

September 2006

MURRAY & ROBERTS GROUP MAGAZINE

ROBUST



**LEADERSHIP
DEVELOPMENT**
EXECUTIVE
APPOINTMENTS

LEADING
ROLE
**MAJOR
PROJECTS**

**DES BAKER
AWARDS**
TECTONICS IN
ARCHITECTURE

STOP.THINK

Striving for zero harm

BUILDING CAPACITY

Gearing up for new opportunities

Seize the moment

Getting ready for 2010



WORLD CLASS FULFILMENT IN EVERYTHING WE DO

■ SEIZE THE MOMENT

DEVELOPING LEADERSHIP

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MESSAGE FROM THE CE

DEAR READERS

We completed our annual business planning process in June and I am pleased that we have achieved exceptional alignment between our strategic aspiration and operational promises. This year we focused our business plan on the three years to 2009 plus 2010.

Murray & Roberts 2010 synthesises all we have achieved over the past six years through both Rebuilding Murray & Roberts and more recently, Globalising Murray & Roberts. The dramatic turnaround in the fortunes of so many of our operations, the disposal of those businesses that could not be part of our more focused future and the acquisition of new core business capacity, has all contributed to our new performance platform for the future.

Positive market conditions have enabled us to lift our unitary game, and we go forward into the new financial year with a record order book of high quality work. The investment climate has remained positive and in mid-August our market capitalisation breached the important hurdle of R10 billion. This is a 900% increase over the value of the company when we embarked on our journey Rebuilding Murray & Roberts just six years ago.

Murray & Roberts has become the preferred entry point for investors into the South African construction sector. We now have almost 50% of our shares held in international funds, mostly from the USA. This expectation of future performance places greater responsibility on us all to deliver what we promise. We have created the capacity through appointment, development and acquisition to more than double this year's performance, and that is the basis for our plan Murray & Roberts 2010.

But we must be mindful of our recent history. There was a similar promise made in 1994 that was never delivered. Our construction operations in SADC have disappointed again this year and we have issues to resolve in Clough. However, I am confident that our recent leadership changes combined with the capacity of our people and our culture, will lead to success.

This issue of *Robust* is about capacity. It is also about taking action. We continue to experience disabling injuries and fatalities in our workplace and the tragedy in Bahrain remains a stark reminder of how things can go wrong. Our thoughts and prayers are with all those who lost loved ones over the past year, as well as those who survive the trauma of serious incidents.

Brian Bruce



SEIZE THE MOMENT

The 2010 Soccer World Cup has been officially handed over to South Africa and Murray & Roberts, as the country's leading engineering and construction group, is gearing up its human capacity to meet the challenge

For South Africa, the 2010 Soccer World Cup coincides with a global trend of increased investment in infrastructure – a trend that will require what many analysts describe as the most dramatic increase in construction activity in our country's history. After years of decline, this is raising the profile of the engineering and construction industry at a time when it seems least prepared.

A recent Whitehead Mann Thought Leadership global initiative poses the question: How does leadership change and evolve without compromising standards? Does the industry have sufficient 'next generation' leaders to sustain future growth? The report casts doubt on whether it does.

In the foreword to the Whitehead Mann report, Mike Welton, chairman of Hanson plc, writes: "Construction remains a traditional industry and its senior management echelons are heavily populated by engineers with their own approach and style."

Murray & Roberts can justifiably claim to have identified the challenge ahead of the industry and has arguably done more to prepare itself for a period of unprecedented growth.

"We appear to have greater and more diverse capacity and capability compared to when we commenced our initial transformation process five years ago. We started our new journey Globalising Murray & Roberts with an executive and non-executive leadership team where about 75% of the members were new to Murray & Roberts, the majority of whom had limited previous exposure to engineering and construction," says group CE Brian Bruce.

Yet, with turnover projected to double within the next five or six years, does Murray & Roberts have the depth of human capacity in its corporate office and operations to sustain such growth?

Brian argues that the greatest challenge to human capital development lies not so much in basic skills, as in strategic and performance leadership. This appears to be a global problem. The United Kingdom, preparing for the 2012 London Olympics, faces the identical challenge of leadership and capacity.

It is not the first time the South African construction industry has had to undergo a rapid transformation to meet significant growth expectations. A similar crisis loomed in the 1960s and 1970s when the country experienced the last cyclical construction boom. At that time, a new generation of leaders seized the opportunity and was rewarded with rapid personal growth and promotion. Yet, there was also a high attrition rate among those

industry as a whole, and much more has to be done collectively to address skills imbalances if the country is to achieve its full potential in the coming years – and host a successful World Cup."

Murray & Roberts has strengthened its human capital capability and implemented a number of initiatives to support current leadership, develop a new generation of leaders and accelerate skills development.

An active recruitment programme is underway to attract expatriate South African construction executives from the United Kingdom to build domestic implementation capacity. Employing expatriates themselves (as opposed to recovering South African expatriates) is a sensitive issue in a country beset with high unemployment, but Brian says the country has to recognise that

Murray & Roberts can justifiably claim to have identified the challenge ahead of the industry and has arguably done more to prepare itself for a period of unprecedented growth.

who failed to meet the challenge. Will the same occur this time?

In recent years, human capital development has tended to be a process-driven activity rather than the intuitive approach to talent identification and development employed in earlier decades.

Murray & Roberts has implemented a strategy to change this approach and uncover fresh solutions. But it recognises that so many of the challenges facing it are industry-wide that it cannot act in isolation. In particular, there is an industry-wide skills shortage, limiting the scope for external recruitment.

"The construction industry is at the forefront in this debate because our skills gap is more severe than other industries and our profit margin tighter. There is no margin for error in a contract," Brian says. "These issues must be addressed by the

never in its history has it been able to meet challenges of high growth from internal resources alone. "We should be recruiting across our borders, whether from Africa, Asia or Europe."

In the longer term, however, sustainable growth depends on the organic development of skills and leadership within the industry.

As Murray & Roberts has geared up to take on the challenge of being global, a key strategic imperative has been to ensure that its human capital is positioned as a competitive advantage. A strategy that aligns the Group's human resource programme with its business strategy was implemented in 2005 and is driven by human resources director, Craig Lawrence. The strategy addresses the issues of diversity, capacity, performance, reward and risk & relations, each of which is driven

by an objective and supported by practical initiatives that allow for measurement and assessment. Due to the diverse nature of Murray & Roberts, individual business entities are encouraged to tailor their human resource plans to their specific needs, but they are also required to align their plans with the Group strategic framework.

As Murray & Roberts approaches 2010, the Group will require succession in its top leadership team as the older generation of leaders start preparing for retirement. And the operations will have to strengthen their leadership capacity as business opportunity increases. Acknowledging the additional pressure this will place on the Human Capital team, Brian has appointed corporate executive Andrew Skudder to spearhead a leadership development initiative which will be driven from the CE's office.

One solution that Murray & Roberts is pioneering in South Africa is the recruitment of high calibre people from other industries who bring different experience and new approaches to the Group. This has its challenges. The

Whitehead Mann research indicates that outsiders are typically set up to fail. Brian disagrees, attributing failure more to negligence than malice.

"Our industry is so chaotic that a person coming from a more ordered industry has a tough time getting a grip on the industry dynamics. The checks and balances typical of other industries are not in place," says Brian. Failures on the part of these outsiders are no reflection of their capability, he says, but because their sensibilities are not yet honed to the construction jungle.

Murray & Roberts has modified this approach by bringing outsiders in to the more controlled corporate office environment and then introducing them to operational activities once they have developed an understanding of the business and its culture.

Another solution which is being actively applied is for the existing proven leadership to expand its scope of responsibility in different businesses within the Group or by means of mergers and acquisitions.

To grow the number of young BEE

employees entering the company, Murray & Roberts awards the majority of tertiary education bursaries to empowerment candidates.

A range of skills development programmes is offered, from adult basic education through to leadership programmes.

"The transformation process Rebuilding Murray & Roberts has placed our people under pressure. But the process has also liberated the performance potential of our organisation and we have witnessed significant growth in our younger executives. Various development programmes have been established to convert capacity into capability and prepare young and middle executives for the high standards of global performance."

With major projects coming on stream now, Murray & Roberts is recruiting on a massive scale and fast-tracking the development of its people at all levels. In the longer term, this will build a formidable human capital resource that will contribute to sustainable future growth.

BY EAMONN RYAN AND LESLEY LAMBERT



LEADERSHIP DEVELOPMENT

Andrew Skudder has been appointed as a dedicated resource in the CE's office to focus exclusively on empowerment and leadership development.

An ex-management consultant who has worked for leading global firms, Andrew joined Murray & Roberts in 2004 and has found a niche for himself in the development and implementation of

special strategic projects.

The first of these was a growth strategy for the construction materials businesses and facilitation of the acquisition of Oconbrick Manufacturing.

In 2005, Andrew was appointed project manager of Murray & Roberts' Letsema Broad-Based BEE Initiative. Within two months, he had developed a workable process for the construction industry's first truly broad-based black economic empowerment initiative.

This new challenge will draw on Andrew's training as an Industrial Psychologist and the experience he gained as a management consultant. To prepare himself for the task, he has benchmarked best practices in other external models of leadership development.

"There is great opportunity now for a new generation of leaders to rise up in

the corporate and operational layers of the Group. But the process needs to be managed carefully. With the opportunity and challenge that lies ahead, and given the Group's requirement for its businesses to be market leaders, our operational leaders have to be best-in-class," he says.

Andrew will liaise closely with corporate and operational leadership and draw on the support and services of Human Capital resources across the Group. His challenge will be to establish a leadership capacity and succession for the many new market developments that will define Murray & Roberts' future.

The development of a performance culture throughout the group will also be high on his agenda. "We need more open, candid, non-threatening discussions as part of the performance review process, to empower people."

GRADUATE PIPELINE

Murray & Roberts is actively attracting and developing young talent to fulfil its human capital and transformation needs. The Group has established an integrated “graduate pipeline” to supplement the learnerships and traineeships offered by its various business entities. This pipeline is made up of a tertiary education Bursary Scheme, a Graduate Development Programme and a Campus Engagement Initiative.

A Graduate Development Steering Committee has been convened to oversee the “graduate pipeline”.

Bursary Scheme

The Bursary Scheme provides financial assistance to full-time students, enabling them to qualify for a degree or national diploma at a recognised South African University or University of Technology, and to contribute to the Group’s medium and long term needs for qualified staff. Once bursars have successfully completed their degrees they are eligible for deployment on the Group’s Graduate Development Programme.

The Bursary Scheme is aimed primarily at engineering and built environment fields of study which are fundamental to the Group’s operations. Typically these fields are industrial engineering, construction management, quantity surveying, civil engineering, mining engineering, metallurgical engineering, chemical engineering, mechanical engineering and electrical engineering.

The number of bursaries awarded annually depends on the Group’s needs. A special “top up” of 65 bursaries has recently been offered by the South African business entities to meet growing demand for capacity development.

Murray & Roberts currently has a total of 113 bursars, 67% of whom are black students and 26% female.

Graduate Development Programme

A pilot Graduate Development Programme (GDP) was launched in 2005 with an intake of 12 graduates. The GDP is part of a strategic framework designed to address human capacity and transformation issues and aims to provide a steady pipeline of young, diverse and talented future leaders into the Group.

A unitary group programme, based on a partnership between corporate office and individual business entities, is considered more effective in attracting, developing and retaining high calibre candidates.

The programme provides exposure and development at both professional/technical and personal/leadership levels.

The number of graduates on the 2006 GDP now stands at 38 – a significant increase on the 2005 pilot programme, and it is expected that this number will at least double in 2007. The current graduates comprise a range of disciplines including mechanical, electrical, civil, industrial, chemical, process and mining engineering, as well as quantity surveying, construction management and media studies. Currently 76% of the graduates are black and 16% female.

Campus Engagement

A Campus Engagement Initiative has been implemented to enhance the relationships between the Group and relevant university faculties and their



■ Members of the 2006 Graduate Development Programme

Where appropriate, graduates are rotated to other business entities to obtain relevant and varied exposure.

To embed group values and core competencies, an induction session and a number of training sessions take place to introduce the graduates to the basics of project management, value engineering, presentation skills and mentoring. A graduation ceremony is held and this year, the ceremony will be part of a broader “young graduates conference”.

student bodies. The initiative is based on three pillars: participation in campus events, communication through websites and strategic relationship management.

Campuses which are seen to be providing the most value to the Group and with which the Group wants to be more deeply involved in the long term are allocated executives as champions who will nurture the relationships. It is hoped that in time Murray & Roberts will be seen as a preferred partner and employer of choice.



LEADERSHIP PIPELINE

Today's businesses compete as much on the strength of their intellectual capital as on that of their financial capital.

This intellectual capital resides in employees at all levels of the firm, but it takes strong leadership to fully develop and enable it. Many companies still rely on outmoded development methods and concepts to prepare their current and future leaders or they hire expensive stars who are frequently recruited away.

In this book, three experts show companies how to build their own leaders by understanding the critical passages a leader must navigate, by providing the appropriate development for navigating those passages, and by building the right system for ensuring a full pipeline of leaders now and in the future.

Together Ram Charan, Stephen Drotter, and James Noel have substantial firsthand experience in leadership succession and development around the world. They have coached

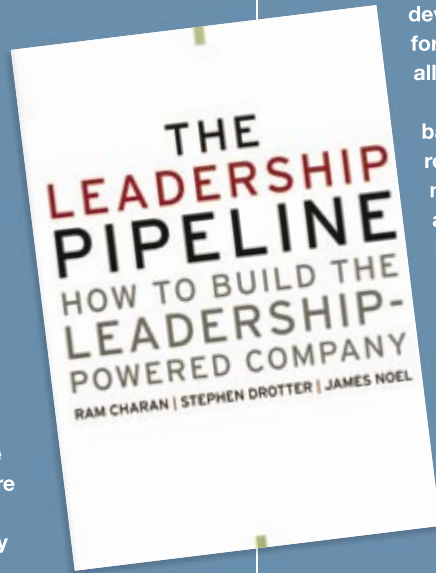
some of the world's top corporate leaders and have developed effective leadership succession and development programmes for leading companies of all sizes.

Drawing on this background, they provide readers with a proven method for building a leadership pipeline by defining six critical leadership passages, assessing competence and performance at each passage, and planning leadership development in a way that addresses the unique challenge of each passage.

The Leadership Pipeline's practical

advice has proven to be applicable to companies of all sizes, to be particularly helpful to women and minorities, and to be effective in cross-cultural settings. It gives managers and human resource professionals the framework, tools, and language they need to help leaders at every level reach their full potential. It also gives individuals a framework for managing their own development and planning their own careers.

- *The Leadership Pipeline* by Ram Charan, Stephen Drotter and James Noel, is published by Jossey-Bass



IDENTIFYING TALENT

Building world class leadership and individual and organisational capacity is crucial to the Globalising Murray & Roberts strategy.

The main initiative driving capacity-building is a talent management process underpinned by a process called e-Talent.

E-talent allows Murray & Roberts to identify individuals defined as "top talent" and manage their motivation, development and retention more effectively than ever before. For example, by using information captured on a database a talent review forum, comprising senior executives, can assess the level of job satisfaction of their top talent and introduce measures to remedy areas of dissatisfaction. The forum can also identify capacity gaps and the type of skills needed to fill them.

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ONE LUCKY READY CAN WIN A COPY OF THE LEADERSHIP PIPELINE BY ANSWERING THIS QUESTION: HOW MANY CRITICAL LEADERSHIP PASSAGES DO THE AUTHORS DEFINE IN THIS BOOK?



Stop.

Stop. Think is the message Murray & Roberts is communicating to all employees in an outreach campaign to improve safety awareness and strive for zero harm in the workplace

A high number of fatalities (12) on Murray & Roberts sites last year highlighted the urgent need for greater awareness amongst employees and subcontractors of the inherent dangers associated with construction and manufacturing activities.

"We have revisited our fundamental strategies in this area and the Group has committed the necessary resources to ensure that all our operations are safe and that all people entering and working in our many work sites are appropriately prepared and protected against possible danger," says CE Brian Bruce.

The Stop.Think campaign compels workers to do just that – stop to clear their minds and focus their thoughts on safety before they enter the work place.

Using safety on the sports field as a popular analogy, communications company, Unplugged, has designed various communication tools to instill key safety messages. All people entering a Murray & Roberts site, including visitors, are required to undergo a brief induction process, including a video which explains the Stop.Think philosophy. As workers enter the work place each day, they put on their new uniforms in a "change room" and pass through a "player's tunnel" that are both branded with Stop.Think messages. Hand signals allow workers to communicate vital safety messages to each other in noisy environments, over vast distances and at differing heights.

Each site has a Stop.Think champion and a coach who is responsible for training all workers to take responsibility for their own safety and that of their colleagues. In the operations where

a safety culture already exists and procedures are advanced, such as MEI, Foundries and Cementation, behaviour-based safety practices are being introduced to correct unsafe practices and reinforce safe behaviour.

The campaign was unveiled to Murray & Roberts executives in the rugby change rooms at the Ellis Park and Newlands stadiums and coaches received training at an indoor soccer arena in Edenvale. In August, a roadshow, which includes soccer-themed industrial theatre, introduced the campaign to all South African employees.

Finally, a newly established Bill Of Rights will commit Murray & Roberts to a safe and healthy working environment for its employees and visitors and ensure that the workforce is empowered and committed to collectively striving for zero harm. BY LESLEY LAMERT ○

Think



MANAGING RISK

Murray & Roberts has placed health, safety and environmental (HSE) management at the top of its strategic agenda by integrating HSE into its risk management system.

Tyron Botha, who joined Murray & Roberts Group Risk in October 2005, will champion the Group's risk based approach to HSE. Tyron is also responsible for driving and co-ordinating the implementation of the Stop.Think campaign

To ensure that there is an effective framework in place to support HSE management and new initiatives such as Stop.Think, Tyron is currently reviewing HSE reporting, procedures and policies and developing a separate risk-based model for each of them. A new web-based incident reporting system has been introduced at some entities within the Group to assist with the compilation of reliable data which assists in the investigation of incidents and accidents and the choice of preventative action.

"Our approach needs to be proactive rather than reactive. The

Key Performance Areas we will be focusing on are lead indicators that will ensure that we anticipate rather than react to problems."

Tyron completed an MSc Chemical Engineering degree in 2003, with a focus on Environmental Process Engineering and the life cycle benefits of renewable sources of energy within agricultural sectors. He began his career at a global environmental firm conducting quantitative risk assessments for large corporations in the oil & gas, manufacturing and chemical industries.

To prepare for this new challenge, Tyron will be researching other internal and external approaches to HSE management, particularly in the Middle East, Canada and Australia where HSE practices are more advanced and companies have developed a culture of safety.

Building capacity

Murray & Roberts Construction is overcoming a number of historic challenges to gear up for new opportunities as the growth trend in fixed investment gathers momentum

Two decades of decline in an industry competing for limited opportunities compounded by internal problems experienced by Murray & Roberts in the late 1990s, have taken their toll on the performance of Murray & Roberts Construction over the past few years.

In recent years, Murray & Roberts Construction steadily consolidated its southern African provincial and regional building and civil construction operations in an effort to deliver better value and develop the critical mass required to engage anticipated market opportunities.

Now, as major new opportunities start to materialise, the business, like the industry, faces the challenge of having to build new capacity virtually overnight.

In the past year, the Group has introduced a number of critical measures, including the appointment of a new top leadership team and a special focus on 2010 projects under separate executive management, to develop sustainable capacity in the local engineering and construction sector and ensure the successful delivery of major projects awarded in recent months.

MD Gordon Taylor was appointed in April 2006 and he has identified three key strategic themes that he will drive within the business as it engages an era of unprecedented opportunity.

PERFORMANCE DISCIPLINE

This involves getting the basics right – consistently, including market

development, choice of client and quality of project. Targeted projects will undergo a stringent process of evaluation to mitigate risk and the highest levels of attention to detail will be given to contract negotiation, project costing and understanding of specifications.

“The ability to accurately forecast the outcome of a project in the dimensions of quality, time and cost is a hallmark of top performance in project companies and will form the core of our project reviews,” says Gordon.

ENGINEERING/TECHNOLOGICAL PROWESS

Murray & Roberts Construction has invested in technical capacity to complement its investment in people and



this will help to differentiate its business. The Enterprise Resource Planning (ERP) project, which is being implemented in all of the Murray & Roberts contracting businesses to strengthen project delivery, is an important component of this investment and the construction business will be able learn from the implementation efforts of other Group companies, such as Concor, Cementation and Engineering Solutions.

In an environment of skills shortages, where demand exceeds supply in project managers and other key personnel, Murray & Roberts Construction will have to work smarter and harder to maintain superior technological capability. This will involve redeveloping a competence in engineering and project services within the business and building on previous successes in the Group's core competencies of design-build and industrial design.

"The reputation of our Group is built on some of the construction icons of our time. We have done it successfully before and we will succeed again," says Gordon.

ADAPT OR DIE

A growth environment brings exciting new challenges. Over the past few years the greatest challenge has been to find work and secure it against fierce competition.



More often than not this meant pricing below sustainable levels.

"In the future, we foresee an environment where there will be more than enough work. Our challenge will be to understand which work to say no to and how we are going to retain key skills. If we get it right, we will increasingly take on work that has been negotiated instead of tendered, for clients

that we anticipate will provide ongoing opportunity. The projects will align well with our capabilities and will be completed at sound margins with lower levels of risk.

"To achieve this, we will have to align more closely with the business objectives of our key clients and focus on areas where we can create value for clients and shareholders." ○

ACQUISITIONS UPDATE

Concor

The acquisition of Concor has been approved by the Competition Tribunal and Murray & Roberts has embarked on a plan to position the business as a major player in the South African infrastructure sector.

Concor will be managed as an independent business and will retain its own identity as the market segment it serves is different from that of Murray & Roberts Construction.

Cobus Bester will retain his position as MD of Concor, while Murray & Roberts executive director, Keith Smith, has been appointed chairman of both Concor and Murray & Roberts Construction to ensure that each business remains focused on its target markets, with an integration of resources where necessary.

A number of specific plans have already been initiated and should be implemented by August. These include:

- The relocation of the roads and earthworks business from Murray & Roberts Construction to Concor which has a reputable roads business under the leadership of Frik Venter;
- The closure of Concor's marginal underground mining business and the relocation of its resource base to Murray & Roberts Cementation, a leading underground mining contractor;
- The relocation of Toll Road Concessionaires (Tolcon) to Concor, where Tolcon MD Jerome Arendse and his team will become involved in the management of Concor's Chapman's

Peak and Cape Point facilities and the Tsitsikama CTROM contract;

- The relocation of concession investments held by Concor to the Murray & Roberts concession investment portfolio;
- Support for Concor Technicrete to ensure that its significant potential is converted into higher levels of profitability.

With its focus on public sector infrastructure, Concor complements the existing construction business of Murray & Roberts and offers considerable new capacity at a time of significant growth in infrastructure investment.

Oconbrick

Murray & Roberts assumed responsibility for newly acquired Oconbrick in September 2005 and, in spite of inclement weather conditions earlier this year which impacted the curing of bricks and mining of clay, the business is delivering good results.

Oconbrick is the third largest supplier of clay bricks and, together with Harvey Roofing, forms the core of the Murray & Roberts strategy to serve the developing affordable housing market.

A new production line is being installed at Oconbrick's plant in Gauteng to expand capacity to 400 million bricks per annum. The business has a sound order book of 16 weeks.

Willem Pienaar, son of Oconbrick's founding family which retains 20% equity in the business, continues in his role as MD. BY LESLEY LAMBERT

Gearing up for 2010

Murray & Roberts has announced executive leadership changes to strengthen the Group's capacity at a time of immense opportunity



Group executive director **Sean Flanagan** assumes corporate responsibility for the delivery of the designated major construction projects, particularly those associated with the 2010 Soccer World Cup. This includes the infrastructure delivery and systems integration of the Gautrain project. Sean maintains his responsibility for corporate oversight of SADC mining contracting and RUC Australia.



Group executive director **Keith Smith** has been appointed chairman of all SADC building and construction

companies. He will relinquish his current responsibility for construction materials over the next six months.



Edwin Hewitt, a director of Murray & Roberts Limited, assumes full executive responsibility for engineering companies, Murray & Roberts MEI, Murray & Roberts Marine, Hall Longmore, Genrec and The UCW Partnership. These companies have many common disciplines where the Group is developing experience and capacity to engage the oil & gas and industrial engineering market in the future. Edwin remains MD of the Foundries Group pending its disposal.



Malose Chaba, a director of Murray & Roberts Limited and managing director of services contractor, Murray & Roberts Engineering Solutions, continues to lead the Group's engagement of the largely private sector industrial and minerals beneficiation markets. Capacity is being expanded in this company to incorporate the growing opportunities in power generation.



Jaco van den Berg (36) rejoined Murray & Roberts as general manager of Genrec Engineering on 1 May 2006. Jaco started his career as a junior engineer in Genrec in 1994 and worked in the Middle East from 1996. He was appointed operations director of Murray & Roberts MEI in 2000 and went on a career sabbatical in 2005. Jaco becomes a member of the young leadership team being developed by Edwin Hewitt to lead the Group's engineering fabrication and specialist contracting businesses.



Gordon Taylor (39) has been appointed managing director of Murray & Roberts Construction. Gordon's engineering and commercial development was initially with Eskom and as a construction and IT analyst with Merrill Lynch. He joined Murray & Roberts as commercial director of Murray & Roberts Engineering Solutions in 2002 and was appointed chief executive of the Group's steel fabrication operations in 2004.



Charles Henwood (43) has been appointed financial director of Murray & Roberts Construction. Charles joined Murray & Roberts as financial director

of industrial building company RIBCO in 1991 and has worked as financial director of Murray & Roberts Buildings and Murray & Roberts Construction. He was involved with the Group's early concession projects after which he was appointed managing director of Murray & Roberts Concessions. More recently, Charles was group financial manager in the corporate office.



David Monro (56) has been appointed civils operations director of Murray & Roberts Construction. David's early career development was in the public sector. He has pursued a diverse career, alternating between corporate responsibility and entrepreneurial enterprise. He has delivered consistent project and general management success during his time with Murray & Roberts and will bring experience, wisdom, strength and sound management to Murray & Roberts Construction.

Dave Ashkar (54) has been appointed Buildings North operations director of Murray & Roberts



Construction. Dave joined Murray & Roberts in 1980 as a site engineer and gained his early career experience on civil engineering projects. Since 1990, he has worked as a contracts and operations director on commercial and retail building projects.



Andrew Fanton (49) was appointed Buildings South general manager in November 2005. Andrew has extensive project management experience in the civils and building markets in the Middle East. Before joining Murray & Roberts, he was project manager for the Dubai International Airport terminal 3 project for John Laing plc.

Creating new capacity

The global mining and power sectors are experiencing a boom as demand for resources and energy continues unabated. In South Africa, Murray & Roberts has been awarded a leading role in major expansion projects in these sectors

ESKOM CAPACITY EXPANSION PROJECT

Murray & Roberts Engineering Solutions, with its partner ESBI of Ireland, will play a key part in the roll-out of Eskom's five-year expansion programme as one of three companies appointed as engineering partner to the national power supplier.

Two Eskom projects have already been completed and the next assignment, currently under negotiation, is to provide project control services on the Komati Return-To-Service project. Murray & Roberts is also pursuing construction, supply, fabrication and other turnkey opportunities.

Apart from Eskom, Murray & Roberts is pursuing Independent Power Producer (IPP) opportunities in South Africa and other design-build power projects in Botswana, Namibia and Mozambique.

PEBBLE BED MODULAR REACTOR

Power outages have become a common experience for many South Africans as the country's demand for electricity increases at a rate of 2.5% to 3% annually. This trend is placing pressure on existing power infrastructure and it highlights the need for sustainable, alternative sources of energy. The Pebble Bed Modular Reactor (PBMR), which has received the support of the South African Government, offers a cost effective energy alternative that will increase capacity by between 4 000 and 5 000 MW.

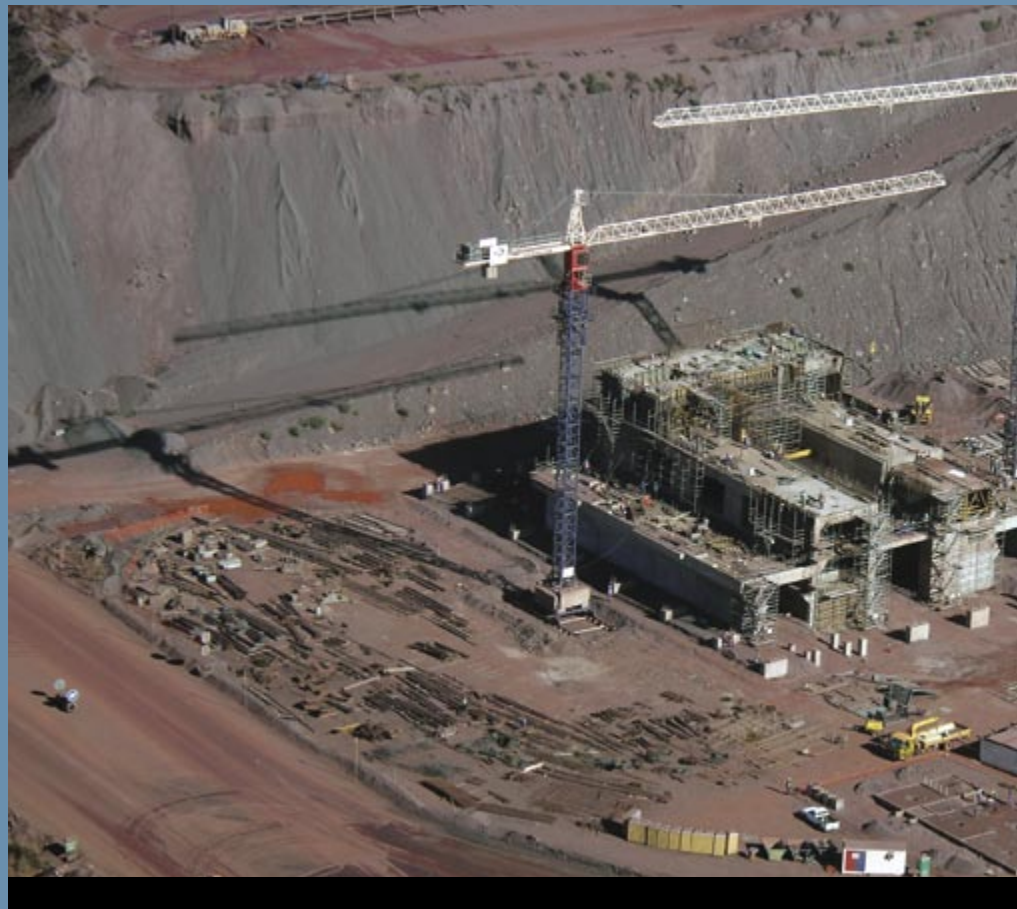
Murray & Roberts, in partnership with SNC Lavalin of Canada, is currently involved in the scope definition for

the engineering, procurement and construction of the PBMR Demonstration Power Plant. The power plant will make use of advanced Generation IV technology and supply electricity into South Africa's national grid once in service. PBMR will play a crucial role in providing electrical power to communities that are not connected to the national

grid. Construction is scheduled to commence in 2007.

SISHEN EXPANSION PROJECT

Kumba Resources' Sishen Expansion Project, in which Murray & Roberts has a major involvement, recently passed 39% completion and is on track to commence production in July 2007.



The brownfield project is designed to increase Sishen Iron Ore Mine's current production of 28 million tonnes per annum by an additional 10 million tonnes to meet growing global demand for iron ore. The project, which is located in the Northern Cape, is being managed for Kumba Resources by the SEP Joint Venture, a 50/50 partnership between Murray & Roberts Engineering Solutions and Bateman.

Murray & Roberts company, Concor, is responsible for bulk earthworks,

excavations and extensive earth moving operations, and the major civil packages are being undertaken in a joint venture between Murray & Roberts Construction and Grinaker-LTA.

The project has set a new benchmark in construction safety performance. The on-site safety achievement has exceeded stringent targets set by both Murray & Roberts and Kumba and surpasses the performance set on all previous mega projects implemented by Murray & Roberts Engineering Solutions.

CEMENT

The South African cement production industry is preparing for growth in cement consumption from nine million tonnes per annum in 2000 to an estimated 16 million tonnes in 2010, as the anticipated investment in industrial development and government infrastructure projects becomes a reality.

The main cement production companies are monitoring this growth forecast closely. NPC and PPC have already implemented major capacity increase programmes involving upgrades and new installations, while Holcim is taking up capacity with current upgrades.

The growth in cement production presents an opportunity for Murray & Roberts to leverage its unique understanding of the industry as an implementation contractor.

In November 2005, Murray & Roberts won the contract to design and build a 1 500 tonnes per day new clinker plant for NPC in Port Shepstone, using FLSmidth technology. The plant is designed with an option to increase the capacity to 3 000 tpd.

This is a unitary project involving Murray & Roberts Engineering Solutions, Murray & Roberts Construction and Murray & Roberts MEI, with Genrec as structural steel supplier.

COAL

During the first half of 2006, global demand for thermal coal increased by 15% and led to an increase in spot prices. This prompted a decision to expand the Richards Bay Coal Terminal capacity to 86 million tonnes per annum. The terminal is owned by eight coal exporting companies of whom BHP Billiton (36%), Anglo Coal (27%) and Xstrata (21%) have the largest share of the capacity.

Murray & Roberts Engineering Solutions recently completed a feasibility study on behalf of Xstrata Coal South Africa (XCSA) for a new greenfields colliery in the Witbank coal-field region near Ogies and is continuing to provide ongoing detailed engineering design, procurement and implementation readiness project management services ahead of project approval, now targeted for October 2006. The greenfields Goedgevonden Colliery Project is to be implemented by XCSA and ARMCoal.

In addition to the Goedgevonden project, Engineering Solutions is providing EPCM project management services to XCSA on two other project opportunities close to Ogies, the Southstock 5-Seam project (now in implementation) and the Tweefontein Central Plant project (pre-feasibility stage recently completed).

Xstrata Coal is the world's largest producer of export thermal coal and has interests in 32 coal mines in Australia and South Africa and an exploration project in Canada. ○



■ Sishen Expansion Project

GROWING Down under

Murray & Roberts is strengthening its position in the Australian underground mining market

Murray & Roberts plans to strengthen its underground mining capacity in Australia, using its raise drilling operation as a base to expand into decline shaft sinking and mine development.

RUC Mining Contractors currently has 10 raise and drilling rigs operating in Australia and has already secured 70% of its order book for the financial year to 30 June 2007.

The company is involved in major deep hole, large diameter raise boring projects on the Telfer mine in Western

The Australian underground market continues to benefit from strong global demand for metals and minerals and is forecast to grow by 10% in 2007.

Murray & Roberts subsidiary, RUC Mining Contractors, is the premier raise drilling company in Western Australia, accounting for approximately 40% of the niche A\$100 million market. Expansion into the A\$650 million decline and mine development market would strengthen the company's base in Australia as a springboard into Southeast Asia.

The Australian underground market continues to benefit from strong global demand for metals and minerals and is forecast to grow by 10% in 2007. Currently estimated to be worth A\$3 billion, the market offers significant potential for mining contractors, which account for approximately 50% of the market.

Australia and Eloise mine in Queensland and recently completed a project for Ridgeway mine in New South Wales, the deepest large diameter raise bore shaft in the country. BY LESLEY LAMBERT ○



NEW DEPUTY CHAIRMAN FOR CLOUGH

John Cooper (56) a respected Australian business and construction executive has been employed by Murray & Roberts to lead its growing involvement in the country. He has been nominated to the board of Clough where he has been appointed deputy chairman.

John will act as a consultant to the Clough board and will work with the Clough chief executive to improve the operational capacity and value proposition of the company.

He has spent the past few years as a major projects consultant to a number of development and infrastructure organisations, most recently with Auscorp and Macquarie Bank. He was previously chief executive of engineering consultancy and project management company CMPS&F, which became Aegis Consultants when bought by the French infrastructure company, Scetauroute. One of John's responsibilities at CMPS&F was contingency planning and operational readiness for the 2000 Sydney Olympics.

John spent the bulk of his early career in the construction industry, mostly with Concrete Constructions, where he was general manager in Australia before the company was acquired by a German multinational.

With his extensive experience in engineering consulting and contracting, John is ideally placed for his new role in Murray & Roberts and at Clough.

Tectonics in Architecture

The 2006 Murray & Roberts Des Baker Award ceremony was held under a crisp Highveld sky at the Voortrekker Monument in Pretoria

Eighteen schools of architecture competed in the competition, which was themed “The Legacy of Tectonics in Architecture” and finalist entries were displayed in the monument museum for a week before the ceremony.

The winner of the 2006 Murray & Roberts Des Baker Awards was University of Pretoria for a project titled “The Wall” by Marco Freeks, Donovan Gottsman, Lizelle Cloete and Matthew Bosch. They received a trophy and prize money of R25 000.

The first runner-up was Tshwane University of Technology for a project titled “Amenity” by Bernard Geldenhuys, Maritza Jackson and Peet Steynberg. Another Tshwane University of Technology project, “Ubuntu” by Sandra Joubert and Wynand Tromp was awarded the second runner-up prize. The runners-up received R15 000 and R10 000 respectively.

The ceremony was hosted by the Dean of the Faculty of Engineering and the Built Environment at the Tshwane University of Technology, Professor Fred Otieno, and Murray & Roberts executives, Brian Bruce, Sean Flanagan and Gordon Taylor. The judges, represented by Professor Labelle Prussin (USA) were Henning Rasmuss, Elmos Swart, Karlien Thomashoff and Greg Cocking.

The ceremony was attended by about 700 guests, including visitors from Mozambique, the Netherlands and Zimbabwe. ○



DES BAKER AWARD

The annual Des Baker Award was introduced in 1983 in recognition of the late Des Baker, executive chairman of Murray & Roberts until 1982. Des was a well respected personality in the construction and industrial world at that time and was known for his progressive thinking.

The Murray & Roberts Des Baker Architecture competition is open to all students of architecture and is sponsored by Murray & Roberts in partnership with established architectural schools across the country. The competition strives to:

- Grow and enrich the understanding and relationship between architects and contractors
- Recognise and reward students of architecture for their achievements in the competition
- Associate the late Des Baker with a prestigious award in the field of construction

The Murray & Roberts Des Baker competition is a highlight of the annual five day Architectural Students Congress attended by students from across South Africa and the southern African region and is hosted by a different university every year. The host university for 2006 was Tshwane University of Technology.



■ Sean Flanagan congratulates the winners



THE ULTIMATE IN LUXURY

One lucky couple can win a three-night stay at Shidzidzi and Nungubane Private Game Lodge including three meals and two game activities per day

There is nothing quite like sitting in a bathtub, bubbles and fragrant steam in the mix, whilst overlooking the rolling hills of the Waterberg's Welgevonden Private Game Reserve. Shidzidzi and Nungubane Private Game Lodge, two exclusive lodges offering the ultimate in luxury and personal service, offer this plus more.

The sister lodges can each accommodate a maximum of 10 guests in an atmosphere of peaceful elegance. Beautifully decorated in afro-colonial style, the lodges offer intimate service and superb cuisine. The spacious chalets are beautifully appointed with



Prize Value
R11 400
 Total



Rules of the competition:

1. The prize will be awarded to the first correct entry drawn.
2. The judges' decision is final and no correspondence will be entered into.
3. The prize is subject to availability.
4. All extras like drinks, telephone calls, laundry, mini-bar, etc are to be settled direct.
5. Transport to the destination is not included.

individual decks maximising the majestic views.

Traditional early morning and late afternoon game safaris as well as guided walks with a focus on white rhino, allow guests to get up close and personal with this Big Five creature. Once the game drive is over and the heat of the midday sun sets in, guests can lose themselves in the reflections by the pool's quiet oasis and just relax.

Three-hour's drive north of Johannesburg, the Waterberg is malaria free and offers a mosaic of exceptional scenic landscapes and a thrilling bush experience.

For more information, please contact The Three Cities Hospitality Group
 Tel: 0861 000 333 or +27 (0)31 310 6900,
 Fax: +27 (0)31 310 6969 or +27 (0)31 310 6979.
 E-mail: ceres@threecities.co.za,
 Website www.threecities.co.za



Answer the easy question, complete the entry form and send to Murray & Roberts Competition, PO Box 1148, JHB 2000 – to reach us before 30 September 2006. You can also fax to (011) 646-6040 or e-mail competitions@profpart.com (remember to put Murray & Roberts competition in the subject line).

ENTRY FORM: SEPTEMBER 2006 COMPETITIONS

Name: _____

Phone number: _____

Question: What is the name of the Murray & Roberts safety campaign? _____

* Strictly one entry per person



Kirsten Brown, manager
Client Service

"Client service will substantially increase the standard of communication and partnering opportunities between companies within the Group and with our market."

The Bridge.

The Bridge is the symbol we have selected to define the Murray & Roberts client service strategy. We offer the capacity to bridge knowledge gaps that exist between the company and its people and with the people of our potential clients, new clients and society. During 2005, we attended to a record 13 902 calls and enhanced our systems to ensure even better service in future.

Give us a call on 456 1144 & find out more.
Email: clientservice@murrob.com