 000**	580 000	(86 500)	(86 500)	**1 346 000**
Harrison, S	**724 000**	350 000	(124 000)	(124 000)	**826 000**
Henstock, IW	**291 000**	-	(145 500)	(145 500)	**-**
Laas, HJ	**1 613 000**	1 072 500	(421 250)	(421 250)	**1 843 000**
Mdluli, T	**494 000**	267 000	(80 750)	(80 750)	**599 500**

The movements in FSP-STI shares of directors during the year ended 30 June 2020 are:

	Balance at 1 July 2019	**Granted during the year**	**Vested**	**Forfeited**	**Balance at 30 June 2020**
Da Costa, M	-	87 993	-	-	**87 993**
Grobler, DF	**149 242**	100 098	(70 994)	-	**178 346**
Harrison, S	**83 849**	22 178	(37 985)	-	**68 042**
Laas, HJ	**310 326**	209 735	(155 674)	-	**364 387**
Mdluli, T	**60 074**	45 675	(30 471)	-	**75 278**

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

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. Normal retirement of executive directors and senior management is at age 63, however this is subject to specific legislation in the countries within which Murray & Roberts operates.

Notes to the annual financial statements

40. 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 is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries:

	% direct ownership	
	2020	2019
Murray & Roberts Abu Dhabi LLC#	**49**	49
Murray & Roberts Contractors (Middle East) LLC#	**49**	49
Murray & Roberts (Qatar) LLC#	**49**	49
Medupi Fabrication Proprietary Limited#	**49**	49
Kusile Fabrication Proprietary Limited#	**49**	49

These companies are no longer considered major subsidiaries but have been retained for comparative purposes.

41. EVENTS AFTER THE REPORTING PERIOD

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 2020 or the results of its operations or cash flows for the year then ended. Post the reporting period, notice to draw down on two guarantees (worth R745 million) for a completed project was issued by a client in the Middle East. Management's legal team is vigorously defending our position. In the unlikely event that the claim is successful, based on our current assessment of the status and likely outcome of the final account position, this will not have an income statement impact.

Notes to the annual financial statements

42. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

Revenue recognition and contract accounting

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- the determination of performance obligations
- the estimation of costs to completion and the determination of the percentage of completion;
- the estimation of contract profit margin;
- the estimation of onerous contract provisions;
- the recognition of penalties and claims on contracts; and
- the recoverability of under claims (contracts in progress) and uncertified revenue balances;
- the recognition of contract incentives.

Performance obligations
IFRS 15 provides guidance as to whether a construction contract or engineering service should be treated as one performance obligation or multiple performance obligations. If a construction contract had multiple sub-level performance obligations which are highly integrated with each other, the construction contract is considered a significant integrated service with one performance obligation. This requires judgment and each contract is assessed individually. In applying the IFRS 15 guidance most contracts are seen as single performance obligations for group purposes.

The estimation of costs to completion and the determination of the percentage of completion

The use of the input method (percentage of completion) requires the group to estimate the cost of construction and engineering services provided to date as a proportion of the total estimated cost of these services to be performed.

The use of the output method requires progress to be measured on a contract through direct measurement. The Group's engineers and quantity surveyors exercise their judgement in estimating progress based on performance on the contract or achievement of milestones.

Contract profit margin and onerous contract provisions

The total expected contract profit margin is dependent on the total estimated revenue and the total estimated cost. Where total estimated cost exceeds total estimated revenue, the unavoidable expected loss is provided as an onerous contract provision.

The recognition of penalties and claims on contracts

The recognition of penalties and claims on contracts requires significant estimation and judgment. The Group uses experts to assess the merits of claims for and against the Group, and to determine their quantum. Claims in favour of the group are only recognised to the extent that it is highly probable that the revenue will not reverse.

The recoverability of under claims (contracts in progress) and uncertified revenue balances

Revenue may only be recognised when it is highly probably that the revenue will not be reversed. Assessing whether under claims and uncertified revenue balances are recoverable involves significant judgement. The Group's experts, engineers and quantity surveyors are required to estimate the probability/likelihood of revenue being reversed, when recognising under claims and uncertified revenue balances.

The recognition of contract incentives (variable consideration)

It is common for the Group's contracts with customers to include contract incentives (variable considerations) based on certain industry-related KPIs, such as bonuses or penalties based on specifications, timeliness of completion or minimum targets. Any variable consideration contained in a contract is only recognised to the extent that the Group deems it highly probable that a significant reversal in the amount of revenue recognised will not occur. The estimate is based on all available information including historic performance. When it is not highly probable that the group can avoid contract penalties, then those penalties are deducted from the total estimated revenue in determining revenue.

The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable. A cumulative balance of R1,1 billion (FY2019: R0,7 billion), has been recognised in the statement of financial position (refer to note 8).

The level of revenue recognition on construction contracts, 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.

Notes to the annual financial statements

42. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Determining the type of joint arrangement

When a joint arrangement is within a separate legal entity, the Group performs further analysis on the underlying contractual agreements to determine whether the arrangement grants rights to assets and obligations for liabilities (joint operation), or grants rights to net assets (joint venture). The interpretation of contractual terms included in partner and project contracts with clients requires judgement. The joint arrangement partners' rights and obligations included in these agreements as well as whether the partners are jointly and severally liable to execute projects with third parties are key factors.

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 3.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. 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 18.

Recognition of deferred taxation assets

Deferred taxation is recognised for the carry forward of unused taxation losses and unused taxation credits to the extent that it is probable that future taxable profit will be available against which the unused taxation losses and unused taxation credits can be utilised. The assumptions and estimates made by management in raising these deferred taxation assets relate to the unpredictability of the geographical source of future profits and an evaluation of the level of taxation losses.

Notes to the annual financial statements

43. NEW STANDARDS AND INTERPRETATIONS

43.1. Application of new standards and amendments to International Financial Reporting Standards

43.1.1.Implementation of IFRS 16 (Leases)

IFRS 16 (Leases) requires lessees to account for all leases under a single statement of financial position model in a similar way to finance leases under IAS 17 (Leases).

The Group has elected to apply IFRS 16 (Leases) under the transitional provisions retrospectively, with the cumulative effect of initially applying the Standard being recognised at 1 July 2019, being the date of initial application.

The Group's leasing activities relate mainly to the rental of office space and other premises, equipment for project and contractual work and other equipment.

On adoption of IFRS 16 (Leases), the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17 (Leases). The lease liabilities are measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease where determinable and the incremental borrowing rate where the rate implicit in the lease is not easily determinable. A rate of between 3% and 16% was applied to lease liabilities of the Group. The right-of-use assets were measured on a lease-by-lease basis at either its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application or at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position as at 30 June 2019.

The right-of-use assets will thereafter be amortised over the lease term whilst the lease liabilities will unwind per the rate implicit in the lease or the incremental borrowing rate.

In applying IFRS 16 (Leases), the Group has used the following practical expedients permitted by the Standard:
- Short-term leases (lease term less than 12 months at commencement date) applied on a lease-by-lease basis
- Low valued assets (determined based on the nature of the assets) applied on a lease-by-lease basis
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review

Impact of adoption

The implementation of IFRS 16 (Leases) impacted the following items on the statement of financial position on 1 July 2019:

Financial Statement line item	Description	R millions
Property, plant and equipment	Right-of-use assets	**570.1**
Deferred taxation assets	Deferred taxation assets	**27.9**
Net investment in the lease	Net investment in the lease	**175.3**
Long-term loans	Lease liabilities	**(863.8)**
Total equity attributable to owners of Murray & Roberts Holdings Limited	Retained earnings	**90.5**

A reconciliation of the operating lease commitments disclosed at 30 June 2019 to the lease liabilities recognised on 1 July 2019 has been provided below:

	R millions
Operating lease commitments disclosed at 30 June 2019	**1 081.6**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**(83.3)**
Less: Short-term leases and low valued assets recognised on a straight-line basis as an expense	**(29.4)**
Less: Reassessment of contracts not deemed to be leases per IFRS 16 (Leases)	**(75.5)**
Less: Variable lease payments excluded from the measurement of the lease liability	**(127.4)**
Add: Reassessment of leases deemed to be leases per IFRS 16 not previously recognised	**97.8**
Lease liabilities recognised at 1 July 2019	**863.8**

Notes to the annual financial statements

43. NEW STANDARDS AND INTERPRETATIONS (continued)

43.1. Application of new standards and amendments to International Financial Reporting Standards (continued)

43.1.2.IFRIC 23 (Uncertainty over income tax treatments)

IFRIC 23 (Uncertainty over Income Tax Treatments) is deemed to have an impact on the Group for the year ended 30 June 2020.

Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), where there is uncertainty over income tax treatments under IAS 12 (Income Taxes).

The Interpretation requires the Group to:

- Use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together;
- Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so;
- Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities; and
- Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

Impact of adoption

The Group has elected under the transitional provisions to apply the Interpretation retrospectively, with the cumulative effect of initially applying the Interpretation being recognised at 1 July 2019, being the date of initial application.

The Group's initial application of the Interpretation resulted in the recognition of an additional tax provision totalling R33 million. The following financial statement line items were impacted at 1 July 2019:

Financial Statement line item	Description	R millions
Current taxation liabilities	Current taxation liabilities	**(33.0)**
Total equity attributable to owners of Murray & Roberts Holdings Limited	Retained earnings	**33.0**

There has been no impact to the condensed consolidated statement of financial performance for the year ended 30 June 2020.

The application of the Interpretation for the year ended 30 June 2020 did not result in any changes to the opening value of uncertain tax positions recognised on initial adoption.

43.2. Standards and interpretations 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.

Standard/Interpretation:	Type	Effective date
Conceptual Framework	Amendment	Financial years commencing on or after 1 January 2020
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2020
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2022
IFRS 7: Financial Instruments: Disclosure	Amendment	Financial years commencing on or after 1 January 2020
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2020
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2022
IFRS 16: Leases	Amendment	Financial years commencing on or after 1 June 2020
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2020
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2022
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Amendment	Financial years commencing on or after 1 January 2020
IAS 16: Property, Plant and Equipment	Amendment	Financial years commencing on or after 1 January 2022
IAS 37: Provisions, Contingent Liabilities and Contingent Assets	Amendment	Financial years commencing on or after 1 January 2022
IAS 39: Financial Instruments: Recognition and Measurement	Amendment	Financial years commencing on or after 1 January 2020

Notes to the annual financial statements

44. ANALYSIS OF MAJOR SHAREHOLDERS

2020	Number of shares	% of shares
Major Shareholders holding 5% or more of the Company's Ordinary Shares		
Aton GmbH (DE)	194 855 660	43,81
Government Employees Pension Fund (ZA)	90 549 871	20,36
Fund Managers holding 5% or more of the Company's Ordinary Shares		
ATM Holding GmbH (DE)	194 855 660	43,81
Public Investment Corporation (ZA)	93 009 732	20,91
Non-public shareholders		75,24
Public shareholders		24,76

2019	Number of shares	% of shares
Major Shareholders holding 5% or more of the Company's Ordinary Shares		
Aton GmbH (DE)	194 855 660	43,81
Government Employees Pension Fund (ZA)	90 387 964	20,32
Fund Managers holding 5% or more of the Company's Ordinary Shares		
ATM Holding GmbH (DE)	194 855 660	43,81
Public Investment Corporation (ZA)	93 696 310	21,07
Non-public shareholders		74,85
Public shareholders		25,15

45. GOING CONCERN

As a result of the restrictions and measures imposed by governments around the globe to limit the spread and effects of the COVID-19 pandemic, the Group's global portfolio of projects was severely impacted during the reporting period, estimated at R622 million. Only a few projects continued with little or no disruption. A number of projects were suspended, while others were placed on care and maintenance.

The Group entered the COVID-19 period of disruption and uncertainty with a strong balance sheet and took early and proactive action to preserve its financial position. Prudent cash and working capital management initiatives were implemented across the Group and no client has defaulted on payments due as a result of COVID-19.

Globally, the majority of projects have now resumed operations. The impact of COVID-19 on the various operations in the business platforms across the geographies has been detailed below:

MINING PLATFORM

Australasia - *The Oyu Tolgoi project in Mongolia (in joint venture with the Energy, Resources & Infrastructure and Mining platforms as two of the three joint venture partners) has experienced a significant impact to date. As Mongolia shares a border with China, the project was brought to a halt over a few weeks due to supply chain constraints and travel bans. The businesses have, in conjunction with the client, taken the necessary action to reduce costs and preserve cash on the project and the project is currently operational again.*

Projects in Australia and Asia Pacific continued to operate, albeit with added restrictions on people movement that necessitated a revision of work rotations on most of the remote mining sites.

Sub-Saharan Africa - *Most of the project sites were shut down for the duration of the lockdown period that was instituted by the South African government. Certain projects were on care and maintenance and limited essential work, as directed by clients until lockdown restrictions eased.*

Americas - *Approximately 50% of the project portfolio in the region was affected. These projects, mainly in Canada, had been suspended by clients for periods ranging from two weeks to two months, as a measure to prevent the virus from spreading to some of the remote project locations. Certain states in Canada declared mines as essential services. We demobilised employees from affected projects and instituted measures to reduce costs and preserve cash. In the USA, only one project was on a reduced level of work.*

ENERGY, RESOURCES & INFRASTRUCTURE PLATFORM

Australia - *Projects continued, but clients implemented modified work rosters which impacted project resourcing and progress. Engineering and procurement services continued on the multi-billion rand Snowy Hydro project and construction teams have since remobilised to site post the tragic Australian bush fires earlier this year, though activities are still site preparation works.*

Americas - *Most states imposed various levels of lockdown measures and the Group's operations were impacted by varying degrees on a project by project basis. Engineering and procurement services continued on the Next Wave project in Texas, although significant procurement delays were experienced due to supply chain challenges.*

Europe (UK) - *Integrated engineering services company, Booth Welsh's projects were put on hold and operations were impacted.*

POWER, INDUSTRIAL & WATER PLATFORM

Sub-Saharan Africa - *Most of the project sites were shut down for the lockdown period that was instituted by the South African government. Maintenance and outage work continued at Medupi and Kusile power stations. Some projects invoked force majeure clauses and commercial teams responded accordingly in line with contractual requirements.*

BOMBELA CONCESSION COMPANY

The Gautrain did not operate during the lockdown period. The system's infrastructure was secured while essential maintenance functions continued. The shutdown impacted the fair value adjustment of the investment in the Bombela Concession Company in the current year.

45. GOING CONCERN (continued)

Support from clients has varied from compensation for costs incurred and time lost, to only allowing extensions of time for project delays resulting from COVID-19 restrictions and measures. It is expected that the commercial close-out of all COVID-19 related impacts will take some time.

The expectations for economic recovery after COVID-19 are uncertain and revised frequently. However, the relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-pandemic world, and the Group's exposure to these markets, support our view of strong growth in Group earnings, especially after FY2021.

Cash flow projections based on financial budgets approved by management cover a three year period. The impact of COVID-19 has been factored into the budgets prepared by management and assumptions going forward have been adjusted. To remain prudent, management has included potential delays in projects secured and revised commencement timelines for new projects to reflect the current economic conditions and expectations going forward.

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.

The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

MURRAY & ROBERTS HOLDINGS LIMITED COMPANY FINANCIAL STATEMENTS

Company Statement of Financial Position as at 30 June 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**53.3**	43.4
Total non-current assets		**53.3**	43.4
Current assets			
Amount due from subsidiary company	2	**3 589.7**	3 587.1
Cash and cash equivalents		**0.7**	0.7
Total current assets		**3 590.4**	3 587.8
Total assets		**3 643.7**	3 631.2
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582.8**	3 582.8
Non-distributable reserves		**53.7**	43.9
Retained earnings		**1.0**	0.8
Total ordinary shareholders' equity		**3 637.5**	3 627.5
Current liabilities			
Trade and other payables		**6.2**	3.6
Current taxation liabilities		**-**	0.1
Total current liabilities		**6.2**	3.7
Total equity and liabilities		**3 643.7**	3 631.2

Company Statement of Financial Performance

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Revenue		
Fees received from subsidiary company	**11.6**	14.3
Sundry revenue	**-**	0.1
Dividend received	**245.0**	222.0
Total expenses	**(11.6)**	(14.4)
Auditor's remuneration	**(0.1)**	(0.1)
JSE fees	**(0.4)**	(0.4)
Other	**(11.1)**	(13.9)
Profit before taxation	**245.0**	222.0
Taxation expense	**(0.2)**	(0.1)
Profit for the year	**244.8**	221.9
Other comprehensive income	**-**	-
Total comprehensive income for the year	**244.8**	221.9

Company Statement of Changes in Equity

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Stated capital	Capital redemption reserve	Share-based payment reserve	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited
Balance at 30 June 2018	3 582.8	0.9	43.0	1.3	3 628.0
Total comprehensive income for the year	-	-	-	221.9	221.9
Dividends declared and paid	-	-	-	(222.4)	(222.4)
Balance at 30 June 2019	3 582.8	0.9	43.0	0.8	3 627.5
Total comprehensive income for the year	**-**	**-**	**-**	**244.8**	**244.8**
Dividends declared and paid	**-**	**-**	**-**	**(244.6)**	**(244.6)**
Other movements	**-**	**-**	**9.8**	**-**	**9.8**
Balance at 30 June 2020	**3 582.8**	**0.9**	**52.8**	**1.0**	**3 637.5**

Company Statement of Cash Flows

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
Profit/(loss) before taxation (excluding dividends received)	**-**	-
Adjustment for:		
Changes in working capital	**2.5**	(0.1)
Increase/(decrease) in trade and other payables	**2.5**	(0.1)
Operating cash flow	**2.5**	(0.1)
Taxation paid	**(0.3)**	-
Dividend paid	**(244.6)**	(222.4)
Cash flow from operating activities	**(242.4)**	(222.5)
Dividend received	**245.0**	222.0
Cash flow from investing activities	**245.0**	222.0
(Decrease)/increase in amounts due from subsidiary company	**(2.6)**	0.5
Cash flow from financing activities	**(2.6)**	0.5
Net cash and cash equivalents at beginning of year	**0.7**	0.7
Net cash and cash equivalents at end of year	**0.7**	0.7

Notes to the Company Financial Statements

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019

1. ACCOUNTING POLICIES

These financial statements are prepared according to the same accounting policies used in preparing the consolidated financial statements of the Group other than accounting policy 1.3 which deals with the basis of consolidation.

The accounting policies are set out on pages 20 to 33.

2. INVESTMENT IN SUBSIDIARY COMPANY

	2020	2019
Shares at cost	**0.4**	1.0
Investment in shares - Forfeitable Share Plan	**52.9**	42.4
Amount due	**3 589.7**	3 587.1
	3 643.0	3 630.5

The amount due from the subsidiary company is unsecured interest free and does not have any fixed repayment terms (Annexure 1). Credit risk for loans to related parties has not increased in the current year and management expects the loans to be recoverable.

3. AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST

	2020	2019
Amount due	**235.0**	235.0
Impairment of amount owing	**(235.0)**	(235.0)
	-	-

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 in effect for as long as the liabilities of the Trust exceed its assets fairly valued.

4. STATED CAPITAL

Authorised
750 000 000 shares of no par value

Issued and fully paid
444 736 118 shares of no par value

	2020	2019
Net stated capital	**3 582.8**	3 582.8

5. EMOLUMENTS OF DIRECTORS

	2020	2019
Executive directors (paid by subsidiary companies)	**27.0**	34.3
Non-executive directors (paid by the Company)	**9.1**	7.8
Number of directors at year end	**8.0**	7.0

Details of individual director emoluments are disclosed in note 39 in the consolidated financial statements.

Notes to the Company Financial Statements

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019
6. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint operations, subsidiary companies and other persons. The contingent liabilities at 30 June 2020 covered by such guarantees amount to:	**2 655.9**	2 655.9

7. BROAD-BASED BLACK ECONOMIC CALL OPTION

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 subsidiary companies") at market value and on the following condition:

- 31 December 2015 call option

The lock-in period date of 31 December 2015 has been extended to 31 December 2020 which is the date on which the lock-in period expires if the value of the shares owned by the BBBEE subsidiary companies 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.

Following a review, the 31 December 2010 call option was not exercised as the structure at that date was still economically viable.

The directors consider that the carrying amount of the financial assets and liabilities approximate their fair value.

8. EVENTS AFTER THE REPORTING PERIOD

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 2020 or the results of its operations or cash flows for the year then ended.

ANNEXURE 1
MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

a) Direct

	Issued share capital in Rands	Interest in issued share capital 2020 %	Interest in issued share capital 2019 %	Cost of investment 2020 Rm	Cost of investment 2019 Rm	Loan account 2020 Rm	Loan account 2019 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0.4**	1.0	**3 589.7**	3 587.1

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest 2020 %	Proportion ownership interest 2019 %	Proportion of voting power held 2020 %	Proportion of voting power held 2019 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Mining						
Cementation Canada Inc. (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Murray & Roberts Cementation Proprietary Limited		1 750 000	**100**	100	**100**	100
Cementation USA Inc. (incorporated in Nevada, United States of America)	USD	5 000	**100**	100	**100**	100
RUC Mining Cementation Contractors Proprietary Limited (incorporated in Australia)	AUD	808 754	**100**	100	**100**	100
Murray & Roberts Cementation (Zambia) Limited (incorporated in Zambia)	ZMW	50	**100**	100	**100**	100
Terra Nova Technologies USA Inc.	USD	1	**100**	100	**100**	100
Energy, Resources & Infrastructure						
Clough Limited (incorporated in Australia)	AUD	219 973 000	**100**	100	**100**	100
Corporate & Properties						
Murray & Roberts Australia Pty Ltd (incorporated in Australia)	AUD	632 223 872	**100**	100	**100**	100
Associate companies						
Bombela TKC Proprietary Limited		100	**45**	45	**45**	45
Insig Technologies	AUD	200 000	**30**	30	**30**	30

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM) 2020 %	2019 %	Amount 2020 Rm	2019 Rm
Secured					
Bullet Payment (ZAR)	2025	**8.92**	12.61	**240.3**	324.5
Equal monthly instalments (MNT)	2021	**15.00**	-	**158.6**	-
Equal monthly instalments (USD)	2024	**3.95**	6.00	**311.2**	318.3
Monthly (AUD)	2029	**3.71**	-	**46.0**	-
No fixed terms of repayment (CAD)	-	**-**	6.45	**-**	155.8
Monthly (ZAR)	2023	**5.50**	-	**117.4**	-
				873.5	798.6
Unsecured					
Annually (AUD)		**3.07**	4.0	**119.5**	4.8
No fixed terms of repayment (CAD)		**4.79**	4.53	**82.9**	69.9
Equal quarterly instalments (AUD)		**4.28**	-	**123.2**	-
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment (ZAR)		**-**	-	**15.3**	14.1
Bank overdrafts				**1 111.3**	35.5
				1 452.2	124.3
Leases					
Varying rates of interest^		**3.0 – 16.0**	4.85 - 8.50		
Specific project plant and equipment				**1 196.6**	736.0
Total Group				**3 522.3**	1 658.9
Reflected in the notes under:					
Long term loans (note 17)					
Interest bearing secured loans				**600.0**	734.9
Leases				**597.9**	392.5
Bank overdrafts (note 10)				**1 111.3**	35.5
Short term loans (note 23)					
Current portion of long term borrowings				**614.4**	152.5
Current portion of leases				**598.7**	343.5
				3 522.3	1 658.9

The Group was able to fulfil most covenants across its various subsidiaries with respect to funding arrangements due to a strong balance sheet and liquidity position despite the COVID-19 impact. Early action was taken by management to preserve its financial position and there was no need to raise further facilities in the current year. The only covenant defaults noted in the Group were in RUC Cementation Mining Contractors (Pty) Ltd (part of the Mining Platform) which is secured by a parent guarantee from Murray & Roberts Australia (Pty) Ltd, which has access to sufficient resources to fund the 2 breaches should the need arise. The covenant certificates to be issued to the lenders are not due as yet and waivers have been obtained for the breaches. Refer to note 38.1 for further details.

^Interest rate range on leases include the rate implicit in the leases where applicable.

ANNEXURE 3
GROUP SEGMENTAL REPORT

The operating segments reflect the management structure of the Group which is based on the service offering of each operating segment in terms of the sector of the natural resources market to which that operating segment relates. This is also reflective of the manner in which performance is evaluated and resources allocated as managed by the Group's chief decision maker, as required per revised IFRS 8: *Operating Segments.*

The Group's reportable segments are categorised as follows:

Bombela & Middle East

- **PPP Investments & Services**

This segment includes the Groups infrastructure concession investment in the Bombela Concession Company (BCC).

- **Middle East**

This operation is coordinated out of Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint operations with appropriate local partners. The primary market focus is major commercial facilities and selected infrastructure projects. No further tendering has taken place in the current financial year and the projects have been completed. The Middle East has been classified as a discontinued operation since completion of final contracts in the current year. Income statement information was restated in the current year.

Power, Industrial & Water (previously referred to as Power & Water)
The platform comprises four businesses: Power, Aqua, Water, Oil & Gas, Resources & Industrial, Electrical & Instrumentation and Transmission & Distribution. The platform is structured as a project execution business in the power and water sectors, offering EPC as well as operations and maintenance services. The platform's offerings are supported by its existing capability, capacity and experience, complemented by its strategic partnerships and joint ventures.

Mining (previously referred to as Underground Mining)
The platform comprises the following businesses: Murray & Roberts Cementation (Johannesburg-based); Cementation Canada (North Bay-based); Cementation USA (Salt Lake City-based); Cementation Sudamérica (Santiago-based) and RUC Cementation Mining (Perth-based). Its geographic footprint is one of the largest in its industry, with a service offering that spans the project value chain including specialist engineering, shaft construction, mine development, raise drilling and contract mining.

Energy, Resources & Infrastructure (previously referred to as Oil & Gas)
The platform operates from offices in Australia, South Africa, Scotland and the USA and comprises the following businesses: Clough (Perth-based), e2o (Adelaide-based), CMR Marine (Cape Town-based), Booth Welsh (Ayrshire-based) and CH-IV (Hanover, Maryland-based).

Inter-segment transfers
Segment revenue, segment expenses and segment results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses
Segmental revenue and expenses are directly attributable to the segments.

Segmental assets
All operating assets of segments principally comprise property, plant and equipment, investments, inventories, contracts-in-progress and receivables, net of allowances. Cash and taxation balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities
All operating liabilities of segments principally comprise of accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

ANNEXURE 3
GROUP SEGMENTAL REPORT (continued)

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Bombela & Middle East[3]	Power, Industrial & Water	Mining	Energy, Resources & Industrial	Corporate & Properties	Group
2020						
Revenue[2]	**-**	**1 987**	**11 972**	**6 876**	**3**	**20 838**
Construction contracts	**-**	**1 976**	**11 552**	**6 572**	**-**	**20 100**
Sale of goods	**-**	**11**	**-**	**-**	**-**	**11**
Rendering of services	**-**	**-**	**420**	**-**	**-**	**420**
Properties	**-**	**-**	**-**	**-**	**3**	**3**
Other	**-**	**-**	**-**	**304**	**-**	**304**
Intersegmental revenue	**-**	**-**	**214**	**-**	**-**	**214**
Gross revenue	**-**	**1 987**	**12 186**	**6 876**	**3**	**21 052**
Results						
Profit/(loss) before interest and taxation[1]	**119**	**(44)**	**630**	**(454)**	**(268)**	**(17)**
Interest expense	**(34)**	**(10)**	**(134)**	**(41)**	**(82)**	**(301)**
Interest income	**-**	**10**	**40**	**29**	**1**	**80**
Profit/(loss) before taxation	**85**	**(44)**	**536**	**(466)**	**(349)**	**(238)**
Taxation (expense)/credit	**-**	**(3)**	**(246)**	**88**	**10**	**(151)**
Profit/(loss) after taxation	**85**	**(47)**	**290**	**(378)**	**(339)**	**(389)**
Income from equity accounted investments	**-**	**-**	**-**	**-**	**2**	**2**
Income/(loss) from discontinued operations	**100**	**(83)**	**-**	**-**	**(1)**	**16**
Non-controlling interests	**16**	**(4)**	**5**	**2**	**-**	**19**
	201	**(134)**	**295**	**(376)**	**(338)**	**(352)**
2019*						
Revenue[2]	-	2 517	10 861	6 728	7	20 113
Construction contracts	**-**	2 499	10 259	6 400	-	19 158
Sale of goods	**-**	18	-	-	-	18
Rendering of services	**-**	-	602	1	-	603
Properties	**-**	-	-	-	7	7
Other	**-**	-	-	327	-	327
Intersegmental revenue	-	3	170	-	19	192
Gross revenue	-	2 520	11 031	6 728	26	20 305
Results						
Profit/(loss) before interest and taxation[1]	306	(32)	814	(98)	(143)	847
Interest expense	(21)	(3)	(45)	(7)	(50)	(126)
Interest income	1	17	29	22	1	70
Profit/(loss) before taxation	286	(18)	798	(83)	(193)	791
Taxation (expense)/credit	-	(5)	(300)	36	(28)	(297)
Profit/(loss) after taxation	286	(23)	498	(47)	(221)	494
Expense from equity accounted investments	-	-	(1)	-	(3)	(4)
Loss from discontinued operations	(113)	(23)	-	(6)	(2)	(144)
Non-controlling interests	1	(7)	(8)	5	-	(9)
	174	(53)	489	(48)	(225)	337

**Restated for discontinued operations. Refer to note 30 for further details.*

[1] The chief operating decision maker utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.
[2]Segmental revenue reported above includes revenue generated from external customers.
[3]Refer below for the split between Bombela and Middle East:
Bombela : Revenue Rnil million; EBIT R119 million
Middle East (included in discontinued operations): Revenue R119 million; EBIT R120 million

ANNEXURE 3
GROUP SEGMENTAL REPORT (continued)

Operating segments

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

	Notes	Bombela & Middle East[5]	Power, Industrial & Water[6]	Mining	Energy, Resources & Infrastructure	Corporate & Properties[7]	Group
2020							
Statement of financial position							
Segmental assets	1	**2 286**	**965**	**6 257**	**5 044**	**222**	**14 774**
Segmental liabilities	2	**1 449**	**798**	**3 666**	**5 541**	**420**	**11 874**
Investments in associate companies[4]		**2**	**-**	**3**	**-**	**-**	**5**
Investments in joint ventures[4]		**-**	**-**	**-**	**-**	**72**	**72**
Other information							
Purchases of property, plant and equipment		**-**	**34**	**760**	**763**	**36**	**1 593**
Purchases of other intangible assets		**-**	**-**	**7**	**14**	**-**	**21**
Depreciation		**-**	**26**	**558**	**159**	**16**	**759**
Amortisation of other intangible assets		**-**	**2**	**33**	**49**	**8**	**92**
Fair value adjustment on BCC		**119**	**-**	**-**	**-**	**-**	**119**
Impairment of receivables		**26**	**131**	**48**	**1**	**-**	**206**
Impairment of property, plant and equipment		**-**	**-**	**12**	**-**	**-**	**12**
Number of employees		**11**	**1 661**	**5 701**	**1 624**	**52**	**9 049**
2019							
Statement of financial position							
Segmental assets	1	2 475	744	5 580	3 272	428	12 499
Segmental liabilities	2	1 641	1 004	3 534	3 863	352	10 394
Investments in associate companies[4]		3	-	2	-	-	5
Investments in joint ventures[4]		-	-	42	-	69	111
Assets classified as held for sale[4]		21	-	-	-	-	21
Other information							
Purchases of property, plant and equipment		-	2	740	59	15	816
Purchases of other intangible assets		-	-	2	43	5	50
Depreciation		-	21	355	38	4	418
Amortisation of other intangible assets		-	2	6	44	7	59
Fair value adjustment on BCC		309	-	-	-	-	309
Impairment of receivables		-	-	28	1	-	29
Number of employees		16	2 226	6 160	1 186	62	9 650

*Amounts included in segmental assets and liabilities.

[5]Bombela & Middle East platform includes amounts for discontinued operations of Southern African Infrastructure & Building businesses.
Please refer below for the split between Bombela and Middle East:
Bombela Segmental Assets R1 238 million; Segmental Liabilities R275 million; Investment in associates companies R2 million
Middle East Segmental Assets R1 032 million; Segmental Liabilities R1 086 million
[6]Power, Industrial & Water platform includes amounts for Genrec Engineering that is classified as part of discontinued operations.
[7]Corporate segmental assets include the inter-segment eliminations of group receivables and loans.

ANNEXURE 3
GROUP SEGMENTAL REPORT (continued)

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS

NOTES	2020	2019#
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**18 899**	16 390
Cash and cash equivalents	**(3 415)**	(3 455)
Current taxation assets	**(21)**	(14)
Deferred taxation assets	**(689)**	(422)
Segmental assets	**14 774**	12 499
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	**13 280**	10 639
Bank overdrafts	**(1 111)**	(36)
Current taxation liabilities	**(191)**	(135)
Deferred taxation liabilities	**(104)**	(74)
Segmental liabilities	**11 874**	10 394

GROUP SEGMENTAL REPORT

Geographical information

The Group operates in four principal geographical areas - Southern Africa, with South Africa as the country of domicile, Australasia & South East Asia and North America & other.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue		Non-current assets*	
	2020	2019	**2020**	2019
South Africa	**4 633**	4 691	**3 091**	2 756
Rest of Africa	**567**	687	**-**	1
Australasia & South East Asia	**10 504**	9 875	**1 356**	1 236
North America & other	**5 134**	4 860	**1 957**	1 305
	20 838	20 113	**6 404**	5 298

*Non-current assets exclude deferred taxation assets.
Restated for prior year measurement period adjustment. Refer to note 34.2 for further details.

Major customers

For the current financial year, no single customer represents more than 10% of the total Group revenue.