Murray & Roberts

DELIVERING ON OUR PROMISE OF A NEW STRATEGIC FUTURE

OIL & GAS + UNDERGROUND MINING + POWER & WATER

ANNUAL FINANCIAL STATEMENTS 2018

CONTENTS

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

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 46. The annual financial statements have been compiled under the supervision of DF Grobler (CA)SA, (Group financial director) and 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 annual financial statements. For their unmodified report to the shareholders of the Company and Group refer to page 05 to 09.

Approval of annual financial statements

The annual financial statements of the Company and the Group for the year ended 30 June 2018 as set out on pages 02 to 97 were approved by the Board of directors at its meeting held on 29 August 2018 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

FOR THE YEAR ENDED 30 JUNE 2018

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 2018, 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
29 August 2018

AUDIT & SUSTAINABILITY COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The Audit & Sustainability Committee ("Committee") presents its report in terms of section 94(7)(f) of the Companies Act, the King Code of Governance for South Africa, 2016 (King IV) and the Johannesburg Stock Exchange (JSE) Listings Requirements for the financial year ended 30 June 2018.

The Committee is an independent statutory committee appointed by the Murray & Roberts shareholders. In compliance with section 94 of the Companies Act and the principles of good governance, shareholders annually appoint certain independent directors as members of the Committee to fulfil the statutory duties as prescribed by the Companies Act.

In addition, the Board delegates specific duties to the Committee. This report considers these statutory and delegated duties as well as the Committee's responsibilities in terms of the JSE Listings Requirements. It also addresses some of the matters that King IV advises should be considered by an audit & sustainability committee.

Membership

Disclosed under the Group directorate in the Integrated Report.

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. 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 has formal terms of reference, which are reviewed annually by both the Committee and the Board (or more frequently if required). The Committee is satisfied that it has conducted its affairs in accordance with its terms of reference and has discharged its responsibilities.

Roles and responsibilities

The Committee is satisfied that it complied with its legal, regulatory and other responsibilities during the financial year ended 30 June 2018. The 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 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. In addition, the Committee assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

The Committee's roles and responsibilities include statutory and regulatory duties as per the Companies Act, the JSE Listings Requirements and those items recommended in the interest of good governance according to King IV. In addition, the Board has assigned certain other duties to the Committee as defined in its terms of reference.

The Board conducts annual reviews of the Committee's duties and terms of reference as well as annual assessments of its performance, in a manner determined by the Board.

No major concerns were raised by any member of the Committee in FY2018.

There were no reportable irregularities during the year, nor were any complaints or queries about our financial reporting brought to the attention of the Committee.

External audit

The Committee nominated and recommended the appointment of the external auditor, Deloitte & Touche, to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Mr G Berry as designated auditor for FY2018. The individual registered auditor, Mr G Berry, served in this capacity for his first year in 2017 and 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 satisfied itself that the audit firm and designated auditor are accredited and do not appear on the JSE list of disqualified auditors. The Committee further satisfied itself that Deloitte & Touche was independent of the Company, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors. This opinion is based on consideration of previous appointments of the auditor and the extent of other work the auditor has undertaken for the Group. In a written statement addressed to the Committee, Deloitte & Touche confirmed that their independence complies with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. The Committee is satisfied that the external auditor is independent and has nominated Deloitte & Touche for re-election at the forthcoming annual general meeting of shareholders, with Mr G Berry as the individual registered auditor. Deloitte & Touche and Mr G Berry are properly accredited.

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. External audit's independence was not impaired by any consultancy, advisory or other work undertaken.

The Committee, in consultation with executive management, agreed to the engagement letter and terms and to the audit plan as well as scope of work performed and budgeted audit fees for FY2018.

The Committee has applied its mind to the key audit areas and key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. These items, which required significant judgement, were:

+ Recognition of contract revenue, margin and related receivables and liabilities;
+ Recognition and recoverability of claims and variation orders; and
+ Recoverability of vendor related receivables.

The Committee has noted the changes in audit regulation regarding mandatory audit firm rotation, which will require the external auditors to resign from the audit following the audit of the financial statements for the financial year ended 30 June 2023.

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. The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework, as laid down by the Institute of Internal Auditors Inc. Internal audit was assessed by an external independent assessment to be in general conformance with the Standards and elements of the Code of Ethics in July 2018. 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 internal audit function reports directly to the audit committee and administratively to the Group commercial director. 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 officer, Group financial director, Audit Committee chair and chairman of the Board.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources when required. 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 internal audit plan is based on an assessment of risk areas identified by internal audit and management, 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 Committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. Internal audit has confirmed there are no undue scope limitations or impairments to independence. Sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support conclusions in FY2018.
The Committee approved internal audit's risk-based audit plan for the financial year ending 30 June 2019.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in May 2018 and determined to be appropriate and consistent with the internal audit strategy and mandate.

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 FY2018, 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. 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.

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.

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. During the year under review, external service providers were appointed to provide assurance on the sustainability information.

The Committee is of the view that the arrangements in place for combined assurance are adequate and are achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

Going concern

The Committee reviewed the documents prepared by management in which they assessed the going concern status of the Group at year end and the foreseeable future. Management has concluded that the Group is a going concern. The Committee resolved and recommended acceptance of this conclusion to the Board.

Significant areas of judgement

Information on significant areas of judgement can be found in note 45.

Consolidated and separate financial statements and integrated report

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 2018, 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 annual integrated report and 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:

DC Radley
Audit Committee chair
29 August 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MURRAY & ROBERTS HOLDINGS LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Murray & Roberts Holdings Limited and its subsidiaries (the Group) set out on pages 14 to 97, which comprise the statements of financial position as at 30 June 2018, and the statements of financial performance, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2018, 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 Companies Act.

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 Financial Statements* section of our report. 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the company for the period.

INDEPENDENT AUDITOR'S REPORT – continued

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Recognition of contract revenue, margin and related receivables and liabilities	
The industry in which the Group operates is characterised by contract risk with significant judgements involved by the Directors in the assessment of both current and future contract financial performance. Revenue and margin are recognised based on the stage of completion of individual contracts, calculated on the proportion of total costs at the reporting date compared to the estimated total costs of the contracts. Anticipated losses to completion are immediately recognised as an expense in contract costs. The status of contracts is updated on a regular basis. In doing so the Directors are required to exercise judgement in their assessment of the valuation of contract variations and claims (specifically considered in the key audit matter below) and liquidated damages as well as the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within forecast timescales. The potential final contract values can cover a wide range of outcomes. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative. As a result of the above this is considered a key audit matter. Accounting for the revenue recognition process, which requires significant judgement, is guided by Accounting Policy note 1.23. The respective amounts are disclosed in note 26.	Our work on the recognition of contract revenue, margin and related receivables and liabilities included: + Consideration of the appropriateness of the Group's revenue recognition policies; + An assessment of the design and implementation of key controls over the recognition of contract revenue and margin; + Attendance of contract review meetings prior to and post the reporting date; + Testing a sample of contracts in order to challenge both current and future financial performance; + For sampled contracts, challenging the Directors' key judgements inherent in the forecast costs to complete that drive the accounting under the percentage of completion method, including: – a review of the contract terms and conditions through review of contract documentation; – testing the existence and valuation of claims and variations within contract costs via inspection of correspondence with customers and the supply chain; – a review of legal and contracting experts' reports received on contentious matters; – obtaining an understanding of the assumptions applied in determining the forecasts; – an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and – a review of post balance sheet contract performance to support period end judgements. + An assessment of the recoverability of related receivables, including testing of post period end cash receipts and completeness of any contract loss provisions through completion of the above procedures; + Additional reviews of contracts where significant risks of material misstatement had been identified; and + Consideration of the adequacy of disclosures regarding contracts. Our procedures led us to conclude that the revenues and costs associated with contracts and the related assets and liabilities have been appropriately recognised, measured and disclosed.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Recognition and recoverability of claims and variation orders	
Accounting for claims and variation orders in contracts requires the exercise of judgement by the Directors as to the extent to which claims and variation orders can be included in the end of site revenue forecast. This requires careful thought and assessment of the uncertainties which may arise. All claims and variation orders at the reporting date are re-assessed by the Directors to confirm that it is still appropriate to recognise them in terms of Accounting Policy note 1.23 and that the amounts are appropriately valued and disclosed in the financial statements. Due to their long outstanding nature, claims and variation orders taken to book remain a risk in terms of their recoverability and the Directors are required to make a judgement as to whether the recorded amounts are fully recoverable and is therefore a key audit matter. As at 30 June 2018, the Group reflected R1 292 million (30 June 2017: R914 million) in net uncertified revenue as disclosed in note 9. This uncertified revenue relates primarily to the Middle East operations and the Power & Water operations.	Our work on the recognition and recoverability of claims and variation orders included: + An assessment of the design and implementation of key controls as described in the audit response to the key audit matter set out above; + Obtain an understanding of current period developments, to confirm whether circumstances had changed that would require a different position to be taken; + Review of correspondence relating to claims and variation orders taken to book; + Engaging internal and external specialists to examine the correspondence and dossiers relating to the more significant claims and variation orders to independently determine the probability of the success of the claims and the recoverability thereof; + A review of legal experts' reports, and discussion with such legal experts where necessary, on the progress of claims and variation orders that had progressed to dispute resolution or arbitration processes; + Assessment of the judgements and estimates determined in taking the claims and variation orders to book, challenging the Directors regarding the key estimates and validating those with supporting evidence; + An assessment of the recoverability of related receivables, including testing of post period end cash receipts; and + Additional reviews of the project status of projects in the Middle East and selected other projects with uncertified revenue. Based on our findings from the above procedures, the recognition, measurement and disclosure in respect of claims and variation orders are appropriate.
Recoverability of vendor related receivables	
The Group has recognised vendor receivables in respect of the sale of the Southern African Infrastructure & Building businesses and the Genrec business. Certain payments on these receivables have not been made by the debtor when due. The consideration of impairment of these vendor receivables requires the Directors to exercise judgement. Given the judgement involved in assessing the recoverability of the vendor loans, this is a key audit matter. Accounting for trade and other receivables, which includes the vendor related receivables, is guided by Accounting Policy note 1.9. The balance of the vendor related receivables is disclosed in note 10.	Our work on the recoverability of vendor receivables included: + Testing of payments made with respect to the vendor loans, both during the current period, and subsequent to period end; + Review of correspondence between the Group and the counterparties to the vendor loans; + Inspecting the latest signed legal agreements between the Group and counterparties to the vendor loans, that define the payment terms of the vendor loans; + Review of the latest available financial information with respect to the counterparties to the vendor loans; + Assessment of the judgements and estimates used to measure the vendor loans, which mainly revolve around the probability of repayment of the vendor loans, challenging the Directors regarding these key estimates and validating those with supporting evidence, including independent, third party evidence; and + Consideration of the adequacy of disclosure of the vendor receivables. Based on our findings from the above procedures, the measurement and disclosure of the vendor related receivables is appropriate in the context of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT – continued

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit & Sustainability Committee's Report and the Company Secretary's Certificate as required by the Companies Act, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and 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 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 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 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 IFRS and the Companies Act and for such internal control as they 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 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 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 Director's 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 and 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 the 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, related safeguards.

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 changes to the IRBA Rules published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Murray & Roberts Holdings Limited for 116 years.

Deloitte + Touche

Deloitte & Touche
Registered Auditor

Per: GM Berry
Partner
29 August 2018

REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018

This report presented by the directors is a constituent of the consolidated and separate annual financial statements at 30 June 2018, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rands, except where otherwise stated.

1 Nature of business

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the underground mining, oil & gas and power & 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 2018 the Group recorded earnings of R267 million (2017: R48 million), representing diluted earnings per share of 66 cents (2017: diluted earnings per share of 12 cents). Diluted headline earnings per share was 46 cents (2017: diluted headline earnings per share of 26 cents).

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 46.

Going concern

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.

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.

Uncertified revenue

The Group's share of uncertified revenue is included in amounts due from 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 9 of the consolidated financial statements), relating mainly to claims on projects in the Middle East and in Power & Water.

A cumulative total revenue of R1 292 million being amounts due from contract customers (net of payments received on account of R288 million (2017: R445 million)) has been recognised in the statement of financial position at 30 June 2018 (2017: R914 million) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is in accordance with IAS 11: *Construction Contracts*.

In the Middle East all projects are substantially completed. Current year losses in the Middle East relate to overhead costs and legal fees associated with the Dubai Airport claim. The close-out of the projects in the Middle East continues to present major risk, but all envisaged project losses have been fully accounted for. Costs during FY2019 should be limited to overhead costs, and ongoing legal fees on the Dubai Airport dispute, for which an award is expected in November 2018.

Resolution of these extremely complex legal and financial claims and variation instructions is yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the statement of financial position at 30 June 2018.

Implementation of IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments)

In the 2019 financial year IFRS 15 and IFRS 9 will be implemented, as they are applicable to financial years commencing on or after 1 January 2018.

The Group has decided that it will apply the modified retrospective approach to transition from existing IAS's to IFRS 15 and IFRS 9. Therefore comparatives will not be restated. The cumulative effect of initially applying IFRS 15 and IFRS 9 will be an adjustment to the opening balance of retained earnings at the date of initial application, being 1 July 2018.

The cumulative effect of initially applying IFRS 15 is currently estimated to be between R0,7 billion and R1,0 billion as at 1 July 2018. The estimated IFRS 15 adjustment consists mostly, but not entirely, of the R1,3 billion uncertified revenue disclosed separately under amounts due from contract customers (note 9) in the statement of financial position. The IFRS 15 adjustment relates mainly to amounts in the Middle East and the Power & Water platforms. The Group remains confident that post the implementation of IFRS 15 the uncertified claims and variations will be recognised at a later date, once the uncertainty has been resolved.

The cumulative effect of initially applying the expected credit loss ("ECL") model to assess impairments of receivables in IFRS 9 is currently estimated to be less than R150 million.

Refer to note 46 New standards and interpretations for more detail.

Grayston Temporary Works Collapse

The Department of Labour instituted a Section 32 Inquiry ("Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Board would welcome an expeditious conclusion to this Inquiry.

Segmental disclosure

The Group operated under three strategic platforms in financial year 2018. 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).

2 Authorised and issued share capital

Full details of the authorised and issued capital of the Company at 30 June 2018 are contained in note 12 of the consolidated financial statements.

Particulars relating to the Murray & Roberts Trust ("Trust") are set out in note 13 of the consolidated financial statements.

At 30 June 2018 the Trust held nil (2017: 30 150) shares against the commitment of options granted by the Trust totalling nil (2017: 371 180) ordinary shares. The shares held by the Trust were sold to the Forfeitable Share Plan ("FSP").

Particulars relating to the Vulindlela Trust are set out in note 13 of the consolidated financial statements. During the year the Vulindlela Trust granted a total of nil shares (2017: 2 173 000 shares) to black executives as part of the Group's BBBEE.

At 30 June 2018 the Vulindlela Trust held 10 624 366 (2017: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 759 573 (2017: 5 974 451) 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% (2017: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (2017: 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 FSP, employees were allocated shares during the year by the remuneration committee totalling 4 696 591 shares (2017: 6 372 026). 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.

In the year under review, Murray & Roberts Limited (a 100% owned subsidiary of Murray & Roberts Holdings Limited) purchased 2 458 268 ordinary shares, at an average price of R15.29 per share. The shares held by Murray & Roberts Limited have not been cancelled and are held in Treasury.

3 Dividend

The Board resolved to declare a gross annual dividend of 50 cents (2017: 45 cents) per ordinary share for the year ended 30 June 2018. The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 40 cents per share to those shareholders who are not exempt from paying dividend tax. The dividend has been declared from income reserves.

The number of shares in issue as at the date of this declaration is 444 736 118 and the Company's tax reference number is 9000203712.

The relevant dates are:

EVENT	DATE
Last day to trade (cum-dividend)	Tuesday, 2 October 2018
Shares to commence trading (ex-dividend)	Wednesday, 3 October 2018
Record date (date shareholders recorded in books)	Friday, 5 October 2018
Payment date	Monday, 8 October 2018

No share certificates may be dematerialised or rematerialised between Wednesday, 3 October 2018 and Friday, 5 October 2018, both dates inclusive.

On Monday, 8 October 2018, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. No dividend cheques will be paid to shareholders who have not provided their banking details to the transfer secretaries: Link Market Services South Africa Proprietary Limited. Accordingly, the cash dividend will remain unpaid until such time as the non-compliant shareholder has provided relevant banking details to the transfer secretary, to receive the cash dividend by electronic funds transfer. No interest will be paid for unpaid dividends.

Shareholders who hold their shares in dematerialised form will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 8 October 2018.

4 Subsidiaries and investments

Acquisitions

Acquisition of a further 17% interest (total shareholding now at 50%) in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC")

The Group concluded the acquisition of a further 17% in BCC for an adjusted purchase price of R357 million in December 2017 (original purchase price of R405 million adjusted for dividends declared and interest from 1 October 2017). The Group's investment in BCC has therefore increased to 50% (FY2017: 33%). Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS 28.18 with regards to venture capital organisations or similar entities. The transaction does not result in a change of control.

Disposals

Disposal of interest in the Genrec Engineering operations

The Group disposed of its interest in the Genrec Engineering operations, effective 1 May 2018, for a gross consideration of R185 million.

A gross cash consideration of R40 million has been received by 30 June 2018, with a further R40 million being held in a trust account on behalf of the Group.

The remaining R105 million gross consideration is interest bearing. R25 million is payable by 31 August 2018, whilst the remaining R80 million is payable by 1 May 2023.

Discontinued operations

Discontinued operations include the Genrec operations and the retained assets and liabilities in the Southern African Infrastructure & Building businesses that were sold during the current and prior financial years. These operations meet the requirements in terms of IFRS 5 Discontinued Operations and have been presented as discontinued operations in the Group's statement of financial performance.

5 Special resolution

During the year under review the following special resolution was passed by shareholders:

1. The proposed fees payable quarterly in arrears to non-executive directors.

6 Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2018 or the results of its operations or cash flows for the year then ended.

7 Interest of directors

A total of nil (2017: 150 080) share options are allocated to directors in terms of the Scheme, further details are set out in note 13.

The directors of the Company held direct beneficial interests in 724 256 ordinary shares of the Company's issued ordinary shares (2017: 401 080). Details of the ordinary shares held per individual director are listed below and also set out in note 42.

BENEFICIAL	Direct	Indirect
30 June 2018		
DF Grobler	**41 569**	**836 567**
HJ Laas	**682 687**	**1 862 390**
30 June 2017		
DD Barber	2 723	–
DF Grobler	–	407 000
HJ Laas	398 357	1 971 500

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

8 Directors

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

Independent non-executive

SP Kana (chairman); R Havenstein; NB Langa-Royds; XH Mkhwanazi; KW Spence; AK Maditsi; TE Mashilwane and DC Radley.

Executive

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

9 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

10 Auditors

Deloitte & Touche continued in office as external auditors. At the annual general meeting on 1 November 2018, shareholders will be requested to re-appoint Deloitte & Touche as external auditors for the 2019 financial year. Graeme Berry will be the individual registered auditor who will undertake the audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	**1 995,7**	2 057,7
Investment property	3	**–**	18,9
Goodwill	4	**615,8**	606,9
Other intangible assets	5	**171,3**	194,2
Investment in joint venture	37	**72,1**	73,2
Investments in associate companies	6	**2,9**	7,6
Other investments	7	**1 311,5**	895,4
Deferred taxation assets	21	**385,3**	585,2
Amounts due from contract customers	9	**568,1**	542,0
Non-current receivables		**130,0**	68,3
Total non-current assets		**5 252,7**	5 049,4
Current assets			
Inventories	8	**279,2**	280,1
Amounts due from contract customers	9	**5 089,0**	4 913,5
Trade and other receivables	10	**1 076,0**	1 167,0
Current taxation assets	34	**74,1**	23,4
Derivative financial instruments		**–**	2,2
Cash and cash equivalents	11	**2 464,2**	2 370,6
Total current assets		**8 982,5**	8 756,8
Assets classified as held for sale	31	**50,5**	396,8
Total assets		**14 285,7**	14 203,0
EQUITY AND LIABILITIES			
Stated capital	12	**2 591,3**	2 566,1
Reserves	14 & 15	**1 058,7**	996,4
Retained earnings		**3 046,4**	2 978,2
Equity attributable to owners of Murray & Roberts Holdings Limited		**6 696,4**	6 540,7
Non-controlling interests	16	**47,5**	64,5
Total equity		**6 743,9**	6 605,2
Non-current liabilities			
Long term loans	18	**146,8**	219,7
Retirement benefit obligations	19	**12,8**	17,3
Long term provisions	20	**125,7**	144,7
Deferred taxation liabilities	21	**74,5**	121,2
Non-current payables		**145,3**	162,0
Total non-current liabilities		**505,1**	664,9
Current liabilities			
Amounts due to contract customers	9	**1 527,0**	1 571,2
Trade and other payables	23	**3 396,3**	3 523,0
Short term loans	24	**296,1**	289,2
Current taxation liabilities	34	**63,0**	39,2
Provisions for obligations	25	**232,7**	279,7
Subcontractor liabilities	22	**1 410,8**	971,5
Bank overdrafts	11	**110,8**	117,5
Total current liabilities		**7 036,7**	6 791,3
Liabilities classified as held for sale	31	**–**	141,6
Total liabilities		**7 541,8**	7 597,8
Total equity and liabilities		**14 285,7**	14 203,0

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Continuing operations			
Revenue	26	**21 847,0**	21 397,3
Continuing operations excluding Middle East		**21 379,5**	20 789,6
Middle East		**467,5**	607,7
Profit before interest, depreciation and amortisation		**1 330,6**	962,4
Depreciation		**(428,6)**	(430,9)
Amortisation of intangible assets		**(38,2)**	(44,7)
Profit before interest and taxation	27	**863,8**	486,8
Continuing operations excluding Middle East		**898,2**	1 055,1
Middle East		**(34,4)**	(568,3)
Interest expense	28	**(104,4)**	(109,8)
Interest income	29	**63,3**	68,1
Profit before taxation		**822,7**	445,1
Taxation expense	30	**(297,7)**	(161,2)
Profit after taxation		**525,0**	283,9
Income from equity accounted investments		**20,9**	7,2
Profit for the year from continuing operations		**545,9**	291,1
Loss from discontinued operations	31	**(278,1)**	(252,9)
Profit for the year		**267,8**	38,2
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**266,8**	48,0
Non-controlling interests	16	**1,0**	(9,8)
		267,8	38,2

Basic and diluted earnings per share were 67 cents (2017: 12 cents) and 66 cents (2017: 12 cents) respectively.
Continuing basic and diluted earnings per share were 137 cents (2017: 76 cents) and 134 cents (2017: 74 cents) respectively.
For further details refer to note 32.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Profit for the year		**267,8**	38,2
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**3,2**	(5,0)
		3,2	(5,0)
Items that may be reclassified subsequently to profit or loss:			
Exchange gains/(losses) on translating foreign operations and realisation of reserve	14 & 16	**94,9**	(488,6)
		94,9	(488,6)
Other comprehensive income/(loss) for the year net of taxation		**98,1**	(493,6)
Total comprehensive income/(loss)		**365,9**	(455,4)
Total comprehensive income/(loss) attributable to:			
Owners of Murray & Roberts Holdings Limited		**362,9**	(421,0)
Non-controlling interest		**3,0**	(34,4)
		365,9	(455,4)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Hedging and translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2016	2 552,1	1 379,4	158,4	3 111,0	**7 200,9**	62,6	**7 263,5**
Total comprehensive (loss)/income for the year	–	(464,0)	(5,0)	48,0	**(421,0)**	(34,4)	**(455,4)**
Treasury shares disposed (net)	14,0	–	–	–	**14,0**	–	**14,0**
Transfer to retained earnings	–	–	(25,9)	25,9	**–**	–	**–**
Realisation of minority interest reserve	–	(23,8)	–	(12,5)	**(36,3)**	36,3	**–**
Utilisation of share-based payment reserve	–	–	(55,3)	–	**(55,3)**	–	**(55,3)**
Recognition of share-based payment	–	–	32,6	–	**32,6**	–	**32,6**
Dividends declared and paid[1]	–	–	–	(8,3)	**(8,3)**	–	**(8,3)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(185,9)	**(185,9)**	–	**(185,9)**
Balance at 30 June 2017	2 566,1	891,6	104,8	2 978,2	**6 540,7**	64,5	**6 605,2**
Total comprehensive income for the year	–	92,9	3,2	266,8	**362,9**	3,0	**365,9**
Treasury shares disposed (net)	25,2	–	–	–	**25,2**	–	**25,2**
Transfer to retained earnings	–	–	(1,5)	1,5	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(53,9)	–	**(53,9)**	–	**(53,9)**
Recognition of share-based payment	–	–	21,6	–	**21,6**	–	**21,6**
Repayment of equity loans from non-controlling interests	–	–	–	–	**–**	(20,0)	**(20,0)**
Dividends declared and paid[1]	–	–	–	(14,2)	**(14,2)**	–	**(14,2)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(185,9)	**(185,9)**	–	**(185,9)**
Balance at 30 June 2018	2 591,3	984,5	74,2	3 046,4	**6 696,4**	47,5	**6 743,9**

1 *Dividends relate to distributions made by entities that hold treasury shares.*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Cash flows from operating activities			
Receipts from customers		**22 624,0**	25 103,5
Payments to suppliers and employees		**(21 690,3)**	(24 048,3)
Cash generated from operations	33	**933,7**	1 055,2
Interest received		**65,5**	87,1
Interest paid		**(111,8)**	(137,5)
Taxation paid	34	**(174,0)**	(209,6)
Operating cash flow		**713,4**	795,2
Dividends paid to owners of Murray & Roberts Holdings Limited		**(200,1)**	(194,2)
Net cash inflow from operating activities		**513,3**	601,0
Cash flows from investing activities			
Dividends received from associate companies	6	**19,6**	19,1
Purchase of intangible assets other than goodwill	5	**(13,5)**	(23,6)
Purchase of property, plant and equipment	2	**(311,5)**	(264,1)
– Replacements		**(78,3)**	(115,7)
– Additions		**(358,0)**	(395,0)
– Capitalised finance leases raised (non-cash)		**124,8**	246,6
Purchase of property, plant and equipment by entities classified as held for sale		**(0,8)**	(53,0)
Investment in joint venture held for sale		**–**	(2,0)
Proceeds on disposal of property, plant and equipment		**115,6**	45,0
Proceeds on disposal of intangible assets other than goodwill		**–**	7,0
Net inflow/(outflow) on disposal of business	35	**39,6**	(322,8)
Proceeds on disposal of assets held for sale		**–**	37,0
Proceeds on disposal of investment in associate		**87,0**	–
Purchase of additional investments		**(357,9)**	–
Cash related to assets held for sale		**1,5**	259,0
Proceeds from realisation of investment	7	**220,1**	170,0
Other		**1,2**	1,3
Net cash outflow from investing activities		**(199,1)**	(127,1)
Cash flows from financing activities			
Net acquisition of treasury shares		**(28,7)**	(41,0)
Net movement in borrowings	36	**(217,6)**	(660,6)
Net cash outflow from financing activities		**(246,3)**	(701,6)
Total increase/(decrease) in net cash and cash equivalents		**67,9**	(227,7)
Net cash and cash equivalents at beginning of year		**2 253,1**	2 736,8
Effect of exchange rates		**32,4**	(256,0)
Net cash and cash equivalents at end of year	11	**2 353,4**	2 253,1

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, financial assets designated as fair value through profit or loss and investment property. 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 required the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated and separate financial statements are discussed in note 45.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 46.

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 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 the power over the entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to 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.

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 39: *Financial Instruments: Recognition and Measurement*, or 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.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3: *Business Combinations*.

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 indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of 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 ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

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 designated as 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.

Foreign currency non-monetary items

Exchange differences arising on translation are credited to or charged against income except for differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. For such items, any exchange component of that gain or loss is also recognised directly in equity.

Foreign operations

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

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

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

Classification depends on the purpose 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 designated as fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

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

Loans and receivables

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

Trade and other receivables

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

Contract receivables and retentions

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method.

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

Cash and cash equivalents

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

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each reporting date and impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

+ significant financial difficulty of the issuer or counterparty; or
+ breach of contract, such as a default or delinquency in interest or principal payments; or
+ it is becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
+ the disappearance of an active market for that financial asset because of financial difficulties.

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

Non-trading financial liabilities

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

Trade and other payables

Trade and other payables are liabilities to pay for goods 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 as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Subcontractor liabilities

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

Investments

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

Financial instruments designated as fair value through profit or loss

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

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets. Fair value is determined in a manner as described in note 7. Where management has identified objective evidence of impairment, provisions are raised against the investment. Assets are considered to be impaired when the fair value of the assets is considered to be lower than the original cost of the investment.

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

Advance payments received

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

1.11 Intangible assets other than goodwill

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable, the Group has control over the asset, it is probable that economic benefits will flow to the Group and the cost of the asset can be measured reliably.

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.

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.

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.

Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Depreciation

Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its residual value over its estimated useful life.

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 Investment property

Investment properties are land, buildings or part thereof that are either owned or leased by the Group under a finance lease for the purpose of earning rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. The classification is performed on a property-by-property basis.

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

1.14 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.

1.15 Non-current assets held for sale and discontinued operations

Non-current assets, disposal groups, or components of an enterprise are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

1.16 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.

1.17 Leases

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

Finance leases

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Any direct cost incurred in negotiating or arranging a lease is added to the cost of the asset. The present value of the cost of decommissioning, restoration or similar obligations relating to the asset are also capitalised to the cost of the asset on initial recognition. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or units 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.

Finance lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to operating costs as they become due.

Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the Group to enter into the agreement, such as up-front cash payments or an initial rent-free period. These benefits are recognised as a reduction of the rental expense over the lease term, on a straight-line basis.

1.18 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

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. Refer to note 20 (Long term provisions), note 25 (Provisions for obligations) and note 45 (Critical accounting estimates and judgements) for further details.

1.19 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 are 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.

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.

1.20 Employee benefits

Defined contribution plans

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

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

Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risk 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.

1.21 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.

1.22 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.

1.23 Revenue

Long term and construction contracts

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts received in excess of work completed. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

In limited circumstances, contracts may be materially impacted by a client's actions such that the Group is unable to complete the contracted works at all or in the manner originally forecast. This may 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 45 (Critical accounting estimates and judgements) regarding revenue recognition and contract accounting.

1.24 Dividends

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

1.25 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 makes 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 arms length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

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

Segmental assets

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

1.26 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 AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2 Property, plant and equipment

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018 Cost	2018 Accumulated depreciation and impairment	2018 Carrying value	2017 Cost	2017 Accumulated depreciation and impairment	2017 Carrying value
Land and buildings	**407,7**	**(226,3)**	**181,4**	470,5	(269,0)	201,5
Plant and machinery	**4 795,3**	**(3 109,0)**	**1 686,3**	4 612,0	(2 818,1)	1 793,9
Other equipment	**336,7**	**(208,7)**	**128,0**	269,9	(207,6)	62,3
Total	**5 539,7**	**(3 544,0)**	**1 995,7**	5 352,4	(3 294,7)	2 057,7

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and machinery	Other equipment	Total
At 30 June 2016	181,7	1 866,3	140,8	2 188,8
Additions	32,3	439,4	39,0	510,7
Disposals	(0,3)	(14,5)	(0,1)	(14,9)
Transfer to assets classified as held for sale	(15,3)	–	–	(15,3)
Transfer to other intangible assets	–	–	(0,3)	(0,3)
Transfers between categories	69,6	29,1	(98,7)	–
Foreign exchange movements	(16,9)	(146,3)	(4,3)	(167,5)
Depreciation	(38,0)	(381,2)	(14,1)	(433,3)
Impairment loss	(11,6)	–	–	(11,6)
Impairment loss utilised	–	1,1	–	1,1
At 30 June 2017	**201,5**	**1 793,9**	**62,3**	**2 057,7**
Additions	**2,8**	**330,7**	**102,8**	**436,3**
Disposals	**(0,4)**	**(87,1)**	**(16,0)**	**(103,5)**
Transfer to assets classified as held for sale	**(1,8)**	**–**	**–**	**(1,8)**
Transfers from/(to) other intangible assets	**2,7**	**9,8**	**(13,1)**	**(0,6)**
Foreign exchange movements	**4,0**	**27,3**	**3,3**	**34,6**
Depreciation	**(27,4)**	**(389,9)**	**(11,3)**	**(428,6)**
Impairment loss utilised	**–**	**1,6**	**–**	**1,6**
At 30 June 2018	**181,4**	**1 686,3**	**128,0**	**1 995,7**

The Group has pledged certain assets as security for certain interest bearing borrowings (note 17, 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 Investment property

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
At beginning of year	**18,9**	–
Fair value adjustments	**(0,1)**	7,3
Foreign exchange movements	**0,6**	(0,1)
Transfer (to)/from assets classified as held for sale	**(19,4)**	11,7
	–	18,9

The investment property included in the balance at the beginning of the year relates to plot 68275 in Botswana that was transferred to assets classified as held for sale, as the disposal is expected to occur within the next 12 months.

4 Goodwill

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
At beginning of year	**606,9**	642,4
Foreign exchange movements	**8,9**	(35,5)
	615,8	606,9
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 operating platforms:		
Power & Water	**81,4**	81,4
Underground Mining	**56,6**	55,8
Oil & Gas	**477,8**	469,7
	615,8	606,9

Impairment testing

Summary of growth and post-tax discount rates per cash generating units:

	Growth rate	Post-tax Discount rate
Power & Water	4,5%	13,1%
Underground Mining	4,5% and 2%	13,1% and 10,5%
Oil & Gas	2,5%	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 a cash generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of between 2% and 4,5%. 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.

4 Goodwill – continued

In line with market practice, the Group applied a post-tax discount rate of between 10,5% and 13,1% (2017: between 10,3% and 13,6%), pre-tax discount rate of between 18,2% and 22,7% (2017: between 27,0% and 31,8%), 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 impairment is tested using a sensitivity analysis by increasing the applicable post-tax discount rate of the cash generating unit by 3%.

	2018	2017
Reconciliation of accumulated impairment losses		
At beginning and end of year	**(2,3)**	(2,3)

5 Other intangible assets

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	**8,2**	**(4,1)**	**4,1**	8,1	(2,1)	6,0
Computer software	**393,1**	**(225,9)**	**167,2**	410,2	(222,0)	188,2
Other intangible assets	**39,6**	**(39,6)**	**–**	38,3	(38,3)	–
Total	**440,9**	**(269,6)**	**171,3**	456,6	(262,4)	194,2

RECONCILIATION OF OTHER INTANGIBLE ASSETS	Patents, trademarks and other rights	Computer software	Other intangible assets	Total
At 30 June 2016	0,8	236,3	1,2	238,3
Additions	6,6	17,0	–	23,6
Disposals	–	(7,2)	–	(7,2)
Transfer from property, plant and equipment	–	0,3	–	0,3
Foreign exchange movements	–	(15,9)	(0,2)	(16,1)
Amortisation	(1,4)	(42,3)	(1,0)	(44,7)
At 30 June 2017	**6,0**	**188,2**	**–**	**194,2**
Additions	**–**	**13,5**	**–**	**13,5**
Transfer from property, plant and equipment	**–**	**0,6**	**–**	**0,6**
Foreign exchange movements	**–**	**1,2**	**–**	**1,2**
Amortisation	**(1,9)**	**(36,3)**	**–**	**(38,2)**
At 30 June 2018	**4,1**	**167,2**	**–**	**171,3**

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, trademarks and other rights	5 years	on a straight-line basis
– Computer software	2 to 10 years	on a straight-line basis
– Other intangible assets	3 to 5 years	on a straight-line basis

6 Investment in associate companies

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
6.1 Investments in associate companies		
At beginning of year	**7,6**	17,5
Dividend received	**(19,6)**	(19,1)
Share of post-acquisition earnings	**21,9**	9,2
Disposal	**(7,0)**	–
	2,9	7,6
The carrying value of the investments may be analysed as follows:		
Investments in associates at cost	**13,6**	20,6
Share of post-acquisition earnings, net of dividends received	**(10,7)**	(13,0)
	2,9	7,6

6.2 Valuation of shares

The directors consider the value of the investment in unlisted associates to be immaterial in relation to the Group's assets, and have therefore deemed the cost method appropriate in determining the value at year end.

6.3 Summarised financial information in respect of the Group's associates

	2018	2017
Total assets	**5,3**	411,1
Total liabilities	**(2,9)**	(384,3)
Net assets	**2,4**	26,8
Revenue	**1 024,2**	1 037,1
Profit for the year	**92,3**	39,5

6.4 Details of associate companies

		% of Ownership and votes		
NAME OF ASSOCIATES	Place of incorporation	2018	2017	Main activity
Bombela Operating Company Proprietary Limited*^	South Africa	**–**	23,9	Transport logistics
Bombela TKC Proprietary Limited#	South Africa	**45,0**	25,0	Construction

* *31 December year end.*

^ *The Bombela Operating Company Proprietary Limited was disposed of to RATP Development SA ("RATP") and SPG Concessions (Proprietary) Limited effective May 2018 for a consideration of R87 million, resulting in a profit on disposal of R80 million.*

The shareholding in Bombela TKC Proprietary Limited was increased from 25% to 45% effective December 2017 for a consideration less than R1 million.

NOTES TO THE AUDITED FINANCIAL STATEMENTS – continued

7 Other investments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
7.1 Financial assets designated as fair value through profit or loss		
Investment in infrastructure service concession		
At beginning of year	**892,7**	811,2
Additions	**357,3**	–
Realisation of investment	**(220,1)**	(170,0)
Fair value adjustment recognised in the statement of financial performance	**278,4**	251,5
	1 308,3	892,7

Directors valuation: R1,3 billion (2017: R892,7 million).

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

	% interest	Remaining concession period	2018	2017
Bombela Concession Company Proprietary Limited*	50	8 years	**1 308,3**	892,7

* *The Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") for an adjusted purchase price of R357 million in December 2017 (original purchase price of R405 million adjusted for dividends declared and interest from 1 October 2017). The Group's investment in BCC has therefore increased to 50%. Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS28.18 with regards to venture capital organisations or similar entities, as the transaction does not result in a change of control.*

The fair value of the BCC is calculated using discounted cash flow models and a market discount rate of 18.5% (FY2017: 18.5%). 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.

A once off fair value gain of R50 million (FY2017: R100 million) was recognised following an amendment in the operating company fee structure due to a non-recurring event in each of the respective years which has resulted in a reduction of the fee payable to the operator. The reduction in the operator fee is a cost input in the fair value model which resulted in a corresponding increase in the fair value of the investment.

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 is subject to annual inflationary increases. The contract is subject to review every 5th year where increases of more than inflation are considered. An annual operating fee increase of 1% above inflation will result in a decrease in the value of the concession investment of approximately R9,0 million (FY2017: R17,7 million).

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 concessionaires excess free cash flow above a 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 R301 million (FY2017: R191 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. Due to the predictable nature of revenue it is not considered to be a significant unobservable input and therefore no quantitative information is provided.

A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R46,2 million (FY2017: R31,2 million).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
7.1.1 Summarised financial information in respect of financial assets designated through profit or loss		
Total assets	**5 672,0**	5 339,0
Total liabilities	**(2 873,0)**	(3 023,0)
Net assets	**2 799,0**	2 316,0
Revenue	**1 767,0**	1 470,0
7.2 Available-for-sale financial assets		
Listed investments		
At beginning of year	**0,1**	0,1
Disposal	**(0,1)**	–
At end of year	**–**	0,1

7 Other investments – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
7.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
At beginning of year	**2,6**	1,5
Additional investments	**0,6**	1,2
Repayment	**–**	(0,1)
	3,2	2,6
Total other investments	**1 311,5**	895,4

8 Inventories

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Raw materials and consumable stores	**148,6**	198,8
Work-in-progress	**–**	5,1
Finished goods and manufactured components	**130,6**	76,2
	279,2	280,1

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

The cost of inventories recognised as an expense includes Rnil million (2017: Rnil million) in respect of write-downs of inventory to net realisable value and has been reduced by Rnil million (2017: Rnil million) in respect of the reversal of such write-downs.

The amount of inventory carried at net realisable value amounts to Rnil million (2017: Rnil million).

9 Contracts-in-progress and contract receivables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**1 796,3**	1 903,3
Uncertified claims and variations less payments received on account of R288 million (2017: R445 million) (recognised in terms of IAS 11: *Construction Contracts*)	**1 292,2**	913,7
Amounts receivable on contracts (net of impairment provisions)	**2 385,5**	2 342,9
Retentions receivable (net of impairment provisions)	**183,1**	295,6
	5 657,1	5 455,5
Amounts received in excess of work completed	**(1 527,0)**	(1 571,2)
	4 130,1	3 884,3
Disclosed as:		
Amounts due from contract customers – non-current*	**568,1**	542,0
Amounts due from contract customers – current	**5 089,0**	4 913,5
Amounts due to contract customers	**(1 527,0)**	(1 571,2)
	4 130,1	3 884,3

* *The non-current amounts are considered by management to be fully recoverable.*

Update on the Group's claims processes
Uncertified revenue as at the end of the financial year increased to R1,3 billion (FY2017: R0,9 billion), largely represented by claims on projects in the Middle East and the remainder in the Power & Water platform.

Grayston temporary works collapse
The Department of Labour instituted a Section 32 Inquiry ("Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Board would welcome an expeditious conclusion to this Inquiry.

10 Trade and other receivables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Trade receivables	**57,5**	309,1
Provision for doubtful debts	**(0,7)**	(1,6)
Amounts owing by joint operations	**198,8**	170,5
Prepayments	**130,1**	113,5
Sundry loans	**71,3**	65,1
Deposits	**22,0**	23,5
Value Added Taxation receivable	**18,3**	24,2
Vendor related receivables	**228,6**	163,6
Other receivables	**350,1**	299,1
	1 076,0	1 167,0

Non-current receivables includes an amount of R80 million relating to vendor loans receivable.

Details in respect of the Group's credit risk management policies are set out in note 41.

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

11 Net cash and cash equivalents

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**1 854,1**	1 819,1
Restricted cash	**610,1**	551,5
Cash and cash equivalents	**2 464,2**	2 370,6
Bank overdrafts	**(110,8)**	(117,5)
	2 353,4	2 253,1
Restricted cash		
Cash and cash equivalents at the end of the financial year include bank balances and cash that are restricted from immediate use due to:		
Amounts held in joint operations	**599,6**	543,3
Amounts held in trust accounts	**–**	0,3
Other agreements with banks and other financial institutions	**10,5**	7,9
	610,1	551,5

12 Stated capital

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
12.1 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	**(991,5)**	(1 016,7)
Net stated capital	**2 591,3**	2 566,1
Unissued		
At 30 June 2018 the number of unissued shares was 305 263 882 (2017: 305 263 882).		
12.2 Treasury shares		
Market value of treasury shares		
The Murray & Roberts Trust	**–**	0,4
The Letsema BBBEE trusts and companies	**555,0**	414,3
Subsidiary companies	**242,6**	202,5
Shares bought back	**43,0**	–

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 Murray & Roberts Trust	**–**	(30 150)
Less: Treasury shares held by Letsema BBBEE trusts and companies	**(31 696 039)**	(31 696 039)
Less: Treasury shares held by subsidiary companies	**(13 852 946)**	(15 490 732)
Less: Treasury shares held by the subsidiary companies forfeited, not yet sold	**(399 470)**	(1 303 025)
Less: Treasury shares bought back	**(2 458 268)**	–
Net shares issued to the public	**396 329 395**	396 216 172

13 Share incentive schemes

13.1 Equity-settled share incentive scheme – the Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") was approved by shareholders in October 1987 to operate through the means of the Murray & Roberts Trust ("Trust"). Subsequent amendments to the Scheme and Trust were approved by shareholders in October 2012 and November 2014.

At 30 June 2018 the Trust held nil (2017: 30 150) shares against the commitment of options granted by the Trust totalling nil (2017: 371 280) shares.

13 Share incentive schemes – continued

13.1 Equity-settled share incentive scheme – the Murray & Roberts Trust – continued

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2018 were as follows:

SCHEMES IMPLEMENTED			Outstanding options at 30 June 2017	Surrendered/ lapsed during the year	Outstanding options at 30 June 2018	Option price per share (cents)
30 August 2011*	Retention	1,2,3	371 180	(371 180)	–	2 524
			371 180	(371 180)	–	

Notes:

1. *For the August 2011 Retention scheme, all share options vest on the third anniversary subject to continued employment and all unexercised options expire on the sixth anniversary of the option date.*
2. *The Group has no legal or constructive obligation to repurchase or settle the options in cash.*
3. *Options are forfeited if the employees leave the Group before the options vest.*

* *The performance conditions were not satisfied on 30 August 2017 and in terms of the option rules this share option scheme lapsed.*

The Group recognised total income of Rnil million (2017: Rnil million) relating to these share options during the year.

13.2 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 2017	Granted during the year	Surrendered during the year	Transfer to own broker	Exercised during the year	Balance at 30 June 2018
01 September 2014	FSP	2	2 454 370	–	(1 226 754)	(399 674)	(827 942)	–
01 September 2014	FSP-STI	1	52 384	–	–	(33 445)	(18 939)	–
31 March 2015	FSP	3	541 195	–	(277 098)	(146 300)	(117 797)	–
01 September 2015	FSP-STI	1	131 548	–	(5 783)	(43 536)	(33 801)	**48 428**
15 September 2015	FSP	4	6 193 709	–	(1 304 213)	(65 772)	(605 044)	**4 218 680**
02 November 2016	FSP	5	5 643 000	–	(694 158)	(28 679)	(24 927)	**4 895 236**
02 November 2016	FSP-STI	1	474 526	–	(40 741)	(108 814)	(78 460)	**246 511**
01 September 2017	FSP	6	–	4 417 000	(252 500)	–	–	**4 164 500**
01 September 2017	FSP-STI	1	–	279 591	–	–	–	**279 591**
			15 490 732	4 696 591	(3 801 247)	(826 220)	(1 706 910)	**13 852 946**

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 September 2014 scheme, the forfeitable shares will cliff vest after 3 years, in September 2017, subject to satisfying certain performance conditions.*

3 *For the March 2015 scheme, the forfeitable shares will cliff vest after 3 years, in March 2018, subject to satisfying certain performance conditions.*

4 *For the September 2015 scheme, the forfeitable shares will cliff vest after 3 years, in September 2018, subject to satisfying certain performance conditions.*

5 *For the November 2016 scheme, the forfeitable shares will cliff vest after 3 years, in September 2019, subject to satisfying certain performance conditions.*

6 *For the September 2017 scheme, the forfeitable shares will cliff vest after 3 years, in September 2020, subject to satisfying certain performance conditions.*

13 Share incentive schemes – continued

13.2 Forfeitable Share Plan – continued

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

FSP Monte Carlo Model

The inputs into the model was as follows:

PLAN IMPLEMENTED		Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of FSP (cents)
01 September 2014	FSP	26,9%	01 September 2017	6,8%	4,3%	**2 456**
01 September 2014	FSP-Retention	26,9%	01 September 2017	6,8%	4,3%	**2 456**
01 September 2014	FSP-STI	26,9%	01 September 2017	N/A	4,3%	**2 620**
31 March 2015	FSP	26,9%	30 March 2018	6,7%	2,6%	**1 191**
01 September 2015	FSP-STI	30,0%	01 September 2018	7,4%	5,6%	**1 299**
15 September 2015	FSP	30,0%	14 September 2018	8,2%	5,6%	**1 160**
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**

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 R18,3 million (2017: R32,0 million) relating to this share scheme during the year.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, will not exceed 2 223 681 shares. This represents 0,50% of the number of shares currently in issue. This limit was set in 2012 when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value as per the remuneration policy. The individual limit has been reached by the Group chief executive, who as at 30 June 2017, had 2 213 300 unvested awards. This represents 0,497% of the shares currently in issue, just below the cap of 0,50%.

The Group chief executive has thus not received a September 2017 FSP award, but cash-settled conditional rights with a mandatory share purchase. The cash-settled conditional rights will not result in a more favourable financial outcome compared to the FSP.

The Group chief executive was awarded 864 000 cash settled conditional rights to the value of R12 536 640 on 1 September 2017. The performance conditions will be evaluated over the period 1 July 2017 to 30 June 2020.

13.3 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 2018, the Vulindlela Trust held 10 624 366 (2017: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 759 573 (2017: 5 974 451) 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.

13 Share incentive schemes – continued

13.3 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust – continued

The details of the movement in the outstanding shares granted by the Vulindlela Trust during the year ended 30 June 2018 were as follows:

SCHEMES IMPLEMENTED			Outstanding shares at 30 June 2017	Granted/ reinstated during the year	Surrendered during the year	Exercised during the year	Outstanding shares at 30 June 2018	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	–	–	–	**365 029**	4 774	
24 August 2010	Standard	1,2	372 452	–	(3 500)	–	**368 952**	4 102	
20 April 2011	Hurdle	1,2,3	84 017	–	–	–	**84 017**	2 516	
30 August 2011	Standard	1,2	497 456	–	(3 500)	–	**493 956**	2 770	
15 March 2012	Rights offer	1	142 292	–	–	–	**142 292**	–	1 134
28 November 2012	Standard	1,2	309 935	–	(4 000)	–	**305 935**	2 195	
28 August 2013	Standard	1,2	314 635	–	(4 620)	–	**310 015**	2 463	
01 September 2014	Standard	1,2	649 958	–	(13 404)	–	**636 554**	2 449	
15 September 2015	Standard	1,2	1 105 481	–	(52 368)	–	**1 053 113**	1 254	
02 November 2016	Standard	1,2	1 341 695	–	(133 486)	–	**1 208 209**	1 053	
			5 974 451	–	(214 878)	–	**5 759 573**		

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.

13 Share incentive schemes – continued

13.3 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 R4,9 million (2017: R0,6 million) relating to these share options during the year.

14 Hedging and translation reserve

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Foreign currency translation reserve		
At beginning of year	**891,6**	1 379,4
Realisation of foreign currency translation reserve	**–**	(23,8)
Foreign currency translation movements	**92,9**	(464,0)
	984,5	891,6

The hedging reserve represents the effective portion of fair value gains or losses on derivative financial instruments that have been designated as cash flow hedges. The balance for the year ended 30 June 2018 was R0,9 million (2017: R0,9 million).

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.

15 Other capital reserves

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
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	**(56,0)**	(56,0)
Reclassification to retained earnings	**(0,8)**	–
Reclassification between categories of equity	**0,6**	–
	(56,2)	(56,0)
Share-based payment reserve		
At beginning of year	**149,9**	198,5
Recognition of share-based payment	**21,6**	32,6
Transfer to retained earnings	**(0,7)**	(25,9)
Reclassification between categories of equity	**(0,6)**	–
Utilisation of reserve	**(53,9)**	(55,3)
	116,3	149,9
Retirement benefit obligation reserve		
At beginning of year	**(19,1)**	(14,1)
Effects of remeasurement on retirement benefit obligation	**3,2**	(5,0)
	(15,9)	(19,1)
	74,2	104,8

The capital redemption reserve fund represents retained earnings transferred to a non-distributable reserve on the redemption of previously issued redeemable preference shares of group companies.

The statutory reserve represents retained earnings of foreign subsidiary companies that are not available for distribution to shareholders in accordance with local laws.

The other non-distributable reserve includes 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*.

16 Non-controlling interests

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
The non-controlling interests comprise:		
16.1 Non-controlling interests in reserves		
At beginning of year	**44,5**	42,6
Share of attributable profit/(loss)	**1,0**	(9,8)
Transfer from reserves	**–**	36,3
Foreign exchange and other movements	**2,0**	(24,6)
	47,5	44,5
16.2 Equity loans from non-controlling interests		
At beginning of year	**20,0**	20,0
Repayment of equity loans from non-controlling interests	**(20,0)**	–
	–	20,0
Total balance at year end	**47,5**	64,5

17 Secured liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2018	2017
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R293,0 million (2017: R318,2 million). Loans secured over cash of R2,5 million. Loans secured over buildings with a book value of R88,8 million (2017: R85,7 million). Loans secured over client receipts with a book value of Rnil million (2017: R20,4 million).		**283,5**	306,5
Reflected in the statement of financial position under:			
Long term loans	18	**4,7**	3,2
Long term capitalised finance leases	18	**124,4**	152,5
Short term loans	24	**154,4**	150,8
		283,5	306,5

18 Long term loans

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		Note	2018	2017
18.1	**Interest bearing secured loans**			
	Payable			
	Within 1 year		**35,4**	20,4
	Within the 2nd year		**4,7**	3,2
			40,1	23,6
	Less: Current portion	24	**(35,4)**	(20,4)
			4,7	3,2
18.2	**Interest bearing unsecured loans**			
	Payable			
	Within 1 year		**80,0**	92,6
	Within the 2nd year		**17,7**	–
	Within 3 to 5 years		**–**	64,0
			97,7	156,6
	Less: Current portion	24	**(80,0)**	(92,6)
			17,7	64,0
18.3	**Non-interest bearing unsecured loans**			
	Payable			
	Within 1 year		**61,7**	45,8
	Less: Current portion	24	**(61,7)**	(45,8)
			–	–
18.4	**Capital finance leases**			
	Minimum lease payments			
	Within 1 year		**129,5**	139,1
	Within the 2nd year		**91,9**	71,9
	Within 3 to 5 years		**47,8**	88,8
			269,2	299,8
	Less: Future finance charges		**(25,8)**	(16,9)
	Present value of lease obligations		**243,4**	282,9
	The present value of lease obligations can be analysed as follows:			
	Within 1 year		**119,0**	130,4
	Within the 2nd year		**83,9**	64,3
	Within 3 to 5 years		**40,5**	88,2
			243,4	282,9
	Less: Current portion	24	**(119,0)**	(130,4)
			124,4	152,5
	Total long term loans		**146,8**	219,7

The Group's current facilities range from on-demand to 365 day facilities and are supported by cross guarantees from 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 17. Details of the Group's interest rate risk management policies are set out in note 41.

19 Retirement benefits

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).

19.1 Defined contribution plan – pension fund

In South Africa the Group operates the following privately administered defined contribution pension plan for salaried employees:

Murray & Roberts Retirement Fund

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members.

The fund was actuarially valued on 31 December 2016 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2018 was R42,0 million (2017: R83,8 million).

19.2 Defined contribution plan – provident fund

In South Africa the Group operates the following privately administered defined contribution provident plan for salaried employees:

Murray & Roberts Provident Fund

The Trustees made a decision to deregister the fund with effect from 31 August 2016 and the majority of assets were transferred out of the fund by February 2017. It is anticipated that this process will be finalised in the current year.

The fund was actuarially valued on 28 February 2018 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2018 was Rnil million (2017: Rnil million).

19.3 Defined benefit plan – retirement benefit

The Murray & Roberts Retirement Fund ("Fund") provides defined benefits to employee members. Historically the Fund offered defined benefits to pensioners. However, with effect from 31 March 2016 all pensioners were Section 14 transferred to Old Mutual.

19.4 Defined benefit plan – post-retirement medical aid

Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.

	2018	2017
Present value of funded liability	**1,9**	32,2
Fair value of plan assets	**(17,0)**	(46,3)
Present value of unfunded liability	**(15,1)**	(14,1)
Unrecognised due to paragraph 64 limits	**–**	14,1
	(15,1)	–

The asset is capped at the liability value.

19 Retirement benefits – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
19.4 Defined benefit plan – post-retirement medical aid – continued		
Movement in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**32,2**	36,7
Current service cost	**–**	0,2
Interest cost	**2,0**	3,1
Remeasurements	**(2,1)**	(1,7)
Actuarial gain due to change in financial assumptions	**–**	(2,4)
Actual gain due to settlement	**(1,7)**	–
Actuarial gain due to actual increase granted compared to that expected	**–**	(0,1)
Actuarial gain due to actual demographic profile of the membership compared to that expected	**(0,5)**	(6,6)
Actuarial loss due to addition of new members	**0,1**	7,4
Benefits paid	**(3,9)**	(6,1)
Settlement of active members and pensioners	**(26,3)**	–
	1,9	32,2
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**46,3**	50,7
Prior year adjustment	**–**	(0,4)
Return on plan assets less interest	**4,2**	4,5
Remeasurements	**(3,3)**	(2,4)
Settlement	**(26,3)**	–
Benefits paid	**(3,9)**	(6,1)
	17,0	46,3
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Equity instruments	**17,0**	44,3
Cash and money market instruments	**–**	2,0
	17,0	46,3

The disclosure of the funded status is for accounting disclosure purposes only and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2018 by Cadiant Partners Actuarial and Consulting Solutions (Pty) Ltd. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2019.

19 Retirement benefits – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
19.4 Defined benefit plan – post-retirement medical aid – continued		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Current service cost	**0,1**	0,2
Net interest income	**(2,2)**	(1,4)
Asset recognised	**(11,8)**	–
Current service and net interest cost on unrecognised assets due to paragraph 64 limits	**–**	1,2
	(13,9)	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan were as follows:		
Net interest cost on unrecognised assets due to paragraph 64 limits	**–**	(1,2)
Remeasurement	**(1,2)**	1,1
Change in unrecognised assets due to paragraph 64 limits	**–**	0,1
	(1,2)	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**8,1%**	10,1%
Post-retirement discount rate	**8,1%**	10,1%
Expected return on plan assets	**8,1%**	10,1%
Long term increase in medical subsidy (inflation linked)	**5,4%**	7,3%
Long term increase in medical subsidy (non-inflation linked)	**N/A**	8,8%

	Change in past service contractual liability	Change in service cost plus interest cost
Sensitivity analysis		
The effect of a 1% increase and decrease in the Consumer Price Inflation ("CPI") assumption on the past service contractual liability is shown below:		
Increase in CPI rate by 1%	**2,2%**	**12,9%**
Decrease in CPI rate by 1%	**(2,1%)**	**(10,9%)**
The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using lighter or heavier mortality assumptions post-retirement is shown below:		
PA(90)	**N/A**	**N/A**
PA(90) – 2	**N/A**	**N/A**

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by the Group.

The actual return on plan assets was R4,3 million (2017: R2,1 million).

The Group does not expect to contribute to the post-retirement medical aid benefit in 2018 (2017: Rnil million).

19 Retirement benefits – continued

19.5 Defined benefit plan – disability benefit

With effect from 1 March 2010 disability benefits for qualifying salaried employees are provided through a registered insurer. Disability benefits for existing claimants are provided via the Murray & Roberts Group Employee Benefits Policy. The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits may be reviewed annually and increases are discretionary and not guaranteed. A group of members are also entitled to receive a medical scheme contribution waiver and a skills levy refund.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Present value of funded liability	**10,8**	14,0
Fair value of plan assets	**(24,5)**	(25,4)
Present value of unfunded liability	**(13,7)**	(11,4)
Unrecognised due to paragraph 64 limits	**13,7**	11,4
	–	–
The asset is capped at the liability value.		
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**14,0**	17,1
Interest cost	**1,1**	1,3
Remeasurements	**(1,6)**	(1,5)
Actuarial gain due to change in financial assumptions	**–**	(0,3)
Actuarial gain due to experience variance	**(1,6)**	(1,2)
Benefits paid	**(2,7)**	(2,9)
	10,8	14,0
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**25,4**	26,2
Expected return on plan assets	**1,9**	2,1
Remeasurements	**(0,1)**	–
Realised/unrealised losses	**(0,1)**	–
Benefits paid	**(2,7)**	(2,9)
	24,5	25,4
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Bonds	**18,7**	17,1
Cash and money market instruments	**5,8**	8,3
	24,5	25,4
The disclosure of the funded status is for accounting disclosure purposes only and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2018 by Guardrisk. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2019.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Net interest income	**(0,8)**	(0,8)
Net interest income on unrecognised assets due to paragraph 64 limits	**0,8**	0,8
	–	–

19 Retirement benefits – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
19.5 Defined benefit plan – disability benefit – continued		
Amounts recognised in other comprehensive income in respect of the defined benefit plan were as follows:		
Net interest income on unrecognised assets due to paragraph 64 limits	**(0,8)**	(0,8)
Remeasurements	**(1,5)**	(1,5)
Change in unrecognised assets due to paragraph 64 limits	**2,3**	2,3
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**8,3%**	8,0%
Expected return on plan assets	**8,3%**	8,0%
Long term increase in disability benefits	**5,6%**	5,3%

Sensitivity analysis

The effect of a 1% increase and decrease in the discount rate and consumer price inflation assumption on the pensioner liability and the annual expense is shown in the table below:

	R millions	%
Change in pensioner liability		
Increase in discount rate of 1%	**(0,3)**	**(2,7%)**
Decrease in discount rate of 1%	**0,3**	**2,8%**
Change in pensioner asset		
Increase in discount rate by 1%	**–**	**–**
Decrease in discount rate by 1%	**–**	**–**
Net change		
Increase in discount rate by 1%	**(0,3)**	**1,2%**
Decrease in discount rate by 1%	**0,3**	**(1,2%)**
The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using lighter or heavier mortality assumptions post-retirement is shown below:		
PA(90)	**–**	**–**
PA(90) – 2	**–**	**–**

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by the Group.

The actual return on plan assets was R1,8 million (2017: R2,1 million).

19 Retirement benefits – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
19.6 Defined benefit plan – pension scheme		
The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.		
Present value of funded liability	**71,2**	73,0
Fair value of plan assets	**(58,5)**	(55,7)
Present value of unfunded liability	**12,7**	17,3
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**73,0**	82,1
Interest cost	**1,7**	1,7
Experience losses on defined benefit obligation	**–**	4,9
Gains from changes to demographic assumptions	**(0,5)**	(3,3)
(Gains)/losses from changes to financial assumptions	**(2,4)**	3,6
Exchange differences on foreign plans	**4,3**	(10,9)
Benefits paid	**(4,9)**	(5,1)
	71,2	73,0
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**55,7**	65,3
Interest on assets	**1,3**	1,3
Return on plan assets less interest	**0,2**	0,1
Contributions from the employer	**2,6**	2,6
Exchange differences on foreign plans	**3,6**	(8,5)
Benefits paid	**(4,9)**	(5,1)
	58,5	55,7
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Debt instrument	**54,9**	52,4
Cash	**3,6**	3,3
	58,5	55,7

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2018 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.

19 Retirement benefits – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
19.6 Defined benefit plan – pension scheme – continued		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Net interest cost	**0,4**	0,4
	0,4	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	**(0,2)**	(0,1)
Experience losses on defined benefit obligation	**–**	4,9
Gains from changes to demographic assumptions	**(0,5)**	(3,3)
(Gains)/losses from changes to financial assumptions	**(2,4)**	3,6
	(3,1)	5,1
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**2,6%**	2,3%
Rate of increase in pension payments	**3,5%**	3,5%
Rate of increase in pensions in deferment	**2,5%**	2,5%
Rate of inflation	**3,3%**	3,3%

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by the Group.

The 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 R0,2 million (2017: R0,1 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 R3,6 million to this defined benefit plan in 2019 (2018: R2,6 million).

	Approximate effect on liabilities R millions
Sensitivity analysis	
Adjustment to assumptions	
Discount rate – Plus 0,1% p.a.	**(0,8)**
Mortality – Long term rate of mortality improvement of 1,25% p.a.	**0,5**

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 the 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.

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 AUDITED FINANCIAL STATEMENTS – continued

20 Long term provisions

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
At beginning of year	**144,7**	186,6
Additional raised	**18,8**	18,0
Utilised during the year	**(5,1)**	(25,1)
Transfer from current portion	**–**	0,3
Released during the year	**(34,7)**	(18,0)
Foreign exchange movements	**2,0**	(17,1)
	125,7	144,7
Long term provisions comprise the following categories:		
Payroll provisions	**48,7**	39,2
Onerous lease provisions	**51,3**	83,6
Warranty provisions	**5,9**	8,4
Other provisions	**19,8**	13,5
	125,7	144,7

	Payroll provisions	Onerous lease provisions	Warranty provisions	Other provisions	Total
2018					
At beginning of year	**39,2**	**83,6**	**8,4**	**13,5**	**144,7**
Additional raised	**17,9**	**7,3**	**–**	**5,9**	**31,1**
Utilised during the year	**(5,1)**	**–**	**(3,2)**	**–**	**(8,3)**
Released during the year	**(4,2)**	**(39,6)**	**–**	**–**	**(43,8)**
Foreign exchange movements	**0,9**	**–**	**0,7**	**0,4**	**2,0**
	48,7	**51,3**	**5,9**	**19,8**	**125,7**
2017					
At beginning of year	65,7	110,7	10,2	–	186,6
Additional raised	4,5	–	–	13,5	18,0
Utilised during the year	(25,1)	–	–	–	(25,1)
Released during the year	(0,4)	(17,6)	–	–	(18,0)
Transfer from current portion	0,3	–	–	–	0,3
Foreign exchange movements	(5,8)	(9,5)	(1,8)	–	(17,1)
	39,2	83,6	8,4	13,5	144,7

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 restricting payments.

Onerous lease provisions – costs recognised on onerous lease contracts. Refer to note 45.

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

Warranty provisions – relates to warranty against defects on cooling water intake and outfall structures. The warranty period spans over 54 months. This provision value has been estimated by reference to the retention guarantee required by the client for defect liabilities, reduced by the retention guarantee held for subcontractors.

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.

21 Deferred taxation

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
21.1 Deferred taxation assets		
Uncertified work and other construction temporary differences	**(218,1)**	(188,0)
Plant	**(128,8)**	(118,9)
Taxation losses	**245,3**	339,5
Receivables	**1,0**	1,6
Provisions and accruals	**361,0**	240,5
Advance payments received net of taxation allowances	**147,8**	127,5
Fair value adjustments	**–**	183,7
Prepayments	**(3,4)**	(2,1)
Other	**(19,5)**	1,4
	385,3	585,2
21.2 Reconciliation of deferred taxation assets		
At beginning of year	**585,2**	603,9
Charged to the statement of financial performance	**(200,0)**	(19,4)
Credited to the statement of financial performance in respect of discontinued operations	**–**	44,2
Foreign exchange movements	**0,1**	(43,5)
	385,3	585,2
21.3 Deferred taxation liabilities		
Uncertified work and other construction temporary differences	**0,5**	–
Plant	**99,7**	139,2
Provisions and accruals	**(29,1)**	(18,0)
Other	**3,4**	–
	74,5	121,2
21.4 Reconciliation of deferred taxation liabilities		
At beginning of year	**121,2**	178,9
Charged to the statement of financial performance	**(48,6)**	(54,2)
Transfer from assets classified as held for sale	**–**	(0,2)
Foreign exchange movements	**1,9**	(3,0)
Rate change	**–**	(0,3)
	74,5	121,2

21.5 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 2018, the Group has estimated unused taxation losses of R1 322 million (2017: R1 474 million) available for offset against future profits. Deferred taxation assets have been recognised in respect of R841 million (2017: R1 220 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R481 million (2017: R254 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 2019 to 2021 which supports the recognition of deferred taxation assets in the statutory entities. The remaining tax losses have an expiry date of between one and six years.

21.6 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 R105 million (2017: R124 million).

22 Subcontractor liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.		
Non-current subcontractor liabilities	**–**	–
Current subcontractor liabilities	**1 410,8**	971,5
	1 410,8	971,5

23 Trade and other payables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Trade payables	**591,3**	651,9
Amounts owing to joint operations	**168,7**	140,8
Payroll accruals	**736,2**	894,2
Operating lease payables recognised on a straight-line basis	**11,6**	13,5
Accruals	**742,7**	896,3
Value Added Taxation payable	**117,0**	136,6
Onerous lease	**30,3**	23,8
Other payables	**998,5**	765,9
	3 396,3	3 523,0

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

24 Short term loans

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2018	2017
Current portion of long term loans:			
– Interest bearing secured	18	**35,4**	20,4
– Interest bearing unsecured	18	**80,0**	92,6
– Non-interest bearing unsecured	18	**61,7**	45,8
Current portion of capitalised finance leases	18	**119,0**	130,4
		296,1	289,2

25 Provisions and obligations

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
At beginning of year	**279,7**	312,4
Additional raised	**154,7**	232,2
Released during the year	**(25,3)**	(89,5)
Utilised during the year	**(178,4)**	(158,7)
Transfer from liabilities classified as held for sale	**–**	0,8
Foreign exchange movements	**2,0**	(17,5)
	232,7	279,7
Provisions and obligations comprise the following categories:		
Payroll provisions	**232,0**	279,0
Warranty provisions	**0,7**	0,7
	232,7	279,7

25 Provisions and obligations – continued

Payroll provision

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

Warranty provision

The provision for warranty claims represents the directors' best estimate of future economic benefits that will be required under the Group/Company's obligations provided for warranties.

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.

26 Revenue

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Construction contracts	**21 490,8**	21 161,6
Sale of goods	**173,9**	102,8
Rendering of services	**178,4**	131,9
Properties	**3,9**	1,0
	21 847,0	21 397,3

27 Profit before interest and taxation

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
The items below comprise of continuing operations only.			
Profit before interest and taxation for the year is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Fair value gain on investments designated as fair value through profit or loss	7	**278,4**	251,5
Rentals received		**115,8**	133,3
Amortisation of intangible assets		**38,2**	44,7
Auditors' remuneration:			
Fees for audits		**34,4**	34,9
Other services		**4,3**	4,8
Expenses		**0,1**	0,3
Compensation income from insurance		**4,9**	17,7
Depreciation:			
Land and buildings	2	**27,4**	35,6
Plant and machinery	2	**389,9**	381,2
Other equipment	2	**11,3**	14,1
Employee benefit expense:			
Salaries and wages		**13 748,4**	13 133,2
Share option expense/(income)	13	**4,9**	(1,0)
Forfeitable Share Plan expense	13	**18,3**	28,1
Pension and provident costs – defined contribution plans	19	**39,3**	45,9
Fees paid for:			
Managerial services		**18,8**	31,5
Technical services		**8,5**	18,2
Administrative services		**3,5**	0,9
Secretarial services		**1,1**	1,3
Other		**90,4**	–

27 Profit before interest and taxation – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Impairment loss recognised on:			
Land and buildings	2	**–**	11,6
Impairment charges:			
Trade receivables		**1,6**	2,1
Amounts receivable on contracts		**–**	7,0
Contract receivables		**2,4**	–
Other receivables		**1,3**	–
Reversal of impairment loss recognised on trade receivables		**2,1**	0,1
Reversal of impairment loss recognised on property, plant and equipment		**1,6**	1,1
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**15,1**	25,4
Loss on disposal of property, plant and equipment		**1,7**	3,1
Net foreign exchange gains/(losses) on intercompany loans		**10,0**	(21,3)
Net foreign exchange gains		**33,5**	1,9
Profit on disposal of investment in associate		**80,0**	–
Operating lease costs:			
Land and buildings		**270,2**	263,1
Plant and machinery		**–**	0,5
Other		**13,4**	45,2
Items by function			
Cost of sales*		**19 597,6**	19 551,8
Distribution and marketing costs		**12,9**	11,0
Administration costs		**1 983,6**	2 104,4
Other operating income		**(610,9)**	(756,7)

* *Cost of sales include R46,5 million (2017: R1,1 million) relating to the cost of inventories sold during the year.*

28 Interest expense

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Bank overdrafts	**67,8**	61,1
Present value expense	**12,7**	9,5
Capitalised finance leases	**6,7**	5,2
Loans and other liabilities	**17,2**	34,0
	104,4	109,8

29 Interest income

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Bank balances and cash	**59,5**	67,8
Unlisted loan investment and other receivables	**3,8**	0,3
	63,3	68,1

30 Taxation expense

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**12,7**	8,2
Deferred taxation – current year	**17,9**	(151,1)
Deferred taxation – prior year	**55,0**	13,9
Foreign taxation		
Normal income taxation and withholding taxation – current year	**188,6**	187,8
Normal income taxation and withholding taxation – prior year	**(55,0)**	–
Deferred taxation – current year	**73,5**	92,8
Deferred taxation – prior year	**5,0**	9,6
	297,7	161,2

South African income tax is calculated at 28% (2017: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

RECONCILIATION OF THE STANDARD RATE OF TAXATION TO THE EFFECTIVE RATE OF TAXATION	%	%
South African standard rate of taxation	**28,0**	28,0
Increase in rate of taxation due to:		
Corporate activities	**3,5**	9,0
Share incentive scheme costs	**0,9**	1,6
Non-deductible expenditure	**6,0**	4,4
Taxation on foreign companies	**3,5**	10,9
Current year's losses not recognised	**4,8**	12,4
Foreign withholding taxation	**5,7**	15,8
Prior year adjustments	**0,6**	1,3
	53,0	83,4
Reduction in rate of taxation due to:		
Fair value gains	**(14,3)**	(10,7)
Other taxation allowances and incentives	**–**	(7,0)
Taxation losses utilised	**(2,5)**	(29,5)
Effective rate of taxation	**36,2**	36,2

31 Discontinued operations, assets and liabilities classified as held for sale

31.1 Loss for the year from discontinued operations

Discontinued operations include Genrec operations and the retained assets and liabilities of the Southern African Infrastructure & Building businesses that were sold during the current and prior financial years. These operations met the requirements in terms of IFRS 5 Discontinued Operations and have been presented as discontinued operations in the Group's statement of financial performance.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
The loss from the discontinued operations is analysed as follows:		
Revenue		
Construction contracts	**522,6**	3 575,9
Sale of goods	**–**	90,7
Properties	**2,8**	7,0
	525,4	3 673,6
Loss after taxation for the year is analysed as follows:		
Loss before interest, depreciation and amortisation	**(272,9)**	(278,6)
Depreciation and amortisation	**–**	(2,4)
Loss before interest and taxation	**(272,9)**	(281,0)
Interest expense	**(7,4)**	(27,7)
Interest income	**2,2**	19,0
Loss before taxation	**(278,1)**	(289,7)
Taxation credit	**–**	37,0
Loss after taxation	**(278,1)**	(252,7)
Expense from equity accounted investments	**–**	(0,2)
Loss from discontinued operations	**(278,1)**	(252,9)
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**(278,1)**	(252,9)
Non-controlling interests	**–**	–
	(278,1)	(252,9)

31 Discontinued operations, assets and liabilities classified as held for sale – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
31.1 Loss for the year from discontinued operations – continued			
Cash flows from discontinued operations			
Cash flows from operating activities		**(173,0)**	(109,8)
Cash flows from investing activities		**40,3**	(78,4)
Cash flows from financing activities		**(1,6)**	24,9
Net decrease in cash and cash equivalents		**(134,3)**	(163,3)
Loss before interest and taxation is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Fair value (loss)/gain on investment property	3	**(0,1)**	7,3
Rentals received		**0,1**	0,4
Auditors' remuneration:			
Fees for audits		**–**	2,5
Other services		**–**	0,3
Compensation income from insurance claims		**–**	9,4
Depreciation:			
Land and buildings	2	**–**	2,4
Employee benefit expense:			
Salaries and wages		**253,4**	1 073,5
Share option expense	13	**–**	1,6
Forfeitable Share Plan expense	13	**–**	3,9
Pension and provident costs – defined contribution plans	19	**2,7**	37,9
Fees paid for:			
Managerial services		**–**	0,1
Administrative services		**0,5**	4,9
Impairment loss:			
Trade receivables		**8,4**	2,5
Vendor related receivables		**–**	56,8
Fair value adjustments on assets held for sale:			
Disposal group		**12,7**	96,4

31 Discontinued operations, assets and liabilities classified as held for sale – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
31.1 Loss for the year from discontinued operations – continued		
Profit or loss on disposals:		
Profit on disposal of property, plant and equipment	**–**	7,8
Loss on disposal of businesses (net)	**–**	(27,5)
Profit on sale of assets held for sale	**–**	17,2
Net foreign exchange profit	**0,3**	0,3
Operating lease costs:		
Land and buildings	**–**	9,8
Other	**–**	0,7
Voluntary Rebuilding Programme charge	**–**	170,0
Items by function		
Cost of sales*	**582,4**	3 201,4
Distribution and marketing costs	**–**	1,2
Administration costs	**220,5**	648,8
Other operating income	**(4,6)**	(103,2)

* *Cost of sales includes Rnil million (2017: R64,9 million) relating to the cost of inventories sold during the year.*

31.2 Assets and liabilities classified as held for sale

Assets held for sale includes assets relating to property inventory in the Oil & Gas platform as well as an investment property in Botswana. These disposals are expected to occur within the next 12 months and have therefore been classified as held for sale. The proceeds from disposals are expected to exceed or equal the net carrying amount of the assets. The prior year included the Genrec operations that were disposed of in the current year. Subsequent to classifying some assets as held for sale, the carrying amount of the assets exceeded the assets fair value less costs to sell. Management elected to write these assets' carrying amount down to their fair value less costs to sell.

The fair value adjustments (note 31.1) on assets classified as held for sale are level 3, non-recurring fair value measurements in terms of the fair value hierarchy that relate mainly to the Genrec operations. The fair value adjustments on the disposal group classified as held for sale were recognised in order to reflect the fair value that was expected to be realised through the sale.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Major classes of assets classified as assets held for sale		
Property, plant and equipment	**1,8**	166,7
Investment property	**19,4**	–
Other intangible assets	**–**	1,1
Non-current receivables	**–**	1,4
Inventories	**29,3**	132,8
Amounts due from contract customers	**–**	47,2
Trade and other receivables	**–**	46,1
Cash and cash equivalents	**–**	1,5
	50,5	396,8
Major classes of liabilities classified as liabilities held for sale		
Long term provisions	**–**	16,6
Amounts due to contract customers	**–**	41,5
Trade and other payables	**–**	63,6
Provisions for obligations	**–**	9,7
Subcontractor liabilities	**–**	10,2
	–	141,6

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

32 Earnings per share

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
32.1 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	**(5)**	(30)
Less: Weighted average number of shares held by Letsema BBBEE trusts	**(31 696)**	(31 697)
Less: Weighted average number of shares held by subsidiary companies	**(14 211)**	(15 373)
Less: Weighted average number of shares bought back	**(682)**	–
	398 142	397 636
Add: Dilutive adjustment	**7 803**	8 013
Weighted average number of shares in issue used in the determination of diluted per share figures	**405 945**	405 649
32.2 Earnings per share		
Reconciliation of earnings		
Profit attributable to owners of Murray & Roberts Holdings Limited	**266,8**	48,0
Adjustments for discontinued operations		
Loss from discontinued operations	**278,1**	252,9
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**544,9**	300,9
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	**66**	12
– Basic	**67**	12
Earnings per share from continuing operations (cents)		
– Diluted	**134**	74
Adjusted diluted earnings per share excluding Middle East	**142**	214
Diluted earnings per share contributed by Middle East	**(8)**	(140)
– Basic	**137**	76
Adjusted basic earnings per share excluding Middle East	**145**	218
Basic earnings per share contributed by Middle East	**(8)**	(142)

32 Earnings per share – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		2018		2017	
Reconciliation of headline earnings	Note	Gross pre-tax & non-controlling interests	Net	Gross pre-tax & non-controlling interests	Net
32.3 Headline earnings					
Profit attributable to owners of Murray & Roberts Holdings Limited		**564,5**	**266,8**	162,4	48,0
Loss on disposal of businesses (net)	35.1	**–**	**–**	27,5	19,8
Profit on disposal of property, plant and equipment (net)		**(13,4)**	**(9,9)**	(30,1)	(20,9)
Impairment of property, plant and equipment (net)		**–**	**–**	11,6	8,2
Reversal of impairment of property, plant and equipment (net)		**(1,6)**	**(1,6)**	(1,1)	(0,8)
Fair value adjustment on disposal group classified as held for sale		**12,7**	**12,7**	96,4	69,6
Profit on sale of assets held for sale (net)		**–**	**–**	(17,2)	(12,4)
Fair value adjustment on investment property		**0,1**	**0,1**	(7,3)	(5,7)
Profit on disposal of investment in associate		**(80,0)**	**(80,0)**	–	–
Headline earnings		**482,3**	**188,1**	242,2	105,8
Adjustments for discontinued operations:					
Loss from discontinued operations		**278,1**	**278,1**	289,9	252,9
Profit on disposal of property, plant and equipment (net)		**–**	**–**	7,8	5,5
Loss on disposal of businesses (net)		**–**	**–**	(27,5)	(19,8)
Fair value adjustment on investment property		**(0,1)**	**(0,1)**	7,3	5,7
Fair value adjustment on disposal group classified as held for sale		**(12,7)**	**(12,7)**	(96,4)	(69,6)
Profit on sale of assets held for sale (net)		**–**	**–**	17,2	12,4
Headline earnings from continuing operations		**747,6**	**453,4**	440,5	292,9

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Headline earnings per share from continuing and discontinued operations (cents)		
– Diluted	**46**	26
– Basic	**47**	27
Headline earnings per share from continuing operations (cents)		
– Diluted	**112**	72
Adjusted diluted headline earnings per share excluding Middle East	**120**	212
Diluted headline earnings per share contributed by Middle East	**(8)**	(140)
– Basic	**114**	74
Adjusted basic headline earnings per share excluding Middle East	**122**	216
Basic headline earnings per share contributed by Middle East	**(8)**	(142)

33 Cash generated from operations

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Profit before interest and taxation		**590,9**	205,8
Adjustments for non-cash items:			
Amortisation of intangible assets	5	**38,2**	44,7
Depreciation	2	**428,6**	433,3
Fair value gain on investments designated as fair value through profit or loss	7	**(278,4)**	(251,5)
Non-cash movements relating to held for sale		**12,7**	96,4
Loss on sale of businesses (net)	35.1	**–**	27,5
Long term provisions raised, released and utilised		**(21,0)**	(25,1)
Provisions for obligations raised, released and utilised		**(49,0)**	(16,0)
Provisions raised, released and utilised relating to held for sale		**(26,3)**	26,0
Profit on disposal of property, plant and equipment (net)		**(13,4)**	(30,1)
Profit on disposal of assets held for sale		**–**	(17,2)
Fair value adjustment on investment property	3	**0,1**	(7,3)
Share-based payment expense		**23,2**	32,6
Impairment of assets (net)		**9,0**	22,0
Profit on sale of investment in associate		**(80,0)**	–
Impairment of vendor loan		**–**	56,8
Voluntary Rebuilding Programme		**–**	170,0
Foreign exchange and other non-cash items		**(14,9)**	39,0
Changes in working capital		**314,0**	248,3
Inventories		**104,0**	(113,0)
Trade and other receivables		**228,0**	536,3
Contracts-in-progress and contract receivables		**(84,0)**	670,0
Trade and other payables		**(221,0)**	(521,0)
Subcontractor liabilities and amounts due to contract customers		**287,0**	(324,0)
		933,7	1 055,2

34 Taxation paid

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Taxation unpaid at beginning of year	**(15,6)**	(34,2)
Foreign exchange movements	**(1,0)**	6,0
Taxation charged to the statement of financial performance excluding deferred taxation	**(146,3)**	(196,0)
Taxation credited to the statement of financial performance under discontinued operations	**–**	(1,4)
Transfer from assets classified as held for sale	**–**	0,4
Taxation (receivable)/unpaid at end of year	**(11,1)**	15,6
	(174,0)	(209,6)
Taxation (receivable)/unpaid at end of year comprises:		
Current taxation assets	**(74,1)**	(23,5)
Current taxation liabilities	**63,0**	39,1
	(11,1)	15,6

35 Disposal/acquisition of businesses

35.1 Disposal of businesses

The profit or loss on disposal of businesses is included in loss for the year from discontinued operations in the statement of financial performance (refer to note 31).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018
Net inflow on disposal of Genrec Engineering operations	**39,6**
Net profit/(loss) on disposal of business	**–**

35.1.1 Disposal of interest in the Genrec Engineering operations

The Group disposed of its interest in the Genrec Engineering business, effective 1 May 2018, for a gross consideration of R185 million.

A gross cash consideration of R40 million has been received by 30 June 2018, with a further R40 million being held in a trust account on behalf of the Group.

The remaining R105 million gross consideration is interest bearing. R25 million is payable by 31 August 2018, whilst the remaining R80 million is payable by 1 May 2023.

Analysis of assets and liabilities, classified as assets and liabilities held for sale in the previous financial year, which were sold during the year.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018
Property, plant and equipment	**(155,1)**
Inventories	**(1,8)**
Trade receivables	**(3,2)**
Contracts-in-progress and contract receivables	**(41,9)**
Other intangible assets	**(0,7)**
Provisions for obligations	**10,7**
Trade and other payables	**7,0**
Net assets disposed of	**(185,0)**
Net consideration	**185,0**
Consideration received in cash and cash equivalents	**39,6**
Deferred consideration recognised as an asset	**145,4**
Loss on disposal of business	**–**
Net cash flow on disposal of business	
Consideration received in cash and cash equivalents	**39,6**
Less: cash and cash equivalent balances disposed of	**–**
	39,6

36 Net movement in borrowings

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Loans raised	**59,2**	151,2
Loans repaid	**(109,8)**	(768,6)
Receipts from vendor loans	**–**	30,0
	(50,6)	(587,4)
Capitalised leases repaid	**(167,0)**	(127,9)
Transfer from liabilities classified as held for sale	**–**	54,7
	(217,6)	(660,6)

37 Joint arrangements

37.1 Joint arrangements

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

Joint operations
These are joint arrangements where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement and are unincorporated arrangements such as partnerships and contracts.

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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
37.1.1 Investment in joint venture		
At beginning of year	**73,2**	–
Share of post-acquisition loss	**(1,1)**	(2,1)
Transfer from assets classified as held for sale	**–**	75,3
	72,1	73,2
The carrying value of the investments may be analysed as follows:		
Net asset value	**65,1**	65,1
Share of post-acquisition earnings	**7,0**	8,1
	72,1	73,2
37.1.2 Summarised financial information in respect of the Group's joint operations		
Non-current assets	**736,3**	719,7
Current assets	**1 614,5**	1 627,9
Total assets	**2 350,8**	2 347,6
Non-current liabilities	**36,2**	1,2
Current liabilities	**3 048,7**	3 002,0
Total liabilities	**3 084,9**	3 003,2
Net assets	**(734,1)**	(655,6)
Revenue	**1 818,4**	2 106,1
Profit/(loss) after taxation	**58,3**	(142,8)

37 Joint arrangements – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
37.1.3 Summarised financial information in respect of the Group's joint ventures		
Non-current assets	**41,8**	41,8
Current assets	**62,5**	56,8
Total assets	**104,3**	98,6
Non-current liabilities	**79,8**	70,3
Current liabilities	**–**	–
Total liabilities	**79,8**	70,3
Net assets	**24,5**	28,3
Revenue	**–**	–
Loss after taxation	**(3,8)**	(5,5)

	Nature of activities	Principal place of business and country of incorporation	2018 % Share-holding	2017 % Share-holding
37.2 Details of significant joint operations				
The Group has the following significant joint operations				
Bombela & Middle East				
Medupi Power Station Joint Venture	Civils construction	South Africa	**–**	33,3
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
Oil & Gas				
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 Ichtys development	Australia	**50,0**	50,0

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.*

	Nature of activities	Principal place of business and country of incorporation	2018 % Share-holding	2017 % Share-holding
37.3 Details of significant joint ventures				
The Group has the following significant joint venture entities				
Corporate				
Forum SA Trading 284 Proprietary Limited	Property development	South Africa	**38,0**	38,0

38 Contingent liabilities

The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The 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 (R2,3 billion). 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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Contingent liabilities	**2 297,3**	1 942,8
Financial institution guarantees given to third parties	**6 221,5**	5 881,4
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to	**2 009,4**	2 010,1

Update on the Group's claims processes

Uncertified revenue as at the end of the financial year increased to R1,3 billion (FY2017: R0,9 billion), largely represented by claims on projects in the Middle East and the remainder in the Power & Water platform.

Grayston temporary works collapse

The Department of Labour instituted a Section 32 Inquiry ("Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Board would welcome an expeditious conclusion to this Inquiry.

39 Capital commitments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Approved by directors, contracted and not provided for in the statement of financial position	**209,2**	116,6
Approved by directors, not yet contracted for	**731,8**	891,4
	941,0	1 008,0

40 Operating lease arrangements

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, intangible assets and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease costs		
Operating lease costs recognised in the statement of financial performance are set out in note 27.		
Minimum lease payments due		
Due within 1 year	**356,8**	309,5
Due between 2 and 5 years	**855,3**	1 000,8
Due thereafter	**2,9**	3,2
	1 215,0	1 313,5

41 Financial risk management

41.1 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 18 and 24 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 is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board.

The Group's current liabilities range from on-demand to 365 day facilities and are supported by cross guarantees from group companies. The debt raised in Australia has been secured by the pledging of Murray & Roberts Proprietary Limited's (Australian company) shares, Clough Proprietary Limited shares and RUC Cementation Mining Contractors Proprietary Limited shares.

The Group has a target gearing ratio of 20% – 25% determined on the proportion of net debt to equity.

41.2 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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
Categories of financial instruments			
Financial assets			
Financial assets designated as fair value through profit or loss (level 3)	7	**1 308,3**	892,7
Loans and receivables		**6 093,6**	6 109,3
Available-for-sale financial assets carried at fair value (level 1)	7	**–**	0,1
Derivative financial instruments (level 2)		**–**	2,2
Financial liabilities			
Loans and payables#		**4 746,2**	4 527,6

The prior year amounts reflected in financial liabilities have been adjusted due to the incorrect inclusion of provisions.

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

41.3 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 41.4 and 41.5.

41 Financial risk management – continued

41.4 Foreign currency risk management

The Group has major operating entities in the Middle East, Australia, The Americas and Zambia and hence has an exposure to fluctuations in exchange rates. The Group may, from time to time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency forward exchange contracts.

Foreign currency sensitivity

The Group is mainly exposed to the currencies of 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	
	2018	2017	2018	2017
Australian Dollar	**19,1**	17,5	**(12,6)**	(7,9)
Canadian Dollar	**5,3**	4,0	**(2,0)**	(2,1)
European Euro	**0,6**	0,4	**–**	(0,1)
UAE Dirham	**3,3**	4,4	**(3,3)**	(4,7)
US Dollar	**11,5**	7,1	**(1,0)**	(0,4)
Zambian Kwacha	**1,2**	3,3	**(0,1)**	(0,4)

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Cash and cash equivalents		
Australian Dollar	**1 023,2**	681,0
Bahraini Dinar	**1,2**	1,2
Botswana Pula	**10,9**	22,7
British Pound	**25,9**	62,7
Canadian Dollar	**53,9**	34,1
Central African Franc	**8,8**	8,2
Egyptian Pound	**–**	9,5
European Euro	**45,2**	29,2
Ghanaian New Cedi	**13,9**	18,3
Indonesian Rupiah	**13,8**	–
Japanese Yen	**6,4**	6,1
Malaysian Ringgit	**7,2**	17,2
Mongolian Tughrik	**24,9**	10,1
Mozambican Metica	**1,0**	5,9
Omani Rial	**7,3**	20,7
Papua New Guinea Kina	**19,2**	0,1
Qatari Rial	**3,3**	3,1
Saudi Arabia Riyal	**–**	3,3
Singapore Dollar	**3,0**	4,0
South African Rand	**213,0**	390,1
South Korean Won	**8,1**	13,2
Thai Baht	**1,6**	6,2
UAE Dirham	**258,1**	251,0
US Dollar	**594,4**	547,3
Zambian Kwacha	**113,9**	217,2
Other	**6,0**	8,2
	2 464,2	2 370,6

41 Financial risk management – continued

41.4 Foreign currency risk management – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Trade and net contract receivables		
Australian Dollar	**888,7**	1 066,1
Bahraini Dinar	**–**	29,9
Botswana Pula	**1,5**	6,7
British Pound	**54,7**	44,2
Canadian Dollar	**476,2**	364,3
European Euro	**10,8**	11,8
Ghanaian New Cedi	**8,8**	5,5
Indonesian Rupiah	**13,1**	–
Mongolian Tughrik	**18,8**	–
Omani Rial	**46,3**	49,6
Papua New Guinea Kina	**111,0**	0,2
Qatari Rial	**–**	7,7
Saudi Arabia Riyal	**–**	5,7
South African Rand	**396,6**	944,6
UAE Dirham	**76,0**	185,1
US Dollar	**541,0**	159,5
Zambian Kwacha	**3,9**	109,6
Other	**3,9**	7,7
Gross receivables	**2 651,3**	2 998,2
Present value and other adjustments	**(25,2)**	(50,6)
	2 626,1	2 947,6
The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are in Rand equivalent):		
Bank overdrafts		
Australian Dollar	**7,9**	–
Botswana Pula	**56,0**	51,1
South African Rand	**44,6**	0,5
UAE Dirham	**–**	65,0
Other	**2,3**	0,9
	110,8	117,5
Trade payables and subcontractor liabilities		
Australian Dollar	**974,7**	576,2
Botswana Pula	**15,9**	27,8
British Pound	**6,3**	7,5
Canadian Dollar	**126,1**	73,9
European Euro	**0,1**	9,9
Malaysian Ringgit	**0,2**	1,7
Mongolian Tughrik	**14,8**	–
Omani Rial	**151,8**	54,3
Qatari Rial	**15,6**	33,8
Saudi Arabia Riyal	**–**	23,3
Singapore Dollar	**–**	0,1
South African Rand	**266,7**	304,9
Thai Baht	**–**	13,3
UAE Dirham	**331,7**	409,0
US Dollar	**87,4**	37,9
Zambian Kwacha	**7,1**	40,5
Other	**3,7**	9,3
Gross liabilities	**2 002,1**	1 623,4
Present value and other adjustments	**–**	–
	2 002,1	1 623,4

41 Financial risk management – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
41.4 Foreign currency risk management – continued		
Interest bearing liabilities		
Australian Dollar	**211,2**	171,1
Canadian Dollar	**72,6**	132,8
Qatari Rial	**–**	20,2
South African Rand	**89,2**	139,0
US Dollar	**8,3**	–
	381,3	463,1
Non-interest bearing liabilities		
Australian Dollar	**61,7**	45,8
	61,7	45,8

41.5 Interest rate risk management

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and held constant throughout 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:

	2018	2017
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**0,1**	1,5
Australia		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**6,0**	4,0
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**0,1**	(0,5)
Canada		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(0,2)**	(1,0)
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**5,3**	5,2
Zambia		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**1,1**	2,2

41 Financial risk management – continued

41.6 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 creditable financial institutions.

Trade and other receivables:

Trade receivables consist mainly of a widespread customer base. Credit risk is managed by performing credit checks on customers and setting of credit limits where necessary. Group companies monitor the financial position of their customers on an ongoing basis and where appropriate, use is made of credit guarantee insurance. The category of financial assets that are neither past due nor impaired ("not past due") are considered appropriate.

Contract receivables (net of provisions):

Contract receivables and retentions are often secured by means of a lien over the property or payment guarantee from third party banks. The credit quality of this category of financial assets that are neither past due nor impaired ("not past due") are considered appropriate.

Included in trade receivables and amounts due from contract customers are amounts due from South African parastatals and government of Rnil million (2017: R0,3 million) and R51,9 million (2017: R499,7 million) respectively. An impairment of Rnil million (2017: Rnil million) was recognised on trade receivables. An amount of Rnil million (2017: Rnil million) is considered to be past due, but not impaired.

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

41 Financial risk management – continued

41.6 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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2018						
Cash and cash equivalents	**310,2**	**101,0**	**819,4**	**1 187,3**	**46,3**	**2 464,2**
Trade and other receivables (net of provisions)	**199,9**	**126,5**	**109,6**	**352,4**	**287,6**	**1 076,0**
Contract receivables (net of provisions)	**158,3**	**131,6**	**1 252,8**	**1 025,9**	**–**	**2 568,6**
Non-current receivables	**–**	**–**	**–**	**30,3**	**99,7**	**130,0**
Total assets subject to credit risk	**668,4**	**359,1**	**2 181,8**	**2 595,9**	**433,6**	**6 238,8**
Assets not subject to credit risk	**2 782,1**	**1 020,8**	**2 379,0**	**1 103,6**	**761,4**	**8 046,9**
	3 450,5	**1 379,9**	**4 560,8**	**3 699,5**	**1 195,0**	**14 285,7**
2017						
Cash and cash equivalents	325,2	231,7	739,4	773,6	300,7	2 370,6
Trade and other receivables (net of provisions)	158,8	117,2	388,1	292,0	210,9	1 167,0
Contract receivables (net of provisions)	319,2	552,5	854,5	906,8	5,5	2 638,5
Non-current receivables	–	–	–	8,5	59,8	68,3
Total assets subject to credit risk	803,2	901,4	1 982,0	1 980,9	576,9	6 244,4
Assets not subject to credit risk	2 345,6	1 055,3	2 531,7	1 777,2	248,8	7 958,6
	3 148,8	1 956,7	4 513,7	3 758,1	825,7	14 203,0
Financial assets subject to credit risk*						
2018						
Not past due	**666,3**	**251,5**	**1 906,7**	**2 490,2**	**431,7**	**5 746,4**
Past due	**2,1**	**110,5**	**288,0**	**115,8**	**1,9**	**518,3**
Provisions for impairments	**–**	**(2,9)**	**(12,9)**	**(10,1)**	**–**	**(25,9)**
	668,4	**359,1**	**2 181,8**	**2 595,9**	**433,6**	**6 238,8**
2017						
Not past due	833,0	823,9	1 879,1	1 988,1	576,9	6 101,0
Past due	0,1	79,8	115,8	–	–	195,7
Provisions for impairments	(29,9)	(2,3)	(12,9)	(7,2)	–	(52,3)
	803,2	901,4	1 982,0	1 980,9	576,9	6 244,4

* *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. The credit quality of the financial assets that are neither past due nor impaired is considered appropriate.*

41 Financial risk management – continued

41.6 Credit risk management – continued

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but the Group believes that impairment is not appropriate as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	<Three months	Three to six months	Six to twelve months	>Twelve months	Total
2018					
Trade receivables	**2,0**	**2,2**	**–**	**2,4**	**6,6**
Contract receivables	**187,3**	**74,1**	**58,9**	**53,1**	**373,4**
Other receivables	**77,0**	**10,1**	**9,5**	**41,7**	**138,3**
	266,3	**86,4**	**68,4**	**97,2**	**518,3**
2017					
Trade receivables	7,3	–	–	1,4	8,7
Contract receivables	136,9	20,6	0,2	25,4	183,1
Other receivables	0,1	–	–	3,8	3,9
	144,3	20,6	0,2	30,6	195,7

Financial assets individually assessed to be impaired

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2018						
Trade receivables	**–**	**0,1**	**0,6**	**–**	**–**	**0,7**
Contract receivables	**–**	**2,8**	**12,3**	**10,1**	**–**	**25,2**
	–	**2,9**	**12,9**	**10,1**	**–**	**25,9**
2017						
Trade receivables	–	1,0	0,6	–	–	1,6
Contract receivables	29,9	1,3	12,3	7,2	–	50,7
	29,9	2,3	12,9	7,2	–	52,3

41 Financial risk management – continued

41.6 Credit risk management – continued

Reconciliation of total impairments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2018						
Balance at beginning of year	**29,9**	**2,3**	**12,9**	**7,2**	**–**	**52,3**
Raised during the year	**–**	**2,2**	**–**	**2,8**	**–**	**5,0**
Utilised during the year	**(28,9)**	**(1,1)**	**–**	**–**	**–**	**(30,0)**
Released during the year	**–**	**(0,5)**	**–**	**(0,3)**	**–**	**(0,8)**
Foreign exchange movements	**(1,0)**	**–**	**–**	**0,4**	**–**	**(0,6)**
	–	**2,9**	**12,9**	**10,1**	**–**	**25,9**
2017						
Balance at beginning of year	33,7	1,9	12,9	18,8	–	67,3
Raised during the year	–	0,5	–	7,1	–	7,6
Utilised during the year	–	–	–	(6,0)	–	(6,0)
Released during the year	–	–	–	(11,3)	–	(11,3)
Foreign exchange movements	(3,8)	(0,1)	–	(1,4)	–	(5,3)
	29,9	2,3	12,9	7,2	–	52,3

41.7 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below.

Borrowing capacity

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Borrowing facilities		
Total borrowing facilities	**4 024,2**	4 570,4
Current utilisation	**(562,2)**	(564,7)
Borrowing facilities available	**3 462,0**	4 005,7

41 Financial risk management – continued

41.8 Maturity profile of financial instruments

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	< One year	One to six years	Total
2018				
Financial assets				
Cash and cash equivalents	**11**	**2 464,2**	**–**	**2 464,2**
Contract receivables	**9**	**2 568,6**	**–**	**2 568,6**
Trade and other receivables	**10**	**927,6**	**–**	**927,6**
Non-current receivables		**–**	**130,0**	**130,0**
Other investments	**7**	**–**	**1 311,5**	**1 311,5**
Financial liabilities				
Bank overdrafts	**11**	**110,8**	**–**	**110,8**
Interest bearing liabilities	**18**	**234,4**	**146,8**	**381,2**
Non-interest bearing liabilities	**18**	**61,7**	**–**	**61,7**
Trade and other payables	**23**	**2 636,4**	**–**	**2 636,4**
Subcontractor liabilities	**22**	**1 410,8**	**–**	**1 410,8**
Non-current payables		**–**	**145,3**	**145,3**
2017				
Financial assets				
Cash and cash equivalents	11	2 370,6	–	2 370,6
Contract receivables	9	2 638,5	–	2 638,5
Trade and other receivables	10	1 029,3	–	1 029,3
Non-current receivables		–	68,3	68,3
Other investments	7	167,8	727,6	895,4
Derivative financial instruments		2,2	–	2,2
Financial liabilities				
Bank overdrafts	11	117,5	–	117,5
Interest bearing liabilities	18	243,4	219,7	463,1
Non-interest bearing liabilities	18	45,8	–	45,8
Trade and other payables	23	2 767,7	–	2 767,7
Subcontractor liabilities	22	971,5	–	971,5
Non-current payables		–	162,0	162,0

42 Related party transactions, directors' emoluments and interest

42.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 6), joint operations (note 37), retirement and other benefit plans (note 19) and with its directors, prescribed officers and key management personnel.

42.2 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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Amounts owed to related parties		
Unsecured interest bearing borrowings		
Amounts owing to joint operations	**(18,4)**	(0,6)
The amounts owing to the joint operations are unsecured with no fixed terms of repayment and bear interest at a rate of between 4% and 6,75% (2017: 9,75%) per annum.		
Interest paid to joint operations amounted to R0,1 million (2017: R1,4 million) during the current financial year.		
Trade and other receivables		
Amounts owing from joint operations	**198,8**	170,5
Trade and other payables		
Amounts owing to joint operations	**168,7**	140,8
Normal trading conditions for the trade and other receivables and payables will apply.		

42.3 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:

	2018	2017
Salaries	**15,9**	10,5
Retirement fund contributions	**1,1**	0,5
Allowances	**0,1**	0,2
Other benefits	**0,4**	0,1
Total guaranteed remuneration	**17,5**	11,3
Gain on forfeitable share awards	**0,4**	0,7
Performance related	**6,1**	17,9
	24,0	29,9

42 Related party transactions, directors' emoluments and interest – continued

42.3 Transactions with key management personnel – continued

Executive directors

The remuneration of executive directors for the year ended 30 June 2018 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
2018					
DF Grobler	**4 200**	**4 723**	**1 113**	**–**	**10 036**
HJ Laas	**6 600**	**9 090**	**4 084**	**475**	**20 249**
	10 800	**13 813**	**5 197**	**475**	**30 285**
2017					
AJ Bester[1]	3 567	1 304	1 595	–	6 466
DF Grobler[2]	1 050	2 797	–	–	3 847
HJ Laas	6 195	6 000	2 272	90	14 557
	10 812	10 101	3 867	90	24 870

1 *Retired 31 March 2017.*

2 *Appointed 1 April 2017. Remuneration represents April – June 2017. Performance related amount is in respect of service as an executive director. Total guaranteed remuneration for nine months paid as Managing Director of a subsidiary was R2,3 million and performance related amount paid was R1,7 million. These amounts are included in key management personnel above. Performance related represents 9 months as Managing Director of a subsidiary amounting to R2,0 million and the balance of R0,8 million relates to three months as a director.*

* *Fringe Benefit on Company Vehicle and leave payout.*

** *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2017: 30%) of the performance bonus was deferred into forfeitable share awards. The performance related awards includes an ex-gratia amount approved by the Murray & Roberts Holdings Board on 29 August 2018 in view of corporate action activity in FY2018.*

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.

Details of service on board committees are set out in the Corporate Governance Report of the Integrated Report. Interests of the directors in the stated capital of the Company are set out in the Directors' Report.

The executive directors of the Company hold in aggregate, directly or indirectly, grants of options from the Murray & Roberts Trust in respect of 0,0% (2017: 0,08%) of the ordinary shares of the Company.

42 Related party transactions, directors' emoluments and interest – continued

42.3 Transactions with key management personnel – continued

Prescribed officers

	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related** R'000	Other*** R'000	Gain on Forfeitable Share Awards R'000	Total R'000
2018						
O Fenn	**4 880**	**–**	**3 115**	**70**	**1 241**	**9 306**
S Harrison	**3 340**	**–**	**2 686**	**–**	**777**	**6 803**
IW Henstock	**3 900**	**–**	**2 987**	**61**	**1 111**	**8 059**
T Mdluli	**2 670**	**–**	**1 656**	**–**	**1 088**	**5 414**

	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related** R'000	Other R'000	Gain on Forfeitable Share Awards R'000	Total R'000
2017						
O Fenn	4 650	–	2 821	–	964	8 435
JN Govender[1]	2 811	–	–	–	836	3 647
S Harrison	3 150	–	1 798	–	656	5 604
IW Henstock	3 697	–	2 320	–	871	6 888
T Mdluli	2 505	–	1 310	–	643	4 458
RAG Skudder[2]	276	296	–	–	–	572

	Total guaranteed remuneration AUD'000	Leave payouts AUD'000	Performance related** AUD'000	Other AUD'000	Gain on Forfeitable Share Awards AUD'000	Total AUD'000
AUD						
2018						
P Bennett	**894**	**61**	**531**	**–**	**–**	**1 486**
AUD						
2017						
P Bennett	788	83	779	–	–	1 650

1 Resigned 9 March 2017.

2 Resigned 31 July 2016.

*** Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2017: 30%) of the performance bonus was deferred into forfeitable share awards. The performance related awards includes an ex-gratia amount approved by the Murray & Roberts Holdings Board on 29 August 2018 in view of corporate action activity in FY2018.*

**** Payment to purchase private life cover.*

42 Related party transactions, directors' emoluments and interest – continued

42.3 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 2018 excluding Independent Board fees was:

	Directors fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fee R'000	Total 2018 R'000	Total 2017 R'000
DD Barber[1]	98	–	–	81	–	–	**179**	703
R Havenstein[2]	72	–	–	238	838	–	**1 148**	970
SP Kana[3]	72	–	–	327	–	1 025	**1 424**	1 010
NB Langa-Royds	301	–	100	443	–	–	**844**	835
AK Maditsi[4]	253	–	150	236	–	–	**639**	–
TE Mashilwane[5]	228	–	150	192	–	–	**570**	–
DC Radley[6]	253	–	150	368	–	–	**771**	–
JM McMahon[7]	–	–	–	–	–	–	**–**	164
XH Mkhwanazi	301	–	150	265	–	–	**716**	599
M Sello[8]	472	–	–	–	–	–	**472**	1 399
RT Vice[9]	–	–	–	–	–	–	**–**	459
	2 050	–	700	2 150	838	1 025	**6 763**	6 139
AUD'000								
KW Spence	100	(1)	51	39	–	–	**189**	205

1 Retired on 31 October 2017.
2 Appointed Lead Independent Director on 2 November 2017.
3 Appointed Chairman on 2 November 2017.
4 Appointed on 23 August 2017.
5 Appointed on 23 August 2017.
6 Appointed on 23 August 2017.
7 Retired on 30 September 2016.
8 Retired on 2 November 2017.
9 Retired on 30 November 2016.

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 (Refer Corporate Governance Report)

	Committee fees R'000
R Havenstein	500
SP Kana	400
AK Maditsi	400
DC Radley	400
	1 700

Details of services on Board committees is set out in the Corporate Governance Report. Interest of the directors in the stated capital of the Company is set out in the Directors' Report.

42 Related party transactions, directors' emoluments and interest – continued

42.3 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 2018 are:

Executive directors

GRANT DATE	Conditions	Outstanding options 1 July 2017	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2018	Expiry date
Bester, AJ[1]						
30 Aug 2011	Retention	89 780	25,24	(89 780)	**–**	30 Aug 2017
		89 780		(89 780)	**–**	
Laas, HJ						
30 Aug 2011	Retention	150 080	25,24	(150 080)	**–**	30 Aug 2017
		150 080		(150 080)	**–**	

1 Retired 31 March 2017.

Prescribed officers

GRANT DATE	Conditions	Outstanding options 1 July 2017	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2018	Expiry date
Fenn, O						
30 Aug 2011	Retention	56 280	25,24	(56 280)	**–**	30 Aug 2017
		56 280		(56 280)	**–**	
Henstock, IW						
30 Aug 2011	Retention	75 040	25,24	(75 040)	**–**	30 Aug 2017
		75 040		(75 040)	**–**	
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

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.

42 Related party transactions, directors' emoluments and interest – continued

42.3 Transactions with key management personnel – continued

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2018 are:

	Balance at 1 July 2017	Granted during the year	Vested	Forfeited	Balance at 30 June 2018
Bester, AJ[1]	1 147 500	–	(290 544)	(856 956)	**–**
Fenn, O	866 000	–	(83 250)	(83 250)	**699 500**
Govender, JN[3]	269 528	–	(127 393)	(142 135)	**–**
Grobler, DF[2]	407 000	405 000	(42 500)	(42 500)	**727 000**
Harrison, S	490 500	253 000	(47 750)	(47 750)	**648 000**
Henstock, IW	698 500	–	(72 500)	(72 500)	**553 500**
Laas, HJ	1 971 500	–	(184 500)	(184 500)	**1 602 500**
Mdluli, T	417 000	165 500	(55 000)	(55 000)	**472 500**

The movements in FSP-STI shares of directors during the year ended 30 June 2018 are:

	Balance at 1 July 2017	Granted during the year	Vested	Forfeited	Balance at 30 June 2018
Bester, AJ[1]	150 514	–	(103 991)	(46 523)	**–**
Fenn, O	5 791	–	(5 791)	–	**–**
Grobler, DF[2]	89 819	54 942	(35 194)	–	**109 567**
Harrison, S	46 709	35 317	(20 710)	–	**61 316**
Henstock, IW	6 417	–	(6 417)	–	**–**
Laas, HJ	241 800	117 860	(99 770)	–	**259 890**
Mdluli, T	52 097	25 735	(22 355)	–	**55 477**

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.

1 Retired 31 March 2017.

2 Appointed 1 April 2017.

3 Resigned 9 March 2017 due to sale of Southern African Infrastructure & Building businesses within the Infrastructure & Building platform.

43 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	
	2018	2017
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

44 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 2018 or the results of its operations or cash flows for the year then ended.

45 Critical accounting estimates and judgements

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

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

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

+ the estimation of costs to completion and the determination of the percentage of completion;
+ the recoverability of under claims;
+ the recognition of penalties and claims on contracts; and
+ the recognition of contract incentives.

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 R1,3 billion (FY2017: R0,9 billion), has been recognised in the statement of financial position (refer to note 9).

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.

Update on the Group's claims processes
Uncertified revenue as at the end of the financial year increased to R1,3 billion (FY2017: R0,9 billion), largely represented by claims on projects in the Middle East and the remainder in the Power & Water platform.

Grayston temporary works collapse
The Department of Labour instituted a Section 32 Inquiry ("Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Board would welcome an expeditious conclusion to this Inquiry.

45 Critical accounting estimates and judgements – continued

Estimated impairment of goodwill
Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 4.

Estimation of the fair value of share options
Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 13.

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 19.

Other investments classification
The Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") for an adjusted purchase price of R357 million in December 2017 (Original purchase price of R405 million adjusted for dividends declared and interest from 1 October 2017). The Group's investment in BCC has therefore increased to 50%. Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS28.18 with regards to venture capital organisations or similar entities, as the transaction does not result in a change of control.

Estimation of onerous lease provision
Present obligations arising under onerous contracts are recognised and measured as provisions. Onerous contracts are considered to exist when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. The onerous lease provision is comprised of the future costs of the vacated floor levels, being predominantly future commitments less any contributions from income derived from the sub-letting of these properties.

Clough currently holds leases for buildings expiring between 2019 and 2022 where the expected economic benefit from subleasing these buildings are expected to be less than the obligated lease payments.

Consequently, in assessing the onerous lease provision for the current year, for any buildings or floor space that management assess are surplus to the company's requirements, management has accounted for any:

(a) Existing sub-tenants lease income already in place for several floors;

(b) Expected economic benefits from sub-leasing the remaining vacant floors – estimate calculated based on current market rental rates.

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.

Other estimates made
The Group also makes estimates for the:

+ calculation of the provision for doubtful debts;
+ determination of useful lives and residual values of items of property, plant and equipment;
+ calculation of any provision or contingent liabilities relating to claims, litigation and other legal matters;
+ calculation of any other provisions including warrantees, guarantees and bonuses;
+ assessment of impairments and the calculation of the recoverable amount of assets;
+ calculation of the fair value of financial instruments including the service concession (refer to note 7); and
+ calculation of the fair value of items of investment property.

46 New standards and interpretations

46.1 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.

There were no new standards or interpretations applicable for the current financial year.

STANDARD/INTERPRETATION:	Type	Effective date
IFRS 2: Share-based Payment	Amendment	Financial years commencing on or after 1 January 2018
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2019
IFRS 9: Financial Instruments	New	Financial years commencing on or after 1 January 2018
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2019
IFRS 11: Joint Arrangements	Amendment	Financial years commencing on or after 1 January 2019
IFRS 15: Revenue from Contracts with Customers	New	Financial years commencing on or after 1 January 2018
IFRS 16: Leases	New	Financial years commencing on or after 1 January 2019
IAS 12: Income Taxes	Amendment	Financial years commencing on or after 1 January 2019
IAS 19: Employee Benefits	Amendment	Financial years commencing on or after 1 January 2019
IAS 28: Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2018
IAS 28: Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2019
IAS 40: Investment Property	Amendment	Financial years commencing on or after 1 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	New	Financial years commencing on or after 1 January 2018
IFRIC 23: Uncertainty over Income Tax Treatments	New	Financial years commencing on or after 1 January 2019

The standards below are deemed to have a material impact on the Group and have therefore been assessed as follows:

46.1.1 IFRS 15 Revenue from contracts with customers – Effective 1 January 2018

Matter

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers.

Expected Impact

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 15.56).

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

Uncertified claims and variations of R1,3 billion (FY2017: R914 million) are disclosed separately under amounts due from contract customers (note 9) in the statement of financial position. These claims and variations are yet to be finalised and may be subject to arbitration and/or negotiations.

IFRS 15 will result in the delayed recognition of variable consideration until such time that it is not highly probable that the revenue will not be reversed when the uncertainty is resolved. The Group has decided that it will apply the modified retrospective approach to transition from existing IAS’s to IFRS 15. Therefore comparatives will not be restated. The cumulative effect of initially applying IFRS 15 is an adjustment to the opening balance of retained earnings at the date of initial application.

46 New standards and interpretations – continued

46.1 Standards and interpretations not yet effective – continued

46.1.1 IFRS 15 Revenue from contracts with customers – Effective 1 January 2018 – continued

The cumulative effect of initially applying IFRS 15 is currently estimated to be between R0,7 billion and R1,0 billion as at 1 July 2018. The estimated IFRS 15 adjustment consists mostly, but not entirely, of the R1,3 billion uncertified revenue disclosed separately under amounts due from contract customers (note 9) in the statement of financial position. The IFRS 15 adjustment mainly relates to amounts in the Middle East and Power & Water platforms. The Group remains confident that, post the implementation of IFRS 15, the uncertified claims and variations will be recognised at a later date, once the uncertainty has been resolved.

46.1.2 IFRS 9 (2014) Financial Instruments – Effective 1 January 2018

Matter

Determines the measurement and presentation of financial instruments depending on their contractual cash flows and business model under which they are held.

The impairment requirements are based on an expected credit loss ("ECL") model that replaces the IAS 39 incurred loss model.

The new hedging model provides for more economic hedging strategies meeting the requirements for hedge accounting.

Expected impact

IFRS 9 (2010) which relates to classification and measurement was early adopted in the year ended 30 June 2015. IFRS 9 (2014) which relates to impairment requirements and hedge accounting is effective for the 30 June 2019 financial year end. The Group is in the process of performing a more detailed assessment of the impact of these changes and the related disclosures.

The Group is expected to be impacted by the ECL model for trade receivables and amounts due from contract customers. The measurement of provisions against receivables will be revised to comply with the ECL method. The Group is still finalising its estimation methodology but expects that the impact will be below R150 million for the Group.

46.1.3 IFRS 16 Leases – Effective 1 January 2019

Matter

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.

Expected impact

This standard will impact the Group in the 2020 financial year. The impact will be related to the number of operating leases for properties, equipment and vehicles. Assets and debt would increase while the expense related to these leases would now be classified as depreciation and finance expense, rather than operating expenses.

The Group is still finalising its estimation of the potential impact on implementation date (1 July 2019).

47 Analysis of major shareholders

	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)	**85 957 175**	**19,33**
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)	**90 827 572**	**20,42**

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2018	2017
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**43,4**	43,4
Total non-current assets		**43,4**	43,4
Current assets			
Amount due from subsidiary company	2	**3 587,6**	3 588,7
Amount due from the Murray & Roberts Trust	3	**–**	–
Cash and cash equivalents		**0,7**	0,7
Total current assets		**3 588,3**	3 589,4
Total assets		**3 631,7**	3 632,8
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserves		**43,9**	43,9
Retained earnings		**1,3**	1,5
Total ordinary shareholders' equity		**3 628,0**	3 628,2
Current liabilities			
Trade and other payables		**3,7**	4,6
Total current liabilities		**3,7**	4,6
Total equity and liabilities		**3 631,7**	3 632,8

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Revenue		
Fees received from subsidiary company	**11,0**	8,6
Sundry revenue	**–**	0,3
Dividend received	**200,0**	200,0
Total expenses	**(11,1)**	(9,0)
Auditor's remuneration	**(0,1)**	(0,1)
JSE fees	**(0,3)**	(0,3)
Other	**(10,7)**	(8,6)
Profit before taxation	**199,9**	199,9
Taxation expense	**–**	(0,1)
Profit for the year	**199,9**	199,8
Other comprehensive income	**–**	–
Total comprehensive income for the year	**199,9**	199,8

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY 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 2016	3 582,8	0,9	43,0	1,8	3 628,5
Total comprehensive income for the year	–	–	–	199,8	199,8
Dividends declared and paid	–	–	–	(200,1)	(200,1)
Balance at 30 June 2017	**3 582,8**	**0,9**	**43,0**	**1,5**	**3 628,2**
Total comprehensive income for the year	**–**	**–**	**–**	**199,9**	**199,9**
Dividends declared and paid	**–**	**–**	**–**	**(200,1)**	**(200,1)**
Balance at 30 June 2018	**3 582,8**	**0,9**	**43,0**	**1,3**	**3 628,0**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Loss before taxation (excluding dividends received)	**(0,1)**	(0,1)
Adjustment for:		
Changes in working capital	**(0,9)**	1,3
(Decrease)/increase in trade and other payables	**(0,9)**	1,3
Operating cash flow	**(1,0)**	1,2
Taxation paid	**–**	(0,2)
Dividend paid	**(200,1)**	(200,1)
Cash flows from operating activities	**(201,1)**	(199,1)
Dividend received	**200,0**	200,0
Cash flow from investing activities	**200,0**	200,0
Increase/(decrease) in amounts due from subsidiary company	**1,1**	(1,0)
Cash flow from financing activities	**1,1**	(1,0)
Net cash and cash equivalents at beginning of year	**0,7**	0,8
Net cash and cash equivalents at end of year	**0,7**	0,7

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 19 to 29.

2 Investment in subsidiary company

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Shares at cost	**10,0**	6,3
Investment in shares – Forfeitable Share Plan	**33,4**	37,1
Amount due	**3 587,6**	3 588,7
	3 631,0	3 632,1

The amount due from the subsidiary company is unsecured interest free and does not have any fixed repayment terms (Annexure 1).

3 Amount owing from the Murray & Roberts Trust

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Amount due	**235,6**	235,6
Impairment of amount owing	**(235,6)**	(235,6)
	–	–

The amount due from the Murray & Roberts Trust ("Trust") is unsecured interest free and does not have any fixed repayment terms.

The Company has subordinated its claims against the Trust in favour of all other creditors of the Trust. The agreement between the Trust and the Company will remain in force and in effect for as long as the liabilities of the Trust exceed its assets fairly valued.

4 Stated capital

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Authorised		
750 000 000 shares of no par value		
Issued and fully paid		
444 736 118 shares of no par value		
Net stated capital	**3 582,8**	3 582,8

5 Emoluments of directors

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Executive directors (paid by subsidiary companies)	**16,5**	14,8
Non-executive directors (paid by the Company)	**10,3**	8,2
Number of directors at year end	**7**	9

Non-executive directors

DD Barber retired on 31 October 2017.
R Havenstein appointed Lead Independent Director on 2 November 2017.
SP Kana appointed Chairman on 2 November 2017.
AK Maditsi appointed on 23 August 2017.
TE Mashilwane appointed on 23 August 2017.
DC Radley appointed on 23 August 2017.
M Sello retired on 2 November 2017.

Details of individual director emoluments are disclosed in note 42 in the consolidated financial statements.

6 Contingent liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
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 2018 covered by such guarantees amount to:	**2 655,9**	2 655,9

7 Derivative financial instruments: Call options

In terms of the Broad-Based Black Economic Empowerment transaction approved by shareholders on 21 November 2005 the Company has one call option to repurchase the shares in Murray & Roberts Letsema Khanyisa Proprietary Limited and Murray & Roberts Letsema Sizwe Proprietary Limited ("BBBEE 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 2018 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 2018 %	Interest in issued share capital 2017 %	Cost of investment 2018 Rm	Cost of investment 2017 Rm	Loan account 2018 Rm	Loan account 2017 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**10,0**	6,3	**3 587,6**	3 588,7

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest 2018 %	Proportion ownership interest 2017 %	Proportion of voting power held 2018 %	Proportion of voting power held 2017 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Bombela & Middle East						
Murray & Roberts (Botswana) Limited (incorporated in Botswana)*	BWP	2	**100**	100	**100**	100
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
Underground 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
Oil & Gas						
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**	25	**45**	25
Bombela Operating Company Proprietary Limited		–	**–**	23,9	**–**	23,9

* *Selected assets and liabilities have been sold as part of the sale of the Southern African Infrastructure & Building businesses.*

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM) 2018 %	2017 %	Amount 2018 Rm	2017 Rm
Secured					
PPC Funding – repayment on receipt of funds from client	–	**–**	5,25	**–**	20,4
Equal monthly instalments	–	**3,25**	3,70	**4,7**	3,2
Equal monthly instalments	2018	**10,80**	–	**35,4**	–
				40,1	23,6
Unsecured					
Annually		**3,70**	–	**17,7**	–
No fixed terms of repayment		**4,20**	3,43	**67,8**	65,6
No fixed terms of repayment		**–**	3,25	**–**	64,0
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**12,2**	27,0
Bank overdrafts				**110,8**	117,5
				208,5	274,1
Capitalised finance leases					
Varying rates of interest		**6,00 – 8,25**	4,43 – 9,50		
Specific project plant and equipment				**243,4**	282,9
Total Group				**492,0**	580,6
Reflected in the notes under:					
Long term loans (note 18)					
Interest bearing secured loans				**4,7**	3,2
Interest bearing unsecured loans				**17,7**	64,0
Capitalised finance leases				**124,4**	152,5
Bank overdrafts (note 11)				**110,8**	117,5
Short term loans (note 24)					
Current portion of long term borrowings				**115,4**	113,0
Current portion of capitalised finance leases				**119,0**	130,4
				492,0	580,6

ANNEXURE 3
GROUP SEGMENTAL REPORT

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

The Group's operating segments are categorised as follows:

Bombela & Middle East

+ PPP Investments & Services

This segment includes the Group's infrastructure concession investment in the Bombela Concession Company (BCC) as well as the Bombela Civils Joint Venture that reflected a profit of R166 million in prior year, following the Gautrain dispute resolution.

+ 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 current projects running are in the process of being closed out.

Power & Water

The platform comprises four businesses: Power, Water, Oil & Gas and Electrical & Instrumentation. 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. In the current year the Group disposed of its interest in the Genrec Engineering business, effective 1 May 2018.

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.

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 accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2018						
Revenue*	**468**	**4 829**	**8 004**	**8 542**	**4**	**21 847**
Intersegmental revenue	**–**	**24**	**70**	**3**	**24**	**121**
Gross revenue	**468**	**4 853**	**8 074**	**8 545**	**28**	**21 968**
Results						
Profit/(loss) before interest and taxation	**243**	**134**	**471**	**209**	**(193)**	**864**
Net interest income/(expense)	**3**	**13**	**4**	**9**	**(70)**	**(41)**
Profit/(loss) before taxation	**246**	**147**	**475**	**218**	**(263)**	**823**
Taxation expense	**–**	**(9)**	**(134)**	**(129)**	**(26)**	**(298)**
Profit/(loss) after taxation	**246**	**138**	**341**	**89**	**(289)**	**525**
Income from equity accounted investments	**–**	**–**	**–**	**–**	**21**	**21**
Loss from discontinued operations	**(142)**	**(132)**	**–**	**(2)**	**(2)**	**(278)**
Non-controlling interests	**–**	**(7)**	**–**	**7**	**(1)**	**(1)**
	104	**(1)**	**341**	**94**	**(271)**	**267**
2017						
Revenue*	729	5 908	8 046	6 714	–	21 397
Intersegmental revenue	–	–	34	–	36	70
Gross revenue	729	5 908	8 080	6 714	36	21 467
Results						
(Loss)/profit before interest and taxation	(149)	171	464	217	(216)	487
Net interest income/(expense)	1	19	19	101	(182)	(42)
(Loss)/profit before taxation	(148)	190	483	318	(398)	445
Taxation (expense)/credit	(64)	(52)	(177)	(130)	262	(161)
(Loss)/profit after taxation	(212)	138	306	188	(136)	284
(Expense)/income from equity accounted investments	(1)	–	–	–	8	7
Loss from discontinued operations	(45)	(50)	–	(4)	(154)	(253)
Non-controlling interests	10	(8)	–	8	–	10
	(248)	80	306	192	(282)	48

* *Segmental revenue reported above includes revenue generated from external customers.*

GROUP SEGMENTAL REPORT – continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Bombela & Middle East[1]	Power & Water[2]	Underground Mining	Oil & Gas	Corporate & Properties[3]	Group
Operating segments							
2018							
Statement of financial position							
Segmental assets	1	**3 127**	**1 347**	**3 757**	**2 808**	**324**	**11 363**
Segmental liabilities	2	**1 464**	**1 040**	**1 995**	**2 334**	**460**	**7 293**
Investments in associate companies*		**3**	**–**	**–**	**–**	**–**	**3**
Assets classified as held for sale*		**21**	**–**	**–**	**30**	**–**	**51**
Liabilities classified as held for sale		**–**	**–**	**–**	**–**	**–**	**–**
Other information							
Purchases of property, plant and equipment		**–**	**17**	**398**	**18**	**3**	**436**
Purchases of other intangible assets		**–**	**–**	**2**	**11**	**–**	**13**
Depreciation		**–**	**42**	**332**	**48**	**7**	**429**
Amortisation of other intangible assets		**–**	**2**	**2**	**28**	**6**	**38**
Impairment of receivables		**4**	**7**	**–**	**2**	**–**	**13**
Number of employees		**25**	**4 075**	**5 257**	**1 227**	**65**	**10 649**
2017							
Statement of financial position							
Segmental assets	1	2 846	1 813	3 615	2 528	422	11 224
Segmental liabilities	2	1 605	1 406	1 909	1 978	422	7 320
Investments in associate companies*		3	–	–	–	5	8
Assets classified as held for sale*		79	286	–	32	–	397
Liabilities classified as held for sale		77	65	–	–	–	142
Other information							
Purchases of property, plant and equipment		–	28	464	11	8	511
Purchases of other intangible assets		–	7	1	16	–	24
Depreciation		3	49	316	46	19	433
Amortisation of other intangible assets		–	1	3	28	13	45
Impairment of property, plant and equipment		–	–	–	12	–	12
Impairment of receivables		58	3	–	7	–	68
Number of employees		4 272	6 936	7 450	1 895	67	20 620

* *Amounts included in segmental assets and liabilities.*

1 *Bombela & Middle East platform includes amounts for discontinued operations of Southern African Infrastructure & Building businesses.*

2 *Power & Water platform includes amounts for Genrec Engineering that is classified as part of discontinued operations.*

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

1 Reconciliation of segmental assets

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Total assets	**14 286**	14 203
Cash and cash equivalents	**(2 464)**	(2 371)
Current taxation assets	**(74)**	(23)
Deferred taxation assets	**(385)**	(585)
Segmental assets	**11 363**	11 224

2 Reconciliation of segmental liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017
Total liabilities	**7 542**	7 598
Bank overdrafts	**(111)**	(118)
Current taxation liabilities	**(63)**	(39)
Deferred taxation liabilities	**(75)**	(121)
Segmental liabilities	**7 293**	7 320

Group segmental report

Geographical information

The Group operates in four principal geographical areas – Southern Africa, with South Africa as the country of domicile, Middle East, 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*	
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2018	2017	2018	2017
Southern Africa	**8 357**	9 794	**2 205**	2 059
Middle East	**468**	608	**568**	542
Australasia & South East Asia	**10 321**	8 242	**1 283**	1 100
North America & other	**2 701**	2 753	**731**	763
	21 847	21 397	**4 787**	4 464

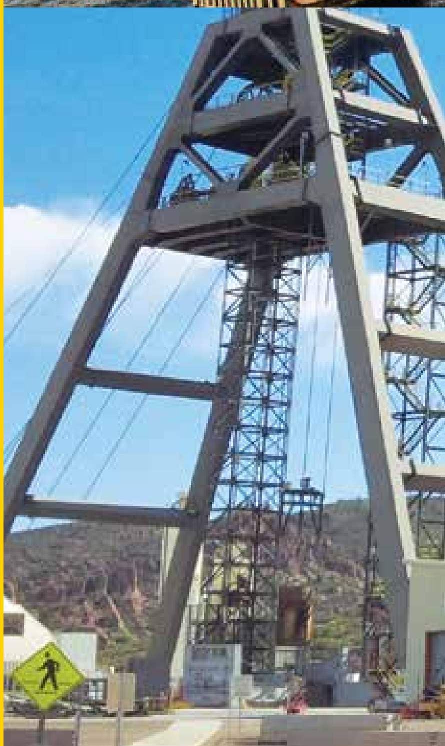
* *Non-current assets exclude deferred taxation assets.*

Major customers

In the year under review revenue generated from Customer A of R2,6 billion and Customer B of R1,4 billion make up approximately 20% of the Group's revenue.

The principle of ***Engineered Excellence*** informs all our decision-making and means we will **engineer** or plan everything we do, in such a way that we achieve an outcome of **excellence.**

ENGINEERED
EXCELLENCE



Murray
& Roberts