

March 2009

MURRAY & ROBERTS GROUP MAGAZINE

ROBUST



WE CARE

MURRAY & ROBERTS
LAUNCHES STAFF
WELLNESS INITIATIVE

HILTON LANGENHOVEN

**MURRAY & ROBERTS
SPONSORS
PARALYMPIC HERO**

JACK CHEETHAM

SPORT AS A
VEHICLE FOR
TRANSFORMATION

VOORSPOED ALLIANCE

Partnerships work

GAUTRAIN

On track

Finding the
Silver lining
Surviving the downturn



WORLD CLASS FULFILMENT IN EVERYTHING WE DO

■ SURVIVING THE DOWNTURN

PROSPERING IN A CHALLENGING ENVIRONMENT

PAGE 1

© Gary Rhijnsburger / Masterfile / Greatstock



MESSAGE FROM THE CE

DEAR READERS

The state of the global economy has declined significantly since our last *Robust*. In just a few short months we have regressed to a state of economic crisis last seen in the 1930s.

It is my sense that current volatility will endure until at least the end of this quarter whereafter we may be in a better position to understand the future outlook for our business. We are experiencing such a fundamental tectonic shift in our financial systems that it is proving difficult to imagine the nature of the future. But we do have our enduring human spirit to light the way forward.

We have experienced a meltdown in Dubai where many project developers have difficulty raising the finance they need to complete projects. Banks have become wary of our sector and in many instances, are not prepared to issue performance bonds even where projects are secure.

Abu Dhabi seems a safer market in the short-term and we are fortunate to have the bulk of our Middle East order book in this emirate.

The Minerals Resource sector is prioritising its capital programs, with many projects being cancelled as a result. The worst seems to be behind us with some expectation that there will be a return to near normalisation by year-end.

In South Africa, our government has committed to increased infrastructure spend, which, combined with lower interest rates and input costs, will support our sector through the crisis.

This is a challenging time for all of us. We have the asset of a great order book and good positions in all our markets. We have good to great management teams in most of our operations and the leadership capability to support our areas of relative weakness. We have a great brand and an enviable track record of major project delivery.

But we cannot afford to be complacent. Apart from just plain hard work, it is diligence in the detail, commitment to our contracted rights and caution with opportunity that will help us through.

We are entering a Business Fitness Regime to ensure we win through the period ahead. This is about Getting in Shape.

- Trimming the excess – Cost
- Building Strength – Assets and Balance Sheet
- Aerobic fitness – Performance Efficiency with Less Cash

Brian Bruce

1. COVER STORY

A solid foundation built in recent years will not only offer Murray & Roberts survival during the downturn; it may even enable the Group to prosper

5. CASE STUDY

How an alliance partnership delivered the Voorspoed diamond mine project ahead of schedule and below budget

8. PROJECTS

Gautrain, Green Point Stadium, Cape Town Hotels, Dubai International Airport

10. PEOPLE

New wellness initiative, New appointments

12. AWARDS

2008 Jack Cheetham winner

14. CSI

Murray & Roberts announces its sponsorship of Paralympic hero, Hilton Langenhoven

16. WEEKENDER

Win a three day getaway for two people

Editor: Lesley Lambert
 e-mail: lesley@wisenet.co.za,
 tel + 27 11 325-5388, fax + 27 11 325-5315

Robust magazine is published on behalf of Murray & Roberts by Profit Partnership Corporation (Pty) Ltd. Tel: +27 11 532-4000, Fax: +27 11 646-6040.

PP PROFIT PARTNERSHIP
 Business Communication Leaders

Reproduction of *Robust* in whole or in part without express written permission from Murray & Roberts or the publishers is prohibited. Great care has been taken in the preparation of the articles. The editor and publishers cannot accept responsibility for any errors which may inadvertently have occurred. The opinions expressed in this journal are those of the authors and/or persons interviewed, and do not necessarily reflect the views of the editor, publishers or Murray & Roberts.

FINDING THE SILVER LINING

Murray & Roberts has not been untouched by the economic turmoil sweeping across the world. But, a solid foundation built in recent years will not only offer survival during the downturn; it may even enable the Group to prosper

In a sombre Christmas message in 2008, Murray & Roberts group CE Brian Bruce warned staff that 2009 would be a time of great economic turmoil and uncertainty in the world, the likes of which had not been experienced by anyone since our grandparents and great-grandparents during the Great Depression of 1929 to 1935.

But the message also carried the prospect of hope, suggesting that few companies in the construction sector were better placed than Murray & Roberts to not only survive the downturn, but to prosper during it.

The global liquidity constraints caused by the economic crisis and reduced oil prices have cost the Group contracts to the value of about R10 billion in recent months, but this has been more than compensated for by successful bidding for contracts worth approximately R28 billion.

In addition, the Group has a pipeline of potential new work that is currently estimated at about R100 billion, of which almost R20 billion is for projects where the Group is already selected as preferred bidder, but has not finalised negotiations and signed formal contracts. Brian notes that most of these contracts are with South African and Middle East public sector clients and reputable global resources groups.

Underpinning this optimism are positive statements by South African Finance Minister Trevor Manuel regarding government's determination to continue the infrastructure roll-out in the 2009/10 Budget, especially additional investment in the 2010 Soccer World Cup, Gautrain, Transnet's locomotive recapitalisation and multi-product pipeline, Eskom's thermal and nuclear power stations, SANRAL's rehabilitation and new road construction, and others.

Murray & Roberts is in advanced negotiations in Middle East to secure additional infrastructure work in the region. It has, for instance, recently been awarded the contract for Concourse 3 at Dubai International Airport, at a value to the Group of R6 billion.

STRONG ORDER BOOK

Even after the completion of project work valued at about R13 billion over the past half year, Murray & Roberts expects the project order book to be roughly similar to its R61 billion level at end-September 2008, offering a solid operational foundation for the period up to 2012 and beyond.

This contrasts starkly with some global and domestic construction groups that have seen their order books collapse

order stock," says Brian. "That is why we embarked on an organisational restructure late last year in response to these circumstances. We could not take our growth organisation into this phase of the economic cycle. Nonetheless, given that the long-term cycle remains one of prolonged growth, we will be careful not to take decisions that impair our future ability to grow," Brian adds.

He notes that Murray & Roberts is better positioned to ride out the economic crisis than many of its competitors, because of strategic decisions taken over the past decade. "You cannot even think of survival if you have not prepared for it. Murray & Roberts is well prepared."

Aiding this process are the strategic decisions of Rebuilding Murray & Roberts and a 107-year genetic blueprint for the

The Murray & Roberts project order book is similar to its R61 billion level at end-September 2008, offering a solid operational foundation for the period up to 2012 and beyond.

within a few months. There's an old maxim that tough times separate the men from the boys, and this is being seen across all sectors of the economy. During such times, business tends to fall back on well-known brands that offer reliable service and a strong balance sheet.

That's not to say the Group will be untouched by the global crisis. Although the order book currently looks healthy, Brian echoes the widely held view that the worst is yet to come. Certain contracts are still under review, but fewer cancellations are expected in the January-March quarter.

"Although not material to the current financial year, project cancellations can have medium-term consequences as we engage a slowing market to rebuild

organisation, which has survived tougher times in the past. Brian quotes the lessons of the past when he says: "In the 1970s, our CE, Des Baker, developed the organisation through the latter part of the post-war upcycle, teaching us never to tender at the bottom of a cycle, but at the top." Murray & Roberts has continued to apply this philosophy and it accounts to a large degree for the health of its order book, with projects secured at good margins and enough baseline work to keep the Group busy for several years.

"We're in a position to tender for the mega contracts which bridge the intermediate boom-or-bust cycles of construction. Smaller firms cannot directly access these big orders, and

their order books tend to run out during a single cycle, forcing them to cut their margins on future opportunities and potentially threatening their solvency,” says Brian.

“Clients return to competitive blue chip companies with credentials and a track record of integrity – and it is this that may cushion us from a hard landing during this downturn. Cash flow will slow down and it will be increasingly difficult for geared companies to secure performance guarantees. What client will risk their project with such a company?”

NO COMPLACENCY

For Murray & Roberts, the economic downturn is providing an opportunity for introspection and review. “We had almost been in danger of over-trading; but that is no longer the case.”

There is no place for complacency, however, as demonstrated by the Board’s approval in 2008 of a comprehensive organisational change strategy to sharpen operational and business development focus across all domestic and international operations.

The cancellation of some contracts has forced the Group to shed some jobs in group businesses, such as brick-making, that have experienced the greatest attrition of order book and market. But it has also enabled the Group to buttress the critical mass of those construction and engineering businesses that had been in danger of over-trading, now leaving them far better positioned to face the immediate future. “The drop off in new business has given us a degree of flexibility and leeway we previously lacked,” says Brian.

One of the earlier strategic decisions that is now a source of stability to Murray & Roberts, is the strategic diversification of the earnings base.

“We’re appropriately diversified into gross fixed capital formation, with



more than 25 businesses that enable us to approach our industry from different dimensions and geographies. Each geography may go through a similar downturn, but they will not all occur simultaneously and will not all be identical. We have therefore adjusted our business development tactics to sectors and countries we may not have previously emphasised,” he says. This means that you may see Murray & Roberts operating in less traditional markets in Asia and South America.

FOLLOW THE MONEY

‘Follow the money’, is the tactic: markets such as Dubai, which relied heavily on debt for strong economic growth are fading, but new ones such as Abu Dhabi, which still has free cash

“Clients return to competitive blue chip companies with credentials and a track record of integrity – and it is this that may cushion us from a hard landing during this downturn.”

flow from oil revenue, are replacing them. “We’re seeing project erosion in one type of market, but growth in the other,” says Brian.

“The strategic decision taken in 2000 to be wholly focused on the construction economy of South Africa and related specialist sectors in selected international markets, remains a valid one and the global case for fixed capital formation is sound. South Africa and the developing

world have embarked on a long cycle of increased investment into gross capital formation, and the current crisis will not derail that cycle. This current period will be seen as no more than a big blip in what is expected to be a 20 to 30 year upcycle.”

Much of the current financial crisis comes from companies pursuing ‘fad of the month’ policies – something Murray & Roberts has never entertained. Brian attributes much of the current financial crisis to ideas that gained currency several years ago, such

you an umbrella when it's sunny and withdrawing it when it starts to rain has never been more applicable than today.”

There is no consensus among economists about the duration of the economic downturn: some believe that by the fourth quarter of 2009 the commodity cycle will have reasserted itself, and growth will resume. Others believe something fundamental has changed in the global economy, presaging a longer-term liquidity problem.

“There’s still growth, albeit in new areas. You have to work smarter, and that’s exactly what we’re doing. We’re giving much more attention to costs to preserve our margin, and we’re adapting and using our brand to penetrate new markets and new geographies.”

as the restructuring of ‘lazy’ assets and balance sheets to replace then-expensive equity capital with cheaper debt capital. That ratio has now reversed.

“We have always advocated free cash flow as value, believing you can only prosper if you have a store of cash. The adage of your banker lending

Brian favours the latter argument, pointing to the renewed banking crisis in the UK as evidence of a more fundamental problem. Nonetheless, he says, the particular dynamics of the South African economy suggest it will not be as badly affected and growth will resume by 2010.

But even with a pessimistic macro-economic view, there is still scope for the industry to grow this year. “The conventional wisdom is of decline, but I say there’s still growth, albeit in new areas. You have to work smarter, and that’s exactly what we’re doing. We’re giving much more attention to costs to preserve our margin, and we’re adapting and using our brand to penetrate new markets and new geographies.”

A TIME FOR VISION

“The stalling of the commodities cycle means the cost of projects will come down, and I believe prescient countries will be looking right now to put in infrastructure at relatively lower prices.

“Therefore, we’re optimistic, and I believe Murray & Roberts has the leadership position in this industry to drive our optimistic vision,” says Brian. “The United States became the world’s leading power after the Great Depression, because President Roosevelt had the foresight ‘to take a firehose to the problem rather than a teardrop’. I believe President Obama has the same vision, and may be able to lead the global economy out of its downturn.” But what about leadership in South Africa? EAMONN RYAN ○



VOORSPOED ALLIANCE

COMPETENT PARTNERS ARE A PROJECT'S BEST FRIEND



■ Project completion. From left to right: Graham Mullany, FD Murray & Roberts Engineering Solutions; Frank Kruger, MD Murray & Roberts Engineering Solutions; Stephen Dietrich, FD DBCM and Mike Brown, COO DBCM

In 2008, the Voorspoed diamond mine was completed by the De Beers/Murray & Roberts Alliance well ahead of schedule and below budget. How was this achieved in an environment of high inflation, delivery delays and scarce skilled human resources? Frank Kruger, MD of Murray & Roberts Engineering Solutions outlines the factors behind the success of the project.

With the De Beers/Murray & Roberts Alliance, the client and the project implementer forged a partnership that

delivered a successful diamond mine and significant value to both parties. The alliance, which included several Murray & Roberts companies in a unitary format, was core to the successful delivery of the project: De Beers, the world's leading diamond miner, brought its extensive experience and the Voorspoed diamond resource to the alliance, while Murray & Roberts, South Africa's leading engineering and construction group, contributed its project implementation experience.

Voorspoed is a mid-sized diamond mine in the Free State and is the first greenfields mine developed by De Beers in South Africa for over 15 years. The mine grades were not high and innovative thinking was required to cut the project capital and operating costs to prove viability. The capital implementation phase was delivered well under the

voted amount and commissioned to the nameplate test criteria many months earlier than planned.

PARTNERING PHILOSOPHY

The sale by Anglo American of its shareholding in De Beers in 2002 had a direct impact on the capital project development capacity of De Beers, and precipitated a strategic review during which the 'partnering philosophy' was initiated. In line with this philosophy, De Beers sought service providers that could be alliance partners – parties who could be strategically aligned and who valued continual learning and long-term relationship building.

In 2003, Murray & Roberts was invited, with others, to participate in the development stages of this partnering philosophy. At the same time, a pre-feasibility study for Voorspoed diamond mine was let to Murray & Roberts Engineering Solutions.

■ Aerial view of mine site showing old workings



By March 2005, a partnering agreement, the so called 'organisation to organisation over-arching agreement' covering projects in general was struck between De Beers and Murray & Roberts.

Voorspoed in the meantime, was taken to the level of feasibility study acceptance by October 2005, but the full project implementation was delayed for 12 months while De Beers obtained the New Order Mining Right for Voorspoed (the first to be issued to De Beers by the Department of Minerals and Energy).

ALLIANCING

What is alliancing?

In the early 1990s British Petroleum had to develop the North Sea oil reserves more cheaply for reasons of viability. This necessitated a departure from traditional competitive models. Companies were selected on merit not price, the books were open and the painshare and gainshare philosophy was born – behaviour had to change.

After significant effort and game breaking innovation the Andrew well field was delivered six months early at £290 million versus the £450 million originally estimated.

The news of this success spread to numerous industries around the world, including Australia, where Jim Ross has developed the concept further.

The main characteristics of alliancing are:

- Sharing of project risks with incentives to achieve game breaking performance of aligned project objectives, the so-called painshare and gainshare philosophy
- An uncompromising commitment to trust, collaboration, innovation and mutual support
- Open books
- Integrated teams
- A no blame, open and honest culture

The partnering philosophy was by now reflected in a project alliance agreement, founded on the alliance principles of Jim Ross, an expert and author in the field of alliancing, particularly in Australian public sector projects. Ross was employed as a consultant to De Beers.

Design and procurement work was completed in 2006, but momentum – and certain key resources – were lost as De Beers awaited the mining licence. In October 2006, the licence was attained and the project was finally given the green light.

- No litigation
- Three tiered compensation: limb 1 for direct project costs and overhead, limb 2 for corporate overhead and profit and limb 3 for the gainshare/painshare arrangement, with downside limited to limb 1.

Furthermore:

- As the alliancing model is quite different from traditional arms length contracting, senior management should invest significant time and effort in people selection and team alignment before and throughout the project, with particular reinforcement at every change of phase during the project.
- While every process should be challenged, it is not recommended that every process be changed. Remember that the business processes and procedures of operating entities says much about their unique DNA and their ability to succeed.
- Due to the novelty of the alliancing approach, service level agreements between functions and individual performance contracts are most important tools.
- Any individual incentive scheme which is recommended must be self funding and derived directly from the same criteria as the project incentive scheme.

PROJECT PERFORMANCE

Capital expenditure and the schedule were both well within the agreed targets, activating the payment of incentives to Murray & Roberts. This was a true win/win outcome for both parties. The close-out of the project after a successful performance test was within a month.

The lost time injury frequency rate was three per million hours worked which exceeded the agreed maximum key performance indicator, resulting in

Governance

- The project alliance agreement required a project alliance board. This comprised four representatives from each party. The DBCM representation included business development, operational, projects and financial executives. Murray & Roberts was represented by the managing director of each entity and a Murray & Roberts Limited executive. The board began its deliberations soon after project 'go ahead' and performed the role of a project executive committee most satisfactorily. Monthly meetings were regular, formal and effective. Performance was monitored quarterly by a score card.
- Murray & Roberts Limited established a steering committee comprising the entity managing directors and operations directors, who attended monthly meetings to ensure timeous problem solving and alignment. In addition, a financial executive from Murray & Roberts Engineering Solutions collated and managed all project accounting, while the Murray & Roberts Limited executive chaired the steering committee and assumed the role of project director, including relationship management at all levels of executive leadership of both groups. This approach was mirrored by De Beers.

the deduction of a percentage of profits from Murray & Roberts.

At the close-out meeting of the project alliance board, the client acknowledged that the alliance model had been value adding for De Beers and that it had allowed the business to demonstrate superior project delivery.

The Voorspoed experience has positioned Murray & Roberts favourably for alliance projects – in fact, the delivery of engineering, procurement and construction (EPC) projects using the



■ The constructed processing plant

alliance model could be considered a differentiator in a competitive environment.

The Group is currently exploring further alliance opportunities. ○

- The project manager produced a comprehensive monthly report which was scrutinised by all parties. The project benefited from the level of detailed review undertaken by the various committees and executives. A low level of scrutiny is an acknowledged cause of project failure.

MURRAY & ROBERTS IN A UNITARY DELIVERY CONFIGURATION

- In the South African mining and minerals market, clients have largely dictated the structuring of projects by the engineering, procurement and construction management (EPCM) service provider into engineering, procured items and construction contracts, with suitable firewalls between all of the orders and contracts. As a result, EPC is not typically practised by Murray & Roberts in the mining and minerals industry.
- The De Beers Voorspoed alliance was an ideal opportunity to deliver an EPC project with the significant engineering and construction experience of the Murray & Roberts Group.
- Murray & Roberts Engineering Solutions, Murray & Roberts Construction and Murray & Roberts MEI were a consortium at cost, overhead and delivery level but overarched in an equal JV format for sharing of risk and reward. This

was bound into an entity agreement whereby they provided their expertise to Murray & Roberts Limited, the contracting party to De Beers.

- Early involvement in scoping, pricing, method statements, schedule and constructability is an important value adding phase.
- Cost rationalisation on site, particularly for human resource and machine utilisation delivers significant savings, not to mention innovation which is limited only by the imagination of the team.
- Following due process, various group companies were brought in as subcontractors to the group alliance companies: Concor for earthworks and platework, Genrec for steel work and Wade Walker for electrical and instrumentation work. Group ownership of the project, through the brand and associated brand values such as world class fulfillment, STOP.THINK, BBBEE and risk management reinforces trust, reliability and predictability within the team.

KEY LEARNING AREAS

- The project implementation manual (PIM) was too complex in places and undeveloped in others resulting in management stress from time to time. Systems selected should be tried and tested, including a documented

process with proficient practitioners in place.

- With inadequate change management during the one-year waiting period for the mining licence and insufficient development of cost and schedule controls, a crisis occurred after a few months, necessitating reassessment of quantities, scope and prices.
- Management of quantities required streamlining. As the alliance limb 1 concept compensates for costs incurred, discipline in scope and progress management is required. This was achieved by the traditional measured progress certificate approach. This is fundamental.
- The various management forums had the authority to effect change immediately, which empowered all concerned.



Project updates

GAUTRAIN

PUT TO THE TEST

The first completed Gautrain rail-car was tested by 150 dignitaries on the three-kilometre test track at the Midrand depot in February. The guests, including Gauteng Premier Paul Mashitile, experienced Gautrain's world class features during the quick test run.

The assembly of the rail-car started at the Derby, United Kingdom, plant of Bombardier Transportation in November 2007. Less than a year later, the first completed four-car train set was handed over to Gautrain in Derby. In December 2008, the first shipment of two completed rail cars arrived at Durban Harbour and they were transported to the Gautrain depot on low-bed road trucks.

The Gautrain fleet will comprise 96 ELECTROSTAR-type rail cars that will be operated initially in four-car train sets. Fifteen of the rail cars, including 10 customised cars destined for the airport service, are being manufactured and completed at Bombardier Transportation's facility and will be shipped to South Africa over the next few months.

The body shells and some of the major components for the remaining 81 rail cars are simultaneously being "flat packed" into crates and shipped to South Africa for local assembly and completion by the UCW Partnership – a joint initiative between Murray & Roberts subsidiary, Union Carriage and Wagon, and a consortium led by the J&J Group. The first locally assembled four-car train set is expected to be completed in June 2009.

Branded in Gautrain's distinctive golden colour, the renowned ELECTROSTAR series has been customised to meet South African standards.



■ The first completed train-set on the Gautrain test track at the Midrand depot

After delivery at the Gautrain depot, each train set will be subjected to a long and rigorous testing and commissioning process. This entails progressively more onerous tests on all systems and sub-systems from brakes and power, to air-conditioning and communications. Each train set will complete approximately 3 000 kilometres on the test track before being certified as operational.

The train service will be complemented by a dedicated bus fleet which will transport passengers in air-conditioned comfort between stations and surrounding suburbs and business nodes. The bus fleet will initially comprise 125 buses running on approximately 36 routes and covering some 26 000 bus kilometers daily.

FACT FILE

Construction of the infrastructure for Gautrain is progressing well and will be completed in two phases. The first phase has a duration of 45 months, from September 2006. It includes the network between the OR Tambo International Airport and Sandton and the stations at OR Tambo, Rhodesfield, Marlboro and Sandton, together with the Depot and Operations Control Centre located near Allandale Road in Midrand. The second phase, which is being constructed concurrently, will be completed after 54 months in 2011. It includes the remainder of the rail network and stations linking Sandton to Park Station in Johannesburg and the route from Midrand to Hatfield.

For additional information, visit www.gautrain.com

CAPE TOWN PREPARES FOR 2010

GREEN POINT STADIUM

Murray & Roberts, in joint venture with WBHO is progressing on schedule with the Green Point Stadium.

Construction on the 68 000 seat stadium has been underway since award in March 2007 and is scheduled for completion at the end of 2009.

Erection of the cable tensioned steel and glazed roof is currently underway.



■ Artist's impression of the Green Point Stadium

HOTELS

Murray & Roberts commenced construction of the Crystal Towers and Taj Palace hotels in 2008 and is scheduled to complete the projects in time for the 2010 Soccer World Cup.

Crystal Towers is a 180 room, five star hotel, with associated retail facilities, 90 luxury apartments and 7 000m² of office space located on a prime canal fronting site at Century City. Aimed primarily at the high end, short stay business traveller, the hotel will provide extensive conference facilities and meeting rooms, a state-of-the-art business centre, fine dining restaurants, swimming pools and a health spa.



■ Crystal Towers Hotel

The Taj Palace is a 19 storey, 174 room, five star hotel in the cultural and historic heart of Cape Town's inner city. Construction will retain the facades of the old Reserve Bank, Board of Executors and Cape of Good Hope Bank buildings, while transforming the combined interior into a signature hotel. The development follows the successful Mandela Rhodes Place initiative developed by Eurocape. Guests will be offered a range of luxurious facilities, including a gym, a spa, a fine dining Indian restaurant and conference and business facilities.



■ Taj Palace Hotel

NEW AWARD IN DUBAI **DUBAI INTERNATIONAL AIRPORT – CONCOURSE 3**

The Al Habtoor Murray & Roberts Takenaka Joint Venture has been awarded the contract for Concourse 3 at Dubai International Airport for the Department of Civil Aviation. The project value is AED5 billion,

with Murray & Roberts as project leader and its 40% share valued at about R6 billion. The contract has commenced and is scheduled for completion within 29 months by end-April 2011.

The Joint Venture recently completed Concourse 2 and Terminal 3 which was successfully commissioned in October 2008, and previously constructed the Sheikh Rashid Terminal (Terminal 1) between 1998 and 2000.

MURRAY & ROBERTS CARES

Murray & Roberts will introduce an employee wellness program across the Group from 1 March 2009. The launch will be accompanied by a comprehensive communication process to ensure that all employees are aware of it and know more about their current health.

Murray & Roberts has made a commitment to promote and maintain healthy lifestyles and the wellbeing of its employees. The Group recognises the risk associated with employees' personal and work-related problems both for the individual employee and the organisation. Organisational consequences of such problems include heightened absenteeism, lower productivity and morale, high staff turnover and the risk of incapacity.

By establishing the Murray & Roberts Employee Wellness Program (EWP), the Group has made a commitment to the creation of a caring and supportive working environment that is people-centred and people-driven. The Murray & Roberts EWP is designed to assist employees who experience personal or work-related difficulties and ensure optimal performance of employees.

To provide employees with a high quality wellness program, Murray & Roberts has partnered with ICAS Southern Africa, an independent external company specialising in employee support service provision. ICAS is part of ICAS International (a division of AXA PPP), the world's leading provider of behavioural risk management services to the business community.

Murray & Roberts is committed to promoting and maintaining the wellbeing of its employees and creating caring and supportive working environments.

Since its local launch in 1999, ICAS has established itself as the country's foremost specialist in the provision of behavioural risk management and employee wellbeing programs, contributing to the health and performance of employees and organisations in all sectors of the economy. In terms of the Department of Trade and Industry's BBBEE scorecard, ICAS is a 'Level 2' contributor.

The work context within which we live is challenging and is characterised by:

- Competitive pressure, earnings, value, reputation and market share

- Continuous transformation and change at a societal and personal level
- A demanding work environment
- Vulnerability to violent crime, HIV, trauma and substance abuse
- Significant prevalence of lifestyle risk factors: sedentary lifestyle, obesity, poor nutrition, smoking, chronic disease

- Evidence of mental health and related problems: anxiety and depression, sleep disorders, tension headache and chronic fatigue
- A myriad of social problems, the most prominent of which is debt
- Pressure of work affecting family life

The primary goals of the Murray & Roberts Employee Wellness Program are to recognise this work context and and enhance the health and wellbeing of Murray & Roberts employees by:

- Assisting employees to seek professional help to deal with challenges that affect their personal and interpersonal work relationships
- Improving employee morale in order to improve productivity and efficiency
- Providing life skills, awareness and education programs to promote healthy lifestyle choices and coping skills
- Increasing employees' awareness of healthy lifestyle choices by providing emotional and psychological support
- Making all services accessible to all employees, regardless of occupational level and literacy



- Assisting in the development of a supportive workplace culture
- Capacity building for managers to use the service to identify distressed employees and refer them to appropriate resources
- Developing wellbeing partnerships within Murray & Roberts and encouraging participation by all employees, managers, health practitioners and employee representative unions
- Addressing organisational risk factors that impact on employee wellness
- Providing support for any and all work and personal related trauma ○

WHAT IS AN EWP?

The EWP is a program that helps individuals deal with a broad range of personal and work-related challenges and problems early and effectively and helps the organisation to understand, protect and improve the resilience and productivity of its employees.

The EWP incorporates assessment, intervention and consultancy on a range of physical health, psychological, occupational, social and practical issues and aims to protect and enhance the functional capacity and performance of all employees and their dependants.

One of the core services offered to employees is 24/7/365 Professional Counselling provided by registered psychologists and social workers via a multilingual call centre or face-to-face (on- or off-site). The services can be accessed via a toll free number to be communicated to employees.

ICAS also provides critical incident/trauma management support to management and employees.

In partnership with ICAS, Murray & Roberts is enabling employees to be proactive in improving their wellbeing and that of their dependants.

NEW APPOINTMENTS



ALLAN KNOTT-CRAIG was appointed an independent non-executive director and chairman of the health, safety and environment committee with effect from 27 November 2008.

Allan was previously chief executive officer of the Vodacom Group.



FRANK KRUGER has accepted a secondment as managing director of Murray & Roberts Engineering Solutions (MRES). Frank was a director of the company for a number of years with executive responsibility for mining & minerals, following the Group's acquisition of JCI Projects, where he was managing director.

Frank has been a senior projects executive in the office of the group chief executive for the past few years and has developed a strong relationship with all group companies involved in the implementation of major industrial and mining-related projects. The success of the Voorspoed Project is testament to Frank's leadership in establishing the alliance contract with De Beers and

his involvement in its implementation coordination.

Frank has a mandate from the Group to initiate the rebuilding of MRES into an industrial projects EPCM service provider for the South African market and to re-establish MRES as the Murray & Roberts project management and engineering centre of excellence. This will leverage off the company's core competence in project management and engineering, which specifically includes systems, standards, procedures and leadership capability.



EDUARD JARDIM has been appointed group communications executive in the corporate office within the enterprise capability team.

Ed has advised and supported Murray & Roberts for the past five years, primarily with media engagement and the bi-annual financial results presentations. He joins the Group from its communications service provider, Arcay, with which he has been associated for the past nine years.

Ed has taken immediate leadership responsibility for client service, the Murrob website, the interchange and further development of the corporate library, incorporating the archiving of our 106 years of history and a comprehensive project reference. He will increasingly engage with media and investor relations and development of the group communications strategy.

POWER OF TRANSFORMATION

**The 2008
Murray & Roberts
Jack Cheetham
Memorial Award
was awarded to the
Welkom Wrestling
Club development
program at a
gala event**



In partnership with the South African Sports Confederation and Olympic Committee (SASCOC) and *Sowetan* newspaper, Murray & Roberts selected the Welkom-based development program in recognition of its excellence and significant community impact.

The Welkom Wrestling Club development program represents the vision of Jan Bezuidenhout, a Welkom farmer and former Springbok wrestler and coach, who firmly believes in the sport as a vehicle for personal and community empowerment.

In 1992, Bezuidenhout started training children from the streets of Welkom and

the impoverished townships of Thabong and Bronville to be wrestlers. He had seen the devastating impact of a decline in mining activity on these communities and hoped that wrestling would give the children – many of them orphans – a sense of self-worth and purpose and the ability to effect transformation in their communities.

Today, about 75 young boys and girls from as young as four years old train for two hours four days a week in a hall at Welkom's showgrounds. The Bezuidenhout grandsons, and other children from the more privileged sectors of the community join in – all beneficiaries of one man's vision.

Using his personal funds, a variety of small donations and support from his two sons and two sons-in-law, who all achieved Springbok colours for wrestling, Bezuidenhout has given a generation of young people something to live for. Talented wrestlers and those who develop a track record of strong performance compete at provincial and national tournaments and the Bezuidenhout family provides educational support and employment opportunities to club members whose families are in dire need.

The development program has built a track record that is nothing short of phenomenal, producing the likes of Hilton Arends, Denver Jansen and Piet



■ The winning team with Dave van der Merwe (SASCOC), Brian Bruce and Sean Flanagan



■ The winners – Welkom Wrestling Club with Hilton Langenhoven (right)



■ The runner up – Tiger Titans Cricket Club With Paralympic medal list Fanie Lombard (right)

Olivier – all South African junior and senior wrestling champions who have earned Protea colours – and Sylvester Williams, who, at the age of eight, became the first black South African wrestler to achieve South African colours after 1994.

In December 2007, the club secured the coaching services of Egyptian wrestling champion, Amro Hassan who, together with the formidable Bezuidenhout family and other retired club wrestlers, are outstanding role models for a new generation of champions emerging from the development program.

“The Welkom Wrestling Club development program is achieving excellence in the sport of wrestling

and is also using the sport as a vehicle to transform the lives of many young people in the community. With additional resources, we believe that the program will have an even greater impact,” said Sean Flanagan, executive director of Murray & Roberts and convener of the Jack Cheetham panel of judges.

The Jack Cheetham Memorial Award was initiated by Murray & Roberts 27 years ago in recognition of the special qualities of Jack Cheetham, a former director of the company and the inspirational captain of the South African cricket team in the 1950s who was able to instil in young people the belief that they could win. The award targets

sports development projects, focusing on individuals or teams that have the potential to be champions.

The 2008 award, which includes a floating trophy and prize money of R500 000 over a period of five years, was presented by inspirational South African paralympic gold medalist, Hilton Langenhoven, who attended the event as a special guest.

The runner-up was the Tiger Titans Cricket Club, a cricket club initiated by a 14-year-old school boy Ross McCreath, for young people from the impoverished Nolukanye township in Bathurst. The runner-up receives prize money of R50 000. ○

Ready and able

Murray & Roberts puts its weight behind disabled sport

Murray & Roberts has decided to provide funding support for disabled sport from the dividend gains of the Letsema Sizwe Broad-Based Community Trust, a broad-based BEE shareholder in the Group.

The trust owns 2,22% of Murray & Roberts Holdings and its dividend income is invested in the empowerment of Black workers, unemployed people, the aged, people with disabilities and women.

HILTON LANGENHOVEN

In 2008, Murray & Roberts identified triple gold medallist in the Beijing Paralympics, Hilton Langenhoven, as a beneficiary of the trust. Impressed by the ability Hilton has demonstrated to conquer almost insurmountable odds to become a champion athlete, the trust has allocated Hilton R500 000 over five years to allow him to concentrate on preparing for the 2012 Paralympics.

Two disabled sports projects, Boccia for the Severely Disabled and Judo for the Blind and Visually Impaired, were short-listed in the 2008 Murray & Roberts Jack Cheetham Memorial Award in recognition of excellence and community development and were also identified as beneficiaries of the trust. The projects will each receive R150 000 over three years, escalating at CPIX.

BOCCIA FOR THE SEVERELY DISABLED

Boccia for the Severely Disabled is a form of indoor bowls played by people with severe disabilities. Ruon van Zyl, a victim of the 1950s polio epidemic, recognised the value of Boccia for disabled children



■ Brian Bruce and Andrew Skudder announcing the Murray & Roberts sponsorship of Hilton Langenhoven (centre) at the 2008 Jack Cheetham award ceremony

and introduced it to schools for the disabled across South Africa. Today, more than 500 disabled South Africans participate in the Olympic sport and a South African team has achieved strong rankings in international tournaments.

JUDO FOR THE BLIND AND VISUALLY IMPAIRED

In 2006, Mike and Lorraine Job, both 6th degree Judo black belts and instructors with 40 years of service to the sport,

introduced Judo to the Athlone School for the Blind in Cape Town. By 2008, the pilot group had doubled to 68 participants, 15 of whom were selected to represent the winning Western Province team at the first National Championships for the SA Sports Association for the Physically Disabled. In another significant achievement in 2008, five Athlone players were selected to represent Western Province in the able-bodied team.

HILTON LANGENHOVEN: PARALYMPIC HERO, ROLE MODEL TO YOUNG ATHLETES

Hilton Langenhoven is 25 years old, and lives in the Boland village of Pniel, in the Stellenbosch mountains.

Hilton's childhood was deprived, and fraught with problems which, to many, would have seemed insurmountable. He was born an albino, with only 20% vision. His father left the family home when Hilton was very young – never to return again, and his mother was left to cope with three young children without any support. At the age of six, he was adopted by his aunt, but soon afterwards her husband died and she was left to take care of Hilton and her two children alone, so she decided to send Hilton to the Athlone School for the Blind in Bellville Cape Town.

"I was small and felt alone in this world after I first had to leave my Mum and then my new family. Because money was scarce, I couldn't go home in the weekends like everyone else; I felt rejected and was always teased because I looked different with my Jik-white skin and hair. I was very vulnerable to being exploited, to insults and ill treatment and I had to learn to defend myself," he says.

Hilton became the man he is today – one who can see at three metres what others see at 60 – by becoming sociable and taking part in school concerts, singing in a choir, washing cars to raise the train fare to go home, working in gardens during holidays to buy clothes and by playing soccer and then athletics.

The better he did the harder he practised, and when he excelled at long jump and javelin, he progressed to provincial level. At 17, Hilton was chosen to represent South Africa at the Australian Junior Paralympic Championships. He won six gold medals – in the 100 metres, 200 metres, 400 metres, javelin and long jump, and as the fastest male athlete in all age groups.

A year later he went to France with the senior team and that was the beginning of his phenomenally successful career in athletics. He won gold medals in the SA

Championships in 2003 and 2004, a silver medal in the Athens Paralympics in 2004, a silver medal in the Commonwealth games in Melbourne in 2006, four gold medals in the Nedbank Championships for the Physically Disabled in 2007 and a world record in Long Jump during the World Championships in The Netherlands in 2007. In the Beijing Paralympics in 2008, he astounded the world by winning triple gold medals in three different disciplines, one for the Pentathlon (F12), one for the Long jump (F12) and one for the 200m (T13).

Hilton says he is determined to win more races and break more records, nationally and internationally. His life is filled with goals and hard work ahead.

Hilton is assisted by the ECHO-Erinvale Care & Help Organisation, a local non-profit charity, which has supported him since 2001. This is an excerpt from an account of Hilton's life by Dick Wensing of ECHO.



■ Hilton achieving his gold medal hat trick in Beijing



■ Winning at the 2008 Beijing Paralympics



■ In action at a long jump event in Beijing



Other beneficiaries of the Letsema Sizwe Broad-Based Community Trust are:

- The CIDA Education Group
- Disability Empowerment Concerns Trust
- Heartbeat Centre for Community Development
- Kurisani Investment for LoveLife Youth Development Trust
- Outward Bound South Africa
- Soul City Broad-Based Empowerment Company & Soul City Institute. ○

Stylish living



One lucky reader and a partner can win a three-night stay at Harbour Bridge Hotel & Suites, including breakfast each morning and dinner on one of the evenings (alcoholic beverages excluded)



Set against a backdrop of mesmerising ocean and mountain views and ideally positioned on the fringe of Cape Town's V&A Waterfront, the new Harbour Bridge Hotel & Suites offers 360-degree vistas of the best the

'Mother City' has to offer. Situated on the recently constructed Roggebaai Canal Waterfront, Harbour Bridge is perfectly positioned close to the world famous V&A Waterfront where a short stroll or canal ferry ride will get you

there in a few minutes. This pioneering and state-of-the-art hotel offers 40 quality rooms and 16 luxury suites. There is a stylish roof top pool and sundeck as well as a Bistro Café full service Restaurant.

THINGS TO SEE AND DO IN AND AROUND CAPE TOWN

- Cape Point Nature Reserve
- Castle of Good Hope
- Green Market Square
- Kirstenbosch
- Robben Island
- Table Mountain Cableway
- Two Oceans Aquarium
- Topless City Explorer Bus
- Hout Bay
- The Winelands – Stellenbosch, Paarl & Franschhoek
- Township Tour
- Helicopter Flip

FOR RESERVATIONS

CALL:
0861 RELAIS (735 247),
TOLL FREE:
0800 600 889,
EMAIL:
CRO@RELAIS.CO.ZA
OR VISIT:
WWW.RELAISHOTELS.COM.



Winner of the Kloofzicht Lodge competition: Cyril Smallman

RULES OF THE COMPETITION:

1. The prize will be awarded to the first correct entry drawn.
2. The judges' decision is final and no correspondence will be entered into.
3. The prize is subject to availability and expires on 30 April 2009.
4. All extras are to be settled direct.
5. Transport to the destination is not included.
6. The prize is not transferable and cannot be exchanged for cash.

Answer the easy question, complete the entry form and send to Murray & Roberts Competition, PO Box 1148, JHB 2000 – to reach us before 30 April 2009. You can also fax to (011) 646-6040 or e-mail competitions@profpart.com (remember to put Murray & Roberts Competition in the subject line).

ENTRY FORM: MARCH 2009 COMPETITION

Name: _____

Phone number: _____

Question: Name the alliance project completed by Murray & Roberts in 2008? _____

* Strictly one entry per person

$$E=mc^2$$



Your community is our community.

Every year Murray & Roberts invests millions of rands into Corporate Social Investment projects.

Our focus is:
Mathematics, Science & Technology Education
Environmental Education
& Early Childhood Development

If you know of deserving projects that you are willing to champion, contact us.

Call 011 456 1144 or fax 011 879 0050 or email clientservice@murrob.com