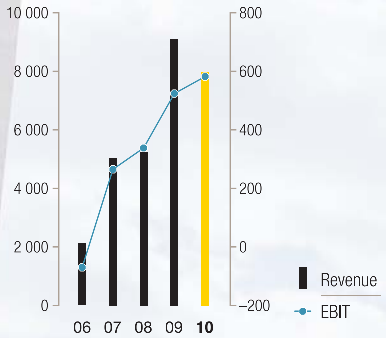
CONSTRUCTION SADC

Murray & Roberts has a leading role in a number of long term projects associated with South Africa's infrastructure investment program.

Construction SADC

(R millions)



** EBIT excludes loss from Gautrain of R619 million.*

Financial performance

The Construction SADC cluster recorded a solid performance in a challenging economic environment, with strong performances by Concor's civil engineering and roads & earthworks operations and the Gauteng operations of Murray & Roberts Construction. These results were supplemented by the successful completion of the Green Point Stadium which offset the additional expenses associated with the accelerated completion of phase 1 (OCD 1) of the Gautrain project.

Murray & Roberts Construction holds a 45% share of the Gautrain infrastructure contract and 50% of Green Point Stadium, while the Group's 67% share of the Medupi Civils contract is shared equally between Concor and Murray & Roberts Construction.

Medupi power station construction site

Trevor Fowler

Cobus Bester

	Construction RSA		Concor		SADC		Gautrain	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Revenues*	**2 612**	2 952	**3 558**	3 156	**579**	379	**1 242**	2 627
Operating profit*	**140**	130	**367**	338	**75**	47	**(619)**	9
Margin (%)	**5,4**	4,4	**10,3**	10,7	**13**	12,4	**–**	–
Assets*	**933**	868	**1 824**	1 264	**182**	162	**512**	496
People	**3 590**	2 390	**3 852**	3 940	**931**	706	**853**	2 081
LTIFR (Fatalities)	**1,2 (2)**	1,3 (2)	**1,2 (0)**	1,0 (3)	**2,6 (0)**	4,7 (0)	**4,2 (1)**	4,0 (0)
Order book*	**1 303**	2 916	**3 903**	3 369	**1 327**	317	**833**	1 950

** R millions*

Background

The operations that form the construction cluster in the SADC region stem from the original Murray & Stewart in the Western Cape dating back to 1902, its initial expansion into the Transvaal gold fields through Roberts Construction in the 1930s and into the rest of Africa from the 1940s, as well as a number of key acquisitions, including Gillis Mason in the 1980s and Concor in 2006.

The cumulative and collective pedigree of this group of businesses is formidable, covering almost every aspect of economic and infrastructural development in South Africa and the SADC region over the past century. The Group has undertaken contracts on every continent going back into the 1950s and by the late 1970s had developed a significant global presence, well ahead of its peers anywhere in the world. Although there were many periods of low economic activity during this time, it was the increasing political isolation of South Africa from 1976 that brought about a 25 year deterioration in fixed capital formation and severe construction industry decline that ended only in 2002.

In recent decades, global competitive forces have driven consolidation in the sector and large international construction groups have emerged with significant capacity to engage ever increasing scale, risk and complexity in major projects.

Market environment

The South African government is engaged in a significant capital expansion program, including new power generation capacity, road, rail and pipeline infrastructure, water and sanitation facilities, and others. A combination of capacity constraint and limited access to finance continues to delay the process.

The impact of the global financial crisis has been felt most severely in commercial and residential building and the year under review was characterised by a limited supply of large projects and erosion of margins on smaller projects due to competitive forces. The Western Cape and KwaZulu Natal operations were particularly hard hit as anticipated workloads failed to materialise resulting in increased holding costs with a redeployment of people to the Group's major infrastructure projects in Gauteng. The KwaZulu Natal operation has been closed and the company will only participate with selected clients when the opportunity arises. There has been a cautious return by private investors to industrial and mining markets but many planned capital expansion programs have remained on hold.

The regional operations in Namibia and Botswana benefited from ongoing demand in the commercial and retail building and civil infrastructure markets and resurgence in the Botswana resources economy.

In recent years, Murray & Roberts Construction and Concor have sought to combine their significant capacity to tender for large building and civil engineering projects in the industrial market. A natural progression of this trend will be to extend collaboration between the businesses to the sharing of certain services and pooling of capacity in building and civil engineering, thereby eliminating duplication, optimising the use of plant and other resources for greater efficiency and strengthening the focus of the individual businesses. This process will gain momentum in the new financial year and will be accompanied by a strong focus on building engineering capacity in the Group's construction businesses, and further developing the synergies that exist between them.

Construction

Anton Botha

Graham Mullany

Leon Botha

Mark Johnston

Craig Lawrence

Piet Martins

Leadership

Keith Smith resigned as executive chairman of the Construction SADC cluster with effect from 30 June 2010 but will remain chairman of the Medupi Civils Joint Venture and a director of Murray & Roberts Construction for the foreseeable future. Since his appointment in 2006 Keith has transformed the constituent businesses, integrated Concor into the Group and facilitated the resourcing and completion of a number of 2010 FIFA World Cup related projects, such as Gautrain and Green Point Stadium.

Trevor Fowler joined the Group in September 2009 and succeeded Keith as executive chairman of the Construction SADC cluster on 1 July 2010. Trevor is leading various initiatives to transform the businesses, expand their engagement into the rest of Africa and restructure the cluster to position it for future growth in the economically challenged South African fixed investment and construction market.

Concor managing director Cobus Bester has played an important role in streamlining the Construction SADC cluster through the transfer of people, assets and market responsibility between the various operations.

Murray & Roberts Construction

The Murray & Roberts Construction market strategy is to target selected and repeat clients and focus on major projects in the commercial, retail, hospitality and airport facilities sectors. The business has established systems and processes to ensure project delivery, human capital retention and recruitment, and customer relationship management. It is a major participant in all forms of public private partnership initiatives.

Building

Piet Martins has executive responsibility for building operations in South Africa. Building projects were well executed during the year and new work was secured in a competitive environment. The R1 billion ABSA Towers West project is well advanced and has benefited from value engineering in the aftermath of the global financial crisis. The project commenced in 2008 and is on track for final completion in 2010. Work on the R200 million Protea Place office facility in Sandton is also due for completion later in 2010. Shopping facilities at Melrose Arch precinct were successfully completed and additional work was secured during the year. A number of other new projects were awarded, including a new head office for SANRAL in Midrand and expansions to the Adcock Ingram facility in Aeroton.

The Galleria Retail Centre and Holiday Express contracts in Durban were both completed under difficult circumstances in the year.

Western Cape

Mark Johnston was appointed managing director of Murray & Roberts Western Cape from 1 March 2010. He was previously managing director of Murray & Roberts Namibia which recorded significant growth during his tenure.

Andrew Fanton was project director of Green Point Stadium for the 2010 FIFA World Cup which represented a significant achievement by the Western Cape operation. About 65% of the operation's resources were allocated to the project and it was handed over to the City of Cape Town on 21 December 2009, two months ahead of the original completion date. The stadium successfully hosted nine World Cup matches, including a semi-final. Approximately 10 500 workers were employed on the site during construction and almost 1 200 artisans received training from the contractors.

The five star Taj Hotel and four star Crystal Towers Hotel in Cape Town were both completed in time for the World Cup. The anticipated award of the Old Mutual Portside project did not materialise and the Western Cape operation incurred significant holding costs in preparation for the project for which it had been selected as preferred bidder in November 2008.

Civils & Infrastructure

Anton Botha is responsible for the civil and infrastructure operations which target the industrial and mining, minerals beneficiation, power generation, water and effluent, and petrochemical markets.

A number of projects were successfully completed during the year. The market has, however, become more competitive with less work available. Projects include a rock crusher building for Foskor and mine development work at the Amandelbult No. 4 shaft for Anglo Platinum, a klinker silo for Afrisam and civils works at a number of mining projects. New projects have been secured in the mining and sewerage treatment sectors.

Murray & Roberts Construction and Concor lead a joint venture for civil construction work on the 4,8 GW Medupi dry-cooled coal-fired power station. There have been severe delays in access to the works and provision of site services, which were partially overcome by an acceleration program instructed by Eskom. The boiler foundation for Unit 6 of the project was successfully handed over to Eskom on 18 December 2009 to allow for accelerated commencement of boiler and turbine erection. The works were about 47% complete at 30 June 2010.

Murray & Roberts Construction also plays a key role in the Gautrain infrastructure works. In cooperation with Gauteng Province, phase 1 completion (OCD 1) was achieved on 8 June 2010, ahead of the contracted schedule and in time for the 2010 FIFA World Cup. This required significant acceleration, particularly at Sandton Station where the company has a discreet contract to build the structure and station finishes, excluding all mechanical and electrical systems.

Phase 2 of the system (OCD 2) from Park Station to Hatfield via Pretoria Station is being constructed concurrently. This section has experienced considerable challenges with dolomites in the Tshwane area.

Project timeline

2000 FEBRUARY	▪ Project announced
2001 JUNE	▪ Bombela Consortium formed
2002 APRIL	▪ Request for qualification submitted
2002 MAY	▪ Bombela announced as 1 of 2 bidders
2003 SEPTEMBER	▪ Request for proposal 1 submitted
2004 JULY	▪ 2010 FIFA World Cup South Africa announced
2005 APRIL	▪ Final best and final offer submitted
2005 JULY	▪ Bombela announced as preferred bidder
2006 SEPTEMBER	▪ Commercial close and commencement of works
2007 JANUARY	▪ Financial closure
2010 JUNE	▪ Operational commencement
2011 JUNE	▪ Operational commencement
2026 SEPTEMBER	▪ End of concession

All aboard for the 2010 FIFA World Cup

"The Sandton Station site operated 24 hours a day, seven days a week in extremely challenging conditions with all the subcontractors who would normally work at different stages on site at the same time. The last worker left the site at 04:00 in the morning on 8 June 2010 and the first train left the station on schedule at 05:25."

This describes the "Herculean" effort required to make the OR Tambo International Airport to Sandton stage of the Gautrain Rapid Rail Link operational in time for the 2010 FIFA World Cup.

Completion of this first phase of the project was contractually scheduled for 27 June 2010, and under normal circumstances would have been significantly delayed by the many obstacles encountered during the early stages.

But, a significant acceleration and the extraordinary drive and commitment by the people of Murray & Roberts who worked on the project, ensured that Gautrain was ready to collect World Cup visitors who flew to Johannesburg from 8 June 2010.

Botswana


Karl Redinger


Dineo Koontse

Namibia


Deon Agenbach


Etienne Marais

Murray & Roberts Botswana

Murray & Roberts Botswana has been buoyed by the award of new contracts in the commercial and retail building and civil infrastructure markets as the Botswana economy rebounded after the collapse of mining activity in 2009. Work continued on non-mining projects in Gaborone and Francistown and new awards included work on the airport road project in Gaborone, Debswana's Jwaneng Cut 8 diamond mine and a clinic in Zambia.

Murray & Roberts Namibia

Murray & Roberts Namibia again delivered consistent quality workmanship and high levels of productivity that have contributed to its significant growth in recent years. The company is a major participant in the private sector building and infrastructure markets and made good progress on various civil engineering works for electrification projects and the Trekkopje seawater intake pipeline in partnership with Murray & Roberts Marine.

Work has commenced on a medical centre for the University of Namibia and a new university in Windhoek. Murray & Roberts established a concrete readymix company, Dynamic Concrete Solutions in July 2009, strengthening its service to the Namibian market and reducing dependence on the current single supplier.

Murray & Roberts Zimbabwe

The Group holds 46,9% of the shares in Harare listed associate company Murray & Roberts (Zimbabwe) Limited. The company is being restructured to reposition its business model for anticipated future opportunities in the infrastructure, commercial and mining sectors. However, there will be no recapitalisation pending clarity on the country's future stability and indigenisation legislation.

Concor

Concor is a major general contractor in South Africa's construction sector and participates in the building, civil engineering, roads & earthworks, structural and mechanical and opencast mining markets.

Building

Brad Wantenaar is responsible for the building operation which focuses primarily on the Gauteng region. The R1,3 billion public private partnership head office complex for the Department of International Relations and Cooperation in Tshwane was completed in September 2009 (the project received the SAPOA 2010 Award). The Midrand and Hatfield stations for Gautrain were completed in the year, as well as a new laboratory for Sasol. However, a shortage of quality new work led to a small loss for the year. This business will be consolidated into the Murray & Roberts Construction building division in the new financial year.

Zimbabwe


Canada Malunga


Stewart Mangoma


Marsden Sibanda


Morris Tsoka

Civils

Graham Browne is responsible for the civils operation which produced strong revenue and profit growth in the year, including its share of the Medupi power station civils project. Concor Civils was awarded a R1 billion joint venture contract to design and construct two chimney structures and nine coal and fly-ash silos for Medupi. Work on the chimney structures has progressed to plan with the three-year project due for completion in 2012. A similar contract has since been awarded on the Kusile project. A R140 million crusher contract was completed for Assmang and a railway culvert for Transnet. Additional work was completed on the Ngqura container terminal.

Roads & Earthworks

Frik Venter is responsible for this operation, which is the principle contributor to the company, focused primarily on the construction of major road and rail projects. Work undertaken during the year included earthworks for dam construction and mining infrastructure. The R1,2 billion joint venture contract to build the Bramhoek and Bedford dams that will supply the Ingula hydro-electric pump storage scheme for Eskom proceeded well with the Bedford dam due for impoundment in October 2010 and both due for completion by early 2011.

Concor has preferred contractor status on major mining and resource beneficiation programs for Kumba Resources and BKM Assmang in the Northern Cape which have offered a number of opportunities over an

David Meyer | Graham Browne | Jean Charoux | John Millward | Dirk Theron | Frik Venter | Brad Wantenaar

extended period. A number of new mining infrastructure and railway projects were secured in this area during the year.

Bulk earthworks for Gautrain were completed early in the year and the upgrade of the N2 highway in an environmentally sensitive area of the Tsitsikamma forest at Storms River Bridge was completed ahead of schedule. Work has commenced on the R1,2 billion Trekkopje uranium mining contract in Namibia.

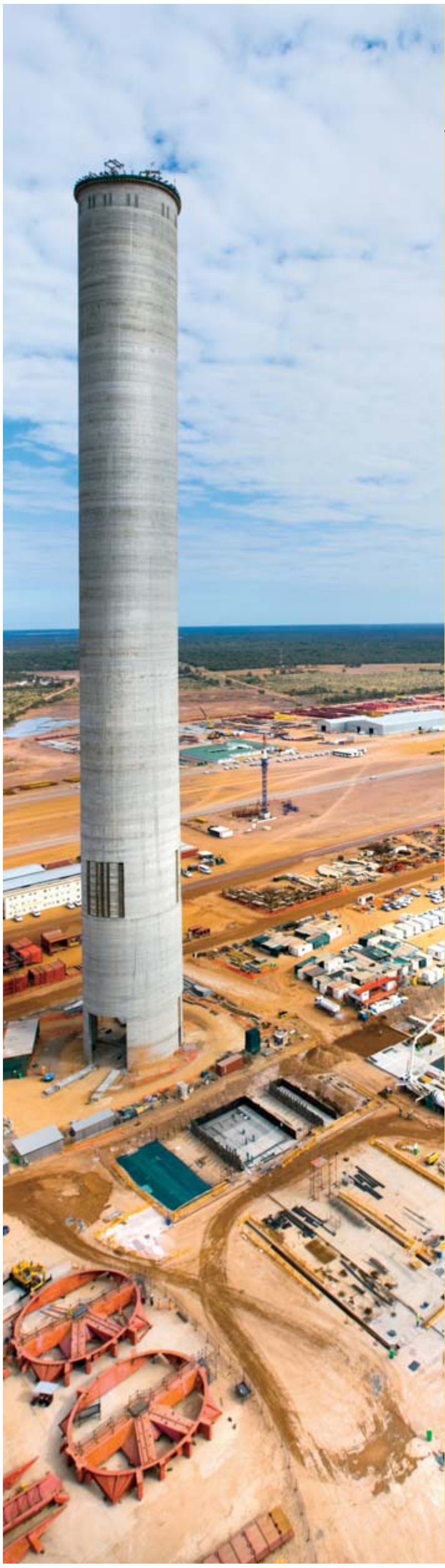
Opencast mining

The opencast mining division is involved with two significant projects. The R1,2 billion four year contract to deepen three pits for Lonmin was awarded in November 2009, with monthly platinum production of 80 000 tonnes. A R100 million Bulk Sample involving the removal of 40 000 tonnes of coal for the Sasol 4 Project Maphutu has been completed.

Engineering

Jean Charoux is responsible for this operation which provides structural erection and mechanical engineering services to the mining sector, where it is a preferred contractor to many clients. A satisfactory performance in a relatively quiet year saw completion of the Douglas Middelburg Optimisation (DMO) plant for BHP Billiton, a sugar mill contract in Mozambique and two petrochemical tanks.

A number of budgets and feasibility studies were completed for clients on projects that have since been released for tender. The business anticipates future growth from medium-sized contracts in the petrochemical sector.



Medupi power station chimney

A platform to demonstrate design capability

Construction of the two chimney structures for the Medupi power station is well underway. The R1 billion contract, in which Concor is participating as a joint venture partner, was awarded in April 2009 and involves the design and construction of two chimney structures and the construction of three coal silos and six fly-ash silos.

Design is not often included in a construction contract and this element of the project will allow the joint venture to demonstrate its civil engineering capabilities in the design and construction of these specialised structures.

The project is progressing well as the joint venture partners demonstrate world class expertise in chimney sliding. The sliding of the outer windshield of the first chimney was completed in mid-May, following six weeks of working continuously for 24 hours a day and seven days a week.

The Medupi chimneys are 220 metres high with three steel flues per chimney. These are different from the Eskom chimneys of the past which had brick flues. Installation of the nine metre diameter steel flues will comprise the next stage of the project. From an environmental perspective, the two chimneys are flue gas desulpherisation (FGD)-ready.

Construction of the coal and fly-ash silos has commenced and the first fly-ash silo was slid in July.

Tolcon

Judy Van Es | Grant Patmore | Chris Papas

Tolcon

Traffic volumes through the various road systems managed by the Tolcon group of companies (Tolcon) remained flat throughout the year. Tolcon operates the entire N3 toll route from Heidelberg in Gauteng to Cedara in KwaZulu Natal, including the Marianhill Toll Plaza; the N2 South Coast toll road; the Huguenot Tunnel; the Cape Point funicular and retail centres; Chapman's Peak Drive; and has a 33% shareholding in the operation of the N1/N4 Bakwena Platinum highway.

The company was recently awarded the N17 operations and maintenance contract and submitted a new tender for the Huguenot Tunnel operations contract. Tolcon is participating in the tenders for N1/N2 Winelands and R300 toll projects in the Cape as well as the N2 Wild Coast project. It has submitted proposals for the Intelligent Transport Systems (ITS) tender.

Tolcon has upgraded its internal training capability and implemented new initiatives to uplift staff capabilities and strengthen its performance. An employee recognition program called Personal Responsibility in Delivering Excellence (PRIDE) was introduced to strengthen customer service and productivity, and reward exceptional performance.

Tolcon managing director Judy Van Es is chairperson of Bombela Operating Company (BOC) in which the Group has a 24% share. BOC will operate ten Gautrain stations on full commissioning of the system, the bus feeder system (125 buses), the automatic fare collection system, the central control system and the maintenance of all facilities, including buildings, tracks, bridges, trains and buses.

Sustainability

Murray & Roberts Construction has led a comprehensive process of education, training and development and has made significant strides in the re-establishment of an internal skills base. About R37 million was spent on training during the year, including study assistance for staff members, 55 bursary students, nine graduates on the graduate development program and 59 executives, managers and specialists undergoing management development. More than 120 junior supervisors, 240 learners, 240 apprentices, 60 skilled workers and 75 operators received training and there were more than 23 100 skills training interventions.

The Elandsfontein training facility is accredited with the Construction Education & Training Authority (CETA) and is also a registered artisan Trade Test Centre and Further Education & Training (FET) College. It is recognised by CETA as a "centre of excellence". This successful skills development model will be expanded to group operations in Namibia and Botswana to support longer term growth in these regional markets. The company also spearheads the Group's involvement in an industry initiative to develop capacity in the Department of Higher Education to accelerate the development of construction skills at FET Colleges.

Concor has its own skills development and retention program which dovetails with the Murray & Roberts and industry initiatives. This is a key element of its strategy to create opportunities for growth and advancement.

A Concrete Centre of Excellence established by the Group in January 2010 with a mandate to raise the level of construction technology across the Group achieved an estimated saving of R43 million by the end of the financial year.

Murray & Roberts Construction regrettably suffered three fatalities (2009: two) at the Sandton Station, ABSA Towers and Medupi projects but recorded an improved lost time injury frequency rate (LTIFR), excluding Gautrain, of 1,2 (2009: 1,3). Plans and tactics to achieve zero harm include the STOP.THINK campaign to improve safety awareness. A new initiative to train and accredit all foremen as competent supervisors has been developed, and implementation has commenced. Health and safety standards for the Medupi project remain world class with a LTIFR of 0,8 per million hours worked over 13 million hours completed.

Concor suffered no fatalities (2009: three) and achieved a LTIFR of 1,2 (2009: 1,0). The company has a strong commitment to a safe work environment and implements a range of measures to reinforce this commitment, including a weekly safety inspection on every work site by senior management. Concor operations achieved a total of 8,5 million LTI free hours and five million fatality free hours during the year.

A value-based organisational performance system, The Medupi Way, was implemented at the power station project to secure high levels of employee engagement, alignment and productivity. The Invocom System has been introduced to strengthen understanding, leadership and systems on the Medupi site. ASGISA trade skills programs and learnerships are progressing well and 310 employees undergoing skills development are scheduled to complete the program by December 2010. The challenge for the new financial year will be to obtain OHSAS 18001 and ISO 14001 certification.

Murray & Roberts Construction received a level 4 BBBEE rating during the year. Plans to improve on this achievement include ongoing transformation of the race, gender and disability profile of the company's management category and other employees. Such transformation utilises the company's bursary, graduate and mentorship programs. The Medupi project's target for BBBEE procurement was achieved before year end. Concor was rated a level 4 contributor on the dti scorecard and a level 5 contributor on the Construction Charter, and has targeted a level 4 in 2011. Tolcon was rated a level 3 BBBEE contributor and has BEE partnerships with the Lehumo Women's Investment Trust, Marib Holdings, Thebe Tourism and The Strategic Partners Group.

Prospects

Construction SADC, excluding Concor, ended the 2010 financial year with an order book of R3,5 billion (2009: R5,2 billion), which demonstrates the impact of the decline in the South African construction economy. The company is targeting municipal infrastructure projects, public private partnerships, and mining and power infrastructure programs in South Africa, Botswana and Namibia. The pipeline of construction work associated with the Eskom power station build program indicates 20 years of future work in this market.

Concor ended the 2010 year with an order book of R3,9 billion (2009: R3,4 billion). The company is likely to continue benefiting from its preferred status with many of its major clients in the power generation, railway and mining sectors

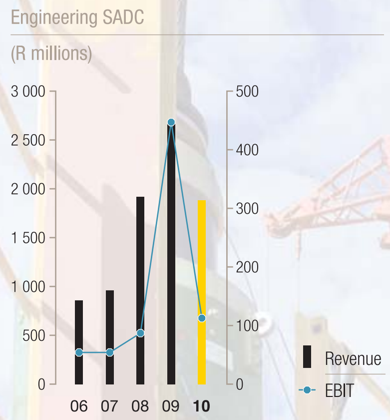
Department of International Relations and Cooperation

Trevor Fowler **Cobus Bester**

Bramhoek and Bedford Dams

ENGINEERING SADC

The significant power generation program in South Africa has brought both challenge and opportunity to Murray & Roberts.



Financial performance

Murray & Roberts Projects completed its first year as a newly consolidated business, but its performance was muted by the delayed start of mechanical erection on the South African power program.

Murray & Roberts Marine successfully completed its projects in Middle East and secured a design and construct subcontract for the Gorgon project in Western Australia.

Wade Walker suffered a significant decline in fortunes in the year, primarily as a result of a cancelled major project that could not be replaced in an African market severely impacted by the global financial crisis. A focus on cost and a steady domestic market supported a reasonable performance in the year.

Medupi power station boiler mainframe

Malose Chaba

Andrew Langham

Keith Smith

	Murray & Roberts Projects		Wade Walker		Marine		Genrec	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Revenues*	**744**	675	**313**	1 058	**351**	515	**476**	444
Operating profit*	**65**	(11)	**35**	328	**77**	97	**(65)**	33
Margin (%)	**8,7**	–	**11,2**	31,0	**21,9**	18,8	**–**	7,4
Assets*	**535**	163	**142**	421	**92**	146	**241**	437
People	**1 423**	561	**464**	1 458	**118**	381	**1 188**	1 111
LTIFR (Fatalities)	**0,4 (0)**	1,1 (0)	**4,5 (0)**	0,0 (0)	**1,2 (0)**	0,0 (0)	**1,5 (0)**	10,9 (0)
Order book*	**10 863**	11 151	**177**	368	**502**	222	**4 926**	6 742

** R millions*

Background

Murray & Roberts introduced mainstream engineering contracting into its portfolio of market offerings through the Pelindaba nuclear project in the early 1960s and enhanced its capability in the specialised marine infrastructure market with the acquisition of the southern hemisphere operations of Danish contractor Christiani & Nielsen in the 1970s.

When requested by the South African Government to develop the capacity to provide engineering services for its planned nuclear research facility at Pelindaba in 1960, Murray & Roberts established Engineering Management Services (later rebranded Murray & Roberts Engineering Solutions). This company went on to play a major role in the design and construction of a number of major mining & minerals, oil & gas and general industrial projects in South Africa and the region, including the Mossgas gas to liquids plant and offshore platform, Hillside and Mozal aluminium smelters, and key projects for Sappi, Sasol, Kumba (Iscor), Anglo American, BHP Billiton, Xstrata, De Beers and many others.

A mechanical, electrical, instrumentation and piping (MEIP) contracting capability was established by the Group during the 1970s in KwaZulu Natal to serve the industrial expansion taking place in the region. Major projects for Mondi, Sappi, Tongaat Hulett and Illovo established and expanded their agri-industrial facilities over time. Subsequently, Sasol, Shell and Engen (Mobil) became major clients in the petrochemical sector and many projects have been completed for the mining and minerals sector.

Murray & Roberts Engineering Solutions and Murray & Roberts MEI were merged during the year to create Murray & Roberts Projects, a major EPC contractor more appropriately positioned to serve the minerals beneficiation, industrial, oil & gas, water and power sectors, including nuclear, which offers significant opportunity to the Group into the future.

The acquisition in 2007 of specialist electrical and instrumentation contractor, Wade Walker, has enhanced the Group's potential offering to these sectors.

Market environment

The private sector natural resources and industrial markets remained muted through the year despite strong commodity price increases. The predominance of activity remained in public sector power generation and infrastructure development programs.

The companies in this cluster are primarily focused on the Group's core competence in industrial engineering, which if properly applied in the early design and feasibility phases of projects, offers significant value to clients.

Leadership

Gary Wells was appointed managing director of Murray & Roberts Projects in July 2009 and Keith Smith was appointed chairman of the company in January 2010.

Tim Wakefield succeeded Tadhg Bergin as managing director of Wade Walker in April 2010, who in turn had succeeded founder Steve Walker in July 2009.

Ian Dryden is managing director of Murray & Roberts Marine.

Murray & Roberts Projects


Gary Wells


Adrian Plantema


Peter Wilson


Heavy lift at Medupi

Precision and safety

A major lift of 1 160 tonnes undertaken in July 2010 to erect the roof of the first Medupi boiler used a method called strand jacking to ensure the highest levels of precision and safety.

The process involved the lifting of a heavy steel grid that will house the boiler onto a 104 metre high steel frame.

Strand jacking is a construction process in which large construction elements such as concrete slabs and steelwork are lifted into position with computer-controlled hydraulic jacks. Because the multiple jacks can be moved in unison and with great precision, heavy structures can be assembled at ground level and then lifted into position rather than being built at higher levels. This allows for increased safety and it reduces costs.

The Medupi heavy lift was successfully completed with support from Swiss subcontractor, Hebetec Engineering, and Murray & Roberts company, Freyssinet. The transfer of valuable skills during the process will enable Murray & Roberts to complete the process for the other Medupi boilers.

Operations

These businesses leverage design, engineering, project and construction management expertise to deliver major projects in the energy, natural resources and industrial sectors.

Murray & Roberts Projects

The company is focused on the power sector, mining & minerals beneficiation, downstream oil & gas and is exploring the potential in the water supply sector.

Murray & Roberts Projects is the erection contractor for the twelve boiler house units at Medupi and Kusile coal fired power stations. The company is also leader of the in-house consortium, including Genrec as structural steel fabricator and Energy Fabrication as ducting fabricator.

The mechanical erection phase at Medupi was delayed by eleven months and commenced in February 2010. However, ongoing delays with the overall design and the civil engineering foundations continue to hamper progress. Approximately 6 000 tonnes of a total 18 500 tonnes of structural steelwork have been erected on the first boiler unit and welding of pressure parts for boiler assembly has progressed well. A major lift of 1 160 tonnes to erect the roof section of the first boiler was completed early in July 2010.

Early stage planning and mobilisation is underway at Kusile, with commencement of erection delayed more than nine months to later in 2010. First power into the national grid from Medupi is rescheduled to mid-2012 with Kusile following twelve months later.

Fabrication of the structural steelwork by Genrec has been hampered by late design and significant scope change, which has also impacted fabrication of ductwork by Energy Fabrication operating from its purpose built facility on site at Medupi.

Murray & Roberts Projects has been awarded a two-year EPC joint venture contract for the receiving tank farm located at Heidelberg (Terminal 2) of Transnet's National Multi-Product Pipeline. The scope of the project includes design, supply and erection of the multi-fuel tank farm to a capacity of 178 000 m^3.

The company has lodged a proposal to a Chinese power station contractor together with Murray & Roberts Construction and Concor for multidisciplinary construction at Xstrata's Lesedi 300 MW coal fired power plant at the Tweefontein coal mine in Mpumalanga.

An expression of interest has been lodged in respect of IPP proposals for the Coega Development Corporation 3 200 MW combined cycle gas turbine power plant, which plans to use regasified imported liquid natural gas (LNG).

Murray & Roberts Marine

Murray & Roberts Marine, in joint venture, completed the Al Raha sea wall project in Abu Dhabi ahead of schedule in December 2009. Other smaller seawall projects in the region have also been completed. Together, these projects involved the design and construction of more than 20 kilometres of seawall protection for new developments.

The design and construction of a pipe stringing yard for the Abu Dhabi Crude Oil Pipeline (ADCOP) in Fujairah was completed in July 2010.

The project to design and construct the marine pipeline intake for Uramin's Trekkopje desalination plant in Namibia was impacted by geological variation and is due for completion after the 2010 year end.

Murray & Roberts Marine


Ian Dryden


Jason Coleman


Martin Lindsay-Scott


Derek Paul


Mike Scott

Murray & Roberts Marine has been awarded a joint venture subcontract to design and construct the material offloading facility for the Gorgon Project in Western Australia. The local partner has experienced liquidity problems and a solution with Clough has been finalised.


Al Raha sea wall project in Abu Dhabi

Wade Walker

The AngloGold Ashanti Iduapriem gold mine expansion project in Ghana was completed in the year, but little new opportunity became available in Africa as the global financial crisis continued to subdue investment in mining projects on the continent. Some work was acquired on smaller projects for First Quantum's Kansanshi copper mine in Zambia and at Guelb Moghrein in Mauritania.

The company focused on the South African market where the contract for electrical work at all the Gautrain stations and tunnels proceeded well. Negotiations are well advanced to secure a long term subcontract with Alstom for instrumentation work connecting the Medupi turbines, boilers and water treatment works.

Genrec

Established in the 1950s, Genrec is a leading steel fabrication and erection contractor that has played a key role in numerous major infrastructural projects, including the Matimba Power Station and the Mossgas refinery in South Africa, and the iconic Burj al Arab Hotel in Dubai. Murray & Roberts acquired its first 30% investment in the company in 1974 and gained control of the business in the 1980s.


Genrec delivers steel columns to Medupi

Genrec has focused exclusively on its steel fabrication contracts for the Medupi and Kusile power stations during the year. The company was impacted by significant challenges associated with delays and design changes in these contracts.

Genrec has the responsibility to detail engineer and fabricate about 240 000 tonnes of structural steel over a period of five years for the two thermal power station projects. A major upgrade was undertaken to increase production capacity to around 30 000 tonnes per annum and the company commenced delivery of structural steel to Medupi for the first boiler in 2009.

Basic engineering and technical support is the responsibility of Hitachi Power which secured the contract to design, build and commission the twelve boiler house units for the power stations. This process has suffered significant delay and disruption as a result of late basic engineering and an unreasonable subsequent sequence of design changes and variations. This has severely hampered detailed design and production efficiency at Genrec. Notwithstanding, the Group has made a significant investment to overcome the challenges and ensure the best possible outcome for South Africa's critical power program.

Wade Walker


Tim Wakefield


Stuart Buss

Genrec


Laurence Savage


Geoff Mowatt

UCW

Gary Steinmetz

Guy Melville

Craig Holden

Genrec has subsequently improved production output and people productivity and initiated a drive to contain costs without compromising quality. A zero tolerance approach to safety is reflected in the decline in the company's LTIFR to 1,5 (2009: 10,9).

Laurence Savage joined the Group in August 2009 as managing director of Hall Longmore. He was appointed managing director of Genrec from February 2010, where he has made a significant difference in dealing with the design disruption on the Medupi and Kusile projects.

Genrec will only seek new opportunities from 2012 after the power station contracts peak.

UCW

UCW manufacturing facility

Union Carriage and Wagon (UCW) was established in the 1950s to serve the South African rolling stock market in both passenger and freight sectors, and built the prestigious Blue Train in 1972. Murray & Roberts acquired ownership of the company through its acquisition of Standard Engineering in the early 1990s.

UCW has two major long term contracts to design, build and systems integrate the Ore Line and Coal Line locomotive projects as part of Transnet's Main Line Locomotive Investment Program. The contracts are in partnership with Mitsui and Toshiba and involve the supply of 110 new class 19E locomotives for the Coal Line corridor and 44 new class 15E locomotives for the Ore Line project. The company has delivered 27 of the 19E units to date, with 23 of these in active operation. In addition, it has delivered 10 of the 15E units, with an additional seven units on the production line. While both projects are running behind schedule due to historic challenges in the business, the introduction of more effective systems and a quality network has resulted in a significant improvement in the production cycle.

A three year project to refurbish 10M4 and 5M2A coaches for PRASA was completed in March 2010. UCW had delivered all 81 vehicles for Gautrain by September 2010.

The company was impacted by high interest charges in 2010 due to stock holding costs associated with delays in the progress of its locomotive contracts and a substantial outstanding payment by a major client.

Gary Steinmetz joined the Group and was appointed managing director of UCW from October 2009. He has brought a rare experience in complex systems fabrication and assembly to the Group and his partnership with operations director Craig Holden has significantly improved the performance of the company. A strong focus on safety has resulted in a significant reduction in the LTIFR to 5,1 (2009: 11,4).

UCW is awaiting confirmation of extensions to its 15E locomotive and PRASA coach refurbishment contracts and is pursuing other opportunities in the domestic and SADC markets.

Sustainability

A focus on safety across the cluster saw no fatalities or major incidents in the year. Murray & Roberts Projects reduced its LTIFR to 0,4 (2009: 1,1). Murray & Roberts Marine reported an LTIFR of 1,2 (2009: 0,0) and Wade Walker's LTIFR of 4,5 (2009: 0,0) was the result of five injuries suffered by a subcontractor in a road accident on the Gautrain project against a sharp reduction in hours worked during the year.

UCW assembled 81 Gautrain vehicles

Murray & Roberts Projects increased capacity in human resource, health & safety, commercial and planning management through the year. The Medupi and Kusile management teams were restructured to improve overall effectiveness in the environment of delays and disruption that prevailed through the year.

The Group's integrated ERP system was enhanced to improve the standard of quality and discipline in project management and a sustainable development program was introduced to build core competencies in-house. This includes a key strategic drive to strengthen engineering competence and increase activity in the front-end engineering phase of projects. The company concluded agreements with two level 1 BBBEE engineering companies.

Murray & Roberts Marine and Wade Walker have strong operations management and business systems appropriate to the nature of the businesses.

Prospects

The Medupi and Kusile boiler projects make up about 40% of the Group's order book and provide an extended baseload of activity until 2016. While Murray & Roberts Projects is pursuing opportunities with independent power producers in South Africa, it is also positioning itself for future involvement in the minerals beneficiation, oil & gas and water sectors.

Murray & Roberts Marine expects to leverage market value from relationships established with new clients in recent years and is pursuing opportunities in the domestic market as well as Malaysia and East Africa.

Wade Walker has broadened the traditional scope of its business to include the power sector in the domestic market and Africa.

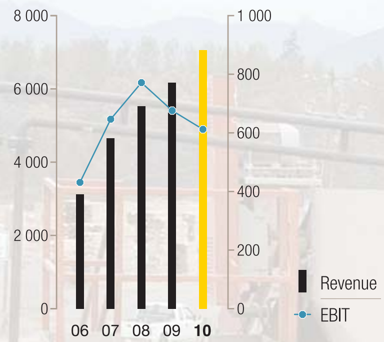
Malose Chaba **Andrew Langham**

CONSTRUCTION PRODUCTS SADC

Each business in this cluster is a market leader in its own right, focused on service, quality, product development and price competitiveness.

Construction Products SADC

(R millions)



Financial performance

Murray & Roberts Steel was severely impacted by ongoing volatility in the price of scrap steel and in the market price of its products. Hall Longmore recorded a record year with revenue and earnings boosted by the NMPP Project. Much Asphalt played a key role in the Gauteng Freeway Improvement Project and other works ahead of the 2010 FIFA World Cup. Rocla continued to experience strong public sector demand for its products, but with increased market competition.

Technicrete and Ocon Brick continued to experience low demand from the residential and commercial building markets.

Much Asphalt's environmentally friendly double barrel green asphalt plant reduces energy consumption, lowers emissions and eliminates visible smoke

Orrie Fenn

Rob Noonan

	Steel		Hall Longmore		Rocla		Much Asphalt		Building Products	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Revenues*	**2 065**	2 550	**2 178**	1 111	**602**	608	**1 687**	1 308	**521**	590
Operating profit*	**1**	133	**156**	133	**152**	178	**266**	172	**36**	59
Margin (%)	**–**	5,2	**7,2**	12,0	**25,3**	29,3	**15,8**	13,2	**6,9**	10,0
Assets*	**1 653**	1 669	**792**	1 040	**291**	220	**466**	440	**360**	381
People	**1 713**	2 089	**787**	788	**1 341**	1 361	**416**	394	**1 395**	1 439
LTIFR (Fatalities)	**9,1 (0)**	11,1 (0)	**4,5 (0)**	5,0 (1)	**4,4 (0)**	11,2 (0)	**4,0 (0)**	9,8 (0)	**2,8 (0)**	5,1 (0)

** R millions*

Background

Murray & Roberts first entered the construction materials and services market in the 1950s, acquiring various businesses over time that manufactured and traded construction materials and services in the domestic and regional building and infrastructure markets. The nature and focus of the construction products and services businesses have changed often over the almost 50 years since then.

A fundamental business principle has always been to service the construction industry in general rather than vertically integrate within Murray & Roberts specifically. There are occasions, however, where it makes sense to combine various Murray & Roberts operations in a unitary structure for improved competitiveness. This philosophy has focused management teams on service, quality, product development and price competitiveness to the extent that group companies constitute only about 5% to 10% of the average debtor book.

The businesses in this cluster are market leaders, with management teams that understand the responsibility this brings to them and the Group.

Market environment

The primary commodity inputs for the construction products manufactured by Murray & Roberts are scrap steel, bitumen, cement, aggregate, clay and electricity. The commodity service to get the products to market is transport logistics.

Bitumen has been extremely volatile both in price and availability over the past year. Cement price increases remained in line with inflation and aggregate prices increased faster than inflation.

The price of scrap steel increased in the final quarter of the financial year. Electricity and transport logistics costs have increased steadily over a number of years at a level significantly ahead of inflation.

The impact of the global financial crisis on this sector over the past two financial years has been severe, compounded by declining activity in the building and construction sectors, but cushioned to an extent by Government's infrastructure investment. With the exception of asphalt, reinforcing steel (rebar) and steel piping, product demand was down while pricing was more competitive.

Leadership

Orrie Fenn joined the Group in November 2009 and assumed full executive responsibility for the cluster. This released Andrew Langham to take up his appointment as financial director of Murray & Roberts Limited.

Key leadership remained stable during the year, with Rob Noonan, Phillip Hechter and Trevor Barnard responsible for Murray & Roberts Steel, Much Asphalt and Rocla, respectively.

New appointments were, however, made to strengthen leadership capacity. Paul Deppe transferred from Technicrete to take over responsibility for Hall Longmore, and Albert Weber transferred from his position as operations director at Rocla to managing director of the building products businesses, Technicrete and Ocon Brick.

Murray & Roberts Steel


Jimmy Windt


Pierre Zeeman


Dave Colville

Hall Longmore


Paul Deppe


Herman Uys


Francois Maurel

Operations

Murray & Roberts Steel

The CISCO steel mill operated at full capacity through the year and sold its production in the domestic and international markets. However, the increased cost of scrap metal and electricity, plus a static steel price in the domestic market for most of the financial year, placed severe pressure on profit margins. The introduction of an iron ore price levy, effective only for the last two months of the final quarter, offered some relief but this was largely negated by the higher scrap prices.

The Kosto mill in Mauritius finalised its capital expenditure program and commenced full production in the second half of the year. The mill performed satisfactorily, but was impacted by the prevailing economic environment as well as the high cost of stock acquired in the previous financial year. Planned public sector investment in transport, tourism and social infrastructure in Mauritius offers the potential for future growth in the Indian Ocean Island region.

Distribution volumes of rebar were supported in the first half year by the supply of product to the Gautrain project and work at the Medupi and Kusile power stations, but the availability of large new contracts at acceptable margins dissipated in the second half-year, causing the company to shift its focus to smaller projects in the domestic market.

A strong focus on safety was maintained during the year and this was reflected in a reduction in the LTIFR to 9,1 (2009: 11,1). The first intake of an apprentice school for artisans, initiated by Murray & Roberts Steel, all passed their first year of study and have started their second year. The second intake commenced studies in July 2010. Plans are underway to introduce a school for rebar fixers in Johannesburg in the future.

Volatility in global markets and local market dynamics have placed severe pressure on Murray & Roberts Steel and the Group has undertaken a strategic review and repositioning of the business. This may entail the closure or sale of underperforming assets.

Hall Longmore

The R2 billion contract to supply over 700 kilometres of steel pipe for Transnet's National Multi-Product Pipeline (NMPP) from Durban to Johannesburg accounted for approximately 70% of Hall Longmore's business during the year. In preparation for the NMPP project the company initiated a significant capacity expansion, including a major upgrade of the ERW plant and a new coating facility which has increased the company's overall pipe manufacturing capacity to 250 000 tonnes per annum. The first-part order of the pipeline was completed before year end and delivery of the large bore Ø610 mm pipeline was completed in August 2010.

The upgraded plant increases Hall Longmore's capability to manufacture pipe by the more efficient ERW method, but, while the company has a reasonably strong order book in the spiral piping market, it has had less success securing sufficient work in the ERW market to fill the capacity gap created by the completion of the NMPP project. The business has embarked on a strategy to develop export markets in Africa and further afield for this purpose, and is strongly focused on becoming the lowest cost producer in a competitive market environment.

Hall Longmore reduced its LTIFR to 4,5 (2009: 5,0). The company invested R600 000 in engineering and artisan bursaries in the year.

Much Asphalt

Much Asphalt supplied more than 1,4 million tonnes of asphalt to a number of major public sector road infrastructure programs in the year, including the Gauteng Freeway Improvement Program, projects on the R300 and N1 near Cape Town and the Johannesburg Bus Rapid Transport System. Despite severe constraints in the supply of aggregates and bitumen, the company delivered on its commitments throughout the year, and all contracts scheduled for substantial completion for the 2010 FIFA World Cup were completed on time.

Much Asphalt commissioned two new plants in the Johannesburg region, both of which utilise the latest environmental technology. The plants each have output in excess of 250 tonnes per hour and have increased overall capacity by 45%. They comply with environmental legislation and will enable Much Asphalt to reduce its carbon footprint.

Much Asphalt


Phillip Hechter


Spencer van Eden


Bennie Greyling


Herman Marais


Brian Mchunu


John Onraet


Ayden Volbrecht

Rocla


Trevor Barnard


Jacques Myburgh


Gerhard Rossouw


Wendy Teirlinck


Craig Waterson

The company has made good progress in embedding a safety culture and ended the year with a LTIFR of 4,0 (2009: 9,8). Transformation is a key element of Much Asphalt's market strategy and this is reflected in the company's achievement of a level 3 BBBEE contributor status.

Rocla

Rocla focused on contracts to supply projects in the power, road, rail, water and sanitation infrastructure sectors while its markets in the residential and commercial development sectors declined to below 20% of revenue.

Rocla has adapted to increased competition as a result of recent growth in the South African market. Its strategy to improve operational efficiencies and pursue future opportunities in new product and geographic areas gained momentum as the business developed innovative products for the Gautrain and Gauteng Freeway Improvement projects and sought licence agreements with international suppliers of concrete products. Rocla is well positioned for growth in the sanitation market in the SADC region and future rail opportunities in South Africa.

The company focused strongly on improving safety standards in its operations and this is reflected in a significant reduction in its LTIFR to 4,4 (2009: 11,2). The company is a level 6 BBBEE contributor and appointed its first black branch manager during the year.

Building Products (Technicrete and Ocon Brick)

Murray & Roberts has brought Technicrete and Ocon Brick together under the umbrella of Murray & Roberts Building Products, which operates as one company to strengthen synergies and improve financial performance, but retains their distinctive individual brands.

In a challenging year in which work opportunities in its building, infrastructure and mining markets remained limited, Technicrete reduced its labour force by 17% and reallocated or mothballed equipment to achieve optimum efficiency. Future growth will be sought from the development of more specialised products as well as market consolidation.

Ocon Brick was heavily impacted by flat market conditions that prevailed for much of the year, although there are signs of improvement in the private residential development market. The business has been restructured to improve efficiencies.

Improvements in the safety records of both businesses were reflected in a combined LTIFR of 2,8 (2009: 5,1). Technicrete and Ocon Brick are level 6 and level 5 BBBEE contributors respectively.

Orrie Fenn

Internationally recognised quality

Over 18 years Hall Longmore has developed relationships and been trading with stockists in the United States, namely Maurice Pincoffs, Houston Steel and Stemcor.

Houston Steel and Maurice Pincoffs both report that their stockists request Hall Longmore branded pipe in preference to competing products from the Far East. This bears testimony to the good name Hall Longmore has established over the years.

The company's success in this market is attributed to its proud history of delivering quality products manufactured to the internationally recognised API 5L specification.

Building Products (Technicrete and Ocon Brick)


Albert Weber


Roy Robbins


Rashmi Desai


Trevor Ingram


Nico Kemp


Tony van der Berg

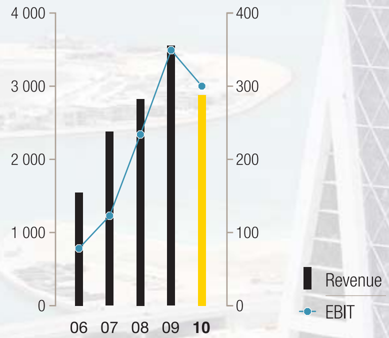

Christo van Zyl

MIDDLE EAST

Murray & Roberts continues to find a steady flow of quality work in the region, particularly in Abu Dhabi and Saudi Arabia.

Middle East

(R millions)



Financial performance

The cluster was impacted by the effect of the global economic crisis on the construction markets in Dubai and Bahrain but well-timed expansion into other markets in the region, together with a focused risk management regime, enabled it to deliver a solid financial result and maintain a healthy order book.

World Trade Centre, Bahrain

Nigel Harvey **Dave Cox**

	Middle East	
	2010	2009
Revenues*	**2 882**	3 558
Operating profit*	**300**	350
Margin (%)	**10,4**	9,8
Assets	**3 133**	2 521
People	**369**	408
LTIFR (Fatalities)	**0,4 (2)**	0,3 (0)
Order book*	**4 393**	4 172

** R millions*

Background

Murray & Roberts was established in the Middle East in 1994 and, in partnership with Al Habtoor Group, completed its first project, the iconic Burj al Arab Hotel in Dubai. This was followed by a number of major projects in Dubai and Abu Dhabi which entrenched the Group's reputation as a world class contractor in the successful delivery of major and mega commercial projects.

Expansion into Bahrain (in partnership with Nass Group) and Qatar diversified the business and enhanced its reputation.

These partnerships have remained strong, bolstered in the United Arab Emirates (UAE) by the formation of the Habtoor Leighton Group which has significantly enhanced the contracting partnership in the UAE. A further partnership established with Saudi Oger in 2009 has already resulted in the award of two construction projects in Saudi Arabia and offers significant opportunity for future expansion in the region's largest construction market.

Murray & Roberts Marine established a presence in the Middle East in 1998 through the HIDD Port Project in Bahrain and has been active over a number of years constructing various marine infrastructure projects in Abu Dhabi in partnership with Overseas AST.

Johnson Arabia was established in the region in 1999 in partnership with Kanoo Group. Murray & Roberts has decided to withdraw from the capital equipment sector in the UAE and is in discussion with the Kanoo Group to facilitate the sale of Johnson Arabia and BRC Arabia.

Market environment

The Middle East region as a whole fared better than many other global economies in 2009 with the exception of Dubai, where construction work ground to a virtual standstill. While a return to previous levels of construction activity is not likely to occur in the near term, the local Dubai economy is buoyed by its close relationship with Abu Dhabi and its Gulf Cooperation Council (GCC) neighbours, where oil and gas prices are currently at levels that support ongoing infrastructure development.

Middle East

Ramsay Abassi

Peter Thomas

Zayed University library under construction

Since 2005, Murray & Roberts Middle East has sought growth from government supported commercial infrastructure. This strategy has shielded the company from significant exposure to the speculative forces of the property market. As a consequence, the company has been able to bolster its order book by winning work in markets outside Dubai and Bahrain, particularly in Abu Dhabi and more recently in Saudi Arabia.

Final account settlement has always been a challenge in the Middle East, but has recently been compounded by the global financial crisis, particularly in Dubai. However, there are signs of improvement.

Leadership

Murray & Roberts engages the Middle East market from its base in Dubai with an international board of directors and an experienced local management team led by Nigel Harvey. Strong regional leadership and support capacity in Abu Dhabi through Ramsay Abassi and Bahrain through Peter Thomas, target and deliver growth opportunities in each market. This business model provides a platform supported by local partnerships that allow other Murray & Roberts companies to enter the market and support further development in the region.

The company employs people from a broad range of different nationalities and selects best-in-class construction talent from the international market. There is currently an emphasis on attracting and retaining a full staff complement in Saudi Arabia.

Operations

The R2,5 billion Paris Sorbonne University for Mubadala in Abu Dhabi was completed ahead of schedule in July 2010. The R6,0 billion Zayed University also for Mubadala is progressing well and has a target completion date of July 2011. Construction of the complicated space-age roof is underway, and the structure is starting to take shape.

Work on the new St Regis hotel, resort, and conference centre on Saadiyat Island in Abu Dhabi is proceeding to plan. The Al Habtoor-Murray & Roberts partnership continues to focus on its commitment to safety and the highest quality of construction expected by its client, the Tourism Development and Investment Company. The project commenced on site in August 2009 and is scheduled for completion in 2011.

In Bahrain, the Arcapita Bank headquarters building and mosque is almost ready for occupation. The building has a prominent position in Bahrain Business Bay.

Arcapita Bank HQ with World Trade Centre in the background, Bahrain

Sustainability

Murray & Roberts Middle East has prioritised the immediate application of its health, safety, environmental and quality procedures to all new work environments and this is reflected in the 0,4 LTIFR (2009: 0,3). The St Regis hotel, resort and conference centre exceeded five million hours without a lost time injury during the year under review.

Regular auditing of quality standards and documentation for compliance is now in place and this will continue to drive standardisation, improvements and conformity to standards. New risk procedures have been implemented together with a stronger enforcement process, including a schedule of internal audits. This will ensure conformance to the requirements of the management system. Ongoing training will enable the best use of this important management tool.

Prospects

Several oil producing countries, most notably Saudi Arabia and Abu Dhabi, have accumulated cash surpluses in the past three years that are sustaining them through the global recession. This trend has, to a large extent, offset the construction market collapse in Dubai and mitigated the risk of insufficient workflow in the region.

A steady flow of quality work, particularly in Abu Dhabi, has maintained the company's order book. Major future opportunities will be in Abu Dhabi and Saudi Arabia where strong government-led infrastructure development is supported by oil revenues. The medium term outlook for Dubai remains conservative.

Competition in the region has continued to grow as international contractors seek to replace recessionary conditions in their domestic markets. Market analysis indicates a reduction in the number of mega projects as owners focus on tighter commercial models that satisfy their investment requirements. This has resulted in a perceptible shift towards infrastructure projects, and predominantly rail.

Successful partnerships with strong contractors in key markets and the development of new client relationships offer significant prospects for future expansion in the company's established markets and new territories in the region.

Nigel Harvey

Delivering the highest standards of construction to the world

The internationally acclaimed Emirates Terminal 3 and Concourse 2 in Dubai – undertaken by a joint venture led by Murray & Roberts with local partner Habtoor and airport systems specialist Takenaka of Japan – was opened to the public on schedule on 14 October 2008.

The scale and quality of the airport complex meets the highest international standards and has become another important landmark in Dubai – and a coup for Emirates as passenger footfall through the airport has increased significantly since its opening.

The new Etihad Terminal 3 in Abu Dhabi constructed by the Al Habtoor-Murray & Roberts joint venture was also recently completed on schedule, and has brought bespoke facilities for the new Airbus A380 aircraft to the capital.

In recent years, Murray & Roberts has successfully delivered a range of other major projects throughout the United Arab Emirates, including the BurJuman mixed-use development in Dubai, the Goldcrest Tower residential development in Jumeirah Lakes, Dubai, the Durrat Bridges and the World Trade Centre in Bahrain.

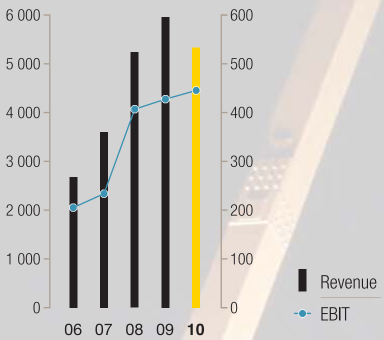
The Al Raha Beach project in Abu Dhabi, recently completed by Murray & Roberts Marine, has facilitated the formation of a new waterfront, with prime development land stretching over more than 14 kilometres of the new coastline.

CEMENTATION GROUP

Cementation is the world's leading underground mining contractor with operations in South and Southern Africa, North and South America, Australasia and Asia.

Cementation Group

(R millions)



Financial performance

A solid performance by Murray & Roberts Cementation underpinned the group which was impacted by cancelled projects following the global financial crisis. There are positive signs of an improving international market with new project awards to benefit performance in the new financial year.

Night view of shaft head at Golden Grove mine, Western Australia


Peter Adams


Richard Pope


Henry Laas


Roy Slack


Barry Upton


George Parker

	Cementation Africa		Cementation Canada		RUC Cementation	
	2010	2009	**2010**	2009	**2010**	2009
Revenues*	**3 569**	3 440	**1 372**	2 137	**404**	385
Operating profit*	**270**	198	**138**	199	**39**	31
Margin (%)	**7,6**	5,8	**10,1**	9,3	**9,7**	8,1
Assets*	**1 031**	966	**738**	588	**273**	221
People	**14 498**	11 530	**1 123**	704	**189**	149
LTIFR (Fatalities)	**3,2 (4)**	5,2 (3)	**0,0 (0)**	1,2 (0)	**6,0 (0)**	2,5 (0)
Order book*	**3 313**	2 657	**2 944**	2 719	**733**	474

** R millions*

Background

Murray & Roberts acquired Cementation Africa and Cementation Canada in July 2004 and integrated Cementation Africa with the Group's RUC branded operations in South Africa. Together with RUC Cementation in Australia, these companies form the Cementation Group. Cementation is the world's leading underground mining contractor with operations in the established mining markets of South and Southern Africa, North and South America, Australasia and Asia.

In December 2009, Murray & Roberts extended its fledgling presence in Chile with the establishment of Cementation Sudamérica to participate in planned expansion of underground mining in the country and region, and supplement the established raise drilling operations of 50% owned local company, TerraCem.

The Cementation Group is leveraging its combined global capacity to access new markets and significant opportunities that the individual operations may not have been able to undertake in their own right.

Market environment

Global demand for natural resources rebounded during the year, driven primarily by China, which resulted in a resurgence in commodity prices. The operations in South Africa, North America and Australia secured new contracts and continued work on large long term operations that provided a buffer during the economic downturn.

In South Africa, Murray & Roberts Cementation experienced no further contract terminations. However, no significant new contracts have come to market and this signalled a cautious approach, particularly by platinum producers which had resorted to rights issues during the recession to restore their statements of financial position before embarking on new capital projects.

The company was shielded from the impact of the downturn largely by its long term operating contracts with Aquarius Platinum South Africa.

Cementation Canada secured a number of new projects in a more buoyant gold market. In the USA, the company was re-awarded a contract on the Hecla 4 shaft which commenced operations after being deferred in 2009.

The economic recession following the global financial crisis took a heavy toll on the Australian resources sector. RUC Cementation suffered from the ongoing termination or deferral of mining projects during the first half of the financial year, including a major three year mine development contract at Burnakura for ATW Gold Corporation which had been awarded earlier in the year. The company focused much of its business development on activities further afield and was rewarded with the award of large international contracts in Hong Kong, Indonesia and Mongolia.

Murray & Roberts Cementation

Craig McCleary

Freddie Geldenhuys

Theunis Mienie

Mike Wells

Allan Widlake

Shaft sinking in challenging conditions

Murray & Roberts Cementation will apply its experience in mine development to deepen an existing shaft at the Gold Fields South Deep mine near Carltonville on the West Rand to 3 000 metres. The shaft is being extended to match the man and materials shaft adjacent to it, which is currently the deepest rock hoisting shaft in the world.

This is the latest in a portfolio of projects that Murray & Roberts Cementation is completing for the mine which includes the new mine development below 95 level. It will be undertaken in a challenging environment of extreme depth and will require a methodology that allows safe access below an existing shaft.

Murray & Roberts Cementation will blind sink the lower portion from 2 890 metres to the final depth while the upper sections will be raise drilled to create a central small diameter hole, then stripped out to the full width using conventional sinking techniques. After the two sinking phases have been completed, Murray & Roberts Cementation will equip the lower level section of the shaft.

Leadership

The Cementation Group is co-ordinated out of London by Peter Adams as chairman and Richard Pope as financial director. Each subsidiary operation is independently managed with specific responsibility for a defined geographic market.

Henry Laas is managing director of Murray & Roberts Cementation, the South African based operation which serves the African market and holds much of the Group's specialised technical and equipment capacity.

Roy Slack is president of Cementation Canada, responsible for the North and South America markets from its base in North Bay, Ontario, Canada. Mike Nadon is president of Cementation USA, based in Salt Lake City, Utah, United States.

Cementation Sudamérica is based in Santiago, Chile.

Barry Upton is managing director of RUC Cementation, which serves the Australian and Asian markets from its base in Kalgoorlie, West Australia.

Cementation Africa

South Africa is the primary market of Murray & Roberts Cementation. The company has a contract mining portfolio with Aquarius that has grown steadily over the past two years to about 55% of its revenues and is expected to record further growth in the new financial year. The contract for underground mining at the Kroondal and Marikana platinum mines was successfully renegotiated during the year and the current operations have a remaining life of eight years. An underground mining contract at the Kwezi Project for Aquarius was awarded during the year and, like Kroondal, will be renegotiated annually.

The mine development contribution to overall revenue is 35% and remains an important portfolio. Work continued on the Karee 4 shaft project for Lonmin with the installation of underground infrastructure between reef horizons and access shafts. Shaft sinking at the Thembelani 2 shaft for Anglo Platinum will be completed in the new financial year and the project will progress to off-shaft development work. The South Deep capital development project for Gold Fields progressed well and a contract was secured to deepen the ventilation shaft from 2 700 metres to 3 000 metres below surface. Work commenced successfully at BHP Billiton's Wessels manganese mine in the Northern Cape on a mine development and shaft project.

The mining services contribution to overall revenue declined to 10% due to the impact of the economic downturn. As a consequence, the company had idle capacity in its fleet of large diameter raise drilling machines, some of which were relocated to Australia for use on ventilation shaft projects at operating mines. New opportunities in this portfolio are expected to materialise towards the end of the new financial year.

Murray & Roberts Cementation is a significant company in the domestic mining sector. Its mine engineering division adds considerable value to clients and the company through its focus on design, feasibility studies and related engineering services.


Mike Nadon


David Setchell


Lois Henderson-Campbell


Eric Kohtakangas

Cementation Canada

In Canada, the Nickel Rim South project is an Xstrata Nickel operation near Sudbury, Ontario that comprises two shafts and over 10 000 metres of lateral development tunnelling. The mine went into production late in 2009 with Cementation Canada continuing underground construction of new mine infrastructure. Cementation Canada was the first contractor to be engaged in the potash boom in Canada with the award of the Potash Corporation of Saskatchewan's Picadilly project, located on Canada's east coast near Sussex, New Brunswick. The project involves sinking two shafts in water bearing ground. The concrete shaft head-frames have been erected and the surface plant construction is nearing completion. The concurrent sinking of both shafts has commenced.

Underground development work has continued at the Diavik Diamond Mine in the Canadian Arctic near Lac de Gras in the Northwest Territories, along with some production drilling. This contract involves ramp and lateral tunnelling and has included work in permafrost and under the lake. It is a remote project accessed by air and in the winter by ice roads.

Cementation Canada is also the market and technology leader in large diameter hard rock raise boring in North America.

Cementation USA is carrying out the Resolution shaft project near Phoenix, Arizona, a major project for Rio Tinto controlled Resolution Copper that includes sinking a shaft of 8,53 metres in diameter to a depth of 2 133 metres. After being on hold during the downturn, the Hecla 4 shaft project for Hecla Mining in northern Idaho commenced operations during the year. Cementation engineering is designing the shaft works and crews are currently excavating access drifts and underground hoist rooms for the internal shaft sinking project.

Cementation Canada was recently awarded three gold projects. Crews are on site at Apollo Gold's Black Fox Mine near Matheson, Ontario and Northgate Mineral's Young-Davidson Mine near Matachewan, Ontario. Both projects are in North Eastern Ontario and involve First Nations Agreements. Black Fox Mine is transitioning from open pit to an underground operation and scope of work includes underground development and raise boring. The Young-Davidson project is an EPC contract to deepen an existing shaft and develop a new production shaft by raise boring.

Kitikmeot Cementation Mining & Development (KCMD) has been awarded the development program at Newmont's Hope Bay Project in Nunavut, north of the Arctic Circle. KCMD is a joint venture between Cementation Canada and Inuit partner Kitikmeot Corporation of Cambridge Bay, Nunavut.

Cementation Sudamérica

The Cementation Group was selected by Chilean state mining entity, Codelco, as a preferred contractor for the shaft design packages at the Chuquicamata copper mine in Chile – a development that marks the start of greater synergy between the mining contracting operations. The group was selected as a result of its experience in the design, engineering and installation of large capacity hoisting systems.

Cementation Sudamérica was established in 2009 at the request of Codelco, to bring international mining experience to Chile and particularly to facilitate the transition of the significant Chuquicamata mine from open-pit to underground. The company has a 10% non-controlling local partner and is undertaking design work on the project for Hatch. It has submitted prequalification documents for the shaft sinking and development work which will commence later in 2010.

Participants of Cementation Canada's First Nations new miner training program

Newmont's Hope Bay project in Nunavut, north of the Arctic Circle

A two boom jumbo about to be transported to Hope Bay project

RUC Cementation

Lawrence Newnham

John Walters

Strata 850 raise borer manufactured by RUC Cementation

Gossan Hill shaft head during slinging operation

RUC Cementation

Work has proceeded on the Newcrest Cadia East mine in New South Wales where an Australian raise drilling record was established for the largest diameter shaft at the greatest depth bored in the country. A three year extension of work on the project has been negotiated. A deferred raise drilling project for OZ Minerals in Tasmania was re-awarded later in the financial year and the company also secured a number of new shaft sinking projects across Australia. RUC Cementation is the largest raise drilling contractor in the world with 20 operational raise borers and box hole borer units and it expects to become the leading force in the Australian shaft sinking market in the new financial year.

Extending its focus on markets further afield, RUC Cementation has been able to secure a number of large international contracts which mitigated the dearth of work in Australia in 2009 (the Australian mining market rebounded in the second half of the financial year). The company is present in Indonesia and commenced work in February 2010 on a contract for the construction of three raise bored shafts of six metres in diameter and 550 metre depth over three years at Freeport Indonesia on Papua Island. A presence was also established in Mongolia and a contract was acquired for the raise drilling of two shafts to a depth of 1 300 metres at Ivanhoe Mines copper gold project in what is considered to be the finest copper and gold ore body in the world. The company also negotiated a subcontract with Gammon Construction for major shaft sinking works within a new sewerage system.

Sustainability

Murray & Roberts Cementation has a firm commitment to training and invested R45 million in training and development during the year, focusing strongly on development of the capacity of project managers and supervisors to fulfil the requirements of project delivery. Since January 2009 the company has trained 240 supervisors, and 40 employees have completed the customised Project Management Program at Wits Business School over the past two years. The company has provided support to 16 bursars, 81 learnerships and 21 graduates in the Murray & Roberts graduate development program. The focus on talent management has been strengthened to ensure the attraction, development and retention of key staff.

Murray & Roberts Cementation improved its LTIFR to 3,2 (2009: 5,2) and achieved three million fatality-free shifts at the Kroondal Platinum Mine. Regrettably, it suffered four (2009: three) fatalities in four separate accidents at the Blue Ridge Mine and Thembelani and Ezulwini shafts. Subsequent to the year end, five employees died tragically in a major fall of ground accident at the Marikana Platinum Mine 4 Shaft on 6 July 2010. A further fatality occurred on 13 August at the Kroondal Mine. To strengthen the safety and training systems implemented in previous years, the company is preparing to launch the First Choice program which will identify and promote safer behaviour and help to eradicate unsafe behaviour.

Murray & Roberts Cementation holds a level 6 BBBEE rating on the dti scorecard and is targeting level 5 in 2011. During the year, Murray & Roberts acquired the 20% non-controlling interest held by AKA Capital in the company and, as a consequence, Reuel Khoza resigned as chairman and Sam Nematswerani as a director. Tim Wakefield resigned as a director to take up an appointment as managing director of Wade Walker, and, on 1 June 2010, Andrew Langham and Freddie Geldenhuys were appointed as directors.

Cementation Canada has consistently over the years been recognised as one of Canada's top employers. The company is a Canadian leader in mine safety and continues to demonstrate that the target of zero injuries is possible on its projects. At June 2010, the North and South American operations had achieved 16 months without a lost time injury. Recruiting is ongoing as both operations and engineering build capacity. The engineering business has grown significantly in the past year and is well established in North Bay, Salt Lake City and Santiago.

RUC Cementation increased its workforce to 189 (2009:149) and is likely to record additional growth as the new projects ramp up. While no fatalities or serious injuries were recorded the LTIFR was 6,0 (2009: 2,5) due to two lost time injuries.

Prospects

The Cementation Group expects a return to growth in the new financial year as the benefit of significant new opportunities secured in North America, Mongolia and Indonesia begins to materialise. Group operations are pursuing significant shaft sinking opportunities in Australia, India, Philippines and Sweden. Acquisitions to strengthen capacity in Australia and the Americas are under consideration. The South African market, however, remains subdued.

Murray & Roberts Cementation started the new financial year with an order book of R3,3 billion (2009: R2,7 billion). The company will continue to work with existing clients in the platinum sector and is currently pursuing several new opportunities. Future opportunities are being targeted in the base metals (manganese and chrome) and coal sectors to offset the company's exposure to platinum. Having strengthened its capacity in coal mining in recent years, Murray & Roberts Cementation is exploring larger projects in this burgeoning sector.

Cementation Canada anticipates continued growth in the USA, based on its safety and productivity successes at Resolution and the start-up of the Hecla project. In Canada, the strong gold market has been key to acquiring new work in Ontario. Marketing will continue to focus on major projects where the company can add value, and emphasis will be placed on building engineering capacity through new teams in the USA and Chile, and increased resources through recruitment in all disciplines.

Cementation Sudamérica will supplement the already established operations of 50% owned local company TerraCem, which currently undertakes raise boring work and will offer shaft sinking mine development and engineering capabilities. It will also form the base for work in other South American countries.

RUC Cementation has commenced work on several significant raise drilling and shaft sinking projects in Hong Kong, Mongolia, Indonesia and Australia, which have strengthened its order book to record levels. The company expects to secure additional work from an increasing number of enquiries for large diameter raise drilling and shaft sinking projects. The lateral development market remains very competitive and the company will consider acquisition opportunities to strengthen its position in this sector.

Peter Adams **Henry Laas**

Wan Chai sewerage works, Hong Kong

RB05 raise boring at Gwalia mine, Western Australia

The Cementation Group expects a return to growth in the new financial year as the benefit of significant new opportunities secured in North America, Mongolia and Indonesia begins to materialise.

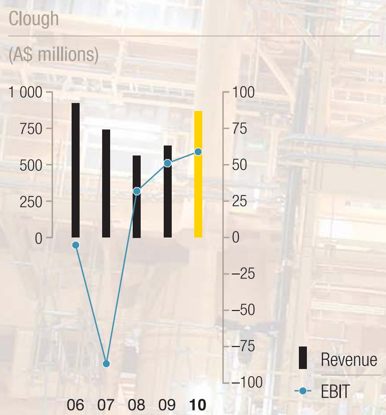
Sinking team at Rosebery mine, Tasmania

CLOUGH LIMITED

Clough delivered strong growth for the third consecutive year and continued to invest in its strategy to become an engineering-led EPC contractor in the oil and gas sector.

John Smith

Neil Siford



Financial performance

Clough increased revenue by 37% to A$866 million, with earnings before interest and tax up by 16% to A$59 million. This performance reflects increased activity in its Capital Projects division in the first half of the year. Cash holdings for the period also increased, closing at A$141 million.

Complex engineering, construction and installation – Angel platform, North West Shelf, Western Australia


Mike Harding*


Keith Spence*


Emma Stein*


Brian Bruce


Nigel Harvey


Roger Rees

** Independent non-executive director*

	2010	2009
Revenues*	**5 753**	4 185
Operating profit*	**394**	342
Margin (%)	**6,9**	8,2
Assets*	**2 667**	4 294
People	**3 212**	2 222
LTIFR (Fatalities)	**2,0 (0)**	1,6 (0)
Order book*	**6 685**	2 508

** R millions*

Investing in the Future

Since 2008, Clough has been strategically repositioning its business, primarily to serve selected markets in the oil and gas sector, with a growth strategy to strengthen its engineering, procurement and construction (EPC) capability primarily in Australasia and globally within the offshore deepwater sector.

The sale of Indonesian mining company PT Petrosea was concluded in July 2009. Funds from the sale have been used to accelerate Clough's growth strategy through investment and acquisition in new core capacity.

Several key investments have been made to strengthen the company's marine engineering capabilities. Ocean Flow International, a Houston based deepwater engineering specialist, was acquired in August 2009 and has been augmented by an investment in start-up company Peritus International in January 2010. The formation of the Clough Helix Joint Venture, announced in February 2010, will deploy the Normand Clough, a first class, fully equipped deepwater vessel, to the Asia Pacific region to offer a wide range of subsea services from well intervention to subsea construction.

Clough acquired a 31% shareholding in and formed as strategic alliance with Forge Group in April 2010. This will substantially strengthen the company's onshore construction capability in Australia and offers a key partnership opportunity for Murray & Roberts in the mining & minerals markets of Australia and Africa. On a case by case basis Clough and Forge will work together to provide clients with an enhanced EPC capability and capacity in the local oil and gas market.

Clough Seam Gas was established in May 2010. A team of industry experts are dedicated to providing EPC services to the burgeoning coal seam gas industry in Queensland.

Leadership

Clough chief executive John Smith, an oil and gas industry specialist, has led the repositioning of Clough as a leading oil and gas EPC contractor over the past three years.

Neil Siford was appointed chief financial officer in November 2009 and an executive director of the company in August 2010. Gary Bowtell has been appointed executive vice president, engineering, raising the profile and importance of Clough's engineering both internally and externally.

John Cooper resigned as a non-executive director in January 2010 and has been succeeded by Murray & Roberts International director, Nigel Harvey. He joins Brian Bruce and Roger Rees representing Murray & Roberts on the Clough Board.

Murray & Roberts executives Millard Arnold and Bal Panicker supported Clough's two year process in resolving the legacy G1 project with ONGC in India, putting an end to an untidy saga for Clough.

Operations

Clough has continued to win its share of world class oil and gas projects. A highlight for the period was the award of the A$2,7 billion engineering, procurement and construction management (EPCM) contract for Australia's largest ever resource project, Chevron's Gorgon LNG Project. The contract was awarded to the Kellogg Joint Venture, in which Clough is a 20% partner.

Two major contracts on ExxonMobil's giant Papua New Guinea LNG project were awarded in November 2009. The upstream infrastructure project involves the upgrade of critical infrastructure in the region and will be executed in joint venture with Curtain Brothers (Clough 65%). The second contract involves the EPC for the Hides gas conditioning plant to be executed by the CBI Clough Joint Venture (Clough 35%). The total value of the two contracts is estimated at US$1,8 billion.

The BAM Clough Joint Venture (Clough 50%) has recently been awarded the LNG condensate offloading jetty for this project, valued at about US$ 260 million.

Capital Projects

Clough delivers an EPC service to gas projects, including domestic gas, LNG and coal seam gas projects, in the Australian and South East Asian region. On a case by case basis Clough may also service Australian mining & mineral and water infrastructure projects where its EPC skills and local expertise can add value.

Key projects for the year included Chevron's Gorgon LNG project, ExxonMobil's PNG LNG upstream infrastructure and EPC4 gas conditioning plant projects, Apache's Devil Creek development project, Linkwater's Toowoomba pipeline, Newmont's Boddington gold mine and Iluka's Murray Basin mineral sands project.

Marine Construction

Clough offers engineering, procurement, installation and commissioning (EPIC) services to the offshore oil and gas industry, including platform and pipeline installation projects in Australia and Southeast Asia and subsea construction projects globally.

The Java Constructor pipelay vessel successfully installed the 750 ton Montara topside for PTTEP in August 2009. However, an unrelated hydrocarbon release and subsequent fire which destroyed the platform, caused the project to be abandoned. In June 2010 the vessel was contracted to provide offshore services to NuTech for the East Udang development project, located offshore Indonesia.

Subsea construction vessel Normand Clipper completed its contract with APL for the Neptune LNG project, offshore Boston, in November 2009, before being contracted to Bluewater Industries for the ATP Telemark hub project in the Gulf of Mexico. In March, the vessel was reclaimed temporarily by owner Solstad to help fulfil its chartering obligations. Clough has decided not to extend its charter of this vessel.

The Normand Clough completed a 14 month contract with Wild Well Inc in the Gulf of Mexico in February 2010, immediately sailing to Singapore to be fitted with well intervention and subsea construction equipment for the Clough Helix Joint Venture. The vessel mobilised in July for the JV's first project for CNOOC in the South China Sea.

Asset Support

Clough provides an engineering-led asset support service to the oil and gas industry. The overarching goal is to maximise the life and profitability of production facilities, both onshore and offshore, whilst creating a safer, cleaner, more efficient hydrocarbons industry.

Asset support services are delivered through a joint venture with AMEC and include brownfield engineering, operations and maintenance, shutdowns and turnarounds. The Asset Support business is undergoing a major injection of resources and organisational development as the focus on this significant market segment increases.

Underpinning the business is excellent delivery and performance on current long term asset support contracts with ConocoPhillips, Woodside, Chevron and Maersk.

Sustainability

Clough worked on 15 projects throughout the year, with an LTIFR of 2,0 (2009: 1,6).

Clough's workforce grew from 2 200 to over 3 000 skilled technical, professional and trades personnel over the past year. Approximately 1 000 people were recruited into the business, with a large proportion of this workforce located in Papua New Guinea to support ExxonMobil's PNG LNG upstream infrastructure and EPC4 projects. Chevron's Gorgon project also drove significant workforce growth with Clough staff being placed in Australia, Singapore and London to support this world class project.

Clough's Success Through People program continues to be the mainstay leadership development program with over 300 supervisory personnel having participated in the program since its launch in 2008.

The Normand Clough deepwater vessel
in Table Bay, Cape Town

Prospects

Clough ended the year with an order book of A$1 billion (2009: A$402 million). This is expected to increase significantly in the near term as it does not yet reflect future work orders for ExxonMobil's PNG LNG upstream infrastructure or the award of the PNG LNG jetty construction project.

While the general outlook for Clough remains positive, with a strong statement of financial position and anticipated increased contribution from investments, there is some uncertainty in the highly competitive Marine Construction sector. The company will continue to capitalise on opportunities in the oil and gas sector, in particular Australian domestic gas and LNG projects and as the market recovers, in the growing deepwater subsea production sector.

Woodside Pluto LNG project

John Smith

CORPORATE REVIEW

Financial performance – Corporate

Net corporate overheads increased to R256 million (2009: R217 million) in the year, before a R46 million (2009: R75 million) contribution from Properties and a charge of R47 million (2009: R26 million) related to share-based payments accounted for in terms of IFRS2.


Malose Chaba


Ian Henstock


Richard Pope*


Andrew Skudder


Roger Mower*


Richard Vaughan


Yunus Karodia

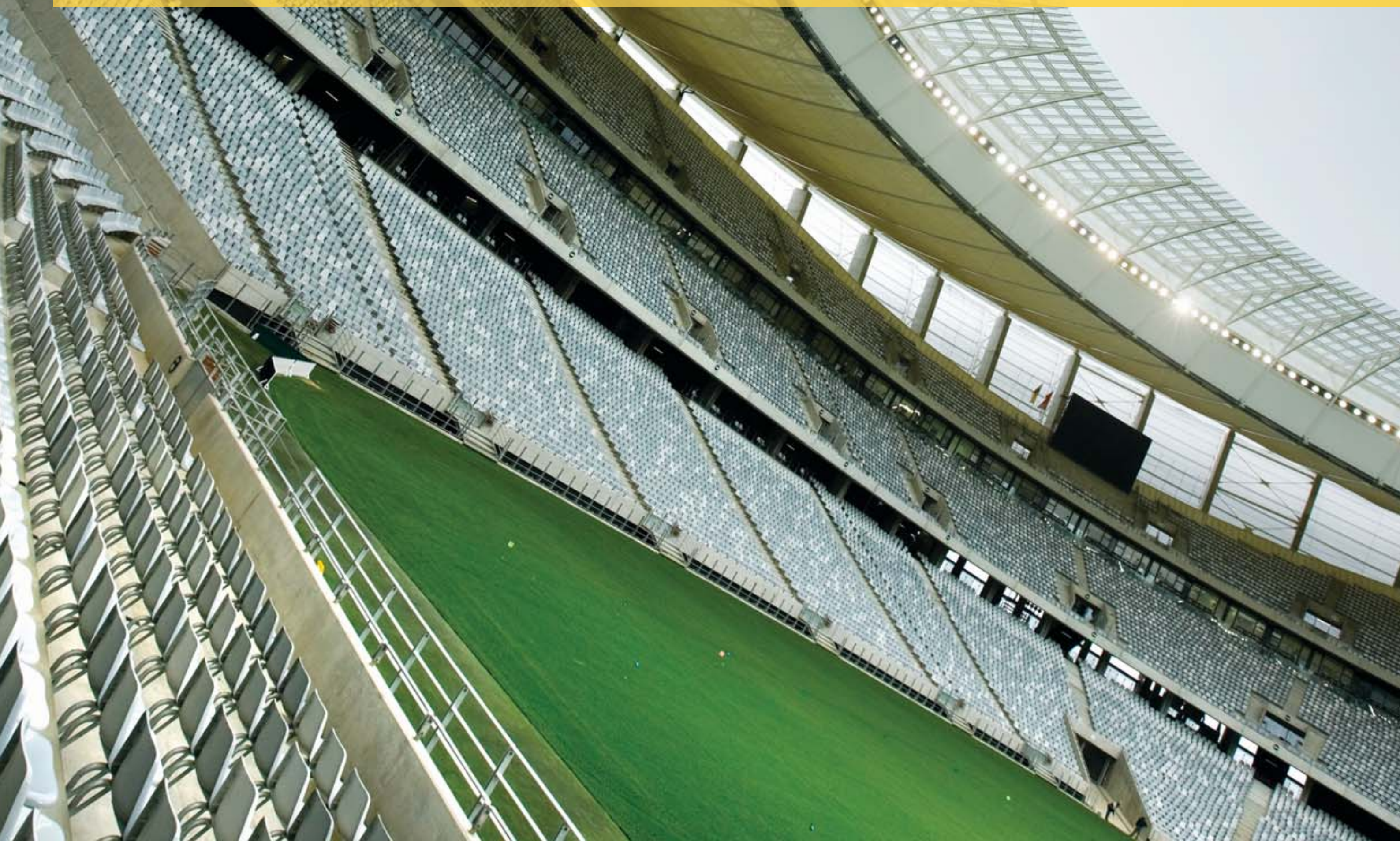

Ed Jardim


Greg Ker-Fox


Thokozani Mdluli


Gerard Moerdijk

** International*


Green Point Stadium


Frank Kruger


Ian Appleton


Carien Botha


Donique de Figueiredo


Mabuse Hlalele


Zelia Soares


Dhiren Singh


Daan van Schalkwyk


Cheryl van Bosch


Millard Arnold


Caswell Makama


Bal Panicker*

	Concessions		Properties		Corporate	
	2010	2009	**2010**	2009	**2010**	2009
Revenues*	**20**	85	**137**	126	**–**	–
Operating profit*	**172**	119	**46**	75	**(303)**	(243)
People	**6**	7	**20**	16	**113**	124

** R millions*

Leadership

The directors of Murray & Roberts Limited form the group executive committee which meets monthly in Bedfordview and is responsible for overseeing the management and operations of the Group.

The chief executive forum meets quarterly and brings together the top 40 operational and corporate leadership executives in the Group.

The directors of Murray & Roberts International Limited meet at least quarterly in Dubai and on at least two further occasions in Canada and London as an executive committee.

We have continued to strengthen our corporate leadership capacity at a time of immense opportunity. Malose Chaba has been appointed an executive director of the Group and to the new role of head of group assurance. Andrew Langham has been appointed financial director of Murray & Roberts Limited. Trevor Fowler and Orrie Fenn joined the Group in the year and take on significant performance responsibility. Terry Rensen retired at the end of the financial year and we thank him for his contribution to the Group.

Secretarial and finance

Yunus Karodia is group secretary, custodian of our governance framework and chief liaison with the JSE Limited.

A full corporate governance report is published in the sustainability report on pages 116 to 119. A strong corporate finance team, led by Dhiren Singh, ensures reporting compliance and ensures technical accounting leadership to the Group. Ian Appleton is group tax manager.

Our treasury, managed by Cheryl van Bosch, 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.

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

Legal and commercial

Millard Arnold is legal counsel in the office of the group chief executive. His primary role is legal due diligence and the management of reputational issues, particularly those flowing from regulatory attention to historic and alleged residual collusive activities in the construction sector. A free flow of information concerning legal matters in the Group is maintained to ensure that we learn from our varied experiences.

Ian Henstock is commercial director and plays a lead role in the many corporate initiatives underway, including the development of new business opportunity outside the framework of individual operations.

Assurance and risk

Group assurance has consolidated internal audit with risk management to give improved oversight of technical and operations performance. KPMG has been appointed as the Group's internal audit partner to cater for the increased scope and complexity of its operations.

Greg Ker-Fox is the group executive responsible for risk management. The Murray & Roberts enterprise risk management process is governed by the group risk framework which is adopted by all operating company boards and executive committees. Risk assessments are conducted at group, operational and project levels and collective group experience is leveraged to better understand potential exposures to threats and opportunities.

Communication

We are committed to open and honest communication with all our stakeholders, including shareholders, investors, media, 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 Limited and reports our progress in complying with the recommendations of King III.

Ed Jardim is group communications executive and is responsible for the development and management of a range of communication platforms.

Mabuse Hlalele is client service manager, with a team of executives who engage the market on behalf of the Group and lead frontline management across the Group.

Corporate social investment

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

Our key focus areas and investments are outlined in the sustainability report on pages 106 and 107. Donique de Figueiredo is group CSI manager.

Health, safety & environment

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 harm.

We appointed Thokozani Mdluli as group chief safety executive during the year to champion our approach to health and safety, including responsibility for driving and coordinating detailed evaluation and strategy development for all our South African operations, further implementation of the STOP.THINK campaign and entrenching a proactive safety culture across our operations.

Details of our HSE framework and policies are published in the sustainability report on pages 96 to 101 and 108 to 111.

Douglas Roberts Centre, Johannesburg

Enterprise capability

Andrew Skudder is director of enterprise capability. A key strategic imperative is to ensure, amongst other initiatives, that our human capital and systems capability is a competitive advantage.

Murray & Roberts has a human capital strategic framework that defines global best practice and focuses on issues that have the greatest impact on our ability to achieve our objectives. A leadership succession and development plan aims to deliver the leadership required to achieve the Group's growth objectives. This framework is being implemented across the Group, coordinated by Zelia Soares, and includes a best practice performance management and development process and a CE-led leadership succession review. The Group's BBBEE Letsema Initiative ensures that the Group remains relevant in its domestic market.

Details of our HR framework and practices are outlined in the sustainability report on pages 101 to 103 and 125.

Murray & Roberts has again proved resilient with an operating margin within the long term strategic framework.

Murray & Roberts has again proved resilient. While R32 billion revenue is marginally down on last year, an operating profit of R1,8 billion (2009: R2,8 billion) has been reported at an operating margin of 5,6%, after absorbing a R619 million charge in respect of the infrastructure joint venture for the Gautrain Project. This charge represents the Group's share of the increase in estimated cost to completion of the project in excess of the position recognised in the previous financial year.

The operating margin is within the Group's long term strategic framework of 5,0% to 7,5%. Excluding the charge for Gautrain, the operating margin for the year is 7,5%.

During a challenging year with a 36% reduction in EBIT and a R0,9 billion increase in working capital, the Group has ended the financial year in a positive net cash position after debt, with R1,2 billion of cash generated by operations in the second half-year.

The total order book of R42 billion at 30 June 2010 (2009: R40 billion) represents 176% of contracting & engineering revenue, while the one year order book is 85% of contracting & engineering revenue.

Statement of financial performance

Clough and Construction Products SADC have reported revenue increases over the prior year of 37% and 14% respectively. Clough's results are underpinned by a growing order book and Construction Products SADC by a strong performance from the steel piping division. Clough's operating profit increased by 15% while the operating profit of Construction Products SADC decreased by 10%, primarily due to under-performance in Steel trading which operated in a volatile market. Clough's results include R660 million revenue and R20 million operating profit from property disposals. This is the run off of the discontinuance of the property division.

Revenue of R5,3 billion (2009: R6,0 billion) of the Cementation Group declined by 10% due to weak market conditions in Canada. However, operating profit of R447 million showed a 4% increase on the prior year.

Excluding Gautrain, the R6,7 billion revenue (2009: R6,5 billion) of Construction SADC increased by 4% on the prior year and operating profit of R582 million (2009: R515 million) was achieved, representing an increase of 13% on the prior year. Gautrain reported revenue of R1,2 billion and an operating loss of R619 million.

Middle East revenues and operating profit declined primarily due to exchange rate translation with the average Rand exchange rate against the Dirham strengthening by approximately 20%. On revenues of R2,9 billion, a R300 million operating profit was achieved.

The R1,9 billion revenue of Engineering SADC decreased by R808 million against the prior year. While revenue continues to increase on the South African power projects there has been a R745 million reversal in Wade Walker whose order book was significantly impacted by the global economic crisis. Operating profit of R112 million (2009: R447 million) declined compared to the prior year primarily due to Wade Walker's reversal.

Net interest expense of R193 million compares to R20 million in the prior year. Increased working capital funding primarily for major projects and utilisation of advance payments further increased working capital demand. The Group's significant international cash holdings generated relatively lower interest income as global interest rates remained low.

The Group's effective tax rate was 27,9% (2009: 22,2%). The increase in the effective rate was primarily due to a conservative position taken on Gautrain losses. The Group continues to benefit from a zero tax regime in the Middle East markets. With the benefit of a tax loss brought forward, Clough Limited reported an effective tax rate of 12,7% (2009: 9,7%). Clough Limited has a A$107 million tax loss carried forward.

Non-controlling interest of R131 million (2009: R320 million) is down on the prior year due to the buy-out of non-controlling interests in Murray & Roberts Cementation and Wade Walker.

Statement of financial position

The Group invested R1,1 billion in capital expenditure during the year (2009: R2,4 billion), in line with the commitment given in the 2009 annual report.

Capital expenditure in mining of R193 million was primarily project related. R218 million was invested in Construction Products SADC to ensure ongoing efficiencies in production facilities. Concor invested R216 million primarily to support the open cast mining division, while Engineering invested R181 million to support the power projects.

Cash generated by operations was R1,4 billion (2009: R2,6 billion). Operating cash flow was R691 million (2009: R1,6 billion). Working capital recorded an increase of R0,9 billion. Major projects uncertified revenue and increased utilisation of advanced payments were the primary reason for the increase.

The Group ended the financial year with R3,8 billion cash on hand and a R1,2 billion bank overdraft, giving a net cash position of R2,6 billion. After deducting R0,6 billion in short term loans and R1,6 billion in long term loans, the Group reported a net cash position of R0,4 billion at 30 June 2010. Although this is a R0,7 billion decrease compared to 30 June 2009, it is a R0,4 billion increase over the half year at 31 December 2009.

Interest bearing long term liabilities increased to R1,5 billion (2009: R770 million) with the Group utilising medium term facilities while pursuing the resolution of claims on the major projects.

Total goodwill in the Group's statement of financial position at 30 June 2010 was R554 million (2009: R490 million) with Clough's goodwill accounting for 63% of the total.

A substantial portion of the Group's investment properties were sold in the second half-year for approximately R600 million, resulting in a R95 million fair value adjustment reported under exceptional profit. Final completion of the disposal process is expected in the first half of the 2011 financial year.

During the year, the Group disposed of its shareholding in the Bakwena N4 Concession for a cash consideration of R255 million.

Clough

The Group holds a shareholding in Clough Limited of approximately 62%, an increase of 3% over last year due to the conversion of convertible notes in December 2009. These were converted at approximately 36 Australian cents per share.

Clough's net assets have increased to A$305 million (2009: A$167 million). At year end, Clough held A$141 million cash on hand.

On 6 July 2009, Clough completed the disposal of its 82% shareholding in Indonesian listed subsidiary, PT Petrosea Tbk for a cash consideration of US$83,8 million (R670 million). During the second half of the financial year Clough acquired a 31% strategic shareholding in Forge Limited at a cost of A$55 million. Forge Limited, quoted on the Australian Stock Exchange, is currently trading at a 60% premium to acquisition cost. A number of small strategic acquisitions have also been made.

At 30 June 2010, Clough, which is listed on the Australian Stock Exchange, traded at a closing price of 77 Australian cents per share. This compares to the Group's average holding cost of 42 Australian cents per share. The Group holds approximately 478 million ordinary shares in Clough Limited.

Major projects

A cumulative total revenue of R1,4 billion, being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2010 (2009: R1,1 billion) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's three major projects. Recognition of these assets is supported by the Group's contract partners and by independent experts and advisors. Adjudications of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being finally awarded compared to that recognised in the statement of financial performance at 30 June 2010.

Earnings and dividend

The Group reported diluted headline earnings per share of 340 cents, compared to 675 cents in the prior year.

The total dividend for the year has been declared at 105 cents with a final dividend of 53 cents per share.

The Group's dividend policy is to declare a dividend within a cover range of 2,8 times to 3,2 times based on diluted headline earnings excluding Clough. In addition, the dividend received from Clough is passed through to Murray & Roberts shareholders.

Roger W Rees
Financial Director