MURRAY & ROBERTS

is South Africa's leading construction and engineering group focused on selected regional economies and specialist global markets

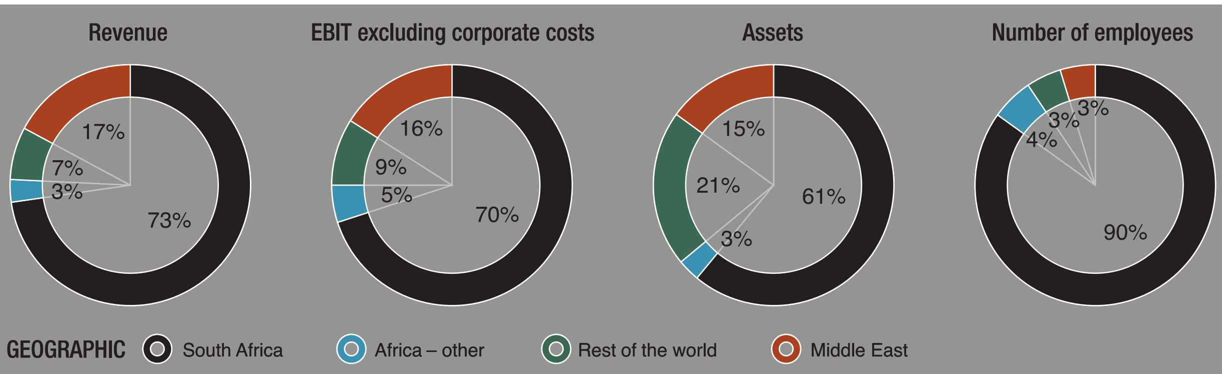
From the platform created by Rebuilding Murray & Roberts, we serve these markets primarily in Sub Saharan Africa, Middle East, Southeast Asia and Australasia

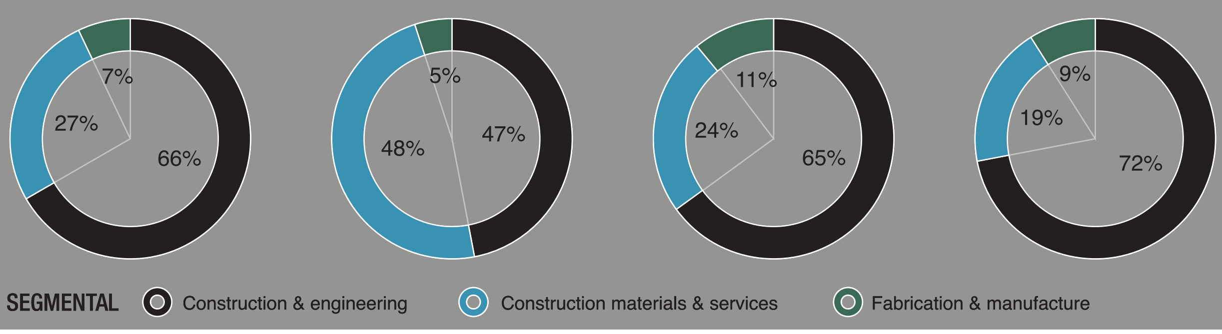
Murray & Roberts 2010 is our short term strategy to deliver a superior performance profile from the increased activity in all our regional and sectoral markets, including growth opportunities associated with the 2010 Soccer World Cup and the power generation program in South Africa

FINANCIAL HIGHLIGHTS

	2007	2006
GROUP SUMMARY (R millions)		
Revenue	**17 874**	11 097
Earnings before exceptional items, interest and taxation	**1 437**	719
(Loss)/income from associates	**(107)**	1
Attributable profit before minority interest	**796**	561
Total assets	**13 011**	10 385
Operating cash flow	**1 935**	598
Value created	**6 007**	3 979
Payroll cost	**4 498**	3 007
Total number of employees – 30 June	**33 466**	23 867
ORDINARY SHARE PERFORMANCE (cents)		
Diluted headline earnings per share	**325**	184*
Diluted earnings per share	**235**	165
Operating cash flow per share	**583**	180
Net asset value per share – 30 June	**1 279**	1 031
Market price per share – 30 June	**6 400**	2 540
Total dividend per share**	**116**	60
FINANCIAL STATISTICS		
Operating margin (EBIT on revenue) (%)	**8,0**	6,5
Attributable earnings on average shareholders' funds (%)	**20,9**	16,7
Interest cover (times)	**13,0**	11,6
RATIOS (times)		
Debt/equity	**0,36**	0,40
Current	**1,10**	1,10

* *Excludes BBBEE expense.*
** *Based on the year to which the dividend relates.*





SEGMENTAL HIGHLIGHTS

	Revenue		EBIT before exceptional items	
	2007	2006	2007	2006
GROUP (R millions)	**17 874**	11 097	**1 437**	719
Construction & engineering	**11 821**	6 966	**756**	324
Construction	**7 421**	3 674	**477**	112
Engineering	**794**	611	**46**	48
Mining	**3 606**	2 681	**233**	164
Construction materials & services	**4 730**	3 206	**763**	479
Steel	**2 221**	1 666	**168**	127
Infrastructure	**1 245**	980	**302**	218
Housing	**856**	325	**160**	63
Services	**408**	235	**133**	71
Fabrication & manufacture	**1 323**	925	**83**	63
Corporate	–	–	**(165)**	(147)

GLOBALISING MURRAY & ROBERTS

The following tables are offered for information purposes only and have not been audited.

The tables indicate what the pro forma effects would be on the Murray & Roberts group financial statements for the year ended 30 June 2007, assuming that Clough was consolidated with effect from 1 July 2006 at 49,1%. Clough's income statement was adjusted to proportionately consolidate joint venture income and exclude the A$131 million provision raised on pre-acquisition contracts.

		Group as reported	Clough	Pro forma adjustments	Group pro forma
		2007	2007	2007	2007
SUMMARISED INCOME STATEMENT (R millions)					
Revenue		17 874	4 310	–	22 184
EBIT		**1 437**	**210**	**–**	**1 647**
Interest		21	(63)	–	(42)
EBT		1 458	147	–	1 605
Taxation		(360)	(28)	–	(388)
EAT		1 098	119	–	1 217
Associate		(107)	–	114	7
Discontinued		(48)	–	–	(48)
Minorities		(94)	(8)	(71)	(173)
Exceptional items		(147)	28	–	(119)
Attributable		**702**	**139**	**43**	**884**
Diluted headline earnings per share (cents)*		**325**			**376**
SUMMARISED BALANCE SHEET					
Assets	non-current	4 175	867	(602)	4 440
	current	8 836	2 101	–	10 937
Liabilities	non-current	(1 103)	(465)	223	(1 345)
	current	(8 093)	(2 124)	–	(10 217)
Permanent capital		3 815	379	(379)	3 815
Net asset value per share (cents)**		**1 152**			**1 152**

* *Clough earnings were adjusted for the impact of exceptional earnings.*
** *Based on ordinary shareholders' equity.*

SEGMENTAL ANALYSIS

All monetary amounts are expressed in millions of Rands	Discontinued operations* 2007	Discontinued operations* 2006	Corporate 2007	Corporate 2006
SUMMARISED INCOME STATEMENT				
Revenue	**715**	869	**–**	–
Earnings before exceptional items and interest	**26**	82	**(165)**	(147)
Exceptional items	**(61)**	9	**(19)**	1
Earnings before interest and taxation	**(35)**	91	**(184)**	(146)
Net interest income/(expense)	**(9)**	(14)	**12**	33
Earnings before taxation	**(44)**	77	**(172)**	(113)
Taxation	**(4)**	(17)	**45**	46
Earnings after taxation	**(48)**	60	**(127)**	(67)
Income from associate	**–**	–	**–**	(1)
(Loss)/profit from disposal of discontinued operations	**–**	–	**–**	–
Minority shareholders' interest	**–**	–	**–**	–
Earnings attributable to ordinary shareholders	**(48)**	60	**(127)**	(68)
SUMMARISED BALANCE SHEET				
Non-current assets	**29**	415	**1 527**	688
Current assets	**15**	87	**2 566**	2 093
Goodwill	**–**	–	**–**	–
Deferred taxation asset	**–**	–	**4**	1
Total assets	**44**	502	**4 097**	2 782
Equity	**(16)**	194	**888**	186
Minority interest	**–**	–	**–**	–
Permanent capital	**(16)**	194	**888**	186
Non-current liabilities	**29**	59	**612**	490
Current liabilities	**31**	249	**2 597**	2 106
Total equity and liabilities	**44**	502	**4 097**	2 782
SUMMARISED CASH FLOW STATEMENT				
Cash generated by/(utilised in) operations before working capital changes	**65**	5	**(405)**	(216)
Change in working capital	**18**	(6)	**(316)**	50
Cash generated by/(utilised in) operations	**83**	(1)	**(721)**	(166)
Interest and taxation	**(5)**	7	**54**	(10)
Operating cash flow	**78**	6	**(667)**	(176)
FINANCIAL STATISTICS				
Operating margin (%)	**3.6**	9.4	–	–
Return on equity (%)	**24.7**	7.5	–	–

**2006 includes Criterion Equipment and Foundries.*

Construction & engineering		Construction materials & services		Fabrication & manufacture		Group	
2007	2006	2007	2006	2007	2006	2007	2006
11 821	6 966	4 730	3 206	1 323	925	17 874	11 097
756	324	763	479	83	63	1 437	719
(128)	(60)	–	(15)	–	(4)	(147)	(78)
628	264	763	464	83	59	1 290	641
37	13	(24)	(4)	(4)	(6)	21	36
665	277	739	460	79	53	1 311	677
(212)	(78)	(169)	(122)	(24)	(21)	(360)	(175)
453	199	570	338	55	32	951	502
(114)	1	7	1	–	–	(107)	1
–	–	–	–	(48)	59	(48)	59
(18)	(10)	(73)	(39)	(3)	–	(94)	(49)
321	190	504	300	4	91	702	513
1 459	1 528	759	588	179	170	3 953	3 389
4 054	2 914	1 521	1 086	680	619	8 836	6 799
136	86	70	61	–	–	206	147
5	23	2	2	5	25	16	51
5 654	4 551	2 352	1 737	864	814	13 011	10 386
1 413	1 701	1 066	560	286	445	3 637	3 086
57	25	111	76	10	7	178	108
1 470	1 726	1 177	636	296	452	3 815	3 194
308	328	146	121	8	29	1 103	1 027
3 876	2 497	1 029	980	560	333	8 093	6 165
5 654	4 551	2 352	1 737	864	814	13 011	10 386
998	368	882	636	35	115	1 575	908
1 200	(168)	(307)	(175)	42	105	637	(194)
2 198	200	575	461	77	220	2 212	714
13	(66)	(304)	(43)	(35)	(6)	(277)	(118)
2 211	134	271	418	42	214	1 935	596
6.4	4.7	16.1	14.9	6.3	6.8	8.0	6.5
20.6	13.7	62.0	70.4	1.1	13.7	20.9	15.2

Marlboro Portal, Gautrain project, Johannesburg

CAPABILITIES

Construction Economy

Murray & Roberts directs its activities primarily into the construction economies of South and Sub Saharan Africa, Middle East, Southeast Asia and Australasia.

The construction economy is a well defined element of every national economic framework and is identified as a component of gross fixed capital formation (GFCF) within gross domestic product (GDP).

An established global benchmark is that GFCF should average between 20% and 30% of GDP and that construction investment should represent between 20% and 30% of GFCF (4% to 9% of GDP).

The construction economy is represented by all expenditure associated with fixed investment into physical infrastructure, production and commercial facilities and accommodation, as performed by general and specialist contractors, engineers, materials suppliers and service providers. It generally excludes the supply of process machinery and equipment.

Market sectors:

- Building & infrastructure
- Mining & industrial
- Energy, power & environmental

CONSTRUCTION & ENGINEERING

Murray & Roberts offers a unique combination of multiple disciplinary capabilities in design, engineering and various construction skills, and has a proven track record in major project implementation. The Group is positioned as a primary contractor in the delivery of mining and general infrastructure, commercial buildings and industrial facilities.

The Group's primary market focus is the infrastructure and facilities associated with the extraction, beneficiation and industrialisation of natural resources.

The acquisition of Cementation in South Africa and Canada and subsequent control shareholding in Clough in Australia have extended this focus in the global marketplace. The acquisition of Concor in South Africa has enhanced the Group's domestic capability.

Murray & Roberts values innovation and is able to adapt to complex environments which positions it as a leading contractor in the southern hemisphere and developing world.

Capabilities:

- Construction
- Engineering
- Mining

CONSTRUCTION MATERIALS & SERVICES

Murray & Roberts supplies the construction markets of Southern Africa with quality service, materials and products through its technical capabilities in concrete, asphalt and steel. The acquisition of Oconbrick extended the Group's capability into clay products.

This is underpinned by operational presence throughout the SADC region, appropriate technology, uncompromising quality and service excellence.

Murray & Roberts converts more than one million tons of primary steel, half a million tons of concrete, one and a half million tons of asphalt and a million tons of clay into construction products annually.

Toll road management in South Africa and lifting services in Middle East form the basis of a small sector of the Group's service offering.

Murray & Roberts has established a new presence in building materials and engages the domestic affordable housing market from this platform which has been enhanced by the acquisition of Concor Technicrete.

Capabilities:

- Steel products
- Infrastructure & building products
- Services

FABRICATION & MANUFACTURE

Murray & Roberts has disposed of its automotive manufacturing operations, comprising the foundry group and a residual 50% shareholding in alloy wheelmaker Borbet Africa.

This segment now comprises Union Carriage & Wagon, Genrec and Hall Longmore, the latter two having been reclassified from construction materials & services.

These companies form a cluster of project oriented specialist engineering and fabrication businesses serving the infrastructure and industrial markets in Southern Africa, with some export of product to selected overseas markets.

Increased levels of investment into transport systems (steel pipes and rolling stock) and industrial facilities (power stations and process plants) will bring new opportunity to the companies in this segment. In addition, the offset obligations arising from the Group's involvement in public sector projects with significant imports, create the opportunity for new investment into production capacity.

Capabilities:

- Fabrication
- Manufacture
- Assembly

Burj al Arab Hotel, Dubai

WE ARE SOUTH AFRICAN

CHARTER

We believe implicitly in the competitiveness of South African enterprise and the platform that our domestic environment creates for us to be world class.

As a business and corporate citizen we are committed to the national agenda of South Africa, including the pursuit of employment equity throughout our organisation, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.

As a global enterprise we strive to meet the expectations of our international markets, benchmarking our performance against best-in-class industry standards and our delivery against world class precedent, at all times conducting our business ethically in terms of best practice governance standards.

VALUE AND GROWTH

Rebuilding Murray & Roberts has been a change process that commenced on 1 July 2000 and at the heart of which is a non-negotiable commitment to sustainable earnings growth and value creation. Through this process we have committed to world class fulfilment in the construction economy as our core market, enhanced our core skill in engineering and our core capability in contracting, and leveraged our value proposition through our core competence in industrial design.

Globalising Murray & Roberts is a growth strategy that seeks new opportunity and value from the platform created over the six years of Rebuilding Murray & Roberts. We have identified global best-in-class benchmarks against which we measure our performance in engaging our chosen natural resources and regional markets.

WE ARE MURRAY & ROBERTS

A federal structure of world class companies serving selected construction economies and leveraging our contracting and manufacturing competitiveness into global markets. To ensure our legitimacy in terms of our strategic commitments, we value:

Leadership	Applying the vision, experience and energy of a strong leadership team to the pursuit of profitable growth
Business conduct	Professionalism and integrity in the conduct of our business Open and honest disclosure of information Resolution of disputes by direct personal discussion
Innovation	Encouraging new ideas and better solutions to maintain a competitive edge
Customers	Gaining preferred status by delivering the projects, products and services that fulfil customer requirements
Employees	Enhancing diversity in our workforce Working in partnership to create a better future for all our people
Shareholders	Delivering real growth and returns that maximise shareholder value
Partnership	Building trust with our partners, suppliers, financiers and advisors
Health, safety and environment	Integrating sound health, safety and environmental management into all aspects of our business activities
Corporate citizenship	Supporting a socially responsive, free market economy Participating in the economic development and sustainable growth of communities in which we operate

Our commitment to sustainable earnings growth and value creation is not negotiable

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Murray & Roberts is committed to broad-based black economic empowerment and addresses the full range of empowerment requirements across its diverse operations.

Fatima Hendricks, engineering maintenance manager, Hall Longmore

Alex Mlotshwa, yard manager, Murray & Roberts Steel

Thandi Mokgalagadi, branch manager, Much Asphalt

Luckie Molubi, human resources executive, Genrec Engineering

Murray & Roberts has engaged a comprehensive broad-based black economic empowerment (BBBEE) strategy which aims to achieve:

- appropriate broad-based empowerment ownership at the level of Murray & Roberts operating subsidiaries through a tiered approach at Murray & Roberts Holdings Limited and selected operating subsidiaries
- a meaningful number of black senior executives throughout the Group
- an employee complement that reflects the diversity of South Africa's demographic profile
- a core complement of black professionals
- preferential procurement policies that leverage the broad-based principles of black economic empowerment
- enterprise and social development programs aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals

The Letsema BBBEE shareholding transaction in which Murray & Roberts purchased 10% of its issued share capital on 19 December 2005, offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates, a stake in the company and its future.

The shareholding initiative comprises four trusts:

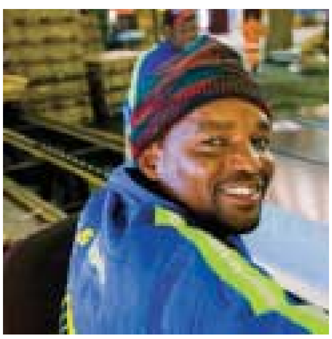
- Letsema Sizwe Broad-Based Community Trust to benefit disadvantaged community groupings
- Letsema Khanyisa Black Employee Benefits Trust to benefit current and future qualifying black employees and their immediate families

- Letsema Vulindlela Black Executives Trust to benefit qualifying current and future black executives
- Letsema Bokamoso General Staff Trust to hold the shares in Murray & Roberts granted to qualifying employees

Since Letsema was launched, the Murray & Roberts share price has appreciated by more than 400%, creating wealth of over R1,7 billion for the participants, with more than R315 million attributable to the 14 125 participants in the General Staff Trust.

Through the Community Trust, we have partnered with The CIDA Empowerment Trust, Disability Empowerment Concerns Trust, Heartbeat Centre for Community Development, Kurisani Investment for LoveLife Youth Development Trust, Outward Bound Trust South Africa and Soul City Broad-Based Empowerment Company to provide a holistic youth development model and support people with disabilities. The Letsema Sizwe Broad-Based Community Trust has in 2007 distributed R5,8 million to the beneficiary organisations and this amount is expected to increase in 2008.

The Black Employee Benefits Trust allocated R1,9 million in benefits to the Group's qualifying employees and their families by building seven homes for employees in partnership with Habitat for Humanity and awarding nineteen secondary and tertiary education bursaries to children of qualifying Murray & Roberts employees.



To date, 150 black executives across the Group have been allocated shares under the Black Executives Trust, enhancing the commitment of black executives to Murray & Roberts.

Murray & Roberts has five black managing directors in its major operations in the SADC region (19 companies) and although much remains to be done, we have an increasing number of black executives and women executives within our system. The Group has a comprehensive recruitment process in place that focuses on undergraduate and young qualified talent.

At operating level, the Group has engaged with a number of black economic empowerment partners which have taken up equity in the following businesses:

- AKA Capital has a 20% share in Murray & Roberts Cementation
- Jay & Jayendra Group has a 30% share in the UCW Partnership
- Lehumo Women's Investment Trust has a 26% share in certain of the Group's toll road operations

In our construction businesses, joint venture or subcontracting arrangements are entered into with BEE partners to pursue and deliver projects.

Murray & Roberts has conducted a comprehensive independent review of its empowerment status relative to various industry charters and current legislation. The review has shown that the Group has effective empowerment ownership of 25,8% and meets current empowerment criteria appropriate for procurement policy in South Africa. It has identified key agenda items for further development of this status over the 10 year time frame stipulated in the legislation to meet future development criteria.

HUMAN CAPITAL

As South Africa's leading engineering and construction group, Murray & Roberts has strengthened its human capacity to meet the challenges to 2010 and beyond.

South Africa experienced several construction related growth cycles through the 1950s, 1960s and 1970s. However, the current infrastructure investment boom is by far the largest in the country's history as infrastructure is provided for an economy that is now serving all South Africans. After more than two decades of decline, this will raise the profile of the engineering and construction industry and drive demand for related human capital and leadership talent. The human capital challenge lies in basic skills and strategic and professional leadership.

This is a global challenge and not one affecting South Africa alone as infrastructure development becomes characterised by larger and more complex projects requiring more sophisticated leadership with the ability to manage complex and dynamic environments.

Malose Chaba (47) appointed CE of the engineering contracting & services cluster from October 2007

It is not the first time the South African construction industry has had to undergo a rapid transformation to meet significant new expectations. A similar challenge loomed in the 1960s and 1970s when the country experienced the last cyclical construction upturn.

Jerome Govender (35) appointed CEO Bombela Concession Company from July 2007

Vaneshree Naidoo (33) appointed MD Murray & Roberts Concessions from July 2007

Dave Athey (41) appointed MD Murray & Roberts Engineering Solutions from October 2007

John Smith (51) appointed CEO of Clough from August 2007

A new generation of leaders seized the opportunity and met the challenges posed at that time.

Murray & Roberts views its leadership teams as a key source of competitive advantage and has implemented a rigorous process to uncover fresh solutions and prepare them for a period of sustainable growth.

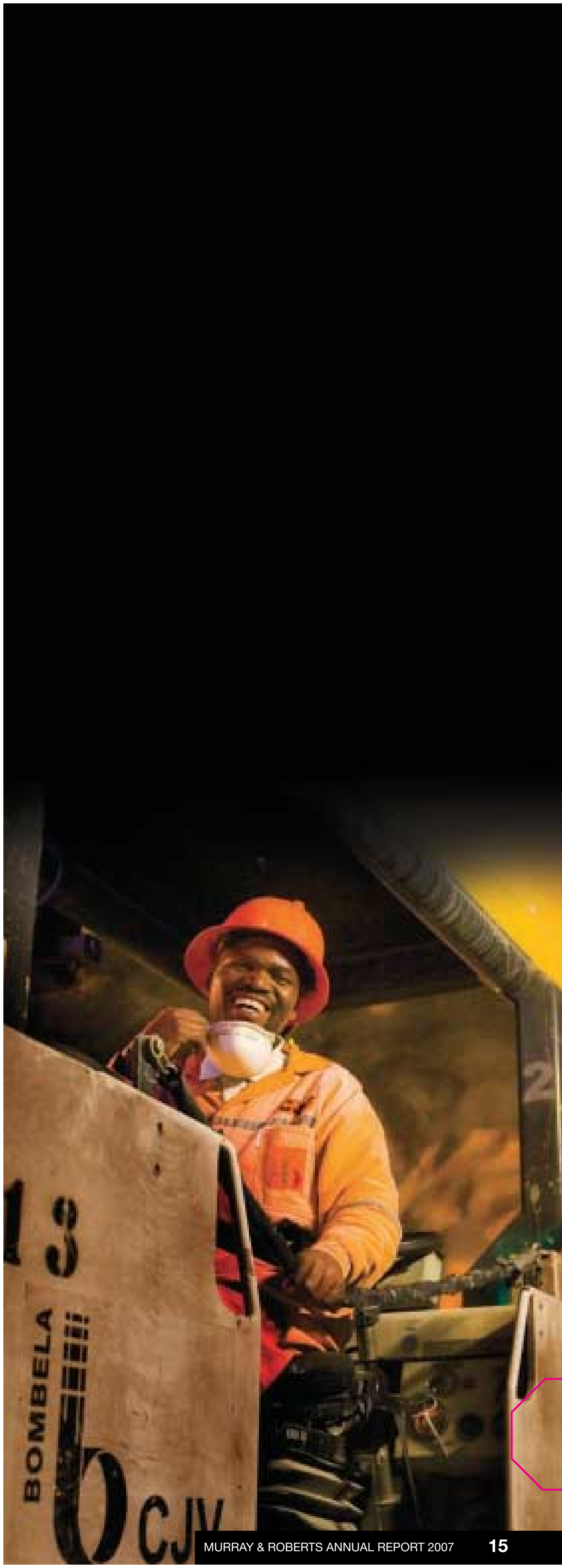
Many of the challenges facing the Group are industry-wide. This limits the scope for external recruitment within South Africa. Murray & Roberts has an active recruitment program underway to attract expatriate South African construction executives from the international community and build domestic implementation capacity. Employing expatriates (as opposed to repatriating South Africans) is a sensitive issue in a country with high unemployment, but it must be recognised that South Africa has never before been able to meet the challenges of high growth from internal resources alone.

In the longer term, sustainable growth depends on the organic development of leadership talent. Murray & Roberts has adopted a process to develop and retain its own talent through a comprehensive leadership succession and development program, based on a common understanding of the roles of leadership at all levels of the organisation. This defines a long term succession planning process ensuring a full and flowing pipeline of leadership talent.

Murray & Roberts is strengthening human capital development throughout its leadership pipeline. The Group is awarding more bursaries, facilitating more leadership development and providing more learnerships and artisan training. As part of an industry initiative, the Group has entered into an agreement with other listed South African engineering and construction firms and the Department of Education to support the development of construction skills and underwriting of jobs at Further Education & Training colleges.

Murray & Roberts has identified the industry leadership and skills challenge early and is prepared for 2010 and beyond.

The Murray & Roberts career website is accessible at www.careers.murrob.com. The career website is used to communicate with potential candidates for advertised vacancies and for bursary and graduate development opportunities.



RISK MANAGEMENT

Murray & Roberts has adopted the principle that opportunity derives from acceptance of risk and that value derives from management of risk.

Murray & Roberts has developed an enterprise risk management process to implement the group risk framework which has been rolled out to all operating company boards and executive committees. The process is applied in all areas of potential exposure to risk, including acquisitions, projects, health, safety & environment management, and brand integrity.

Risk assessments are conducted at an operational level as part of a three year business planning process, and at a project level as part of bid preparation. Knowledge bases, case studies and the collective group experience are leveraged to better understand potential exposures to threats and opportunities.

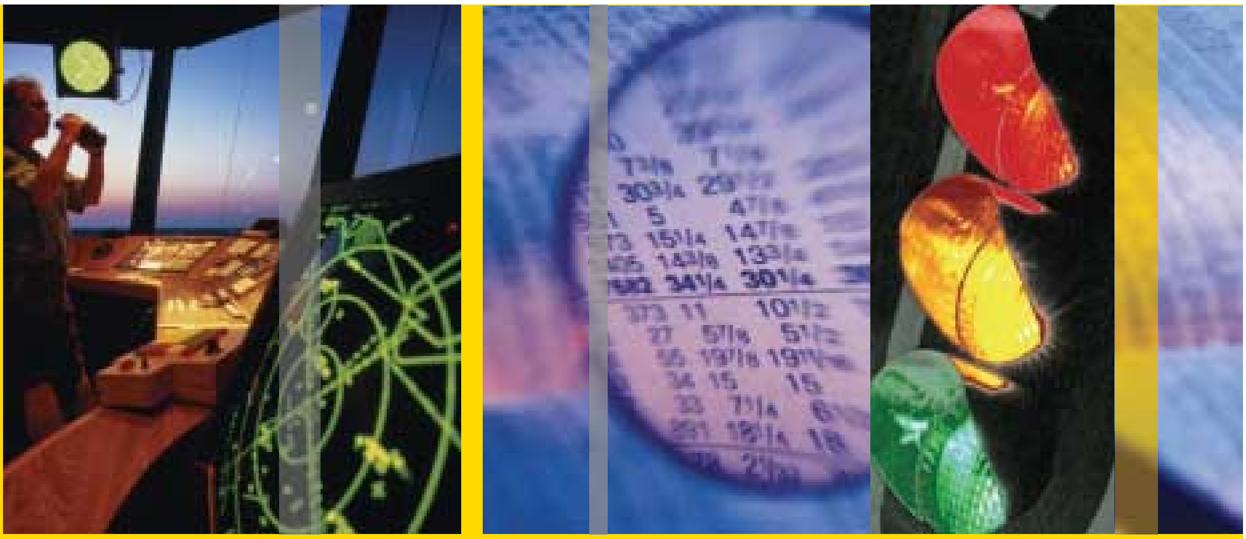
Opportunity management relates to decision making which changes the Group's risk profile. Acquisitions are subject to rigorous due diligence studies before approval. Capital expenditure requirements for organic growth are assessed as part of business planning. Engagement of project opportunities is controlled through the opportunity management system (OMS). Significant risk decisions are first reviewed by the executive risk committee and then submitted to the Murray & Roberts Board.

Risk mitigation promotes the proactive management of risk once it has been brought into the Group. This involves accountability, planning and resource allocation, ongoing review and communication with affected stakeholders.

Risk based audit is a structured program to test the effectiveness of controls mitigating significant risk exposure. Group internal audit is deploying control self assessment as an efficient means of establishing the effectiveness of standard financial controls. The outcomes of business plan risk assessments and mitigation planning are used to develop focused audit plans to investigate significant risk bearing controls. This is supported by internal audit within the operations and peer review by experienced corporate executives.

Murray & Roberts has a long and proud record of major project delivery. The Group is responsible for constructing much of the built environment in southern Africa and has been involved in some of the world's great engineering challenges. In recent years it has entered a new era characterised by major projects with potentially high risk profiles.

Murray & Roberts has developed the capacity to better assess and manage these projects. The bespoke OMS controls the project approval process such that all opportunities entered into the tender process are evaluated against a selection of pre-determined criteria. A scorecard approach allows management to determine the potential risk profile in a project, which projects can proceed normally, which must be declined and which can proceed only under more rigorous conditions. In this latter circumstance, a steering committee monitors each project through to final account.



Unitary Murray & Roberts enables the Group to exploit unique synergies in its various operations and engage major projects with collective strength. This approach has leveraged our ability to compete for some of the world's most challenging projects.

To capitalise on the potential for the OMS to promote the unitary goal and embed it as a business management tool, version 2.0 of the system has been developed and deployed. The OMS is now a group-wide decision support and workflow management system, covering the project lifecycle from the time a lead is identified in the market, through business development, decision to bid, bid preparation, contract negotiation, and residual exposures post-implementation.

Globalising Murray & Roberts benchmarks our leadership and systems capacity against the status of best-in-class from the global engineering and construction sector. We continue to transform our operations, positioning them to offer superior propositions to their markets. Our leadership capacity has been strengthened to capitalise on a robust construction economy.

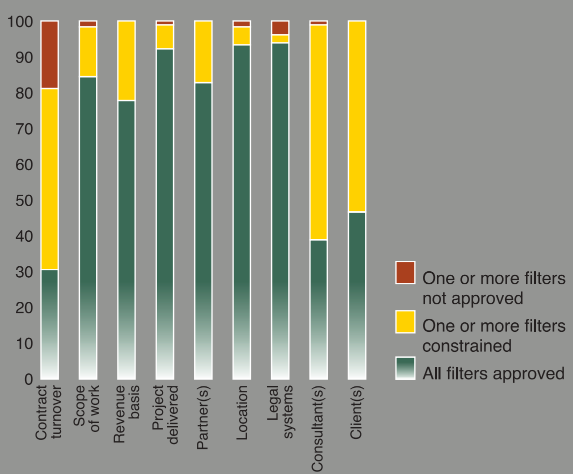
We have implemented an enterprise resource planning financial management and consolidation system across the Group's project cluster to leverage synergies and ensure consistent project delivery.

The accepted international definition of a major project is one which exceeds the inherent capacity of an organisation to manage it within its own resource and capacity. Partnership is a strategic imperative for the Group and we select our partners against criteria including market knowledge or technological expertise. The building and maintenance of strong relationships with major clients in key growth sectors is reflected in the order book, where much of the work secured is repeat business.

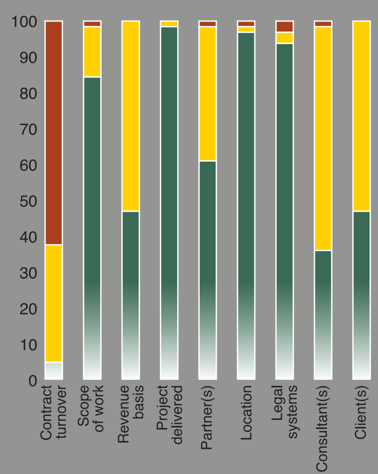
As an organisation Murray & Roberts confidently seeks out risk, in order to capitalise on its ability to benefit from its inherent opportunities. To achieve this, there is a need to coordinate and leverage the substantial resources existing within the organisation in order to improve the effectiveness of group risk management.

Additional information on risk management and major projects undertaken by Murray & Roberts is available on the group website at www.murrob.com.

Project pipeline status by number of projects (180 projects) (%)

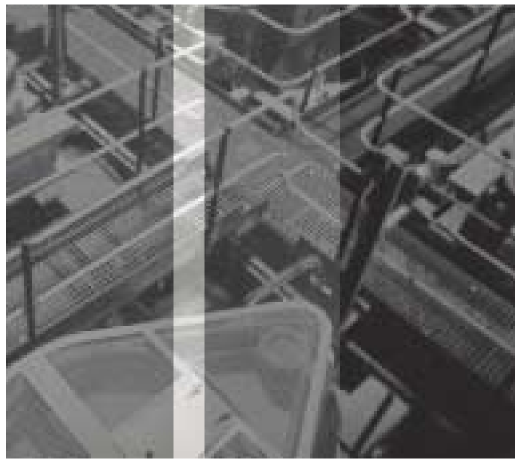


Project pipeline status by value of projects (R64 billion) (%)



HEALTH, SAFETY AND ENVIRONMENT

Our commitment to zero disabling incident applies to the health and wellbeing of all our employees, the safety of each individual and the sustainability of the natural environment and society at large.



The construction and engineering industry has historically been a hazardous work environment, where serious incidents were regularly recorded. Attracting and retaining young or new skilled staff to this environment has been a challenge, and a poor health and safety record has not helped the image of the industry.

Environmental matters are fast becoming global differentiators in the way industries conduct their activities. Market analysts are increasing the value placed on environmental performance factors in determining investment opportunities.

No longer are end-of-process solutions acceptable; potentially hazardous chemicals, processes and materials are increasingly engineered out of system designs further up the project life cycle. Energy efficiency, clean technology and benign design methodologies are no longer optional extras; they are now demanded by project owners and society. These health safety & environment (HSE) trends have increased the focus on our market sector.

Hand signals used in the Stop.Think campaign.

The Murray & Roberts commitment to zero disabling incident transcends workplace injuries, and examines the Group's total performance in terms of the health and wellbeing of all our employees, the safety of each individual, and the impact of our activities on the natural environment and society at large.

The Group's priority for the years ahead is not only to aspire to zero disabling incident, but to achieve it. A strategic focus on HSE key performance indicators (KPI's) will ensure that value is derived from the HSE framework implemented across the Group in 2006. This risk-based approach will be expanded to reveal the opportunities inherent in good HSE management. More quantitative KPI's will be used to demonstrate value through measurement of decreased days lost, decreased utilities used and increased process efficiencies.

The Stop.Think campaign has raised awareness across Murray & Roberts of the need to deliver world class HSE performance. The principles of coaching and changing behaviour will continue to be developed through the Stop.Think concept. We have expanded the focus of the campaign to include all occupational and societal health issues, continued safety awareness, and to ensure that none of our activities are undertaken at the expense of the environment.

The Stop.Think initiative has been the start of a culture change in the Group through which health, safety, and environmental awareness is embedded in our people and systems to ensure that our actions do no harm. An HSE culture is a step beyond behaviour, to where we as a group will always act instinctively on HSE issues. This concept is evident in countries such as Australia and Canada, where safety and health concerns are embedded in the process of every undertaking, and where HSE issues form part of every decision making process.

In order to evaluate the impact our activities might contribute to climate change, Murray & Roberts has undertaken to establish the extent of its carbon footprint. As a signatory to the Kyoto protocol, South Africa has made a commitment to investigate and assess alternatives to fossil based energy and to the use of products that are more environmentally friendly. This places significant responsibility on operations to implement solutions that reduce the consequences of their undertakings on released carbon. This initiative is in development within the Group and will be conducted in the first two quarters of the 2008 financial year. The setting of targets and reduction mechanisms will follow, with defined objectives to decrease the Group's carbon footprint.

GROUP DIRECTORATE

1. Roy Andersen 2. Eddie Funde 3. Namane Magau 4. Michael McMahon 5. Imogen Mkhize
6. Tony Routledge 7. Martin Shaw 8. Sibusiso Sibisi 9. Boetie van Zyl 10. Royden Vice

Non-executive directors

Roy Cecil Andersen (59)
CA(SA) CPA (Texas)
Independent non-executive chairman
Appointed to the Board in 2003. Appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust. Chairman of Sanlam Limited. Director of Virgin Active Group Limited. Member of the King Committee on Corporate Governance.

Sonwabo Edwin Funde (63)
MSc Eng (Elec), independent
Appointed to the Board in 2000. Member of the nomination committee and the health, safety & environment committee. Chairman of SABC. Director of companies, including Petzetakis Africa. Director of the National Institute for Economic Policy. President of the South African Communications Forum.

Namane Milcah Magau (55)
BA EdD (Harvard) MEd BEd, independent
Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of companies, including Santam Limited. Member of the University of Cape Town Business School Advisory Board.

John Michael McMahon (60)
PrEng BSc Eng (Glasgow), independent
Appointed to the Board in 2004. Chairman of the health, safety & environment committee. Director of Gold Fields Limited and Impala Platinum Holdings Limited.

Imogen Nonhlanhla Mkhize (44)
BSc Information Systems MBA (Harvard), independent
Appointed to the Board in 2005. Member of the audit and risk committees. Former CEO of the World Petroleum Congress. Director of companies, including Sasol Limited, Illovo Sugar Limited, Mondi plc, Mondi Limited, Allan Gray Limited and Mobile Telephone Networks. Member of the Financial Markets Advisory Board and Rhodes University Board of Governors.

Anthony Adrian Routledge (59)
BCom CA(SA), independent
Appointed to the Board in 1994. Member of the audit and remuneration & human resources committees. Trustee of The Murray & Roberts Trust.

Martin John Shaw (68)
CA(SA), independent
Appointed to the Board in 2003. Chairman of the audit committee and member of the risk committee. Chairman of Pretoria Portland Cement Company Limited and Reunert Limited. Director of Illovo Sugar Limited, JD Group Limited, Liberty Group Limited, Liberty Holdings Limited, Standard Bank of South Africa Limited and Standard Bank Group Limited.

Sibusiso Patrick Sibisi (52)
BSc Physics (Hons) PhD (Cambridge), independent
Appointed to the Board in 2007. Member of the risk committee. President and CEO of the Council for Scientific and Industrial Research. Chairman of Denel and a director of Liberty Life. Fulbright Fellow at the California Institute of Technology in 1988.

Johannes Jacobus Marthinus (Boetie) van Zyl (68)
PrEng BSc Eng (Mech), independent
Appointed to the Board in 1998. Chairman of the remuneration & human resources committee. Member of the nomination committee. Trustee of The Murray & Roberts Trust. Director of Naspers Limited, Peace Parks Foundation, Atlas Properties Limited and MIH Holdings Limited.

Royden Thomas Vice (60)
BCom CA(SA), independent
Appointed to the Board in 2005. Chairman of the risk committee, member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust. Director of Hudaco Industries Limited. CE of Waco International Limited. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

Sakumzi Justice Macozoma resigned as an independent director on 25 October 2006.

1. Brian Bruce 2. Sean Flanagan 3. Keith Smith
4. Roger Rees 5. Yunus Karodia

Executive directors

Brian Cameron Bruce (58)
PrEng BSc Eng (Civil) DEng (hc), group CE
First joined the Group in 1967. Appointed to the Board and Group CE in 2000. Director of Clough Limited. Member of the Construction Industry Development Board and Council of the University of the Witwatersrand.

Sean Joseph Flanagan (47)
BSc (Building), group executive director
Joined the Group in 1991 and appointed to the Board in 2004. Responsible for mining contracting in Africa and Australia, concessions and major projects for 2010 Soccer World Cup. Member of St John's School Board of Governors.

Keith Edward Smith (56)
BCom, group executive director
Joined the Group in 1980 and appointed to the Board in 2001. Responsible for domestic and regional construction.

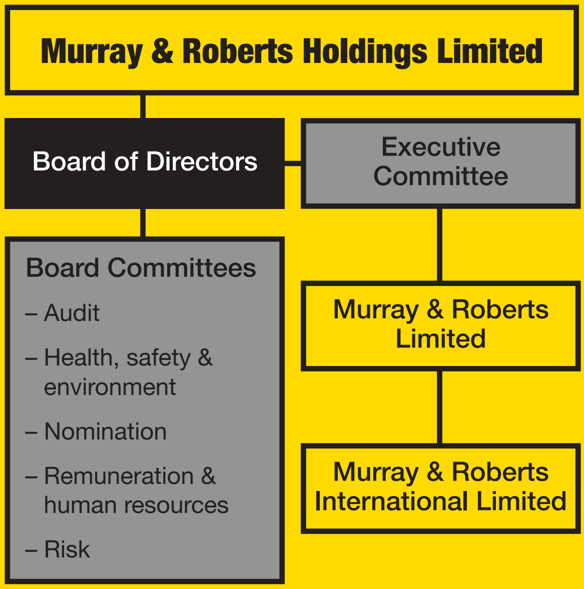
Roger William Rees (54)
BSc (Econ) Hons FCA, group financial director
Joined the Group and appointed to the Board in 2000. Chairman of Murray & Roberts International. Director of Clough Limited.

Norbert Jorek resigned as an executive director on 29 August 2007.

COMPANY SECRETARY

Yunus Karodia (35)
CFA, CA(SA)
Joined the Group in 1999 and appointed company secretary in 2007.

Additional information on the directors is available on pages 170 and 171 of this report.



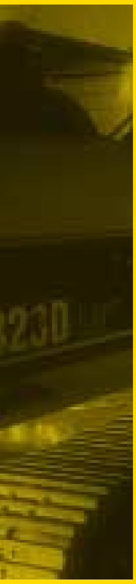
BOARD CHARTER

The Board has a duty to ensure that the company conducts its business in the best interest of the company and that the interests of stakeholders are taken into account.

The Board shall:

- monitor that the company complies with relevant laws, regulations and codes of business practice, and communicates with stakeholders openly and promptly
- define levels of materiality, reserving specific powers to itself and delegating other matters to management
- give direction to the company and approve the strategic plan developed by management
- monitor implementation of the strategic plan by management
- monitor performance through the board committees
- monitor the key areas of risk and performance
- determine the policy and processes to ensure the integrity of risk management and internal controls, remuneration, communications, and director selection, orientation and evaluation
- consider its size, diversity and demographic make-up
- establish the frequency of regular board meetings and the procedures to be adopted for such meetings
- ensure that directors have access to company information, records, documents and property
- define and monitor the information needs of the Board and its directors
- develop a code of conduct for the directors
- have a procedure whereby directors may take independent professional advice

CHAIRMAN STATEMENT



Roy Andersen, chairman

DEAR SHAREHOLDER

2007 has been characterised by the realisation of **major opportunities** for which Murray & Roberts has been **strategically positioned** in recent years.

Our financial results for the year to 30 June 2007 reflect the significant growth in the domestic and global markets we serve and show the extent to which Murray & Roberts has been positioned to play a leading role in this period of increasing opportunity.

Operating profits grew 100% in the year as the majority of group operations delivered strong results. A turnaround in the performance of the SADC Construction business, a solid performance by newly acquired Concor, significant growth in the mining operations and another excellent performance by the construction materials & services businesses contributed to the growth in operating profits. Earnings from associates were adversely impacted by provisions against the completion of two projects undertaken by Clough in India and Australia. Diluted headline earnings per share (excluding BBBEE expense) grew by 77%.

During the year, we achieved two key strategic targets which underscore the Group's financial health: the operating margin of 8% exceeded the upper end of the targeted range of 5% to 7,5% and the return on average ordinary shareholders' funds breached the 20% target for the third time since it was established in 2001.

These results exceeded our forecasts in the 2006 Annual Report and the 2007 Interim Report and are consistent with the advice offered to the market prior to the release of our preliminary results. I am pleased to report that the Board has declared a dividend of 116 cents for the full year, an increase of 93% over the 2006 dividend.

The Murray & Roberts share price increased by 152% to 6 400 cents at 30 June 2007. In May, Murray & Roberts entered the Top 40 Index of the JSE Limited.

BUSINESS ENVIRONMENT

The global economy continues to grow at a robust pace, although there has been a moderate deceleration to an expected growth rate of 3,7% in 2007. Economic growth in China accelerated to more than 11% in the first half of 2007, fuelling ongoing demand for natural resources and unabated growth in our selected mining & minerals markets in South Africa, Canada and Australia. Oil prices remained buoyant, driving growth in our Middle East market, where plans to diversify economic activity contributed to increased levels of investment in the transport infrastructure and tourism sectors.

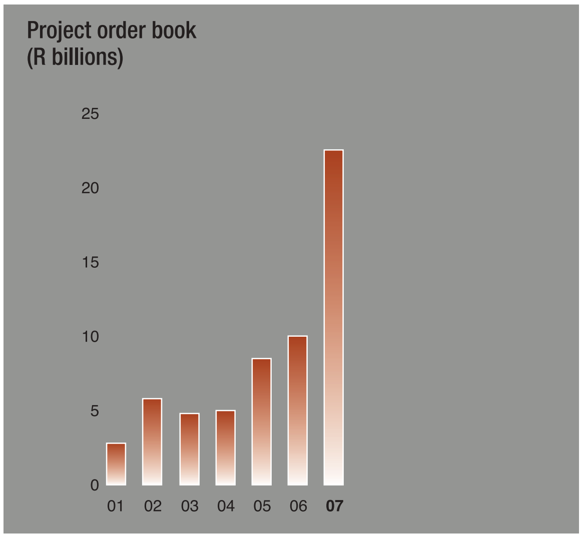
The domestic economy sustained a growth rate of approximately 5% in the second half of 2006, slowing down to between 4,5% and 5% in the first half of 2007. Growth in gross fixed capital formation (GFCF) accelerated significantly from a seasonally adjusted annualised rate of 12,8% in the second quarter of 2006 to 21,8% in the first quarter of 2007. Government's infrastructure drive to develop the facilities required for the 2010 Soccer World Cup was complemented by increased levels of capital expenditure in the private sector as mining and industrial companies commenced major capacity expansion programs. GFCF is forecast to grow at more than 10% annually from 2007 to 2011, underpinned largely by infrastructure investment.

The participation by Murray & Roberts in major expansion programs in the power, mining and transportation sectors is reflected in the growth in the order book to R22,5 billion at 30 June 2007. Murray & Roberts was awarded a leading role in a number of major projects, including the Greenpoint Stadium in Cape Town, the Coega aluminium smelter in Port Elizabeth and the Ore Line locomotive project for Transnet during the year and is well positioned for a significant role in Eskom's first phase five-year R150 billion build program. The Gautrain project has achieved good progress since commercial close in September 2006.

STRATEGIC POSITIONING

The results of strategies implemented in recent years to focus our Group on selected market segments and efficiently deploy capital and cash resources, are strongly evident in the world class performances delivered by the majority of our operations during the year under review.

Acquisition has been an essential element in our strategy to achieve the quantum growth in capacity required to take on the major opportunities that are now being realised. Acquisition has also strengthened our



competitiveness in an environment in which increased opportunity has driven a world-wide trend of consolidation and globalisation in the construction and engineering sectors. In recent years, we have acquired significant capacity to position the Group for growth opportunities. The acquisition of Concor from July 2006 has added considerable value to our domestic construction offering, while the earlier acquisition of Cementation has enabled us to globalise our underground mining business in line with the globalisation of key mining clients. During the year, we disposed of the non-core Murray & Roberts Foundries Group and acquired 80% of Wade Walker, an electrical and instrumentation engineering contractor.

A strategic investment in Clough was first acquired in November 2004 to strengthen our position in the global oil and gas markets. We have managed the acquisition with caution, recapitalising and gaining control of the business incrementally to ensure that it returns to appropriate levels of profitability, while protecting our group accounts. Based on a review of the value and potential inherent in Clough, the Board has supported a further recapitalisation which is likely to increase our shareholding above 60%, and the business will be consolidated into our accounts from 1 July 2007.

HUMAN CAPITAL

Our approach to human capital management and employment equity has evolved to reflect the transformation in South African society and our business. In a competitive environment where there is a scarcity of skills, the management of human capital has become a critical factor in maintaining our competitive advantage. We continue to be an employer of choice in the construction and engineering sectors.

In recent years, we have strengthened our executive and operational leadership to ensure that it is benchmarked against global best practice and capable of achieving our strategic objectives. The past year has seen an intensification in our focus on recruitment and development as a group and a participant in industry-wide initiatives to enlarge and strengthen the construction skills base.

In the longer term, sustainable growth requires organic development of leadership talent and Murray & Roberts has adopted a strategy to develop and retain its own leadership by means of a comprehensive leadership succession and development process.

BLACK ECONOMIC EMPOWERMENT

Broad-based empowerment is essential for the long term economic and social stability of South Africa as well as for the development of the construction, mining and engineering sectors.

Murray & Roberts has made important progress in the implementation of a comprehensive strategy to address the full range of empowerment requirements across its diverse operations serving the domestic construction economy. We have contributed to the development of the Construction Charter and engaged in many initiatives to meet the requirements of the Mining Charter.

The Letsema BBBEE shareholding transaction in which Murray & Roberts purchased 10% of its issued share capital on 19 December 2005, offers previously disadvantaged employees, their families and the communities in which the Group operates, a stake in the company and its future. Since Letsema was launched, the Murray & Roberts share price has appreciated by more than 400%, creating wealth of over R1,7 billion for the participants, with more than R315 million attributable to 14 125 employees in the General Staff Trust.

In recent years, the Group has concluded a number of BEE partnerships in its operations with partners who are actively involved in the management and strategic transformation of the businesses.

During the year, Murray & Roberts conducted a comprehensive independent review of its empowerment status relative to various industry charters and current legislation. The review has shown that the Group meets current empowerment criteria appropriate for procurement policy in South Africa and has identified key agenda items for further development of this status over the 10 year time frame stipulated in the legislation to meet future development criteria.

SUSTAINABILITY

Murray & Roberts is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current stakeholders and future generations.

Murray & Roberts has adopted the Global Reporting Initiative (GRI) guidelines to measure and report performance against economic, environmental and social parameters. We apply the principle of zero disabling incident to all aspects of our business – our people, the natural environment in which we operate and broader society.

The Board has noted with concern the death of 11 employees and subcontractors on Murray & Roberts work sites in South Africa during the year and we express our condolences to their families.

With the guidance of the health, safety & environment committee and management, the Board has implemented measures to make our operations safe and, to the fullest extent possible, injury-free. A key initiative in this regard is the Stop.Think campaign which has been implemented in all South African operations to improve safety awareness and responsibility.

The wellbeing of our employees and their families is important. The nature of our business means that our people may be exposed to a variety of health challenges ranging from exposure to environmental (malaria) and occupational (respiratory) hazards to the lifestyle consequences of work related stress and HIV infection.

A large number of our employees reside in the SADC region and are affected by HIV/Aids. Our fixed location manufacturing operations have introduced a high level of awareness training and a variety of treatment programs. We work with our clients on project operations to create greater health and safety awareness through training and development initiatives.

CORPORATE GOVERNANCE

The Board places high priority on compliance with the Listings Requirements of the JSE Limited and the Code of Corporate Practices and Conduct embodied in the King Report on Corporate Governance 2002. All policy documents and committee terms of reference have been reviewed and revised, where necessary, during the year.

A review of the operations and structure of the Board was undertaken in August 2007. The review was benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The outcome of the review was a proposal recommending changes to the non-executive and executive composition of the Board to be phased in over the next two years. This includes the scheduled retirement of two non-executive directors in 2008 when they will reach the mandatory retirement age.

BOARD OF DIRECTORS

Dr Sibusiso Sibisi was appointed a non-executive director with effect from 7 September 2007. Shareholders will be requested to confirm his appointment at the annual general meeting in October. Dr Sibisi is president and CEO of the Council for Scientific and Industrial Research, chairman of Denel and a non-executive director of Liberty Life. He has achieved global academic recognition as a scientist and, as chairman of the National Advisory Council on Innovation, he played a central role in fostering innovation in South Africa. I welcome Dr Sibisi to the Board.

Saki Macozoma resigned as a non-executive director with effect from 25 October 2006. Saki was appointed to the Board in 2001 and served as a member of the remuneration & human resources committee and a trustee of The Murray & Roberts Trust. I wish to thank Saki for the valuable experience and insight he brought to the Board, particularly with regard to South Africa's social, economic and political development.

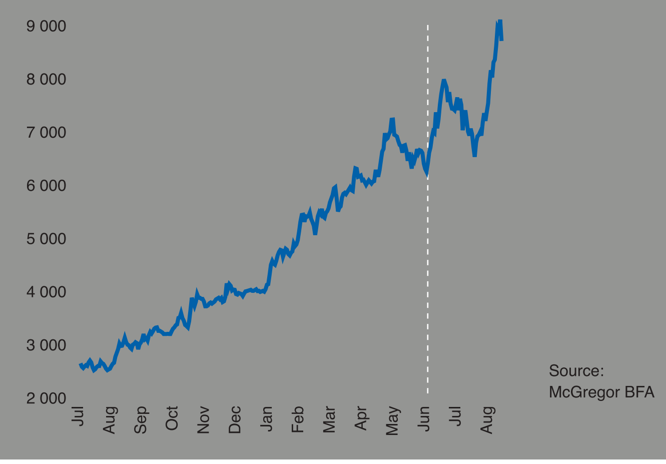
Norbert Jorek resigned from the Group and as an executive director on 29 August 2007. Norbert joined the Group and was appointed to the Board in 2004 and played a key role in our engagement of Clough. I thank him for his involvement during an important period in the development of Murray & Roberts.

APPRECIATION

I wish to thank my colleagues on the Board for their dedication and support during a challenging, but exciting, year in which we formally convened seven meetings. I would also like to thank the boards of the subsidiary and associate companies for their untiring efforts.

I record my appreciation for the excellent performance achieved by the group chief executive, his executives and staff. As the mastermind of Rebuilding Murray & Roberts, Brian Bruce has been relentless in his pursuit of our growth and performance strategies. The commitment shown by the people of Murray & Roberts to the ongoing development of our Group has been exemplary and I am confident that we have the strength and depth of leadership required for the significant opportunities that lie ahead.

Share performance (1 July 2006 to 14 September 2007)



My thanks also go to our clients and our empowerment and commercial partners for their ongoing support.

Finally, I wish to thank our shareholders, more than 40% of whom are offshore, for the confidence they have expressed in our Group during the year.

ANNUAL GENERAL MEETING

Shareholders are reminded that the annual general meeting of the company will be held on 30 October 2007. The order of business is set out on pages 172 and 173 of this report.

TRADING STATEMENT

Fully diluted headline earnings per share after consolidation of Clough is expected to grow between 30% and 40% in the year ahead, supported by ongoing market related growth

This Trading Statement has not been audited or reviewed and is provided in terms of paragraph 3.4(b) of the JSE Listings Requirements.

Roy Andersen

Chairman

GROUP CHIEF EXECUTIVE REPORT TO SHAREHOLDERS

Brian Bruce, group chief executive

Murray & Roberts is a great company with the capacity of great and committed leadership and people to engage the demands of our strategic future. We reduced the Group to its basic structure over the past seven years and have built a formidable and new performance platform to engage the future potential of all our markets.

We have consolidated our position as South Africa's construction industry leader and entered the JSE Top 40 Index in May 2007, later becoming the largest company by market capitalisation in our sector. Our operations extended their presence in all key sectors of the South African construction economy and we enhanced our focused activity in selected resource driven international markets.

We have secured a number of major projects in many of our operating environments, which bodes well for the future performance of our Group. There is every indication that demand for the products and services that particularly suit the capability of the Group will remain buoyant for the foreseeable future.

Our Stop.Think safety intervention contributed to a reduction in our lost time injury frequency rate to our short term target of 3,0. However, our fatality incidence has not shown an equivalent improvement which has prompted a more rigorous regime of internal and independent review to secure our objective of zero disabling incident in all work sites under our control.

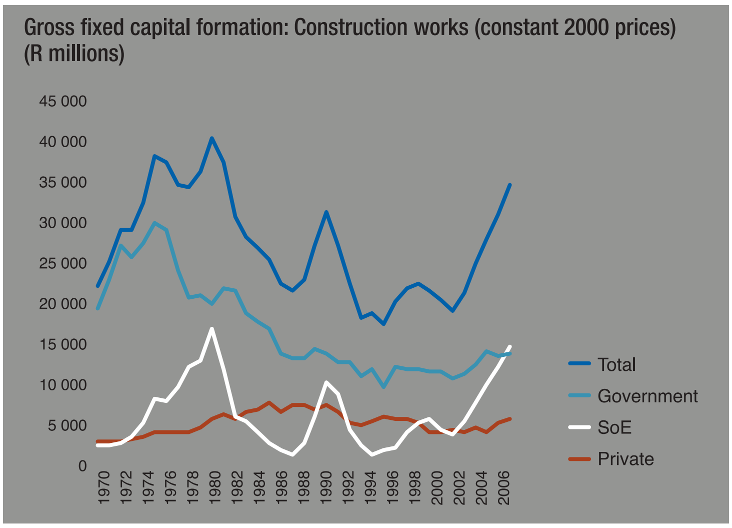
We have continued our program of strategic intervention into key aspects of our business processes and systems to build the capacity demanded of the market growth we believe lies ahead of us for the foreseeable future.

Our commitment to sustainable earnings growth and value creation is not negotiable.

Some executives and many people still in the construction industry today, started their careers during the previous construction growth period in the 1960s and 1970s. I am one of these and to remember what it was like through that period I have reviewed past annual reports of the Group from 1967 to 1977.

I have been surprised by how little has changed. Murray & Roberts was formed 40 years ago in 1967 through the merger of The Roberts Construction Company from Johannesburg and Cape Town based Murray & Stewart. This significantly enhanced the critical mass of the Group relative to the market at the time. Then 30 years ago in 1977, the 25 year fixed investment cycle was almost over and a 25 year period of decline had commenced, although this was not fully recognised for at least another five years.

Throughout that ten year period, the Murray & Roberts annual reports highlight concerns with industry leadership and skills capacity relative to future growth prospects; public sector capacity for its major investment programs; materials cost inflation; and labour relations. Yet Murray & Roberts in particular and the industry in general consistently rose to the challenge and delivered significant world class economic infrastructure through this period of resource and skills deficit. Some international contractors also entered the market, but not many delivered value to either their shareholders or clients.



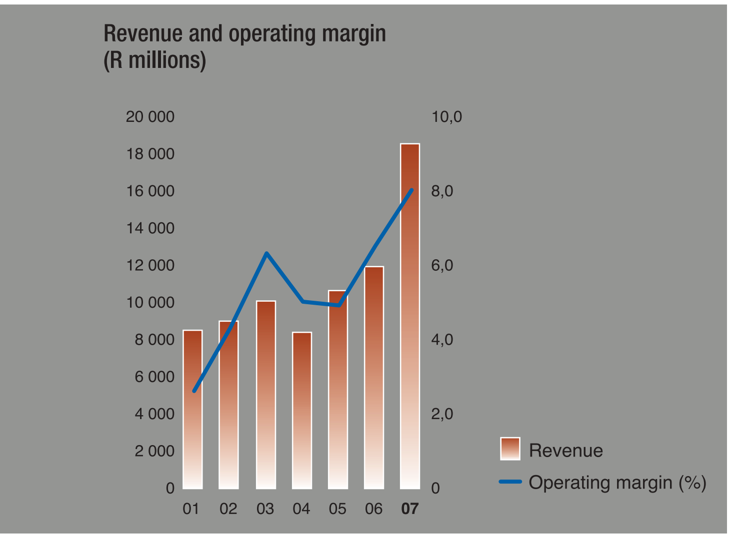
Most projects were remeasurable fixed price and of relatively limited duration until the early 1970s when the scourge of unquantifiable inflation first raised its head. This heralded the introduction of various escalation formulae into contracts, but not before Murray & Roberts experienced one of its first major loss contracts – the Carlton Centre in Johannesburg. It was to be almost 25 years before fixed price contracting was reintroduced by clients, but only for a brief period before cost price increases and major loss contracts had again taken their toll.

It is worthy of noting that following a listings boom through the 1960s, the market peaked in 1968 with more than 40 construction related companies on the JSE. It is also of interest that university intake in South African Engineering and Built Environment faculties in 2007 is reported to be of the same quality and size as the previous peak intake of 1968.

A significant feature of the development of Murray & Roberts over the past few years has been the level of business disposal and acquisition activity. This has created a focused performance platform for our engagement of a global economy that relative to our experience of the past two decades, will deliver significantly enhanced fixed capital formation.

We have disposed of a number of non-strategic businesses for cash of about R2,0 billion at an average of about 1,33 times NAV and have invested this R2,0 billion in strategic acquisitions at an average of about 1,67 times NAV. This has resulted in a significantly enhanced performance profile for the Group.

In view of current market conditions Murray & Roberts has set its margin target **in the range of 7,5% to 10,0% for the forseeable future.**



Pre-acquisition core operations in the Group averaged revenues of about R8,0 billion over the five years between 2001 and 2005. Including acquisitions, average core revenues doubled to about R16,0 billion over the two years to 2007 and with Clough consolidated, we expect average revenues over the three years to 2010 to quadruple to R32 billion. It is possible the next decade will start with revenues about five times higher than the original R8,0 billion, a compound annual growth of more than 25% since 2004.

We started with an operating margin of 2,2% in 2000, reaching the lower end of our strategic range of 5,0% to 7,5% in 2004 and in 2007 we have breached that range at 8,0%. In view of current market conditions Murray & Roberts has set its margin target in the range of 7,5% to 10,0% for the forseeable future.

STRATEGY

Murray & Roberts is now wholly focused on the construction economy, serving two linked market drivers through a diverse range of clustered operating companies.

1. South African gross fixed capital formation (GFCF), which is expected to drive annual growth of 15% to 25% through to at least 2014 and probably beyond to 2025; and
2. Global demand for natural resources, which will continue to drive economic development in many developing markets and growth in demand for extraction infrastructure.

Our plan is to maintain about two thirds of group activity in our domestic market, where we seek to build sufficient critical mass in a variety of key sectors and play a leadership role in the major opportunities that will flow from the country's infrastructure development agenda.

On the other hand, the majority of group activities are directly geared to the infrastructure requirements for accessing, extracting, beneficiating and industrialising natural resources. This is particularly true of our operations in South Africa, Canada and Australia, while our operations in Middle East are geared to deliver economic infrastructure funded by free cash flows from buoyant resource demand.

PERFORMANCE

I am pleased to report the performance of Murray & Roberts for the year at the top end of third quarter guidance offered to the market and substantially ahead of the prospects statements included in the 2006 Annual Report and 2007 Interim Report. It seems that the construction industry has accepted that increased levels of fixed investment are probably sustainable for some time into the future. This should increase forecasting confidence.

The Group's operating profit increased 100% to R1,44 billion off a 61% increase in continuing revenues to R17,9 billion. The operating margin of 8,0% is the highest ever recorded by Murray & Roberts and has moved ahead of the strategic range of 5,0% to 7,5% established for Rebuilding Murray & Roberts.

Headline earnings per share of 325 cents would have shown an increase of 104% to 376 cents but for the negative impact of the A$131 million impairment taken by associate company Clough against the finalisation of projects that were entered into before Murray & Roberts' involvement in the company.

Shareholder funds ended the year at R3,6 billion and were limited to 18% growth by the Clough impairment and disposal of the Group's automotive operations at a discount to NAV. This resulted in an improved return of 20,9% on average shareholder funds in the year, which exceeds the strategic Group target of 20%.

The price of the Group's share on the JSE Limited (JSE) increased 152% from 2 540 cents to 6 400 cents in the year, peaking more than 200% up at 8 150 cents during July 2007. This rapid growth resulted in the Group entering the JSE Top 40 Index on 7 May 2007 and we have subsequently become the largest company by market capitalisation in our sector. The share peaked at 9 200 cents in September 2007, up more than 40% since year end.

Over the past few years, international emerging market funds increased their percentage holding in the Murray & Roberts share register to about 50%. In spite of the recent global financial market correction, the share has achieved a premium rating of about 25 times historic earnings for 2007, which compares to an average 20 times for peer shares.

MARKET

We have experienced continued growth and high levels of activity in all the Group's regional and sectoral markets through the year. In South Africa, government has targeted gross fixed capital formation (GFCF) at 25% of gross domestic product (GDP) by 2014. This is underpinned by its Accelerated and Shared Growth Initiative for South Africa (ASGISA) which is predicated on GDP growth of between 4,5% and 6,0% per annum.

Dubai International Airport Concourse 2

Construction spend is nominally targeted at a third of GFCF and breached 5% of GDP this year on its way to an estimated high of about 10% between 2010 and 2014. This is up from a low of about 2,5% of GDP (a sixth of GFCF) in 2000. These statistics imply a potential nominal market growth in construction spend of between 15% and 25% per annum into the future.

In fact, all markets targeted by the Group continue to promise sustainable growth potential and in particular, major project opportunity. There is strong evidence of capacity constraints in the sector resulting in a welcome reduction in the high levels of destructive price competition that had become a worldwide characteristic of the industry through the 1990s.

In South Africa, a regular process of interest rate increases has gradually dampened consumer appetite for credit and the previously buoyant housing sector has felt a lowering in demand growth. However, there are strong signs that the Government's promised investment into primary economic infrastructure has started to deliver the level and nature of major project opportunity specifically attractive to the Group.

Globally, socio-economic growth and development, driven primarily from Asia, continues to place increased demand into the natural resources sector. There are strong indications that this growth will continue for the foreseeable future before the market reaches a new level of sustainable demand.

The Group's resources driven international markets have remained positive through the year, with countries forming the Gulf Cooperative Council (GCC) in Middle East continuing to invest the free cash flow benefit of strong oil revenues into the extension of their regional economic infrastructure.

The Canadian and Australian mining contracting markets have continued to offer high growth potential, but similar investment in the South African market has been lagging. Conditions in the global oil & gas sector remain buoyant, which bodes well for the future performance of Australian subsidiary Clough.

The operational review provides more insight into each of the Group's sectors and markets.

CLOUGH LIMITED

Murray & Roberts consolidated Clough into its balance sheet from 1 July 2007 at an impaired NAV of A$67 million (A$0,14 cents per share). This caused a major challenge finalising our year end accounts, as we required the company to provide adequately against the future completion of the G1 project in India and final settlement of the BassGas dispute in Australia.

A provision of A$131million (R780 million) contributed to an attributable loss in Clough of A$105,3 million and an associate loss of R114 million in Murray & Roberts.

As a direct consequence of Murray & Roberts' involvement in Clough, the appointment of Mike Harding and John Cooper has crystallised the way forward for the company. John Cooper was appointed deputy chairman in August 2006 and chief executive in January 2007, supported by the appointment of Mike Harding to the board in April 2006 and as independent chairman in November 2006.

Agreement has been reached between Murray & Roberts and Clough, and the Clough Family (McRae), on a comprehensive recapitalisation plan, including support for its strategic vessel acquisition program.

1. The agreed price for the total transaction is A$36,8 cents per share;
2. McRae will sell to Murray & Roberts 3% of issued shares (15,3 million shares) in September 2007;
3. Murray & Roberts will underwrite a Rights Issue to raise about A$40 million;
4. McRae agrees to cede its Rights Issue rights in the A$40 million raising to Murray & Roberts;
5. Murray & Roberts will be issued new shares in Clough (Placement) equal in volume to the McRae sale to Murray & Roberts (15,3 million shares);
6. Murray & Roberts will convert its 2005 A$15 million loan into 30 million shares in terms of the agreement covering that loan;
7. McRae will sell its convertible notes to Murray & Roberts including the outstanding coupons for A$10,2 million;
8. Murray & Roberts will convert all its notes into ordinary Clough shares to suit its strategy.

The consequence of this agreement (subject to Clough shareholder approval) is that:

1. Murray & Roberts reaches more than 60% ownership in Clough, within two years;
2. at an average investment of A$46 cents per share;
3. John Cooper resumes his non-executive directorship;
4. Post-recapitalisation, the NAV of Clough will be 23 cents per share at 30 June 2008.

Following three years of significant value destruction, performance in the coming year will provide the first real test of Clough's capacity to deliver acceptable value to all stakeholders. I am confident that with the support of Murray & Roberts as control shareholder and under the leadership of new chief executive John Smith, the company will meet its expectations.

I wish to take this opportunity to express my appreciation to independent chairman Mike Harding and interim chief executive John Cooper for the leadership and commitment they have given to the company through the difficult second half of the past year.

Full details of Clough and its financial results for the year to 30 June 2007 are available on www.clough.com.au

ORDER BOOK

During the year the Group became a key participant in some high profile major projects including:

- the R24 billion Gautrain Rapid Rail Link
- the R3 billion Greenpoint Stadium for the 2010 Soccer World Cup
- the R21 billion Coega Aluminium Smelter for Alcan

In addition, the group secured a partnership with Sama Dubai for implementation management of a significant part of its planned AED60 billion investment program in Dubai. Sama is a subsidiary of Dubai Holdings.

A number of group companies have combined their strengths and capabilities and together with selected international and local partners as appropriate, are ready to pursue the significant power station build program developing in Southern Africa. Murray & Roberts is well positioned to play a key role in the long term implementation of this program.

Apart from Murray & Roberts itself, various companies acquired over the past two decades such as Genrec, Gillis Mason and Concor, all played a key role in the previous power station build program.

The Group's project order book stood at R22,5 billion at 1 July 2007, an increase of 125% in the year and up from R15,4 billion at half year. This amount includes R5,0 billion (A$810 million) acquired through the consolidation of Clough.

Activity levels in the Group's construction materials & services companies have remained high throughout the year. This supports a positive outlook for performance delivery in the year ahead. The inclusion of Concor Technicrete has enhanced the Group's market presence in this sector.

Two contracts to build and supply more than 150 locomotives to Spoornet in South Africa will start to deliver value in the coming year and there are plans for further significant new build programs and rolling stock upgrades in the region. The Union Carriage & Wagon order book stood at R2,6 billion at year end.

The Dubai International Airport project has been a significant factor within the Group over the past two years, with handover of the facility proceeding to schedule for substantial completion by December 2007. This large, complex and demanding project, characterised by information delays, long and arduous working hours and conditions, resource constraints and late payment authorisations has placed a great deal of strain on our people, partners and cash flow. Its unfolding success is testimony to the quality of our project staff under the leadership of Bruce Neave, and strong corporate support.

CORPORATE ACTIVITY

Murray & Roberts has entered its most significant period of market opportunity in more than 40 years. The work we have done preparing the Group over the past seven years has built a significant performance platform under the leadership of a team of high-level executives, with more than 33 000 direct employees and thousands more indirect participants within our many subcontractor and supplier partnerships.

The primary role of corporate office has been to design the strategic architecture of the Group to suit our strategy; to support operating companies in specific fields common across the Group; and importantly, to partner in the leadership of market engagement and performance. To this end a high level of capacity has been developed to engage the strategic initiatives necessary to ensure world class fulfillment in everything we do.

The Group is structured along federal lines, as a network of independent business operations clustered in compatible groups and we have sought over the years to establish strong and capable leadership teams in these operations, each with the capacity to engage and deliver value from their designated markets.

Like any federal structure, it is important to decide what initiatives require central as opposed to decentralised leadership, taking into consideration a number of factors, including:

- the scale that has developed in the Group and in many of our operations
- the increased complexity of our business model
- growth of the international dimension of the Group
- growth in new areas of market opportunity, such as power, oil & gas
- the demands of employment equity and empowerment in South Africa
- increased succession frequency across all levels and dimensions of the Group

Throughout this annual report are details of the various initiatives undertaken by corporate office to enhance sustainable performance in the Group. These are:

Black Economic Empowerment where we have continued to build our broad-based black economic empowerment (BBBEE) capability, adopting formal measures and regular reporting to ensure consistency across the Group.

An independent audit of the Group's BBBEE status was conducted in the year, confirming an effective empowerment ownership of 25,83%.

Letsema Empowerment Trusts where total economic value created for an estimated 20 000 plus participants through the various share-based ownership schemes has exceeded R1,7 billion in just 18 months.

Enterprise Risk Management where more than R60 billion of potential projects have been processed through the opportunity management system (OMS) over the past 18 months and a comprehensive internal audit structure has been developed to support the OMS.

Health Safety & Environment where the Stop.Think intervention has crystallised a significant reduction in lost time injury frequency, highlighted disabling injury and fatality non-conformance, and brought health and environmental risks onto the agenda.

Succession & Leadership Pipeline which introduces a formal process for the evaluation of individual capacity and promotion potential to support executive development and succession across all dimensions and levels of the Group.

PROSPECTS

Murray & Roberts believes that profitable opportunity drives capacity and that industry sector leaders play a key role in this process. Supporting our status as construction industry leader, the directors of Murray & Roberts have approved a number of investment initiatives driven by management that will ensure group and industry capacity to meet the complex and growing demands of our market over the foreseeable future.

We have experienced the pressure of high staff turnover and a skills deficit in the market throughout the year, particularly in construction & engineering. Notwithstanding, our global brand strength and major projects portfolio has allowed us to recruit or relocate the majority of resources we have needed onto our projects.

I am confident our various operations have positioned themselves for the market opportunity that lies ahead. But the construction industry is notoriously unforgiving in the two key criteria for success – winning work and delivering projects. Murray & Roberts chooses to engage the major and specialist project market where the cost and energy of tender preparation is such that a success rate of two in three is the benchmark. For the more general market this reduces to one in six and in some commoditised sectors, one in ten.

Success comes primarily through our risk management, planning, partner selection and innovation for cost competitive tendering, and through our corporate and project leadership, skills capacity and systems in project delivery.

We expect the Eskom power generation build program to commence in earnest during the coming year. Murray & Roberts is well positioned to play a key role in many of its aspects and we have established a focused capability to ensure our competence in this respect.

But where major and complex projects become the order of the day, organisational critical mass remains an important differentiator for success in our market, just as it was in 1967. Global scale for global projects and investment programs remains a challenge in our industry sector, where the majority of players are small relative to risk and impediments to consolidation on a national level are high.

There is every indication that a new wave of natural resource driven opportunities will arise from the rest of Africa. We will develop our strategy for engaging this market and its associated risks during the year ahead.

APPRECIATION

I started this report with the statement that Murray & Roberts is a great company with great and committed leadership and people. The performance of our Group over the past few years is testament to this fact and apart from just a few areas of concern brought about by the rapid changes and growth we have experienced in our industry, this year in particular is the result of another exceptional contribution by our leadership and people.

Construction is an unforgiving industry sector, with no opportunity to rest on one's laurels. Success requires constant and total commitment. I acknowledge the significant contribution of that great majority of our people who do not work in office environments, but who make it happen every day on our more than 200 production and project worksites spread over more than 10 countries around the world.

Many new people have joined our Group in the year. We welcome you all and wish you an exciting and rewarding career in Murray & Roberts. Many have also left for a variety of reasons, and we wish you well in your new ventures.

For those who left through the disposal of our foundries business, thank you all, but especially those with long service to the Group.

I am pleased to record the appointment of Malose Chaba as chief executive of the engineering contracting & services cluster. He will also be responsible for the power generation market.

I extend my appreciation to our chairman, my fellow directors and our executive leadership team, who served diligently through the year on the key group and operational boards that govern our domestic and international conduct and performance. I welcome Yunus Karodia in his new role as company secretary and group financial manager, where he has already made a significant difference.

In particular, I acknowledge and thank my close colleagues and partners, Keith Smith, Sean Flanagan and Roger Rees who have carried a significant load with me through what has been a challenging year in so many dimensions.

Brian Bruce
Group chief executive

MURRAY & ROBERTS EXECUTIVE COMMITTEE

▲ Murray & Roberts Limited
■ Murray & Roberts International Limited

1. Brian Bruce 2. Roger Rees 3. Sean Flanagan 4. Keith Smith 5. Yunus Karodia 6. Roger Mower
7. Peter Adams 8. Millard Arnold 9. Cobus Bester 10. Malose Chaba 11. John Cooper 12. Nigel Harvey 13. Edwin Hewitt
14. Henry Laas 15. Andrew Langham 16. Rob Noonan 17. Richard Pope 18. Terry Rensen 19. Gordon Taylor

The Murray & Roberts Executive Committee has been enhanced from 1 September 2007 by the appointment of key operations managing directors and corporate executives, taking into consideration the following factors:

- the scale that has developed in the Group and in many of our operations
- the increased complexity of our business model
- growth of the international dimension of the Group
- growth in new areas of market opportunity, such as power, oil & gas, Australasia
- the demands of employment equity in South Africa
- accelerated succession across all levels and dimensions of the Group

Following consolidation of Concor and Clough, there are six major operating companies with average revenues of R4,0 billion each, representing 67% of total activity, and three clusters of companies with average revenues of R2,75 billion each, representing 33% of total activity.

Murray & Roberts Limited – Group and SADC

Lead Enterprise:	Brian Bruce, Roger Rees
Manage Cluster:	Sean Flanagan, Keith Smith, Malose Chaba, Edwin Hewitt, Andrew Langham
Manage Business:	Cobus Bester, Henry Laas, Rob Noonan, Gordon Taylor
Enterprise Function:	Terry Rensen
Legal/Secretarial:	Millard Arnold, Yunus Karodia

This executive committee meets monthly in Johannesburg, South Africa.

Murray & Roberts International Limited – International and Resources

Lead Enterprise:	Brian Bruce, Roger Rees
Manage Cluster:	Peter Adams, John Cooper
Manage Business:	Nigel Harvey, Henry Laas
Enterprise Function:	Terry Rensen, Richard Pope
Legal/Secretarial:	Roger Mower

This executive committee meets quarterly in Dubai, United Arab Emirates, and a further three times each year in Perth, Australia, North Bay, Canada and London, United Kingdom.

Clough Limited has an independent board that meets six times a year in Perth, Australia.

OPERATIONAL REVIEW

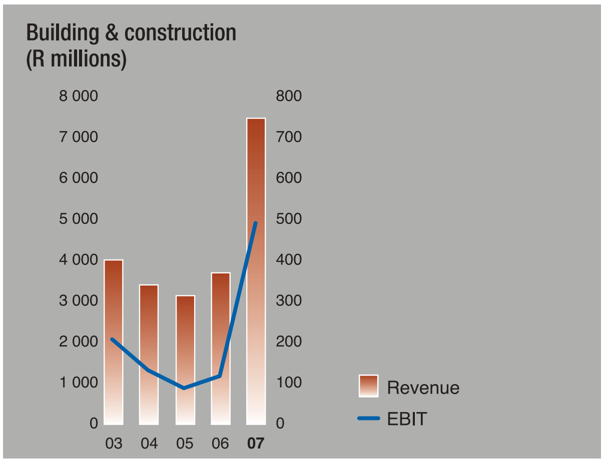
CONSTRUCTION & ENGINEERING

Sean Flanagan, Peter Adams, John Cooper, Keith Smith, Edwin Hewitt, Malose Chaba

The upswing in infrastructure investment gained momentum during the year and Murray & Roberts has secured a leading role in a number of major projects.

	Revenue		EBIT before exceptional items	
(R millions)	2007	2006	2007	2006
CONSTRUCTION & ENGINEERING	**11 821**	6 966	**756**	324
Construction	**7 421**	3 674	**477**	112
Mining	**3 606**	2 681	**233**	164
Engineering	**794**	611	**46**	48

Cobus Bester, Vaneshree Naidoo, Gordon Taylor



BUILDING & CONSTRUCTION

A turnaround in the fortunes of the construction business within the SADC region and a performance ahead of expectation by new acquisition Concor have strengthened the position of Murray & Roberts as a sustainable industry leader in the Southern African construction sector. Another strong contribution by the Middle East operation has reinforced our reputation in that market.

Directed by a new management team led by Gordon Taylor, Murray & Roberts Construction faced up to systemic problems that had hampered its performance in previous years. A number of critical measures were introduced to strengthen risk management and ensure the capacity to deliver major new projects awarded during a year that heralded a new era of infrastructure investment.

The acquisition of Concor from 1 July 2006 has brought considerable new value to Murray & Roberts. Concor is well positioned in an important sector of the South African infrastructure market and has strengthened our capacity at a time of significant new opportunity. The business is managed as an independent entity as the market segment it serves differs from that of Murray & Roberts Construction.

Performance

Construction SADC reported revenue of R5,0 billion (2006: R2,1 billion), which includes a maiden contribution of R2,1 billion by Concor. Operating profits of R328 million (2006: R35 million) include Concor's contribution of R114 million, a positive R76 million contribution arising from a fair value adjustment on concession investments (2006: R68 million) and recoveries of R26 million against losses taken in previous years on problem contracts in Tanzania and South Africa.

Construction Middle East delivered a 60% increase in operating profit to R123 million (2006: R77 million), on revenues up 54% at R2,4 billion (2006: R1,6 billion). This result reflects the good progress on the Dubai International Airport project and the successful completion of other projects in an environment where negotiated partnerships are increasingly the norm with key clients.

Market

The Gautrain Rapid Rail Link project has been underway for nine months following commercial close in September 2006. Major projects such as Gautrain demand higher levels of management focus than normal construction activities and require a premium allocation of skilled leadership and resources. Murray & Roberts has adopted a management model that ring-fences these projects under parallel leadership, which in the South African context is the responsibility of Murray & Roberts executive director, Sean Flanagan.

In February, Murray & Roberts in joint venture was awarded the Greenpoint Stadium in Cape Town for the 2010 Soccer World Cup. The R3 billion 68 000-seater stadium will be constructed within a tight 34 month period. A unique feature of the stadium will be a steel cable tensioned glazed roof. Extensive value engineering has been undertaken in partnership with project consultants and the City of Cape Town to reduce time and costs.

Nigel Harvey, Canada Malunga, Piet Martins

The commercial and retail building market remained buoyant during the year. In Gauteng, Murray & Roberts Construction was awarded contracts valued at over R800 million for hotel, residential and piazza developments at Melrose Arch and a R200 million contract to build a US Consulate in Sandton. The R350 million Loch Logan resort in Bloemfontein is on schedule for completion in September 2007 and construction is underway on the R700 million Bedford Square project in Bedfordview. The company is currently negotiating the ABSA Towers West Project and the Houghton Golf Estate development, collectively estimated at R1,7 billion. Work on these projects is expected to start before December 2007. Murray & Roberts Construction has strengthened its management capacity in Gauteng to facilitate expansion plans in the province.

The Concor building operations have undergone a successful transformation in recent years, exiting all markets other than Gauteng and strengthening management and risk capacity. Concor completed the Bel Air shopping centre in North Riding, the Oprah Winfrey Academy for Girls at Henley on Klip and the International North Pier at OR Tambo International Airport during the year. Work commenced on an enabling contract to build the multi-purpose head office complex for the Department of Foreign Affairs in Pretoria which will be let under a public private partnership concession contract if financial close is achieved.

The Western Cape market has remained positive but historic problem contracts and delays in commencement of key projects continued to limit our performance. About 25% of resources in the province have been allocated to the Greenpoint Stadium, with sufficient capacity retained for significant new opportunities on the V & A Waterfront and the Cape Town CBD regeneration project.

The R150 million Hillcrest shopping centre in Durban was completed during the year as was the bulk of civil works for the new NPC Simuma clinker line, in partnership with other Murray & Roberts companies.

Major resource beneficiation and industrial programs offer significant opportunity in the civil engineering market. Work on the R3,6 billion Kumba Resources expansion project at Sishen is well advanced and Murray & Roberts Construction has secured additional civil work on an iron ore expansion project for BKM Assmang. Concor is involved in bulk earthworks for the Sishen and Assmang projects, Gautrain and the De Beers Voorspoed mine. Concor also successfully completed the Dwaalboom expansion project for PPC and work for Anglo Platinum at PP Rust during the year. The company is currently installing four platinum concentrators as part of the major producers' expansion programs.

Concor has strengthened its focus on heavy civil engineering, road building and infrastructure development with specialist capacity to build incrementally launched bridges and vertical sliding structures. The company's reputable roads & earthworks business has assumed responsibility for the Murray & Roberts capability in this sector and contracts valued at R1,1 billion have been awarded to date, including expansion of the railway between Sishen and Saldanha for Transnet.

Major opportunities in the power sector have started to materialise as Eskom commences the roll-out of its first phase R150 billion five-year capacity expansion program. Murray & Roberts operations are prepared for a key implementation role in the new coal-fired Medupi power station at Lepalale and are negotiating in joint venture for the estimated R6,5 billion civil package for phase 1 of the Mmamabule power station in Botswana. Concor and Murray & Roberts Construction will tender for the Braamhoek pump storage system in joint venture with Hochtief, Jaeger Bau of Germany and Murray & Roberts Cementation. Having completed the exploration tunnel for the project, Concor has submitted a tender in joint venture for two dams that will supply the power generation system.

Murray & Roberts Botswana achieved a significant turnaround in its performance, including recovery of losses on Serowe Hospital and successful completion of a new diamond sorting facility for Botswana Diamond

The Gautrain Rapid Rail Link project gets underway

Valuing Company in Gaborone. Murray & Roberts Namibia also delivered a solid performance. Both businesses have shifted their focus to work available in the mining & minerals and power sectors.

In line with the Group's strategy to pursue major projects in the Middle East, construction activities in the region continue to be dominated by the R8 billion Dubai International Airport Concourse 2 project where Murray & Roberts is leader of a joint venture with local partner Habtoor and Takenaka of Japan. The project is on schedule for substantial completion by December 2007. The first two planned handovers were successfully concluded during the year. Construction Middle East is in negotiation with Dubai's Department of Civil Aviation for the Emirates Airline Exclusive Super Jumbo Airbus A380 Concourse 3 project. The company is progressing on schedule with the R1,6 billion Etihad Terminal at Abu Dhabi Airport and is well positioned to secure a portion of the R30 billion of airport expansion work planned for Abu Dhabi over the next six years.

During the year, Construction Middle East completed the R500 million fit-out for the Burjuman mixed-use development in Dubai, the R400 million 40-storey Goldcrest residential development in Dubai and various Dubai Airport projects valued at R400 million. An important achievement was the completion of the R400 million Durrat Bridges a full year ahead of schedule. The Bahrain World Trade Centre is close to completion and the Arcapita Head Office in Bahrain, secured during the year as a negotiated partnership, is progressing well.

An artist's impression of Greenpoint Stadium

Dubai International Airport Concourse 2

Murray & Roberts has entered a strategic partnership with Sama Dubai, a subsidiary of Dubai Holdings, to manage Sama Contracting. This company will implement about R150 billion of the development plans of Sama Dubai, commencing with the Lagoons mixed-use project in Dubai. Meanwhile, Construction Middle East has secured the first enabling package in partnership with Nass for Sama's Salam Resort Complex in Bahrain and is well placed to secure the first phase main package for the R4 billion Hotel, Conference Centre, Royal Villas and Spa.

Leadership

The year started with Murray & Roberts executive director Keith Smith appointed executive chairman of both Murray & Roberts Construction and Concor. A new management team was appointed under Gordon Taylor to lead Murray & Roberts Construction and subsequent appointments were made to facilitate growth plans for the company, including human capital development. The acquisition of Concor introduced sound new management capacity under the leadership of Cobus Bester.

Growth in the Middle East has been led by the team of Peter Adams as chairman and Nigel Harvey as managing director. A number of experienced major project leaders have been recruited from the international construction environment. Staff from over 30 countries are employed in the region.

Subsequent to year end, Jerome Govender was seconded to Bombela Concession Company as CEO and will lead the implementation and commissioning of the Gautrain project.

Human Capital

The Group has implemented an ERP software system to enforce its business practices and enhance the robustness and scalability of business processes. Strategic investments have been made in plant and technology to recapitalise the business and strengthen its market advantage. The procurement capacity of all the construction operations has been mobilised to create greater value both financially and through various empowerment charters.

The companies forming Construction SADC are engaged in a comprehensive process of skills development. This involves improving the skills and capacity of existing first line supervisors, sourcing new candidates for this function, accelerating internal training focused on critical competencies, initiating an incubator program to support key subcontractor skills, substantially increasing the number of graduate bursars and managing performance, retention and leadership succession. These initiatives dovetail with Murray & Roberts group and industry training initiatives.

Regrettably, Concor recorded one fatality of a sub-contractor employee. However, the company's lost time injury frequency rate (LTIFR) improved from 2,67 to 0,88, indicating an underlying commitment to a safe working environment.

Murray & Roberts Construction achieved an improvement in its LTIFR to 2,9 (2006: 3,9). The Group's Stop.Think campaign to improve safety awareness towards zero harm is well established throughout Construction SADC.

Construction Middle East recorded an outstanding safety achievement in a year in which its LTIFR improved from 0,74 to 0,38. The Durrat Bridges project was completed without a single lost time injury and at one stage the Dubai Airport had achieved 32 million hours worked without a lost time injury.

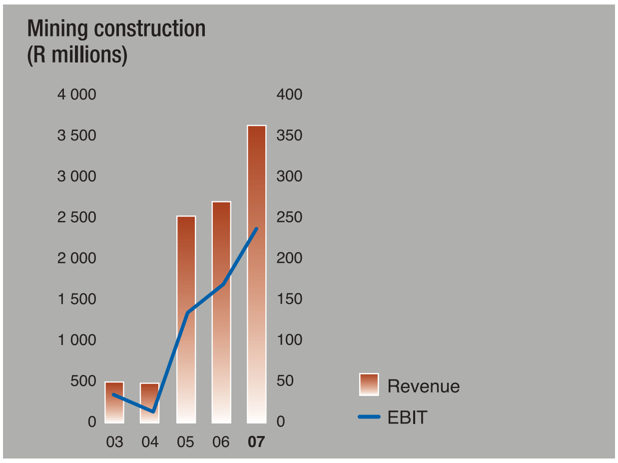
Prospects

The SADC construction market has entered an era unprecedented in the magnitude of opportunity it offers. Murray & Roberts Construction started the new financial year with an order book (excluding Gautrain) of R2,6 billion (2006: R1,6 billion). The Concor order book is R1,6 billion (2006: R1,5 billion), of which 80% is for the year ahead. The magnitude and quality of the order book reflects a better business environment brought on by significant growth and capacity constraints. The Group is preparing for a significant involvement in the pending power station construction program.

Construction Middle East has started the financial year with an order book of R2,2 billion (2006: R2,3 billion) of which 93% is for the year ahead. Unabated growth in the development of tourism infrastructure in the United Arab Emirates continues to place pressure on construction capacity in the region. A consequence is increased interest in negotiated partnerships by major clients, which positions Murray & Roberts for numerous hospitality and airport projects. The Sama partnership will increase the Group's market share in the region and there is much tourism and commercial opportunity in Bahrain.

Burjuman mixed-use development, Dubai

Roy Slack, Barry Upton, Henry Laas



MINING CONSTRUCTION

The Group's mining construction and development operations in South Africa, Canada and Australia were well positioned to benefit from recent growth in the global underground mining markets. All three operations delivered strong performances as new investment materialised during the year, driven by unabated global demand for metals & minerals.

Resources from the small Concor underground mining business were relocated to Murray & Roberts Cementation from October 2006. Concor has retained responsibility for its open cast hard rock mining operations which have a number of long term contracts in this market. New contracts in the pipeline will require consideration of higher levels of capital expenditure to cater for the increasing depth of the pits.

Performance

South African-based Murray & Roberts Cementation reported revenue of R2,3 billion (2006: R1,88 billion) and an operating profit of R115 million (2006: R100 million), based on solid performances on projects in its growing market. The operating profit margin was limited to 5% (2006: 5,3%) due to the impact of industrial action in the second half of the financial year, particularly at the Kroondal project.

Cementation Canada reported 60% growth in revenue to R1,05 billion (2006: R657 million) as it increased market share in a buoyant market. This boosted profits to R82 million (2006: R44 million), at an increased operating margin of 7,8%.

RUC Mining Contractors in Australia also exceeded key financial targets with a 68% increase in revenue to R245 million (2006: R146 million) and an 80% increase in operating profit to R36 million (2006: R20 million). The company introduced additional raise boring machines to meet the demands of ongoing buoyancy in the highly mechanised Australian underground mining market.

Market

South Africa remains the primary mining contracting market of Murray & Roberts. The Group experienced ongoing growth in the base metals and precious metals sectors. The leading South African-based platinum and gold producers expanded the scope of existing projects and commenced new capital expansion projects to meet global demand. In Africa, Murray & Roberts Cementation targets established mining markets in Botswana (diamonds), Zambia (copper, nickel) and Ghana and Tanzania (gold), where it is positioned as a preferred underground mining contractor, differentiated by operational excellence and a commitment to zero disabling incident.

Mine development operations contributed 45% of revenue in South Africa. Work on Impala Platinum No 20 shaft progressed well, with the main shaft completed on schedule and the ventilation shaft nearing completion. Work has commenced on the new Anglo Platinum Paardekraal 2 shaft project which will include the use of a new technology hydraulic drill rig developed in partnership with the client, and at Barplats where the refurbishment of an existing shaft is underway to create capacity for a new production profile. A number of gold mining opportunities came on stream during the year and work is progressing well on the advanced AngloGold Ashanti Tautona project and Harmony Gold Doornkop shaft project.

Murray & Roberts Cementation, South Africa

RUC Mining Contractors, Australia

Cementation, Canada

Contract mining contributes 40% of revenue and, with the exception of the Dwarsrivier chrome project, is undertaken entirely in the platinum sector on the Western and Eastern Limbs of the Bushveld Complex. Good progress was achieved during the year on the Aquarius Kroondal and Marikana mines which are producing 600 000 tons of ore monthly, and work has commenced on the greenfields Blue Ridge project where production is planned to build up to 120 000 reef tons monthly. The contract for Anglo Platinum's BRPM D mine has been extended for another year and preferred contractor status has been obtained for two new contract mining projects for Barplats.

The remaining 15% of the South African business is focused on mining services, comprising small specialised projects such as exploration drilling, raise drilling and cementation work. Shallow exploration drilling assets have been disposed as this business has been classified as non-core.

The North American market was active with a steady flow of work from existing clients and projects. Three shaft sinking projects in the Sudbury area commenced during the year as part of the significant CVRD INCO shaft services contract awarded in 2006. The Coleman shaft project commenced sinking, the Totten shaft dewatering and rehabilitiation project is in planning and site set-up phase, and the Copper Cliff Deep shaft project is in design phase.

Cementation Canada continues to lead the North American shaft sinking market, and is clearly established as the major shaft sinking contractor in North America. During the year, New Gold awarded Cementation a major development contract at its Afton project in Western Canada. Other major contract awards include the Nickel Rim Development program and the PCS twin shaft design-build project on the East coast. The Nickel Rim South project established an excellent safety record, completing the ventilation shaft ahead of schedule and without a lost time injury. Superior performance was also achieved on the 777 Trout Lake development projects. The Red Lake shaft was completed and installations and commissioning are near completion. The Diavik project within the Arctic Circle – one of the richest diamond resources in the world – progressed well, reaching the Kimberlite pipes on schedule.

Raise boring operations continued during the year. Cementation operates the two largest raise bore machines in North America. On the Red Lake mine, the company has set records for largest diameter and longest raises in hard rock in North America.

The Australian underground market recorded significant growth as it continued to benefit from strong global demand for metals & minerals. RUC Mining Contractors maintained its position as the premier raise drilling company in Western Australia, accounting for approximately 50% of this niche market.

The company introduced an eleventh raise boring rig to its fleet and remained active by constructing four shallow vertical shafts. Good progress was achieved on the major deep hole, large diameter raise boring project at the Beta Hunt Mine in Western Australia and similar work at the Eloise Mine in Queensland was successfully completed during the year.

Plans to strengthen the company's position using the raise drilling operation as a base to expand into decline shaft sinking and mine development commenced with the award of the two-year A$60 million Carnilya Hill project for Mincor Resources in Kambalda, near Kalgoorlie. In line with the strategy to venture into Southeast Asia, a partnership with Petrosea (Clough's Indonesian subsidiary) has been shortlisted for a decline shaft and mine development project at Batu Hitjau mine for Newmont.

A feasibility study was undertaken during the year to position RUC for potential construction work on the refurbishment of the Perilya North Shaft in Broken Hill, New South Wales, and the company registered an expression of interest for the construction of a 1 300 metre deep, seven metre diameter vertical shaft for BHP Billiton's Perseverance nickel mine in Western Australia.

Leadership

The three operations have strong leadership teams which anticipated the current opportunities and positioned their businesses to play leading roles in their respective markets.

Executive director Sean Flanagan holds group responsibility for South African and Australian operations with Henry Laas, managing director of Murray & Roberts Cementation. This company is fully empowered through its shareholding partnership with AKA Capital and it strengthened its operational, human capital and transformation capacity during the year. Murray & Roberts Cementation was named by Topco Media as one of South Africa's 300 top performing companies.

Barry Upton was appointed managing director of RUC Mining Contractors on 1 August 2006, bringing his experience in underground mining to bear in the early stages of our expansion in Australia and Southeast Asia. RUC strengthened its management capacity in the mining, tendering and estimating functions to meet ongoing market demand.

Subsequent to year end, Henry Laas was appointed to oversee both the South African and Australian mining contracting operations and, in partnership with financial director Dave van der Merwe, will establish an executive partnership with Clough CEO John Smith to ensure systems integration with Murray & Roberts.

Human Capital

Cementation Canada managing director Roy Slack maintained quality profit margins during a period of significant growth. The operation is a leader in its market in health & safety performance and innovation, and was named one of Canada's Top 100 Employers in an annual competition conducted by Mediacorp Canada in October 2006.

Cementation Canada recorded no lost time injuries for a period of 11 months during the year, while excellent safety performances on a number of individual projects indicated that zero injury targets are attainable. The Positive Attitude Safety System (PASS) was implemented on a number of projects.

Regrettably, in a year in which Murray & Roberts Cementation strengthened its focus on safety, it suffered four fatalities (2006: three). An LTIFR of 6,37 (2006: 7,83) reflects an underlying improvement in safety performance during the past year. The company has made a significant investment in the development of a safety culture supported by systems and procedures, training and a behaviour change program. It has also strengthened its focus on skills and leadership development.

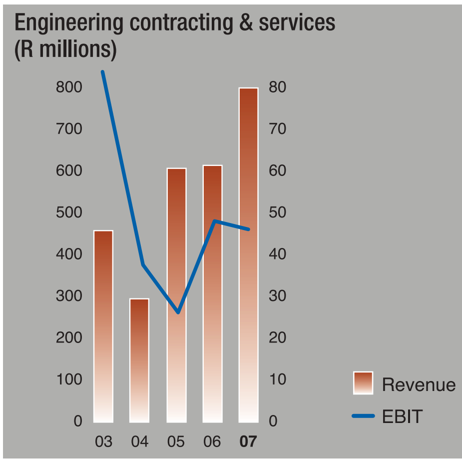
RUC Mining Contractors reported its first lost time injury – a minor finger injury – since the company started operating in January 2004. RUC increased its staff complement during the year, providing on-the-job training to address a shortage of artisans and raise bore operators.

Prospects

Murray & Roberts Cementation started the new financial year with an order book of R3,3 billion (2006: R2,6 billion). The order book reflects a period of significant opportunity, but competitive and labour dynamics in South Africa may challenge operating margin improvement. The selection of quality projects and mechanisation of certain processes will limit the risk of industrial action.

In line with its strategy to develop long term relationships with key clients, Cementation Canada has secured an ongoing flow of repeat work involving expansion or continuation of existing contracts. The expansion of Cementation into the USA market is planned, which will fulfil the company's North American mandate.

RUC Mining Contractors started the new financial year with a substantially larger order book of R477 million (2006: R148 million). A key contributor to future growth prospects will be vertical and decline shaft sinking and mine development which is expected to account for 60% of the order book by 2010 (2006: 20%). While we anticipate ongoing growth in our core activities in Austrialia, we are also pursuing opportunities with key clients in Hong Kong and Mongolia. To address the challenge of securing sufficient equipment in an environment where demand outstrips supply, RUC has acquired two additional raise borers to supplement the fleet and plans to acquire a third in 2008.



Simon Mordecai-Jones, Ian Dryden, Dave Athey, Steve Walker

ENGINEERING CONTRACTING & SERVICES

In an environment of unprecedented global investment into natural resources and industrial and energy projects, Murray & Roberts has secured a leading implementation role in the majority of major long term industrial expansion programs currently underway in South Africa.

The businesses forming this cluster delivered mixed results during the year. While Murray & Roberts Engineering Solutions recorded a strong performance, Murray & Roberts MEI was impacted by a combination of factors. There were delays in implementation of its stage of work on major industrial projects, problems were encountered on some projects currently underway and the company has experienced a loss of skills in a competitive market.

Murray & Roberts acquired 80% of the shares in privately owned electrical and instrumentation engineering company Wade Walker, with effect from 10 January 2007. Wade Walker serves the domestic and regional industrial and mining sectors and will strengthen the Group's existing capacity in these markets. Wade Walker will operate as a self-standing business within Murray & Roberts, working alongside Murray & Roberts MEI on certain projects. The remaining 20% of the shares will be acquired in terms of a performance contract covering the next three years.

Performance

Murray & Roberts Engineering Solutions achieved 48% growth in revenue to R415 million (2006: R280 million), as investment in its targeted power and mineral markets continued to grow. Operating profits increased to R52 million (2006: R24 million), reflecting ongoing efficiency improvements and the maintenance of valuable long term client relationships.

Murray & Roberts MEI reported an operating loss of R19,5 million (2006: R36,5 million profit) on lower revenue of R214 million (2006: R317 million). Losses arose primarily as a consequence of lower revenues as the company awaited the award of new major projects and experienced delays in access to existing projects. Claims have been submitted for delays and should provide some recovery. Reporting for five months of the year, the investment in Wade Walker delivered profits of R12 million on revenue of R99 million, reflecting a solid performance by the new acquisition.

Murray & Roberts Marine delivered a turnaround from an operating loss of R12,3 million in 2006 when it had no work on hand, to a marginal profit of R1,3 million, on higher revenue of R66 million (2006: R14 million).

Market

Murray & Roberts Engineering Solutions, Murray & Roberts MEI and Wade Walker are well positioned to benefit from Eskom's new power station build program. Work to date includes the manufacture of pressure parts for the gas-fired power plants in Atlantis and Mossel Bay and project control services and design for the Komati Return-to-Service station. Various services and construction agreements have been confirmed relating to the Medupi and Bravo power station projects in South Africa and for engineering and project management support to the civil joint venture for the privately funded Mmamabule power station project in Botswana.

Eskom's conventional nuclear power program presents a unique opportunity for Murray & Roberts that will leverage its existing participation in the Pebble Bed Modular Reactor (PBMR) Demonstration Power Plant and position the Group with the technology companies short-listed for lead implementation roles in this program. The PBMR phase 1 contract has been extended to February 2008.

Murray & Roberts continues to benefit from the ramp-up of investment in the minerals sector, particularly aluminium, iron ore and coal. Murray & Roberts Engineering Solutions and SNC-Lavalin in partnership have been awarded the R750 million FEED and EPCM contract for Alcan's Coega aluminium smelter in Port Elizabeth. The project will be undertaken in two phases with a total capacity of 720 000 tons per annum. The first phase is scheduled for completion in 2010 and the second in 2013. Work on the R3,6 billion Sishen Expansion Project, where Murray & Roberts Engineering Solutions is the EPCM contractor in joint venture, is on schedule for completion in 2008 following a delayed start-up. The company is involved in two major greenfield coal projects: Xstrata Coal South Africa's Goedgevonden Colliery which was approved in December 2006 and the CVRD Moatize mine in Mozambique which is undergoing a feasibility study. A feasibility study for the BHP Billiton Corridor Sands project in Mozambique has been revised to include a new location and new technology and will continue into 2008.

Murray & Roberts MEI has completed the expansion of the Mufulira plant for Mopani Copper in Zambia and together with Murray & Roberts Construction, Murray & Roberts Engineering Solutions and Wade Walker, commenced work as an alliance partner to De Beers on the Voorspoed diamond mine during the year. The company completed the structural steel erection on the Sasol Polypropylene 2 project during the year and work on Tata Steel's ferrochrome plant in Richards Bay is underway. Wade Walker has established a strong presence in Africa and is currently working on the Kansanshi copper mine in Zambia, the Bogoso mine sulphide expansion in Ghana and the Frontier copper mine in DRC. The company has also recently completed a diamond sorting plant on the De Beers Peace for Africa offshore vessel which mines for diamonds off the west coast of Southern Africa.

In the cement industry, where producers are investing in major capacity expansion programs to meet ongoing growth in demand (forecast at 16 million tonnes per annum by 2010), Murray & Roberts is on schedule to complete the 1 500 tonnes per day clinker plant for Natal Portland Cement. This project has established a standard for Murray & Roberts companies working on a unitary basis and the Group is exploring other similar projects with major cement producers.

As a preferred supplier to South Africa's premier paper & pulp producers, the Group is involved in many major projects currently underway. Murray & Roberts Engineering Solutions commenced its role as EPCM contractor on the R3,4 billion expansion of Sappi Saiccor, the world's largest chemical cellulose plant, and Murray & Roberts MEI has also secured a R120 million contract for this expansion.

The Group's marine engineering & contracting activities focused on marine infrastructure in the South African, Middle East and Australasian markets during the year. Murray & Roberts commenced work in joint venture on the two-year R1 billion Al Raha beach sea wall project in Abu Dhabi. The company also undertook work for Transnet port projects in South Africa and a pipeline project in Malaysia, and is pursuing other opportunities in its markets with selected international partners.

Leadership

Murray & Roberts has experienced the mobility of key employees in what has become a highly opportunistic employment market. This situation is exacerbated by competition from clients who are also aggressively building capacity to deliver their major investment programs. All of the businesses in this cluster have responded to the challenge with initiatives to develop leadership capacity internally and by recruitment, and to manage the sustainability of valued client relationships. Murray & Roberts Engineering Solutions, which entered the year with a strengthened leadership team, reinforced its capacity with new executive appointments in mining, power, systems and quality, and has deployed corporate resources into operational roles to ensure stability. Murray & Roberts MEI, which was hardest hit by the erosion of leadership resources, strengthened its minerals construction, finance and HR leadership functions and will continue to build capacity to meet its commitments in the new financial year.

David Athey was appointed managing director of Murray & Roberts Engineering Solutions from 1 October 2007, succeeding Malose Chaba, who was appointed chief executive responsible for engineering contracting & services.

Human capital

To mitigate skills shortages, Murray & Roberts has undertaken innovative measures to secure labour, including arrangements with business partners who have the capacity to deploy resources. In this regard, Murray & Roberts Engineering Solutions has secured an initial 25 employees from Tata Consulting Engineers of India in return for an agreement to subcontract design work into India. The Group has also increased its internal training and development capacity to limit upward pressure on manpower costs.

Mufulira smelter upgrade project, Zambia

NPC clinker plant, South Africa

Power generation, South Africa

The increase in project activity has intensified the Group's focus on safety as higher numbers of employees with varying levels of experience work on project sites. During the year, Murray & Roberts Engineering Solutions reported a slight increase in its LTIFR to 1,33. Murray & Roberts MEI reported a higher LTIFR of 2,52 (2006: 0,9) but experienced a significant decline in non-disabling injuries, while Wade Walker reported an increase in LTIFR to 1,43 (2006: 0,97) due to an increase in man-hours. Murray & Roberts Marine maintained its excellent record of no lost time injuries.

Prospects

Murray & Roberts Engineering Solutions started the new financial year with an order book of R342 million. Murray & Roberts MEI and Wade Walker entered the new year with a combined order book of R570 million and Murray & Roberts Marine with R640 million.

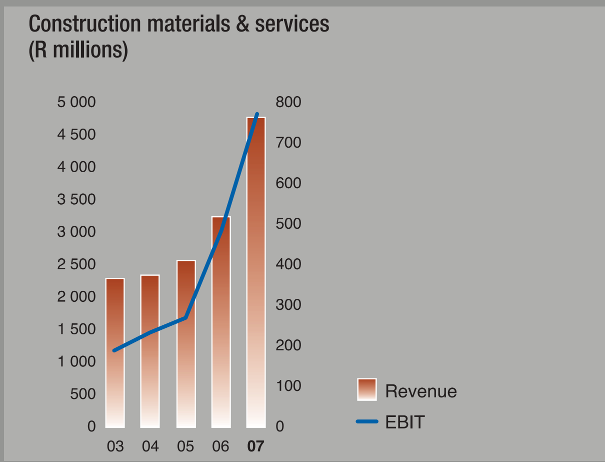
These businesses are differentiated by their deployment of high levels of engineering skill and systems in support of the unparalleled experience of Murray & Roberts in the implementation of major projects in the SADC region. As a consequence, they are well positioned to benefit from the long term investment in power and port infrastructure and mining & minerals beneficiation. The challenge will be to build capacity rapidly, leverage the collective strength of the Group and mitigate risks associated with a volatile environment of demand inflation.

Mozal aluminium smelter, Mozambique

Sishen expansion project, South Africa

OPERATIONAL REVIEW

CONSTRUCTION MATERIALS & SERVICES



Andrew Langham, Rob Noonan

Construction materials & services operations will continue to benefit from the expected growth in infrastructure investment in the period leading up to 2010 and beyond.

	Revenue		EBIT before exceptional items	
(R millions)	2007	2006	2007	2006
CONSTRUCTION MATERIALS & SERVICES	**4 730**	3 206	**763**	479
Steel	**2 221**	1 666	**168**	127
Infrastructure	**1 245**	980	**302**	218
Housing	**856**	325	**160**	63
Services	**408**	235	**133**	71

Jerome Arendse, Willem Pienaar, Paul Deppe, Lee Cochrane, Phillip Hechter, Judy van Es

CONSTRUCTION MATERIALS & SERVICES

The business operations in the construction materials & services sector have again delivered exemplary performances, reaping the benefits of a continuous restructuring program which has positioned the Group for the improved levels of gross fixed investment in Southern Africa and Middle East.

Following his appointment as executive responsible for the Group's SADC Construction operations, including newly acquired Concor, Keith Smith transferred executive responsibility for this business cluster to Andrew Langham on 30 June 2007. Over the past seven years Keith has established a globally benchmarked and market leading group of businesses supplying precast concrete, reinforcing steel, asphalt and clay products to the construction industry. Andrew rejoined the Group on 1 February 2007.

Performance

Reinforcing steel construction products and trading services contributed increased revenue of R2,2 billion (2006: R1,7 billion) and an operating profit up 32% to R168 million (2006: R127 million).

Precast concrete products and asphalt infrastructure services continued to underpin the profitability of this cluster, with operating profits up 39% to R302 million (2006: R218 million) on revenue of R1,24 billion (2006: R980 million).

Clay, concrete and other building products delivered revenue of R856 million and operating profit of R160 million. This includes a maiden contribution from Technicrete, acquired as part of Concor.

Specialist services to the construction and infrastructure sector delivered operating profits of R133 million (2006: R71 million) on revenues of R408 million (2006: R235 million). This includes a growing presence in the Middle East market.

Market

Steel products

Murray & Roberts Steel once again delivered a solid performance in a domestic market that saw increased demand for steel products.

Murray & Roberts embarked on a strategy five years ago to leverage the value chain in the steel sector and position the Group for the significant growth expected in its domestic and international markets. A major capital investment program has doubled the Group's primary steel production capacity and automated its production processes to improve productivity. Human capacity has been strengthened in the domestic market and significant new capacity created in selected international markets.

Murray & Roberts Steel has developed sufficient capacity in the domestic market to meet the demands of major 2010 projects, while maintaining ongoing business and market engagement. The company has established a dedicated bar yard facility in Olifantsfontein, Gauteng, to deliver approximately 90 000 tons of steel to the Gautrain project. This facility will cater for other major projects beyond Gautrain.

A five-year program to enhance production from Cisco's expanded furnace facility will be completed early in the new financial year. The new rolling mill increases capacity to 220 000 tons per annum.

Subsequent to year end, Murray & Roberts acquired two rolling mills in Mauritius and will become the primary manufacturer and distributor of reinforcing steel products on the island, extending the Group's market position in the Indian Ocean Islands. The mills will be refurbished in the new financial year.

Expansion plans in the United Arab Emirates are nearing finalisation. Together with local partner, the Kanoo Group, Murray & Roberts has secured a site in the development area of Jebel Ali in Dubai, appointed a project manager to build the factory and procured the machinery. This expansion combined with the current facilities in Sharjah, will quadruple the volume of rebar and mesh Murray & Roberts supplies to the local market to approximately 270 000 tons per annum, positioning the Group as one of the larger suppliers to the burgeoning Middle East steel market.

Infrastructure materials

Rocla and Much Asphalt both delivered exceptional results in their relatively mature concrete product and asphalt supply markets. A number of high volume contracts were completed during the year.

The Rocla operations in Botswana and Namibia performed to expectation. However, the Mozambique operation continued to experience difficult trading conditions and the assets there will be sold during the new financial year.

Major sewer pipeline projects in the Western Cape were successfully completed and the national presence and capacity of Rocla has ensured a major role for the business supplying products to Gautrain and the Medupi power station project.

Jim Wood retired as senior cluster executive and managing director of Rocla on 30 June 2007. He will continue in a consulting role for the foreseeable future. Lee Cochrane, the former general manager of Harvey Roofing, has been appointed managing director of Rocla with effect from 1 July 2007.

Much Asphalt grew market share during the year, achieving record sales as infrastructure spending by national, provincial and local government authorities continued to increase. A growing reputation as preferred supplier on major projects enabled the business to secure major airport upgrade projects at OR Tambo International and Cape Town International airports.

Much Asphalt maintained its role as technological leader, becoming the first commercial asphalt supplier in Southern Africa to achieve accreditation with the South African National Accreditation Systems for quality assurance standards. During the year, Much introduced an innovative hot-mix asphalt into the market for demarcating routes, paths and walkways. The company will invest in excess of R100 million over the next three years in upgrading its plants and to ensure compliance with international environmental standards.

Building materials

Concor Technicrete is the largest manufacturer of cement paving products in South Africa with 14 factories throughout the country. It produces paving blocks, roof tiles and masonry products for the commercial building and housing markets, and concrete products for application in underground mining.

The company will undertake a significant upgrade of its facilities and capacity during the new financial year, including possible geographic expansion. Acquisitions concluded over the past two years have been bedded down and will add value to the business in future. New acquisition opportunities in the masonry stock brick and tile sectors are under consideration. Regrettably, the business reported one fatality during the year.

Oconbrick delivered its performance expectations for the year in spite of heavy rains at the end of 2006 which impacted the curing of bricks and mining of clay. The company installed a new high speed production line during the year that has increased production capacity by 20% to 380 million bricks per annum. There are plans to expand its distribution network from a 100 kilometre radius to 140 kilometres.

Oconbrick has applied for new order mining rights to access high quality clay reserves on land adjacent to its property which offers another 20 years of production.

Harvey Roofing exceeded its performance expectations largely as a result of new growth in the rural housing market in South Africa, ongoing productivity improvements and improved key account management.

Judy van Es succeeded Lee Cochrane as general manager of the company from 1 July 2007 and will capitalise on the brand's strengths and increase penetration into its traditional rural markets.

Services

Johnson Arabia experienced another strong year in the United Arab Emirates. The company has tracked the growth profile of this market since it was launched with just six hydraulic cranes in 2000. Under the leadership of Gerald Topfer and in partnership with the Kanoo Group, the company now has a fleet of 122 hydraulic and crawler cranes and 350 access platforms based in Dubai, and a fully-fledged business in Abu Dhabi. Plans to increase the fleet by 50% and expand into Qatar are well advanced.

Murray & Roberts Steel

Much Asphalt

Toll Road Concessionaires (Tolcon) delivered solid earnings growth in its toll road operations as traffic volumes continued to grow. Tolcon currently operates the entire N3 toll route, the N2 North and South Coast toll roads and has a 33% shareholding in the operation of the N1/N4 Bakwena Platinum highway. The company was transferred to Concor during the year where Tolcon MD Jerome Arendse and his team have taken responsibility for management of Concor's facility operations.

Tollrail is the new company established to undertake operations and maintenance work on the Gautrain project. It commenced operations during the year providing resources to the Bombela Operations and Maintenance company. Gautrain has been a catalyst for Tolcon to shift its strategic focus to the operation and maintenance of transport infrastructure in general.

Regrettably, Tolcon recorded two fatalities at its toll plazas during the year.

Prospects

Construction materials & services operations will continue to benefit from the expected growth in infrastructure investment in the period leading up to 2010 and beyond. This is particularly the case in the transport infrastructure, road refurbishment and power sectors, with growth in the housing and commercial building market set to slow down for a brief period.

Murray & Roberts Steel, Rocla and Tollrail have started to experience the significant impact Gautrain will have on their future prospects. Tolcon is well positioned to play a major role in the proposed Gauteng Freeway Improvement Program involving the upgrading and tolling of approximately 500 kilometres of road.

In the domestic market, Murray & Roberts Steel has developed sufficient capacity for all major 2010 projects. This business was originally formed to cater for the previous power station build program and will gear up additional capacity for the new Eskom capacity expansion program. Internationally, Murray & Roberts Steel will generate substantial additional growth in its Middle East and Indian Ocean Island markets. Concor Technicrete and Oconbrick both have expansion plans to capitalise on ongoing opportunities in their domestic building materials markets.

Harvey Roofing Products

Rocla

OPERATIONAL REVIEW

FABRICATION & MANUFACTURE

Palello Lebaka, Schalk Burger, Edwin Hewitt, Jaco van den Berg

World class fabrication and manufacturing capability will stand Murray & Roberts in good stead to play a key role in the indigenisation of capacity to support the pending power station investment program in South Africa.

	Revenue		EBIT before exceptional items	
(R millions)	2007	2006	2007	2006
FABRICATION & MANUFACTURE	1 323	925	83	63
Manufacture	1 045	779	67	59
Transport	278	146	16	4

In line with its strategy to dispose of non-core businesses, Murray & Roberts sold its shares in Murray & Roberts Foundries Group with effect from 1 April 2007 and disinvested its remaining shareholding in alloy wheel maker Borbet Africa.

Performance

Steel fabrication businesses Hall Longmore and Genrec experienced mixed fortunes through the year. Hall Longmore delivered an increase in operating profit to R66 million (2006: R54 million) on revenue of R876 million (2006: R533 million). Genrec reported a substantial decline in revenue to R169 million (2006: R248 million) and in profit to R1,2 million (2006: R3,8 million), reflecting ongoing difficulties in a market sector not yet benefiting from the investment cycle.

The award of long-awaited rolling stock refurbishment projects provided an early boost to Union Carriage & Wagon (UCW). The UCW Partnership reported an increase in operating profit to R16 million (2006: R4 million) on revenue of R278 million (2006: R146 million).

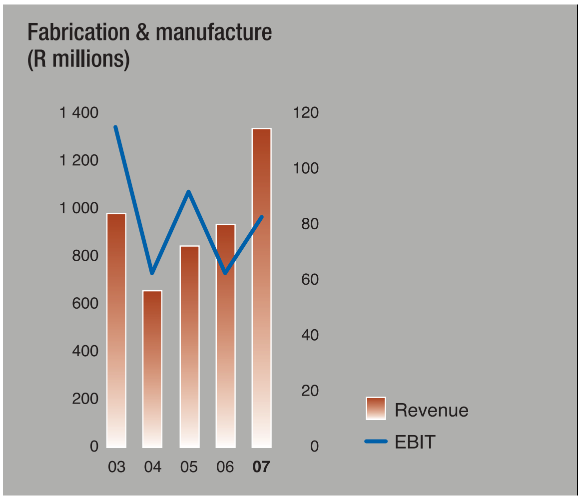
Market

Hall Longmore maintained its leadership position in a buoyant domestic steel pipe market. The company successfully completed the manufacture of pipes for the Vresap project and the Berg River scheme and was awarded major contracts to supply piping for the Pande gas pipeline in Mozambique and the Western aquaduct for Ethekwini Metro in KwaZulu Natal.

Hall Longmore has embarked on a R180 million capital expenditure program to de-bottleneck its operations and meet growing market demand. The company strengthened its leadership capacity in mechanical, electrical and metallurgical engineering during the year.

Genrec has been undergoing a significant transformation for some time to strengthen its operational efficiencies and risk management. The company is currently re-engineering its operational processes to benchmark costs, quality and delivery against global standards.

Regrettably, Genrec experienced a fatality in October 2006. The company has strengthened its safety leadership and practices and this is reflected in the achievement of 500 000 man-hours without a lost time injury between October 2006 and July 2007.



UCW was awarded the three year Ore Line locomotive project in partnership with Mitsui as the main contractor and Toshiba as systems supplier. This follows the award in 2006 of the similar CoalLink project and will involve the design, build and systems integration of an initial 32 Ore Line locomotives. Both projects are part of the Spoornet Main Line Locomotive Investment Program.

In December 2006, UCW received a letter of intent from the South African Rail Commuter Corporation for the long overdue locomotive and rolling stock upgrade program. Work has commenced on the three year project involving the refurbishment and upgrade of 506 10M4 coaches.

On 12 July 2007, UCW was awarded the contract to assemble and test 81 vehicles for Gautrain. An upgrade of facilities for the project is scheduled for completion in time for the start of assembly work in August 2008. Official training by Bombardier will facilitate valuable technology and skills transfer to UCW.

Prospects

Hall Longmore starts the new year with an order book of R420 million and the prospect of ongoing growth in the steel pipe market driven by high oil demand.

The bulk of Genrec's R226 million order book comprises repeat orders in its selected markets. Genrec retains significant capability in the power sector, having built the Matimba power station in the 1980s, and is well positioned to play a leading role in Eskom's build program.

UCW's order book has increased significantly to R2,6 billion as a result of the major long term projects it has secured.

OPERATIONAL REVIEW

CORPORATE

Millard Arnold, Andrew Skudder, Cheryl van Bosch, Ian Appleton, Gerhard Moerdijk , Roger Mower*, Terry Rensen, Yunus Karodia
*International

Corporate intervention has played a leading role in the development of Murray & Roberts. Our corporate office provides leadership, strategic direction, support and performance targeting to group companies in terms of our philosophy of a Unitary Murray & Roberts.

	Revenue		EBIT before exceptional items	
(R millions)	2007	2006	2007	2006
CORPORATE	–	–	(165)	(147)

Peter Young, Tyron Botha, Frank Kruger, Ged Evetts, Bal Panicker*, Richard Pope*, Daan van Schalkwyk, Greg Ker-Fox
*International

Corporate overheads increased marginally to R144 million (2006: R140 million) in the year, excluding a charge of R21 million (2006: R7 million) relating to share-based payments accounted for in terms of IFRS 2.

Leadership

The directors of Murray & Roberts Limited have formed the group executive committee which meets monthly and is responsible for overseeing the management and operations of the Group. The chief executive forum meets quarterly and brings together operational and corporate leadership.

We have strengthened our corporate leadership capacity at a time of immense opportunity. Group executive director Sean Flanagan assumed corporate responsibility for the delivery of designated major construction projects 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 was appointed chairman of all SADC building and construction companies. He relinquished his responsibility for construction materials during the year and was succeeded by Andrew Langham.

Our international corporate capability was enhanced in the new financial year with the return of John Cooper as chief executive of Murray & Roberts in Australia following his temporary role as chief executive of associate company Clough Limited.

Risk management

Terry Rensen is corporate services director responsible for group risk management and mitigation, information technology and group benefits. He is supported by Greg Ker-Fox (risk management), Carla Clamp (internal audit), Tyron Botha (HSE), Daan van Schalkwyk (ITC) and Gerard Moerdijk (benefits).

An operational risk committee has been constituted to act as custodian of the Group's risk appetite and will interrogate risks associated with key decisions.

Group risk also provides valuable leadership in acquisition due diligence reviews, major bid development, project audits and strategic and project risk assessments.

Details of our risk framework and policies are published in the sustainability report on page 70.

Governance

Our corporate governance framework was established in 2003 and is constantly reviewed to ensure compliance with latest international and domestic practice.

A full corporate governance report is published in the sustainability report on pages 66 to 68.

Finance

We have a strong corporate finance team which ensures reporting compliance and delivers taxation, treasury, reporting and technical accounting leadership to the Group.

Our treasury provides the Group with access to local and foreign funding markets using a treasury system that operates within a framework of approved authority levels, products and counter parties.

We operate within a number of complex tax jurisdictions. Income tax, secondary tax on companies, capital gains tax and other taxes are planned in the context of our growth profile.

Commercial

Millard Arnold is legal counsel in the office of the group chief executive where he is responsible for administration and consistency in contracts and legal services at an executive leadership level. Millard also engages in legal due diligence and the management of reputational issues. A free flow of information concerning legal matters in the Group is maintained to ensure that we learn from our varied experiences.

Communication

We are committed to open and honest communication with all our stakeholders, including customers, employees, communities, business associates and society at large.

This annual report is an important reporting medium that satisfies the Listings Requirements of the JSE and reports our progress in complying with the recommendations of King II.

We offer a range of other communication platforms, including:

- the Murray & Roberts website www.murrob.com
- an interactive CE Forum on the web site
- financial results presentations and trading updates
- a quarterly house journal, Robust
- the Murray & Roberts Interchange
- a Murray & Roberts client service centre
- interventions for employee access to management

Corporate Social Involvement

The Murray & Roberts corporate social involvement (CSI) program demonstrates our commitment to sustainable social development. We appreciate that our business activities have an impact on the communities in which we operate and we are committed to managing this impact responsibly.

Our key focus areas and investments are outlined in the sustainability report on page 65.

Health, safety & environment

Integrated within the risk management framework, we have established health, safety and environmental (HSE) management as an integral component of our leadership strategy. The primary role of our corporate HSE capacity is to oversee and lead the Group's commitment to zero disabling incident through sound HSE management in all aspects of its business activities.

Tyron Botha is champion of our risk-based approach to HSE with responsibility for driving and coordinating the implementation of the Stop.Think campaign.

Details of our HSE framework and policies are published in the sustainability report on pages 62 to 64 and 74 to 75.

Human capital development

A key strategic imperative is to ensure that our human capital is a competitive advantage.

The Murray & Roberts human capital strategic framework defines global best practice and focuses on issues that have the greatest impact on our ability to achieve our strategic objectives. A key element of the human capital strategic framework is the Group's leadership succession and development framework, which aims to deliver the leadership the Group requires to achieve its growth objectives. This framework is being implemented across the Group under the leadership of Andrew Skudder and includes a best practice performance management & development process and a CEO-led leadership succession review. Andrew Skudder also leads the Group's BBBEE Letsema Initiative, the offset investment program and the corporate social involvement program.

Details of our HR framework and practices are outlined in the sustainability report on page 71.

FINANCIAL DIRECTOR REPORT

Roger Rees, financial director

In May 2007, Murray & Roberts entered the JSE Top 40 Index. The Group reached a market capitalisation of R21 billion at 30 June 2007, which compares to R8 billion at the previous year end. The increase in market capitalisation due to the underlying share price performance is indicative of the Group's future prospects which are supported by a growing order book, increased operating margin and cash generation.

INCOME STATEMENT

Operating profit increased by 100% to R1,4 billion during the year under review, at an operating margin of 8,0% compared to 6,5% in the prior year. This is the first time the operating margin has exceeded the strategic margin framework of 5,0% to 7,5%.

Continuing revenue increased by 61% to R17,9 billion. Construction & engineering revenue increased by 70% benefiting from the first time consolidation of Concor Limited, which was acquired from 1 July 2006, the Gautrain contract and a full year of the Dubai Airport project. Mining revenue increased by 35% over the prior year.

Construction materials & services revenue increased by 48%, benefiting from the first time inclusion of Concor Technicrete, while the revenue of steel operations and infrastructure grew by 33% and 27% respectively. Johnson Arabia, an access platform and crane hire operation, doubled its revenue during the period.

Corporate costs increased marginally and there was an increase in IFRS 2 expense relating to share option expense. Year-on-year, the Group's share price increased 152%, consequently increasing the share option expense in the income statement.

The Group's effective tax rate, excluding the impact of exceptional items, was 24,7%, a slight improvement on the prior year, reflecting an increase in nil tax rated income earned in Middle East.

A loss of A$105,3 million was reported by the Group's 49,1% associate company Clough Limited. A loss of R114 million was reported in the Group's income statement as an associate loss which recognised pre-acquisition project losses in Clough Limited.

Murray & Roberts held a 49,1% shareholding in Clough Limited at 30 June 2007. Certain legacy problem contracts existed in Clough Limited and with impending consolidation into the Group with effect from 1 July 2007, have been addressed with the appropriate loss provisions raised. Provisions amounting to A$131 million have been raised in Clough Limited in the year ending 30 June 2007 relating to the BassGas and G1 Indian contracts.

Excluding the impact of these legacy contracts, Clough Limited reported an underlying net profit of A$25 million.

Exceptional items of R147 million include an impairment write-down on the Clough investment of R115 million, specifically relating to the above provision raised by

Clough, and a loss of R48 million on disposal of Borbet. Also included is a R13 million net profit from headlease and other properties activities. A separate section dealing with headleases follows in this report.

BALANCE SHEET

In July 2006, Murray & Roberts paid R333 million for the acquisition of Concor Limited. Additions to fixed assets in the year totalled R1 billion. The Group's shareholdings in Borbet and Foundries were sold during the year for cash of R368 million.

Included in the R1 billion capital expenditure in the year was R252 million in mining which was primarily project related. Concor and construction spent R312 million on upgrading capital equipment to meet future growth. A further R731 million and R45 million was invested in the steel and infrastructure businesses respectively, to upgrade plant and equipment and secure property rights.

Cash generated by operations increased to R2,2 billion (2006: R716 million). Operating cash flow of R1,93 billion (2006: R598 million) was impacted by an increase in taxation paid to R290 million. Working capital showed a decrease of R637 million during the year. Receivable collection in Construction Middle East improved in the year, but remains a challenge and requires constant focus.

Cash on hand at 30 June 2007 was R2,8 billion (2006: R1,8 billion) after significant outflow on the payment for Concor, capital expenditure and convertible notes taken up in Clough Limited. The year end cash on hand included approximately R1 billion held in joint ventures.

Interest bearing long term liabilities increased slightly to R696 million (2006: R672 million). These primarily relate to investment funding into Clough and Cementation Canada and instalment sales agreements in Concor.

With effect from 10 January 2007, the Group acquired an 80% shareholding in Wade Walker Limited, a mechanical, electrical and instrumentation company with R57 million goodwill arising on acquisition. Total goodwill in the Group's balance sheet at 30 June 2007 was R206 million (2006: R147 million) and has not been impaired.

The Group's investment in associate companies at 30 June 2007 was R885 million, a net increase of R8 million over the prior year. During the year, R139 million of convertible loan notes were taken up in Clough Limited and a further 3% of equity was purchased for R35 million. Ahead of the full consolidation of Clough Limited from 1 July 2007, an impairment write-down of R115 million has been made.

A recapitalisation of Clough Limited has been approved. The Group will take up its share of a rights issue and purchase additional equity and convertible notes at an approximate cost of R290 million. Details are included in the report of the directors on page 84.

HEADLEASES AND OTHER PROPERTY ACTIVITIES

Headleases and other property activities are disclosed under exceptional items. The underlying operating profit is included in headline earnings. During the year the Group settled certain structured finance liabilities relating to its headlease commitments going back to 1997. These amounted to R261 million and are mitigated by a fair value adjustment of R253 million arising from fair valuing the properties arising on a change of accounting policy.

The property headlease portfolio contributed an operating profit of R13 million. The majority of the headleases are accounted for as financial lease liabilities with an obligation of R78 million (2006: R155 million) under finance leases at 30 June 2007. Related headlease property fair valued at year end was stated at R516 million (2006: R259 million restated).

Full details of the Group's headleases are disclosed in notes 1, 2, 17, 18 and 25 of the annual report.

EARNINGS AND DIVIDENDS

The Group reported diluted headline earnings per share of 325 cents compared to 184 cents in the prior year. The prior year is exclusive of a once-off expense relating to the BBBEE transaction.

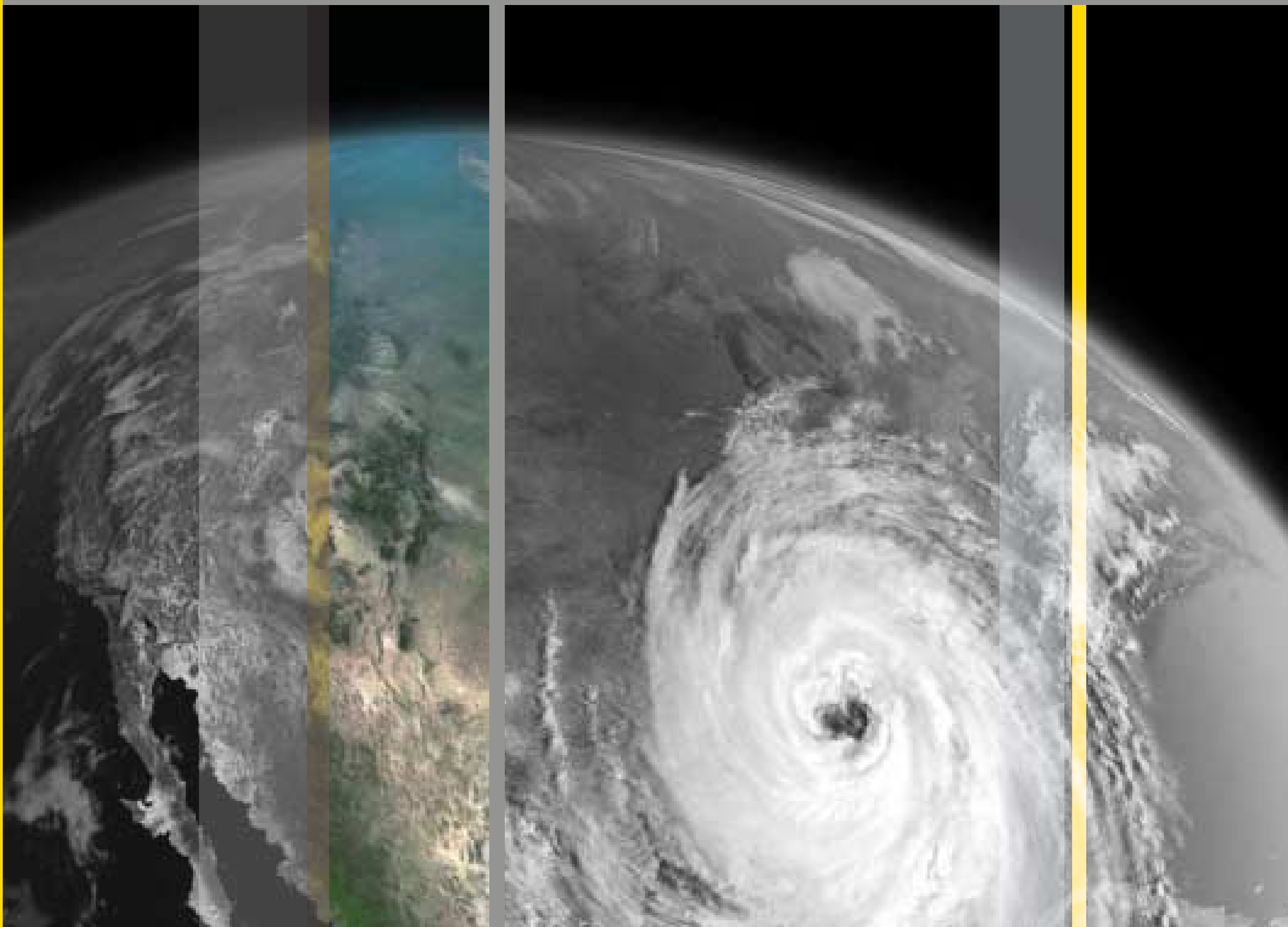
The total dividend for the year has been declared at 116 cents with a final dividend of 71 cents per share.

The dividend cover is 2,8 times headline earnings and is at the top end of the Group's strategic range of between 2,8 and 3,2 times cover.

Roger Rees

Financial director

SUSTAINABILITY REPORT

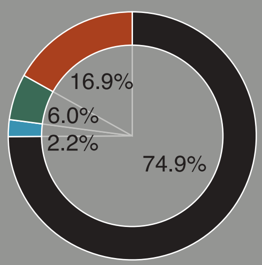


Murray & Roberts is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current stakeholders and future generations.

CONTENTS

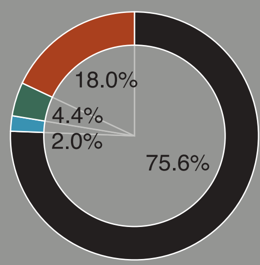
Murray & Roberts has made a non-negotiable commitment to sustainable earnings growth and value creation.

Value added 2007



	R millions
To employees	4 498,0
To providers of finance	134,4
To government	360,3
To maintain and expand the group	1 014,3

Value added 2006



	R millions
To employees	3 007,2
To providers of finance	79,8
To government	175,1
To maintain and expand the group	717,2

This commitment drives the Group's strategy and decision making and reinforces its responsibility to create value for current and future stakeholders and generations.

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

Murray & Roberts sees an opportunity to take the lead in tackling the skills deficit in South Africa using the substantial National Industrial Participation Program obligations it has incurred through its involvement in various public sector projects and the new Central Securities Depository Participant regulations that will govern its involvement in the pending power generation projects, particularly the nuclear program. This entails the enhancement of academic knowledge in power related subjects and establishment of large-scale skills development capability within the communities surrounding major power stations and selected other developments.

The model for this process is derived from the success achieved in skills development for the Mozal Aluminium Smelter project in Mozambique where almost 10 000 Mozambicans were pre-selected from the community and introduced to particular streams of development training.

Subvention partnerships are proposed with selected universities to establish world class academic capacity in fields such as nuclear physics and engineering, manufacturing excellence and project management.

The current FET College partnership with the Department of Education could also be extended through this mechanism, to the selected investment areas. This will facilitate the localised development of higher level artisan skills for the investment program.

Murray & Roberts has adopted the Global Reporting Initiative guidelines to measure performance and report against economic, environmental and social parameters. We apply the principle of zero disabling incident to all aspects of our business – our people, the natural environment in which we operate and broader society.

As part of a three year business planning process, the Group assesses the financial performance of operating companies and their compliance with risk, health, safety & environment and broad-based black economic empowerment requirements. Performance targets are agreed with group leadership and operating companies submit quarterly progress reports.

STATEMENT OF VALUE ADDED

Value added is the measure of wealth the Group creates through its operations by adding value to the cost of raw materials, products and services purchased. The diagram above summarises the total wealth created and how it was shared by our stakeholders who contributed to its creation. Also shown is the amount retained and reinvested in the Group for the replacement of assets and further development of people and operations. The detailed statement of value added is published on page 90 of the financial statements.

SHAREHOLDERS

Shareholders benefited from a share price appreciation of 152% over the year to 30 June 2007 and a 93% increase in the total dividend. This has contributed to a market capitalisation increase of more than 2 000% since Rebuilding Murray & Roberts commenced in 2000.

General communication with shareholders is facilitated through:

- the Group's annual and interim reports
- the Murray & Roberts website (www.murrob.com)
- the annual general meeting
- media releases
- the JSE news service (SENS)
- operational news
- the Murray & Roberts client service centre

Financial results presentations are held in February and August each year.

Additional information is provided to the investment community through:

- one-on-one meetings with the group chief executive and group financial director
- road shows and investor conferences
- subject-specific presentations

Feedback from the market is obtained through:

- broker reports
- one-on-one contact
- the CE forum on the public website

CUSTOMERS

The Group's customer base includes corporate institutions, governments, parastatals, mining houses, large businesses and other contractors, and private developers. Our stated objective is to gain preferred status by delivering world class projects, products and services that fulfil customer requirements. Specific initiatives to enhance our customer/client relationships include:

- identification of customer/client needs
- staff training programs
- strategic alliances
- market engagement
- innovation and education
- focus on quality, cost and delivery measurables

Mechanisms are in place to monitor customer/client satisfaction. These include questionnaires and regular customer surveys, with key account and project managers maintaining regular contact with customers/clients. Certain operations have call centres which field enquiries and undertake to resolve complaints within a specified period of time. A group client service centre assists in bridging the knowledge gap between the Group and its people, potential clients, existing clients and the general public.

Contract terms and conditions typically provide the mechanism for managing contractual disputes. These may be adjudicated by a third party, arbitration or litigation. Disputes are managed at the appropriate level under the guidance of responsible executives and where necessary, are escalated to executive director level.

SUPPLIERS

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

- pricing
- quality
- reliability

The creditworthiness, safety and environmental records of joint venture partners or subcontractors are also considered.

The performance of our suppliers is monitored on a regular basis and supplier audits are conducted from time to time.

In line with the Codes of Good Practice on broad-based black economic empowerment (BBBEE) targets for preferential procurement, the Group aims to achieve 50% BBBEE procurement expenditure from all suppliers based on the BBBEE procurement recognition levels as a percentage of total measured procurement expenditure by 2012.

ETHICS

Through its governance procedures, the Group ensures compliance with all legal and regulatory requirements. Directors adhere to a board mandated Code of Conduct which contains standards of accepted behaviour.

At the annual meeting of the World Economic Forum in 2004, the Partnering Against Corruption Initiative (PACI) was launched, backed by a set of principles for countering bribery. As a foundation signatory to PACI, Murray & Roberts undertakes to counter corruption and bribery in the Group and its markets.

HUMAN CAPITAL

Human capital is a cornerstone of sustainability in Murray & Roberts. The Group aims to be an employer of choice in the construction and engineering sectors and its world class delivery of products and services is a reflection of the capability of its diverse but experienced work force.

The Murray & Roberts human capital strategic framework matches the global practices of high performing employers of choice. The strategic framework focuses on issues that enable our human capital to achieve the strategic objectives of our Group. Due to the diversity of Murray & Roberts, individual business entities are encouraged to tailor their human resource plans to their specific needs, but they are required to align their plans with the group strategic framework.

Murray & Roberts endorses employee rights contained within the South African Constitution, including the right to freedom of association. The Group's policies and procedures are aligned with the Constitution and the laws of South Africa and where appropriate, other countries in which we operate.

Human resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all group operations.

Murray & Roberts occasionally experiences industrial action within its operating entities. In 2007, unprotected strike action and a go-slow in the Group's domestic mining contracting activities resulted in a partially recoverable financial impact of R24,7 million. Procedures are in place in the operating companies to manage industrial action and union negotiations.

Diversity and employment equity

Murray & Roberts embraces diversity and is committed to transformation. The Group's employment equity approach provides for equal opportunity and fair treatment in employment. While the strategic framework enables compliance with South African employment equity legislation, the Group emphasises diversity to maximise its talent pool, strengthen capacity and increase innovation by introducing different ways of thinking.

Murray & Roberts has in recent years attracted a number of historically disadvantaged employees and executives who see in the company a long term career rather than a short term opportunity, but skills shortage dynamics have created challenges to the retention of experienced black executives, engineers and other built environment professionals.

The Group's main board composition reflects the transformation of South African society. Four directors are black, two of whom are women.

84% of South African based employees are black, while 10% of all employees are female. Approximately 38% of all levels designated as management in the domestic market are black, and 11% black female.

Each of the South African business operations is required to compile employment equity plans and reports for the Department of Labour. Employment equity forums representing employees, contribute to the pursuit of employment equity targets and objectives.

An analysis of the employment equity profile indicates that more work is required if the Group is to make appropriate progress in achieving its long term targets. The Black Executives Share Trust should assist with the attraction and retention of black executives and managers, although it is understood that effective attraction and retention requires an holistic approach.

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

Capacity development

A global benchmark study conducted by Murray & Roberts in 2002 revealed that human capital development is an important characteristic of best-in-class engineering and construction companies. Building world class leadership, as well as individual and organisational capacity, is crucial to Globalising Murray & Roberts. The Group complies with prevailing skills development legislation and provides a range of training, learning and career development opportunities for its people. In 2007, investment in formal employee training and development increased to approximately R40 million (2006: R27 million).

Murray & Roberts actively attracts and develops 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 many of its operations. This pipeline comprises a tertiary education bursary scheme, a graduate development programme and a campus engagement initiative. A graduate development steering committee oversees the graduate pipeline.

Consolidated summary of the Murray & Roberts employment equity profile in South Africa*

Occupational levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	4	2	3	57	1	0	0	5	72
Senior management	6	4	12	190	5	1	1	20	239
Middle management	75	37	33	500	10	3	7	37	702
Junior management	1 010	252	93	1 850	123	26	21	184	3 559
Semi-skilled	8 803	213	74	364	592	103	83	295	10 527
Unskilled	6 186	54	3	90	598	29	0	6	6 966
Total permanent	16 084	562	218	3 051	1 329	162	112	547	22 065
Persons with disabilities Included above	20	3	0	14	4	1	0	6	48

Excludes Gautrain project.

The Murray & Roberts 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. The scheme is aimed primarily at engineering and built environment fields of study. The number of bursaries awarded annually depends on the Group's needs. Murray & Roberts currently has a total of 172 bursars (2006: 113), 67% of whom are black students and 26% female. In 2007, our investment in bursaries was R8,5 million.

The graduate development program (GDP) is part of the strategic framework to address human capacity and transformation issues and aims to provide a steady pipeline of future leaders. The GDP is in its third year with an ex-bursary intake of 68 graduates (2006: 38) and this number is expected to increase by almost 100% in 2008. Currently, 68% of the graduates are black and 22% female.

Murray & Roberts and its operations offer skills development programs, from adult basic education to learnerships and leadership programs. The Group had 337 (2006: 140) people undertaking learnerships at 30 June 2007, 69% of whom are black.

To build world class capacity, Murray & Roberts extends its recruitment to international markets, using appropriate processes and partners to achieve its objectives.

Remuneration philosophy

The Group's remuneration philosophy is aligned with its business strategy to attract, retain, motivate and reward executive directors, senior executives and staff through the payment of fair, competitive and appropriately structured remuneration. In a competitive and dynamic business environment, Murray & Roberts understands that recognition and reward are crucial to motivating and retaining existing talent and gaining preferred employer status.

A framework has been established that sets the parameters for executive and general staff remuneration relative to income statement performance, using benchmarks such as total payroll as a percentage of revenue, total fixed cost of employment (TFCE) and total incentive remuneration relative to EBIT and TFCE. The framework also outlines the relationship between fixed and incentive remuneration from the perspective of a market standard and Unitary Murray & Roberts principles.

The approach to TFCE differs in each country of operation because of differing regional practices, but this concept forms the basic foundation of our staff remuneration structure. TFCE is based on total guaranteed remuneration including a cash portion, motor vehicle benefit if appropriate and company contributions to retirement and risk benefits. Market survey data and individual performance are used in determining levels of guaranteed remuneration. Guaranteed packages are reviewed annually.

The Group's incentive or additional remuneration principle is that leadership executives and general staff are rewarded relative to their contribution to the strategic and operational performance of the Group. Incentive remuneration payments are determined annually. Incentive remuneration for group executive leadership is also referenced to attributable earnings and influenced by key performance areas (KPAs) which provide a mechanism for adjustment relative to an executive's alignment with the strategic objectives of the company and contribution to energising business performance.

Senior and specialist executives across the Group are considered for participation in the group share incentive scheme. This scheme is intended to promote an alignment of interests with those of shareholders and provide a longer term incentive as part of the remuneration structure.

HEALTH, SAFETY AND ENVIRONMENT

A health, safety and environment (HSE) framework has been implemented throughout the Group. The framework contains policies and standards to support the management of HSE matters and has introduced higher levels of monitoring and reporting of all HSE issues. A strategic focus on HSE key performance indicators (KPI's) ensures that value is derived from the HSE framework. This risk-based approach will be expanded to enhance the opportunities inherent in good HSE management.

All South African companies comply with the requirements of the Occupational Health & Safety Act and, where necessary, the Mines Health & Safety Act. Health & safety audits are conducted regularly and 26% of the operating companies are currently OHSAS 18001 certified.

Environmental policies and standards are in place at each operation and 30% of operating companies have ISO 14001 certification. Where ISO 14001 certification has not yet been attained work is in progress to achieve this. The Group is committed to exceeding the minimum requirements of new and existing environmental legislation. Work is currently underway to ensure that operating companies meet the requirements of the National Framework for Air Quality Management.

The Stop.Think campaign has been launched in all South African operations to improve safety awareness and strive for zero disabling incident in the workplace. This campaign will be extended to health and environmental awareness in the new financial year.

Group reporting of HSE performance is divided into sectors of the business which are comparable in nature and risk. These are:

- Mining (below ground and high risk)
- Construction (above ground and medium risk)
- Fixed facility sites (low risk)

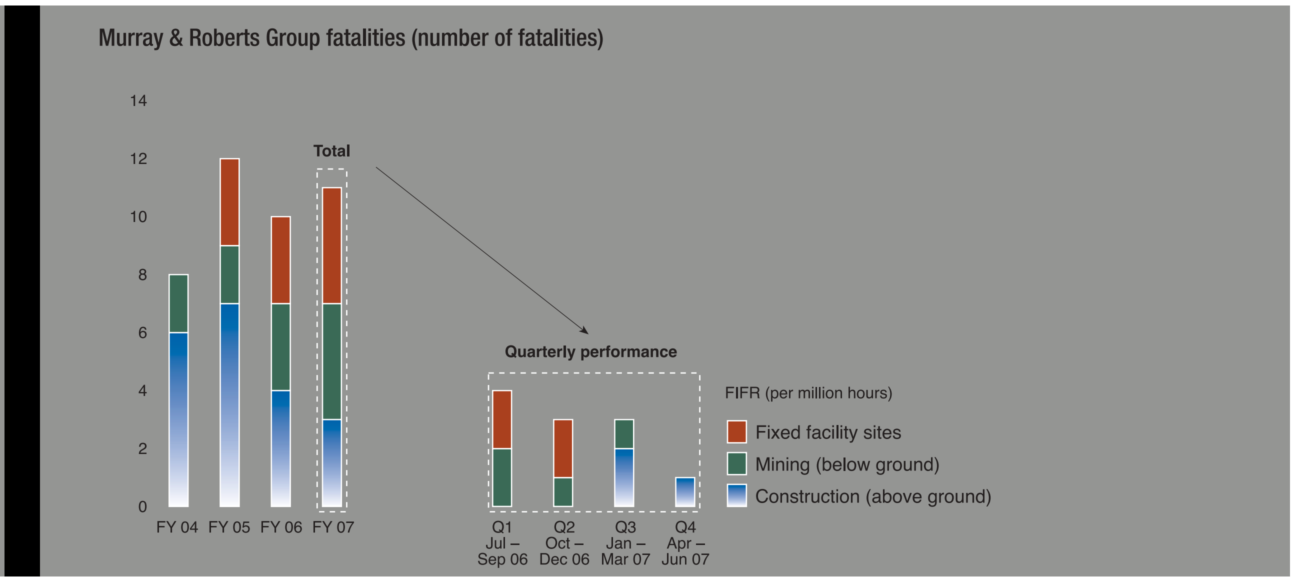
Fatal Accidents

Regrettably, the Group recorded eleven fatal accidents, all on its South African sites, during the year (2006: ten). Serious accident prevention strategies are being strengthened throughout the group in an effort to eliminate all incidents that might lead to disablement or death.

SAFETY

The Group's consolidated lost time injury frequency rate (LTIFR) decreased by 35% to 3,01 during the year, in line with the short term target of less than 3. This target was bettered in two quarters during the year. There has been a significant increase in the number of employees under

The graph below shows the operating environments in which the fatal accidents occurred.



The above consolidated FIFR includes all fatal accidents at Murray & Roberts worksites involving employees, subcontractors, labour broker employees or suppliers.

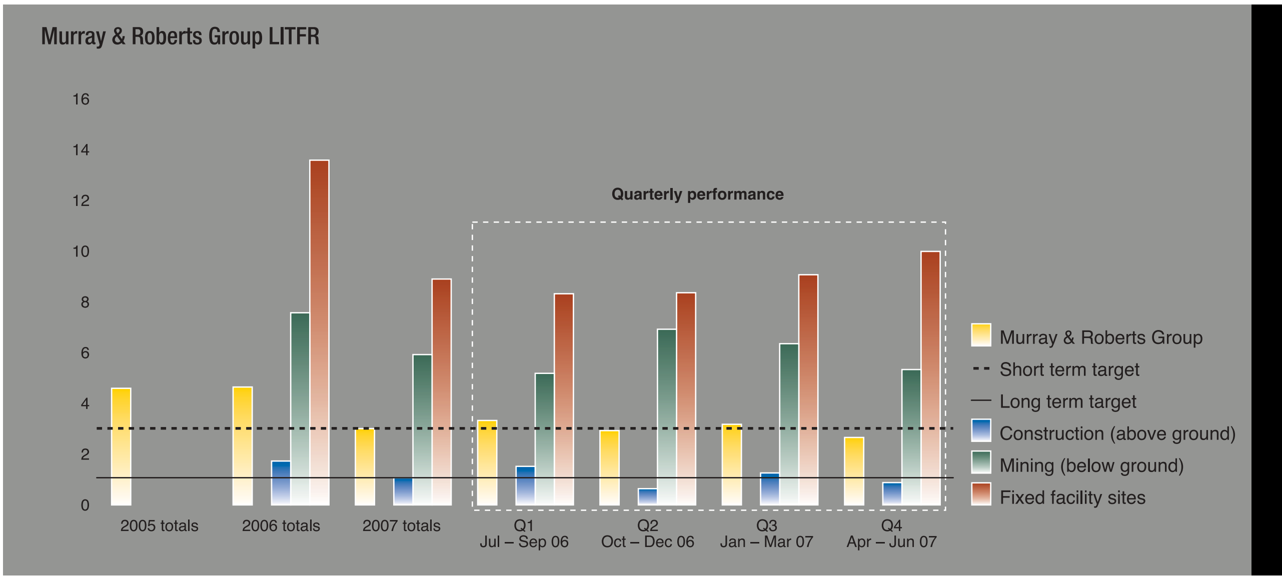
the care of Murray & Roberts management and this is reflected in the decreased fatal injury frequency rate. In line with its commitment to zero harm, the Group will continue to strive for the elimination of all fatal and disabling accidents.

The Group's construction operations outperformed the short term safety targets during all four quarters of the year and were only marginally above the long term target of 1. Additional work is necessary in the mining and fixed facility environments to meet target commitments. Strategies have been implemented to address underperforming operating environments, including increased management focus, benchmarking, establishing of lead indicators and an executive leadership pipeline featuring HSE performance criteria.

OCCUPATIONAL HEALTH

In support of our commitment to zero harm, several manufacturing and project sites have established onsite clinics where full time or part time medical treatments and evaluations are conducted. Other operations offer staff access to nursing or medical assistance on a regular basis.

The graph below illustrates the consolidated LTIFR performance for the Group for the financial year and the quarterly performance of the Group's core operating environments (construction, mining and fixed facility sites).



The above consolidated LTIFR includes all incidents at Murray & Roberts worksites involving employees, subcontractors, labour broker employees or suppliers.

All project companies conduct pre-employment and exit medical examinations. Manufacturing businesses carry out annual baseline medical examinations. These assessments cover a full range of occupational exposures, including activity specific issues that could adversely affect the short term and long term health of employees.

All high risk activities are defined within each operating company and specific management action plans are in place to reduce or eliminate identified major hazards. The major health risks identified for each operating environment are:

- Lung function disorders from dust exposure – primarily construction
- Fatigue and heat stress – primarily mining
- Repetitive strain and ergonomic injuries – primarily fixed facility sites

Preventative and corrective mitigation measures aimed at removing the underlying causes and hazards of all health risks are being evaluated. Training and the use of personal protective equipment (PPE) contribute to a reduction of the impact of health risks.

Noise induced hearing loss (NIHL) continues to pose the greatest risk in all our operations. Plans have been introduced in the operating companies to reduce the incidence of NIHL. These include more frequent audiometric testing, training in the correct use of PPE and early identification of noise zones on project sites. Further work will be undertaken through education and training to reduce the impact of noise on our employees.

HIV/AIDS

A group HIV/Aids policy has been established and sets the framework for detailed policies at each operating company. These are governed by a risk-based approach and minimum standards.

Group and workplace policies instil an environment of non-discrimination, empathy and awareness in order to proactively manage the cause and effects of HIV/Aids. Voluntary testing is promoted in all operations. The families of employees in many operations participate in wellness and awareness programs which include industrial theatre performances, some of which are organised in cooperation with the Department of Health. Employees are provided with relevant information and empowered to seek medical treatment if necessary which is offered by local and community medical centres.

ENVIRONMENT

The major risks identified for each operating environment are:

- Dust – Primarily construction
- Hydrocarbon spillage – Primarily mining
- Air and effluent emissions – Primarily fixed facility sites

At operations where hazardous materials are used, appropriate policies and procedures are in place. The Group works with local municipalities and appoints third party service providers and consultants to ensure safe disposal of any hazardous waste materials.

In preparation for the national framework for air quality management, work is being done to ensure that operations fulfil and exceed requirements imposed by the new legislation. This includes setting up regional business forums to discuss the relevant issues and any mitigation measures that may be required.

Project operations comply with all stipulations of the records of decision imposed by environmental impact assessment (EIA) processes. In many instances, Murray & Roberts assists clients with this process and makes use of clients' EIAs to develop its own environmental management plans for individual projects. The group environmental policy requires that operating companies adopt the standards imposed by client management plans, local and national legislation or the Group.

During the year, the environmental performance of Murray & Roberts was deemed acceptable. No major incidents attracting fines or penalties were recorded. There were, however, two incidents that required remediation. Both events were dealt with timeously and facilitated by professional consultants to ensure that the spillages were remediated correctly. Numerous minor spillages were recorded, all of which were handled effectively on site before the situation escalated or any damage to the environment could occur.

There were several other claims in respect of environmental dust and noise pollution. These occurrences are largely restricted to our fixed facility operations but are treated as serious. Capital expenditure plans have been approved to reduce all emissions to acceptable levels. Ongoing communication with the public and affected stakeholders is clear and consistent.

In order to evaluate the impact its activities might contribute to climate change, Murray & Roberts has undertaken to establish the extent of its carbon footprint. As a signatory to the Kyoto protocol, South Africa has committed to investigate and assess alternatives to fossil based energy and the use of products that are more environmentally friendly. This places significant responsibility on organisations to implement solutions that reduce the consequences of their undertakings on released carbon. The methodology and framework is in development and will comply with the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol. This monitoring and reporting guideline will assist in the measurement of the Group's carbon footprint and the establishment of reasonable and meaningful targets, followed by the introduction of reduction mechanisms with defined objectives to decrease the carbon footprint.

Murray & Roberts occupies an estimated 532 hectares of land other than project sites, the greater portion of which is used for industrial purposes (manufacturing operations), and the balance for office buildings.

RISK MANAGEMENT

Risk assessments are conducted at group level to support half year and full year financial reporting. At operational level, assessments support the three year business planning process. At project level, risk reviews are conducted as part of bid preparation. Activity based risk assessments are conducted on project sites to establish health, safety and environmental exposures.

The Group conducts rigorous due diligence studies to support the acquisition of new businesses. Capex requirements to support capacity maintenance and organic growth are assessed as part of the three year business planning process, with exceptional items reviewed by the group risk committee.

Procurement of work is the primary medium through which risk enters the Group. The group risk appetite sets the operational environment for risk. Prospects are filtered against criteria such as value, country, legal system and scope and the level of authorisation required is indicated.

The opportunity management system (OMS) supports the evaluation and approval of project opportunities in the context of the risk appetite. A major upgrade of the OMS was deployed at the end of the financial year which will add significant operational value to the existing corporate control.

The table below indicates the group objectives for health, safety and environment management, and the extent to which these have been achieved to date.

Objective	Achievement
Zero harm consequences	This continues to be the Group's aspiration for all its activities.
Zero fatalities and permanent disablement	A disappointing performance. This target has still to be achieved.
LTIFR < 3	The Group came close to achieving this mark, and will continue to drive performance towards the long term goal of < 1.
Comprehensive incident reporting	This goal was met, as the majority of operating companies now provide detailed HSE reports. This process is ongoing and new measures will be put in place to better manage all HSE risks.
Stop.Think awareness campaign	This was successfully rolled out to all South African operations and all Murray & Roberts group companies will soon be involved.

CORPORATE SOCIAL INVOLVEMENT

Murray & Roberts is integrated with society and its business activities have an impact on the communities in which they are undertaken. The Group is committed to managing this impact responsibly and accepts that its obligation extends beyond statutory requirements to the upliftment of society as a whole.

The Murray & Roberts corporate social involvement (CSI) program focuses on development projects aligned with the Group's business strategy, supporting mathematics, science and technology education, numerical education in early childhood development and environmental education. Murray & Roberts supports sustainable social development through many of its community initiatives. A number of employees participate in community development as champions of projects the Group supports.

Investment of R10 million (2006: R10 million) in CSI projects during the year under review includes funding for the Maths, Science and Technology in Engineering project developed by the Maths Centre for Primary School Teachers, the National Business Initiative's Education Quality Improvement Partnership schools program and the Endangered Wildlife Trust's Biodiversity Environmental Education Project.

Murray & Roberts supports the Chair of Environmental Education at Rhodes University, the Chair of Applied Mechanics at the University of the Witwatersrand and the Chair in Collaborative Governance and Accountability at the University of South Africa. The Group is a founding member of the international Engineering Risk Institute.

A number of awards are made each year to recognise and reward initiatives that contribute to the enhancement of society. These include the Jack Cheetham Memorial Award for development in sport, the Des Baker Award for students of architecture and the JD Roberts Award for environmentally sustainable solutions to human dilemmas.

BLACK ECONOMIC EMPOWERMENT

Murray & Roberts follows the provisions of the Broad-Based Black Economic Empowerment Act and the principles embodied in the draft Good Practice Codes, by instituting a policy for the upliftment of the historically disadvantaged.

This includes:

- appropriate broad-based empowerment ownership at the level of Murray & Roberts operating subsidiaries through a tiered approach at Murray & Roberts Holdings Limited and the operating subsidiaries
- a meaningful number of black senior executives in the Group
- an employee complement that reflects the diversity of South Africa's demographic profile
- a core complement of black professionals
- preferential procurement policies that recognise the broad-based principles of black economic empowerment
- enterprise and social development programs aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals

Additional information on our black economic empowerment strategy and practices is available on pages 12 and 13 of the annual report.

A review which measured the Group's current empowerment criteria was conducted during the year and it confirmed that the Group's empowerment status is compliant with various industry charters and current legislation.

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

The Board of Murray & Roberts (Board) is committed to the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). In supporting the Code, the Board recognises the need to conduct the business of the Group with openness, integrity and accountability. A corporate governance framework has been in operation in the Group for many years and is reviewed from time to time and updated where appropriate. The Board is of the opinion that Murray & Roberts substantially complies with the Code.

BOARD OF DIRECTORS

At the date of this annual report, Murray & Roberts has a unitary Board with 14 directors, 10 of whom are independent non-executive and four executive.

The Board is responsible for the strategic direction of the Group and is governed by a charter that sets out the framework of its accountability, responsibility and duty to the company. An annual review of the charter was undertaken on 25 April 2007 and the Board renewed its commitment to corporate governance best practice above the minimum requirements set by the Code.

The Board conducts its business in the best interest of the company and ensures that the Group performs in the best interests of its broader stakeholder group, including present and future investors in the Group and in its products and services, its business partners and employees and the societies in which it operates.

In order to address its accountability and responsibility, the Board:

- monitors that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with all relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form
- defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to executive management
- gives direction to the Group in all matters and approves the strategic plan developed by management in the context of the board charter
- monitors implementation of the strategic plan by management
- monitors performance through the various board committees established to assist in the discharge of its duties
- monitors the key risk areas and key performance areas of the Group and identifies the non-financial aspects relevant to the Group and its business
- considers its size, diversity and demographic make-up
- determines the policy and processes to ensure the integrity of:
  - risk management and internal controls
  - executive and general remuneration
  - external and internal communications
  - director selection, orientation and evaluation

Directors adhere to a Code of Conduct, which incorporates agreed standards of accepted behaviour, guidance in decision making, promotes integration & co-ordination and reaffirms the directors' commitment to the Group.

During the past year, non-executive directors were paid an annual retainer of R100 000 each with a deduction for non-attendance of R10 000 per meeting. Five scheduled and two special meetings were held during the year. Directors were paid R20 000 per special board meeting. At the annual general meeting on Tuesday, 30 October 2007, it is proposed that shareholders approve a revised remuneration structure where non-executive directors are paid a fixed annual fee of R110 000. The deduction for non-attendance and ad hoc fee for special board meetings remain unchanged.

The proposal is based on a minimum of five scheduled meetings a year and takes into account additional committee workload.

A full review of directors' fees will be undertaken during the year ahead.

BOARD MEETINGS

The Board meets at least five times a year in formal meetings. In addition, the directors meet ahead of the scheduled meeting at which the Group's budget and business plan are examined in the context of the approved strategy. At this meeting, senior executives in the Group engage with the directors in a broad conversation on implementation of the Group's strategy.

The Board has adopted a policy to visit key operations on an annual basis. All directors are kept informed between meetings of major developments affecting the Group.

The record of attendance by each director at the board meetings held during the year under review is reflected in the tables on page 72 of this report.

CHANGES TO THE BOARD

SJ Macozoma resigned as a non-executive director at the previous AGM held on 25 October 2006. SF Linford resigned as company secretary in November 2006 and was replaced by Y Karodia. N Jorek resigned as an executive director of the Group, effective 29 August 2007, and SP Sibisi was appointed a non-executive director, effective 7 September 2007.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The role of chairman and group chief executive are separate and they operate under separate mandates issued by the Board that clearly differentiate the division of responsibilities within the company ensuring a balance of power and authority.

The chairman, who is a non-executive director, presides over the Board, providing it with effective and directed leadership and ensuring that all relevant information and facts are placed before the Board for decision.

The group chief executive is charged with the responsibility of the ongoing operations of the Group. He develops the Group's long term strategy and recommends the business plan and budgets to the Board for consideration.

The group chief executive and the chairperson are appointed by the Board. The Board is responsible for the annual appraisal of the chairperson, who in turn is responsible for the annual appraisal of the chief executive.

The remuneration & human resources committee assesses the remuneration of the Board, chairperson and group chief executive, and the nomination committee is responsible for the succession planning of the Board.

BOARD COMMITTEES

The Board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the Group.

These committees are:

- executive
- audit
- health, safety & environment
- nomination
- remuneration & human resources
- risk

The Board and each committee give attention to both new and existing matters of governance and compliance within their respective mandates. A statement from the chairman of the Board and chairman of each committee is included in this report.

Each committee operates according to terms of reference approved by the Board which are reviewed annually. With the exception of the executive committee, all other committees are chaired by independent non-executive directors of the Board.

The independent and non-executive directors complement the executive directors through the diverse range of skills and experience they bring from their involvement in other businesses and sectors. They bring independent perspectives on corporate governance and general strategy to the Board as a whole.

The record of attendance by each member of the respective committees for the year under review is reflected in the tables on page 73 of this report.

INTERNATIONAL ADVISORY BOARD

The Board has reconsidered the mandate of the international advisory board (IAB). It has established that the IAB no longer fulfils its required mandate and agreed that it be disbanded.

Key members of the IAB will be retained as advisors to the Board and group chief executive.

SELECTION OF DIRECTORS

The Board has approved a policy on the criteria for the selection of directors and the nomination and evaluation processes to be followed.

INDEPENDENT ADVICE

All directors are entitled to seek professional independent advice at the Group's expense.

BOARD EFFECTIVENESS

An appraisal of the effectiveness of the Board was conducted internally by the nomination committee during August 2007. The appraisal was benchmarked against the strategic requirements of Murray & Roberts to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive. The appraisal next year will be conducted externally.

ORIENTATION PROGRAM

It has been the practice of the Group to ensure that non-executive directors appointed to the Board engage in a comprehensive induction process to familiarise themselves with the Group. The process includes visits to key operations in the company and extensive discussions with group leaders.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary who is responsible for ensuring the proper administration of the board and corporate governance procedures. The company secretary provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.

EXECUTIVE COMMITTEE

The directors of Murray & Roberts Limited and Murray & Roberts International Limited serve as the executive committee of the Board. They are chaired by the group chief executive and group financial director, respectively. The directors support the group chief executive in his responsibility to:

- implement the strategies and policies of the Group
- manage the business and affairs of the Group
- prioritise the allocation of capital, technical know-how and human resources
- establish best management practices and functional standards
- approve and monitor the appointment of senior management
- fulfil any activity or power delegated to the executive committee by the Board that conforms to the company's articles of association

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders. Details of the Group's risk management status are set out on page 70 of this report.

SHARE DEALINGS

The Group has an insider trading policy that requires directors and officers who could be expected to have access to price sensitive information, to be precluded from dealing in the Group's shares as well as the shares of Clough for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the annual results.

To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors and officers must at all times obtain permission from the chairman or group chief executive before dealing in the shares of the Group. Approved dealings in the Group's shares by directors are disclosed to the JSE and published on the Stock Exchange News Services (SENS). All approved dealings are reported in arrears to the regular meetings of the Board.

AUDIT COMMITTEE

The audit committee operates under an approved charter to assist the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate financial systems and controls. It does so by evaluating the findings of external audits, actions taken and the appropriateness and adequacy of the systems of internal financial and operational controls.

The committee reviews accounting policies and financial information issued to stakeholders and recommends the appointment of external auditors and their remuneration.

The chairman of the audit committee reports to the Board on the committee's deliberations and decisions. The external auditors have unrestricted access to the committee. The independence of the external auditors is regularly reviewed and all non-audit related services are approved and reported upon.

MEMBERSHIP

MJ Shaw served as chairman of the committee and IN Mkhize and AA Routledge as members during the year under review, all of whom are independent non-executive directors and financially literate.

The group chairman, group chief executive, group financial director, group corporate services executive and external auditors, all attend meetings by invitation.

The committee met twice during the year under review.

TERMS OF REFERENCE

The committee's activities include:

- monitoring the Group's accounting policies, disclosures and making recommendations to the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing on the scope, nature and priority of the audit
- reviewing the external auditor's reports
- recommending and reviewing the annual responsibility statement of directors.
- reviewing the Group's annual financial statements and the Group's results and making recommendations to the Board for publication in the interim and preliminary reports and the annual report

The committee's terms of reference were reviewed and approved by the Board on 25 April 2007.

AUDIT AND ADMINISTRATION

Financial leadership within Murray & Roberts continues to be strengthened with the appointment of a number of senior financial executives.

Under the leadership of the group corporate services executive, a group internal audit function has been created to advance risk based internal audit throughout the Group.

The audit committee chairman, group financial director and lead external audit partner attend major contract reviews at half year and full year end. Audit close out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all operating entities and a consolidated document presented to the audit committee.

Martin Shaw
Chairman

RISK COMMITTEE

The risk committee assists the Board with oversight of the development and implementation of the group risk framework.

MEMBERSHIP

RT Vice served as chairman of the committee and IN Mkhize and MJ Shaw as members during the year under review. Subsequent to the year end, SP Sibisi was appointed a member of the committee. The group chief executive, group financial director, group corporate services executive and group risk manager attend meetings *ex officio*. The committee met three times during the year under review and its terms of reference were reviewed and approved by the Board on 25 April 2007.

GROUP RISK FRAMEWORK

The group risk framework seeks to regulate the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities to contribute towards performance.

Murray & Roberts Holdings has a system of delegated authority which governs decisions affecting acquisitions and disinvestments, asset investments and contracts.

A risk committee of the Murray & Roberts Limited Board (MRL) acts as custodian of the group risk appetite, reviews group level risk and interrogates key decisions prior to board approval. A risk committee has been established to support the Murray & Roberts International Board.

RISK MANAGEMENT

Risk management entails assigning ownership, developing mitigation plans, resource allocation, implementation, periodic review and formal communication. The software application, KnowRisk, is being implemented to support the risk management process and the management of operational, project and HSE risk knowledge bases.

INTERNAL AUDIT

The Group has adopted a risk based approach to internal audit, aimed at testing the integrity of controls managing significant exposure. The existing internal audit structure includes a group audit manager, dedicated operational resources, peer review at operational level and management review at board, exco or project meetings. Self assessment is inherent in half year and year end procedures and there is ad hoc high level peer review by experienced corporate executives. Approximately two thirds of companies within the Group are ISO 9001 accredited, with established quality management procedures, quality assurance, control functions and regular audits of procedural compliance.

GROUP INSURANCE

Murray & Roberts has a group insurance program covering RSA-based asset and liability risks. For risks outside South Africa there is a difference in cover provision within the program.

CLAIMS AND LITIGATIONS

A schedule of active claims and disputes, both for and against Murray & Roberts, is maintained. Group legal counsel, commercial executives in the operations, and external legal and commercial consultants manage the Group's contractual risk.

BONDS AND GUARANTEES

Opportunity authorisation in the opportunity management system sets a process discipline ahead of the issuing of bonds and guarantees, which is integrated with the treasury management system utilised for guarantee administration.

FORENSICS

"Ask Brian" on the Interchange and the CE Discussion Forum on the website promote transparent direct communication with the group chief executive. Tip-offs Anonymous, an independent hotline service provider, supports reporting of workplace dishonesty. The Group employs a firm of forensic consultants and investigators that reports directly to the group chief executive.

GLOBAL ENGAGEMENT

Murray & Roberts is a member of the World Economic Forum (WEF), with the group chief executive serving as an engineering and construction governor.

The Group is a founding member of the Engineering & Construction Risk Institute, an association of global engineering and construction companies, formed by the World Economic Forum, which aims to institutionalise sound risk management practice in the Industry.

Murray & Roberts is a signatory to the United Nations Global Compact on Transparency and Crime and actively participates in the WEF Partnership Against Crime Initiative.

Royden Vice

Chairman

REMUNERATION & HUMAN RESOURCES COMMITTEE

The remuneration & human resources committee has been delegated by the board to align the Group's remuneration philosophy with its business strategy to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of shareholders.

MEMBERSHIP

The committee comprises the chairman and four independent non-executive directors. The group chief executive and group financial director attend meetings in an *ex officio* capacity. JJM van Zyl served as chairman of the committee during the year. RC Andersen, NM Magau, AA Routledge and RT Vice served as members. SJ Macozoma resigned as a member on 25 October 2006.

The committee met four times during the year.

TERMS OF REFERENCE

The terms of reference of the committee were reviewed and approved by the Board on 25 April 2007.

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts employment framework and policies. The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the group chief executive, all managing directors of the Group's operating entities and senior corporate executives. The functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed. Succession planning is also considered.

An independent advisor has been appointed to review the Group's remuneration policies and practices.

DIRECTOR AND EXECUTIVE REMUNERATION

The Group employs the services of an independent consultant to advise on the profiling and appropriate remuneration levels of executive directors and senior executives and reviews the Group's remuneration policies and practices.

The remuneration packages of executive directors and senior executives include performance related remuneration, which is determined in terms of incentive schemes operated at group and operating entity level. These schemes have been designed and implemented with assistance from independent remuneration consultants, to competitively reward those directors and executives who have contributed to the Group's sustainable earnings growth and value creation. The remuneration of executive directors for the year ended 30 June 2007 is set out in note 45 to the consolidated financial statements.

Directors do not have fixed term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

Non-executive directors receive a fee for their contribution to the Board and board committees of which they are members. The level of fees for service as directors, additional fees for service on board committees, fees paid to international advisors and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following research into trends in directors' remuneration for ultimate approval by shareholders at the AGM.

Remuneration details of non-executive directors for the year ended 30 June 2007 are set out in note 45 to the consolidated statements and the background to a proposed fee increase is included on page 66.

RETIREMENT AND OTHER BENEFIT PLANS

A number of defined contribution retirement funds operate within the Group in South Africa. These are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although these funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 44 to the consolidated financial statements.

In terms of the Pension Fund Surplus Appointment regulations, the Registrar of Pension Funds has formally recorded a nil surplus scheme submission for both the Murray & Roberts Retirement Fund and Murray & Roberts Provident Fund.

Boetie van Zyl

Chairman

NOMINATION COMMITTEE

The nomination committee ensures that the structure, size, composition and effectiveness of the Board and board committees are maintained at levels that are appropriate in the context of the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the chairman and directors, evaluating the effectiveness of board committees and making recommendations to the Board.

The committee comprises the chairman of the Board and two independent non-executive directors. The chairman of the committee is appointed by the Board.

RC Andersen served as chairman of the committee and SE Funde and JJM van Zyl continued as members during the year. The committee met twice during the period under review and its terms of reference were reviewed and approved by the Board on 25 April 2007.

A review of the operations and structure of the Board was undertaken in August 2007. The review was benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The outcome of the review was a proposal recommending changes to the non-executive and executive composition of the Board to be phased in over the next two years. This includes the scheduled retirement of two non-executive directors in 2008 when they reach the mandatory retirement age. Shareholders will be requested to confirm the appointment of Dr Sibusiso Sibisi as a new non-executive director at the AGM on 30 October 2007.

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was also addressed.

Roy Andersen

Chairman

Record of attendance at directors' meetings for the 2007 financial year

		Scheduled					Special[3]	
		30 Aug 2006	29 Nov 2006	28 Feb 2007	25 April 2007	27 June 2007	26 July 2006	14 May 2007
RC Andersen	Independent Chairman	✓	✓	✓	✓	✓	✓	✓
BC Bruce	Chief Executive	✓	✓	✓	✓	✓	✓	✓
SJ Flanagan	Executive	✓	✓	✓	✓	✓	✓	✓
SE Funde	Independent	✓	✓	✓	X	✓	X	✓
N Jorek[2]	Executive	✓	✓	✓	✓	✓	✓	X
SJ Macozoma[1]	Independent	✓	–	–	–	–	✓	–
NM Magau	Independent	✓	✓	✓	✓	✓	✓	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓	✓
IN Mkhize	Independent	✓	✓	✓	✓	✓	✓	X
RW Rees	Executive	✓	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓	✓
MJ Shaw	Independent	✓	✓	✓	X	✓	✓	✓
KE Smith	Executive	✓	✓	✓	✓	✓	✓	✓
JJM van Zyl	Independent	✓	✓	✓	✓	✓	X	✓
RT Vice	Independent	✓	✓	✓	✓	✓	✓	✓

1 Resigned 25 October 2006.
2 Resigned 29 August 2007.
3 Special meetings called at short notice often result in some directors being unavailable.

RECORD OF ATTENDANCE

Record of attendance at board committee meetings for the 2007 financial year

Audit committee

Name of member	28 August 2006	26 February 2007
MJ Shaw (Chairman)	✓	✓
IN Mkhize	✓	✓
AA Routledge	✓	✓

Risk committee

Name of member	29 August 2006	26 February 2007	25 June 2007
RT Vice (Chairman)	✓	✓	✓
IN Mkhize	✓	✓	✓
MJ Shaw	✓	✓	✓

Remuneration & human resources committee

Name of member	28 August 2006	27 February 2007	05 March[3] 2007	25 June 2007
JJM van Zyl (Chairman)	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓
SJ Macozoma[1]	X	–	–	–
NM Magau	✓	✓	✓	✓
AA Routledge	✓	✓	X	✓
RT Vice	✓	✓	✓	✓

Nomination committee

Name of member	29 August 2006	27 February 2007
RC Andersen (Chairman)	✓	✓
SE Funde	✓	✓
JJM van Zyl	✓	✓

Health, safety & environment committee

Name of member	29 August 2006	06 December 2006	27 February 2007	24 April 2007
JM McMahon (Chairman)	✓	✓	✓	✓
BC Bruce	✓	✓	✓	✓
SE Funde	✓	X	✓	X
NM Magau	X	X	✓	✓

1 Resigned 25 October 2006.
3 Special meetings called at short notice often result in some directors being unavailable.

HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The health, safety and environment (HSE) committee assists the Board to fulfil its corporate governance and supervision responsibilities relating to the integration of sound HSE management into all aspects of the Group's business activity.

The committee evaluates global best practice in HSE management, the actions taken and the appropriateness and adequacy of policies and procedures. It reviews statistical information issued to stakeholders and guides the Board relating to HSE policy, strategy, leadership and the management of HSE risks.

The committee consists of three non-executive directors and the group chief executive and is chaired by JM McMahon, an independent director. Other independent members of the committee are SE Funde and NM Magau. The group executive directors and the executives responsible for corporate services and HSE management, attend meetings by invitation. The committee met formally four times during the year.

TERMS OF REFERENCE

The committee's responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical developments and practice in HSE management
- reviewing compliance by the company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters
- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with international best practice

The committee's terms of reference are reviewed annually and were approved on 25 April 2007.

SAFETY

Fatal accidents

The committee regrets the eleven fatal accidents recorded during the year and extends its sympathies to the bereaved. All the incidents occurred on the Group's South African sites, and the number is higher than the ten deaths in the previous year.

There has been a significant increase in the number of employees under the care of Murray & Roberts management, and this has contributed to a decrease in the fatal injury frequency rate (FIFR) to 0,06 per million hours worked. In spite of this decrease, serious accidents on our worksites remain a concern and further measures will be implemented to achieve the Group's commitment to zero disabling incident.

Proactive prevention strategies are being developed, aimed at instituting mitigation strategies in high risk incident areas. Independent accident investigations have been commissioned for all serious accidents to ensure that the underlying causes are revealed and correct control measures put in place to ensure that certain repeat accidents do not occur.

Lost time injury frequency rate

The Group's consolidated lost time injury frequency rate (LTIFR) was 3,01 for the year. This is a decrease of 35% from the previous period and is in line with the short term target of less than 3. This target was bettered in two quarters during the year.

Developments

The committee reviewed and monitored the progress of the Stop.Think campaign. This group-wide awareness campaign engaged executive and middle management and all employees by means of industrial theatre aligned to the common goal of collectively striving for zero disabling incident. Employees were introduced to the initial concepts of behaviour based safety and various coaching techniques.

The committee approved the Stop.Think Bill of Rights, which was implemented to empower employees to act and work safely, to coach and be coached, to embrace safety measures afforded to them and to assume responsibility for their own safety and that of other people around them.

The Stop.Think campaign will continue the task of developing a Murray & Roberts health, safety and environmental culture and will be extended to feature more creative solutions to health and environmental issues.

Traditional HSE systems and measures complement Stop.Think and are continually updated and further embedded. This follows the fundamental review conducted in 2006 and the preparation of the group HSE framework which was adopted in August 2006 and implemented at all Murray & Roberts operating companies. The Group adopted a more rigorous reporting protocol of key HSE performance indicators (lead and lag). More focus was placed on occupational health and environmental issues to gain an insight to the exposures faced in these areas.

Achievements

Despite some disappointments, there have been significant HSE achievements this year (based on major efforts at operational level), including:

- Murray & Roberts Middle East achieved 32 million lost time injury free hours worked on the Dubai airport contract
- Two major internal programs were launched to provide certified (UNISA and National Qualifications Authority provisionally approved) HSE skills training
- All operating entities significantly increased the reporting of HSE issues in accordance with the group framework
- There was a better understanding of health and environmental exposures
- The total number of injuries incurred by the Group continued to decrease, despite the increased hours worked
- A 35% decrease in the group LTIFR to 3,01, with 12 operating companies able to maintain or reduce their LTIFR for the year
- The successful roll out of the Stop.Think campaign to 17 500 employees

HEALTH

Occupational health

A greater focus on occupational health issues was developed during the year in accordance with the group HSE framework. Health risk models and key performance indicators were instituted to better understand health exposures faced by our employees. The process has achieved satisfactory progress this year with group operating companies identifying and recording key performance indicator information and significant occupational and societal health risks. A more strategic focus on interpreting health information and mitigating these risks will be developed in the year ahead. This is to be carried out with the aid of the Stop.Think campaign, management awareness, and specific training programmes.

Currently, 26% of group operating entities are certified for OHSAS 18001. Further work to get all operations certified will be carried out in the new financial year.

Societal health

Societal health issues remain prevalent within our operating companies and a group HIV/Aids policy was developed during the year. The policy provides an overall management framework for existing individual workplace policies and will be implemented in the first quarter of the new financial year. Pre-employment and exit medical examinations are conducted on all project sites, with annual examinations carried out at fixed facility operations. These examinations have highlighted large numbers of TB, alcohol abuse, and HIV/Aids cases where voluntary testing has been conducted. Counselling for these societal issues is provided.

Malaria remains a significant threat for a number of companies operating beyond South African borders. This risk has increased with the acquisition of Wade Walker which operates from a number of project sites in Ghana, Zambia and DRC. Ongoing awareness and training programs are facilitated by client intervention at these sites in order to mitigate the spread of the disease.

Environment

The principle of zero disabling incident was expanded to include the impact of Murray & Roberts activities on the environment, with key performance areas and indicators applied to each entity. This process is consistent with the approach to health and safety management, and is aligned to the group risk framework.

No fines or penalties for major environmental incidents were recorded in the year. The Group experienced several other claims in respect of environmental dust and noise pollution. These occurrences are largely restricted to our fixed facility sites and are treated seriously. Programmes are ongoing to ensure that communication with the public and affected stakeholders is clear and consistent, and capital expenditure plans have been approved to reduce all emissions to acceptable levels.

The Group has recently undertaken to measure its carbon footprint from all activities. This entails setting up a climate change strategy and framework that is consistent with the group ambition to achieve a sustainable state of zero disabling incident from all activities undertaken by Murray & Roberts operations.

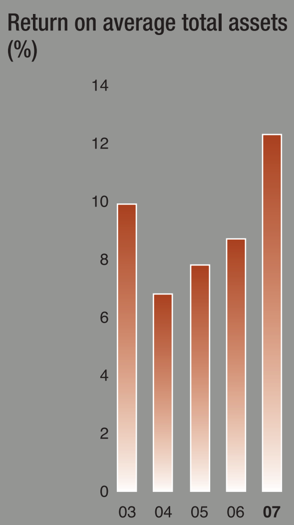
The initial phase will be conducted in the first half of the new financial year and will determine where the greatest carbon impacts are located in the Group and establish the overall carbon footprint. The footprint for the current and previous financial years will be established. The basis of recording and reporting information will be in accordance with the Greenhouse Gas Protocol prepared by the World Business Council for Sustainable Development.

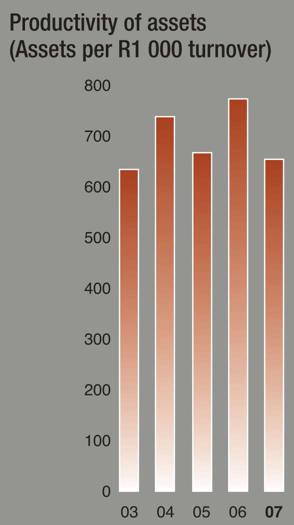
Thereafter performance measures and realistic improvement targets will be set. Future developments include expanding system boundaries to include scope 3 (indirect) emissions, process and product modifications to low carbon alternatives, benign design solutions, and clean development mechanism projects.

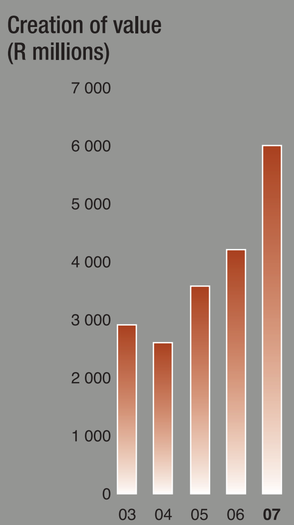
Michael McMahon

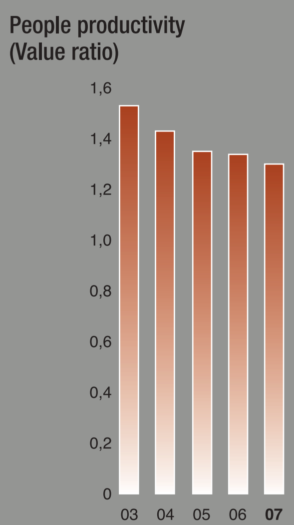
Chairman

FINANCIAL PERFORMANCE



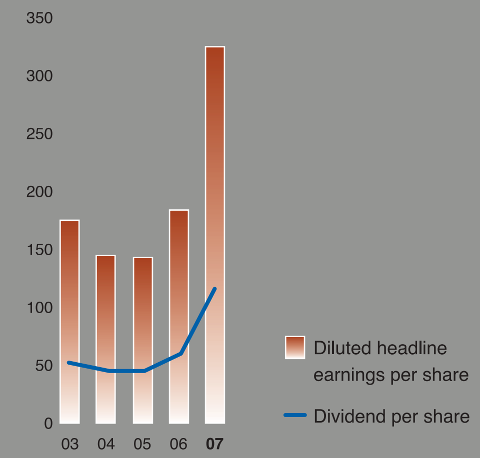




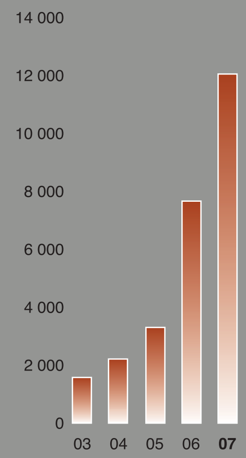


SHARE PERFORMANCE

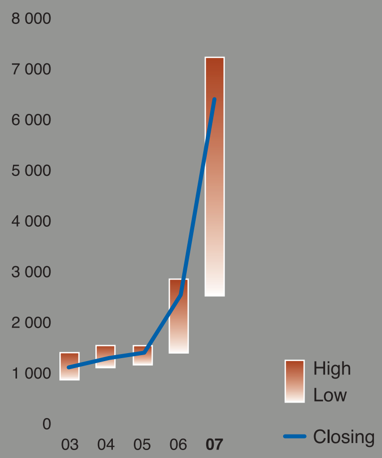
Headline earnings and dividend per share
(cents)



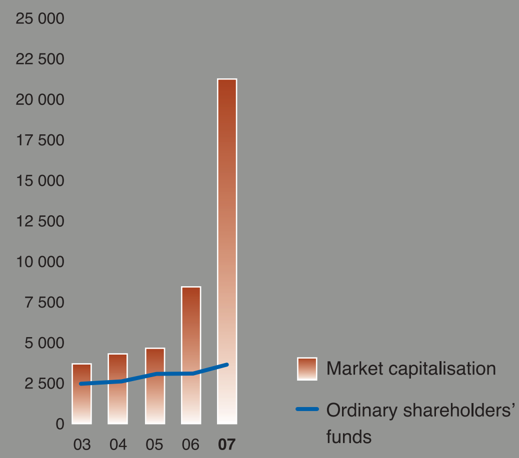
Value of shares traded
(R million)



Share price movement
(cents)



Market capitalisation
(R million)



ANALYSIS OF SHAREHOLDERS

as at 30 June 2007

	Number of shareholders	% of shareholders	Number of shares	%
SIZE OF HOLDING				
1 – 1 000	3 542	53,24	1 624 317	0,49
1 001 – 10 000	2 324	34,93	7 790 363	2,35
10 001 – 100 000	562	8,45	18 245 692	5,50
100 001 – 1 000 000	183	2,75	57 534 840	17,33
1 000 001 shares and over	42	0,63	246 697 407	74,33
Total	**6 653**	**100**	**331 892 619**	**100**
CATEGORY				
Banks	112	1,68	134 178 215	40,43
Close Corporations	27	0,41	388 260	0,11
Endowment Funds	49	0,74	1 883 285	0,57
Individuals	4 809	72,28	13 972 300	4,21
Insurance Companies	92	1,38	30 410 319	9,16
Investment Companies	230	3,46	37 515 643	11,30
Medical Aid Schemes	5	0,08	297 978	0,09
Mutual Funds	197	2,96	17 974 401	5,42
Nominees & Trusts	569	8,55	3 444 473	1,04
Pension Funds	348	5,23	49 155 502	14,81
Private Companies	209	3,14	2 926 135	0,88
Share Trust	6	0,09	39 746 108	11,98
Total	**6 653**	**100**	**331 892 619**	**100**

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES

	Number of shares	% of shares
Public Investment Corporation (ZA)	22 312 095	6,72
New World Fund Inc (US)	17 376 277	5,24

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES

Capital Group Companies Inc (Various)	52 673 947	15,87
Stanlib Asset Management (ZA)	32 144 396	9,69
Public Investment Corporation (ZA)	22 492 095	6,78
Investec Asset Management (ZA)	20 355 956	6,13

SHAREHOLDER SPREAD

	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-Public*	9	0,14	40 224 872	12,12
Public	6 644	99,86	291 667 747	87,88
Total	**6 653**	**100**	**331 892 619**	**100**
Domestic			185 879 964	56,01
International			146 012 655	43,99
			331 892 619	**100**

**Includes directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.*

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

Our commitment to
sustainable earnings growth
and value creation
is not negotiable

CONTENTS

Financials

FINANCIAL REVIEW

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands		IFRS restated		SA GAAP							
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
SUMMARISED INCOME STATEMENTS*											
Revenue	**17 874**	11 097	10 013	8 424	10 111	9 027	8 535	13 318	12 972	12 586	12 082
Earnings before exceptional items and interest	**1 437**	719	491	421	633	386	218	294	203	545	227
Exceptional items	**(147)**	(78)	21	(16)	(5)	(2)	(3)	(697)	(76)	348	(118)
Earnings/(loss) before interest and taxation**	**1 290**	641	512	405	628	384	215	(403)	127	893	109
Net interest/(expense) income***	**21**	35	22	10	(66)	71	(6)	(64)	(109)	(262)	(308)
Earnings/(loss) before taxation	**1 311**	676	534	415	562	455	209	(467)	18	631	(199)
Taxation	**(360)**	(175)	(160)	(27)	(76)	(36)	(27)	(39)	(32)	(65)	(42)
Earnings/(loss) after taxation	**951**	501	374	388	486	419	182	(506)	(14)	566	(241)
(Loss)/profit from associates	**(107)**	1	78	114	97	90	71	–	–	–	–
Minority shareholders' interest	**(94)**	(49)	(30)	(25)	(9)	(4)	(1)	(65)	(52)	(48)	(31)
(Loss)/profit from discontinued operations	**(48)**	59	41	–	–	–	–	–	–	–	–
Earnings/(loss) attributable to ordinary shareholders	**702**	512	463	477	574	505	252	(571)	(66)	518	(272)
SUMMARISED BALANCE SHEETS											
Non-current assets	**3 953**	3 389	2 547	2 422	2 082	2 007	1 761	1 861	2 155	2 334	2 870
Current assets	**8 836**	6 797	5 475	3 671	4 211	4 504	3 819	3 796	4 631	5 758	4 135
Goodwill	**206**	147	48	5	10	15	16	–	151	269	502
Deferred taxation assets	**16**	52	34	33	–	–	–	–	–	–	–
Total assets	**13 011**	10 385	8 104	6 131	6 303	6 526	5 596	5 657	6 937	8 361	7 507
Ordinary shareholders' equity	**3 637**	3 086	3 067	2 603	2 485	2 648	1 982	1 717	2 410	3 003	2 693
Minority interest	**178**	108	97	54	13	9	8	8	329	362	215
Total equity	**3 815**	3 194	3 164	2 657	2 498	2 657	1 990	1 725	2 739	3 365	2 908
Non-current liabilities	**1 103**	1 028	890	734	713	733	700	819	896	1 146	1 359
Current liabilities	**8 093**	6 163	4 050	2 740	3 092	3 136	2 906	3 113	3 302	3 850	3 240
Total equity and liabilities	**13 011**	10 385	8 104	6 131	6 303	6 526	5 596	5 657	6 937	8 361	7 507

On 30 June 2000, the Group's holding in Unitrans Limited reduced to 43,8% and Unitrans Limited became an equity accounted associate company.
The Group disposed of its remaining interest in Unitrans Limited effective 31 December 2004.

* IFRS restated numbers are only for continuing operations whereas SA GAAP numbers are for both continuing and discontinued operations.

** Includes an interest expense on the headlease and other property activities of R38,9 million (2006: R49,4 million).

*** Includes currency conversion effects on offshore treasury funds in 2002 and 2003.

RATIOS AND STATISTICS

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	2007	IFRS restated 2006	2005	SA GAAP 2004	2003	2002	2001	2000	1999	1998	1997
EARNINGS											
Earnings/(loss) per share (cents)											
– Basic	**239**	168	145	150	181	152	74	(165)	(19)	150	(79)
– Diluted	**235**	165	143	147	176	152	74	(165)	(19)	150	(79)
Headline earnings/(loss) per share (cents)											
– Basic	**329**	165	148	158	186	154	76	36	3	49	(44)
– Diluted	**325**	162	146	155	181	154	76	36	3	49	(44)
Dividends per share (cents)	**116,0**	60,0	45,0	45,0	52,5	35,0	–	–	50,0	48,5	48,5
Dividend cover	**2,8**	2,7	3,2	3,4	3,4	4,4	–	–	–	1,0	–
Interest cover	**13,0**	11,6	15,2	8,2	7,0	37,1	10,3	4,6	1,9	2,1	0,7
PROFITABILITY											
EBIT on revenue (%)	**8,0**	6,5	4,9	5,0	6,3	4,3	2,6	2,2	1,6	4,3	1,9
EBIT on average total assets (%)	**12,3**	7,8	7,8	6,8	9,9	6,4	3,9	4,7	3,0	8,2	3,1
Attributable earnings on average ordinary shareholders' funds (%)	**20,9**	16,7	16,0	19,0	22,4	21,8	13,6	(27,7)	(2,4)	18,2	(9,0)
PRODUCTIVITY											
Per R1 000 of revenue:											
Payroll cost (rand)	**259**	285	268	216	188	201	189	177	188	196	223
Total average assets (rand)	**654**	833	711	738	634	671	659	473	530	529	601
Value created (Rm)	**6 007**	3 979	3 582	2 606	2 913	2 609	2 174	2 156	2 807	3 737	3 030
Value ratio	**1,30**	1,26	1,35	1,43	1,53	1,44	1,34	0,91	1,15	1,52	1,12
FINANCE											
As a percentage of permanent capital:											
Interest bearing debt	**36**	40	32	30	38	25	28	33	27	(23)	38
Total liabilities	**241**	225	156	133	153	146	181	228	153	85	143
Current assets to current liabilities	**1,10**	1,10	1,35	1,34	1,36	1,44	1,31	1,22	1,40	1,50	1,28
Operating cash flow (Rm)	**1 935**	598	663	289	356	712	558	370	493	1 275	(99)
Operating cash flow per share (cents)	**583**	180	200	87	107	214	164	107	142	369	(29)
OTHER											
Weighted average ordinary shares in issue (millions)	**331,9**	331,9	331,9	331,9	331,9	331,9	340,1	346,0	346,0	346,0	346,0
Weighted average number of treasury shares (millions)	**37,9**	27,1	13,7	13,8	14,1	–	–	–	–	–	–
Number of employees – 30 June	**33 466**	23 867	23 904	13 149	15 827	15 379	16 337	26 098	32 361	43 268	48 464

DEFINITIONS

Dividend cover	Diluted headline earnings per share divided by dividends per share	Value ratio	Value created as a multiple of payroll cost
EBIT	Earnings before interest, taxation and exceptional items	Permanent capital	Ordinary shareholders' equity and minority interest
EBT	Earnings before taxation	Net asset value (NAV)	Ordinary shareholders' equity
EAT	Earnings after taxation	Average	Arithmetic average between consecutive year ends
Interest cover	EBIT divided by interest		

Note: IFRS restated numbers are only for continuing operations, whereas SAGAAP numbers are for both continuing and dicontinued operations.

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

The directors are responsible for the preparation of financial statements that fairly present the state of affairs of the company and the Group at the end of the financial year and of the profit or loss and cashflows for that year in conformity with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa. The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

- the Board and management set standards and management implements systems of internal controls, accounting and information systems; and
- the audit committee recommends group accounting policies and monitors these policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, if not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the year under review.

The annual financial statements have been prepared in accordance with the Companies Act, 1973, as amended, and International Financial Reporting Standards and are based on appropriate accounting policies, supported by reasonable and prudent judgements. These accounting policies have been consistently applied with the prior year, except for the change in accounting policy pertaining to investment properties.

The directors are of the opinion that the company and Group have adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

It is the responsibility of the auditors to express an opinion on the financial statements. Their unmodified report to the members of the company and Group is set out on page 83.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2007, set out on pages 84 to 169, were approved by the board of directors at its meeting held on 29 August 2007 and are signed on its behalf by:

RC Andersen
Chairman

BC Bruce
Group chief executive

RW Rees
Group financial director

CERTIFICATION BY COMPANY SECRETARY

I hereby certify that in accordance with Section 268G(d) of the Companies Act No. 61 of 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, correct and up to date.

Y Karodia
Company secretary

REPORT OF THE INDEPENDENT AUDITORS

To the members of Murray & Roberts Holdings Limited

We have audited the annual financial statements and group annual financial statements of Murray & Roberts Holdings Limited which comprise the directors' report, the balance sheet and the consolidated balance sheet at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 84 to 169.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company and Group as at 30 June 2007, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

AF Mackie
Partner

Sandton
29 August 2007

Deloitte + Touche

Deloitte & Touche
Registered Auditors
Buildings 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton

National Executive **GG Gelink** *Chief Executive* **AE Swiegers** *Chief Operating Officer* **GM Pinnock** *Audit* **DL Kennedy** *Tax* **L Geeringh** *Consulting* **L Bam** *Strategy* **CR Beukman** *Finance* **TJ Brown** *Clients & Markets* **NT Mtoba** *Chairman of the Board* **J Rhynes** *Deputy Chairman of the Board*

A full list of partners and directors is available on request.

REPORT OF THE DIRECTORS

for the year ended 30 June 2007

This report represented by the directors is a constituent document of the group financial statements at 30 June 2007. Except where otherwise stated, all amounts set out in tabular form are expressed in millions of rand.

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, construction materials & services and fabrication sectors. The company does not trade and all of its activities are undertaken through a number of subsidiaries, joint ventures and associates. Information regarding the Group's major subsidiary and associate companies appears in Annexure 1 to the consolidated annual financial statements. A full list of subsidiary and associate companies is available to shareholders on request.

GROUP FINANCIAL RESULTS

Group earnings for the year ended 30 June 2007 were R796 million (2006: R561 million), representing diluted earnings per share of 235 cents (2006: 165 cents). Diluted headline earnings per share (excluding BBBEE expense) were 325 cents (2006: 184 cents).

Full details of the financial position and results of the Group are set out in these financial statements.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, based on consistently applied accounting policies, except for the change in accounting policy pertaining to investment properties.

Exceptional items

A loss of R103,4 million arose from the final disposal of the Group's automotive interests and a balance sheet impairment of R115 million was taken against the Group's investment in Clough. This was partially offset by net gains of R10,9 million on various transactions, including an operating profit of R13,3 million in the property portfolio.

Potential liabilities associated with the Group's property headlease structures have been resolved. The cost of the settlement was offset by a fair value adjustment on property assets (refer to note 25 of the consolidated financial statements for details).

SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2007 are contained in note 11 of the financial statements. There were no changes to the authorised and issued share capital during the year under review.

Particulars relating The Murray & Roberts Trust (the Trust) are set out in note 11 of the financial statements. During the year, the Trust granted an aggregate total of 7 165 000 options over ordinary shares (2006: 2 135 000 options) to senior executives, including executive directors.

At 30 June 2007, the Trust held 5 880 661 ordinary shares (2006: 9 965 386 ordinary shares) against the commitment of 13 734 775 ordinary shares (2006: 11 074 000 ordinary shares).

The total number of ordinary shares that may be utilised for purposes of the Share Scheme is limited to 10% of the total issued share capital of the company from time to time, currently 33 189 262 ordinary shares (2006: 33 189 262 ordinary shares).

Purchase of own shares

In terms of the general authority obtained at the last annual general meeting, the company or its subsidiaries may repurchase ordinary shares to a maximum of 20% of the issued ordinary shares. No ordinary shares were repurchased during the year in terms of this general authority. Approval will be sought at the forthcoming annual general meeting on 30 October 2007 to renew this general authority.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2007:

Interim dividend number 110 of 45 cents per ordinary share (2006: 20 cents)
Final dividend number 111 of 71 cents per ordinary share (2006: 40 cents)

SUBSIDIARIES AND ASSOCIATES

Acquisitions

Acquisition of a further interest in Clough Limited (Clough)

The Group increased it shareholding in Clough from 46,1% to 49,1% in December 2006 representing 15 300 000 shares at a cost of A$6,3 million. The Group also subscribed for an issue of convertible notes in Clough at a cost of A$23,2 million which have a coupon of 10% payable quarterly in arrears and which may be redeemed between one and three years after issue, or converted into 63 021 791 shares. In November 2005 the Group secured the rights to 30 million Clough shares to be issued by Clough within two years in return for a convertible loan credit facility of A$15 million with a 10% coupon.

Acquisition of Wade Walker (Proprietary) Limited (Wade Walker)

The Group acquired 80% of the issued share capital of Wade Walker on 10 January 2007 for R68 million.

Disposals

Disposal of Murray & Roberts Foundries Group (Proprietary) Limited and Borbet Africa Limited

With effect from 1 April 2007 as part of the continued program to rationalise non-core activities, the Group disposed of its entire interest in Murray & Roberts Foundries Group (Proprietary) Limited for the sum of R333 million and its remaining 50% interest in associate company Borbet Africa Limited for the sum of R35 million.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions relating to name changes and share buy backs in some subsidiary companies were passed during the year under review.

POST BALANCE SHEET EVENT

The Group has reached agreement with Clough and the Clough Family (McRae) on a comprehensive capitalisation package for Clough that is subject to shareholder and regulatory approvals and entails a further cash investment of about A$40 million by the Group into a combination of share and convertible note acquisition, share placement and rights issue subscription. The Group will consolidate Clough from 1 July 2007. Key facts of the transaction are disclosed in note 47 to the annual financial statements.

DIRECTORATE AND SECRETARY

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

Independent non-executive

RC Andersen (chairman); SE Funde; NM Magau; JM McMahon; IN Mkhize; AA Routledge; MJ Shaw; JJM van Zyl; RT Vice.

Executive

BC Bruce (group chief executive); SJ Flanagan (group executive director); RW Rees (group financial director); KE Smith (group executive director).

N Jorek resigned as an executive director on 29 August 2007.

The Secretary's business and postal addresses are:

Douglas Roberts Centre	PO Box 100
22 Skeen Boulevard	Bedfordview
Bedfordview	2008
2007	

Interests of directors:

At 30 June 2007, the present directors of the company held direct and indirect beneficial and non-beneficial interest in 2 933 993 of the company's issued ordinary shares (2006: 1 159 909 ordinary shares). Details of ordinary shares held per individual directors are listed below. A total of 4 547 500 (2006: 6 108 750) share options are allocated to directors in terms of the company's Share Scheme, further details are set out in note 45.

Beneficial	Direct	Indirect
BC Bruce	1 665 805	–
JJM van Zyl	–	687 535
Non-beneficial		
RW Rees	–	590 653

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

Auditors

Deloitte & Touche will continue in office in accordance with section 270 (2) of the Companies Act.

29 August 2007

CONSOLIDATED BALANCE SHEET

at 30 June 2007

All monetary amounts are expressed in millions of Rands	Notes	2007	Restated 2006
ASSETS			
Non-current assets			
Property, plant and equipment	1	**2 011,2**	1 714,4
Investment property	2	**525,6**	276,9
Goodwill	3	**206,1**	146,6
Other intangible assets	4	**74,2**	68,3
Investment in associate companies	5	**884,8**	877,3
Other investments	6	**439,8**	435,1
Deferred taxation assets	19.1	**15,8**	51,5
Operating lease receivables		**17,4**	18,2
Total non-current assets		**4 174,9**	3 588,3
Current assets			
Inventories	7	**814,3**	636,2
Net amounts due from contract customers	8	**3 402,2**	2 878,2
Trade and other receivables	9	**1 786,8**	1 454,4
Derivative financial instruments	10.1	**0,3**	8,5
Bank balances and cash	37	**2 809,2**	1 808,3
Assets classified as held-for-sale	29.2	**23,1**	11,2
Total current assets		**8 835,9**	6 796,8
TOTAL ASSETS		**13 010,8**	10 385,1
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	11	**1 036,5**	1 014,3
Other capital reserves	12	**77,8**	57,3
Hedging and translation reserves	13	**154,5**	99,3
Retained earnings		**2 368,2**	1 914,9
Equity attributable to equity holders of the holding company		**3 637,0**	3 085,8
Minority interest	14	**177,8**	108,6
Total equity		**3 814,8**	3 194,4
Non-current liabilities			
Long-term loans	15 & 16	**617,3**	517,0
Obligations under finance headleases	17	**78,4**	155,1
Long-term provisions	18	**63,6**	22,4
Deferred taxation liabilities	19.2	**277,1**	297,3
Derivative financial instruments	10.2	**39,1**	30,5
Operating lease payables		**7,9**	5,6
Non current payables		**19,5**	–
Total non-current liabilities		**1 102,9**	1 027,9
Current liabilities			
Amounts due to contract customers	8	**1 853,2**	961,3
Trade and other payables	20	**3 765,7**	3 391,3
Derivative financial instruments	10.3	**6,1**	9,4
Sub-contractor liabilities	21	**1 315,9**	803,5
Provisions for obligations	22	**261,9**	190,9
Current taxation liabilities		**219,7**	151,6
Bank overdrafts and short-term loans	23	**670,6**	654,8
Total current liabilities		**8 093,1**	6 162,8
TOTAL EQUITY AND LIABILITIES		**13 010,8**	10 385,1

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	Notes	2007	Restated 2006
Continuing operations			
Revenue	24	**17 873,8**	11 097,1
Earnings before interest, exceptional items and depreciation		**1 749,4**	923,8
Amortisation of intangible assets	4	**(22,5)**	(15,7)
Depreciation		**(289,5)**	(188,8)
Earnings before exceptional items and interest		**1 437,4**	719,3
Exceptional items	25	**(146,9)**	(78,4)
Headlease and other property activities*		**13,3**	3,9
Broad Based Black Economic Empowerment (BBBEE) expense		**–**	(80,7)
Other		**(160,2)**	(1,6)
Earnings before interest and taxation**		**1 290,5**	640,9
Interest expense	27.1	**(110,8)**	(62,1)
Interest income	27.2	**132,2**	97,2
Earnings before taxation		**1 311,9**	676,0
Income taxation expense	28	**(360,3)**	(175,1)
Earnings after taxation		**951,6**	500,9
Share of (loss)/profit of associates		**(107,2)**	1,2
Earnings for the year from continuing operations		**844,4**	502,1
Discontinued operations			
(Loss)/profit for the year from discontinued operations	29.1	**(48,5)**	59,2
Earnings for the year	26	**795,9**	561,3
Attributable as follows:			
Equity holders of the holding company		**702,3**	512,7
Minority shareholders		**93,6**	48,6
		795,9	561,3
Weighted average ordinary shares (000)		**298 255**	309 918
Weighted average ordinary shares in issue		**331 893**	331 893
Weighted average ordinary shares owned by The Murray & Roberts Trust		**(8 335)**	(12 139)
Weighted average ordinary shares owned by Murray & Roberts Limited		**(676)**	–
Weighted average ordinary shares owned by the Letsema BBBEE trusts		**(28 953)**	(14 917)
Dilutive adjustment for share options		**4 326**	5 081
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	30.1	**235**	165
– Basic	30.1	**239**	168
Earnings per share from continuing operations (cents)			
– Diluted	30.2	**251**	146
– Basic	30.2	**255**	149
Total dividend per ordinary share (cents)***	31	**116,0**	60,0
* The headlease and other property activities include the following:			
Rental income		**163,5**	143,7
Interest expense		**(38,9)**	(49,4)

** *Includes interest expense of R39 million (2006: R49 million) in respect of headlease and property activities.*

*** *Based on the years to which the dividends relate.*

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	Notes	2007	Restated 2006
Cash flows from operating activities		**1 654,7**	415,0
Receipts from customers		**18 495,8**	11 597,3
Payments to suppliers and employees		**(16 283,2)**	(10 881,1)
Cash generated by operations	32	**2 212,6**	716,2
Interest received		**133,4**	87,4
Interest paid		**(121,5)**	(63,6)
Taxation paid	33	**(289,6)**	(142,0)
Operating cash flow		**1 934,9**	598,0
Dividends paid to shareholders of the holding company		**(249,0)**	(154,1)
Dividends paid to minority shareholders		**(31,2)**	(28,9)
Cash flows from investing activities		**(850,8)**	(356,5)
Associate company – additional acquisition		**(35,1)**	(224,1)
Associate company – loan provided		**(143,3)**	(79,4)
Acquisition of businesses	34	**(60,4)**	144,6
Acquisition of minorities		**–**	(14,2)
Dividends received		**13,7**	4,2
Increase in other investments		**(95,2)**	(23,6)
Net cash inflow on disposal/closure of businesses	35	**332,2**	47,7
Purchase of intangible assets other than goodwill		**(29,2)**	(43,8)
Purchase of property, plant and equipment		**(1 009,1)**	(293,7)
Replacement		**(345,6)**	(126,8)
Additions		**(663,5)**	(166,9)
Proceeds on reduction in investments		**105,4**	96,3
Proceeds on disposal of property, plant and equipment		**70,2**	29,5
Net cash generated		**803,9**	58,5
Cash flows from financing activities		**181,0**	(183,2)
Net movement in borrowings	36	**158,8**	227,7
Net disposal/(acquisition) of treasury shares		**22,2**	(410,9)
Net increase/(decrease) in net cash and cash equivalents		**984,9**	(124,7)
Net cash and cash equivalents at beginning of year		**1 642,0**	1 733,4
Effect of foreign exchange rates		**0,8**	33,3
Net cash and cash equivalents at end of year	37	**2 627,7**	1 642,0

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Other capital reserves	Hedging and translation reserves	Retained earnings	**Attributable to equity holders of the company**	Minority interest	**Total equity**
Restated balance at 30 June 2005	31,8	1 393,4	33,4	17,3	1 591,1	**3 067,0**	96,9	**3 163,9**
Exchange differences	–	–	–	82,0	–	**82,0**	1,8	**83,8**
Recognition of financial instruments arising on acquisition of businesses	–	–	–	–	(28,6)	**(28,6)**	–	**(28,6)**
Deferred taxation charged to equity	–	–	–	–	(0,7)	**(0,7)**	–	**(0,7)**
Net income and expense recognised directly in equity	–	–	–	82,0	(29,3)	**52,7**	1,8	**54,5**
Restated profit for the year	–	–	–	–	512,7	**512,7**	48,6	**561,3**
Total recognised income and expense	–	–	–	82,0	483,4	**565,4**	50,4	**615,8**
Treasury shares acquired	(2,6)	(408,3)	–	–	–	**(410,9)**	–	**(410,9)**
Transfer for the year	–	–	(0,2)	–	0,2	**–**	–	**–**
Acquisition of businesses	–	–	–	–	–	**–**	11,5	**11,5**
Net movement in equity loans	–	–	–	–	–	**–**	(7,6)	**(7,6)**
Purchase of minorities	–	–	–	–	(5,7)	**(5,7)**	(14,2)	**(19,9)**
Recognition of share-based payments	–	–	24,1	–	–	**24,1**	0,5	**24,6**
Dividends declared and paid	–	–	–	–	(154,1)	**(154,1)**	(28,9)	**(183,0)**
Balance at 30 June 2006	29,2	985,1	57,3	99,3	1 914,9	**3 085,8**	108,6	**3 194,4**
Exchange differences	–	–	–	60,8	–	**60,8**	(1,9)	**58,9**
Movement in hedging reserves	–	–	–	(7,8)	–	**(7,8)**	–	**(7,8)**
Deferred taxation charged to equity	–	–	–	2,2	–	**2,2**	–	**2,2**
Net income and expense recognised directly in equity	–	–	–	55,2	–	**55,2**	(1,9)	**53,3**
Attributable profit for the year	–	–	–	–	702,3	**702,3**	93,6	**795,9**
Total recognised income and expense	–	–	–	55,2	702,3	**757,5**	91,7	**849,2**
Treasury shares disposed of	0,5	21,7	–	–	–	**22,2**	–	**22,2**
Acquisition of businesses	–	–	–	–	–	–	10,7	**10,7**
Net movement in equity loans	–	–	–	–	–	–	(2,0)	**(2,0)**
Recognition of share-based payments	–	–	20,5	–	–	**20,5**	–	**20,5**
Dividends declared and paid	–	–	–	–	(249,0)	**(249,0)**	(31,2)	**(280,2)**
Balance at 30 June 2007	**29,7**	**1 006,8**	**77,8**	**154,5**	**2 368,2**	**3 637,0**	**177,8**	**3 814,8**

STATEMENT OF VALUE CREATED

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	2007	%	Restated 2006	%
Revenue	**17 873,8**		11 097,1	
Less: Cost of materials, services and sub-contractors	**(11 719,9)**		(7 039,4)	
	6 153,9		4 057,7	
Exceptional items	**(146,9)**		(78,4)	
Value created	**6 007,0**		3 979,3	
Distributed as follows:				
To employees				
Payroll cost	**4 498,0**	**74,9**	3 007,2	75,6
To providers of finance				
Lease costs and net interest on loans	**134,4**	**2,2**	79,8	2,0
To government				
Company taxation	**360,3**	**6,0**	175,1	4,4
To maintain and expand the Group				
Reserves available to ordinary shareholders	**702,3**		512,7	
Depreciation	**289,5**		188,8	
Amortisation	**22,5**		15,7	
	1 014,3	**16,9**	717,2	18,0
	6 007,0	**100,0**	3 979,3	100,0
Number of employees	**33 466**		23 867	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**360,3**		175,1	
Indirect taxation	**589,0**		319,0	
Employees' tax	**429,0**		300,0	
RSC levies	**0,3**		13,3	
Rates and taxes	**11,6**		10,5	
Customs and excise duty	**1,3**		2,2	
	1 391,5		820,1	

ACCOUNTING POLICIES

for the year ended 30 June 2007

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented. These accounting policies are consistent with those applied in the previous periods with the exception of investment property which was changed from amortised cost to fair value. Comparative figures have been restated to more fairly present the change in accounting policy (see note 50).

BASIS OF PREPARATION

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

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and 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 actions, actual results may ultimately differ from those estimates.

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in note 48.

Standards, interpretations and amendments to published standards that are not yet effective as well as those adopted early by the Group are discussed in note 49.

STATEMENT OF COMPLIANCE

These consolidated financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

BASIS OF CONSOLIDATION

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited (the company), its subsidiaries, its interest in joint ventures, and its interest in associates.

Subsidiaries

Subsidiaries are entities, including special purpose entities such as The Murray & Roberts Trust, controlled by the Group. Control exists where the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying an interest of more than one-half of the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Subsidiaries are never excluded from consolidation. If a subsidiary is acquired but control is expected to be temporary because the intention is that the subsidiary will be sold within 12 months from acquisition, the acquired subsidiary is still consolidated but is accounted for as a disposal group or a discontinued operation.

The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary.

If a subsidiary uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Joint ventures

Joint ventures are contractual agreements where the Group and other parties undertake an economic activity that is subject to joint control, and where the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. These joint ventures may take the form of jointly controlled operations such as construction contracts, jointly controlled assets, jointly controlled partnerships or companies.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line by line basis in the consolidated financial statements.

The results of joint ventures are included for the period during which the Group exercises joint control over the joint venture.

If a joint venture uses accounting policies other than those adopted in these 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.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the assets.

Associates

Companies in which the Group actively participates in the commercial and financial policy decisions and thereby exercises a significant influence, and which are not classified as subsidiaries or joint ventures, are regarded as associates.

The Group's share of the results of these companies is included in the consolidated financial statements using the equity method. Attributable earnings since acquisition, less dividends received, are added to the carrying value of the investments in these companies.

The Group's interest in associate companies is carried in the balance sheet at an amount that reflects its share of the net assets and the portion of goodwill on acquisition.

Where objective evidence of impairment exists, the carrying value of the investment in an associate (including any goodwill) is assessed against its recoverable amount, and written down to the expected recoverable amount, where applicable.

The results of associates are included for the period during which the Group exercises significant influence over the associate.

If an associate uses accounting policies other than those adopted in these 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.

Where the Group transacts with an associate, unrealised profits and losses are eliminated to the extent of its interest in the associate, except where unrealised losses provide evidence of an impairment of the asset.

The Group considers the carrying value of its investment in the equity of the associate and its other long-term interests in the associate, such as equity loans, when recognising its share of losses of the associate.

Adjustments are made to the carrying value of the investment for any changes in the equity of the associate that have not been recognised in its income statement. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity.

Stand-alone company's financial statements

In the stand-alone accounts of the company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). For the purpose of the consolidated financial statements, the results and the financial position of each entity are expressed in Rand, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Foreign currency monetary items

Monetary assets denominated in foreign currencies are retranslated into the functional currency at the bid rate of exchange ruling at the balance sheet date. Exchange differences arising on retranslation are credited to or charged against income.

Monetary liabilities denominated in foreign currencies are retranslated into the functional currency at the offer rate of exchange ruling at the balance sheet date. Exchange differences arising on retranslation are credited to or charged against income.

Monetary group assets and liabilities (being group loans, call accounts, equity loans, receivables and payables) denominated in foreign currencies are retranslated into the functional currency at the mid rate of exchange ruling at the balance sheet date. Exchange differences arising on retranslation are credited to or charged against income except for those arising on equity loans that are denominated in the functional currency of either party involved. In those instances, the exchange differences are taken directly to equity as part of the foreign currency translation reserve.

Exchange differences arising on the settlement of monetary items are credited to or charged against income.

Foreign currency non-monetary items

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on retranslation are credited to or charged against income except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such items, any exchange component of that gain or loss is also recognised directly in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign entities

The results and financial position of foreign entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, at rates of exchange ruling at the balance sheet date
- income, expenditure and cash flow items at average rates.

All resulting exchange differences are reflected in equity as part of the foreign currency translation reserve. On disposal of a foreign entity, the cumulative translation differences relating to that entity are recognised in the income statement as part of the cumulative gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and retranslated at the rates of exchange ruling at the balance sheet date.

Any exchange difference arising on an intra-group monetary item, whether short term or long term, continues to be recognised as income or an expense since the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. However, exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a foreign entity are classified as equity until the disposal of the net investment at which time the cumulative amount of the exchange differences that have been deferred and relate to that foreign entity are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instruments. Purchases and sales of financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the instrument.

Loans and receivables

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

The provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loan or receivable.

When a loan has a fixed maturity date but carries no interest, the carrying value reflects the time value of money, and the loan is discounted to its net present value. The unwinding of the discount is subsequently reflected in the income statement as part of interest income.

Trade receivables

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

The provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analysis and events that exist at balance sheet date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Contract receivables and retentions

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

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

Cash and cash equivalents

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

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

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Non-trading financial liabilities

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

Trade payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are initially recognised at fair value, and are subsequently classified as non-trading financial liabilities and carried at amortised cost using the effective interest rate method.

Subcontractor liabilities

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

Investments

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

Financial assets designated as fair value through profit and loss

Financial assets designated as fair value through profit and loss are stated at fair value. Resulting gains or losses are recognised in the income statement.

Where management has identified objective evidence of impairment, provision is raised against the investment if the carrying value exceeds the recoverable amount.

Non-trading financial asset investments

Non-trading financial asset investments are stated at fair value. Resulting gains or losses are recognised as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in the income statement.

Where management has identified an objective evidence of impairment, provision is raised against the investment if the carrying value exceeds the recoverable amount.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the contract date, which includes transaction costs. Subsequent to initial recognition derivative instruments are stated at fair value with the resulting gains or losses recognised in the income statement.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement.

Where a legally enforceable right of offset exists for recognised derivative financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

The Group generally makes use of three types of derivatives, being foreign exchange contracts, interest rate swap agreements and embedded derivatives. The majority of these are used to hedge the financial risks of recognised assets and liabilities, unrecognised forecasted transactions or unrecognised firm commitments (hereafter referred to as "economic hedges").

Hedge accounting is not necessarily applied to all economic hedges but only where management made a decision to designate the hedge as either a fair value or cash flow hedge and the hedge qualifies for hedge accounting.

Economic hedges where no hedge accounting is applied

When a derivative instrument is entered into as a hedge, all fair value gains or losses are recognised in the income statement.

Economic hedges where hedge accounting is applied

Hedge accounting recognises the offsetting effects of the hedging instrument (i.e. the derivative) and the hedged item (i.e. the item being hedged such as a foreign denominated liability).

Hedges can be designated as fair value hedges, cash flow hedges, or hedges of net investments in foreign entities.

Fair value hedges

When a derivative instrument is entered into and designated as a fair value hedge, all fair value gains or losses are recognised in the income statement.

Changes in the fair value of a hedging instrument that is highly effective and is designated and qualifies as a fair value hedge, are recognised in profit and loss together with the changes in the fair value of the related hedged item.

Cash flow hedges

Where a derivative instrument is entered into and designated as a cash flow hedge of a recognised asset, liability or a highly probable forecasted transaction, the effective part of any gain or loss arising on the derivative instrument is recognised as part of the hedging reserve until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in the income statement.

If the underlying transaction occurs and results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity must be reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that interest income or interest expense is recognised). However, if the Group expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it shall reclassify into the income statement the amount that is not expected to be recovered.

If the underlying transaction occurs and results in the recognition of a non-financial asset or a non-financial liability, or a forecasted transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains or losses that were recognised directly in equity are included in the initial cost or other carrying value of the asset or liability.

CONTRACTS-IN-PROGRESS

Contracts-in-progress represent those costs recognised by the stage of completion of the contract activity at the balance sheet date.

Anticipated losses to completion are deducted.

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.

BUSINESS COMBINATIONS AND GOODWILL ON ACQUISITIONS

The Group uses the acquisition method to account for the acquisition of businesses.

Goodwill is recognised as an asset at the acquisition date of a business, subsidiary, associate or jointly controlled entity. Goodwill on the acquisition of a subsidiary and joint venture company is included in intangible assets. Goodwill on the acquisition of an associate company is included in the investment in associates.

In respect of business acquisitions that have occurred since 1 July 2004, goodwill is measured at cost, being the excess of the cost of the acquisition over the interest in the fair value of the assets, including identified intangible assets, liabilities and contingent liabilities acquired and recognised. In respect of acquisitions prior to this date, goodwill, where applicable, is included on the basis of its deemed cost, which represents the amount recorded under SAGAAP.

ACCOUNTING POLICIES

for the year ended 30 June 2007

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 the Group's cash-generating units expected to benefit from the synergies of the business combination. Any impairment loss of the cash-generating unit is first allocated against the goodwill and thereafter against the other assets of the cash-generating unit on a pro rata basis.

Whenever negative goodwill arises, the identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities is reassessed. If negative goodwill still remains, it is recognised in the income statement immediately.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals, in other words a portion of the goodwill is expensed as part of the cost of disposal.

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 as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products and technology) are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably.

Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not capitalised as an asset in a subsequent period.

Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a systematic basis over the period of its expected benefit.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred and is not capitalised.

Subsequent expenditure

Subsequent costs incurred on intangible assets are included in the carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a systematic basis over the estimated useful lives from the date that they are available for use unless the useful lives are indefinite. Intangible assets with indefinite lives are tested annually for impairment.

The average amortisation periods are set out in note 4.

PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use during more than one period. Property, plant and equipment could be constructed by the Group or purchased from other entities. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

Measurement

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that revaluation.

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 the income statement in the year incurred.

Revaluations

Property, plant and equipment is not revalued.

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 estimated residual value over its estimated useful life. The average depreciation periods are set out in note 1.

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised or classified as held-for-sale.

The useful life and residual value of each component is reviewed annually at year end and, if expectations differ from previous estimates, adjusted prospectively as a change in accounting estimate.

Impairment

Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment provision is raised immediately to bring the carrying value inline with the recoverable amount.

Dismantling and decommissioning costs

The cost of an item of property, plant and equipment includes the initial estimate, where relevant, of the costs of its dismantlement, removal, or restoration of the site on which it was located, the obligation for which the Group incurs as a consequence of installing the item or having used the item during a particular period for purposes other than to produce inventories.

IMPAIRMENT OF ASSETS

At each balance sheet date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash inflows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

INVESTMENT PROPERTY

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

Initially, investment property is measured at cost including all transaction costs. Subsequent to initial recognition investment property is stated at fair value.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gain or loss on the derecognition of an investment property is recognised in the income statement in the year of derecognition.

NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, disposal groups, or components of an enterprise are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, disposal groups, or components of an enterprise classified as held-for-sale are stated at the lower of its previous carrying value and fair value less costs to sell.

An impairment loss, if any, is recognised in the income statement for any initial and subsequent write-down of the carrying value to fair value less costs to sell. Any subsequent increase in fair value less cost to sell is recognised in the income statement to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised reduces the carrying value of the non-current assets first to goodwill allocated to the disposal group, and the remainder to the other assets of the disposal group pro rata on the basis of the carrying value of each asset in the disposal group.

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the write-down as they are assessed for impairment per the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be to these other assets of the disposal group pro rata on the basis of the carrying value of each asset in the unit (group of units), but not to goodwill.

Assets held-for-sale are not depreciated or amortised. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

When the sale is expected to occur beyond one year, the costs to sell are measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as an interest expense.

Non-currents assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the balance sheet. The sum of the post-tax profit or loss of the discontinued operation, and the post-tax gain or loss on the remeasurement to fair value less costs to sell is presented as a single amount on the face of the income statement.

INVENTORIES

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or will be used for general servicing purposes. Consumable stores are recognised in the income statement as consumed.

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

The cost of inventories is determined using the following cost formulas:

- raw materials – first-in, first-out or weighted average cost basis
- finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity.

For inventories with a different nature or use to the Group, different cost formulas are used. The cost of inventories includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchase costs, where applicable.

In certain business operations the standard cost method is used. The standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. These are regularly reviewed and, if necessary, revised in the light of current conditions. All abnormal variances are immediately expensed as overhead costs. All under absorption of overhead costs are expensed as a normal overhead cost, while over absorption are adjusted against the inventory item or the cost of sales if already sold.

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

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 balance sheet at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct cost incurred in negotiating or arranging a lease is added to the cost of the asset. The present value of the cost of decommissioning, restoration or similar obligations relating to the asset are also capitalised to the cost of the asset on initial recognition. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or unit of production basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values. Where it is not certain that an asset will be taken over by the Group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

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

Operating leases

Operating lease payments are recognised in the income statement 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.

HEADLEASES

All headleases in which the Group has a controlling interest in the property at the end of the lease are classified as finance leases. All other headleases are classified as onerous operating leases.

Finance headleases

Headlease assets, where part of finance headleases, are capitalised as investment property at their fair values and a corresponding liability is raised.

Land is not depreciated. Buildings are depreciated using the straight-line basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values.

Operating headleases

A long-term provision is raised in respect of the onerous headleases that are classified as operating headleases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If a present obligation does not exist, the provision is not raised but rather treated as a contingent liability.

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions are reflected separately on the face of the balance sheet and are separated into their long-term and short-term portions. Contract provisions are, however, deducted from contracts in progress.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs will be incurred in meeting contract obligations in excess of the economic benefits expected to be received from the contract.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

In the ordinary course of business the Group may pursue a claim against a subcontractor or client.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the balance sheet.

ACCOUNTING POLICIES

for the year ended 30 June 2007

SHARE-BASED PAYMENT TRANSACTIONS

An expense is recognised where the Group receives goods or services in exchange for shares or rights over shares ('equity-settled transactions') or in exchange for other assets equivalent in value to a given number of shares or rights over shares ('cash-settled transactions').

Employees, including directors, of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using binomial lattice and Monte Carlo models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group ('market conditions'). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

EMPLOYEE BENEFITS

Defined contribution plans

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

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

Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer plan or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average working lives of participating employees.

The current service cost in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past-service costs, experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing employees are expensed over the remaining service lives of these employees. Adjustments relating to retired employees are expensed in the year in which they arise. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

The defined benefit obligation recognised in the balance sheet, 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 as reduced by the fair value of plan 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 contributions to the plan.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to the item of property, plant and equipment and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

TAXATION

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiary companies and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The carrying amount of a deferred taxation asset are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against liabilities and when the deferred taxation relates to the same fiscal authority.

RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

REVENUE

Revenue is the aggregate of the turnover of subsidiaries and the Group's share of the turnover of joint ventures, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rendering of services

Revenue from services is recognised over the period during which the services are rendered.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Dividend income is recognised when the right to receive payment is established.

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 balance sheet 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.

EXCEPTIONAL ITEMS

Exceptional items are material items which derive from events or transactions that fall outside the ordinary trading activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

BORROWING COSTS

Borrowing costs are not capitalised but recognised in the income statement in the period incurred.

DIVIDENDS

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

SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

Segmental assets

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

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, sub-contractor liabilities and external interest bearing borrowings.

BLACK ECONOMIC EMPOWERMENT

IFRS 2 – Share Based Payment requires share-based payments to be recognised as an expense in the income statement. This expense is measured at the fair value of the equity instruments issued at the date of grant.

Letsema Vulindlela Black Executives Trust

Once selected black executives become vested beneficiaries of the Letsema Vulindlela Black Executives Trust and are granted Murray & Roberts shares in terms of their vesting rights, the fair value of these equity instruments, valued at the various dates on which the grants take place, are recognised as an expense over the related vesting periods.

Letsema Khanyisa Black Employee Benefits Trust and Letsema Sizwe Broad-Based Community Trust

These trusts are established as 100-year trusts. However, after the lock-in period ending 31 December 2015, they may, at the discretion of the trustees, be dissolved in which event any surplus in these trusts after the satisfaction of all the liabilities in these trusts will be transferred to organisations which engage in similar public benefit activities to these trusts, which may include the beneficiaries of these trusts. 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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	Immovable property	Owner-occupied headlease property	Plant and machinery	Other equipment	Total
1. PROPERTY, PLANT AND EQUIPMENT					
Cost or deemed cost:					
At 30 June 2005	220,9	57,2	1 798,9	153,4	2 230,4
Additions	10,5	–	268,2	90,3	369,0
Acquisition of businesses	47,8	–	462,8	25,2	535,8
Disposals	(1,7)	–	(92,8)	(10,1)	(104,6)
Disposals of businesses	–	–	(51,5)	(2,6)	(54,1)
Reclassification	(9,0)	–	13,0	(21,9)	(17,9)
Reclassification to other intangible assets	–	–	–	(1,4)	(1,4)
Scrappings	–	–	(8,1)	(1,8)	(9,9)
Transfer to assets classified as held-for-sale	(3,2)	–	–	–	(3,2)
Transfer to investment property	–	(13,8)	–	–	(13,8)
Exchange rate adjustment	1,3	–	33,8	1,2	36,3
At 30 June 2006	266,6	43,4	2 424,3	232,3	2 966,6
Additions	45,9	–	762,8	200,4	1 009,1
Acquisition of businesses	–	–	6,6	0,1	6,7
Disposals	(3,8)	–	(72,9)	(5,0)	(81,7)
Disposals of businesses	(48,0)	–	(499,7)	(49,4)	(597,1)
Reclassification	22,2	–	68,3	(90,5)	–
Scrappings	–	–	(19,8)	(10,8)	(30,6)
Transfer to assets classified as held-for-sale	–	–	(8,5)	–	(8,5)
Transfer to headlease property	–	(13,8)	–	–	(13,8)
Exchange rate adjustment	0,6	–	12,5	(0,3)	12,8
At 30 June 2007	283,5	29,6	2 673,6	276,8	3 263,5
Accumulated depreciation and impairment:					
At 30 June 2005	13,1	1,3	774,8	65,6	854,8
Charge for the year	4,7	0,5	204,2	20,4	229,8
Impairment loss	4,3	–	–	–	4,3
Reversal of impairment loss	–	–	(2,6)	–	(2,6)
Acquisition of businesses	8,9	–	246,1	19,0	274,0
Disposals	–	–	(74,2)	(8,1)	(82,3)
Disposals of businesses	–	–	(18,6)	(2,1)	(20,7)
Reclassification	(1,8)	–	(16,5)	0,4	(17,9)
Transfer to other intangible assets	–	–	–	(1,2)	(1,2)
Scrappings	–	–	(6,2)	(1,6)	(7,8)
Transfer to assets classified as held-for-sale	(0,6)	–	–	–	(0,6)
Exchange rate adjustment	0,6	–	20,8	1,0	22,4
At 30 June 2006	29,2	1,8	1 127,8	93,4	1 252,2

All monetary amounts are expressed in millions of Rands	Immovable property	Owner-occupied headlease property	Plant and machinery	Other equipment	Total
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*					
Accumulated depreciation and impairment: *(continued)*					
At 30 June 2006	29,2	1,8	1 127,8	93,4	1 252,2
Charge for the year	8,3	–	294,1	28,8	331,2
Impairment loss	–	–	2,5	–	2,5
Reversal of impairment loss	–	–	(1,3)	–	(1,3)
Disposals	(0,2)	–	(45,8)	(3,1)	(49,1)
Disposals of businesses	(2,9)	–	(242,4)	(8,8)	(254,1)
Reclassification	4,9	–	(2,1)	(2,8)	–
Scrappings	–	–	(18,6)	(10,7)	(29,3)
Transfer to headlease property	–	(1,8)	–	–	(1,8)
Transfer to assets classified as held-for-sale	–	–	(3,1)	–	(3,1)
Exchange rate adjustment	–	–	5,1	–	5,1
At 30 June 2007	39,3	–	1 116,2	96,8	1 252,3
Carrying amount:					
At 30 June 2007	**244,2**	**29,6**	**1 557,4**	**180,0**	**2 011,2**
At 30 June 2006	237,4	41,6	1 296,5	138,9	1 714,4
Net carrying amount of capitalised leased assets included in the above is:					
At 30 June 2007	**0,2**	**29,6**	**124,7**	**11,5**	**166,0**
At 30 June 2006	4,6	41,6	171,8	10,5	228,5

Details in respect of immovable property are set out in a register which may be inspected at the Company's registered office.

The Group has pledged certain plant and machinery as security for certain interest bearing borrowings. (Refer note 15, Secured liabilities).

During the year, a subsidiary company discontinued the use of certain plant and equipment. This led to an impairment charge of R2,5 million (2006: R4,3 million) that has been recognised in earnings for the year (note 26). In addition, an amount of R1,3 million (2006: R2,6 million) raised as an impairment provision against plant and equipment in the prior year, was released.

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– immovable property – land	Not depreciated	
– immovable property – building	20 to 40 years	on a straight-line basis
– owner occupied headlease property	30 to 40 years	on a straight-line basis
– plant and machinery	3 to 30 years	on a straight-line basis
– other equipment	3 to 10 years	on a straight-line basis

All monetary amounts are expressed in millions of Rands	Headlease property	Other investment property	Total investment property
2. INVESTMENT PROPERTY			
Restated balance as at 1 July 2005	249,6	9,7	259,3
Net loss from fair value adjustment (see note 50)	(4,9)	–	(4,9)
Acquisition of businesses	–	17,6	17,6
Transfer to assets classified as held-for-sale	–	(8,6)	(8,6)
Transfer from owner-occupied	13,8	–	13,8
Disposals	–	(0,3)	(0,3)
At 30 June 2006	258,5	18,4	276,9
Net gain from fair value adjustment (see note 50)	252,8	–	252,8
Disposals	(16,1)	–	(16,1)
Reclassifications	9,0	(9,0)	–
Transfer from owner-occupied	12,0	–	12,0
At 30 June 2007	516,2	9,4	525,6

Details in respect of the headlease investment property are set out in a register which may be inspected at the Company's registered office.

The fair value of the investment properties at 30 June 2007 has been arrived at on the basis of a valuation carried out by Murray & Roberts Properties Group, a related party, on an open market basis.

The headlease investment property forms part of the Group's headlease and other property activities and cannot be realised until the headleases are settled (Refer note 17, Obligations under finance headleases).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to R163,5 million (2006: R143,7 million). Direct operating expenses arising on the investment property in the period amounted to R127 million (2006: R93,0 million). Profit on disposal of investment property amounted to R15,7 million (2006: R3,8 million).

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
3. GOODWILL		
3.1 Cost		
At beginning of year	**146,6**	47,8
Acquisition of businesses (note 34)*	**66,7**	98,7
Refund of investment purchase price	**(13,2)**	–
IFRS3 adjustments to Concor goodwill**	**6,0**	–
Exchange rate adjustment	**–**	0,1
	206,1	146,6
Goodwill is allocated to the Group's cash-generating units identified according to the business segments that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following business segments:		
Construction*	**101,2**	38,2
Mining	**34,7**	47,9
Construction materials & services	**70,2**	60,5
	206,1	146,6

* *The acquisition accounting for Wade Walker (Proprietary) Limited is still on a provisional basis.*

** *The R6 million adjustment relates to contractually higher wage rates in respect of contracts existing at acquisition.*

3.2 Impairment testing

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

Construction

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market.The discount rate used of 15,2% is pre-tax and reflects the aquiree's weighted average cost of capital adjusted for relevant risk factors.

Mining

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market. The discount rate used of 12,1% is pre-tax and reflects the aquiree's weighted average cost of capital adjusted for relevant risk factors.

Construction materials & services

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market. The discount rate used of 15,5% is pre-tax and reflects the aquiree's weighted average cost of capital adjusted for relevant risk factors.

All monetary amounts are expressed in millions of Rands	Computer software	Mineral rights	Other intangible assets	Total
4. OTHER INTANGIBLE ASSETS				
Cost:				
At 30 June 2005	20,8	–	3,9	24,7
Additions	42,9	–	0,9	43,8
Acquisition of businesses	23,3	19,9	–	43,2
Reclassification from plant and equipment	1,4	–	–	1,4
Exchange rate adjustment	0,2	–	0,2	0,4
At 30 June 2006	88,6	19,9	5,0	113,5
Disposals	(0,3)	–	–	(0,3)
Disposals of businesses	(4,6)	–	–	(4,6)
Additions	25,3	–	3,9	29,2
At 30 June 2007	109,0	19,9	8,9	137,8
Accumulated amortisation:				
At 30 June 2005	4,8	–	1,0	5,8
Charge for the year	13,4	1,5	0,8	15,7
Acquisition of businesses	22,3	–	–	22,3
Reclassification from plant and equipment	1,2	–	–	1,2
Exchange rate adjustment	0,2	–	–	0,2
At 30 June 2006	41,9	1,5	1,8	45,2
Charge for the year	18,1	2,4	2,0	22,5
Disposals	(0,3)	–	–	(0,3)
Disposals of businesses	(3,8)	–	–	(3,8)
At 30 June 2007	55,9	3,9	3,8	63,6
Carrying amount:				
At 30 June 2007	**53,1**	**16,0**	**5,1**	**74,2**
At 30 June 2006	46,7	18,4	3,2	68,3

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Other intangible assets include a technology agreement in Canada that has an indefinite useful life, and the N2 and N3 Toll road operations contracts.

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

– computer software	2 to 4 years	on a straight-line basis
– mineral rights	7 years	per usage of clay
– other intangible assets	3 to 5 years	on a straight-line basis

The largest component of the computer software relates to an ERP system that had an estimated remaining useful life of four years at 30 June 2007.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
5. INVESTMENT IN ASSOCIATE COMPANIES		
5.1 Investment in associate companies		
The Group's share of associate companies included in the consolidated balance sheet is as follows:		
Construction and engineering		
As at beginning of year	766,2	505,4
Additions – Clough Limited*	34,7	224,1
Share of post-acquisition (loss)/earnings	(114,4)	0,6
Impairment of Clough Limited	(114,5)	–
Write off of investment in Murray & Roberts Zimbabwe	(8,1)	–
Reversal of provision against investment in Murray & Roberts Zimbabwe	8,1	–
Exchange rate adjustment	50,8	36,1
	622,8	766,2
The carrying value of the investment can be analysed as follows:		
Net tangible assets acquired	339,1	328,7
Impairment provision – Murray & Roberts (Zimbabwe) Limited	(39,9)	(48,0)
Goodwill	435,0	448,8
Impairment of goodwill – Clough Limited	(114,5)	–
Share of post-acquisition (loss)/earnings	(113,8)	0,6
Exchange rate adjustments	116,9	36,1
	622,8	766,2
Loan to Clough Limited**	83,9	79,4
Convertible notes issued by Clough Limited***	138,8	–
	845,5	845,6

* *The acquisition accounting for the additional 3% acquired in Clough Limited is still on a provisional basis.*

** *The loan to Clough Limited is unsecured and bears interest at 10% per annum. The repayment date is the earlier of two years from the share placement or 61 days after announcement of the resolution of the Bassgas dispute, but in any event, no later than 10 November 2007.*

*** *The convertible notes were issued in December 2006 and bear interest at 10% per annum. Murray & Roberts took up 23,2 million notes at a cost of A$23,2 million. The notes are convertible between November 2007 and November 2009.*

120 000 000 shares of the Group's investment in the shares of Clough Limited have been pledged as security for a bank loan. (Refer note 15 Secured liabilities).

	2007	Restated 2006
Other associates		
As at beginning of year	17,5	–
Acquisition of businesses	0,4	19,3
Disposals and partial disposals	–	(2,4)
Share of post-acquisition earnings	7,2	0,6
	25,1	17,5
The carrying value of the investment can be analysed as follows:		
Net tangible assets acquired	17,3	16,9
Share of post-acquisition earnings, net of dividends received	7,8	0,6
	25,1	17,5
Loans to other associate companies, net of impairment provisions	14,2	14,2
The loans to the associate companies are unsecured, interest free and have no fixed repayment terms.		
	39,3	31,7
Total investment in associate companies	884,8	877,3

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
5. INVESTMENT IN ASSOCIATE COMPANIES *(continued)*		
5.2 Valuation of shares		
Construction and engineering		
Market value of listed Clough Limited (2007: 250 650 000 shares) (2006: 235 351 010 shares)	**809,9**	435,8
Market value of listed Murray & Roberts (Zimbabwe) Limited[1] (2007: 99 632 311 shares) (2006: 99 632 311 shares)	**83,6**	84,2
Other associates		
Directors' valuation of unlisted associates	**25,1**	17,5
5.3 Summarised financial information in respect of the Group's associates is set out below:		
Construction and engineering		
Non-current assets	**867,0**	1 040,9
Current assets	**2 101,2**	2 215,3
Total assets	**2 968,2**	3 256,2
Non-current liabilities	**464,5**	365,1
Current liabilities	**2 124,2**	1 799,4
Total liabilities	**2 588,7**	2 164,5
Net assets	**379,5**	1 091,7
Group's share of associates' net assets	**186,3**	505,9
Revenue	**3 282,3**	3 419,5
Attributable loss for the year	**(596,0)**	(94,0)
Group's share of associates' (loss)/profit for the period	**(114,4)**	0,6
The Group's share of the attributable loss of Clough Limited is a post-acquisition loss from associate of R114,4 million (2006: R0,6 million profit). Clough itself has recorded an attributable loss of A$105,3 million (2006: A$15,1 million) for the year to 30 June 2007, the majority of which relates to pre-acquisition matters.		
Other associates		
Non-current assets	**208,8**	182,4
Current assets	**58,6**	71,2
Total assets	**267,4**	253,6
Non-current liabilities	**174,9**	140,7
Current liabilities	**17,4**	93,1
Total liabilities	**192,3**	233,8
Net assets	**75,1**	19,8
Group's share of associates' net assets	**28,4**	8,4
Revenue	**184,8**	241,3
Attributable profit for the year	**(2,6)**	13,6
Group's share of associates' profits for the period	**7,2**	0,6

5.4 Details of associate companies

Name of significant associates	Place of incorporation	% of ownership and votes 2007	% of ownership and votes 2006	Main activity
Clough Limited	Australia	**49,1**	46,1	Oil & Gas
Murray & Roberts (Zimbabwe) Limited[1]	Zimbabwe	**48,7**	48,7	Construction
Gryphon Logistics (Proprietary) Limited	South Africa	**30,0**	30,0	Transport

[1]Murray & Roberts (Zimbabwe) Limited operates in a hyperinflationary environment and is restricted from transferring funds out of Zimbabwe.

All monetary amounts are expressed in millions of Rands			2007	Restated 2006
6. OTHER INVESTMENTS				
6.1 Financial assets designated as fair value through profit and loss				
Investments in infrastructure service concessions				
At beginning of year			193,8	134,6
Acquisition of businesses			–	27,7
Investment in Bombela Concession Company (Proprietary) Limited			68,1	–
Additional investments, disposals and repayments received			(30,1)	(36,1)
Fair value adjustment recognised in income statement			76,0	67,6
Fair value of unlisted designated fair value through profit and loss			307,8	193,8
(Directors' valuation R307,8 million, 2006: R193,8 million)				
The financial assets designated as fair value through profit and loss comprise of the Group's interest in the following infrastructure service concessions:				
	% Interest	Remaining concession period		
Bombela Concession Company (Proprietary) Limited*	25,00	19 years	68,1	–
Bakwena Platinum Corridor Concessionaire (Proprietary) Limited**	10,68	25 years	147,2	91,6
N3 Toll Concession (Proprietary) Limited**	13,07	24 years	92,5	102,2
			307,8	193,8

* The rail service investment is carried at cost until completion of the development phase.
** The fair value of the toll road investments has been calculated using discounted cash flow models and market discount rates. The discounted cash flow models are based on traffic estimates, forecasted operating costs, inflation rates and other economic fundamentals.

	2007	Restated 2006
6.2 Non-trading financial assets		
Unlisted investments		
At beginning of year	3,8	1,1
Acquisition of businesses	–	3,5
Additions, disposals and other movements	2,6	(0,8)
Fair value of unlisted non-trading investments	6,4	3,8
(Directors' valuation R6,4 million, 2006: R3,8 million)		
6.3 Loans and receivables		
Unsecured loans and receivables		
Balance at beginning of the year	237,5	221,0
Acquisition of businesses	–	14,5
Additional investments made	22,4	23,6
Arising on disposal of businesses	–	45,0
Transfer to assets classified as held-for-sale (note 29.2)	(15,1)	–
Disposals and repayments	(70,0)	(59,4)
Impairment of investment	(48,0)	–
Other movements	(1,2)	(7,2)
Amortised cost of unsecured loans and receivables	125,6	237,5
Total other investments	439,8	435,1

Details in respect of the other investments are set out in a register that may be inspected at the Company's registered office. Included in loans and receivables is an amount of R25,3 million (2006: R97,2 million) receivable from related parties. Further details of these amounts are set out in note 45.2.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
7. INVENTORIES		
At cost, net of impairment provisions		
Raw materials	**369,9**	288,4
Work-in-progress	**94,2**	68,3
Finished goods and manufactured components	**248,5**	170,4
Consumable stores	**101,7**	106,6
Property	**–**	2,5
	814,3	636,2
Property inventories with a carrying value of Rnil (2006: R1.2 million) have been pledged as security over long-term loans. (Refer note 15, Secured liabilities).		
8. CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts in progress at year end	**342,0**	814,0
Amounts receivable on contracts (net of impairment provisions)	**1 792,8**	1 260,3
	2 134,8	2 074,3
Advances received in excess of work completed	**(836,5)**	(454,5)
Net amounts receivable from contracts	**1 298,3**	1 619,8
Retentions receivable (net of impairment provisions)	**250,7**	297,1
	1 549,0	1 916,9
These balances represent:		
Net amounts due from contract customers	**3 402,2**	2 878,2
Amounts due to contract customers	**(1 853,2)**	(961,3)
	1 549,0	1 916,9
Amounts of R60,5 million (2006: R52,6 million) are due for settlement after more than 12 months from balance sheet date.		
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 282,0**	1 189,0
Provision for doubtful debts	**(70,4)**	(59,9)
Operating lease receivables recognised on a straight-line basis	**7,4**	13,8
Amount owing by joint venture partners	**100,8**	56,8
Prepayments	**100,5**	76,9
Other receivables	**366,5**	177,8
	1 786,8	1 454,4

Details in respect of the Group's credit risk management policies are set out in note 43.
The directors consider that the carrying amount of the trade and other receivables approximate their fair value.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
10. DERIVATIVE FINANCIAL INSTRUMENTS		
10.1 Current assets		
Forward foreign exchange contracts	**0,3**	8,4
Interest rate swap	**–**	0,1
	0,3	8,5
10.2 Non-current liabilities		
Put option pertaining to minority interest in subsidiary companies	**36,7**	30,5
Forward exchange contracts liability	**2,4**	–
	39,1	30,5
10.3 Current liabilities		
Forward foreign exchange contracts	**6,1**	8,2
Interest rate swap	**–**	1,2
	6,1	9,4
Details in respect of the derivative financial instruments and the Group's financial risk management policies are set out in note 43.		
11. SHARE CAPITAL AND PREMIUM		
11.1 Share capital		
Authorised		
500 000 000 ordinary shares of 10 cents each (2006: 500 000 000 of 10 cents each)	**50,0**	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each (2006: 331 892 619 of 10 cents each)	**33,2**	33,2
Less: Treasury shares held by The Murray & Roberts Trust at par value	**(0,5)**	(1,0)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at par value	**(2,9)**	(2,9)
Less: Treasury shares held by Murray & Roberts Limited at par value	**(0,1)**	(0,1)
Net share capital	**29,7**	29,2

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
11. SHARE CAPITAL AND PREMIUM *(continued)*		
11.1 Share capital *(continued)*	**Number of shares**	Number of shares
Unissued shares:		
(i) Shares which the directors may allot, grant options over or otherwise deal with at their own discretion	**30 000 000**	30 000 000
(ii) Other unissued shares	**138 107 381**	138 107 381
	168 107 381	168 107 381
11.2 Share premium		
Share premium	**1 639,6**	1 639,6
Less: Treasury shares held by The Murray & Roberts Trust at net cost	**(187,7)**	(209,4)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost	**(429,4)**	(429,4)
Less: Treasury shares held by Murray & Roberts Limited at net cost	**(15,7)**	(15,7)
Net share premium	**1 006,8**	985,1
Total share capital and premium	**1 036,5**	1 014,3
11.3 Treasury shares		
Market value of treasury shares		
The Murray & Roberts Trust	**376,3**	253,1
The Letsema BBBEE trusts and companies	**1 852,9**	735,4
Murray & Roberts Limited	**43,2**	17,2
Reconciliation of issued shares:	**Number of shares**	Number of shares
Issued and fully paid	**331 892 619**	331 892 619
Less: Treasury shares held by The Murray & Roberts Trust	**(5 880 661)**	(9 965 386)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(28 951 903)**	(28 952 803)
Less: Treasury shares held by Murray & Roberts Limited	**(675 644)**	(675 644)
Net shares issued to public	**296 384 411**	292 298 786

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for the year ended 30 June 2007

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (the Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (the Trust). At 30 June 2007, the Trust held 5 880 661 (2006: 9 965 386) shares against the commitment of options granted by the trust totalling 13 734 775 (2006: 11 074 000) shares. If necessary, and at the Board's discretion, the Company could issue new shares within the maximum of 10% of the Company's issued capital which was authorised by shareholders for this purpose.

12,7% of the outstanding options at 30 June 2007 was available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2007 were as follows:

Schemes implemented on:		Outstanding options at 30 June 2006	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2007	Option price per share (cents)	Weighted average share price on exercise (cents)
07 July 1997	–	24 500	–	(13 000)	(11 500)	–	913	6 717
09 March 1998	–	128 500	–	(20 000)	(52 500)	56 000	805	5 669
17 March 1999	–	220 000	–	(15 000)	(82 500)	122 500	233	5 091
25 August 1999	–	10 000	–	–	–	10 000	440	–
08 May 2000	–	129 750	–	(9 000)	(39 475)	81 275	316	5 278
15 June 2000	–	850 000	–	–	(850 000)	–	316	4 287
29 August 2000	–	1 000 000	–	–	(1 000 000)	–	325	3 958
14 March 2001	Standard	400 000	–	–	(400 000)	–	460	5 317
14 March 2001	Hurdle	450 000	–	–	(450 000)	–	460	5 149
19 October 2001		20 000	–	–	(20 000)	–	700	6 092
13 March 2002	Standard	491 875	–	(45 000)	(282 500)	164 375	693	5 154
13 March 2002	Hurdle	474 375	–	(22 500)	(295 000)	156 875	693	5 173
29 November 2002	–	40 000	–	–	(20 000)	20 000	1 225	3 905
06 March 2003	Standard	376 250	–	(20 000)	(117 500)	238 750	1 100	5 297
06 March 2003	Hurdle	455 000	–	(20 000)	(93 750)	341 250	1 100	6 463
15 March 2004	Standard	857 500	–	(51 250)	(177 500)	628 750	1 304	5 700
15 March 2004	Hurdle	671 250	–	(51 250)	(130 000)	490 000	1 304	5 847
07 September 2004	Standard	150 000	–	–	(37 500)	112 500	1 200	5 504
07 September 2004	Hurdle	100 000	–	–	(25 000)	75 000	1 200	5 504
28 June 2005	Standard	1 180 000	–	(47 500)	–	1 132 500	1 400	–
28 June 2005	Hurdle	910 000	–	(20 000)	–	890 000	1 400	–
03 March 2006	Standard	1 625 000	–	(85 000)	–	1 540 000	2 353	–
03 March 2006	Hurdle	510 000	–	–	–	510 000	2 353	–
06 March 2007	Hurdle	–	1 625 000	–	–	1 625 000	5 060	–
06 March 2007	Special	–	5 540 000	–	–	5 540 000	5 060	–
TOTAL		11 074 000	7 165 000	(419 500)	(4 084 725)	13 734 775		

Notes:

1. For the 1998 and prior schemes, the options vest at 50% at the fourth and 100% at the fifth anniversary of the grant.

2. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.

3. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.

4. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.

5. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.

6. For the 2004 to 2007 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.

7. The 2007 special scheme is time-related with the first tranche excercisable in 2011.

8. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

9. Options are forfeited if the employee leaves the Group before the options vest.

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust *(continued)*

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

Standard and special schemes	Binomial lattice model
Hurdle scheme	Hybrid of binomial lattice and Monte Carlo models

The inputs into the models were as follows:

Schemes implemented on:		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
29 November 2002		1 225	42,7%	29 November 2012	10,3%	3,0%	612
06 March 2003	Standard	1 100	41,9%	06 March 2013	9,7%	3,0%	508
06 March 2003	Hurdle	1 100	41,9%	06 March 2013	9,7%	3,0%	254
15 March 2004	Standard	1 304	35,8%	15 March 2014	9,5%	4,0%	523
15 March 2004	Hurdle	1 304	35,8%	15 March 2014	9,5%	4,0%	334
07 September 2004	Standard	1 200	34,0%	07 September 2014	9,6%	4,0%	463
07 September 2004	Hurdle	1 200	34,0%	07 September 2014	9,6%	4,0%	302
28 June 2005	Standard	1 400	31,1%	28 June 2011	7,6%	3,4%	433
28 June 2005	Hurdle	1 400	31,1%	28 June 2011	7,9%	3,4%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	2,7%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	2,7%	733
06 March 2007	Hurdle	5 060	29,0%	06 March 2013	8,2%	2,0%	1 629
06 March 2007	Special	5 060	29,0%	06 March 2013	8,2%	2,0%	1 838

Expected volatility was determined using the exponentially weighted moving average (EWMA) model to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R16,3 million (2006: R6,5 million) relating to these share options during the year.

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.5 Equity-settled share incentive scheme – The Letsema Vulindlela Trust

The Letsema Vulindlela 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 Trust (the Vulindlela Trust) is one. The purpose of the Vulindlela Trust is to facilitate ownership in the company's ordinary share capital by black executives. At 30 June 2007, the Vulindlela Trust held 9 956 779 (2006: 9 956 779) shares against the commitment of options granted by the Vulindlela Trust totalling 1 575 000 (2006: 728 800) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the trust will be offset against the outstanding balance of the loan. Within one year after 31 December 2015, 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 an election, the black executives will be required to make a contribution to the trust in order to settle the outstanding loan amount. Should the value of the shares at 31 December 2015 be less than the outstanding loan amount, the trust must return the shares to the company and the loan will be cancelled.

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2007 were as follows:

Schemes implemented on:	Outstanding options at 30 June 2006	Granted during the year	Surrendered during the year	Outstanding options at 30 June 2007	Option price per share (cents)
02 March 2006	664 000	–	(142 000)	522 000	2 353
27 June 2006	64 800	–	–	64 800	2 431
28 August 2006	–	102 500	(7 500)	95 000	3 002
06 March 2007	–	805 200	(47 000)	758 200	5 200
25 June 2007	–	135 000	–	135 000	6 619
TOTAL	728 800	1 042 700	(196 500)	1 575 000	

Notes:
1. *The options can only be exercised at their maturity.*
2. *Options are forfeited if the employee leaves the Group before the options vest.*

The estimated fair values of options granted were determined using the Monte Carlo Simulation model.

The inputs into the models were as follows:

Schemes implemented on:	Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
02 March 2006	2 353	31,0%	31 December 2015	7,2%	2,7%	1 253
27 June 2006	2 431	36,0%	31 December 2015	8,7%	2,3%	1 395
28 August 2006	3 002	29,0%	31 December 2015	8,9%	2,0%	1 621
06 March 2007	5 200	29,0%	31 December 2015	8,2%	2,0%	2 590
25 June 2007	6 619	29,0%	31 December 2015	8,9%	2,0%	3 588

Expected volatility was determined using the exponentially weighted moving average (EWMA) model to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R4,2 million (2006: R0,7 million) relating to these share options during the year.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
12. OTHER CAPITAL RESERVES		
Capital redemption reserve fund		
At beginning of the year	**1,7**	2,2
Transfer to retained earnings	**–**	(0,5)
	1,7	1,7
Statutory reserve		
At beginning of the year	**25,0**	24,7
Transfer from retained earnings	**–**	0,3
	25,0	25,0
Share-based payment reserve		
At beginning of the year	**30,6**	6,5
Recognition of share-based payments	**20,5**	24,1
	51,1	30,6
	77,8	57,3

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 share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments.

	2007	Restated 2006
13. HEDGING AND TRANSLATION RESERVES		
Hedging reserve		
At beginning of the year	**–**	–
Cash flow hedges	**(5,6)**	–
	(5,6)	–
Foreign currency translation reserve		
At beginning of the year	**99,3**	17,3
Foreign currency translation movements	**60,8**	82,0
	160,1	99,3
	154,5	99,3

The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges.

The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional currency of the holding company.

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All monetary amounts are expressed in millions of Rands	2007	Restated 2006
14. MINORITY INTEREST		
The minority interest comprise:		
14.1 Interest of minority shareholders in reserves		
At beginning of the year	**85,8**	67,0
Share of attributable earnings	**93,6**	48,6
Dividends declared and paid	**(31,2)**	(28,9)
Recognition of share based payments	**–**	0,5
Acquisition of businesses	**10,7**	11,5
Purchase of minorities	**–**	(14,2)
Exchange rate and other adjustments	**(0,2)**	1,3
	158,7	85,8
14.2 Equity loans from minority shareholders		
At beginning of the year	**22,8**	29,9
Additional loans raised	**–**	2,8
Loan repayments	**(2,0)**	(10,4)
Exchange rate and other adjustment	**(1,7)**	0,5
	19,1	22,8
The loans from the minority shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.		
Balance at year end	**177,8**	108,6
15. SECURED LIABILITIES		
Liabilities of the Group are secured as follows:		
Loans secured by inventories (2006: book value R1,2 million)	**–**	5,3
Loans secured over plant and machinery with a book value of R261,8 million (2006: R126,2 million)	**167,4**	53,0
Loans secured by investment in associate company with a market value of R387,2 million (2006: R222,2 million)	**211,2**	213,8
	378,6	272,1
Reflected in the balance sheet under:		
Long-term loans (note 16)	**301,8**	240,0
Bank overdrafts and short-term loans (note 23)	**76,8**	32,1
	378,6	272,1
16. LONG-TERM LOANS		
16.1 Interest bearing secured loans		
Payable		
Within 1 year	**76,8**	32,1
Within the 2nd year	**37,0**	13,3
Within years 3 – 5	**53,6**	13,0
Payable after the 5th year	**211,2**	213,7
	378,6	272,1
Less: Current portion (note 23)	**(76,8)**	(32,1)
	301,8	240,0

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
16. LONG-TERM LOANS *(continued)*		
16.2 Interest bearing unsecured loans		
Payable		
Within 1 year	**198,4**	196,4
Within the 2nd year	**162,5**	149,3
Within years 3 – 5	**15,3**	26,9
Payable after the 5th year	**–**	12,6
	376,2	385,2
Less: Current portion (note 23)	**(198,4)**	(196,4)
	177,8	188,8
16.3 Non-interest bearing unsecured loans		
Payable within 1 year (note 23)	**27,8**	55,8
16.4 Capitalised finance leases		
Minimum lease payments		
Within 1 year	**119,3**	83,0
Within the 2nd year	**94,7**	79,3
Within years 3 – 5	**48,2**	17,1
	262,2	179,4
Less: future finance charges	**(15,1)**	(8,7)
Present value of lease obligations	**247,1**	170,7
The present value of lease obligations can be analysed as follows:		
Within 1 year	**109,4**	82,5
Within the 2nd year	**90,1**	71,9
Within years 3 – 5	**47,6**	16,3
	247,1	170,7
Less: Current portion (note 23)	**(109,4)**	(82,5)
	137,7	88,2
	617,3	517,0
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 15. Details of Group's interest rate risk management policies are set out in note 43.		
17. OBLIGATIONS UNDER FINANCE HEADLEASES		
Payable		
Within 1 year	**76,7**	121,7
Within the 2nd year	**25,3**	76,7
Within years 3 – 5	**53,1**	78,4
	155,1	276,8
Less: Current portion (note 23)	**(76,7)**	(121,7)
	78,4	155,1

Details of the repayment terms of the obligations and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in notes 1 and 2. Details of Group's interest rate risk management policies is set out in note 43.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
17. OBLIGATIONS UNDER FINANCE HEADLEASES *(continued)*		
The finance headlease payments represent payments by the Group for the headlease properties in which the Group has a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
The future minimum sublease payments expected to be received for the next three years on the leased properties are R334,9 million (2006: R325,5 million).		
18. LONG-TERM PROVISIONS		
18.1 Headleases and other property activities		
At beginning of the year	**10,2**	25,1
Additional provisions raised	**6,9**	–
Provision released to the income statement	**–**	(13,5)
Trading losses	**–**	(1,4)
At end of the year	**17,1**	10,2
18.2 Decommissioning and other provisions		
At beginning of the year	**12,2**	–
Additional provisions raised	**54,4**	11,6
Provision released to the income statement	**(1,0)**	–
Provision utilised	**(1,5)**	(0,5)
Exchange differences	**(0,5)**	1,1
At end of the year	**63,6**	12,2
Less: Current portion included in provisions for obligations (note 22)	**(17,1)**	–
	46,5	12,2
	63,6	22,4

The decommissioning provisions are based on the directors' best estimate of the decommissioning cost to be incurred.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
19. DEFERRED TAXATION		
19.1 Deferred taxation assets		
The movement on the deferred taxation asset account is as follows:		
At beginning of the year	**51,5**	34,1
Acquisition of businesses	**1,1**	22,5
Disposal of business	**(16,8)**	–
Transfer to deferred taxation liability	**–**	(3,8)
Charge to the income statement	**(20,0)**	(1,3)
At end of the year	**15,8**	51,5
Comprising:		
Inventory	**–**	2,1
Uncertified work and other construction temporary differences	**1,8**	1,4
Plant	**(36,5)**	(36,0)
Tax losses	**4,0**	43,2
Receivables	**(5,5)**	(8,8)
Prepayments	**0,2**	(0,7)
Provisions and accruals	**46,7**	48,4
Advance payments received net of tax allowances	**12,7**	4,4
Fair value adjustments	**(7,9)**	(3,5)
Other	**0,3**	1,0
	15,8	51,5
19.2 Deferred taxation liabilities		
The movement on the deferred taxation liability account is as follows:		
At beginning of the year	**297,3**	251,5
Acquisition of businesses	**0,2**	11,9
Disposal of business	**(12,3)**	–
Transfer from deferred taxation asset	**–**	(3,8)
(Credit)/charge to the income statement	**(5,6)**	37,2
Credit directly to equity	**(2,2)**	0,7
Exchange rate adjustment	**(0,3)**	(0,2)
At end of year	**277,1**	297,3
Comprising:		
Inventory	**(3,1)**	3,8
Uncertified work and other construction temporary differences	**50,8**	50,5
Plant	**203,5**	131,9
Financial leases	**(24,5)**	48,0
Tax losses	**(11,2)**	(22,0)
Receivables	**3,8**	5,1
Prepayments	**26,3**	22,4
Provisions and accruals	**(60,6)**	(13,5)
Advance payments received net of tax allowances	**(20,9)**	(17,4)
Fair value adjustments	**81,1**	66,1
Other	**31,9**	22,4
	277,1	297,3

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for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
19. DEFERRED TAXATION *(continued)*		
19.3 Unused taxation losses		
At the balance sheet date, the Group had unused taxation losses of R72 million (2006: R236 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R52 million (2006: R225 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R20 million (2006: R11 million) due to the unpredictability of future profit streams.		
20. TRADE AND OTHER PAYABLES		
Trade payables	**946,6**	886,2
Accruals and other payables	**2 477,4**	2 204,8
Payroll accruals	**339,3**	278,7
Operating lease payables recognised on a straight-line basis	**2,4**	21,6
	3 765,7	3 391,3
The directors consider that the carrying amount of the trade and other payables approximate their fair value.		
21. SUB-CONTRACTOR LIABILITIES		
Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.	**1 315,9**	803,5

22. PROVISIONS FOR OBLIGATIONS

	Payroll	Warranty	Total
Balance at 30 June 2005	86,0	1,1	87,1
Amounts utilised	(82,2)	(1,0)	(83,2)
Amounts reversed unused	(3,8)	(0,1)	(3,9)
Amounts raised	136,9	0,4	137,3
Acquisition of businesses	52,7	–	52,7
Exchange rate adjustment	0,9	–	0,9
Balance at 30 June 2006	190,5	0,4	190,9
Amounts utilised	(82,9)	(0,4)	(83,3)
Amounts reversed unused	(6,5)	–	(6,5)
Amounts raised	147,1	1,0	148,1
Acquisition of businesses	1,5	–	1,5
Disposal of business	(5,9)	–	(5,9)
Balance at 30 June 2007	**243,8**	**1,0**	**244,8**
Less: Short-term portion of long-term provision (note 18)			**17,1**
			261,9

The payroll provisions relate to staff bonus and severance pay obligations.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
23. BANK OVERDRAFTS AND SHORT-TERM LOANS		
Bank overdrafts (note 37)	**181,5**	166,3
Current portion of long-term loans (note 16)		
– interest bearing secured	**76,8**	32,1
– interest bearing unsecured	**198,4**	196,4
– non-interest bearing unsecured	**27,8**	55,8
Current portion of capitalised finance leases (note 16)	**109,4**	82,5
Current portion of obligations under finance headleases (note 17)	**76,7**	121,7
	670,6	654,8
24. REVENUE		
Continuing operations		
Contracting revenue	**12 310,4**	7 396,2
Sale of goods	**5 130,9**	3 463,7
Rendering of services	**432,5**	210,7
Other	**–**	26,5
	17 873,8	11 097,1
25. EXCEPTIONAL ITEMS		
Headlease and other property activities (notes 1,2,17,18)	**13,3**	3,9
Provision released to income statement	**–**	13,5
Property fair value adjustment	**252,8**	–
Settlement of headlease exposure	**(260,5)**	–
Net lease income from headlease property	**54,7**	44,7
Other property expenses	**(11,8)**	(0,4)
Write down of property value	**–**	(4,9)
Interest expense on obligations under finance headleases	**(37,6)**	(49,4)
Profit on disposal of property	**15,7**	3,8
Additional liability	**–**	(3,4)
Broad Based Black Economic Empowerment (BBBEE) expense	**–**	(80,7)
Impairment loss recognised on associate	**(114,5)**	–
Impairment loss recognised on unsecured loan	**(48,0)**	–
Other	**2,3**	(1,6)
	(146,9)	(78,4)

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
26. EARNINGS FOR THE YEAR		
Earnings before interest and taxation is arrived at after taking into account:		
Items by nature		
Investment income other than interest		
Dividends received	13,7	4,2
Fair value gain on concession investments	76,0	67,6
Rentals received	6,3	5,8
Other items		
Auditors' remuneration:		
Fees for audits	27,0	20,2
Other services	3,1	2,8
Expenses	0,3	0,3
Total auditors' remuneration from continuing operations	30,4	23,3
Total auditors' remuneration from discontinued operations (note 29)	1,4	1,1
Total auditors' remuneration	31,8	24,4
Compensation income from insurance claims	28,8	9,7
Depreciation (note 1):		
Immovable property	8,3	4,7
Plant and machinery	255,3	166,3
Other property, plant and equipment	25,9	17,3
Other investment property	–	0,5
Total depreciation from continuing operations	289,5	188,8
Total depreciation from discontinued operations (note 29)	41,7	41,0
	331,2	229,8
Employee benefit expense		
Salaries and wages from continuing operations	4 402,9	2 932,2
Salaries and wages from discontinued operations (note 29)	125,0	158,0
	4 527,9	3 090,2
Share option expense (note 11)	20,5	7,2
Pension costs – defined contribution plans (note 44)	57,7	54,4
Other post-employment benefits (note 44)	16,9	13,4
Fees paid for:		
Managerial services	44,1	30,4
Technical services	19,5	8,6
Administrative services	46,9	11,9
Secretarial services	1,1	1,3
Impairment loss recognised on property, plant and equipment	2,5	4,3
Impairment loss recognised on inventory	2,1	1,0
Impairment charges		
Trade receivables	22,3	17,3
Contract receivables	5,4	16,4
Other receivables	9,9	7,6
Reversal of impairment loss recognised on property, plant and equipment	1,3	2,6
Profit on disposal of property, plant and equipment	25,3	8,4
Loss on disposal of property, plant and equipment – continuing operations (including scrapping)	3,8	1,9
Loss on disposal of property, plant and equipment – discontinued operations (note 29)	1,0	–
	4,8	1,9

All monetary amounts are expressed in millions of Rands		2007	Restated 2006
26.	**EARNINGS FOR THE YEAR** *(continued)*		
	Net foreign exchange gains	**2,0**	6,9
	Net fair value losses of financial instruments	**3,7**	23,4
	Operating lease costs:		
	Immovable property	**32,2**	22,0
	Plant and machinery	**0,8**	0,2
	Other	**8,0**	10,4
	Operating lease costs: continuing operations	**41,0**	32,6
	Operating lease costs: discontinued operations (note 29)	**0,7**	0,8
		41,7	33,4
	Research and development costs	**3,7**	2,4
	Items by function*		
	Cost of sales**	**15 110,7**	9 344,3
	Distribution and marketing costs	**275,0**	177,1
	Administration costs	**1 388,9**	1 098,8
	Other operating income	**338,2**	242,4

* *Excluding discontinued items*

** *Cost of sales include R3 895,1 million (2006: R2 640,1 million) relating to the cost of inventories sold during the year.*

		2007	Restated 2006
27.	**NET INTEREST (EXPENSE)/INCOME**		
27.1	**Interest expense**		
	Bank overdrafts	**(42,4)**	(26,4)
	Capitalised finance leases	**(20,6)**	(5,8)
	Present value expense	**(11,0)**	(14,0)
	Loans and other liabilities	**(36,8)**	(15,9)
		(110,8)	(62,1)
27.2	**Interest income**		
	Bank balances and cash	**105,4**	70,7
	Present value income	**8,7**	10,8
	Unlisted loan investments and other receivables	**18,1**	15,7
		132,2	97,2
		21,4	35,1
28.	**INCOME TAXATION EXPENSE**		
	South African taxation		
	Normal tax – current year	**236,0**	74,3
	Normal tax – prior year	**18,9**	(3,3)
	Secondary taxation on companies	**34,0**	20,2
	Deferred taxation	**3,6**	37,8
	Foreign taxation		
	Current year	**62,6**	45,4
	Deferred taxation	**10,8**	0,7
	Prior year	**(5,6)**	–
		360,3	175,1

South African income tax is calculated at 29% (2006: 29%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
	%	%
28. INCOME TAXATION EXPENSE *(continued)*		
Reconciliation of effective rate of taxation to the standard rate of taxation		
Effective rate of taxation	**27,5**	25,9
Reduction in rate of taxation due to:		
Capital and non-taxable items	**4,1**	3,2
Taxation on foreign companies	**5,1**	1,2
Taxation losses utilised	**–**	4,4
Deferred taxation assets recognised	**3,9**	2,4
Prior year adjustments	**–**	0,5
	40,6	37,6
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**(7,5)**	(4,1)
Current year's losses not recognised	**(0,1)**	–
Foreign withholding taxation	**(0,2)**	(1,4)
Imputed foreign income	**(0,2)**	(0,4)
Secondary taxation on companies	**(2,6)**	(2,7)
Prior year adjustments	**(1,0)**	–
South African standard rate of taxation	**29,0**	29,0

29. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD-FOR-SALE

29.1 Earnings for the year from discontinued operations

On 31 March 2007, the Group disposed of its Foundries business for R333 million. The comparative numbers include a business that was closed or disposed of in the prior year, being Criterion Equipment, a forklift truck distribution business.

	2007	Restated 2006
The (loss)/profit from the discontinued operations are analysed as follows:		
(Loss)/profit on disposal/closure	**(61,0)**	16,4
Profit after taxation for the period	**12,5**	42,8
	(48,5)	59,2

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
29. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD-FOR-SALE *(continued)*		
29.1 Earnings for the year from discontinued operations *(continued)*		
Profit after taxation for the period is analysed as follows:		
Revenue		
Sale of goods	**715,0**	868,4
EBIT[1]	**26,0**	81,5
Exceptional items	**–**	(6,6)
Interest income	**1,2**	1,0
Interest expense	**(10,7)**	(15,5)
Profit before taxation	**16,5**	60,4
Taxation	**(4,0)**	(17,6)
Attributable profit	**12,5**	42,8
[1]EBIT comprises:		
Auditors' remuneration:		
Fees for audits	**1,4**	1,1
Depreciation:		
Plant and machinery	**38,8**	37,9
Other property, plant and equipment	**2,9**	3,1
Employee benefit expense		
Salaries and wages	**125,0**	158,0
Impairment charges		
Trade receivables	**–**	0,7
Loss on disposal of property, plant and equipment	**1,0**	–
Net foreign exchange losses	**2,0**	2,2
Operating lease costs:		
Other property, plant and equipment	**0,7**	0,8
Cost of sales*	**648,3**	718,4
Distribution and marketing costs	**1,5**	2,8
Administration costs	**42,0**	75,2
Other operating income	**2,8**	9,5

* *Cost of sales include R648,3 million (2006: R718,3 million) relating to the cost of inventories sold during the year.*

29.2 Assets classified as held-for-sale

The Group is in advanced stages of selling properties on the open market. The disposals are expected to occur within 12 months and the properties have therefore been classified as asset held-for-sale. The proceeds of the disposals are expected to exceed the net carrying amount of the assets and accordingly no impairment loss has been recognised on the classification of these asset as held-for-sale.

The major classes of assets comprising the assets held-for-sale are as follows:

	2007	2006
Property, plant and equipment – land and buildings	**8,0**	2,6
Loans and receivables (note 6.3)	**15,1**	–
Investment property	**–**	8,6
	23,1	11,2

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
30. EARNINGS AND HEADLINE EARNINGS PER SHARE		
30.1 From continuing and discontinued operations		
The calculation of basic and diluted earnings per share attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Earnings attributable to the equity holders of the company	**702,3**	512,7
Number of shares ('000)		
Weighted average number of ordinary shares in issue	**331 893**	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	**(8 335)**	(12 139)
Less: Weighted average number of shares held by Murray & Roberts Limited	**(676)**	–
Less: Weighted average number of shares held by the Letsema BBBEE Trusts	**(28 953)**	(14 917)
Weighted average number of shares in issue used in the determination of basic per share figures	**293 929**	304 837
Add: Dilutive adjustment for share options	**4 326**	5 081
Weighted average number of shares in issue used in the determination of diluted per share figures	**298 255**	309 918
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	**235**	165
– Basic	**239**	168
30.2 From continuing operations		
The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Earnings attributable to the equity holders of the company	**702,3**	512,7
Adjustments:		
Loss/(profit) from discontinued operations (note 29.1)	**48,5**	(59,2)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**750,8**	453,5
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Earnings per share from continuing operations (cents)		
– Diluted	**251**	146
– Basic	**255**	149
30.3 From discontinued operations		
The calculation of basic and diluted earnings per share from discontinued operations attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
(Loss)/profit from discontinued operations (note 29.1)	**(48,5)**	59,2
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
(Loss)/earnings per share from discontinued operations (cents)		
– Diluted	**(16)**	19
– Basic	**(17)**	19

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
30. EARNINGS AND HEADLINE EARNINGS PER SHARE *(continued)*		
30.4 Headline Earnings		
The calculation of basic and diluted headline earnings per share attributable to ordinary shareholders of the company is based on the following data:		
Earnings		
Earnings attributable to the equity holders of the company	**702,3**	512,7
Adjustments:		
Impairment loss on associate (note 25)	**114,5**	–
Impairment loss on unlisted loan (note 25)	**48,0**	–
Add back group property headlease expense (note 25)	**260,5**	–
Less fair value adjustment on Headlease property (note 25)	**(252,8)**	–
Add back property commission adjustment (note 25)	**11,8**	0,4
Loss/(profit) from disposal/closure (note 29.1)	**61,0**	(16,4)
Other	**(2,3)**	1,6
Taxation on exceptional items	**25,0**	4,0
Headline earnings	**968,0**	502,3
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Headline earnings per share (cents)		
– Diluted	**325**	162
– Basic	**329**	165
30.5 Headline earnings excluding the Broad-Based Black Economic Empowerment expense		
The calculation of basic and diluted headline earnings per share excluding the BBBEE expense is based on the following data:		
Headline earnings		
Headline earnings as above	**968,0**	502,3
Adjustments:		
BBBEE expense	**–**	87,3
Taxation effect on BBBEE expense	**–**	(20,3)
Headline earnings excluding the BBBEE expense	**968,0**	569,3
Number of shares		
The denominators used are the same as those detailed above for both basic and diluted earnings per share.		
Headline earnings per share excluding the BBBEE expense (cents)		
– Diluted	**325**	184
– Basic	**329**	187

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for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
31. ORDINARY DIVIDENDS		
Final dividend No. 111 of 71,0 cents declared on 29 August 2007	235,6	
Interim dividend No. 110 of 45,0 cents declared on 28 February 2007 and paid on 16 April 2007	149,4	
Final dividend No. 109 of 40,0 cents declared on 30 August 2006 and paid on 16 October 2006		132,8
Interim dividend No. 108 of 20,0 cents declared on 2 March 2006 and paid on 18 April 2006		66,4
	385,0	199,2
Less: Dividends relating to treasury shares	(41,2)	(23,7)
	343,8	175,5
In respect of final dividend no. 111, the directors have declared a dividend of 71 cents per share which will be paid to shareholders on 22 October 2007. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to shareholders recorded in the register at the close of business on Friday 19 October 2007. The secondary taxation on companies payable on this dividend is estimated to be R23,6 million.		
32. CASH GENERATED BY OPERATIONS		
Earnings before exceptional items and interest (including discontinued operations)	1 463,4	800,8
Adjustments for non-cash items:		
Amortisation of intangible assets	22,5	15,7
Depreciation	331,2	229,5
Fair value adjustments on concession investments	(76,0)	(67,6)
Fair value adjustments on other financial instruments	3,7	23,4
Net provisions raised and released	141,6	144,2
Net profit on disposal of property, plant and equipment	(21,5)	(6,5)
Long term provision	54,4	–
Share-based payment expense	20,5	7,2
Fair value adjustment on property headleases	(252,8)	–
Other non-cash items	6,3	6,2
Adjustments for cash items:		
Adjustments for net cash outflow from exceptional items:		
Headlease and other property activities	(114,8)	(82,3)
BBBEE expense	–	(69,9)
Other	11,1	(2,0)
Dividends received	(13,7)	(4,2)
Provisions utilised and paid	–	(83,7)
Change in working capital	636,7	(194,6)
Inventories	(238,0)	(74,7)
Contracts in progress and contract receivables	410,4	(494,2)
Trade and other receivables	(452,7)	(288,6)
Trade and other payables	404,6	484,2
Sub-contractors liabilities	512,4	178,7
	2 212,6	716,2

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
33. TAXATION PAID		
Taxation unpaid at beginning of the year	**(151,6)**	(93,6)
Acquisition of businesses	**(14,2)**	(45,8)
Disposal of businesses	**6,6**	–
Taxation charged to the income statement, excluding deferred taxation	**(350,1)**	(154,2)
Taxation unpaid at end of year	**219,7**	151,6
	(289,6)	(142,0)

34. ACQUISITION OF BUSINESSES

Wade Walker (Proprietary) Limited and related companies

On 10 January 2007 the Group acquired 80% of the ordinary share capital of Wade Walker (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R99,0 million and attributable profit of R11,6 million during this period. Had the business been acquired on 1 July 2006 the business would have contributed a turnover of R184 million and an attributable profit of R22 million. Details of the net assets acquired and the goodwill are as follows:

	2007	Restated 2006
Purchase consideration:		
– cash paid	**(68,0)**	
– direct costs relating to the acquisition	**(1,5)**	
Total purchase consideration	**(69,5)**	
Fair value of net assets acquired	**12,5**	
Goodwill (note 3)	**(57,0)**	

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the acquisition.

The net assets acquired and the goodwill arising, are as follows:

	Acquiree's carrying value	Fair value
Cash balances in businesses	(21,1)	(21,1)
Inventories	(5,9)	(5,9)
Accounts receivable and contracts in progress	(29,6)	(29,6)
Intangible assets	(23,0)	–
Property, plant and equipment	(2,8)	(2,8)
Accounts payable and other	20,9	20,9
Current taxation liability	7,8	7,8
Non-current liabilities	1,7	1,7
Minority interest	–	10,7
Contingent taxation liability	–	5,8
Net assets acquired	(52,0)	(12,5)
Goodwill (note 3)		(57,0)
Total consideration		(69,5)
Net cash outflow arising on acquisition:		
Cash consideration paid		(69,5)
Cash balances acquired		21,1
		(48,4)

All monetary amounts are expressed in millions of Rands	2007	
34. ACQUISITION OF BUSINESSES *(continued)*		
Dahms & Dahms		
On 1 September 2007 the Group acquired 100% of the ordinary share capital of Dahms & Dahms Concrete (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R15,1 million and attributable profit of R1,6 million during this period. If the acquisition had been completed on 1 July 2006, total group revenue for the period would have been R20,4 million, and attributable profit for the year would have been R1,4 million.		
Details of the net assets acquired and the goodwill are as follows:		
Purchase consideration:		
– cash paid	**(12,0)**	
Total purchase consideration	**(12,0)**	
Fair value of net assets acquired	**2,3**	
Goodwill (note 3)	**(9,7)**	

The goodwill is attributable to the synergies expected to arise after the acquisition.

The net assets acquired and the goodwill arising, are as follows:

	Acquiree's carrying value	Fair value
Accounts receivable and contracts in progress	(5,6)	(5,0)
Property, plant and equipment	(3,1)	(3,9)
Deferred taxation	(0,9)	(0,9)
Accounts payable and provisions	4,9	5,1
Non-current liabilities	1,8	1,8
Current taxation liability	0,6	0,6
Net assets acquired	(2,3)	(2,3)
Goodwill		(9,7)
Total consideration paid and to be paid		(12,0)
Net cash outflow arising on acquisition:		
Cash consideration paid and to be paid		(12,0)
		(12,0)

All monetary amounts are expressed in millions of Rands		2006

34. ACQUISITION OF BUSINESSES *(continued)*

Prior year acquisitions

Oconbrick Manufacturing (Proprietary) Limited and related companies

In the prior year the Group acquired 80,0% of the ordinary share capital of Oconbrick Manufacturing (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R146,5 million and attributable profit of R20,8 million during that period.

Details of the net assets acquired and the goodwill are as follows:		
Purchase consideration:		
– cash paid		(96,0)
– direct costs relating to the acquisition		(2,4)
Total purchase consideration		(98,4)
Fair value of net assets acquired		37,9
Goodwill (note 3)		(60,5)

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the acquisition.

	Acquiree's carrying value	Fair value
The net assets acquired and the goodwill arising, are as follows:		
Cash balances in businesses	(31,4)	(31,4)
Inventories	(13,7)	(13,7)
Accounts receivable and contracts in progress	(16,6)	(16,6)
Associates	(8,2)	(8,2)
Intangible assets	–	(19,9)
Property, plant and equipment	(41,1)	(41,1)
Accounts payable	19,5	19,5
Current and deferred taxation	23,3	23,3
Non–current liabilities	7,5	7,5
Minority interest	11,5	11,5
Contingent liabilities	–	31,2
Net assets acquired	(49,2)	(37,9)
Goodwill		(60,5)
Total consideration		(98,4)
Net cash outflow arising on acquisition:		
Cash consideration paid		(98,4)
Cash balances acquired		31,4
		(67,0)

All monetary amounts are expressed in millions of Rands	2006

34. ACQUISITION OF BUSINESSES *(continued)*

Prior year acquisitions *(continued)*

Concor Limited

In the prior year the Group acquired 100% of the ordinary share capital of Concor Limited. The acquired businesses did not contribute any revenue or attributable profit during that period. If the acquisition had been completed on 1 July 2005, total group revenue would have been R13 793,4 million, and attributable profit for that period would have been R556,0 million.

	2006
Details of the net assets acquired and the goodwill are as follows:	
Purchase consideration:	
– cash paid	(332,6)
– direct costs relating to the acquisition	(8,6)
Total purchase consideration	(341,2)
Fair value of net assets acquired	303,0
Goodwill (note 3)	(38,2)

The goodwill is attributable to the synergies expected to arise after the acquisition.

	Acquiree's carrying value	Fair value
The net assets acquired and the goodwill arising, are as follows:		
Cash balances in businesses	(220,2)	(220,2)
Inventories	(32,6)	(32,6)
Accounts receivable and contracts in progress	(444,3)	(444,3)
Investments	(45,7)	(45,7)
Associates	(25,3)	(25,3)
Intangible assets	(1,0)	(1,0)
Investment property	(17,6)	(17,6)
Property, plant and equipment	(220,7)	(220,7)
Accounts payable and provisions	594,3	594,3
Subcontractor liabilities	52,6	52,6
Current and deferred taxation	(13,1)	(13,1)
Non-current liabilities	70,6	70,6
Net assets acquired	(303,0)	(303,0)
Goodwill		(38,2)
Total consideration paid and to be paid		(341,2)
Net cash outflow arising on acquisition:		
Cash consideration paid and to be paid		(341,2)
Amount not yet paid at 30 June 2006		332,6
Cash balances acquired		220,2
		211,6

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
35. NET CASH INFLOW ON DISPOSAL/CLOSURE OF BUSINESSES		
During the year the Group disposed of/closed businesses (note 29) with a fair value of assets sold and liabilities released of:		
Inventories	**63,7**	35,7
Other intangibles assets	**0,8**	–
Accounts receivable and contracts in progress	**134,2**	42,6
Deferred taxation	**4,5**	–
Investments	**3,3**	–
Property, plant and equipment	**343,0**	33,4
Accounts payable	**(149,2)**	(38,8)
Current taxation liability	**(6,6)**	–
(Loss)/profit on disposal/closure of businesses	**(61,0)**	19,8
Total proceeds	**332,7**	92,7
Less: Cash balances in businesses disposed	**(0,5)**	–
Less: Balance remaining on loan account	**–**	(45,0)
	332,2	47,7
36. NET MOVEMENT IN BORROWINGS		
Loans raised	**358,5**	318,3
Loans repaid	**(199,7)**	(49,9)
	158,8	268,4
Capitalised leases repaid	**–**	(40,7)
	158,8	227,7
37. NET CASH AND CASH EQUIVALENTS		
37.1 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Bank balances and cash	**2 809,2**	1 808,3
Bank overdrafts (note 23)	**(181,5)**	(166,3)
	2 627,7	1 642,0
37.2 Restricted cash		
Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:		
– margin deposits	**–**	2,7
– other agreements with banks and other financial institutions	**18,8**	24,3
– held in trust accounts for sublease tenants	**5,7**	5,9
– held in joint ventures	**907,2**	183,8
	931,7	216,7
37.3 Non-cash items		
Non cash items include those marked as such in note 32.		
The acquisition proceeds for Concor Limited were paid on 3 July 2006.		

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
38. PROFIT AND LOSSES OF SUBSIDIARIES		
Aggregate profits	**3 266,0**	825,7
Aggregate losses	**(198,9)**	(188,2)
39. JOINT VENTURES		
39.1 Joint venture arrangements		

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

Joint venture entities

- these are incorporated arrangements such as jointly controlled companies.

Joint venture operations

- these are unincorporated arrangements such as partnerships and contracts.

	2007	Restated 2006
The Group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is as follows:		
Non-current assets	**67,0**	33,5
Current assets	**2 174,1**	1 358,0
Total assets	**2 241,1**	1 391,5
Non-current liabilities	**217,1**	–
Current liabilities	**1 475,4**	1 067,5
Total liabilities	**1 692,5**	1 067,5
Net assets	**548,6**	324,0
The Group's aggregate proportionate share of joint ventures included in the consolidated income statement is as follows:		
Revenue	**4 131,0**	2 386,4
Profit after taxation	**307,0**	195,6

39.2 Details of significant joint ventures

	Business segment	Ownership interest and voting power %	%
The Group has the following significant joint venture entities:			
Bombela Civils Joint Venture (Proprietary) Limited	Construction & engineering	45,0	–
SNC Lavalin-Murray & Roberts (Proprietary) Limited	Construction & engineering	50,0	50,0
Alert Steel Polokwane (Proprietary) Limited	Construction materials & services	50,0	50,0
Freyssinet Posten (Proprietary) Limited	Construction materials & services	50,0	50,0
Precast Reinforcing Steel (Proprietary) Limited	Construction materials & services	50,0	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited	Construction materials & services	50,0	50,0
Shisane Reinforcing Steel (Proprietary) Limited	Construction materials & services	40,0	40,0
National Metal Cape Town (Proprietary) Limited	Construction materials & services	40,0	40,0
Flaming Silver 163 (Proprietary) Limited	Fabrication & manufacture	–	50,0
Falcon Aluminium Alloys (Proprietary) Limited	Fabrication & manufacture	–	33,3

All monetary amounts are expressed in millions of Rands

39. JOINT VENTURES *(continued)*

39.2 Details of significant joint ventures *(continued)*

	Business segment	Ownership interest and voting power %	%
The Group has the following significant joint venture operations:			
Al Habtoor – Murray & Roberts – Takenaka Joint Venture	Construction & engineering	40,0	40,0
Al Habtoor – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
SEP Joint Venture	Construction & engineering	50,0	50,0
Cemdelsam Joint Venture	Construction & engineering	50,0	50,0
Vresap Civils Joint Venture	Construction & engineering	40,0	40,0
Mpumalanga Pipeline Contractors Joint Venture	Construction & engineering	25,0	25,0
Murray & Roberts/BBMM Joint Venture	Construction & engineering	50,0	50,0
Murray & Roberts/WBHO Joint Venture	Construction & engineering	50,0	–
Murray & Roberts/Jolinde Joint Venture	Construction & engineering	85,0	85,0
A A Nass – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
Vulindlela Joint Venture	Construction materials & services	33,3	33,3

	2007	Restated 2006
40. CONTINGENT LIABILITIES		
The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material adverse effect on the financial condition or future of the Group. The ascertainable contingent liabilities at 30 June being	**88,4**	131,4
The Group has committed to a second subscription agreement in Clough Limited of 30 million shares at a price equal to the volume weighted average price of Clough's share for 60 days prior to the date of subscription.		
Total financial institution guarantees given to third parties on behalf of group companies amounted to	**4 358,8**	1 944,8
The directors do not believe any exposure to loss is likely. Contingent liabilities arising from interest in joint ventures included above amounted to	**3 546,8**	895,3
The directors do not believe any exposure to loss is likely. The Group has not acquired any contingent liabilities at the date of acquisition of Concor Limited.		
The Group acquired contingent liabilities at the date of acquisition of Oconbrick Manufacturing (Proprietary) Limited. These were recognised as liabilities on the date of acquisition.	**–**	31,2
The Group acquired contingent liabilities at the date of acquisition of The Cementation Company (Africa) Limited. These were recognised as liabilities on the date of acquisition.	**–**	19,8
41. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the balance sheet	**146,2**	97,5
Approved by the directors, not yet contracted for	**1 390,7**	764,1
	1 536,9	861,6

Capital expenditure will be financed from internal resources and existing facilities.
The capital commitments relate primarily to the acquisition of project related capital expenditure.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
42. OPERATING LEASE ARRANGEMENTS		
42.1 General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease cost		
Operating lease costs recognised in the income statement are set out in note 26.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Due within one year	**102,7**	24,9
Due between two and five years	**124,4**	37,3
Due thereafter	**154,8**	4,3
	381,9	66,5
42.2 Operating headleases		
Operating headlease payments represent rentals payable by the Group for the headlease properties in which the Group does not have a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
Operating headlease cost		
Operating headlease costs recognised in the income statement are set out in note 25.		
The future minimum sublease payments expected to be received for the next three years on the leased properties is R32,4 million (2006: R71,9 million).		
Operating headlease commitments		
The future minimum lease payments under non-cancellable operating headleases are as follows:		
Due within one year	**25,3**	32,5
Due between two and five years	**53,1**	37,1
	78,4	69,6

43. FINANCIAL RISK MANAGEMENT

The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.

In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, derivatives, accounts receivable and payable and interest bearing borrowings.

43.1 Treasury risk management

The Group's treasury operations provide the Group with access to local and foreign money markets and provide subsidiaries with the benefits of bulk financing and depositing.

43.2 Foreign currency management

Loans

All material foreign loans are covered, in terms of group policy, by forward foreign exchange contracts except where a natural hedge against the underlying assets exists.

Trade exposure

The Group's policy is to cover forward all trade commitments in order to hedge significant future transactions and cash flows. Each division manages its own trade exposure. In this regard the Group has entered into certain forward foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

in millions of Rands

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.2 Foreign currency management *(continued)*

Trade exposure (continued)

All forward foreign exchange contracts are valued at fair value on the balance sheet with the resultant gain or loss included in the income statement, with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded directly in equity and either transferred to income when the hedged transaction affects income or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

At the balance sheet date, the notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	2007 Foreign amount million	**2007 Rand amount million**	2006 Foreign amount million	2006 Rand amount million
Related to specific balance sheet items				
Bought				
US Dollars	**6,6**	**48,6**	0,7	5,0
Euros	**0,2**	**1,5**	3,2	29,4
British Pounds	**–**	**–**	3,6	43,3
Malaysian Ringgit	**96,5**	**21,2**	–	–
Total		**71,3**		77,7
Sold				
US Dollars	**5,2**	**37,7**	14,6	97,7
Euros	**–**	**–**	0,7	6,4
British Pounds	**–**	**–**	0,6	8,1
Malaysian Ringgit	**249,4**	**55,6**	–	–
Other	**0,2**	**1,0**	–	–
Total		**94,3**		112,2

At 30 June 2007, the fair value of the Group's currency derivatives is estimated to be approximately R0,4 million (2006: R0,2 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, and comprise R0,3 million assets (2006: R8,4 million) and R8,6 million liabilities (2006: R8,2 million) (note 10).

No amounts relating to currency derivatives that have been designated as cash flow hedges have been deferred in equity during the year (2006: Rnil). No amounts (2006: R3,0 million) have been transferred to property, plant and equipment in respect of contracts matured during the period.

Fair value losses of non-hedging currency derivatives and those designated as cash flow hedges that were ineffective during the period amounting to R0,8 million (2006: R23,7 million gains) were recognised in the income statement in the year.

The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.2 Foreign currency management *(continued)*		
The carrying amounts of the significant financial assets are denominated in the following currencies:		
Bank balances and cash		
Australian Dollar	**30,7**	21,0
Bahraini Dinar	**141,2**	20,7
Botswana Pula	**37,2**	36,4
British Pound	**22,7**	5,6
Canadian Dollar	**–**	18,9
Egyptian Pound	**7,0**	2,4
European Euro	**296,0**	11,7
Malaysian Ringgit	**16,2**	16,6
Qatari Rial	**28,2**	31,6
South African Rand	**1 440,8**	1 280,2
UAE Dirham	**253,2**	78,2
US Dollar	**534,7**	278,8
Other	**1,3**	6,2
	2 809,2	1 808,3
Trade and net contract receivables		
Australian Dollar	**58,4**	23,3
Bahraini Dinar	**99,6**	79,2
Botswana Pula	**76,1**	47,5
British Pound	**2,6**	10,4
Canadian Dollar	**329,0**	190,4
Egyptian Pound	**7,1**	6,3
European Euro	**0,9**	4,4
Malaysian Ringgit	**4,4**	0,6
Qatari Rial	**28,0**	42,9
South African Rand	**2 183,4**	1 879,9
UAE Dirham	**438,3**	368,8
US Dollar	**125,7**	106,9
Other	**–**	20,1
Gross receivables	**3 353,5**	2 780,7
Present value and other adjustments	**(28,0)**	(34,3)
	3 325,5	2 746,4

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.2 Foreign currency management *(continued)*		
The carrying amounts of the significant financial liabilities are denominated in the following currencies:		
Bank overdrafts		
Botswana Pula	7,8	7,5
British Pound	–	0,7
Egyptian Pound	–	52,8
South African Rand	56,6	69,8
UAE Dirham	61,8	33,7
US Dollar	51,6	0,2
Other	3,7	1,6
	181,5	166,3
Trade payables and subcontractor liabilities		
Australian Dollar	18,2	9,5
Bahraini Dinar	62,8	13,1
Botswana Pula	59,2	71,3
British Pound	0,5	0,3
Canadian Dollar	80,2	27,8
Egyptian Pound	2,2	1,7
European Euro	24,3	11,7
Malaysian Ringgit	0,8	1,9
Qatari Rial	9,1	19,8
South African Rand	1 100,3	992,2
UAE Dirham	879,3	537,0
US Dollar	28,3	8,8
Other	3,0	1,1
Gross liabilities	2 268,2	1 696,2
Present value and other adjustments	(5,7)	(6,5)
	2 262,5	1 689,7
Interest bearing liabilities		
Australian Dollar	105,7	80,3
Botswana Pula	0,3	1,0
Canadian Dollar	77,0	55,5
South African Rand	594,6	680,3
UAE Dirham	151,9	73,8
US Dollar	227,5	213,9
	1 157,0	1 104,8
Non-interest bearing liabilities		
South African Rand	27,8	55,8

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
43. FINANCIAL RISK MANAGEMENT *(continued)*		
43.3 Interest rate risk management		

The Group is exposed to interest rate risk through its bank overdrafts and other interest bearing liabilities. The Group does not normally hedge its interest rate risk exposure. Group companies generally adopt a policy of ensuring that their borrowings are at market related rates to address their interest rate risk. The directors are of the opinion that the current process works effectively and is therefore sufficient.

Interest rate swap agreements are valued at fair value on the balance sheet with the resultant gain or loss included in the income statement.

At 30 June 2007, there are no interest derivatives. At 30 June 2006, the fair value of the Group's interest derivatives was estimated to be a liability of R1,1 million. These amounts were based on quoted market prices for equivalent instruments at the balance sheet date, and comprised R0,1 million assets and liabilities of R1,2 million (note 10). Fair value gains of the non-hedging interest derivatives amounting to R0,3 million were recognised in the income statement in that year.

No interest rate derivatives have been designated as cash flow hedges and hence no fair value movements have been deferred in equity during the year (2006: Rnil).

The financial instruments that are sensitive to interest rate risk are:

	2007	Restated 2006
Bank balances and cash	**2 809,2**	1 808,3
Bank overdrafts	**181,5**	166,3
Interest bearing liabilities	**1 157,0**	1 104,8

43.4 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as follows:

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	2 809,2	–	2 809,2
Net amounts due from contract customers	3 341,7	60,5	3 402,2
Trade and other receivables	1 786,8	–	1 786,8
Operating lease receivables	–	17,4	17,4
Derivative financial instruments	0,3	–	0,3
Other investments	–	439,8	439,8
Loans to associate companies	83,9	153,0	236,9
Financial liabilities			
Bank overdrafts	181,5	–	181,5
Interest bearing liabilities	461,3	695,7	1 157,0
Non-interest bearing liabilities	27,8	–	27,8
Amounts due to contract customers	1 853,2	–	1 853,2
Trade and other payables	3 765,7	–	3 765,7
Operating lease payable	–	7,9	7,9
Derivative financial instruments	6,1	39,1	45,2
Sub-contractor liabilities	1 315,9	–	1 315,9
Non current payables	–	19,5	19,5

All monetary amounts are expressed in millions of Rands	2007	Restated 2006

43. FINANCIAL RISK MANAGEMENT *(continued)*

43.5 Credit risk management

Potential areas of credit risk consist of trade accounts receivable, short-term cash investments and non-current unsecured loan receivables.

Trade accounts receivable consists mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for specific bad debts and at the year end, management believed that any material credit risk exposure was covered by credit guarantee or a bad debt provision.

Group policy is to deposit short-term cash investments with major financial institutions.

43.6 Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Borrowing capacity

The Company's borrowings capacity is unlimited in terms of its articles of association.

	2007	Restated 2006
Borrowing facility		
Total borrowing facility	11 033,1	6 637,6
Current utilisation	5 538,1	2 717,6
Borrowing facilities available	5 495,0	3 920,0

44. RETIREMENT AND OTHER BENEFIT PLANS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No 24 of 1956 (as amended).

44.1 Defined contribution plans – pension funds

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

Murray & Roberts Retirement Fund
Concor Defined Contribution Pension Fund
Investment Solutions Pension Fund

The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund	31 December 2006
Concor Defined Contribution Pension Fund	28 February 2004
Investment Solutions Pension Fund	31 December 2006

The total cost to the Group in respect of the above funds for the year ended 30 June 2007 was R56,5 million (2006: R35,9 million).

44.2 Defined contribution plans – provident funds

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

Murray & Roberts Provident Fund

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members. The fund was actuarially valued on 28 February 2007 and declared to be in a sound financial position.

The total cost to the Group in respect of the above funds for the year ended 30 June 2007 was R1,2 million (2006: R18,5 million).

All monetary amounts are expressed in millions of Rands

44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

44.3 Surplus legislation

Set out below is the current status in respect of surplus scheme submissions:

Murray & Roberts Retirement Fund	Nil surplus scheme recorded by the Financial Services Board
Investment Solutions Pension Fund	Surplus apportionment scheme under dispute (R12,4 million)
Murray & Roberts Provident Fund	Nil surplus scheme recorded by the Financial Services Board
Concor Defined Contribution Pension Fund	Nil surplus scheme recorded by the Financial Services Board

44.4 Defined benefit plan – retirement benefits

The Murray & Roberts Retirement Fund is a defined contribution scheme that provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of the scheme surplus, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 3 892 pensioners as members.

	2007	Restated 2006
Present value of funded liability	**1 965,7**	1 735,8
Fair value of plan assets	**(2 600,0)**	(2 179,9)
Funded Status	**(634,3)**	(444,1)
Unrecognised Actuarial Gains	**–**	123,1
Unrecognised due to Paragraph 58 limits	**634,3**	321,0
(Liability)/asset recognised in the Balance Sheet	**–**	–

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

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2007 by Alexander Forbes Financial Services. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

The components of the income statement pension expense are as follows:

	2007	Restated 2006
Current service cost	**–**	–
Interest cost	**149,2**	125,0
Expected return on plan assets	**(199,7)**	(160,3)
Amortisation of past service cost	**–**	25,0
Gains recognised due to paragraph 58A	**(262,8)**	–
Change in unrecognised due to paragraph 58A limits	**313,3**	10,3
	–	–

The principal actuarial assumptions used for accounting purposes were:

	2007	Restated 2006
Discount rate	**7,8%**	9,0%
Inflation rate	**4,8%**	5,8%
Expected return on plan assets	**8,3%**	9,5%
Pension increase allowance	**3,6%**	4,8%

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 R508,7 million. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2008.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006

44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

44.5 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.

	2007	Restated 2006
Present value of funded liability	**50,8**	60,8
Fair value of plan assets	**(77,3)**	(79,1)
Unrecognised actuarial gain	**(26,5)**	(18,3)

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

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2007 by NMSI Consultants & Actuaries and Momentum Ability. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

Costs for the year included in payroll costs (note 26) and interest expense (note 27) in the income statement:

	2007	Restated 2006
Current service cost	**11,7**	12,8
Interest cost	**5,0**	4,6
Expected return on plan assets	**(5,0)**	(4,2)
Net actuarial (gain)/loss recognised	**(12,9)**	8,4
	(1,2)	21,6

Movements in the net asset were as follows:

	2007	Restated 2006
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(18,3)**	(24,6)
Amounts recognised in the income statement	**(1,2)**	21,6
Contributions	**(7,0)**	(15,3)
Restriction on asset not recognised	**26,5**	18,3
At 30 June	**–**	–

The principal actuarial assumptions used for accounting purposes were:

	2007	Restated 2006
Discount rate	**7,4%**	8,8%
Post Retirement discount rate	**8,8%**	8,7%
Expected return on plan assets	**7,8%**	6,0%
Long-term increase in medical subsidies	**5,5%**	4,8%

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 R3,8 million. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R12,0 million to its post-retirement medical aid defined benefit plan in 2008.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.6 Defined benefit plan – disability benefits		
Disability benefits for mainly salaried employees are provided via the Murray & Roberts Group Employee Benefits Policy No MA012. 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.		
Present value of funded liability	**39,3**	44,0
Fair value of plan assets	**(50,6)**	(45,7)
Unrecognised actuarial gain	**(11,3)**	(1,7)
The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2007 by Momentum Ability. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.		
Costs for the year, included in payroll costs (note 26) and interest expense (note 27) in the income statement:		
Current service cost	**13,5**	8,4
Interest cost	**3,2**	3,2
Expected return on plan assets	**(3,3)**	(3,6)
Net actuarial (gain)/loss recognised	**(9,0)**	0,8
Contributions	**–**	(1,8)
	4,4	7,0
Movements in the net asset were as follows:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(1,7)**	(3,4)
Amounts recognised in the income statement	**4,4**	7,0
Contributions	**(14,0)**	(5,3)
Restriction on asset not recognised	**11,3**	1,7
At 30 June	**–**	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8,6%**	8,8%
Expected return on plan assets	**7,1%**	8,0%
Long-term increase in disability benefits	**6,0%**	5,8%

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. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R9,3 million to its disability benefit defined benefit plan in 2008.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
44. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*		
44.7 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 only comprises pensioners and deferred pensioners.		
Present value of funded liability	**52,9**	51,1
Fair value of plan assets	**(55,7)**	(56,7)
Unrecognised actuarial gain	**(2,8)**	(5,6)
The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2007 by Barnett Waddingham LLP. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.		
The components of the income statement pension expense are as follows:		
Current service cost	**0,4**	–
Interest cost	**2,8**	2,2
Expected return on plan assets	**(2,9)**	(2,5)
	0,3	(0,3)
Movements in the net asset were as follows:		
Present value at beginning of year	**–**	–
Cumulative actuarial gain unrecognised due to paragraph 58A limits	**(5,6)**	(5,9)
Amounts recognised in the income statement	**0,3**	(0,3)
Unrecognised actuarial gains	**2,7**	1,4
Exchange rate adjustment	**(0,2)**	(0,8)
Restriction on asset not recognised	**2,8**	5,6
At 30 June	**–**	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**5,9%**	5,3%
Expected return on scheme assets	**5,0%**	5,0%
Rate of increase in pension payments	**3,6%**	3,1%
Rate of increase in pensions in deferment	**3,6%**	3,1%
Rate of inflation	**3,6%**	3,1%

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

The actual return on plan assets was a loss of R0,5 million (2006: Profit R0,7 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 does not expect to contribute any amount to this defined benefit plan in 2008.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS		
45.1 Identity of related parties		
The Group has a related party relationship with its subsidiary companies (annexure 1), associate companies (note 5), joint ventures (note 39), retirement and other benefit plans (note 44) and with its directors and executive officers. In addition, the Group has a related party relationship with certain other parties. These are:		
Consani Engineering (Proprietary) Limited – 100% equity ownership but no control (in liquidation)		
45.2 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.		
Transactions and balances between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions and balances with other related parties are disclosed below.		
Amounts owed by related parties		
Borbet SA (Proprietary) Limited	–	139,5
Impairment provision	–	(55,9)
	–	83,6
Consani Engineering (Proprietary) Limited	154,5	154,5
Impairment provision	(129,2)	(144,2)
	25,3	93,9
Amount owing by joint ventures	–	3,3
	25,3	97,2
The loan amounts are unsecured, interest free and have no fixed terms of repayment. Refer to note 6.3.		
Amounts owed to related parties		
Unsecured interest bearing borrowings (note 23):		
Amounts owing to joint ventures (interest free)	19,5	–
Amounts owing to joint ventures	17,9	73,1
	37,4	73,1

The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carry interest at 6,7% (2006: 6,7%) per annum.

All monetary amounts are expressed in millions of Rands	2007	Restated 2006

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel

Interest of the directors in the share capital of the company is set out in the directors' report.

The key management personnel compensation, excluding the directors, are as follows:

	2007	Restated 2006
Salary	**16,0**	14,0
Retirement fund contributions	**1,9**	1,7
Allowances	**1,6**	2,9
Other benefits	**1,4**	2,0
Total guaranteed remuneration	**20,9**	20,6
Gain on exercise of share options	**12,2**	8,9
Performance related	**8,9**	9,1
Total remuneration	**42,0**	38,6

Directors' emoluments

Executive directors

The remuneration of executive directors for the year ended 30 June 2007 was as follows:

	Directors' fees R'000	Salary R'000	Retirement fund contribution R'000	Allowances R'000	Other benefits R'000	**Total guranteed remuneration R'000**	Performance related* R'000	**Total R'000**
2007								
BC Bruce	49	2 645	354	–	452	**3 500**	5 500	**9 000**
SJ Flanagan	49	1 703	222	200	26	**2 200**	2 500	**4 700**
N Jorek[1]	49	1 793	–	–	108	**1 950**	–	**1 950**
RW Rees	49	1 939	210	–	352	**2 550**	3 100	**5 650**
KE Smith	49	1 761	218	250	22	**2 300**	3 250	**5 550**
TOTAL	**245**	**9 841**	**1 004**	**450**	**960**	**12 500**	**14 350**	**26 850**
2006								
BC Bruce	49	2 578	332	–	426	3 385	4 000	7 385
SJ Flanagan	49	1 424	197	200	30	1 900	1 700	3 600
N Jorek[1]	49	1 617	–	–	149	1 815	925	2 740
RW Rees	49	1 617	194	–	390	2 250	2 300	4 550
KE Smith	49	1 485	199	292	26	2 051	3 000	5 051
TOTAL	245	8 721	922	492	1 021	11 401	11 925	23 326

1 Resigned as a director 29 August 2007.

**Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year end.*

All monetary amounts are expressed in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel *(continued)*

Directors' emoluments *(continued)*

Non-executive directors

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

The remuneration of non-executive directors for the year ended 30 June 2007 was as follows:

	Directors Fees R'000	Committee Fees R'000	Chairman's Fee R'000	**Total 2007 R'000**	Total 2006 R'000
RC Andersen	–	–	763	**763**	735
SE Funde	102	74	–	**176**	136
SJ Macozoma[1]	27	11	–	**38**	173
N Magau	123	97	–	**220**	174
M McMahon	123	75	–	**198**	143
I Mkhize	103	104	–	**207**	134
AA Routledge	123	104	–	**227**	154
MJ Shaw	113	157	–	**270**	174
JJM van Zyl	113	101	–	**214**	177
R Vice	123	123	–	**246**	135
	950	846	763	**2 559**	2 135

[1]*Resigned 25 October 2006.*

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

The chairman's fee includes attendance at committee meetings.

Details of service on board committees are set out in the Corporate Governance Report.

Interest of the directors in the share capital of the company is set out in the directors report. At the date of signature of the group annual financial statements there had been no changes to the above shareholdings.

The directors of the company held in aggregate, directly or indirectly, grants of option from The Murray & Roberts Trust in respect of 1,4% (2006: 1,8%) of the ordinary shares of the company. These options are subject to the terms and conditions of the employee share scheme.

in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel *(continued)*

Directors' share options

The movements in share options of directors during the year ended 30 June 2007 are as follows:

	Grant date	Conditions	Outstanding options at 1 July 2006	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Outstanding options at 30 June 2007	Expiry Date
Bruce, BC	15 Jun 2000	Standard	750 000	R3,16	–	750 000	27 399	R39,70	–	15 Jun 2010
	29 Aug 2000	Standard	1 000 000	R3,25	–	1 000 000	36 172	R39,58	–	29 Aug 2010
	14 Mar 2001	Standard	200 000	R4,60	–	200 000	7 018	R39,70	–	14 Mar 2011
	14 Mar 2001	Hurdle	250 000	R4,60	–	250 000	8 660	R39,36	–	14 Mar 2011
	13 Mar 2002	Standard	200 000	R6,93	–	150 000	4 913	R39,70	50 000	13 Mar 2012
	13 Mar 2002	Hurdle	210 000	R6,93	–	157 500	5 159	R39,70	52 500	13 Mar 2012
	06 Mar 2003	Standard	80 000	R11,00	–	30 000	860	R39,70	50 000	06 Mar 2013
	06 Mar 2003	Hurdle	120 000	R11,00	–	–	–	–	120 000	06 Mar 2013
	15 Mar 2004	Standard	140 000	R13,04	–	–	–	–	140 000	15 Mar 2014
	15 Mar 2004	Hurdle	70 000	R13,04	–	–	–	–	70 000	15 Mar 2014
	28 Jun 2005	Standard	90 000	R14,00	–	–	–	–	90 000	28 Jun 2011
	28 Jun 2005	Hurdle	90 000	R14,00	–	–	–	–	90 000	28 Jun 2011
	06 Mar 2007	Special	–	R50,60	800,000	–	–	–	800 000	06 Mar 2013
			3 200 000						**1 462 500**	
Rees, RW	15 Jun 2000	Standard	100 000	R3,16	–	100 000	6 322	R66,65	–	15 Jun 2010
	14 Mar 2001	Standard	200 000	R4,60	–	200 000	12 393	R66,65	–	14 Mar 2011
	14 Mar 2001	Hurdle	200 000	R4,60	–	200 000	12 356	R66,65	–	14 Mar 2011
	13 Mar 2002	Standard	100 000	R6,93	–	100 000	5 945	R66,65	–	13 Mar 2012
	13 Mar 2002	Hurdle	110 000	R6,93	–	110 000	6 555	R66,65	–	13 Mar 2012
	06 Mar 2003	Standard	65 000	R11,00	–	48 750	2 711	R66,65	16 250	06 Mar 2013
	06 Mar 2003	Hurdle	100 000	R11,00	–	75 000	4 171	R66,65	25 000	06 Mar 2013
	15 Mar 2004	Standard	90 000	R13,04	–	45 000	2 411	R66,65	45 000	15 Mar 2014
	15 Mar 2004	Hurdle	90 000	R13,04	–	45 000	2 411	R66,65	45 000	15 Mar 2014
	28 Jun 2005	Standard	15 000	R14,00	–	–	–	–	15 000	28 Jun 2011
	03 Mar 2006	Standard	150 000	R23,53	–	–	–	–	150 000	03 Mar 2012
	03 Mar 2006	Hurdle	100 000	R23,53	–	–	–	–	100 000	03 Mar 2012
	06 Mar 2007	Special	–	R50,60	380,000	–	–	–	380 000	06 Mar 2013
			1 320 000						**776 250**	
Smith, KE	13 Mar 2002	Standard	21 250	R6,93	–	–	–	–	21 250	13 Mar 2012
	13 Mar 2002	Hurdle	21 250	R6,93	–	–	–	–	21 250	13 Mar 2012
	06 Mar 2003	Standard	40 000	R11,00	–	–	–	–	40 000	06 Mar 2013
	06 Mar 2003	Hurdle	60 000	R11,00	–	–	–	–	60 000	06 Mar 2013
	15 Mar 2004	Standard	41 250	R13,04	–	–	–	–	41 250	15 Mar 2014
	15 Mar 2004	Hurdle	37 500	R13,04	–	–	–	–	37 500	15 Mar 2014
	28 Jun 2005	Standard	100 000	R14,00	–	–	–	–	100 000	28 Jun 2011
	28 Jun 2005	Hurdle	40 000	R14,00	–	–	–	–	40 000	28 Jun 2011
	03 Mar 2006	Standard	100 000	R23,53	–	–	–	–	100 000	03 Mar 2012
	03 Mar 2006	Hurdle	60 000	R23,53	–	–	–	–	60 000	03 Mar 2012
	06 Mar 2007	Special	–	R50,60	410 000	–	–	–	410 000	06 Mar 2013
			521 250						**931 250**	

All monetary amounts are expressed in millions of Rands

45. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

45.3 Transactions with key management personnel *(continued)*

Directors' share options *(continued)*

	Grant date	Conditions	Outstanding options at 1 July 2006	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Outstanding options at 30 June 2007	Expiry Date
Flanagan, SJ	13 Mar 2002	Standard	21 250	R6,93	–	–	–	–	21 250	13 Mar 2012
	13 Mar 2002	Hurdle	21 250	R6,93	–	–	–	–	21 250	13 Mar 2012
	06 Mar 2003	Standard	30 000	R11,00	–	–	–	–	30 000	06 Mar 2013
	06 Mar 2003	Hurdle	47 500	R11,00	–	–	–	–	47 500	06 Mar 2013
	15 Mar 2004	Standard	33 750	R13,04	–	–	–	–	33 750	15 Mar 2014
	15 Mar 2004	Hurdle	33 750	R13,04	–	–	–	–	33 750	15 Mar 2014
	28 Jun 2005	Standard	100 000	R14,00	–	–	–	–	100 000	28 Jun 2011
	28 Jun 2005	Hurdle	100 000	R14,00	–	–	–	–	100 000	28 Jun 2011
	03 Mar 2006	Standard	60 000	R 23,53	–	–	–	–	60 000	03 Mar 2012
	03 Mar 2006	Hurdle	50 000	R 23,53	–	–	–	–	50 000	03 Mar 2012
	06 Mar 2007	Special	–	R 50,60	435 000	–	–	–	435 000	06 Mar 2013
			497 500						**932 500**	
Jorek, N	15 Mar 2004	Standard	150 000	R13,04	–	75 000	3 131	R55,01	75 000	15 Mar 2014
	15 Mar 2004	Hurdle	100 000	R13,04	–	50 000	2 087	R55,01	50 000	15 Mar 2014
	28 Jun 2005	Standard	80 000	R14,00	–	–	–	–	80 000	28 Jun 2011
	28 Jun 2005	Hurdle	70 000	R14,00	–	–	–	–	70 000	28 Jun 2011
	03 Mar 2006	Standard	100 000	R23,53	–	–	–	–	100 000	03 Mar 2012
	03 Mar 2006	Hurdle	70 000	R23,53	–	–	–	–	70 000	03 Mar 2012
			570 000						**445 000**	

Interest of directors' in contracts

A register detailing directors' interests in the company is available for inspection at the company's registered office.

Directors' service contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

Share purchases and sales by directors

During the year BC Bruce and RW Rees purchased 1 357 334 and 416 750 shares respectively. There were no sales of shares during the year, other than the realisation of options.

in millions of Rands

46. SUBSIDIARY COMPANIES

A list of the major subsidiary companies is set out in annexure 1.

Although the group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2007	2006
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Johnson Arabia LLC	**49**	49

The financial year end of Johnson Arabia LLC is 31 December each year. For the purpose of consolidation, financial statements are prepared for the 12 months ended 30 June each year.

47. POST BALANCE SHEET EVENTS

The Group has reached agreement with Clough Limited (Clough) and the Clough Family (McRae) on a comprehensive recapitalisation package, including support for its strategic vessel acquisition program. Key aspects of the transaction are:

1. The agreed price for the total transaction is A$36,8 cents per share;
2. McRae will sell to Murray & Roberts 3% of issued shares (15,3 million shares) in September 2007;
3. Murray & Roberts will underwrite a Rights Issue to raise about A$40 million;
4. McRae agrees to cede its Rights Issue rights in the A$40 million raising to Murray & Roberts;
5. Murray & Roberts will be issued new shares in Clough (Placement) equal in volume to the McRae sale to Murray & Roberts (15,3 million shares);
6. Murray & Roberts will convert its 2005 A$15 million loan into 30 million shares in terms of the agreement covering that loan;
7. McRae will sell its convertible notes to Murray & Roberts including the outstanding coupons for A$10,2 million;
8. Murray & Roberts will convert all its notes into ordinary Clough shares to suit its strategy.

The consequence of this agreement (subject to Clough shareholder approval) is that:

1. Murray & Roberts reaches more than 60% ownership in Clough within two years, at an average investment of A$46 cents per share;
2. Post-recapitalisation, the NAV of Clough will be 23 cents per share at 30 June 2008.

The Group will consolidate Clough from 1 July 2007.

All monetary amounts are expressed
in millions of Rands

48. 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.

Impairment testing of investments in associate companies (note 5)

The directors applied judgement in assessing the investment in Clough Limited for impairment. The fair value at 30 June 2007 was reassessed based on the provision recorded in the books of Clough for completion and final settlement on pre-acquisition contracts. This led to an impairment charge of R115 million in the current year.

Estimated impairment of goodwill

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

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 11

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 44.

Other estimates made

The Group also makes estimates for:

- the calculation of the provision for doubtful debts,
- the determination of useful lives and residual values of items of property, plant and equipment,
- the calculation of the provision for obsolete inventory,
- the calculation of any provision for claims, litigation and other legal matters,
- the calculation of any other provisions including warrantees, guarantees and bonuses,
- the assessment of impairments and the calculation of the recoverable amount of assets,
- the calculation of the fair value of financial instruments including the service concessions,
- the calculation of the fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, and
- the determination of taxation liabilities.

49. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED

49.1 Standards, interpretations and amendments not yet effective, as applicable to Murray & Roberts

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2007 or later periods but which the Group has not early adopted, are as follows:

IAS 23 (Amendment) Borrowing Costs (effective from 1 January 2009)

The amendment to IAS 23 removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. The revised Standard does not require the capitalisation of borrowing costs relating to assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive get ready for use or sale. Management is currently assessing the impact of IAS 23 on the Group's operations.

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 July 2007.

IFRS 8, Operating Segments (effective from 1 January 2009)

IFRS 8 requires identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. This includes a component of an entity that sells primarily or exclusively to other operating segments of the entity in the definition of an operating segment if the entity is managed that way.

The statement requires:

- reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements,
- an explanation of how segment profit or loss and segment assets are measured for each reportable segment,
- a report on information about the revenues derived from its products or services (or groups of similar products and services),
- about the countries in which it earns revenues and holds assets,
- about major customers, regardless of whether that information is used by management in making operating decisions
- descriptive information about:
  - the way that the operating segments were determined,
  - the products and services provided by the segments,
  - differences between the measurements used in reporting segment information and those used in the entity's financial statements, and
  - changes in the measurement of segment amounts from period to period.

Management is currently assessing the impact of IFRS 8 on the Group's operations.

IFRIC 14: IAS 19 – The limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement. Management is currently assessing the impact of IFRIC 14 on the Group's operations.

All monetary amounts are expressed in millions of Rands

49. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED *(continued)*

49.1 Standards, interpretations and amendments not yet effective, as applicable to Murray & Roberts *(continued)*

IFRIC 10, Interim Financial Reporting and Impairment (effective 1 November 2006)

IFRIC 10 addresses an apparent conflict between the requirements of IAS 34 and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 concludes that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or financial asset carried at cost. Management is currently assessing the impact of IFRIC 10 on the Group's operations.

IFRIC 11, IFRS 2: Group and Treasury Share Transactions (effective 1 March 2007)

IFRIC 11 provides guidance on applying IFRS 2 in the following circumstances: (a) share based payments involving the entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation; (b) a parent grants rights to its equity instruments to employees of its subsidiary; and (c) a subsidiary grants rights to equity instruments of its parent to its employees. This is applicable to the Group as the parent granted rights to its equity instruments to employees of its subsidiaries and bought back its own equity instruments to settle its share-based payment obligations. The Group will apply IFRIC 11 and the amendment to IFRS 2 from annual periods beginning 1 July 2007.

50. CHANGE IN ACCOUNTING POLICY

During the year, the company changed its accounting policy for the valuation of investment property from depreciated historic cost to the fair value method. Management judges that this policy provides reliable and more relevant information and is in accordance with international trends towards fair value accounting. The effect of the change in the accounting policy is as follows:

	2007	2006
Impact of depreciation	**–**	4,9
Fair value adjustment	**252,8**	(4,9)
Taxation effect	**(25,0)**	–
Net increase in profit	**227,8**	–
The above transaction had the following effects on earnings per share:		
Increase in earnings	**227,8**	–
Number of shares used for basic per share calculation (’000)	**293 929**	304 837
Number of shares used for diluted per share figures calculation (’000)	**298 255**	309 918
Impact on basic earnings per share (cents)	**78**	–
Impact on diluted earnings per share (cents)	**76**	–

MURRAY & ROBERTS HOLDINGS LIMITED
FINANCIAL STATEMENTS

All monetary amounts are expressed in millions of Rands	Notes	2007	Restated 2006
BALANCE SHEET			
at 30 June 2007			
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**0,4**	0,4
Deferred taxation asset		**–**	0,9
Total non-current asset		**0,4**	1,3
Current assets			
Amount owing from subsidiary company	2	**1 667,3**	1 639,2
Amount owing from The Murray & Roberts Trust	3	**157,5**	186,9
Cash and cash equivalents		**2,0**	2,3
Total current assets		**1 826,8**	1 828,4
TOTAL ASSETS		**1 827,2**	1 829,7
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	4	**1 672,8**	1 672,8
Non-distributable reserve		**0,9**	0,9
Retained earnings		**150,3**	151,0
Total equity		**1 824,0**	1 824,7
Current liabilities			
Accounts payable		**3,1**	4,9
Taxation		**0,1**	0,1
Total current liabilities		**3,2**	5,0
TOTAL EQUITY AND LIABILITIES		**1 827,2**	1 829,7
INCOME STATEMENT			
for the year ended 30 June 2007			
Revenue			
Dividend received from subsidiary company		**282,1**	129,8
Fees received from subsidiary company		**3,2**	3,0
Total revenue		**285,3**	132,8
Total expenses		**(3,2)**	(3,1)
Audit remuneration		**(0,4)**	(0,4)
JSE Fees		**(0,2)**	(0,1)
Other		**(2,6)**	(2,6)
Earnings before taxation		**282,1**	129,7
Taxation	5	**(1,0)**	(3,7)
Attributable profit for the year		**281,1**	126,0

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
CASH FLOW STATEMENT		
for the year ended 30 June 2007		
Earnings before taxation	**282,1**	129,7
Adjustments:		
Dividends received	**(282,1)**	(129,8)
Change in working capital:		
Trade accounts payable (decrease) increase	**(1,8)**	3,7
Cash generated by operations	**(1,8)**	3,6
Taxation paid	**(0,1)**	(4,5)
Operating cash flow	**(1,9)**	(0,9)
Dividends paid	**(281,8)**	(166,0)
Cash flows from operating activities	**(283,7)**	(166,9)
Dividends received	**282,1**	129,8
Cash flows from investing activities	**282,1**	129,8
Increase in amounts owing from subsidiary company	**(28,1)**	(3,7)
Decrease in amounts owing from The Murray & Roberts Trust	**29,4**	43,1
Cash flows from financing activities	**1,3**	39,4
Net (decrease)/increase in net cash and cash equivalents	**(0,3)**	2,3
Net cash and cash equivalents at beginning of year	**2,3**	–
Net cash and cash equivalents at end of year	**2,0**	2,3

All monetary amounts are expressed in millions of Rands	Share capital	Share premium	Capital redemption reserve fund	Retained earnings	Attributable to equity holders of the company
STATEMENT OF CHANGES IN EQUITY					
for the year ended 30 June 2007					
Balance at 30 June 2005	33,2	1 639,6	0,9	191,0	**1 864,7**
Attributable profit for the year	–	–	–	126,0	**126,0**
Dividends declared and paid	–	–	–	(166,0)	**(166,0)**
Balance at 30 June 2006	33,2	1 639,6	0,9	151,0	**1 824,7**
Attributable earnings for the year	–	–	–	281,1	**281,1**
Dividends declared and paid	–	–	–	(281,8)	**(281,8)**
Balance at 30 June 2007	**33,2**	**1 639,6**	**0,9**	**150,3**	1 824,0

NOTES TO THE MURRAY & ROBERTS HOLDINGS LIMITED FINANCIAL STATEMENTS
for the year ended 30 June 2007

All monetary amounts are expressed in millions of Rands		2007	Restated 2006
1.	**ACCOUNTING POLICIES**		
	The accounting policies are set out on pages 91 to 102.		
2.	**INTEREST IN SUBSIDIARY COMPANY**		
	Shares at cost	**0,4**	0,4
	Net amount due	**1 667,3**	1 639,2
		1 667,7	1 639,6
	The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms. (Refer annexure 1 for details).		
3.	**AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST**		
	Net amount due	**157,5**	186,9
		157,5	186,9
	The amount due from The Murray & Roberts Trust is unsecured, interest free and does not have any fixed repayment terms.		
4.	**SHARE CAPITAL AND PREMIUM**		
	Share capital		
	Authorised		
	500 000 000 ordinary shares of 10 cents each (2006: 500 000 000 of 10 cents each)	**50,0**	50,0
	Issued and fully paid		
	331 892 619 ordinary shares of 10 cents each (2006: 331 892 619 of 10 cents each)	**33,2**	33,2
	Share premium	**1 639,6**	1 639,6
		1 672,8	1 672,8
5.	**TAXATION**		
	Normal taxation		
	– current year	**(0,1)**	(0,3)
	Deferred taxation	**(0,9)**	0,9
	Secondary taxation on companies		
	– current year	**–**	(4,3)
		(1,0)	(3,7)
	Reconciliation of effective rate of taxation to the standard rate of taxation:		
		%	%
	Effective rate of taxation	**0,3**	2,9
	Reduction in rate of taxation due to:		
	Capital and non-taxable items	**29,0**	29,0
	Deferred taxation assets recognised	**–**	0,7
		29,3	32,6
	Increase in rate of taxation due to:		
	Capital and non-deductible expenditure	**(0,3)**	(0,3)
	Secondary taxation on companies	**–**	(3,3)
	South African standard rate of taxation	**29,0**	29,0

All monetary amounts are expressed in millions of Rands	2007	Restated 2006
6. EMOLUMENTS OF DIRECTORS		
Executive directors (paid by subsidiary companies)	**26,9**	23,3
Non-executive directors (paid by the company)	**2,6**	2,1
	29,5	25,4
Included in the above are fees paid for services as directors of the company	**–**	1,0
Number of directors at year end	**14**	16
Details of individual director emoluments are disclosed in note 45 on the consolidated financial statements.		
7. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons. The ascertainable contingent liabilities at 30 June covered by such guarantees being	**214,8**	214,8

8. 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 two call options to repurchase the shares in Murray & Roberts Letsema Khanyisa (Proprietary) Limited and Murray & Roberts Letsema Sizwe (Proprietary) Limited (the BBBEE subco's) at market value and on the following conditions:

a) 31 December 2010 call option

On 31 December 2010, if after review, all parties agree in writing that it is not economically viable to continue with the structure, and

b) 31 December 2015 call option

On 31 December 2015, being the date on which the lock-in period expires, if the value of the shares owned by the BBBEE subco's is less than the aggregate redemption amount of the funding.

No value has been placed on these call options as they give the company an option to repurchase the shares at is market value and therefore do not expose the company to any potential loss or gain.

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

All monetary amounts are expressed in millions of Rands

(All companies shown are registered in South Africa except where indicated otherwise)

(a) Direct

	Issued share capital amount in Rand	Interest in issued share capital		Cost of investment		Loan account	
		2007	2006	**2007**	2006	**2007**	2006
		%	%	**Rm**	Rm	**Rm**	Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**1 667,3**	1 639,2

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest		Proportion of voting power held	
			2007	2006	**2007**	2006
			%	%	**%**	%
Murray & Roberts Limited		**59**	**100**	100	**100**	100
Construction & engineering						
Cementation Canada Inc (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Concor Limited		6 673 797	**100**	100	**100**	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP	2	**100**	100	**100**	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD	80 000	**100**	100	**100**	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Cementation (Proprietary) Limited		1 750 000	**80**	80	**80**	80
Murray & Roberts Concessions (Proprietary) Limited		100	**100**	100	**100**	100
Murray & Roberts Construction (Proprietary) Limited		100	**100**	100	**100**	100
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Contractors (Tanzania) Limited (incorporated in Tanzania)	TZS	2	**100**	100	**100**	100
Murray & Roberts Contractors (Zambia) Limited (incorporated in Zambia)	ZMK	22 000 000	**100**	100	**100**	100
Murray & Roberts Engineering Solutions Limited (Proprietary) Limited		2	**100**	100	**100**	100
Murray & Roberts MEI (Proprietary) Limited		1	**100**	100	**100**	100

All monetary amounts are expressed in millions of Rands

MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES *(continued)*

(All companies shown are registered in South Africa except where indicated otherwise)

(b) Indirect

		Issued share capital (in Rand except where indicated otherwise)	Proportion of ownership interest 2007 %	2006 %	Proportion of voting power held 2007 %	2006 %
Construction materials & services						
BRC Arabia (FZE) (incorporated in UAE)	AED	2 000 000	**100**	100	**100**	100
Harvey Roofing Products (Proprietary) Limited		100	**100**	100	**100**	100
Johnson Arabia LLC (incorporated in Dubai)	AED	300 000	**49**	49	**49**	49
Oconbrick Manufacturing (Proprietary) Limited		1 000	**80**	80	**80**	80
Much Asphalt (Proprietary) Limited		100	**100**	100	**100**	100
Murray & Roberts Steel (Proprietary) Limited		100	**100**	100	**100**	100
Rocla (Proprietary) Limited		250 000	**100**	100	**100**	100
Tolcon-Lehumo (Proprietary) Limited		100	**74**	74	**74**	74
Toll Road Concessionaires (Proprietary) Limited		12 000	**100**	100	**100**	100
Wade Walker (Proprietary) Limited		10 010	**80**	–	**80**	–
Fabrication & manufacture						
Union Carriage and Wagon Co (Proprietary) Limited		8 160 000	**100**	100	**100**	100
The UCW Partnership		–	**70**	70	**70**	70
Genrec Engineering (Proprietary) Limited		200	**100**	100	**100**	100
Hall Longmore (Proprietary) Limited		100	**100**	100	**100**	100
Corporate						
Interbuild Insurance Limited (incorporated in British Virgin Islands)	USD	170 000	**100**	100	**100**	100
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	**100**	100	**100**	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	**100**	100	**100**	100
Murray & Roberts Properties Services (Proprietary) Limited		2	**100**	100	**100**	100
P.T. Murray & Roberts Indonesia (incorporated in Indonesia)	USD	250 000	**100**	100	**100**	100
Associate companies						
Clough Limited (incorporated in Australia)	AUD	130 232 000	**49**	46	**49**	46
Murray & Roberts (Zimbabwe) Limited (incorporated in Zimbabwe)	ZWD	4 087 742	**49**	49	**49**	49
Entilini Concession (Proprietary) Limited		100	**75**	75	**75**	75

ANNEXURE 2 – INTEREST BEARING BORROWINGS

All monetary amounts are expressed in millions of Rands	Financial years of redemption	Closing interest rate (effective NACM) 2007 %	2006 %	Amount 2007 Rm	2006 Rm
Secured					
Equal monthly instalments with one balloon payment at the end	2007	**6,75**	6,38	**79,9**	25,9
Equal monthly instalments	2010	**5,68**	5,68	**33,9**	13,8
Term loans with equal quarterly instalments	2009	**8,48**	7,83	**36,9**	12,3
No fixed terms of repayment		**6,26**	5,61	**211,1**	213,6
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				**16,8**	6,4
				378,6	272,0
Unsecured					
Bi-annual instalments	2007	**8,70**	8,70	**–**	43,1
One bullet repayment	2007	**9,25**	6,82	**143,5**	100,9
No fixed terms of repayment		**6,29**	6,88	**215,0**	259,7
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**17,7**	37,4
Bank overdrafts				**181,5**	166,3
				557,7	607,4
Capitalised finance leases					
Full Maintenance Leases				**–**	10,5
Plant & Equipment				**15,3**	–
IT Equipment Rentals				**9,0**	10,1
Specific project plant & equipment				**130,9**	74,7
Various plant & equipment financing				**91,9**	70,8
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**–**	4,6
				247,1	170,7

All monetary amounts are expressed in millions of Rands

INTEREST BEARING BORROWINGS *(continued)*

	Financial years of redemption	Closing interest rate (effective NACM) 2007 %	2006 %	Amount 2007 Rm	2006 Rm
Obligations under finance headleases					
Bi-annual instalments	2008	**11,85**	11,85	**43,0**	117,2
Bi-annual instalments	2009	**13,18**	13,18	**25,4**	40,2
Monthly instalments	2011	**17,90**	17,90	**15,9**	17,2
Monthly instalments	2007	**18,38**	18,38	**–**	22,4
Monthly instalments	2010	**18,90**	18,90	**14,1**	17,8
Monthly instalments	2012	**18,72**	18,72	**28,1**	31,1
Monthly instalments	2010	**18,50**	18,50	**28,6**	30,9
				155,1	276,8
Total Group				**1 338,5**	1 326,9
Reflected in the notes under:					
Long-term loans (note 16)					
Interest bearing secured loans				**301,8**	240,0
Interest bearing unsecured loans				**177,8**	188,8
Capitalised finance leases				**137,7**	88,2
Obligations under finance headleases (note 17)				**78,4**	155,1
Overdrafts and short-term loans (note 23)					
Bank overdrafts				**181,5**	166,3
Current portion of long-term borrowings				**275,2**	284,3
Current portion of capitalised finance leases				**109,4**	82,5
Current portion of obligations under finance headleases				**76,7**	121,7
				1 338,5	1 326,9

ANNEXURE 3 – GROUP SEGMENTAL REPORT

All monetary amounts are expressed
in millions of Rands

The Group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

Inter-segment transfers: Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses
All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate*	**Group**
2007					
Revenue – external	11 821	4 730	2 038	–	**18 589**
Continuing operations	11 821	4 730	1 323	–	**17 874**
Discontinued operations	–	–	715	–	**715**
Revenue – internal	90	54	68	(81)	**131**
Results					
Earnings before exceptional items and interest	756	763	109	(165)	**1 463**
Continuing operations	756	763	83	(165)	**1 437**
Discontinued operations	–	–	26	–	**26**
Exceptional items	(128)	–	–	(19)	**(147)**
Earnings before interest and taxation	628	763	109	(184)	**1 316**
Net interest income (expense)	37	(24)	(13)	12	**12**
Earnings before taxation	665	739	96	(172)	**1 328**
Taxation	(212)	(169)	(28)	45	**(364)**
Earnings after taxation	453	570	68	(127)	**964**
Income from associates	(114)	7	–	–	**(107)**
Profit for the year from discontinued operations	–	–	(61)	–	**(61)**
Minority shareholders' interest	(18)	(73)	(3)	–	**(94)**
Earnings attributable to ordinary shareholders	321	504	4	(127)	**702**

**Corporate includes the elimination of inter-segment revenue.*

All monetary amounts are expressed
in millions of Rands

Segmental assets

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

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, sub-contractor liabilities and external interest bearing borrowings.

Primary reporting – business segments

For management purposes, the Group is organised on a world wide basis into four main business segments. These segments are the basis on which the Group reported its primary segment information. The composition of these segments is set out in annexure 1.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate*	**Group**
2006					
Revenue – external	6 966	3 252	1 748	–	**11 966**
Continuing operations	6 966	3 206	925	–	**11 097**
Discontinued operations	–	46	823	–	**869**
Revenue – internal	133	69	7	(209)	**–**
Results					
Earnings before exceptional items and interest	324	480	144	(147)	**801**
Continuing operations	324	479	63	(147)	**719**
Discontinued operations	–	1	81	–	**82**
Exceptional items	(60)	(15)	(4)	1	**(78)**
Earnings before interest and taxation	264	465	140	(146)	**723**
Net interest income (expense)	13	(11)	(13)	33	**22**
Earnings before taxation	277	454	127	(113)	**745**
Taxation	(78)	(141)	(19)	45	**(193)**
Earnings after taxation	199	313	108	(68)	**552**
Income from associates	1	1	–	(1)	**1**
Profit for the year from discontinued operations	–	–	16	(7)	**9**
Minority shareholders' interest	(10)	(39)	–	–	**(49)**
Earnings attributable to ordinary shareholders	190	275	124	(76)	**513**

**Corporate includes the elimination of inter-segment revenue.*

ANNEXURE 3 – GROUP SEGMENTAL REPORT

All monetary amounts are expressed in millions of Rands

Primary reporting – business segments *(continued)*

	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate*	**Group**
2007						
Balance sheet						
Segmental assets	1	6 450	2 423	1 062	251	**10 186**
Segmental liabilities	2	6 386	1 549	862	(279)	**8 518**
Investment in associate company		638	9	–	1	**648**
Loans to associate companies		84	–	–	153	**237**
Non-current assets held-for-sale		23	–	–	–	**23**
Other information						
Capital expenditure of property, plant and equipment		603	339	63	4	**1 009**
Capital expenditure of other intangible assets		23	4	–	–	**27**
Depreciation		200	66	63	2	**331**
Amortisation of other intangible assets		16	5	–	2	**23**
Impairment of property, plant and equipment		3	–	–	–	**3**
Reversal of impairment of property, plant and equipment		1	–	–	–	**1**
Impairment of receivables		12	20	1	5	**38**
Number of employees		24 106	6 381	2 891	88	**33 466**

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

	2007	Restated 2006
NOTES		
1. RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**13 011**	10 385
Bank balances and cash	**(2 809)**	(1 808)
Deferred taxation assets	**(16)**	(52)
Segmental assets	**10 186**	8 525
2. RECONCILIATION OF SEGMENTAL LIABILITIES		
Current liabilities	**8 093**	6 163
Bank overdrafts	**(181)**	(166)
Current taxation liabilities	**(220)**	(152)
Non-current liabilities	**1 103**	1 028
Deferred taxation liabilities	**(277)**	(297)
Segmental liabilities	**8 518**	6 576

All monetary amounts are expressed in millions of Rands

Primary reporting – business segments *(continued)*

	Notes	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate*	**Group**
2006						
Balance sheet						
Segmental assets	1	4 854	2 577	1 504	(410)	**8 525**
Segmental liabilities	2	3 758	1 403	915	500	**6 576**
Investment in associate company		777	6	–	1	**784**
Loans to associate companies		14	–	–	79	**93**
Non-current assets held-for-sale		11	–	–	–	**11**
Other information						
Capital expenditure of property, plant and equipment		196	93	79	1	**369**
Capital expenditure of other intangible assets		40	2	1	1	**44**
Depreciation		113	50	64	3	**230**
Amortisation of other intangible assets		15	6	–	–	**21**
Impairment of property, plant and equipment		4	–	–	–	**4**
Reversal of impairment of property, plant and equipment		–	–	3	–	**3**
Impairment of receivables		17	18	1	6	**42**
Number of employees		17 074	4 073	2 620	100	**23 867**

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

Secondary reporting format – geographical segments

The group operates in the following geographic areas of the world.

	South Africa	Africa – other	Europe	America	Pacific Rim/ South East Asia	Middle East	**Group**
2007							
Revenue	13 647	610	–	1 069	252	3 011	**18 589**
Percentage	73	3	–	6	1	17	
Segmental assets	6 147	297	1 164	420	585	1 573	**10 186**
Percentage	61	3	11	4	6	15	
Capital expenditure	774	5	–	71	26	133	**1 009**
Percentage	77	–	–	7	3	13	
Number of employees	30 181	1 235	1	947	148	954	**33 466**
Percentage	90	4	–	3	–	3	
2006							
Revenue	8 564	716	–	657	153	1 876	**11 966**
Percentage	72	6	–	5	1	16	
Segmental assets	5 167	391	1 006	205	621	1 135	**8 525**
Percentage	61	5	12	2	7	13	
Capital expenditure	296	6	–	30	13	24	**369**
Percentage	80	2	–	8	4	7	
Number of employees	20 452	2 010	5	733	79	588	**23 867**
Percentage	86	8	–	3	–	2	

DETAILED GROUP DIRECTORATE

NON-EXECUTIVE DIRECTORS

Roy Cecil Andersen (59)

CA(SA) CPA (Texas), independent non-executive chairman

Appointed to the Board in 2003. Appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust. Chairman of Sanlam Limited. Director of Virgin Active Group Limited and Business Against Crime. Member of the King Committee on Corporate Governance. Former chief executive and deputy chairman of the Liberty Group.

Roy served as executive president of the JSE Limited from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. Roy was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence. He is a member of the Defence Staff Council and the Military Command Council.

Sonwabo Edwin Funde (63)

MSc Eng (Elec), independent non-executive director

Appointed to the Board in 2000. Member of the nomination and health, safety & environment committees. Trustee of the Independent Development Trust, Fundani Trust and TW Kambule Education, Training and Development Trust. President of the South African Communications Forum. Chairman of SABC, Sizanani Knowledge Management Services and Shaya Technologies. Director of National Institute for Economic Policy, Khuselo Holdings, Kemlinks International, Petzetakis Africa, Tiyende Holdings, Tiyende Technologies, Kaharis, Beco Holdings, Impi Linux and Global Web.

Namane Milcah Magau (55)

BA EdD (Harvard) MEd BEd, independent non-executive director

Appointed to the Board in 2004. Member of the remuneration & human resources committee and the health, safety & environment committee. Trustee of The Murray & Roberts Trust. President of the Businesswomen's Association. Director of Santam Limited, Thebe Investment (Proprietary) Limited, FastComm (Proprietary) Limited and Merrill Lynch. Member of the Advisory Board University of Cape Town Business School. Dr Magau is currently director of her own consulting company and was formerly the director for group human capital services at the SABC. She came to the SABC from the CSIR where she was vice president for human resources.

John Michael McMahon (60)

PrEng BSc Eng (Glasgow), independent non-executive director

Appointed to the Board in 2004. Chairman of the health, safety & environment committee. Director of Gold Fields Limited and Impala Platinum Holdings Limited. Former chairman of Gencor Limited and Impala Platinum Holdings Limited. Michael was a project manager at Murray & Roberts during the 1970s.

Imogen Nonhlanhla Mkhize (44)

BSc Information Systems (Rhodes) MBA (Harvard), independent non-executive director

Appointed to the Board in 2005. Member of the audit and risk committees. Director of Sasol Limited, Illovo Sugar Limited, Mondi plc & Mondi Limited, Allan Gray Limited and Mobile Telephone Networks. She is a member of the Financial Markets Advisory Board and contributes her time to various academic and community development institutions including CIDA City Campus and Common Purpose. Imogen also serves both her alma maters as a member of the Harvard Business School Alumni Association Board and Rhodes University Board of Governors.

Imogen was CEO of the 18th World Petroleum Congress from June 2003 to July 2006. Previously, she was the executive chairman of the Zitek Group and managing director of Lucent Technologies South Africa. Her formative employment history includes Anglo American, Andersen Consulting and Nedcor. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow.

Anthony Adrian Routledge (59)

BCom CA(SA), independent non-executive director

Appointed to the Board in 1994. Member of the audit and remuneration & human resources committees. Trustee of The Murray & Roberts Trust. Former executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

Martin John Shaw (68)

CA(SA), independent non-executive director

Appointed to the Board in 2003. Chairman of the audit committee and member of the risk committee. Chairman of Pretoria Portland Cement Company Limited and Reunert Limited. Director of Illovo Sugar Limited, JD Group Limited, Liberty Group Limited, Liberty Holdings Limited, Standard Bank of South Africa Limited and Standard Bank Group Limited. Martin was chief executive of Deloitte & Touche from 1991 to 1999 and chairman in South Africa until his retirement in 2001.

Sibusiso Patrick Sibisi (52)

BSc Physics (Hons) PhD (Cambridge), independent non-executive director

Appointed to the Board in 2007. Member of the risk committee. President and CEO of Council for Scientific and Industrial Research. Chairman of Denel and a director of Liberty Life. Former chairman and current member of the National Advisory Council on Innovation. Co-founder of a research based small enterprise at Cambridge. Fulbright Fellow at the California Institute of Technology in 1988. Former deputy vice chancellor, Research and Innovation, University of Cape Town.

Johannes Jacobus Marthinus (Boetie) van Zyl (68)

PrEng BSc Eng (Mech), independent non-executive director

Appointed to the Board in 1998. Chairman of the remuneration & human resources committee and member of the nomination committee. Trustee of The Murray & Roberts Trust. Director of Naspers Limited, Peace Parks Foundation, Atlas Properties Limited and MIH Holdings Limited.

Royden Thomas Vice (60)

BCom CA (SA), independent non-executive director

Appointed to the Board in 2005. Chairman of the risk committee and member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust. CE of Waco International and director of Hudaco Industries Limited. Previously CEO of Industrial and Special Products of the UK-based BOC Group. He was previously chairman of African Oxygen Limited (Afrox) from 1994 to 2001, Afrox Healthcare, and Consol Limited.

Sakumzi Justice Macozoma resigned as an independent director on 25 October 2006.

EXECUTIVE DIRECTORS

Brian Cameron Bruce (58)

PrEng BSc Eng (Civil) DEng (hc), group chief executive

Appointed to the Board and Group CE in 2000. First joined the Group in 1967. Director, Clough Limited. President (1994), South African Institute of Civil Engineering. Chairman (2001 to 2004) and Member, Construction Industry Development Board; Member, University of Witwatersrand Council; Chairman, Engineering and Built Environment (EBE) faculty advisory board, University of Witwatersrand; member, EBE faculty advisory board, University of Cape Town. Recipient of awards and active leader in development of strategic future of the regional and international construction and engineering sector.

Sean Joseph Flanagan (47)

BSc (Building), group executive director

Appointed to the Board in 2004. Joined the Group in 1991. Board of Governors, St John's School. Built competency in project development and management with some of the leading property, construction and engineering companies in the United Kingdom and South Africa. Has held many executive leadership positions, including MD of Murray & Roberts Properties (Gauteng) and Murray & Roberts Engineering Solutions (Proprietary) Limited. Sean is responsible for the Group's major mining contracting operations, concessions, and 2010 major projects.

Roger William Rees (54)

BSc (Econ) Hons FCA, group financial director

Joined the Group and appointed to the Board in 2000. Early career development with Arthur Andersen in London and Johannesburg. Held financial leadership positions in the international food, tobacco and media sectors. Has extensive international experience in corporate finance activities including due diligence, mergers and acquisitions. Director of Clough Limited.

Keith Edward Smith (56)

BCom, group executive director

Appointed to the Board in 2001. Joined the Group in 1980 as financial executive in the Group's UK building and engineering subsidiary. Assigned to the United States before returning to Africa to build sustainable operations in Botswana and Zimbabwe. Appointed MD, Johnson Crane Hire in 1995. Transferred to corporate office in 2000 and has led construction materials & services business sector in Rebuilding Murray & Roberts.

Norbert Jorek resigned as an executive director on 29 August 2007.

COMPANY SECRETARY

Yunus Karodia (35)

CFA, CA(SA)

Joined the Group in 1999. Appointed to the dual corporate executive positions of group financial manager and company secretary in April 2007. Previously financial manager at Murray & Roberts International based in Dubai and financial manager of Murray & Roberts Concessions. Trustee of Letsema Vulindlela Black Executives Trust.

NOTICE TO MEMBERS

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE000073441)
(the company)

Notice is hereby given that the fifty-ninth annual general meeting of the company will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Tuesday 30 October 2007 at 11:00 to conduct the following business:

1. **Ordinary resolution number 1:**

   To receive and consider the annual financial statements for the year ended 30 June 2007.

2. **Ordinary resolution number 2:**

   To elect:

   - SP Sibisi as a director, who was appointed since the last annual general meeting, and in accordance with the company's articles of association, retires at this annual general meeting.
   - SE Funde, NM Magau, JM McMahon and AA Routledge as directors who in terms of the articles of association retire by rotation.

   All the retiring directors are eligible and available for re-election.

   The profiles of the directors up for re-election appear on pages 20 and 170.

3. **Ordinary resolution number 3:**

   To reappoint the auditors, Deloitte & Touche.

4. **Ordinary resolution number 4:**

   To approve the proposed fees payable quarterly in arrears to non-executive directors with effect from the quarter commencing 1 October 2007 as follows:

		Proposed per annum	Previous per annum
Chairman Fee	Includes director and committee fees	[1]R869 000	R790 000
Director Fees	Per annum	[3]R110 000	[2]R100 000
Committee Fees:			
Audit	Chairman	R130 000	R120 000
	Member	R65 000	R60 000
Risk	Chairman	R87 500	R80 000
	Member	R55 000	R50 000
Remuneration & Human Resources	Chairman	R87 500	R80 000
	Member	R55 000	R50 000
Nomination	Chairman	[4]R45 000	R42 000
	Member	R27 500	R25 000
Health, Safety & Environment	Chairman	R87 500	R80 000
	Member	R55 000	R50 000

[1] Effective from 1 January 2008 payable monthly in arrears.
[2] Calculated on the basis of 5 meetings per annum.
[3] A deduction of R10 000 per meeting will apply for non attendance at a scheduled meeting and R20 000 will be payable for attendance at a special board meeting.
[4] Included in chairman fee.

SPECIAL BUSINESS

To consider and if deemed fit, pass, with or without modification the following special resolution:

5. **Special resolution number 1:**

   "RESOLVED THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's ordinary shares subject to the provisions of the Companies Act No. 61 (as amended) (the Companies Act) and the Listings Requirements of the JSE Limited (JSE) provided that:

a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;

b) any general purchase by the company and/or any of its subsidiaries of the company's ordinary shares in issue shall not in aggregate in any one financial year exceed 20% (twenty percent) of the company's issued ordinary share capital at the time that the authority is granted;

c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market value of the ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;

d) the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);

e) the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;

f) the company or its subsidiary may not repurchase ordinary shares during a prohibited period;

g) after such repurchase the company still complies with shareholder spread requirements;

h) authorisation thereto been given by the company's articles;

i) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the company; and

j) should the company or any subsidiary cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements of the JSE."

Having considered the effect on the company of the maximum repurchase under this general authority, the directors are of the opinion that:

i) the company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;

ii) the assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited financial statements of the group for the year ended 30 June 2007;

iii) the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and

iv) the working capital of the company and group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

A general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor to the effect that the directors have considered the solvency and liquidity of the company as required in terms of Section 85(4) of the Companies Act. Furthermore, the company will consult its sponsor before it repurchases securities whether the financial position of the company has changed materially from the date when the sponsor first issued its written confirmation in order for the sponsor to review the validity of its letter issued when the general authority was granted.

Reason for and effect of the special resolution number 1:

The reason for special resolution number 1 is to grant the company's directors a renewable general authority or permit a subsidiary company to acquire ordinary shares of the company. The effect of this special resolution is to confer a general authority on the directors of the company to repurchase ordinary shares of the company which are in issue from time to time.

The Board has considered the impact of a repurchase of up to 20% (twenty percent) of the company's shares, being the maximum permissible under a general authority in terms of the JSE Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares.

For the purposes of considering special resolution number 1 and in compliance with paragraph 11.26 (b) of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

Directors and management of the company can be found on pages 20 and 21, major shareholders of the company can be found on page 78; directors' interest in the company can be found on page 85 and note 45 to the consolidated financial statements, and the share capital of the company can be found in note 11.

Directors' responsibility and litigation statement

The directors, whose names are set out on pages 20 and 21 of this report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and that there are no legal or arbitrage proceedings, including proceedings that are pending or threatened, that may have or have had in the previous months a material effect on the company's financial position.

Material change

Other than the facts and developments reported on in the annual report of which this notice of meeting forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice of meeting.

Voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Proprietary) Limited by no later than 10:00 on Thursday 25 October 2007.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the board

Karodia

Per: Yunus Karodia
Group Secretary

28 September 2007

SHAREHOLDERS' DIARY

Financial year end	30 June 2007
Mailing of annual report	28 September 2007
Annual general meeting	30 October 2007
Publication of half year results 2007/08	27 February 2008
Publication of preliminary report 2007/8	27 August 2008

DIVIDEND

Interim dividend

• SA cents per share	45
• Date declared	28 February 2007
• Last date traded cum dividend	4 April 2007
• Trading ex dividend commenced	5 April 2007
• Record date	13 April 2007
• Date paid	16 April 2007

Final dividend

• SA cents per share	71
• Date declared	29 August 2007
• Last date traded cum dividend	12 October 2007
• Trading ex dividend commences	15 October 2007
• Record date	19 October 2007
• Date payable	22 October 2007

ADMINISTRATION

COMPANY REGISTRATION NUMBER:	1948/029826/06
SHARE CODE:	MUR
ISIN:	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE

Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview 2007
Republic of South Africa

POSTAL AND ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS

PO Box 1000
Bedfordview 2008
Republic of South Africa

Telephone:	+27 11 456 6200
Fax:	+27 11 455 2222
Email:	info@murrob.com
Website:	www.murrob.com

SHARE TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
PO Box 4844
Johannesburg 2000
Republic of South Africa

Telephone:	+27 11 630 0802
Fax:	+27 11 834 4398

AUDITORS

Deloitte & Touche

SPONSOR

Merrill Lynch South Africa (Proprietary) Limited

FORM OF PROXY

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE000073441)
(the Company)

If you are a dematerialised shareholder, other than with own name registration, do not use this form. Dematerialised shareholders other than with own name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the custody agreement entered into between the shareholders and the CSDP or broker.

I/We

(please print)

of

do hereby appoint (see note 3 and 5)

1.

2.

3. the chairman of the annual general meeting

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting which will be held at 11:00 on Tuesday 30 October 2007 Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolution in respect of the ordinary shares registered in my/our name(s) in accordance with the following instructions (see note 6):

	Number of votes (insert)		
	In favour	Against	Abstain
1. Approval of the Annual Financial Statements			
2. Election of directors			
2.1 SE Funde			
2.2 NM Magau			
2.3 JM McMahon			
2.4 AA Routledge			
2.5 SP Sibisi			
3. Reappointment of auditors			
4. Approval of the fees payable to non-executive directors			
5. Special resolution 1 General authority to repurchase shares			

Signed at on 2007

Signature

Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

NOTES TO PROXY

Instructions on signing and lodging the annual general meeting proxy form

1. The following categories of members are entitled to complete a proxy form:
   a) certificated members whose names appear on the company's register;
   b) own name electronic members whose names appear on the sub register of a Central Securities Depository Participant (CSDP);
   c) CSDPs with nominee accounts; and
   d) Brokers with nominee accounts.
2. Certificated members wishing to attend the annual general meeting have to ensure beforehand with the Registrars of the company that their shares are registered in their name.
3. Beneficial members whose shares are not registered in their own name but in the name of another, for example, a nominee, may not complete a proxy form, unless a proxy is issued to them by the registered member and they should contact the registered member for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend the annual general meeting.
4. All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in own name, must provide the CSDP or broker with their voting instruction. Alternatively, should such a member wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such member may request the CSDP or broker to provide the member with a letter of representation.
5. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
6. Please insert number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. Where the proxy is the chairman, failure to comply, will be deemed to authorise the chairman to vote in favour of the resolution. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
7. Forms of proxy must be received at the office of the company's Registrars, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 South African time on Thursday 25 October 2007.
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced.
12. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes, if he is satisfied as to the manner in which the member wishes to vote.