

WE BUILD TO LAST

ANNUAL
INTEGRATED
REPORT 2012

**Murray
& Roberts**

ABOUT OUR REPORT We are pleased to present to stakeholders our annual integrated report for the year ended 30 June 2012. The scope of this report covers the performance of the Group and its operating subsidiaries, over whose operating policies and practices it exercises control or significant influence. The report includes Clough, which has an independent board of directors. These subsidiaries are set out on page 214.

The material issues discussed in our annual integrated report, set out on page 2 to 3, were identified through an internal process of engagement with executive management across the business to determine what would substantially influence the sustainability of the Group, and the assessments and decisions of our stakeholders.

The information included in the annual integrated report is provided in accordance with International Financial Reporting Standards ("IFRS"), the South African Companies Act 2008, the JSE Listings Requirements, as well as the King Code of Governance Principles 2009 and related guidance. We have again used the Global Reporting Initiative ("GRI") G3 guidelines in preparing our annual integrated report. This year, we have reported at a self declared B+ level in terms of the GRI.

The report may be accessed on our website **www.murrob.com**

We are confident that our annual integrated report will provide the basis for meaningful engagement with our stakeholders in the year ahead. A feedback form and contact details for comments, suggestions and queries can be found online.

The Group is moving to a combined assurance model for the annual integrated report. Our external auditors, Deloitte & Touche, have audited the annual financial statements and provided limited assurance over selected key non-financial performance indicators. The recommendations flowing from the limited assurance engagement will be addressed as required in the coming year.

The Group's Broad-Based Black Economic Empowerment ("BBBEE") rating and scorecard have been verified by accredited rating agency, EmpowerLogic.

The audit & sustainability committee had oversight of the preparation of the annual integrated report and recommended it for Board approval, which was obtained on 29 August 2012.





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SNAPSHOT OF THE YEAR

MATERIAL ISSUE 1

SAFETY PERFORMANCE

LTIFR OF 1.14

The **lowest rate ever** recorded by the Group

TOGETHER TO ZERO HARM

DuPont safety initiatives **implemented at all operations**

FATALITIES

Regrettably sustained **four** fatalities

CE & FD REPORT

< 22/Pg

SOCIAL PERFORMANCE – HEALTH AND SAFETY

< 37/Pg

MATERIAL ISSUE 2

RETURN TO PROFITABILITY

PROFITABILITY

Group more solidly positioned to achieve profitability and **returns expected by shareholders**

ORDER BOOK R45 BILLION

Despite termination of Aquarius agreement and **de-scoping** of power programme

CE & FD REPORT

< 22/Pg

STATEMENT OF VALUE CREATED

< 56/Pg

INVESTMENT MARGIN AND ASPIRATION TARGETS

< 27/Pg

MATERIAL ISSUE 3

IMPROVED LIQUIDITY

DEBT RESTRUCTURING

New debt package of **R4,3 billion** (previously R3,4 billion) created better alignment between debt repayment tenure and timing of anticipated proceeds of claims

RIGHTS ISSUE

Successful conclusion of **R2,0 billion** oversubscribed rights issue

STRONG YEAR-END NET CASH BALANCE

Group's net cash position improved to **R1,2 billion** at 30 June 2012

CE & FD REPORT

< 22/Pg

MATERIAL ISSUE 4

COMPLETION OF CHALLENGING PROJECTS

GPMOF

Commitments on Gorgon Pioneer Materials Offloading Facility discharged at a cash outlay of more than **R2 billion**

GAUTRAIN

Operating Commencement Date 2 **achieved**

CE & FD REPORT

< 22/Pg

CONSTRUCTION AFRICA AND MIDDLE EAST

< 64/Pg

REPORT OF DIRECTORS

< 129/Pg

**MATERIAL
ISSUE**
5
**REDUCED COMMERCIAL
RISK**
**MEDUPI AND KUSILE
POWER STATIONS**

Resolution of **major commercial issues** with **Eskom** and **Hitachi**

**GPMOF ARBITRATION
UNDERWAY**

Favourable ruling on first three disputes

CE & FD REPORT
< 22/Pg
CONSTRUCTION AFRICA AND MIDDLE EAST
< 64/Pg
**MATERIAL
ISSUE**
6
**ABILITY TO IMPLEMENT
STRATEGY**

SUCCESSFUL IMPLEMENTATION OF RECOVERY PROCESS LARGELY COMPLETE

Growth strategy formulated and approved by the Board in June 2012

RETURN TO PROFITABILITY AS SOON AS PRACTICALLY POSSIBLE

ALIGNING PORTFOLIO OF BUSINESSES WITH MARKET SEGMENTS AND GEOGRAPHY

Expanding offshore revenue base

CHAIRMAN'S REVIEW
< 18/Pg
CE & FD REPORT
< 22/Pg
**MATERIAL
ISSUE**
7
**ABILITY TO ATTRACT,
DEVELOP AND RETAIN
TOP TALENT**

EXECUTIVE REMUNERATION LINKED TO STRINGENT PERFORMANCE CONDITIONS, ENSURING GREATER ALIGNMENT WITH SHAREHOLDERS' EXPECTATIONS

R133 million spent globally on training

Increased focus on **leadership development**

CE & FD REPORT
< 22/Pg
SOCIAL PERFORMANCE – OUR EMPLOYEES
< 39/Pg
SOCIAL PERFORMANCE – COMMUNITY DEVELOPMENT
< 45/Pg
REMUNERATION REPORT
< 106/Pg
**MATERIAL
ISSUE**
8
**ECONOMIC
TRANSFORMATION IN THE
SOUTH AFRICAN CONTEXT**
**BROAD-BASED
BLACK ECONOMIC
EMPOWERMENT**

LEVEL 3 contributor status maintained

Preferential procurement as a percentage of **total procurement spend increased** to **68%**

**CORPORATE SOCIAL
INVESTMENT SPEND OF
R14 MILLION**
SOCIAL PERFORMANCE – TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT
< 42/Pg
SOCIAL PERFORMANCE – COMMUNITY DEVELOPMENT
< 45/Pg

MEDUPI POWER STATION

Medupi's Boiler 6 was hydraulically tested in June 2012 and was prepared for its chemical clean during August. The first fire of Boiler 6 is scheduled to take place towards the end of 2012. This is a test fire of the boiler with oil, to be followed by the initial full fire with pulverised coal.

Despite the many potential hazards involved in such mega projects, Murray & Roberts Projects has passed the mark of three million hours worked without any lost time injuries at Medupi and Kusile.





Strategy for Recovery & Growth

- | | |
|----|--|
| 07 | Structure & capability |
| 08 | Overhead initiatives & management capacity |
| 10 | Claims on major projects, cash from operations and sale of discontinued operations |
| 13 | Purpose, values & vision |
| 14 | Looking to growth |
-

STRATEGY FOR RECOVERY & GROWTH

RE-ORGANISE AND RE-ENERGISE

CHANGES TO BUSINESS AREAS

100%

STRENGTHEN OPERATIONAL LEADERSHIP AND OPERATIONAL FOCUS

REDUCE OVERHEADS

IMPROVE LIQUIDITY AND RESUME DIVIDEND PAYMENT

CASH FROM OPERATIONS

CLAIMS ON MAJOR PROJECTS

SALE OF DISCONTINUED OPERATIONS

RE-ALIGN MURRAY & ROBERTS

PURPOSE

VISION

VALUES

DEVELOP GROWTH STRATEGY

AFRICA ENGAGEMENT STRATEGY

GROWTH THROUGH ACQUISITION

CLOUGH STRATEGY

01

64/Pg

CONSTRUCTION AFRICA AND MIDDLE EAST

AFRICA // MIDDLE EAST

Construction Africa and Middle East has participated in some of the largest and most significant construction projects in the two regions. These include the Gautrain Rapid Rail Link and Cape Town Stadium in South Africa, as well as the Burj al Arab Hotel and Dubai International Airport in the Middle East.

22% OF GROUP TURNOVER IN THE 2012 FINANCIAL YEAR.

COMPANIES

MURRAY & ROBERTS CONSTRUCTION
MURRAY & ROBERTS MARINE
MURRAY & ROBERTS MIDDLE EAST
MURRAY & ROBERTS CONCESSIONS
TOLCON

SEGMENTS Metals & minerals // Industrial // Infrastructure // Building

VALUE CHAIN

Project development and design
Planning and engineering
Construction works
Maintenance and refurbishment
Operations and facility management

02

70/Pg

CONSTRUCTION GLOBAL UNDERGROUND MINING

AFRICA // AUSTRALASIA // AMERICAS

Construction Global Underground Mining develops underground mine infrastructure. Its clients' commodity exposure include gold, copper, diamonds, platinum and various other minerals.

28% OF GROUP TURNOVER IN THE 2012 FINANCIAL YEAR.

COMPANIES

MURRAY & ROBERTS CEMENTATION
CEMENTATION CANADA & USA
RUC CEMENTATION
CEMENTATION SUDAMÉRICA

SEGMENTS Metals & minerals

VALUE CHAIN

Planning and engineering
Construction works
Operations and facility management

STRUCTURE & CAPABILITY THE BUSINESSES HAVE BEEN SUCCESSFULLY REORGANISED INTO FIVE OPERATING PLATFORMS, EACH WITH A CLEARLY DEFINED GEOGRAPHIC, SEGMENTAL AND VALUE CHAIN FOCUS


22/Pg
03

76/Pg

CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS

AFRICA // SOUTHEAST ASIA // AUSTRALASIA

Construction Australasia Oil & Gas and Minerals consists of the Group's direct (62%) investment in Clough and its indirect investment in Forge Group Limited. Clough is an integrated engineering, procurement and construction contractor focused on oil and gas in Australia and Southeast Asia. Forge provides engineering and construction services to the Australian mining and minerals-processing sectors.

24% OF GROUP TURNOVER IN THE 2012 FINANCIAL YEAR.

COMPANIES
CLOUGH
FORGE

SEGMENTS Metals & minerals // Industrial (oil and gas)

VALUE CHAIN
Planning and engineering
Construction works
Maintenance and refurbishment

04

80/Pg

ENGINEERING AFRICA

AFRICA

Engineering Africa, which is focused on engineering, procurement and construction management projects, is playing a major role in building two of the world's largest coal-fired power stations, Eskom's Medupi and Kusile.

15% OF GROUP TURNOVER IN THE 2012 FINANCIAL YEAR.

COMPANIES
MURRAY & ROBERTS PROJECTS
WADE WALKER
CONCOR ENGINEERING
GENREC

SEGMENTS Metals & minerals // Industrial

VALUE CHAIN
Project development and design
Planning and engineering
Construction works
Maintenance and refurbishment

05

86/Pg

CONSTRUCTION PRODUCTS AFRICA

AFRICA

Construction Products Africa consists of a number of companies that manufacture and supply a range of construction products. These include asphalt, steel piping, manufactured concrete products, building and paving cement and clay bricks. It also assembles locomotives and passenger rail cars.

11% OF GROUP TURNOVER IN THE 2012 FINANCIAL YEAR.

COMPANIES
HALL LONGMORE
MURRAY & ROBERTS BUILDING PRODUCTS
MUCH ASPHALT
ROCLA
UCW

SEGMENTS Metals & minerals // Industrial // Infrastructure // Building

VALUE CHAIN
Construction products

STRATEGY FOR RECOVERY & GROWTH CONTINUED

RE-ORGANISE AND RE-ENERGISE

CHANGES TO BUSINESS AREAS

100%

STRENGTHEN OPERATIONAL LEADERSHIP AND OPERATIONAL FOCUS

100%

REDUCE OVERHEADS

100%

IMPROVE LIQUIDITY AND RESUME DIVIDEND PAYMENT

CASH FROM OPERATIONS

CLAIMS ON MAJOR PROJECTS

SALE OF DISCONTINUED OPERATIONS

RE-ALIGN MURRAY & ROBERTS

PURPOSE

VISION

VALUES

DEVELOP GROWTH STRATEGY

AFRICA ENGAGEMENT STRATEGY

GROWTH THROUGH ACQUISITION

CLOUGH STRATEGY

MANAGEMENT CAPACITY THE GROUP HAS SUCCESSFULLY INTRODUCED NEW MANAGEMENT CAPACITY INTO THE OPERATING PLATFORMS AND ENHANCED CORPORATE CAPABILITIES WITH A NUMBER OF KEY APPOINTMENTS

24/Pg

CORPORATE CAPABILITIES

In the corporate office, the integrated assurance team has been established under the leadership of Ian Henstock, with appointments of:

- Internal audit executive
- Regulatory compliance executive
- Two commercial executives
- Head of legal
- A corporate finance executive and head of remuneration and benefits

NEW PLATFORM CAPACITY

Extensive change and new capacity has been introduced into the platforms. This includes the appointment of:

- Platform executives supported by financial/commercial executives
- New Engineering Africa and Construction Africa and Middle East platform executives
- New chief executive in Clough

In addition, the Murray & Roberts Limited Board has been re-organised with responsibilities defined

OVERHEAD INITIATIVES A NUMBER
OF OVERHEAD
INITIATIVES WILL
CONTRIBUTE TO
COST REDUCTION

22/Pg

ISLE OF MAN CLOSURE ▷
FEBRUARY 2012

UK OFFICE CLOSURE ▷
JUNE 2013

ENGINEERING AFRICA ▷
CONSOLIDATIONS

**CONSTRUCTION AFRICA
AND MIDDLE EAST** ▷
CONSOLIDATIONS

CORPORATE OFFICE ▷
HEADCOUNT OPTIMISATION

**ESTIMATED SAVINGS
IN EXCESS OF**
R60
MILLION A YEAR

STRATEGY FOR RECOVERY & GROWTH CONTINUED

RE-ORGANISE AND RE-ENERGISE

CHANGES TO BUSINESS AREAS

100%

STRENGTHEN OPERATIONAL LEADERSHIP AND OPERATIONAL FOCUS

100%

REDUCE OVERHEADS

100%

IMPROVE LIQUIDITY AND RESUME DIVIDEND PAYMENT

CASH FROM OPERATIONS

80%

CLAIMS ON MAJOR PROJECTS

50%

SALE OF DISCONTINUED OPERATIONS

95%

RE-ALIGN MURRAY & ROBERTS

PURPOSE

VISION

VALUES

DEVELOP GROWTH STRATEGY

AFRICA ENGAGEMENT STRATEGY

GROWTH THROUGH ACQUISITION

CLOUGH STRATEGY

CASH FROM OPERATIONS **THE GROUP**
COMPLETED THE YEAR
WITH A SUBSTANTIALLY
IMPROVED NET
CASH POSITION OF
R1,2 BILLION

25/P6

Cash generated from operations was adversely impacted as a consequence of increased losses at the Gorgon Pioneer Materials Offloading Facility and closure of legacy contracts in the Middle East

Successful restructuring
of debt facilities

Successful rights issue

SALE OF DISCONTINUED OPERATIONS

MURRAY & ROBERTS HAS SUCCESSFULLY SOLD IDENTIFIED ASSETS

CLOUGH MARINE
JOHNSON AND BRC ARABIA
VARIOUS PROPERTIES
RSC EKUSASA MINING
FREYSSINET POSTEN
ALERT STEEL POLOKWANE
MURRAY & ROBERTS ZIMBABWE
GRYPHON LOGISTICS

MURRAY & ROBERTS
STEEL BUSINESS

R0,9 BILLION

THE STEEL BUSINESS,
INCLUDING CISCO, WAS
DISPOSED OF AT BOOK VALUE
SUBSEQUENT TO YEAR-END

CLAIMS ON MAJOR PROJECTS (REPRESENTING UNCERTIFIED REVENUE OF R2 BILLION)

THREE MAJOR CLAIMS ARE BEING PURSUED, WITH THE COLLECTION OF PROCEEDS BEING A CHALLENGING AND PROTRACTED PROCESS

GAUTRAIN DELAY AND DISRUPTION CLAIM

- Claims recovery team is making steady progress
- Resolution through arbitration is expected by **DECEMBER 2014**

±R2 BILLION

GORGON PIONEER MATERIALS OFFLOADING FACILITY CLAIMS

- A favourable arbitration ruling on the first three disputes, related primarily to scope changes from the tendered design
- The commercial process is progressing
- Resolution through arbitration is expected by **DECEMBER 2013**

DUBAI INTERNATIONAL AIRPORT CLAIM

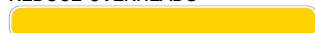
- Tribunal has ruled that the ultimate respondent is Government of Dubai
- UAE supreme court to determine which government department is actual respondent
- Resolution through arbitration expected by **DECEMBER 2013**

STRATEGY FOR RECOVERY & GROWTH CONTINUED**RE-ORGANISE AND
RE-ENERGISE**

CHANGES TO BUSINESS AREAS

**100%**STRENGTHEN OPERATIONAL
LEADERSHIP AND
OPERATIONAL FOCUS**100%**

REDUCE OVERHEADS

**100%****IMPROVE LIQUIDITY
AND RESUME DIVIDEND
PAYMENT**

CASH FROM OPERATIONS

**80%**

CLAIMS ON MAJOR PROJECTS

**50%**SALE OF DISCONTINUED
OPERATIONS**95%****RE-ALIGN
MURRAY & ROBERTS
PURPOSE****100%**

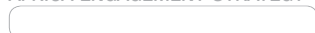
VISION

**100%**

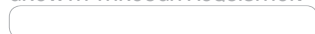
VALUES

**100%****DEVELOP GROWTH
STRATEGY**

AFRICA ENGAGEMENT STRATEGY



GROWTH THROUGH ACQUISITION



CLOUGH STRATEGY



MURRAY & ROBERTS IS A GROUP OF WORLD-CLASS
COMPANIES AND BRANDS ALIGNED TO THE SAME
PURPOSE AND VISION, GUIDED BY THE SAME SET OF
VALUES WITH A COMMON OWNER,

MURRAY & ROBERTS

HOLDINGS LTD

PURPOSE, VISION AND VALUES “...THE LEADERSHIP TEAM REALIGNED EMPLOYEES BY CREATING A NEW COMMITMENT TO OUR PURPOSE, VISION AND VALUES...”

22/Pg

STOP.THINK: SAFETY FIRST IN EVERYTHING WE DO

01

CONSTRUCTION
AFRICA AND
MIDDLE EAST

02

CONSTRUCTION
GLOBAL
UNDERGROUND
MINING

03

CONSTRUCTION
AUSTRALASIA
OIL & GAS AND
MINERALS

04

ENGINEERING
AFRICA

05

CONSTRUCTION
PRODUCTS
AFRICA

VALUES

Care

Integrity

Respect

Accountability

Commitment

PURPOSE

Delivery of infrastructure to enable economic and social development in a sustainable way

VISION

By 2020 we will be the leading diversified engineering and construction group:
in the global underground mining market, and
selected emerging market natural resources and infrastructure sectors

STRATEGY FOR RECOVERY & GROWTH CONTINUED**RE-ORGANISE AND
RE-ENERGISE**

CHANGES TO BUSINESS AREAS

100%STRENGTHEN OPERATIONAL
LEADERSHIP AND
OPERATIONAL FOCUS**100%**

REDUCE OVERHEADS

100%**IMPROVE LIQUIDITY
AND RESUME DIVIDEND
PAYMENT**

CASH FROM OPERATIONS

80%

CLAIMS ON MAJOR PROJECTS

50%SALE OF DISCONTINUED
OPERATIONS**95%****RE-ALIGN
MURRAY & ROBERTS**

PURPOSE

100%

VISION

100%

VALUES

100%**DEVELOP GROWTH
STRATEGY**

AFRICA ENGAGEMENT STRATEGY

75%

GROWTH THROUGH ACQUISITION

100%

CLOUGH STRATEGY

100%**LOOKING TO GROWTH THE FINANCIAL
YEARS 2013 AND 2014 HAVE
BEEN DEFINED AS
MURRAY & ROBERTS' GROWTH
YEARS WITH KEY OBJECTIVES IN
THIS PHASE** **25**/PG**GROWTH PHASE
OBJECTIVES:****AFRICA ENGAGEMENT
STRATEGY**

- Organic growth focus in individual markets from regional hubs
- Presence in Ghana, Zambia and Mozambique being established
- Africa growth to be accelerated during the 2013 financial year

**GROWTH THROUGH
ACQUISITION**

- Opportunities identified include alternative energy and water
- Acquisitions will aim to align Group asset base with opportunities to maximise shareholder value
- Acquisitions being explored in Construction Global Underground Mining and Construction Australasia Oil & Gas and Minerals

CLOUGH STRATEGY

- Increase strategic alignment and positioning
- Investigate organic expansion opportunities
- Enhance synergies with Murray & Roberts (e.g. Marine) and look to Africa
- Expand EPCM capacity with acquisition

01CONSTRUCTION AFRICA
AND MIDDLE EAST**02**CONSTRUCTION GLOBAL
UNDERGROUND MINING**03**CONSTRUCTION AUSTRALASIA
OIL & GAS AND MINERALS**04**

ENGINEERING AFRICA

05CONSTRUCTION
PRODUCTS AFRICA

- ▷ **Enhance** shareholder value
- ▷ **Resume** dividend payments
- ▷ **Selective** market segment re-positioning in support of long term growth objective
- ▷ **Increase** offshore revenue base in support of long term growth objective
- ▷ **Deliver** operational, risk and contractual management excellence
- ▷ **Enhance** the attraction, retention, diversity and performance of our people

HISTORICAL FINANCIAL PERFORMANCE

5 YEAR MARKET OUTLOOK

GROWTH OPPORTUNITIES

Due to slow local market and significant project losses, performance has been poor

Local market to recover in the medium to long term with higher growth in certain segments

- Expansion into Africa
- Segmental expansion and growth
- Select Middle East opportunities

Well executed capitalisation on growth markets and a challenge to maintain growth

Global move from opencast to underground mines and growth in active regions

- Geographic growth – Australia, Africa, Canada, USA and South America

Poor historical results have been followed by steadily improving performance

Strong growth expected in the Australian and South Asia market

- Increase exposure
- Segmental expansion and Southeast Asia growth

Power programme impacted EBIT but recently platform performing well

Growth expected in certain key segments; power, water, mining and operations & maintenance

- Segmental positioning and value chain expansion

Strong contributor to EBIT and revenue but margins and key ratios under pressure

Slow and competitive local market which may pick up on committed government spend

- Exports and new products
- Africa expansion

PORTSIDE

Murray & Roberts was awarded the contract for what will be Cape Town's tallest building. The Portside development will be home to FirstRand Bank and Old Mutual and is scheduled for completion in December 2013. The site occupies the city block between Buitengracht, Hans Strijdom, Bree and Mechau Streets in the financial district on the foreshore.

The design methodology is strongly focused on durability, low maintenance, energy and water efficiency, material resource management and indoor air quality to meet the Green Building Council of South Africa's specifications for a 4-star building.





LEADERSHIP REVIEW

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CHAIRMAN'S STATEMENT **DEAR STAKEHOLDER**

A year ago we committed ourselves to a far-reaching recovery process to lead the Group to a new path of sustainable growth. The past year has not been without its challenges and disappointments, but I can confirm that the recovery is well under way and that Murray & Roberts is far more solidly positioned to achieve the profitability and returns expected by our shareholders.

Challenges this year included our widening exposure on the Gorgon Pioneer Materials Offloading Facility ("GPMOF"), a worse than expected performance from our Middle East construction operation and a flat South African construction market.

HIGHLIGHTS

However, there was no shortage of highlights. The work we were contracted to do on GPMOF and various large projects in the Middle East has been completed successfully, and the final phase of the Gautrain Rapid Rail Link was opened to the public. Also, new contractual arrangements reached in the year mean that the Medupi civils project will proceed with greater predictability and returns.

The Board is satisfied that the restructuring of the Group's operating platforms, implemented towards the end of the 2011 financial year, has progressed well and that these are now appropriately positioned to

source opportunities in their target sectors. Similarly, the Board is heartened by management's progress in improving the Group's risk-management model and procedures across both the project portfolio and the various operations.

Whereas the Group suffered 12 fatalities in the previous year, this reduced to four in the 2012 financial year. Obviously this is four deaths too many. We deeply regret the loss of life but take heart from the fact that decisive safety interventions are bearing fruit, especially when measured in terms of lost time injuries.

The health of our workforce enjoyed particular attention this year as various initiatives to combat HIV/AIDS, tuberculosis and noise-induced hearing loss were implemented.

The Group's term debt was successfully restructured, extending the average repayment tenure. The success of the rights issue was another highlight. Its proceeds have been used to reduce the Group's debt and improve financial flexibility, while providing adequate funding for a robust order book.

CREATING SHAREHOLDER VALUE

At the heart of Murray & Roberts' Recovery & Growth strategy is the desire of both the Board and management to swiftly restore shareholder value. While the various restructuring initiatives implemented in the past year point to the likelihood of this key objective being achieved soon, regrettably the Board does not consider it advisable at this stage of the Group's recovery to declare a dividend. Shareholders will be updated on the prospects of a dividend being declared for the next financial year at the time that interim results are announced in February 2013.

The process of extracting value from our various contract claims, which represent a total of some R2 billion in uncertified revenue, is ongoing. By the very nature of the complex processes involved, however, the successful resolution of significant portions of the amounts being claimed is unlikely in the short term.

Further to the applications lodged in terms of the Competition Commission's ("Commission") Fast-Track process in April 2011, the Commission presented unreported projects where previously unknown transgressions may have occurred. The Group has not yet reached finality with the Commission regarding these transgressions and potential penalty relating to historical anti-competitive practices. The Board continues to set the vision for and commitment to a morally and ethically sound culture within Murray & Roberts.

While an improvement in the return we deliver to our shareholders is of paramount importance, we are equally aware that being responsive to the needs and expectations of all stakeholders is the bedrock of sustainable value. Murray & Roberts' contribution to society is not limited to paying wages, suppliers and taxes. The infrastructure we



ROY ANDERSON GROUP CHAIRMAN

apply our skills to building is of lasting benefit to the communities in which we operate, and our investments in skills development and training improve the lives and employment prospects of thousands. In South Africa, R115 million was spent this year on training and development, 74% of that amount on black employees. The training and development spend includes funding for bursars and graduates, as well as technical and leadership development.

While Murray & Roberts becomes an increasingly significant contender in some of the world's construction and engineering markets, we remain a proudly South African company. Beyond the tangible assets we build and the value we seek to create for shareholders, employees and suppliers, we take great pride in the contributions we make to society.

BOARD OF DIRECTORS

Having previously decided that the time had come for me to make way for a fresh perspective at the helm, I agreed to remain as chairman to oversee the transition to a new executive leadership team. This I did gladly, believing that continuity was of the greatest importance at the time. The transition has now been successfully concluded with an executive team that enjoys the Board's full trust and support. As such, I am preparing to vacate the chair and retire from the Board in March 2013.

The Board has unanimously endorsed Mahlape Sello as my successor. Mahlape has served on the Board and as a member of the audit & sustainability committee for three and a half years. She knows the business intimately, including having a specialist's insight into the legal aspects of the claims process. She has consistently proven herself to be a director of rare dedication and insight, and she has my full confidence and support during the handover process.

Non-executive director Tony Routledge has indicated his intention to retire from the Board at the Annual General Meeting in October 2012 after serving for nearly 19 years. Namane Magau, who is approaching nine years as a non-executive director of Murray & Roberts, also plans to retire from the Board, as will Sibusiso Sibisi, who wishes to limit his non-executive directorships to institutions focused on science and technology. During the year, Alan Knott-Craig resigned to take up the role of new chief executive of Cell C. My sincere thanks are extended to all of these directors for their outstanding commitment and valuable expertise. In June 2012, Thenjiwe Chikane joined the Board as a non-executive director, member of the audit & sustainability committee and risk management committee.

Shareholders are reminded that the Annual General Meeting of the Company will be held on 31 October 2012. The order of business is set out on pages 220 to 222 in this report.

OUTLOOK

The Group embarks on the new financial year with a generally buoyant order book, improved liquidity and a management team that has a well-defined focus on managing risk and on creating long term value for all of our stakeholders.

As mentioned, our involvement in Eskom's power build programme has been put on a firmer footing and will account for a significant proportion of both the Construction Africa and Middle East and the Engineering Africa platforms' income for at least the next three years.

Across the world, economic expectations remain uncertain and circumstances, particularly in Europe, continue to impact emerging markets including South Africa. The outlook for commodities is largely tied to the weakening ability of China and India – as well as some of the more resilient emerging economies – to maintain growth rates at least approximating the impressive gains of recent years.

At the time of writing, all indications were that commodity prices in general were holding up well, and that demand for minerals and oil & gas would underpin investment in their extraction. In this regard, the Group's Construction Global Underground Mining platform, as well as its oil and gas investments in Australia and the Far East, are expected to continue contributing meaningfully to revenues and profits over at least the medium term.

Today, not only does the Group enjoy a wide geographic spread, it is also succeeding in diversifying into commodities and sectors to which it and its clients are exposed. All of these factors contribute, I believe, to a growing confidence in Murray & Roberts' ability to resume robust and sustained growth.

Within South Africa, many hopes are now pinned on government plans, as stated in the Medium Term Expenditure Framework, to spend some R845 billion on infrastructural development. That this expenditure is inevitable and much needed is acknowledged by all, but it remains unclear how and when such a programme will be rolled out. Whatever the timing and extent of public-sector investment, Murray & Roberts is well placed and equipped to contribute positively and significantly to create infrastructure that will hold lasting value for all South Africans.

I believe the effective implementation of any infrastructural investment programme and the avoidance of delays, unforeseen over-runs and fruitless litigation requires a new compact between both the awarding and contracting partners to design projects that can be delivered on time, on budget and to maximum benefit. I have no doubt Murray & Roberts would eagerly participate in any dialogue between the public sector and the construction and engineering industry leading to such mutually beneficial outcomes.

While continuing to invest in capacity – most especially in our human resources – so that we are well positioned for any upturn in demand, our businesses focused primarily on southern Africa will be tasked with growing profitable businesses both in their traditional markets and elsewhere in Africa. The Group continues to pursue opportunities in the rest of Africa, outside of SADC, with some progress during the year.

Finally, I will take my leave of Murray & Roberts with many fond memories of outstanding people and an exceptional organisation that has added value to individuals and communities in South Africa and, increasingly, to many parts of the world. I have no doubt that the return to more acceptable financial returns and the sustainable success of the Group into the future are assured.

ROY ANDERSEN **GROUP CHAIRMAN**

GROUP DIRECTORATE

FOR ADDITIONAL INFORMATION ON DIRECTORS

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ROY CECIL ANDERSEN (64)
CA(SA) CPA (Texas)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Roy was appointed to the Board in 2003 and became chairman in 2004. He is chairman of the nomination committee, a member of the remuneration & human resources committee the health, safety & environment committee and the social & ethics committee and a trustee of The Murray & Roberts Trust. Roy is a director of Aspen Pharmacare Holdings, Nampak and Sasfin Bank and a member of the King Committee on Corporate Governance.

DAVID (DAVE) DUNCAN BARBER (59)
FCA (England & Wales) AMP (Harvard)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee. Dave is a director of AFGRI.

THENJIWE CLAUDIA PAMELA CHIKANE (46)

BCom BCompt (Hons)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Thenjiwe was appointed to the Board on 15 June 2012. She is a member of the audit & sustainability committee and the risk management committee. Thenjiwe is a director at Nedbank Group, Nedbank Limited, Datacentrix Holdings and the Institute of Directors and a trustee of AfricaRice.

NAMANE MILCAH MAGAU (60)
BA EdD (Harvard) MEd BEd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Namane was appointed to the Board in 2004. She is a member of the remuneration & human resources committee and the health, safety & environment committee and trustee of The Murray & Roberts Trust. Namane is a director of AON South Africa, Crowie Holdings, Enza Construction and the National Research Foundation and a member of the University of Cape Town Business School Advisory Board.



SIBUSISO PATRICK SIBISI (57)
BSc Physics (Hons) PhD (Cambridge)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sibusiso was appointed to the Board in 2007. He is chairman of the risk management committee and a member of the nomination committee. Sibusiso is president and CEO of the CSIR, director of Liberty Group, Telkom SA and a member of the Roedebeek School Board of Governors.

ROYDEN THOMAS VICE (65)
BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee and a member of the risk management committee and the nomination committee. He is also a trustee of The Murray & Roberts Trust. Royden is chairman of Hudaco Industries and a Governor of Rhodes University.

JOHN (MICHAEL) MCMAHON (65)
PrEng BSc Eng (Glasgow)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael was appointed to the Board in 2004. He is a member of the health, safety & environment committee and the remuneration & human resources committee. Michael is a director of Central Rand Gold and Impala Platinum Holdings.

WILLIAM (BILL) ALAN NAIRN (67)
PrEng BSc Eng (Mining)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Bill was appointed to the Board in 2010. He is chairman of the health, safety & environment committee and a member of the risk management committee. Bill is a director of AngloGold Ashanti and non-executive chairman of MDM Engineering Group and of the Procurement Committee for MTN Group.

ANTHONY (TONY) ADRIAN ROUTLEDGE (64)
BCom CA(SA)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tony was appointed to the Board in 1994. He is a member of the audit & sustainability committee, the remuneration & human resources committee and the social & ethics committee and a trustee of The Murray & Roberts Trust.

MAHLAPE SELLO (50)
LLB, Master of Arts and Law (Russia)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mahlape was appointed to the Board in 2009. She is chairman of the social & ethics committee, a member of the audit & sustainability committee, the nomination committee and the remuneration & human resources committee. Mahlape serves on some of the committees of the Johannesburg Bar Council and the General Council of the Bar and is a member of the South African Law Reform Commission and the chairperson of the Advertising Industry Tribunal of the Advertising Standards Authority of South Africa.



ANDRIES JACOBUS (COBUS) BESTER (52)
BCom (Acc) Hons CA(SA)
GROUP FINANCIAL DIRECTOR

Cobus first joined the Group in 2006 following the acquisition of Concor and was appointed to the Board in 2011. Cobus is the chairman of Murray & Roberts International Holdings and a director of Clough.

ORRIE FENN (57)
BSc (Hons) Eng MPhil Eng DEng
GROUP EXECUTIVE DIRECTOR

Orrie joined the Group and was appointed to the Board in 2009. He is the executive director responsible for the Group's Construction Products Africa operating platform.

HENRY JOHANNES LAAS (52)
BEng (Mining) MBA
GROUP CHIEF EXECUTIVE

Henry first joined the Group in 2001 and was appointed to the Board and as Group chief executive in 2011. He is a member of the health, safety & environment committee. Henry is a director of Murray & Roberts International Holdings and a director of Clough.

EMMARENTIA (RENTIA) JOUBERT (33)
BCom (Acc) Hons CA(SA) GTP(SA)
GROUP SECRETARY

Rentia joined the Group in March 2010, when she was appointed as the financial manager at Murray & Roberts Cementation. She was appointed Group secretary on 1 August 2012.

Yunus Karodia stepped down as Group Secretary effective 1 August 2012 to take up a financial leadership role at Murray & Roberts Cementation and was succeeded by Emmarentia Joubert.

Alan Knott-Craig resigned as an independent non-executive director on 17 January 2012.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

DEAR STAKEHOLDER

One year ago we shared the Group's Recovery & Growth strategy with stakeholders. The year to June 2012 was defined as the Recovery year and the following two years as the Growth years. The past year, our Recovery year, has been an exceptional one for the Group in the context of the Recovery year objectives. It was a year in which we took difficult decisions and made substantial progress in establishing a firmer financial footing for the Group and laying a solid basis for growth.

Our strategy for Recovery & Growth is aimed at establishing Murray & Roberts as the leading construction and engineering group in its selected markets. This strategy is underpinned by maintaining integrity through disciplined leadership and a focus on financial, operational and governance excellence as well as establishing and maintaining sound relationships with all stakeholders, winning the confidence of the investment community and establishing positive energy throughout the Group. Our commitment to these principles stood us in good stead in the year, despite the complex issues and difficulties that we faced.

REORGANISING, RE-ENERGISING AND REALIGNING

The transition to the new leadership team has been successful. The leadership team realigned employees by creating a new commitment to our purpose, vision and values, and also worked hard to enhance operational focus and engage openly and proactively with stakeholders. We have been encouraged by the level of endorsement received and will continue to deepen our partnerships with all of those with an interest in our business.

The reorganisation of Murray & Roberts into five operating platforms and the strengthening of their financial and commercial leadership have created clear strategic focus in each of the platforms. Furthermore, the reorganisation has improved decision-making and risk management, while ensuring that the appropriate capacity is in place to grow our business. The net result of these actions has been an improvement in morale and an enhanced team spirit. This reorganisation has also assisted those within Murray & Roberts, as well as many of our stakeholders, to develop a greater understanding of the Group.

DEBT RESTRUCTURING AND LIQUIDITY

Landmark achievements this year included the successful restructuring of the Group's debt. The new debt package of R4,3 billion (previously R3,4 billion) created better alignment between our debt repayment tenure and the timing of anticipated proceeds from the settlement of the Group's major claims.

Another important achievement was the successful conclusion of the oversubscribed R2,0 billion rights offer in April, which represents a great vote of confidence in the Group, management and our strategy. We appreciate the confidence and support of our shareholders and the broader investment community.

As was communicated at the time of the offer, the proceeds of the rights issue were earmarked to reduce the Group's debt. In June 2012, R1 billion of long term debt was repaid, with the balance of the R1,9 billion net proceeds being used to reduce short term debt. Long term debt will be reduced by a further R500 million and R650 million in September 2012 and March 2013 respectively.

Cash generated from operations this year was negatively impacted by increased losses sustained at the Gorgon Pioneer Materials Offloading Facility ("GPMOF") in Western Australia and the closure of legacy contracts in the Middle East, whereas the sale of various discontinued operations and assets identified for disposal realised approximately R0,9 billion.

Initiatives to reduce overhead costs included consolidations within both the Construction Africa and Middle East and Engineering Africa operating platforms, Corporate Head Office headcount optimisation and the closure of the Isle of Man and London offices (the latter scheduled for June 2013). Together these are expected to result in overhead savings in excess of R60 million a year.

DEVELOPMENTS ON MAJOR PROJECTS

This year our commitments on GPMOF were discharged, although later and at a greater cost than had been anticipated. The cash outlay of more than R2,0 billion on GPMOF over the past 16 months represents one of the Group's largest single cash losses in recent times. Completing the work under extreme conditions to a revised specification underscored the fact that Murray & Roberts honours its obligations, and underlined a costly learning experience. We are pleased to announce that the arbitration ruling on the first three disputes on this project, relating primarily to scope changes from the tendered design, has been awarded in the Group's favour. The value of these claims will be determined through a second-stage arbitration scheduled for the final quarter of this calendar year. It is expected

that the commercial process on this project will be closed out by December 2013.

Closer to home, the achievement of Operating Commencement Date 2 ("OCD2") on the Gautrain Rapid Rail Link ("Gautrain"), with the opening on 7 June 2012 of the final section of the system between Rosebank and Park Stations was profoundly important, removing substantial risks associated with a delayed OCD2. OCD2 was certified by the Independent Certifier after the remedial work to address water ingress in the Rosebank to Park Station section of tunnel was completed. However, disputes around Gautrain are by no means resolved, with the Gauteng Provincial Government ("Province") disputing the terms and proper interpretation of the concession agreement and the resultant completion of the water ingress remedial work (if any). This dispute is scheduled to be heard in arbitration during the final quarter of this calendar year. Depending on the outcome, further costs may have to be incurred in the Rosebank to Park Station section of tunnel. Resolution through arbitration of the major delay and disruption claim against Province is expected by December 2014. The fact that this world-class transport system is now fully functional is of great credit to Murray & Roberts and its partners.

An equally pleasing achievement this year was the resolution of all major commercial issues with Eskom relating to the civil engineering contract at the Medupi power station. The agreement settled all commercial disputes on the project to date, with the remaining R3,0 billion of civils work on this project carrying no more than normal construction risks at acceptable margins. The agreement clearly signals a much improved relationship with the national power utility.

PRIORITISING SAFETY AND PRODUCTIVITY

In the previous year, 12 employees lost their lives in work-related incidents whereas this year we record, with the utmost sadness, four fatalities. Mr Monyemane Molotha, Mr David Sebulela and Mr Tomas Ubisse died in fall-of-ground incidents at Impala 20 Shaft, Everest Platinum Mine and Kroondal Simunye Shaft respectively, and Mr Brandon Gray was fatally injured in an equipment-related incident at Hecla's Lucky Friday mine in the United States of America. To the loved ones of the deceased we extend our heartfelt sympathy.

We shall not celebrate our safety performance until such time as we are able to report zero fatalities, but we must acknowledge the hard work that has gone into ingraining a safety culture at all of our operations. We believe the improvement in our safety performance is in no small degree due to the visible and committed involvement of senior management in achieving our ultimate objective of Zero Harm in the conduct of our business.

Our human resources are, in every respect, our greatest asset and we fully appreciate the importance of investing in our people. This year Group spend on training and development totalled R133 million

– a 15% increase on the previous year. Of particular significance is the very real contribution the Group has made in addressing South Africa's potentially crippling shortage of artisan skills.

MANAGING OUR RISKS

Among our major achievements are the significant strides made on risk management. This year, the internal audit function was strengthened and a regulatory compliance function established, which together with risk management form the three pillars of integrated assurance. This will enhance policies, procedures and controls to minimise risk exposures in pursuit of Group objectives and to avoid or mitigate the impact of unforeseen events.

After the 2008 global financial and economic downturn, dispute resolution became much more difficult, requiring us to adapt our risk tolerance and contracting principles to address a new, often more adversarial or even litigious contracting environment. Shortcomings in our control systems are now being rectified with a strong integrated assurance team and governance processes.

The Murray & Roberts Limited risk committee has witnessed a considerable increase in activity, meeting more regularly during this past year than in previous years. This is consistent with the enhanced risk management culture in the Group.



COBUS BESTER GROUP FINANCIAL DIRECTOR

HENRY LAAS GROUP CHIEF EXECUTIVE

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT **CONTINUED**

OBJECTIVES NOT MET WITHIN THE RECOVERY YEAR

The Group failed to achieve two of its objectives for the Recovery year.

The first of these was that we did not achieve the disposal of the discontinued Steel Business by the proposed deadline of December 2011. The disposal has now been accomplished, after year-end, through two separate transactions.

Secondly, the Group did not reach finality with the Competition Commission regarding the transgressions and potential penalty relating to historical anti-competitive practices. We are of the view that the provision held at the end of the financial year is adequate. We are also confident that with the new culture prevailing throughout the organisation, as well as with improved controls, the risk of such behaviour being repeated in future has been significantly reduced.

REALISING UNCERTIFIED REVENUES

It became apparent during the year that we would not achieve substantial closure of the large project claims processes within the initial timeframes. These are drawn-out processes and a favourable outcome is an important element in our Recovery as it will realise some R2 billion of uncertified revenues. Principally, this uncertified revenue was taken against major claims on GPMOF, the Dubai International Airport and Gautrain.

The claims resolution process is ongoing and, while it is being pursued with vigour by all concerned, is clearly going to be more protracted than was previously envisaged. The favourable ruling received on the initial arbitration gives us confidence that at least the uncertified revenue portion of the total GPMOF claims will be settled in our favour.

A possible UAE Supreme Court decision by December 2012 on the question of which Dubai Government entity is the contracting party, settlement through arbitration on both the airport final account and the Gautrain delay and disruption claims is not expected before the end of calendar year 2013 and 2014 respectively.

OPERATIONAL OVERVIEW

Two of the five operating platforms which largely depend on the South African construction sector, continued to experience challenging market conditions. However, the diversity of the Group's operations and markets underpinned its resilience.

CONSTRUCTION AFRICA AND MIDDLE EAST

Depressed markets in both South Africa and the Middle East constrained the operating platform's ability to win work at reasonable margins. Adding further financial strain, significant losses incurred on GPMOF and losses on completed projects in the Middle East were fully accounted for.

In the year, the operations of Concor and Murray & Roberts Construction were successfully merged and two chief operating officers were appointed, one to oversee the Civil Engineering businesses and another for the Building businesses. Performance on safety was uniformly excellent.

The Group was pleased to announce the appointment of Jerome Govender as the new platform executive for the Construction Africa and Middle East operating platform. Jerome has been the managing director of Bombela Concession Company ("BCC") since 2007, having joined Murray & Roberts in 2002. Jerome has successfully led BCC through challenging processes, including the successful negotiation of the concession agreement with Province, the successful delivery of the system and currently the successful operation of Gautrain. We wish Jerome every success in leading the Construction Africa and Middle East operating platform.

The Civil Construction businesses performed most creditably but a lack of projects and heightened competition negatively impacted Concor Roads & Earthworks, Murray & Roberts Buildings and Murray & Roberts Marine. Concor Opencast Mining's good performance was impacted by one loss-making project.

While most businesses performed well, despite depressed market conditions, the effects of GPMOF and a deterioration of the financial position in the Middle East accounted for the year's loss. The contractual loss on GPMOF reached R1,8 billion at completion, of which R582 million was accounted for the previous year. The Middle East had to account for losses of R454 million related to the close-out of subcontractor accounts on completed projects, an increase in costs to complete a project in Abu Dhabi and weak market conditions.

CONSTRUCTION GLOBAL UNDERGROUND MINING

This operating platform reported solid financial results. The mining business continues to secure significant contracts globally with major international mining houses. Operations in Australasia, the Pacific Rim, Canada and the United States of America all achieved exceptional growth and overall, margins were in excess of the Group's strategic target range. However, the local platinum sector is being impacted by the declining platinum price and industrial unrest.

A significant development during the financial year was the mutual decision to terminate the contract mining agreement between Aquarius Platinum South Africa ("Aquarius") and Murray & Roberts Cementation. Murray & Roberts Cementation agreed to provide the necessary support to Aquarius with the take-over of all resources to ensure a smooth transition to the owner-operator model. This support could extend to December 2012. The termination of this agreement will entail a decline in revenue of some R2,5 billion per annum for our African operations but will have the positive effect of improving the operating platform's overall operating margin.

Despite the loss of income resulting from the end of our contract mining agreement with Aquarius, the platform will continue to pursue opportunities globally, which may include acquisitions to further accelerate revenue growth in key markets, such as Western Australia.

We are also optimistic that the introduction of the Canadian shaft-sinking methodology in the South African market will have positive implications for our safety record, further differentiating Murray & Roberts from its competitors.

CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS

Clough, in which Murray & Roberts has a 62% share, reported another solid operational, financial and safety performance. The new leadership of the company implemented a successful restructuring process, which will position Clough to maintain and extend its market share of infrastructure projects in Australasia's energy, chemicals, mining and minerals sectors.

Execution of current projects delivered solid results, and several landmark contract wins meant that, at year-end, Clough's order book for the current financial year and beyond was extremely strong.

The sale of Clough's Marine business was concluded in December 2011, realising net proceeds of R591 million. Forge Limited returned another strong performance and, during the year, Clough's investment in Forge increased from 33% to 36%, following the exercise of a put option by previous executives.

ENGINEERING AFRICA

The operating platform returned a very pleasing result, having disappointed the year before. This improvement is primarily as a result of the new commercial arrangement with Hitachi on the Medupi and Kusile power stations boiler contract. Work at Medupi progressed exceptionally well with the successful and well-publicised pressure testing of Boiler 6, reflecting the quality of work being done on the coal-powered power station programme. This year project execution at the Kusile power station gathered momentum after being consistently delayed by factors beyond our control. Agreements concluded with Hitachi and the cementing of an improved relationship with ultimate client Eskom place our power programme contracts on a much firmer footing. This will mean greater predictability to work that will continue until 2018.

Genrec operated at full capacity this year, fabricating steel for the power programme. Murray & Roberts Projects was similarly kept busy on boiler erection work at Medupi and increasingly Kusile. Both companies achieved most commendable safety records. A key achievement for Murray & Roberts Projects was the successful delivery of Transnet's New Multi-Product Pipeline ("NMPP") tank farm at Heidelberg, Gauteng. Wade Walker enjoyed a successful year and began to cement its entry into the West African market.

CONSTRUCTION PRODUCTS AFRICA

Overall, the operating platform had a successful year although, operational performances were divergent given the variety of products and sectors. Most businesses depend heavily on public sector work, which continued to be of limited scale.

Much Asphalt managed the increasing bitumen shortage exceptionally well, while Rocla continued to report reasonable results, although it did not achieve historical margins. Technicrete and Ocon Brick succeeded in containing costs and, despite some rationalisation, marginally increased market share.

UCW performed well in the face of scarce opportunities, but remains well positioned to benefit from Transnet's and the Passenger Rail Agency of South Africa's ("PRASA") capital renewal programmes. Hall Longmore under-achieved, primarily due to intense competition and a shortage of orders, especially for its electric resistance welded products.

Notably, Rocla began the process of establishing a presence in Tete, Mozambique this year. It is envisaged that other businesses within the platform will use this infrastructure and market presence to cement opportunities in the petrochemicals and mining sectors in northern Mozambique.

FINANCIAL PERFORMANCE

Revenue from continuing operations increased by 16% to R35,4 billion (2011: R30,5 billion). An attributable loss of R736 million (2011: R1 735 million) was incurred, of which R208 million was recorded for the second half of the year.

This result is after accounting for the following losses:

- R1 189 million GPMOF contract completion costs
- R454 million in the Middle East, of which R387 million primarily related to close-out costs on legacy projects

On discontinued operations, R55 million in respect of impairment of assets held in businesses to be sold or closed was recorded, net trading profits of R38 million for these businesses.

The Group recorded a diluted headline loss per share of 246 cents (2011: 454 cents) and a diluted loss per share of 214 cents (2011: 528 cents) for the year to 30 June 2012, representing a material reduction of the loss reported for the previous financial year.

Notwithstanding significant funding requirements for the completion of the GPMOF project, the Group completed the year with a substantially improved net cash position of R1,2 billion (June 2011: R0,8 billion).

A total of R959 million was invested in capital expenditure for continuing operations (2011: R832 million). Some R390 million was spent on expansion and R569 million on replacement.

Cash utilised in operations was R1 580 million (2011: R872 million generated from operations) and operating cash outflow was R2 290 million (2011: R334 million cash inflow).

The Group's order book declined to R45,3 billion (2011: R55,4 billion), mainly due to the termination of the Aquarius agreement at year-end, which reduced the order book by R7,5 billion, as well as the de-scoping provisions in the settlement agreement reached with Hitachi in June 2011, resulting in an additional reduction of some R6,2 billion. The order book for the Australian-based entities increased by R8,2 billion or 66% year on year.

The Group's order book is inclusive of R1,7 billion from the Middle East and R7,6 billion from the civils and mechanicals major contracts on Eskom's power programme. There are no other major projects remaining in the order book. The average margin in the order book is within the Group's strategic range of 5,0% to 7,5%.

ON COURSE FOR GROWTH

We are pleased with the Group's overall performance given the extremely demanding conditions most operating platforms faced, and the scarcity of infrastructural projects in our main southern African markets.

We are satisfied that the Recovery process has been largely and successfully concluded. Towards the end of the year the Board approved the Group's growth strategy, which we look forward to sharing with all stakeholders during the 2013 financial year.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT **CONTINUED**

The Group's focus on growth aims to enhance shareholder value through a return to profitability as soon as practically possible. It envisages aligning the Group's portfolio of businesses selectively with market segments and geographies that present sustainable growth potential and simultaneously expanding its offshore revenue base.

Any growth in the next year resulting from a turnaround in the South African construction economy, which we do not anticipate at present, would come as a welcome boost. We take the view however that significant fixed investment in South African infrastructure is sorely needed and work is being undertaken to position the appropriate operating platforms to engage in such opportunities.

Our strategy for expanding into Africa is a cautious one, but it is on track and will be accelerated during the coming year. The first steps have been taken to establish a presence in Ghana (through the Engineering Africa operating platform), Zambia (utilising the capacity of the Construction Global Underground Mining operating platform) and Mozambique (through the Construction Products Africa operating platform). Growth into Africa will be pursued organically, using the model of first establishing hubs – a process that is already well underway – and then exploring opportunities in neighbouring countries via these hubs. African penetration will be guided by the understanding that each country is unique, with its own specific risks and opportunities.

In the engineering and construction sectors, significant new opportunities exist within alternative energy, the water sector and operations and maintenance primarily in the power sector. Entry to the water sector will better equip Murray & Roberts to contribute to finding solutions to South Africa's looming water shortage, one of the country's key sustainability risks, as well as the challenging question of acid mine drainage. Potential acquisitions being considered are aimed at aligning the Group's asset base with opportunities to maximise shareholder value. To this end, acquisitions are being actively explored in sectors including mining and oil & gas.

APPRECIATION AND CLOSING

We thank the leadership team and our colleagues across the Group for their support and commitment to making this a year of effective Recovery.

Our thanks are also due to our Board of directors and especially to our chairman Roy Andersen, who takes his leave of Murray & Roberts in March 2013, after nine years of inspirational leadership. We have valued Roy's counsel and wish him well in his future endeavours, and look forward to working with his successor, Mahlape Sello.

Finally, we acknowledge our stakeholders whose faith in our business has been most gratifying. This faith we fully intend repaying as we cement the gains of the past and build a thriving Group that is the recognised leader in the fields in which it operates.

HENRY LAAS
GROUP CHIEF EXECUTIVE

COBUS BESTER
GROUP FINANCIAL DIRECTOR

LOOKING TO GROWTH INVESTMENT MARGINS AND ASPIRATIONS

CRITERIA	METHOD	RANGE
MARGIN	$\frac{\text{EBIT}^1}{\text{REVENUE}}$	5% – 7,5%
GEARING	$\frac{\text{TOTAL INTEREST BEARING DEBT}}{\text{ORDINARY SHAREHOLDERS' EQUITY}}$	20% – 25%
RETURN ON EQUITY (ROE)	$\frac{\text{NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS}}{\text{AVERAGE ORDINARY SHAREHOLDERS' EQUITY}}$	17,5% THROUGH CYCLE
RETURN ON INVESTED CAPITAL EMPLOYED (ROICE)	$\frac{\text{TAXED EBIT + INCOME FROM ASSOCIATES}}{\text{TOTAL CAPITAL EMPLOYED}^*}$	WACC ² plus 3% – 4%
FREE CASH FLOW PER SHARE	$\frac{\text{OPERATING CASH FLOW – CAPEX}^3 + \text{PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT}}{\text{NUMBER OF SHARES}}$	CASH POSITIVE
RETURN ON NET ASSETS (RONA)	$\frac{\text{TAXED EBIT + INCOME FROM ASSOCIATES}}{\text{TOTAL NET ASSETS (EXCLUDING TAX AND CASH)}}$	18% AFTER TAXED EBIT
TOTAL SHAREHOLDERS' RETURN (TSR)	$\frac{\text{INCREASE IN SHARE PRICE YEAR ON YEAR + DIVIDEND PER SHARE}}{\text{SHARE PRICE AT START OF PERIOD}}$	RELATIVE TO OTHERS

* Total capital employed = total equity + interest bearing debt – assets-held-for-sale – cash + advance payments.

¹ Earnings before interest and tax.

² Weighted average cost of capital.

³ Capital expenditure.

KEY RATIOS USED BY ANALYSTS TO COMPARE MURRAY & ROBERTS TO ITS PEERS

GROUP EXECUTIVE

PETER ADAMS (63)
Fellow of the Royal Institution
of Chartered Surveyors
OPERATIONS EXECUTIVE



Peter joined the Group in 2004 and was appointed to the executive committee in 2011. He has over 32 years of experience with a major British contracting company. Peter was initially responsible for Cementation Canada following the Cementation acquisition, together with the construction operations in the Middle East. In 2009 he was appointed executive responsible for Construction Global Underground Mining. Peter is a director of Murray & Roberts International Holdings.

Cementation Canada
Cementation Sudamérica
Murray & Roberts Cementation
RUC Cementation

Committee participation:

- ▶ Health, safety & environment

COBUS BESTER (52)
BCom (Acc) Hons CA(SA)
CHIEF FINANCIAL OFFICER



Cobus first joined the Group in 2006 and was appointed to the executive committee in 2007. He became Group financial director in 2011 and is the chairman of Murray & Roberts International Holdings and a director of Clough.

Corporate office finance & payroll
Financial control & reporting
Information management & technology
Murray & Roberts Properties
Secretarial
Taxation
Treasury

Committee participation:

- ▶ Audit & sustainability
- ▶ Remuneration & human resources
- ▶ Risk management
- ▶ Social & ethics

ORRIE FENN (57)
BSc (Hons) Eng MPhil Eng
DEng
OPERATIONS EXECUTIVE



Orrie joined the Group and was appointed to the executive committee in 2009. He is the executive director responsible for the Construction Products Africa operating platform, excluding UCW.

Hall Longmore
Much Asphalt
Murray & Roberts Building Products
Rocla

Committee participation:

- ▶ Health, safety & environment

IAN HENSTOCK (57)
BCompt (Hons) CA(SA)
HDip Tax Law MBA
COMMERCIAL EXECUTIVE



Ian joined the Group and was appointed to the executive committee in 2008. He is the corporate executive responsible for the assurance, commercial, legal and risk portfolios. Ian is the chairman of UCW, a director of Murray & Roberts International Holdings and a director of Clough.

Commercial
Forensics
Internal audit
Legal, compliance & ethics
Risk and insurance

Committee participation:

- ▶ Audit & sustainability
- ▶ Risk management
- ▶ Social & ethics

HENRY LAAS (52)
BEng (Mining) MBA
GROUP CHIEF EXECUTIVE



Henry first joined the Group in 2001 and was appointed to the executive committee in 2007. He became Group chief executive in 2011. Henry is a director of Murray & Roberts International Holdings and a director of Clough.

Sustainable delivery of Group strategy and Group performance

Committee participation:

- ▶ Audit & sustainability
- ▶ Health, safety & environment
- ▶ Nomination
- ▶ Remuneration & human resources
- ▶ Risk management
- ▶ Social & ethics

FRANK SAIEVA (52)
BEng (Mech)
OPERATIONS EXECUTIVE



Frank joined the Group and was appointed to the executive committee on 1 July 2011. He is the executive responsible for the Engineering Africa operating platform, which includes the power programme.

Concor Engineering
Genrec
Murray & Roberts Projects
Wade Walker

Committee participation:

- ▶ Health, safety & environment

ANDREW SKUDDER (42)
BSc PDM MBA
SUSTAINABILITY EXECUTIVE



Andrew joined the Group in 2004 and was appointed to the executive committee in 2008. He is responsible for the Group's sustainability strategy, including health, safety & environment and talent management.

Corporate Social Investment & Letsema BBBEE
Branding & Communications
Health, safety & environment
Remuneration and benefits
Strategy support
Sustainability
Talent management

Committee participation:

- ▶ Health, safety & environment
- ▶ Remuneration & human resources
- ▶ Social & ethics

JEROME GOVENDER (40)
BSc (QS) MSc MBA
OPERATIONS EXECUTIVE



Jerome joined the Group in 2002 and was appointed to the executive committee on 1 August 2012. He is responsible for the Construction Africa and Middle East operating platform.

Concor Civils
Concor Roads & Earthworks
Concor Opencast Mining
Murray & Roberts Botswana
Murray & Roberts Buildings
Murray & Roberts Marine
Murray & Roberts Middle East
Murray & Roberts Namibia
Murray & Roberts Plant
Murray & Roberts Western Cape
Tolcon

Committee participation:

- ▶ Health, safety & environment

MELROSE ARCH

Murray & Roberts Construction has been responsible for all hotel, residential and piazza developments at the Melrose Arch precinct.

The Melrose Arch precinct is renowned for creating new and cutting edge spaces that fulfil both professional and personal

requirements. Melrose Arch is a mixed-use development that provides retail, commercial and residential space, creating a unique urban experience.

The third phase of the residential component is almost complete.





GROUP PERFORMANCE REVIEW

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ANDREW SKUDDER SUSTAINABILITY EXECUTIVE

SUSTAINABILITY FRAMEWORK

The sustainability of Murray & Roberts is dependent on our ability to fulfil our core purpose of delivering infrastructure that enables economic and social development in a sustainable way. To secure access to the capital resources we are required to maximise our contribution to the built environment – financial, manufactured, human, social and environmental capital – we need to maintain the trust of our stakeholders and thereby our licence to operate, and to conduct our operations in an ethical way while minimising our negative impact on the societies and the natural environment within which we operate. The ability to apply the appropriate resources to achieve all of this enables us to remain sustainably profitable.

OUR SUSTAINABILITY FRAMEWORK

Murray & Roberts' sustainability framework guides our approach to sustainable performance, shown below.

The framework sets out our aspiration to operate in an ethical and sustainable way by:

- Considering the views and concerns of our stakeholders in our strategic and operational decision-making
- Understanding and mitigating our risks in relation to our opportunities
- Applying best practice corporate governance beyond minimum requirements
- Managing world-class operations that are able to create and sustain value for clients, employees, shareholders, partners and suppliers, as well as the countries and communities in which we operate
- Managing all our impacts according to the principle of Zero Harm and the precautionary principle

Integrated reporting links back to our stakeholders and completes the cycle of accountability and inclusivity that ultimately underpins our sustainability.

INTEGRATED REPORT

SOCIAL	ENVIRONMENTAL	ETHICAL
Health and safety	Resource efficiency and carbon footprint	Human rights
Employees	Emissions, releases and waste management	Unfair discrimination and equality
Transformation and local economic development		Fraud, corruption and anti-competitive behaviour
Community development		Unfair business practices
FINANCIAL AND ECONOMIC SUSTAINABILITY		
GOVERNANCE STRUCTURE		
RISKS & OPPORTUNITIES AND STAKEHOLDER ENGAGEMENT		

STAKEHOLDER ENGAGEMENT

CEMENTING SUSTAINABLE RELATIONSHIPS WITH STAKEHOLDERS

Murray & Roberts communicates constantly with its stakeholders and engages in a constructive and transparent manner. Key stakeholders are generally identified as groups or individuals impacted by our operations, with an interest in what we do or the ability to influence our activities, in proximity to our operations or dependent on Murray & Roberts. Mutual trust and understanding with our stakeholders is imperative.

In 2011 Murray & Roberts developed a stakeholder engagement framework for use by all Murray & Roberts entities. It is a framework which the various operations now employ to meet the unique concerns of their respective stakeholders.

Various methods are used across the Group to engage with stakeholders. These methods, amongst others, are grouped into the following categories:

- Face-to-face engagement (one-on-one meetings, citizen panel/public meetings, including “town hall” meetings)
- Technological engagement (website, intranet, email and SMS)
- Printed engagement (media releases, leaflets, internal magazines, annual integrated report)

The top ten concerns for our key stakeholder groups, as currently identified by management, are shown in the table below:

RANK	CLIENTS	EMPLOYEES	MURRAY & ROBERTS OPERATING COMPANIES	SHAREHOLDERS AND INVESTMENT COMMUNITY
01	Quality of work/product (Including timeous delivery)	Remuneration	Financial performance	Financial performance
02	Cost of services/products	Health and safety	Leadership and strategic direction	Leadership and strategic direction
03	Health and safety	Continued supply and demand for work and products	Health and safety	Continued supply and demand for work and products
04	Reputation/brand/credibility	Leadership and strategic direction	Reputation/brand/credibility	Risk management
05	Capacity/capability	Human and labour rights issues	Continued supply and demand for work and products	Corporate governance/ethics
06	Compliance with laws/ regulations/industry standards	Skills, training and education	Compliance with laws/ regulations/industry standards	Market environment
07	Transformation and Broad- Based Black Economic Empowerment (“BBBEE”)	Financial performance	Quality of work/product (including timeous delivery)	Health and safety
08	Risk management	Transformation and BBBEE	Risk management	Compliance with laws/ regulations/industry standards
09	Environmental impact	Reputation/brand/credibility	Remuneration	Reputation/brand/credibility
10	Corporate governance/ethics	Compliance with laws/ regulations/industry standards	Market environment	Corporate Social Investment

The Group continuously interacts with a diverse group of stakeholders. Our stakeholders are grouped into the following categories:

- Clients
- Employees
- Shareholders and investment community
- Financial institutions
- Murray & Roberts operating entities
- JV partners/service providers/suppliers/subcontractors
- Unions
- Communities
- Special and other interest groups

Measures are in place to monitor client satisfaction. A Group client service centre assists to bridge the knowledge gap between Murray & Roberts and its people, potential clients, existing clients and the general public. This facility processes about 2 800 calls and email queries per month.

Murray & Roberts strives to communicate and engage more openly, effectively and inclusively with all stakeholder groups. Our ongoing engagement process seeks to ensure that interaction with stakeholders in all our markets is effective and ongoing.

FINANCIAL INSTITUTIONS	JV PARTNERS, SERVICE PROVIDERS/SUPPLIERS/SUBCONTRACTORS	UNIONS	COMMUNITIES
Financial performance	Continued supply and demand for work and products	Human and labour rights issues	Skills, training and education
Leadership and strategic direction	Cost of services/products	Transformation and BBBEE	Corporate Social Investment
Reputation/brand/credibility	Financial performance	Remuneration	Transformation and BBBEE
Risk management	Capacity/capability	Health and safety	Human and labour rights issues
Continued supply and demand for work and products	Quality of work/product (Including timeous delivery)	Continued supply and demand for work and products	Environmental impact
Corporate governance/ethics	Reputation/brand/credibility	Skills, training and education	Health and safety
Market environment	Health and safety	Compliance with laws/regulations/industry standards	Continued supply and demand for work and products
Compliance with laws/regulations/industry standards	Leadership and strategic direction	Financial performance	Compliance with laws/regulations/industry standards
Cost of services/products	Transformation and BBBEE	Corporate Social Investment	Remuneration
Capacity/capability	Compliance with laws/regulations/industry standards	Leadership and strategic direction	Corporate governance/ethics

SOCIAL PERFORMANCE

KEY INDICATORS Performance dimension	Performance			
	2012	2011	2010	Movement
Fatalities	4	12	9	Down
FIFR (per million hours worked for the year)	0,02	0,06	0,05	Down
LTIFR (per million hours worked for the year)	1,1	1,3	2,2	Down
TRCR (total recordable case rate)	4,6	4,0	N/A	Up
OHSAS 18001 Management System implementation (percentage coverage)	71%	±52%*	N/A	Up
Health				
Voluntary HIV/AIDS tests	7 976	12 404	8 063	Down
HIV/AIDS Prevalence of employees tested	About 12%	About 14%	About 14%	Down
New cases of tuberculosis	21	37	82	Down
Noise induced hearing loss (NIHL)	36	104	103	Down
Alcohol random tests	130 141	83 041	271 460	Up
% positive alcohol random tests	0,4%	0,7%	0,2%	Down
Drug random tests	5 220	9 998	7 012	Down
% positive drug random tests	0,6%	2,2%	3,0%	Down
Employees				
Spending on formal employee training and development (Rm)	133	116	117	Up
Skills development on black employees as % of SA skills development spend	74%	78%	71%	Down
Total number of bursars	94	133	167	Down
% of bursars who are black	66%	62%	57%	Up
% of bursars who are female	23%	32%	32%	Down
Graduate Recruitment	27	18	53	Up
% of graduates who are black	59%	61%	62%	Down
% of graduates who are female	19%	17%	23%	Up
Leadership Development Programme	207	185	220	Up
% of participants who are black	38%	40%	45%	Down
% of participants who are female	23%	16%	16%	Up
Transformation & Local Economic Development				
BBBEE rating based on the Construction Sector Charter	Level 3	Level 3	Level 3	Stable
Wealth created through Letsema BBBEE share ownership transaction (Rm)	682	799	988	Down
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	8,9	8,0	12,0	Up
% of South African based employees who are female	14,6	15,6	13,9	Down
% of South African based employees who are black	86,4	84,1	82,8	Up
% of South African based employees designated as management who are female	11,4	11,5	11,1	Down
% of South African based employees designated as management who are black	57,6	49,4	44,3	Up
Capital expenditure (3 year cumulative amount; Rm)	2 920	4 295	5 201	Down
% Preferential procurement spend South Africa	67,9%	61,2%	45,7%	Up
% Local procurement spend South Africa	83,0%	N/A	N/A	N/A
Enterprise development contribution South Africa (Rm)	246,8	135,7	45,7	Up
Community Development				
Corporate social investment in community programs (Rm)	14,4	15,5	22,2	Down
Letsema broad-based community commitments (Rm)	1,2	16,3	22,0	Down

* Currently, 71% of the Group's operations are OHSAS 18001 certified, based on number of employees and subcontractor employees under our control. We last year reported that approximately 75% of operations had ISO14001 accreditation, which incorrectly assumed that all of the employees in two of our largest operations were covered by the certification, however only certain sites in these operations were accredited. The correct level of certification was approximately 52% for FY2011 and the FY2010 comparative number is not reported.

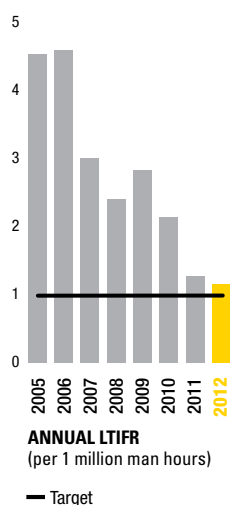
HEALTH AND SAFETY

Good progress was made in implementing the Group's *Zero Harm through Effective Leadership* programme. Highlights for the year include a continuation of the positive trend in the lost time injury frequency rate ("LTIFR"), significant reduction of fatal incidents and achievement of OHSAS 18001 certification by the majority of our businesses. While this performance is encouraging, our ultimate goal is to achieve Zero Harm at all our operations.

SAFETY PERFORMANCE

The Group ended the 2012 financial year with a LTIFR of 1.14 (2011: 1.28), which is the lowest recorded rate since statistics were kept. Two operations, Technicrete and Concor Engineering, achieved 12 months without a lost time injury during this period.

These positive developments were unfortunately overshadowed by the tragic death of four employees (2011:12) who sustained fatal injuries while working for us. All four incidents occurred at underground mining operations and the hazards involved were fall of ground and equipment & machinery. We are saddened by these incidents and continue to take action to prevent similar incidents from occurring again. We have extended our deepest condolences and support to the families of the deceased. The graph below illustrates the Group's historical lost time injury frequency rate against our target of less than 1.



The LTIFR is in line with the international norm which excludes restricted work day cases and is calculated per million hours worked. Including restricted work day cases the Group's LTIFR is 2.2.

In 2011 financial year we introduced the total recordable case rate ("TRCR"), a broader indicator of safety performance that includes all injuries except first aid cases. The TRCR deteriorated to 4.6 (2011: 4.0) following an increase in the number of injuries of lesser severity.

OUR HEALTH AND SAFETY APPROACH

Murray & Roberts' health and safety vision is "Together to Zero Harm". Our short term goal is to eliminate all fatalities and major incidents while creating an environment that fosters the belief and mindset among our employees that it is possible to work injury free, regardless of where they are in the world.

As indicated in our last report to stakeholders, in 2011 we contracted DuPont Sustainable Solutions to undertake a comprehensive evaluation of our operations and help us in crafting a plan to achieve our Zero Harm goals. The culture assessment brought about an

increased level of health and safety awareness in the organisation and has helped in establishing a common appreciation of where we are and what we need to do to achieve our goals. Following this assessment, operating entities reviewed their safety improvement plans to address deficiencies identified. The implementation of these plans is progressing well.

At Group level the following key focus areas were incorporated in our *Zero Harm through Effective Leadership* programme:

- Strengthening and expanding of the STOP.THINK programme
- Aligning and formalising of the Visible Felt Leadership ("VFL") and behavioural observation programmes to ensure Group-wide consistency and focused leadership action
- Integrating health and safety structures and developing Centres of Excellence to ensure visibility, alignment of the total Group health & safety effort and accelerated learning and best practice sharing
- Identifying and implementing appropriate leading indicators serving as real-time business and cultural health indicators
- Capacitating our leadership in support of our purpose, vision and values
- Ensuring operational excellence by adopting a common disciplinary standard across the Group and rolling out a common set of Life Saving Rules
- Implementing a human resource strategy to improve employees' skills and morale at operating entity and project level
- Implementing a focused risk awareness programme across the Group
- Optimising contractor safety management to ensure alignment of client and/or subcontractor standards
- Developing and implementing a systematic, structured, layered review system of the health and safety improvement drive

We have since reviewed and aligned our health and safety framework to reflect these developments. Our health and safety framework, depicted on the next page, articulates the roles, responsibility and accountability of the corporate office versus our operations in delivering our health and safety commitments. The framework seeks to implement a risk-based approach to better understanding and treating risks facing Murray & Roberts, and continually improving in this regard.

The key thrust of the *Zero Harm through Effective Leadership* programme is to entrench compliance and build commitment across the organisation.

During the year, we rolled out to operations our new health and safety vision, policy, principles and standards. These set the tone in terms of Group requirements and standards and also guide operations towards achievement of our Zero Harm goals. Our aim is to achieve a consistent standard that will bring sustainable improvement across the organisation.

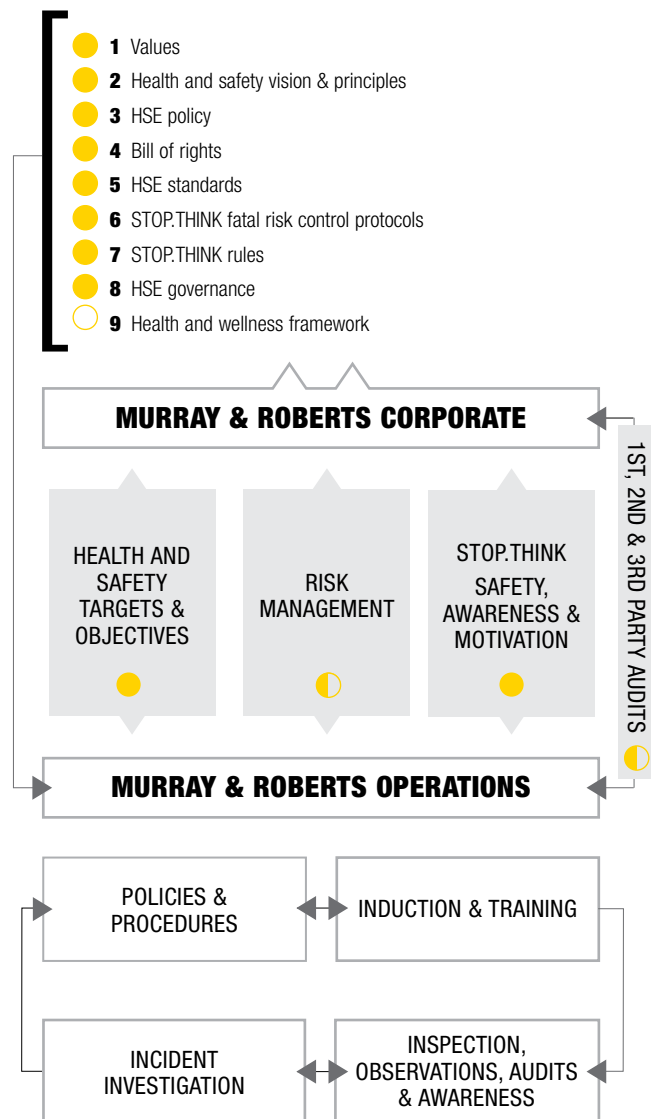
Our major safety risks arise from underground mining operations, working at elevated heights, lifting operations, mobile plant and vehicles, falling and rolling objects, machinery & equipment and hazardous materials. These risks have been associated with the majority of our fatal and serious incidents. To this end, we have rolled out fatal risk control protocols ("FRCP") to all operations, to help them in managing these risks. Effective implementation and embedment of the fatal risk control programme remains one of the key priorities going forward.

We also developed and implemented STOP.THINK Life Saving Rules to support the roll out and entrenchment of FRCP. These are absolute rules since violation of anyone of them could result in

SOCIAL PERFORMANCE CONTINUED

MURRAY & ROBERTS OPERATIONS

- Rolled out to operations ● Approved for implementation or partially rolled out ○ Not yet rolled out



a fatality or serious injury. The main purpose of introducing Life Saving Rules is to provide a clear framework to guide employees' behaviour in every operation and activity.

Implementing robust health and safety systems remains one of the key elements of our *Zero Harm through Effective Leadership* programme. It is pleasing to report an increase in the number of operating entities that are certified under OHSAS 18001, an international standard for health and safety management. To this end, 71% of our workforce (including subcontractors under our control) is covered by OHSAS 18001 certification. In the prior year we reported a 75% coverage which incorrectly assumed that all of the employees in two of our largest operations were covered by the certification, however only certain sites and corporate offices in these operations were certified. The correct level of certification was approximately 52% for FY2011.

INSTIL A CULTURE OF LEARNING AND SHARING

Active learning is one of our key health and safety principles which encourages continuous improvement through sharing of lessons learned and good practices across the organisation. Our diverse operations and exposure to various clients present us with an enormous opportunity to learn and improve. We continuously encourage and facilitate sharing of good practices across businesses. Where we have experienced failures we thoroughly investigate the causes and communicate lessons learned across the organisation. For example, the executive committee reviews investigation reports on all high potential incidents and lessons learned are widely communicated in the organisation to raise awareness and prevent re-occurrence.

Other sharing forums implemented include various task teams that work on common health and safety challenges and ideas, cross site audits and health and safety forums. These help create a platform for businesses to share good practices and ideas. More work is planned to enhance the culture of sharing in the Group going forward.

Keeping everyone's mind focused on health and safety is a continuous challenge which requires a relentless focus on providing new and relevant safety messages. Our STOP.THINK programme introduced in 2006 has been the major driver in achieving this. STOP.THINK is a widely recognised Murray & Roberts health and safety brand aimed at educating and motivating employees to take responsibility for their own and their colleagues' safety and the work environment. It consists of various communication media used on work sites, including STOP.THINK awareness videos, newsletters, safety clothing and signage.

In line with the changing mindset and new vision, we are reviewing and strengthening the STOP.THINK brand by introducing the "ACT.24/7" dimension. The new brand to be launched in 2013 is STOP.THINK.ACT.24/7. "ACT" emphasises the importance of taking action to correct unsafe conditions and behaviours as well as recognising positive behaviour while "24/7" highlights the need to be safety aware at all times both at work and at home.

Part of our employee motivation programme includes a focus on providing a clean and healthy work environment. During the year we launched a housekeeping improvement programme based on the 5S methodology (sort and discard, shine, signpost and order, simplify work and sustain) and we are pleased with the response from employees. We have observed innovative ideas where employees implemented various solutions to simplify their work and improve housekeeping.

ZERO HARM THROUGH EFFECTIVE LEADERSHIP PROGRAMME

- 1 Expand STOP.THINK
- 2 VFL & behaviour observations
- 3 Integrated structures
- 4 Lead indicators
- 5 World-class leadership thinking
- 6 Operational discipline
- 7 People capacity & morale
- 8 Training modules
- 9 Contractor safety management
- 10 Audit protocols

We also reviewed and improved our health and safety recognition programme for behaviour that is aligned with our health and safety objectives. Recognition will be given to employees and operations that have demonstrated commitment towards our health and safety vision and goals.

FOCUS GOING FORWARD

Implementing key recommendations from the culture assessment remains the focus area going forward. We have since prioritised the following key initiatives for implementation during the 2013 financial year:

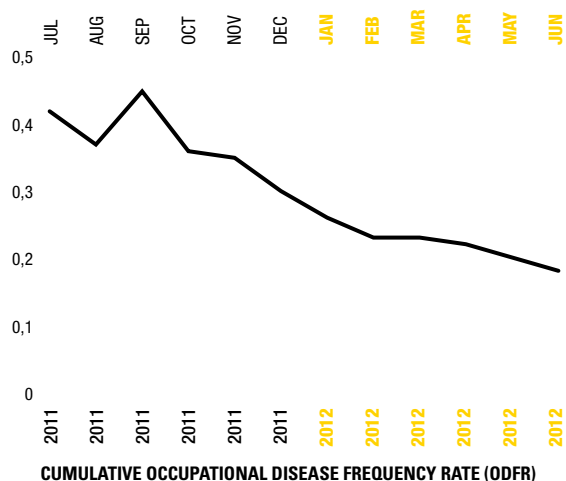
- Expansion and strengthening of the STOP.THINK approach to STOP.THINK.ACT.24/7
- Implementation of a custom-built leadership engagement programme focusing on safety interactions based on the principles of VFL
- Aligning HSE structures across the Group and establishing Centres of Excellence
- Implementing lead indicators to proactively measure the effectiveness of our programmes
- Improving the capabilities of our leaders to deliver on our vision, values and objectives

OCCUPATIONAL AND SOCIAL HEALTH

OCCUPATIONAL HEALTH

Noise-induced hearing loss ("NIHL") remains the major prevalent occupational disease at our mining, construction and manufacturing businesses. During the past year, 36 (2011:104) new NIHL cases were recorded resulting in an occupational disease frequency rate of 0.18, measured over a million man hours (2011: 0.47).

We have instituted plans to improve our hearing conservation programmes to effectively respond to this challenge. More emphasis is placed on implementing engineering solutions to eliminate or manage noise risk, providing employees with knowledge and skills to protect themselves against noise exposure and ensuring adherence to wearing of hearing protection equipment in areas where noise levels cannot be reduced to within acceptable limits. Our aim is to have a consistent standard towards hearing conservation across the organisation. The graph below illustrates the Group's historical occupational disease frequency rate, which only measures NIHL.



104 NIHL cases reported in 2011 financial year include confirmed cases plus those that were under investigation. The 2012 figure only includes cases that have been confirmed by medical specialists as work related NIHL cases.

Tuberculosis ("TB") remains a health risk to employees working in environments with silica dust and is often compounded by HIV/AIDS. A total of 21 (2011: 37) TB cases were reported during the financial year. Plans are being reviewed as part of the integrated employee wellness programme to mitigate this challenge.

EMPLOYEE WELLNESS

Following an evaluation conducted by an outside service provider on our employee wellness programmes, a need was identified to enhance these programmes by implementing an integrated strategy to consistently deal with all wellness challenges facing our workforce. We are in the process of developing a holistic wellness strategy that addresses the following key aspects:

- HIV/AIDS
- Tuberculosis
- Substance abuse
- Psychosocial wellbeing
- Chronic diseases

The current approach to employee wellness includes various programmes at different levels of maturity at operational level including random substance abuse tests, voluntary HIV/AIDS testing and the Employee Wellness Programme. The HIV/AIDS prevalence among our employees who have been tested is estimated at 12% (2011: 13,6%). The overall prevalence is however likely to be much higher given the estimated 18% prevalence rate for the working population in South Africa.

We are excited and looking forward to the implementation of the new wellness programme during 2013. Our aim is to achieve a consistent standard across the organisation.

OUR EMPLOYEES

WE ARE ONLY AS GOOD AS OUR PEOPLE

Murray & Roberts is built on our values of care, integrity, respect, accountability and commitment, and we expect our people to live these values every day. We are committed to respecting human rights and providing a safe and healthy working environment free of discrimination and where employees have the right to freedom of association. The Group's policies and procedures comply with the Constitution and the laws of the relevant countries.

At FY2012, Murray & Roberts had a total of 39 122 employees. This comprises 34 218 employees in our South African operating entities and 4 904 employees in our international operating entities.

The capacity and capability of our employees is a cornerstone of Murray & Roberts' sustainability. The Group aims to be an employer of choice in the engineering and construction sectors within which it operates and its world-class delivery of products and services is a reflection of the capability of its diverse and experienced workforce.

SOCIAL PERFORMANCE **CONTINUED**

DEVELOPING OUR PEOPLE

OUR PEOPLE ARE EXTREMELY IMPORTANT TO US, AND WE OFFER THEM THE OPPORTUNITY OF AN EXCITING CAREER SUPPORTED BY CONTINUOUS DEVELOPMENT AND TRAINING

As a leading organisation, Murray & Roberts recognises that our strength lies in our people and that we will only attain our purpose if we continue to attract, develop, retain and motivate talented and diverse people. It is for this reason that we have continued to invest in the development of our people despite the tough economic conditions. R133 million (2011: R116 million) was spent globally on training and development which equates to a healthy 2% of payroll. In South Africa R115 million was spent on training and development, 74% of which was spent on black employees. The training and development spend includes bursar costs, graduate development as well as technical and leadership development.

ATTRACTING ENGINEERING BURSARS

BUILDING SKILLS FOR THE FUTURE

We currently have 94 technical bursars studying at various tertiary institutions in South Africa – 66% are black and 23% are women. Even though the bursars belong to the various operating entities, they are recruited via a centralised online process. Selection includes individual psychometric assessment, group assessment and role play as well as a behavioural interview. This process is designed to ensure that we not only recruit for potential, but also for fit with our culture.

Bursars keep in touch via the Murray & Roberts Bursar page on facebook and attend a bursar camp each year. During May our bursars went on a Medupi site visit where they had the opportunity to interact with senior managers. One of the bursars said: "The site visit was an opportunity of a lifetime. Spending time with professionals and fellow bursars was motivational and gave us hope for the future."

Bursars are encouraged to become "Brand Ambassadors" and assist Murray & Roberts to attract fellow students onto our bursar programme.

A further platform through which we aim to make a positive, broad-based contribution to skills development in society is through the Letsema Khanyisa Black Employee Benefits Trust ("Letsema Khanyisa"), a 2,2% shareholder in Murray & Roberts established as part of the Group's Letsema BBBEE shareholding transaction in 2005. The word Khanyisa means 'benefiting others besides yourself'. Letsema Khanyisa focuses exclusively on education and creates opportunities for employees' children to access better quality secondary school and tertiary education. A total of 238 bursaries have been awarded since the introduction of the benefit.

For the period under review, education bursaries were awarded to 158 beneficiaries – 88 secondary school and 70 tertiary bursaries. Of these, 51 bursaries were new awards: 29 new secondary bursaries and 22 new tertiary bursaries. During the period between 1 July 2011 and 30 June 2012, bursary payments were made for 149 bursars, with the remaining nine bursaries on hold due to late registration or suspension.

The projected value of the bursaries for the 51 new awards is R8,9 million over the next five years, with the average secondary school bursary amounting to R18 000 and the average tertiary bursary at R70 000 per annum. The bursaries provide comprehensive support including payments for school fees and tuition, stationery and textbooks, uniforms and transport as well as accommodation costs where necessary.

GRADUATE DEVELOPMENT PROGRAMME

MURRAY & ROBERTS EMPLOYER OF CHOICE FOR GRADUATES



The Murray & Roberts Graduate Development Programme focuses primarily on the softer skills to develop leadership competencies which engineering graduates would not necessarily have been exposed to during their tenure at university. In addition, this programme helps with the transition from a learning environment to a working environment. We currently have 27 graduates on the programme – 59% are black and 19% are women.

Every year the South African Graduate Recruiters Association ("SAGRA") conducts a graduate survey to help organisations understand the key motivators and drivers of their new graduates. Murray & Roberts was once again voted the Top Graduate employer in the Engineering and Industrial Sector for 2012.

We are proud of this achievement and are committed to continuously improving our Graduate Development Programme. We believe this programme forms a learning foundation for our future leaders.

PIPELINE ALIGNED LEADERSHIP DEVELOPMENT **MURRAY & ROBERTS SUPPORTS LONG TERM PEOPLE DEVELOPMENT THROUGH THE DELIVERY OF TRAINING PROGRAMMES ALIGNED TO OUR LEADERSHIP PIPELINE**

Our Leadership Pipeline philosophy is in its fifth year of implementation and is now well entrenched in Murray & Roberts. This integrated, yet simple model, has created a common language for performance management, development and succession to be managed. All our Leadership Development programmes have been aligned to the Leadership Pipeline performance standards thus ensuring “just in time” training for the different layers of the pipeline. Senior leaders participate as guest lecturers or panel members during the programme ensuring that topics remain relevant to our business, while getting to know the delegates better. All programmes include an action learning project which creates a platform for delegates to apply their learning in the business. This year 207 individuals participated in the various leadership programmes at a cost of R3,6 million. Of the delegates 38% are black and 23% women.

WORLD-CLASS TECHNICAL TRAINING **TECHNICAL EXPERTISE IS OUR COMPETITIVE ADVANTAGE**

The majority of our training and development spend continues to be on technical programmes that are fundamental to our competitive advantage, as well as to the improvement of the broader skills pool.

Every operating company conducts core technical training, with many having large scale specialised training facilities on site.

One such facility is the Murray & Roberts Projects’ Accelerated Artisan Training Programme (“AATP”) as endorsed by the Manufacturing, Engineering and Related Services Sector Education and Training Authority. This facility has already delivered 315 artisans who are currently gainfully employed on the Medupi project site in Lephalale. A further 219 artisans are currently being developed.

This training programme is split into two phases. First, the selected candidates complete a 26 week course which covers all the training modules in theory and simulated practice for the trade. Then the programme moves to the second phase, based on site where all the modules for the trade are covered in practical workplace experience for a period of 54 weeks. The Trade Test is completed at the end of the total 80 week period. The majority of artisans are black, with the number of woman increasing.

A significant achievement for the AATP is the appointment of their first Foreman. Lincon Mohlaka, a Boilermaker from Marapong started his tenure as an apprentice. He later qualified as an artisan and has now been promoted to Foreman.

Another world-class training facility is the Murray & Roberts Cementation Training Academy which continues to introduce innovative training enhancements to support the business.

One enhancement was to design and develop an electronic Training Management System (“TMS”), a single system that takes cognisance of our ISO 9001: 2008, 14001:2004 and OHSAS 18001:1999 management systems as well as the requirements of the Mining Qualifications Authority (“MQA”).

The TMS provides access to information such as the structure, qualifications and roles and responsibilities of Training Academy staff, including the products and services offered. Other important information is made available on relevant MQA systems and processes, provider service level agreements and safety, health, environment, as well as quality systems and processes.



E-LEARNING

The Training Academy has also expanded its e-learning offering to more than 28 e-learning modules, ranging from soft skills to technical skills with the objective of accelerating the foundational training process without jeopardising the quality of training. The process of e-learning stimulates the mind, increases knowledge and improves performance through the application of video, sound, reading, pictures, formative and summative assessments.



SOCIAL PERFORMANCE CONTINUED

SIMULATION

A suite of virtual simulated training modules was introduced this year. Simulated training lends itself to safer and more productive training as 80% of the required skill can be acquired in this environment. Simulation equips employees with the necessary knowledge and skills to perform the technical work required of them, as well as the interpersonal skills to manage company objectives safely.



PERFORMANCE AND REMUNERATION

Value adding performance happens when people are in the right jobs, spend time doing the right things, and receive feedback and recognition for their work.

Murray & Roberts has an integrated performance and development management process which drives performance to deliver on our purpose, values and vision. This performance is measured against five dimensions that creates common direction for all:

- Financial results
- Leadership results
- Relationship results
- Operational excellence results
- Risk results

Performance evaluation outcomes drive individual remuneration and participation in incentive schemes as well as feed into our annual talent reviews where talent pools and succession is reviewed. This process also directly supports individual development and career planning.

TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT

Murray & Roberts has embraced the philosophy that while broad-based transformation and employment equity are moral, social and legal imperatives, they are also economic imperatives that will shape our Group's sustainable future within the South African context.

DIVERSITY AND EMPLOYMENT EQUITY

Due to historical factors, there are demographic categories that still experience inequality and disadvantage due to gender, disability and other forms of diversity. The labour market still lacks an adequate supply of appropriately qualified and skilled people, particularly among previously disadvantaged groups. Furthermore the impact of increased transformation pressure has created challenges to the retention of experienced black executives, engineers and other built environment professionals. Murray & Roberts is committed to continually redress these anomalies in order to strengthen the capacity of its entire workforce.

We are cognisant that our top and senior management needs to transform, and are pleased to announce that Jerome Govender has been appointed to the Group executive committee from 1 August 2012.

Of South African-based employees, 86,4% are black, while 14,6% of all employees are women. Approximately 57,6% (2011: 49,4%) of all levels designated as management in the domestic market are black, and 11,4% (2011: 11,1%) are women.

A revised Employment Equity Standard was approved by the Board in May this year, ensuring that a consistent approach is implemented across the Group. A strategy is in place to continue to transform our current profile and to promote diversity management in the Group. A holistic approach aimed at both supply side initiatives (growing the pool, diversifying the source and attracting better than the competition) and demand side activities (retention plans, accelerated development and reconsidering job designs) are required across the South African operations to ensure that they attract, develop and retain the talent they require to meet their transformation objectives.

Each of the Group's South African business operations compiles employment equity plans and reports for the Department of Labour. Employment equity forums representing employees contribute to the pursuit of employment equity targets and objectives.

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

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Murray & Roberts is committed to Broad-Based Black Economic Empowerment ("BBBEE") in our South African business and addresses the full range of empowerment requirements across its diverse operations. We follow the provisions of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 and the principles embodied in the Codes of Good Practice on Broad-Based Black Economic Empowerment ("BBBEE Codes") and the Construction Sector Charter. As a leading South African enterprise, Murray & Roberts and its business entities have adopted a holistic BBBEE strategy, which aims to achieve:

- Appropriate BBBEE ownership at all its operations through a tiered approach from Murray & Roberts Holdings Limited and from within selected operating subsidiaries
- A meaningful number of black senior executives throughout the Group
- An employee complement that reflects the diversity of South Africa's demographic profile
- A core complement of black professionals
- Comprehensive skills development to enhance individual and organisational capability and capacity
- Preferential procurement policies that leverage the broad-based principles of BBBEE and support local procurement where appropriate
- Enterprise and social development programmes aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals and groups

Due to the Group's diversity, individual business entities are encouraged to tailor their BBBEE strategies to their specific needs and the Group monitors their performance.

The Group achieved a consolidated BBBEE rating of level 3 when measured on the Construction Sector Charter through an independent verification process undertaken by EmpowerLogic (Pty) Limited, a South African National Accreditation System accredited BBBEE verification agency. Individual operating company BBBEE ratings range from level 2 to level 7. All operating entities are encouraged to improve their ratings in order for the Group to maintain a level 3 rating.

A review of the Group's current empowerment criteria confirms that the Group's empowerment status is compliant with various industry charters and current legislation. The key areas for improvement are management control and employment equity. We acknowledge that BBBEE remains a priority challenge for the Group and that there is much to be done to ensure we meet our expectations as well as maintain our commitment to meritocracy as the basis for appointment and reward.

The Letsema BBBEE shareholding scheme offers previously disadvantaged employees, their families and some of the communities in which Murray & Roberts operates a stake in the company and its future. Since Letsema was launched in 2005, wealth of approximately R680 million has been created for participants and total dividends of R230 million have been paid to the trusts. Wealth creation is primarily determined by the share price value and dividend payments by Murray & Roberts.

The Group's BBBEE share ownership was not negatively impacted by the rights issue concluded in April 2012. The total BBBEE share ownership has remained steady at 31,7% (2011: 32,4%), above the Construction Sector Charter target of 27,5% and above the BBBEE Codes target of 25%. The Group's BBBEE share ownership, calculated with reference to the Construction Sector Charter, may however be impacted by reduced international revenues and

CONSOLIDATED SUMMARY OF THE MURRAY & ROBERTS EMPLOYMENT EQUITY PROFILE IN SOUTH AFRICA

EE Level	Male				Female				Total excluding foreigners	Foreign		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	
Top Management	0	0	0	27	0	0	0	0	27	6	0	33
Senior Management	10	3	8	166	2	1	1	15	206	9	0	215
Professionally qualified and experienced specialists and mid-management	129	59	50	727	33	9	11	84	1 102	29	1	1 132
Skilled technical and academically qualified workers	2 753	325	587	1 918	330	46	41	301	6 301	91	1	6 393
Semi-skilled and discretionary decision making	11 397	207	66	296	1 448	109	31	197	13 751	4 046	12	17 809
Unskilled and defined decision making	5 027	180	11	114	1 360	21	4	14	6 731	378	5	7 114
Total permanent	19 316	774	722	3 248	3 173	186	88	611	28 118	4 559	19	32 696
Temporary employees	927	60	5	116	224	5	1	24	1 362	158	2	1 522
Grand total	20 243	834	727	3 364	3 397	191	89	635	29 480	4 717	21	34 218

SOCIAL PERFORMANCE CONTINUED

CASE STUDY



GRADUATES GIVE MURRAY & ROBERTS TOP MARKS

Every year the South African Graduate Recruiters Association surveys recent graduates to help organisations understand what motivates university leavers.

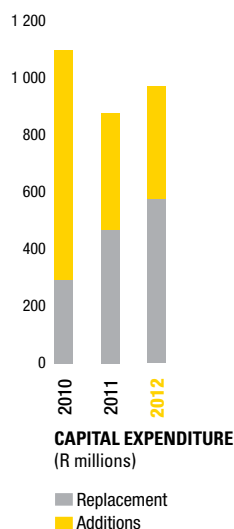
This year 1 689 graduates were surveyed by the association on a number of issues, including which companies they believed had the best graduate programmes. Murray & Roberts was voted the top graduate employer in the engineering and industrial sector for 2012.

It is not only in South Africa that the Murray & Roberts culture appeals to young job-seekers. This year the Financial Post named Cementation Canada one of the ten best companies to work for in that country across all sectors.

earnings. The calculation of our BBBEE ownership percentage is based on the value of Murray & Roberts' South African operations, where our South African revenue, EBIT and assets are considered.

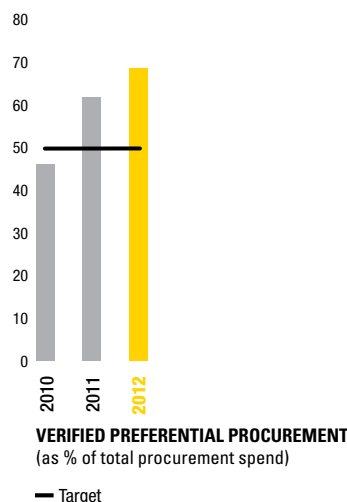
LOCAL ECONOMIC DEVELOPMENT

Murray & Roberts is committed to the principle of supporting local economic development in the economies within which it operates with the aim of supporting Government and client localisation strategies. We have made a significant investment in our plant and equipment over the past three years with a cumulative capital expenditure of R2,9 billion. R1,6 billion has contributed to the expansion of our productive base.



This investment has created more jobs both directly and indirectly and provides a platform for future growth and economic development in the economies in which we operate.

Verified preferential procurement as a percentage of total procurement spend increased to 68% (2011: 61%) of the South African operations' procurement expenditure of approximately R12,9 billion. This represents an 11% increase in preferential procurement and is above the Construction Sector Code target of 50%.



We also increased our percentage procurement from small and micro enterprises and more than 50% black-owned businesses as shown below.

Preferential procurement as % of total procurement	2012	2011	2010	Target
Qualifying small enterprise & exempted micro enterprises	16,6%	12,9%	10,6%	10,0%
Suppliers that are >50% black-owned	14,0%	11,2%	7,7%	9,0%
Suppliers that are >30% black women-owned	2,6%	3,0%	1,7%	6,0%

The improvements are partly attributable to better recording of preferential procurement but primarily to our commitment to supporting local empowered suppliers.

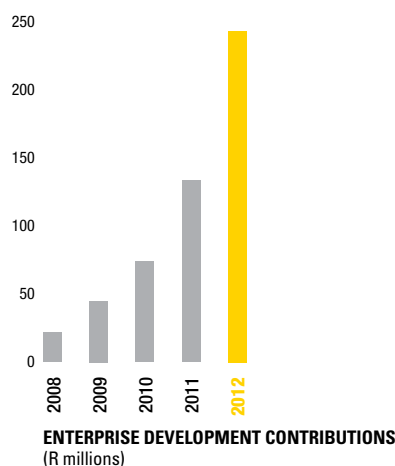
Procurement from black-women-owned suppliers remains a challenge. The target procurement spend outlined in the Construction Sector Charter for this category of supplier is 6% of total procurement spend. The Group currently achieves 2,6%. The constraint is the number of potential suppliers in this category.

The Group's preferential procurement policy requires each operating entity to verify its suppliers and alternatively to source empowered suppliers, should the existing suppliers not be appropriately empowered.

Murray & Roberts has supported organised business' (represented by Business Leadership South Africa) commitments to the South African Government's New Growth Path Local Procurement Accord of analysing and reviewing company-level procurement strategies. This is to support domestic manufacturing sectors and to see how business can progressively increase their level of local procurement where possible, reporting annually on the attainment of local procurement targets. On initial evaluation we estimate that 83% of our South African procurement spend is local. This local content may be overstated because a South African subcontractor, as an example, may have mobile plant in their cost base, and while we may look at such a subcontractor as 100% South African content, there may be elements of their input cost that are not local. This level of detail is however difficult to ascertain.

We undertake various enterprise development activities through our operating companies. Activities include the procurement of subcontractors from small, medium and micro enterprises ("SMME"), early payment to SMME suppliers, preferential credit terms for buyers and administration support for certain contractors, suppliers and clients.

The total value of enterprise development initiatives across the Group has increased significantly over the last three years to R246,8 million as shown on the following graph.



COMMUNITY DEVELOPMENT

Corporate Social Investment ("CSI"), the Letsema Sizwe Broad-Based Community Trust ("Letsema Sizwe") and the Letsema Khanyisa Black Employee Benefits Trust ("Letsema Khanyisa") programmes serve as the conduits through which we engage in community development and realise our goal of positively impacting on individuals, our employees and the communities in which we operate.

Murray & Roberts has a long track record as a good corporate citizen. For over 50 years, we have engaged in social upliftment activities aimed at redressing inequalities of the past, while simultaneously influencing the development of quality engineering professionals needed to sustain infrastructure development and economic growth in the future.

CSI STRATEGY

Murray & Roberts recognises education as the key driver in addressing issues of poverty, unemployment and more specifically the shortage of critical skills needed in the engineering and construction industry. As such CSI within Murray & Roberts is embedded as a core business function needed to redress inequalities of the past and to simultaneously influence the development of quality engineering professionals needed to sustain infrastructure development and economic growth in the future.

CASE STUDY



WOMEN IN THE DRIVING SEAT

Tolcon Lehumo, formed after a women-empowered group joined Murray & Roberts, is South Africa's leading traditional tolling operator. It is also the most gender-empowered company in the country's transport, infrastructure and logistics sectors according to the judges of the ninth annual Top Women awards, announced in August 2012 at a ceremony in Ekurhuleni. Tolcon Lehumo, which operates the N3, N1 North, N17, Mariannhill and Oribi routes, empowers its people with a specific focus on women, many of whom live in rural communities.

Tolcon Lehumo's CEO is female, as are two-thirds of all employees, more than half of management and Board representatives and more than a quarter of shareholders in a predominantly male sector. The company's focus on empowerment and upliftment has earned it a level 2 BBBEE rating.

SOCIAL PERFORMANCE CONTINUED

CASE STUDY



TAKING SCIENCE WHERE IT'S NEEDED MOST

Once a week, a car pulling a trailer winds its way to the Mazwe High School in Seleka, Limpopo.

The school is set in a deeply rural area where jobs are few and poverty is endemic, but the mobile science laboratory packed inside the trailer could represent the ticket out of poverty that many of Mazwe's learners desperately need.

The laboratory is managed by a qualified science teacher who visits Mazwe – and seven other high schools in the region – to give Grade 10, 11 and 12 learners practical hands-on science training. The mobile lab contains a fully-equipped laboratory with state-of-the-art equipment which is used by learners to capture, analyse and discuss scientific data.

The mobile lab visiting Mazwe High is just one of 31 laboratories run by a non-profit organisation called Technology Research Activity Centre ("TRAC"). Twenty-four of the laboratories, like the one that serves Limpopo, are mobile, while seven are at fixed locations, mostly in urban areas.

TRAC works with education departments to identify schools where the need is greatest – and where there is the commitment to actively support its work. It also liaises with relevant department officials to ensure that the tuition offered is aligned with the curriculum. Where schools have laboratories, TRAC brings the equipment they almost always lack. Where there is no laboratory, TRAC will bring that too.

Not only do almost 300 000 learners get the first-class hands-on training that is so essential to grasping physical science concepts but hundreds of their teachers get in-service training at the same time. TRAC assists learners who show particular promise to pursue tertiary education in science, engineering and technology, often finding them bursaries.

Murray & Roberts is a proud TRAC sponsor, each year paying for the operation of three mobile and three fixed laboratories. The fixed laboratories are in Port Elizabeth, northern KwaZulu-Natal and Johannesburg. The mobile laboratories serve communities near the Medupi power station in Lephalale and Kusile in Delmas as well as northern KwaZulu-Natal. Between them, the Murray & Roberts sponsored laboratories reached more than 7 700 learners.

Donique de Figueiredo, Murray & Roberts CSI manager, says the TRAC sponsorship is the Group's flagship CSI project. "Since 2007 our CSI strategy has focused more deliberately on education," she explains. Murray & Roberts wants to invest in the youth of our country and it also wants to cultivate technical and engineering skills. Hopefully those who emerge from the education system with the best engineering skills will come to work for us. By bringing top-class science education to schools around Medupi and Kusile we are doing our bit to invest in the future of communities where we work."

TRAC is making a difference, proven by statistics from all over the country. In just one year the matric science pass rate at Mazwe rose from 4% to 52% and the overall pass rate at the schools served by the Murray & Roberts sponsored Lephalale mobile laboratory increased from 11% to 32%.

Donique says the Group's relationship with TRAC has grown over the past six years, as has the organisation's impact. "TRAC gives learners great science education and also emphasises relationships and mentoring. Despite interacting with thousands of children, each lab manager quickly recalls anecdotes from specific schools and can recite individual results for individual learners.

"Our TRAC sponsorship costs Murray & Roberts millions of Rands each year," she says, "but it is impossible to put a price tag on the life-changing value of education."

A targeted CSI strategy has enabled Murray & Roberts to invest almost exclusively in education. This investment is divided between three areas of education: mathematics, science and technology education; numeracy and literacy in early childhood development and environmental education. Each of these focus areas are closely aligned with the Group's core business.

I) MATHEMATICS, SCIENCE AND TECHNOLOGY EDUCATION:

An investment in mathematics, science and technology education helps to ensure a ready pipeline of talent to meet Murray & Roberts' own business needs and furthers the interests of the engineering and construction sector in general.

II) NUMERACY AND LITERACY DEVELOPMENT IN EARLY CHILDHOOD:

Numeracy and literacy education in early childhood helps to develop sound numerical foundations in very young children. This improves their chances of excelling in mathematics at primary and secondary school, which in turn paves the way for a range of mathematically-oriented careers, many of which serve the engineering and construction industry.

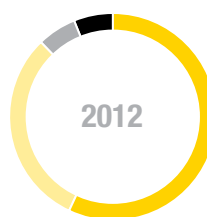
III) ENVIRONMENTAL EDUCATION:

Environmental education is closely aligned to Murray & Roberts' commitment to sustainability, of which responsible management of environmental impact is a significant component. Murray & Roberts recognises that sensitising future generations to the importance of environmental conservation is critical for the sustainable success of 'green' objectives.

2012 BUDGET EXPENDITURE

Murray & Roberts is deeply invested in the transformation of the education sector and dedicates the greater share of its annual CSI budget to education projects. The total budget expenditure for the 2012 financial year was R14,4 million (2011: R15,5 million), including CSI overheads and salaries. A total of 77% (R11 million) of this budget was allocated to education projects, 8% was allocated to discretionary projects which include strategic relationships with Business Against Crime, the National Business Initiative and other pertinent membership organisations and 15% was allocated to departmental overheads.

A further breakdown of the budget allocated to education projects indicates that 57% of the funds were allocated to mathematics, science and technology education at secondary schools, 31% was committed to universities and 6% to numeracy and literacy in early childhood development and environmental education.



57% Mathematics, science and technology
31% University expenditure
6% Early childhood development
6% Environment education

EXPENDITURE ON EDUCATION PROJECTS (%)

LETSEMA SIZWE COMMUNITY TRUST

The Letsema Sizwe Community Trust forms one element of the Murray & Roberts BBBEE shareholding structure initiated in 2005. Murray & Roberts invested R494 million to extend its black economic empowerment ownership to a broad base and has already impacted the lives of close to a million women, children, youth and people living with disabilities. Through partnerships with reputable development organisations, individuals and communities have been empowered around issues of financial literacy, HIV/AIDS awareness and prevention, food security and leadership. The Trust also supports the development of sport among able bodied people and people with disabilities through the annual Jack Cheetham and Letsema Awards.

2011 JACK CHEETHAM AND LETSEMA AWARDS

For the period under review, R1,2 million was disbursed to beneficiaries of the Jack Cheetham and Letsema Awards. Four of the beneficiaries were nominated in 2012 and the remaining eight beneficiaries were nominated between 2009 and 2011. The 12 beneficiaries include the 2011 winners who were announced at the annual gala awards ceremony.

The 2011 Jack Cheetham Award was allocated to Johannesburg Gymnastics Centre, while the Chaeli Sports and Recreation Centre scooped the Letsema Award. Central Gauteng Squash and the Nelson Mandela Township Sports Federation were nominated as the first and second runners up for the Jack Cheetham Award.

ENVIRONMENTAL PERFORMANCE

This year we embarked on a project to improve both environmental data reporting and environmental risk management. The status of the various actions is shown below. Results from this process are expected to be visible in FY2013.

Action	Status
Determine material environmental issues through a combination of benchmarking and internal engagement with operating entities	The most material environmental issues have been identified and agreed
Define an appropriate governance structure for environmental risk and reporting, aligned to health and safety	A draft governance structure defining roles and responsibilities has been compiled and is in the process of being formalised with the operating entities
Conduct environmental status reviews at selected operations to capture and report on the most material environmental risks	Environmental status reviews conducted at 16 sites
Develop a consistent environmental risk management framework and process	A draft environmental risk and incident reporting framework has been compiled and is being formalised with businesses
Develop an environmental data reporting standard to ensure consistent and complete reporting of environmental data across the businesses	A draft environmental data reporting standard has been compiled and is being formalised with the operating entities
Build capacity on environmental data reporting across the operating entities	Formal training to be rolled out in the first quarter of FY2013

DETERMINING OUR MATERIAL ISSUES

Through engagement with the operating entities it was determined that the most material environmental issues are: energy and climate change; environmental compliance and incidents; and waste and water management.

For the Construction Products Africa operating platform raw materials were also identified as being of particular significance.

The process of determining materiality has informed the development of an environmental data reporting standard. It is expected that the operating entities will report on these material issues in the next year.

2012 PERFORMANCE

The 2012 environmental performance with respect to energy, carbon footprint and ISO 14001 is shown below.

KEY INDICATORS Performance dimension	Performance			
	2012	2011	2010	Movement
Environmental				
Energy usage (MWh)	1 717 120	1 319 329	1 327 327	▲
Carbon footprint (tonnes of carbon dioxide equivalent)	565 034	515 506 ¹	633 643	▲
ISO 14001 implementation (percentage coverage)	40%	±30% ²	N/A	▲

¹ This figure differs from the figure reported in our latest CDP response (427 273 tonnes CO₂e) because Much Asphalt's Heavy Fuel Oil figures had originally been misstated in the carbon footprint. These figures have since been corrected.

² Murray & Roberts requires that operating companies adopt the most stringent standards, whether they are imposed by client environmental management plans, local and national legislation, or the Group itself. Our operations are required to implement and comply with ISO 14001, a standard that addresses environmental management systems. Currently, 40% of the Group's operations are ISO 14001 certified, based on number of employees and subcontractor employees under our control. We last year reported that approximately 70% of operations had ISO14001 accreditation, which incorrectly assumed that all of the employees in two of our largest operations were covered by the certification, however only certain sites in these operations were accredited. The correct level of certification was approximately 30% for FY2011 and the FY2010 number is not reported. We will be tracking progress towards full compliance as part of our internal assurance plan.

RESOURCE EFFICIENCY AND CARBON FOOTPRINT

ENERGY USAGE

During FY2012, the Group consumed approximately 1,7 million megawatt hours (MWh) of energy from a variety of fuel sources, with diesel (both stationary and mobile) and bituminous coal accounting for 80% of the Group's energy usage. The table below indicates the different fuel sources utilised across the Group.

Fuel source	MWh	% of total	Major user
Diesel oil	703 225	41	Murray & Roberts Contractors Middle East – 50%
Bituminous coal	662 051	39	Ocon Brick – 99%
Heavy fuel oil	134 738	8	Much Asphalt – 99%
Petrol	108 639	6	Technicrete – 67%
Electricity	68 839	4	Hall Longmore – 22%
LPG	39 409	2	Technicrete – 70%

CARBON FOOTPRINT

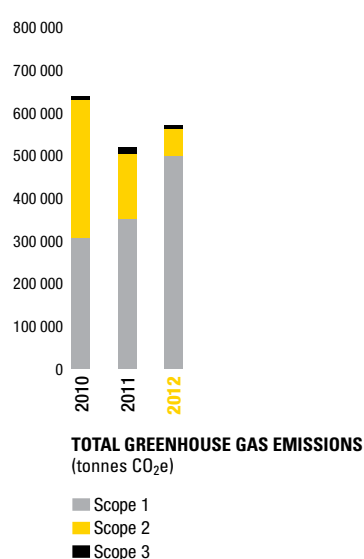
Murray & Roberts has participated in the Carbon Disclosure Project ("CDP") since 2008, measuring and reporting on its carbon emissions since then.

Between FY2010 and FY2011 the Group's absolute emissions (Scope 1 and 2) decreased by 26,6%, largely due to the mothballing of CISCO during FY2011. In FY2010, CISCO contributed 203 856 tonnes CO₂e to the Group's absolute emissions; 66 604 tonnes CO₂e in FY2011 and zero in FY2012. Between FY2011 and FY2012, absolute emissions increased by 10%. Ocon Brick accounts for approximately 40% of the Group's carbon footprint.

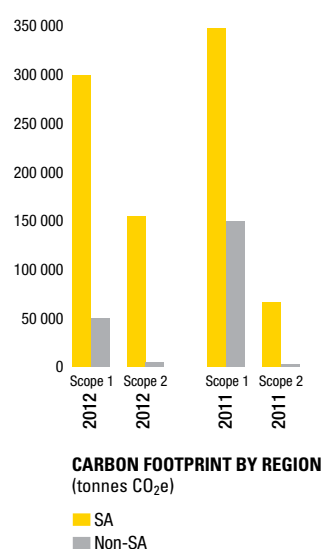
Murray & Roberts' carbon footprint is affected by the number and size of projects. This varies year to year, making accurate carbon footprint comparisons difficult.

Several operating companies have introduced energy-efficiency/ saving measures and this has positively affected our carbon footprint. These measures include:

- Improving power factor correction systems and monitoring within Building Products operating companies
- Improving machine efficiencies (including set ups and maintenance) and replacing old machinery within the Building Products platform
- New technology to improve energy efficiency (such as installing new oil-fired burners) at Much Asphalt
- Energy-saving initiatives within head offices, such as introducing a 'switch off at night' campaign, installing energy-saving light bulbs and installing sensors to control lighting and air conditioning



The Group's South African operations account for approximately 73% of the Group's absolute emissions. Carbon emissions have potentially been under-reported within some of the countries in which Murray & Roberts operates.



ENVIRONMENTAL PERFORMANCE CONTINUED

CARBON TAX IMPLICATIONS

The South African Government's 2012/13 budget review outlined elements of a carbon tax. These include the tax starting at R120 per tonne of CO₂, increasing at 10% per year and limited to Scope 1 emissions. Basic free allowances for businesses across certain sectors to the amount of 60% of their annual Scope 1 emissions will also be introduced, and an emissions benchmark per unit of output will be defined for each sector.

Murray & Roberts will be exposed to the carbon tax on its South African Scope 1 emissions. It is unclear whether Murray & Roberts will qualify for the 60% free allowance. Should Murray & Roberts qualify for the allowance, only 40% of Scope 1 emissions would be liable for a carbon tax at R120 per tonne of CO₂e. This would result in a tax liability of some R16,5 million based on FY2012 figures. Should Murray & Roberts not be liable for the allowance, it will be taxed on 100% of Scope 1 emissions. This could result in a tax liability of some R41,3 million a year.

Additionally, Murray & Roberts may face an increase in the price of electricity as a result of Eskom passing the cost of the carbon tax on to its consumers. This may be in the region of R0,04/kWh which would result in an increase of R2,7 million a year based on FY2012 consumption.

The Australian Government has implemented a carbon pricing scheme in July 2012. Based on their current emissions, the Group's Australian operations (Clough and RUC Cementation) will not be subject to the carbon pricing scheme.

WATER USAGE

The estimated water usage for the Group is approximately 630 000 kilolitres, mainly supplied by local municipal systems.

Water data is possibly underreported across the Group. Data for municipal water consumed is provided quarterly by some operations. Mine contracting operations and entities in the Construction platform do not report on water used as the client concerned accounts for it on site. Training will be rolled out during FY2013 to assist with the reporting process.

ENVIRONMENTAL RISK AND COMPLIANCE

Environmental status reviews were conducted at 16 sites across the Construction Products Africa, Engineering Africa, Construction Africa and Middle East and Construction Global Underground Mining operating platforms.

Site visits were conducted at each of the sites by an independent team of environmental consultants and the environmental status of each operation was reviewed against environmental best practice.

The most significant environmental risks identified were:

- Poor waste management, including the inadequate disposal of hazardous waste and insufficient management of appointed waste contractors
- Authorisations, such as water and waste licences, not being in place
- Conditions of authorisations and client authorisations not being met and/or reviewed to verify compliance
- Soil and groundwater contamination from potential leaks of underground fuel storage tanks
- Wastewater discharged to the soil or storm water drains and industrial effluent discharges having exceeded effluent limits

REPORTED CONTRAVENTIONS, SPILLS AND FINES

- Murray & Roberts Cementation reported that both the Impala 20 hostel and Pandora hostel are located on agricultural ground and neither site carries the required environmental, town planning and water use licence authorisations. However, these incidents did not result in any fines or penalties
- Concor Roads and Earthworks reported two non-conformances, one involving a water pipe and the second relating to the dumping of waste. Neither incident resulted in a fine
- UCW reported that its iron, zinc and suspended solids levels in their industrial effluent were above the required limits
- A pre-compliance and compliance notice was issued in 2011 by the Gauteng Department of Agriculture and Rural Development ("GDARD") provincial environmental authority to Much Asphalt for contravening the conditions of the Environmental Impact Assessment Record of Decision for the new Benoni plant. All issues have been addressed, except for the storm water plan which is awaiting approval from GDARD
- The operating entities reported approximately 150 spills in FY2012, the majority of which were minor spills. The spills were remediated immediately and accordingly

Murray & Roberts requires that operating companies adopt the most stringent standards, whether they are imposed by client environmental management plans, local and national legislation, or the Group itself. Our operations are required to implement and comply with ISO 14001, a standard that addresses environmental management systems as well as the ISO 9001 quality management standard. Currently, 40% of the Group's operations are ISO 14001 certified, based on number of employees and subcontractors under our control. We last year reported that approximately 70% of operations had ISO 14001 accreditation, which incorrectly assumed that all employees in two of our largest operations were covered by the certification, however only certain smaller sites and corporate offices in these operations were certified. The correct level of certification was approximately 30% for FY2011. ISO 9001 coverage was at 68% at the end of the financial year. We will be tracking progress towards full compliance as part of our internal assurance plan.

WASTE MANAGEMENT

WASTE GENERATION AND DISPOSAL

Waste generated is measured and monitored at an operational level but the data is currently inconsistent and incomplete so aggregation of data is not possible at present. Reporting on waste will take place from the first quarter of FY2013. Non-hazardous waste (concrete, brick, paper) is recycled or reused where possible. Hazardous hydrocarbons and plastic waste is removed and recycled where possible.

OUTLOOK

The following strategic objectives and actions will form the basis of our focus during the next year:

Strategic objective	Key action
Establish credible, auditable baselines for energy, water and waste	Implement environmental reporting guidelines and roll out training and implement an electronic reporting system for environmental data
Develop environmental incident and risk reporting processes	Develop Group standards on environmental incidents and risks and roll out training
Establish environmental reduction targets	Once accurate baselines are established, Murray & Roberts will consider setting reduction targets
Ensure ongoing legal compliance with environmental legislation and Record of Decision ("RoD") requirements	Roll out environmental risk and incident standard and strengthen environmental and legal compliance reviews across the Group

CASE STUDY



LEADING THE WAY IN RECYCLING

Rehabilitating roads does not have to mean that the "tar" being replaced should be discarded. Today, more and more asphalt is being recycled without compromising the quality of the end product. Locally Much Asphalt is the leader in asphalt recycling, in the past year processing some 85 000 tonnes of recycled asphalt ("RA").

In 2011, Much Asphalt's Benoni operation commissioned mobile crushing and screening equipment costing R4 million for the processing of recycled asphalt materials. In 2012 a second unit was acquired as demand grew. The new equipment, an impact crusher and a mobile screen, were immediately put to work processing a 100 000 tonne stockpile of RA for recycling.

Much Asphalt has big plans for recycling which, in the United States of America, accounts for around 30% of all asphalt production. RA is rapidly gaining market acceptance for its "green" properties.

The bitumen and aggregates used in asphalt are non-renewable resources that are becoming increasingly scarce. In South Africa, most RA is generated through milling machines which remove the layers of asphalt requiring replacement. Using milling machines means that the asphalt is fragmented to a uniform grading and can be removed without disturbing the edges or underlying pavement materials. Pavement materials that are still useable can then be left as is, while edges of the road are not disturbed.

A further advantage of recycling asphalt is that it can be used in warm mix asphalt – which uses a production process that utilises 30% less energy, than that used in hot mix asphalt, thus saving cost and the environment.

Much Asphalt, who is currently using RA at seven of its facilities, has plans to extend it to its remaining operations. This initiative is evidence of Much Asphalt's support for one of Murray & Roberts' key values "care", which in this case relates to care for the environment.

ETHICAL PERFORMANCE

MANAGEMENT FRAMEWORKS

The “tone at the top” set by the Board and executive committee continued to drive a vision for and commitment to a morally and ethically sound culture within Murray & Roberts.

STATEMENT OF BUSINESS PRINCIPLES

Our Statement of Business Principles was widely distributed across the Group, both to existing staff and new recruits, and its message was disseminated in forums designed to reaffirm its importance as the standard bearer of the moral and ethical culture we are striving to embed at Murray & Roberts.

We continue to conduct our business within the framework set by the regulatory requirements applicable to our industries in every territory in which we operate. In this, we conduct our business in compliance with both the letter and the spirit of the law, our Group policies, and our Statement of Business Principles.

REGULATORY COMPLIANCE

Regulatory compliance became a key focus during the year, and our Compliance Officer implemented our regulatory compliance strategy through the latter part of the financial year. In adopting a risk-based approach, there was a continued focus on existing and anticipated high risk regulations in the South African market, which include:

- Occupational Health and Safety Act No. 85 of 1993
- Mine Health and Safety Act No. 29 of 1996
- National Environmental Management Act No. 107 of 1998
- Prevention and Combating of Corrupt Activities Act No. 12 of 2004
- Competition Act No. 89 of 1998
- Labour Relations Act Amendment Bill 2012
- Basic Conditions of Employment Act Amendment Bill 2012

Each operating company is developing and implementing its own risk management strategies that identify and implement the controls required to comply with all applicable laws and regulations.

Monitoring procedures were actively carried out, and this activity will increase in intensity in the months ahead. Risk areas of potential non-compliance were identified and earmarked for the implementation of immediate preventative measures. No significant fines or instances of material or often repeated instances of non-compliance were identified in the 2012 financial year. The only material instance of non-compliance pending a penalty in respect of prior periods is the Competition Commission matter referred to in the next section of this report.

FRAUD, CORRUPTION, ANTI-COMPETITIVE BEHAVIOUR AND UNFAIR BUSINESS PRACTICES

Murray & Roberts subscribes to good corporate governance, good corporate citizenship and ethical business practices. The Group is a signatory to the World Economic Forum Partnering Against Corruption Initiative (PACI). The Group is also a member of Business Leadership South Africa and supports their Code of Good Corporate Citizenship.

All executives involved in preparing and authorising each specific project bid, sign a Declaration that they have not committed, and are not aware that anyone else affiliated with the bid has committed, whether directly or indirectly, any unethical or unlawful practices in the preparation and submission of the tender or resultant project delivery.

We do not condone anti-competitive or collusive conduct in any shape or form by our employees in every jurisdiction in which we operate, whether or not there are anti-competitive or anti-collusive laws in place. We are also committed to compliance with the South African Competition Act.

The issue as to what actions the Group takes against perpetrators is guided by the Group’s Anti-Competitive and Collusive Conduct Consequence Matrix. In accordance with the Matrix, no actions have been taken or are required to be taken against any employee of the Group.

The Group still awaits finalisation of the Fast Track Settlement application lodged with the Competition Commission on 15 April 2011, which related to infringements of past employees of subsidiary companies. The Commission is in the process of reviewing the application and it is anticipated that the Fast Track Settlement process should be concluded by the end of September 2012.

In 2010 we launched a dedicated series of educational campaigns comprising seminars, workshop discussions and online training, aimed at instilling a culture of compliance within the Group, and raising the awareness and understanding of the requirements of and obligations imposed by the Competition Act.

These initiatives were extended to all new employees in senior management roles and those who may be exposed to anti-competitive or collusive conduct by nature of their position within the Group. Over and above the 1 058 individuals who completed the online training in previous campaigns, approximately 332 additional individuals had completed the online programme by the end of July 2012. Refresher training will be offered to all relevant employees during October 2012.

TRANSPARENCY

In our commitment to encourage concerned employees to report observed unethical behaviour taking place in the Group, we continued to promote our “Tip-Offs Anonymous” hotline service that supports reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption.

During the year under review, 58 cases were reported and investigated, of which 46 were closed out and 12 remain under investigation.

A professional firm of forensic consultants and investigators appointed by the Group assists with investigations into the reported cases. Appropriate disciplinary and legal action has been taken in all cases of dishonest conduct.

HUMAN RIGHTS

Murray & Roberts endorses the employee rights enshrined in the Constitution of the Republic of South Africa 1996, including the right to collective bargaining and other labour rights under constitutional laws, wherever we operate. Murray & Roberts acknowledges the right of individuals to freedom of association and rejects child and forced labour. Approximately 56% of the Group's employees, particularly those in the South African mining activities, are represented by trade unions and by collective bargaining agreements.

Murray & Roberts respects the rights of indigenous people and where appropriate, partners with indigenous and local communities.

UNFAIR DISCRIMINATION AND EQUALITY

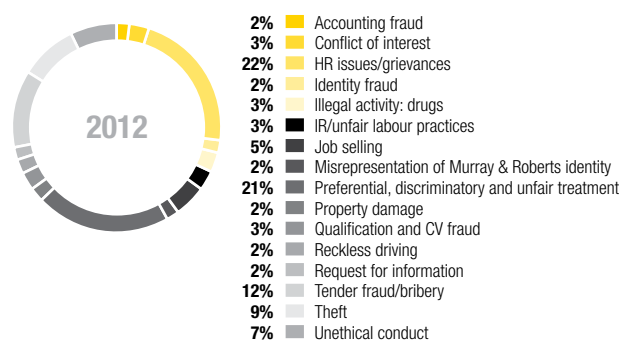
Discrimination of any form is viewed in a very serious light by Murray & Roberts and appropriate disciplinary action is taken against offenders. We do not condone unfair discrimination and expect everyone who works for or acts on our behalf to adhere to the highest ethical standards. We expect all employees and service providers to treat those with whom they come in contact with dignity and respect. As a South African domiciled company, we believe that it is not unfair discrimination to promote affirmative action consistent with the Employment Equity Act or to prefer any person on the basis of an inherent job requirement.

TIP-OFFS ANONYMOUS

To support our commitment to conducting business honestly and with integrity, we subscribe to a service that allows all employees to report anonymously any unethical behaviour or dishonesty in the workplace. The hotline is managed by Deloitte & Touche and is completely independent of Murray & Roberts. All reports are investigated.

In the year under review, the hotline received 59 contacts, of which 24 reports were generated (the breakdown of reports is provided below).

Approximately 22% of the reports related to grievances, concerns and allegations requiring human resource and management interventions. A further 21% of the reports focused on preferential, discriminatory and unfair treatment in the workplace.

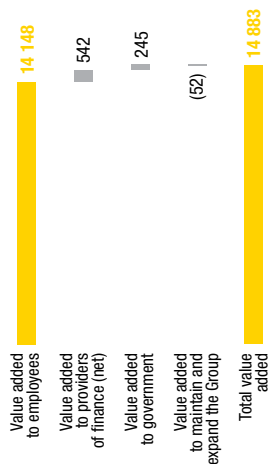


OFFENCE PROFILE BREAKDOWN

ECONOMIC PERFORMANCE

KEY INDICATORS	Performance		
	2012	2011	Movement
Economic contribution			
Value added to employees	14 148	9 824	▲
Value added to providers of finance (net)	542	578	▼
Value added to Government	245	196	▲
Value added to maintain and expand the Group	(52)	(1 150)	▲
Total value added	14 883	9 448	▲

Value added is the measure of wealth the Group creates through its operations by adding value to the cost of raw materials, products and services purchased. The chart summarises total wealth created and how it was shared between the stakeholders.



TOTAL WEALTH CREATED (R millions)

Value added to employees through payroll payments increased by 44%, while operating covering lease costs and net interest expense paid to providers of finance decreased by 6%. Company tax paid to Governments increased by 25% due to profitability in tax paying jurisdictions. As a consequence of the losses incurred by the Group, value added to maintain and expand the Group reduced due to a decline in reserves available to ordinary shareholders.

The Group did not receive any significant financial assistance from Government during the reporting period.

Everything that is not the natural or agricultural environment is the built environment. This is where Murray & Roberts has played a significant role throughout its history, delivering the infrastructure and facilities required for sustainable growth of the economies in which it operates.

Some of the greatest challenges we face as humankind are to satisfy the growing global demand for transport and logistics, power and energy, water and sanitation, telecommunications, health and education, accommodation and facilities, and mineral extraction and beneficiation infrastructure. Our economic contribution centres on the delivery of this infrastructure, without which no economic and social development is possible.

Infrastructure owners rely on the various stakeholders within the built environment to develop, finance, design, engineer, construct, operate and supply inputs for delivery of infrastructure. We support infrastructure delivery through our core competency of engineering and construction, and through the provision of selected construction products and operations.

The quantifiable benefits of our contribution to society are not easily identified, but considering the positive impact of an adequate built environment on socioeconomic development and the scale required to make the difference measurable, the significance Murray & Roberts has attained in its market over more than 100 years, offers some testimony in this respect.

KEY INDICATORS	Performance		
	2012	2011	Movement
Financial performance			
Revenue	35 406	30 535	▲
Operating costs	35 567	31 213	▲
Cash and cash equivalents	3 388	3 101	▲
Operating cash (outflow)/inflow (before dividends)	(2 290)	334	▼
Order book relative to order book related revenues	1,4 times	2,0 times	▼
Opportunities in the active pipeline (R billion)	74	86	▼

FINANCIAL SUSTAINABILITY

The financial sustainability of engineering and construction businesses hinges on the following value drivers:

- Financial position strength which impacts the Group's credit rating for performance bonds and working capital
- Sound cash flows to support investment and growth
- A formalised project procurement system which defines our risk appetite
- The project order book relative to revenues.

The Group's year-end cash and cash equivalents position was R3,4 billion (2011: R3,1 billion) after the operating cash outflow of R2 290 million (2011: R334 million cash inflow) and proceeds received on the rights issue to shareholders of R1,9 billion net of transaction costs. The primary contributors to the operating cash outflow was GPMOF, with operating losses of R1,2 billion in the current year, as well as contractor costs relating to legacy contracts in the Middle East.

Procurement of projects is the primary source of risk for the Group. The Group risk appetite sets the operational parameters for risk. Prospects are filtered against criteria such as value, country, legal system and scope, and the level of authorisation required is specified. The opportunity management system (OMS) supports the evaluation and approval of project opportunities in the context of the risk appetite. At 30 June 2012, opportunities in the active pipeline amounted to R74 billion (2011: R86 billion).

The Group's order book declined by 18% to R45 billion due to termination of the Aquarius contract and the de-scoping of work on the power programme by Hitachi. The order book for Australian-based entities has increased by R8,2 billion year on year. The average margin on the order book is within the Group's strategic range of 5,0% to 7,5%. The order book is located in markets that have been determined to be sustainable going forward.

Financial year	Order book	Relative to revenues
30 June 2010	R44 billion	1,8 times 2010 revenues
30 June 2011	R55 billion	2,0 times 2011 revenues
30 June 2012	R45 billion	1,4 times 2012 revenues

SUMMARY OF ANNUAL FINANCIAL STATEMENTS

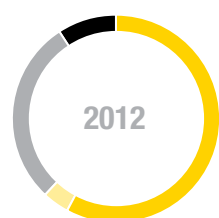
The following pages provide an overview of the Group's financial performance, ahead of the audited annual financial statements that start on page 124.

STATEMENT OF VALUE CREATED

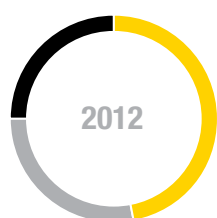
FOR THE YEAR ENDED 30 JUNE 2012

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2012	%	2011	%
Revenue	35 405,9		30 534,8	
Less: Cost of materials, services and subcontractors	(20 523,2)		(21 087,3)	
Value created	14 882,7		9 447,5	
Distributed as follows:				
To employees				
Payroll costs	14 148,8	95,1	9 824,0	104,0
To providers of finance				
Lease costs and net interest on loans	541,7	3,6	577,1	6,1
To Government				
Company taxation	244,6	1,6	196,3	2,1
To maintain and expand the Group				
Reserves available to ordinary shareholders	(735,6)		(1 735,1)	
Depreciation	658,7		562,0	
Amortisation	24,5		23,2	
	(52,4)	(0,3)	(1 149,9)	(12,2)
	14 882,7	100,0	9 447,5	100,0
Number of people*	44 710		42 422	
State and local taxes charged to the Group or collected on behalf of Governments by the Group				
Company taxation	244,6		196,3	
Indirect taxation	1 175,1		1 022,8	
Employees' taxation	1 311,8		1 136,3	
Rates and taxes	6,7		6,5	
Government grants	(8,9)		(9,5)	
Withholding taxation	–		0,3	
	2 729,3		2 352,7	

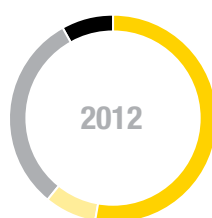
* "People" include all employees, temporary employees and contractors (excluding the Middle East).



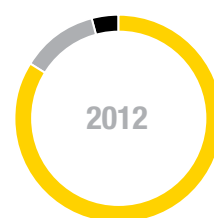
58% Southern Africa
4% Middle East
29% Australasia and Southeast Asia
9% North America and Other



49% Southern Africa
(4)% Middle East
29% Australasia and Southeast Asia
26% North America and Other



53% Southern Africa
8% Middle East
31% Australasia and Southeast Asia
8% North America and Other



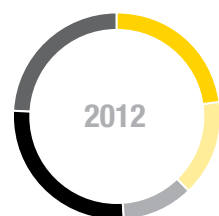
84% Southern Africa
– Middle East
12% Australasia and Southeast Asia
4% North America and Other

GEOGRAPHIC REVENUE

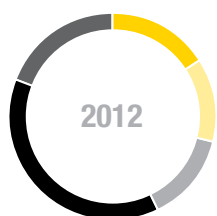
GEOGRAPHIC PBIT*

GEOGRAPHIC TOTAL ASSETS

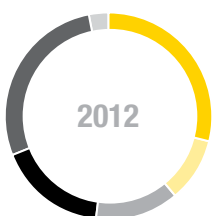
GEOGRAPHIC PEOPLE



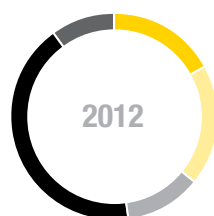
23% Construction Africa and Middle East
15% Engineering Africa
11% Construction Products Africa
27% Construction Global Underground Mining
24% Construction Australasia Oil & Gas and Minerals



16% Construction Africa and Middle East
13% Engineering Africa
14% Construction Products Africa
38% Construction Global Underground Mining
19% Construction Australasia Oil & Gas and Minerals



29% Construction Africa and Middle East
10% Engineering Africa
13% Construction Products Africa
17% Construction Global Underground Mining
28% Construction Australasia Oil & Gas and Minerals
3% Corporate and Properties



17% Construction Africa and Middle East
19% Engineering Africa
12% Construction Products Africa
42% Construction Global Underground Mining
10% Construction Australasia Oil & Gas and Minerals

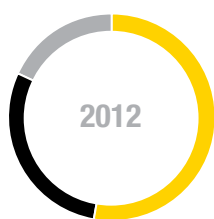
SEGMENTAL REVENUE

SEGMENTAL PBIT*

SEGMENTAL TOTAL ASSETS

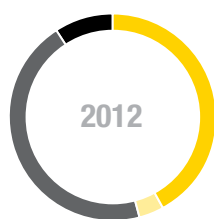
SEGMENTAL PEOPLE

* PBIT is based on normalised profits, and excludes losses on GPMOF of R1 189 million, Middle East of R387 million, other impairments of R25 million and corporate costs of R132 million.



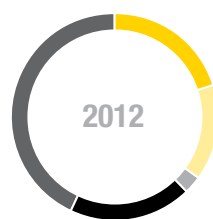
53% 2013
29% 2014
18% Thereafter

ORDER BOOK
TIME DISTRIBUTION



42% Southern Africa
4% Middle East
45% Australasia and Southeast Asia
9% North America and other

ORDER BOOK
GEOGRAPHIC DISTRIBUTION



20% Construction Africa and Middle East
15% Engineering Africa
3% Construction Products Africa
19% Construction Global Underground Mining
43% Construction Australasia Oil & Gas and Minerals

ORDER BOOK
SECTOR DISTRIBUTION

GROUP OVERVIEW

LEADERSHIP REVIEW

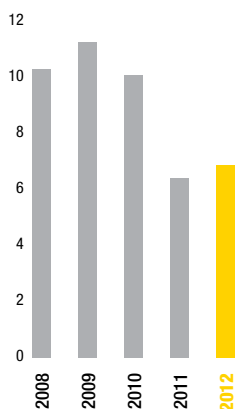
GROUP PERFORMANCE REVIEW

OPERATIONAL PERFORMANCE REVIEW

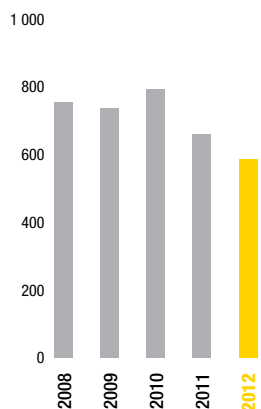
GOVERNANCE, RISK & REMUNERATION REVIEW

ANNUAL FINANCIAL STATEMENTS

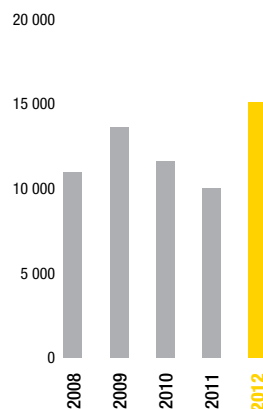
SHAREHOLDERS' INFORMATION



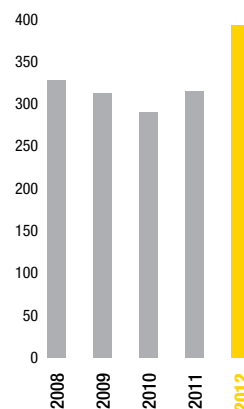
RETURN ON AVERAGE
TOTAL ASSETS (%)



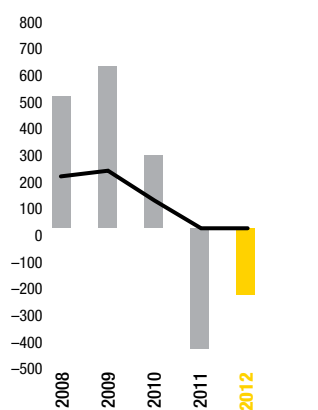
PRODUCTIVITY OF ASSETS
(assets per R1 000 turnover)



CREATION OF VALUE**
(R millions)

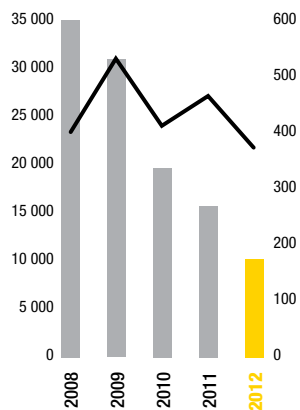


PEOPLE PRODUCTIVITY
(value ratio)



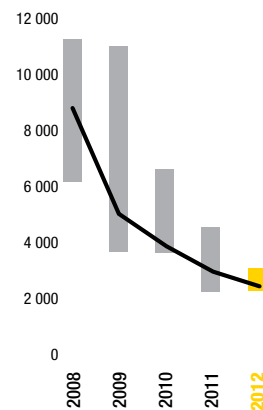
DILUTED HEPS AND DIVIDENDS
per share (cents)

■ Diluted headline earnings per share
— Dividend per share



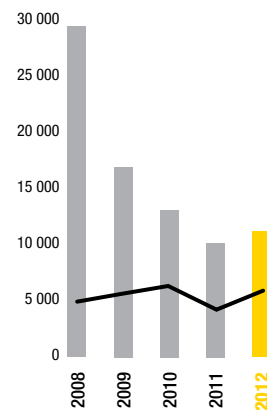
SHARES TRADED
(R millions)

■ Value of shares traded
— Volume of shares traded



SHARE PRICE MOVEMENT
(cents)

■ High - low
— Closing



MARKET CAPITALISATION
(R millions)

■ Market capitalisation
— Ordinary shares

** Includes continuing and discontinued operations.

TEN-YEAR FINANCIAL REVIEW

30 JUNE 2012

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	IFRS restated*								SA GAAP	
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE*										
Revenue	35 406	30 535	27 851	30 006	23 290	15 364	9 289	8 083	8 424	10 111
(Loss)/profit before interest and taxation	(161)	(678)	1 535	2 557	1 792	1 128	515	356	405	628
Net interest (expense)/income**	(248)	(194)	(122)	111	87	38	34	16	10	(66)
(Loss)/profit before taxation	(409)	(872)	1 413	2 668	1 879	1 166	549	372	415	562
Taxation expense	(245)	(196)	(414)	(575)	(482)	(299)	(168)	(120)	(27)	(76)
(Loss)/profit after taxation	(654)	(1 068)	999	2 093	1 397	867	381	252	388	486
Income/(loss) from equity accounted investments	143	86	15	2	9	(107)	1	78	114	97
(Loss)/profit from discontinued operations	(81)	(666)	215	243	657	36	179	163	-	-
Non-controlling interests	(144)	(87)	(131)	(320)	(349)	(94)	(49)	(30)	(25)	(9)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	(736)	(1 735)	1 098	2 018	1 714	702	512	463	477	574
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	7 323	4 658	5 268	5 464	4 835	3 953	3 389	2 547	2 422	2 082
Current assets	14 048	13 997	14 960	17 235	16 118	8 836	6 797	5 475	3 671	4 211
Goodwill	437	435	554	490	488	206	147	48	5	10
Deferred taxation assets	634	470	343	305	208	16	52	34	33	-
Total assets	22 442	19 560	21 125	23 494	21 649	13 011	10 385	8 104	6 131	6 303
Equity attributable to owners of Murray & Roberts Holdings Limited	5 887	4 221	6 203	5 581	4 865	3 637	3 086	3 067	2 603	2 485
Non-controlling interests	1 215	1 100	974	1 053	960	178	108	97	54	13
Total equity	7 102	5 321	7 177	6 634	5 825	3 815	3 194	3 164	2 657	2 498
Non-current liabilities	1 596	1 873	2 383	1 447	1 290	1 103	1 028	890	734	713
Current liabilities	13 744	12 366	11 565	15 413	14 534	8 093	6 163	4 050	2 740	3 092
Total equity and liabilities	22 442	19 560	21 125	23 494	21 649	13 011	10 385	8 104	6 131	6 303

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

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

RATIOS AND STATISTICS

30 JUNE 2012

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	IFRS restated*								SA GAAP	
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EARNINGS										
(Loss)/earnings per share (cents)**										
– Basic	(214)	(530)	336	618	521	216	152	131	135	163
– Diluted	(214)	(528)	335	612	510	212	149	129	133	159
Headline (loss)/earnings per share (cents)**										
– Basic	(246)	(456)	308	616	507	297	149	134	143	168
– Diluted	(246)	(454)	307	609	496	293	146	132	140	163
Dividends per share (cents)	–	–	105	218	196	116	60	45	45	53
Dividend cover	–	–	2,9	2,8	2,5	2,5	2,4	2,9	3,1	3,1
Interest cover***	4,1	4,4	7,6	7,2	6,7	10,2	6,7	6,5	8,2	7,0
PROFITABILITY										
PBIT on revenue (%)***	4,1	4,2	8,1	8,5	7,7	7,3	5,5	4,4	5,0	6,3
PBIT on average total assets (%)***	6,9	6,4	10,1	11,3	10,3	9,6	5,6	5,0	6,8	9,9
Attributable profit on average ordinary shareholders' funds (%)***	17,1	5,7	29,1	38,6	40,3	20,9	16,7	16,0	19,0	22,4
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll costs (Rand)	395	317	291	314	330	287	316	336	216	188
Total average assets (Rand)	593	666	801	752	744	761	995	881	738	634
Value created (Rm)****	15 202	10 076	11 665	13 699	10 996	6 073	4 129	3 600	2 606	2 913
Value ratio****	1,05	1,00	1,33	1,39	1,40	1,31	1,30	1,33	1,43	1,53
FINANCE										
As a percentage of total equity										
Total interest bearing debt	31	44	45	54	35	36	40	32	30	38
Total liabilities	216	268	194	254	272	241	225	156	133	153
Current assets to current liabilities	1,02	1,13	1,29	1,12	1,11	1,10	1,10	1,35	1,34	1,36
Operating cash flow (Rm)	(2 290)	334	691	1 559	3 116	1 935	598	663	289	356
Operating cash flow per share (cents)	(515)	101	208	470	939	583	180	200	87	107
OTHER										
Weighted average ordinary shares in issue (millions)**	382,7	367,8	367,8	367,8	367,8	367,8	367,8	367,8	367,8	367,8
Weighted average number of treasury shares (millions)**	39,2	40,3	41,3	42,1	38,7	42,0	30,0	15,2	15,3	15,6
People – 30 June****	44 710	42 422	40 413	38 981	45 654	33 466	23 867	23 904	13 149	15 827
DEFINITIONS										
Dividend cover	Diluted headline (loss)/earnings per share divided by dividend per share			Value ratio		Value created as a multiple of payroll cost				
PBIT	Profit before interest and taxation			Net asset value (NAV)		Ordinary shareholders' equity				
Interest cover	PBIT divided by interest expense			Average		Arithmetic average between consecutive year-ends				

* IFRS restated numbers are only for continuing operations, whereas SA GAAP numbers are for both continuing and discontinued operations.
 ** Weighted average ordinary shares in issue have been adjusted in the prior years due to the rights offer made to shareholders in April 2012.
 *** The above calculations are based on normalised profits of R1,4 billion (2011: R1,3 billion; 2010: R2,2 billion).
 **** Includes continuing and discontinued operations.

SEGMENTAL INFORMATION

30 JUNE 2012

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Group		Discontinued operations excluded from ongoing operations*		Construction Africa and Middle East	
	2012	2011	2012	2011	2012	2011
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE						
Revenue	35 406	30 535	1 738	2 646	8 108	9 108
(Loss)/profit before interest and taxation	(161)	(678)	(17)	(710)	(1 317)	(1 399)
Net interest (expense)/income	(248)	(194)	(32)	(58)	(69)	(44)
(Loss)/profit before taxation	(409)	(872)	(49)	(768)	(1 386)	(1 443)
Taxation (expense)/credit	(245)	(196)	(33)	118	(79)	(106)
(Loss)/profit after taxation	(654)	(1 068)	(82)	(650)	(1 465)	(1 549)
Income/(loss) from equity accounted investments	143	86	1	(16)	9	(2)
Loss from discontinued operations	(81)	(666)	–	–	–	–
Non-controlling interests	(144)	(87)	–	–	(9)	(6)
(Loss)/profit attributable to holders of Murray & Roberts Holdings Limited	(736)	(1 735)	(81)	(666)	(1 465)	(1 557)
SUMMARISED STATEMENT OF FINANCIAL POSITION						
Non-current assets	7 957	5 128	142	145	3 271	1 208
Current assets**	14 048	13 997	949	2 692	3 158	4 872
Goodwill	437	435	–	–	52	44
Total assets	22 442	19 560	1 091	2 837	6 481	6 124
Equity attributable to owners of Murray & Roberts Holdings Limited	5 887	4 221	1 019	1 198	1 062	659
Non-controlling interests	1 215	1 100	35	425	6	18
Total equity	7 102	5 321	1 054	1 623	1 068	677
Non-current liabilities	1 596	1 873	–	30	891	689
Current liabilities**	13 744	12 366	37	1 184	4 522	4 758
Total equity and liabilities	22 442	19 560	1 091	2 837	6 481	6 124
SUMMARISED STATEMENT OF CASH FLOWS						
Cash generated by/(utilised in) operations before working capital changes	535	646	(25)	(103)	(1 314)	(384)
Discontinued property activities	–	(6)	–	(6)	–	–
Change in working capital	(2 115)	232	(83)	39	(957)	(676)
Cash (utilised in)/generated by operations	(1 580)	872	(108)	(70)	(2 271)	(1 060)
Interest and taxation	(710)	(538)	33	(59)	7	(56)
Operating cash flow	(2 290)	334	(75)	(129)	(2 264)	(1 116)

* Includes the Group's properties divisions, interest in Steel reinforcing bar manufacture and trading operations, Johnson Arabia crane hire and Clough's marine operations.

** Includes assets/liabilities classified as held-for-sale.

Engineering Africa		Construction Products Africa		Construction Global Underground Mining		Construction Australasia Oil & Gas and Minerals		Corporate and Properties	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
5 213	4 094	3 738	4 157	9 859	7 789	8 484	5 387	4	–
200 (71)	(51) (19)	197 (122)	192 (189)	605 (1)	602 14	286 28	269 29	(132) (13)	(291) 15
129 (61)	(70) 98	75 (15)	3 (1)	604 (177)	616 (189)	314 (53)	298 (17)	(145) 140	(276) 19
68 – – (4)	28 – – (4)	60 – – (1)	2 (12) – 6	427 – – 1	427 – – 3	261 134 – (131)	281 91 – (86)	(5) – – –	(257) 9 – –
64	24	59	(4)	428	430	264	286	(5)	(248)
672 1 494 52	737 586 52	877 1 197 –	857 1 315 –	1 196 2 613 37	870 1 978 35	1 558 4 250 296	1 053 2 005 304	241 387 –	258 549 –
2 218	1 375	2 074	2 172	3 846	2 883	6 104	3 362	628	807
404 8	150 4	931 22	992 26	1 451 12	1 047 1	1 987 1 132	1 322 626	(967) –	(1 147) –
412 158 1 648	154 134 1 087	953 20 1 101	1 018 83 1 071	1 463 382 2 001	1 048 304 1 531	3 119 105 2 880	1 948 78 1 336	(967) 40 1 555	(1 147) 555 1 399
2 218	1 375	2 074	2 172	3 846	2 883	6 104	3 362	628	807
439 – (408)	32 – (71)	327 – (13)	441 – 646	861 – (172)	737 – 94	422 – (168)	229 – 164	(175) – (314)	(306) – 36
31 (127)	(39) 49	314 (113)	1 087 (209)	689 (286)	831 (101)	254 15	393 (5)	(489) (239)	(270) (157)
(96)	10	201	878	403	730	269	388	(728)	(427)

CAPE TOWN STADIUM

Cape Town Stadium was built for the 2010 FIFA World Cup™. During the planning stage, it was known as the Green Point Stadium. Construction began in March 2007 and took 33 months to complete. The stadium height is 55 metres with a fabric façade, has a steel cable tensioned glazed roof

and seating capacity for approximately 64 000 fans. On completion, the project employed approximately 10 500 people, with 13,5 million hours worked. The stadium was officially handed over to the City of Cape Town on schedule on 14 December 2009.





OPERATIONAL PERFORMANCE REVIEW

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80	Engineering Africa
86	Construction Products Africa



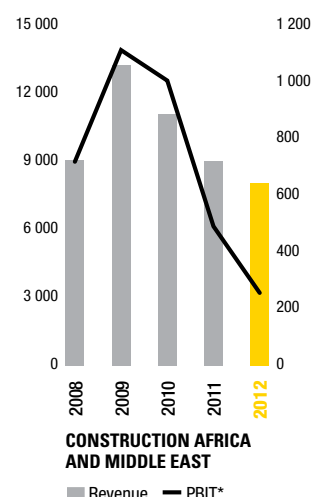
R MILLIONS*	CONSTRUCTION AFRICA		MARINE		MIDDLE EAST		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue*	5 848	5 597	903	1 031	1 357	2 480	8 108	9 108
Operating profit/(loss)*	321	(653)	(1 184)	(582)	(454)	(164)	(1 317)	(1 399)
Ongoing construction activities*	69	237	(1 184)	(582)	(67)	–	(1 182)	(345)
PPP Investments and Services*	252	260	–	–	–	–	252	260
Competition Commission penalties/Gautrain*	–	(1 150)	–	–	–	–	–	(1 150)
Additional contract completion and impairments*	–	–	–	–	(387)	(164)	(387)	(164)
Segment assets*	3 447	2 926	658	358	1 578	1 605	5 683	4 889
People	7 393	8 891	131	511	199	318	7 723	9 720
LTIFR (Fatalities)	1.0 (0)	1.6 (1)	0.6 (0)	4.2 (0)	0.5 (0)	0.3 (0)	0.7 (0)	0.9 (1)
Order Book*	7 163	6 929	178	606	1 654	2 430	8 995	9 965



JEROME GOVENDER
OPERATING PLATFORM EXECUTIVE

CONSTRUCTION AFRICA AND MIDDLE EAST

A KEY ACHIEVEMENT WAS THE AMALGAMATION OF THE CONSTRUCTION BUSINESSES INTO A UNIFIED PLATFORM. THIS INTEGRATION IS ALREADY PAYING DIVIDENDS IN TERMS OF GREATER SYNERGIES, SHARING OF EXPERTISE AND MARKET KNOWLEDGE AS WELL AS COST SAVINGS.



Some solid performances in extremely trying conditions were entirely overshadowed by the substantial losses sustained on the Gorgon Pioneer Materials Offloading Facility ("GPMOF") at Barrow Island, Australia, and a disappointing performance by the Middle East.

LEADERSHIP

Several key executive appointments were made in order to strengthen the platform and its various entities. Jerome Govender was appointed as the new platform executive. Jerome has been the managing director ("MD") of Bombela Concession Company since 2007, having joined Murray & Roberts in 2002. Chris Botha, previously MD of Concor Roads & Earthworks, was appointed chief operating officer overseeing the civils companies and Gavin Taylor was recruited from VINCI Construction UK to become the chief operating officer heading up the Building and Africa operations.

Mark Andrews was appointed MD Middle East, Cobus Snyman was promoted to the position of MD Concor Roads and Earthworks and Alex Boyazoglu was appointed MD of Buildings. Andy Fanton assumed the position of MD Marine and Dave Heron was named MD Western Cape, with Mark Johnston focusing on Namibia.

PERFORMANCE

Losses sustained on fulfilling Marine's contractual GPMOF obligations amounted to some R1,2 billion this year while the Middle East recorded a loss of R454 million.

The Group's commitments on GPMOF were discharged, although later and at a greater cost than had been anticipated. Similarly in the Middle East, cost overruns on projects largely completed in previous years, were accounted for this year.

There were positive developments on realising uncertified revenue claims relating to GPMOF. While there was little progress on arbitration of the Dubai International Airport claim, we are optimistic that this will be settled in our favour while remaining open to the possibility of reaching an amicable settlement.

Within the South African civil engineering and construction sectors, conditions remained challenging and margins were extremely low.

Concor Opencast Mining recorded an overall satisfactory performance but challenges experienced at a single project caused it to post a net loss of R27 million.

Building work disappointed with orders falling well short of budget, most notably in Gauteng.

Positives for the year were solid performances by Murray & Roberts Botswana, Concor Civils and Concor Roads & Earthworks.

During the year the St Regis resort development in Abu Dhabi was delivered on time and to widespread acclaim. In the Western Cape, the Aurecon office development became the first local building to be awarded a Green Building Council of South Africa five-star green rating, its construction boosting Murray & Roberts' green building credentials and expertise. Also in the Western Cape, the awarding of the high-rise Portside building to Murray & Roberts Western Cape was a notable highlight.

On the power project the value of the Medupi civils contract grew exponentially to over R8 billion.

* Excludes losses from Gautrain/Competition Commission penalties Rnil (2011: R1 150 million; 2010: R619 million), Middle East R387 million (2011: R164 million; 2010: R89 million) and GPMOF of R1 189 million (2011: R582 million; 2010: Rnil).

CONSTRUCTION AFRICA AND MIDDLE EAST CONTINUED

A resolution of all major commercial issues with Eskom relating to the civil engineering contract at the Medupi power station was reached during the year. The agreement settled all commercial disputes on the project to date, with the remaining R3,0 billion of civils work on this project carrying no more than normal construction risks at acceptable margins.

The platform did not suffer any fatalities during the year and the lost time injury frequency rate ("LTIFR") improved slightly from 0.90 to 0.71.

Operating loss for the platform was R1,3 billion (2011: R1,4 billion) on turnover of R8,1 billion – which represents a 11% decline on the previous year. Excluding losses on GPMOF and in the Middle East, the platform returned a small profit.

MURRAY & ROBERTS MIDDLE EAST

In a most challenging year, the company had to account for losses on projects that had either been completed in previous years or which were substantially completed this year. This was because the costs involved in seeing these projects through to completion and the defects liability periods were found to have been underestimated.

At the same time the construction sector in Abu Dhabi ground to a virtual standstill. This was after the company had ended the previous year with serious prospects of securing work worth at least R5 billion in the following year, none of which materialised. After construction activity in Dubai collapsed in 2008, the Abu Dhabi standstill highlighted the company's over-reliance on UAE capital.

The net result of these developments was that stated revenue for the year was less than half of that budgeted for, and a net loss of R454 million was incurred. The only major contract being executed at year-end was the R6,5 billion Mafraq Hospital for the Abu Dhabi health authority. Arbitration of Murray & Roberts Middle East's claims relating to the Dubai International Airport work, completed in 2008, was suspended earlier this year. This was after an issue around the identity of the contracting entity within the Dubai Government was disputed. Despite this, efforts continue to reach an amicable settlement.

Developments this year also revealed Murray & Roberts Middle East's over-reliance on its relationship with joint-venture partner, the Al Habtoor Leighton group. A significant investment is now being made by the company in Qatar where work ahead of that country's hosting of the 2022 FIFA World Cup™ is expected to begin in earnest in FY2013. In Qatar, Murray & Roberts Middle East has established a local joint-venture company but will retain management control.

The company performed well on safety, achieving a LTIFR rate of 0.53, better than other parts of the Group. Senior HSE managers with responsibility and the authority to ensure compliance with Murray & Roberts systems and standards are appointed to all projects.

Work opportunities will be followed up in various North African and Middle East countries and even some in the Far East where the company's expertise translates into reasonable prospects of securing and executing work at acceptable margins. Such opportunities could include, in addition to the Middle East's traditional building projects, civils and roads work and will not be restricted to the company's typical profile of only working on so-called mega projects.

Prospects at the end of the year were at least as good as those at the same time a year previously, with several projects, notably in Qatar, expected to be announced shortly.

CONCOR CIVILS

Concor Civils returned satisfactory operational, financial and safety performances this year.

The Eskom power generation work runs until 2015, ensuring a secured income stream. A major achievement this year was the settling of all outstanding commercial issues relating to work at Medupi, a landmark development that will have lasting benefit for the Group. The successful Ngqura Container Terminal contract has grown significantly in scope, and will continue in FY2013.

The impact of lower margins, experienced on a majority of projects, was offset by an excellent performance on the Medupi chimneys and Coega contracts.

Excluding Medupi, revenue rose by a third over the previous year. However, a notable trend is that whereas in the past most work was sourced from the mining sector, today Concor Civils is overwhelmingly dependant on public-sector projects, which carries some risk. Opportunities in the private sector remain scarce and several of those awarded to our competitors were undertaken at unsustainable prices.

In the immediate future Concor Civils will remain focused on power generation, water and waste water treatment. There are however significant opportunities in mining, including opportunities in Zambia and Mozambique. In addition to traditional coal-fired energy, Concor Civils is well positioned to secure work in the fields of wind and solar power. An increased focus in the short term will be on concrete repair, a market in which Concor Civils currently has no presence but which has the potential to contribute to turnover with good margins.

Safety performance was satisfactory, with no lost time injuries being reported at Coega, Kusile or the Zeekoegat Waste Water Treatment Works. A LTIFR for the year of 1.23 was commendable.

CONCOR ROADS & EARTHWORKS

The division performed satisfactorily this year, posting pleasing turnover and profits in a depressed market.

Public sector projects remained few and far between with no large contracts being put out to tender and the impasse over urban tolling casting a pall over the sector. At the same time, private sector spending slowed significantly. The bitumen shortage impacted negatively on road construction work and fierce competition translated into pressure on margins, raising the risk profile of several projects. Mining infrastructure contracts continued to deliver better than expected.

Towards the end of the reporting period there were indications of an upturn in public sector spending with a healthy order book reflecting a 40% rise in projected turnover for FY2013. Almost half of this budgeted income however, will be derived from South African road contracts where margins remain tight. An increasing proportion of next year's work is expected to come from the rest of Africa, an area which remains buoyant and very promising.

Concor Roads & Earthworks performed well on a number of non-financial indicators, notably on human resource development. Seventeen bursaries and 56 learnerships were awarded this year. Two employees were enrolled for BCom degrees in operational risk management. Performance on enterprise development was particularly pleasing with no fewer than 18 initiatives being supported within the platform during the year. On safety the business is driving towards a 0.5 LTIFR using the 1 million hour benchmark.

MURRAY & ROBERTS BUILDINGS

Market conditions continued to be extremely difficult this year with limited opportunities becoming available and Murray & Roberts Buildings succeeding in securing only a small proportion of these.

Several tendered and negotiated opportunities envisaged at the beginning of the year failed to materialise. These included a number of projects for which Murray & Roberts Buildings had been identified as the preferred contractor. Two significant loss-making projects in the petrochemicals sector impacted negatively on the division.

On a more positive note however, several key projects were completed in the year for premium clients whose satisfaction has already translated into the successful award of new work.

While revenue was 36% down on budget, towards the end of the financial year, two important projects worth more than R650 million were secured. In addition, it is expected that key negotiated projects will materialise in the first half of the new financial year. Business won towards the end of the year was furthermore at improved rates relative to those achieved earlier in the year, giving further reason for guarded optimism. Towards the end of the year, recruitment of talented staff began in earnest, in anticipation of an upturn in orders.

One response to the constrained market conditions of recent years has been to seek and execute work in geographic areas in which Murray & Roberts Buildings has not recently operated. This is expected to have the effect of diversifying the division's risk and revenue sources. In addition to operating in more outlying areas within South Africa, opportunities in neighbouring states are being actively pursued.

Murray & Roberts Buildings' LTIFR was 0.73 which is in line with the Group standard of less than 1.

MURRAY & ROBERTS MARINE

Following the large losses sustained on the GPMOF in Western Australia, a new management team, headed by Andrew Fanton, was appointed at Murray & Roberts Marine in late 2011. Subsequently the company was restructured to support its engineering, procurement and construction ("EPC") focus and to support the goal of doubling its size within three years to a R1 billion business. Apart from organisational restructuring, new business processes were put in place while a project control department, focused on providing management with detailed and dynamic project information, was established.

To achieve the objective of doubling turnover, Murray & Roberts Marine will prioritise Southeast Asia and West and East Africa. A dedicated office headed by a general manager was established in Kuala Lumpur and relationships in key markets will be either established or cemented, in some cases leveraging off the local presence of other members of the Construction platform. While there are few prospects within South Africa, considerable opportunity, from a variety of customers and sectors, is seen in the new target markets as well as in the traditional markets of Australia and the Middle East.

A key future focus will be on forging joint-venture partnerships with companies that have proven resources and expertise in marine work which complements the EPC strengths of Murray & Roberts Marine.

In FY2012 a dedicated safety, health, environment and quality team was established. This team will be tasked with developing detailed safety, health, environmental and quality ("SHEQ") protocols and reporting matrixes for the company.

The company's financial performance in the past year was disappointing, with only 50% of budgeted revenue being achieved. This was largely ascribable to the deferral or even cancellation of several tenders. Excluding GPMOF, gross profit margins remained healthy. Management remains extremely focused on vigorously pursuing a substantial GPMOF commercial recovery schedule. Towards the end of the year, the arbitration process ruled in favour of Murray & Roberts Marine's position on Change Order 18.

At year-end, only 25% of the budgeted order book had been secured. However, bids for six projects with a total value of R2,5 billion and due to commence in FY2013 had been or were in the process of being submitted.

CONCOR OPENCAST MINING

The business continued to experience strong growth but returned a disappointing profit. This was the result of challenges experienced at a single project, without which Concor Opencast Mining would have recorded a satisfactory profit.

Overall performance on safety improved from the previous year, however several injuries contributed to an LTIFR of 1.72 compared to 2.02 the year previously. The division has prioritised safety in line with Group policy and its own commitment to keeping employees and subcontractors safe. While strong growth potential exists both within South Africa and, especially, elsewhere in southern Africa (for coal, platinum, diamonds, copper and uranium projects), the business has done little to market itself. This will be rectified as Concor Opencast Mining positions itself to achieve revenue of R1 billion by 2015. Another key objective will be to reduce the company's dependence on South African platinum, a sector which is experiencing well-documented stresses at present.

Management depth and access to market intelligence will be bolstered in the new year to enable Concor Opencast Mining to realise its ambitious expansion plans. At year-end the order book showed a substantial increase on FY2011.

MURRAY & ROBERTS NAMIBIA

Dramatically increased competition resulted in a disappointing performance by Murray & Roberts Namibia after the record achievements of 2011.

The operation only achieved breakeven but the outlook for FY2013 is considerably more promising. Material risks include the heightened level of competition, especially from Chinese contractors, with resulting pressure on margins.

While there is much expectation around uranium investment and an upswing in civil engineering work, the bulk of Murray & Roberts Namibia's income in the near term is likely to be derived from the building sector, where there are some promising prospects.

MURRAY & ROBERTS WESTERN CAPE

The regional market remained flat, even deteriorating during the year with calls for tender declining by some 50%.

A major breakthrough for Murray & Roberts Western Cape was winning the tender to build FirstRand and Old Mutual's landmark Portside building in the Cape Town CBD. This boosted turnover by 50% over projections and resulted in a small operating profit.

The budgeted order book for the next year was 90% secured at the end of the year. However, margins remain extremely low and, at about 2.9%, are expected to be at around the same levels recorded in FY2012.

CONSTRUCTION AFRICA AND MIDDLE EAST CONTINUED

CASE STUDY



THE FUTURE: SOME CONCRETE FACTS

Concrete is not what it used to be – not since Murray & Roberts scientists set about changing almost everything we all thought we knew about this basic building material.

The strength of concrete is measured in megapascals (MPa). In theory, a cubic metre of concrete that is rated 30 MPa (a typical standard for structural concrete) is able to withstand the weight of six bull elephants.

Traditionally, 30 MPa concrete requires between 300 kg and 350 kg of ordinary cement per cubic metre. But now scientists working for Murray & Roberts have developed a technology that meets the 30 MPa standard using just 25 kg of cement or even less. Not only does it meet the standard, it far exceeds it. To date strengths of up to 52 MPa have been achieved using Murray & Roberts' patented ARC ("Advanced Recrystallisation") technology and only 25 kg of cement per cubic metre.

Best of all, the ARC process uses large amounts of recycled waste products. The most common recycled ingredient is slag from the steel manufacturing process. However, at the 102 Rivonia Road project, now under construction in Johannesburg, Murray & Roberts Buildings is using up to 64% fly ash, a recycled by-product from coal-burning power stations for which there is usually no use.

Research scientist and head of Murray & Roberts' Concrete Centre for Excellence, Cyril Attwell, says: "Not only does the process require less ordinary cement and is environmentally friendly, but also, because the concrete can gain higher strengths, we can build faster; sometimes a lot faster."

Cyril, whose official job title is Group Concrete and Research Manager, adds that the typical specification for waste water treatment plants requires concrete that uses 420 kg of binder per cubic metre. His team of scientists has now developed techniques that can meet the specification but use only 330 kg. "This gives a distinct cost saving advantage to our clients."

Cyril and his two colleagues at the Concrete Centre for Excellence in Amalgam on the West Rand, Warren McKenzie (Group Concrete Technologist) and Andries Magale (Laboratory Technician) have developed some remarkable concrete technologies, several of which are world firsts. Just one is a smart concrete involving the introduction of a particular type of bacteria into the mix. "Under certain conditions of chemical attack, which are usually bad for the concrete, these bacteria thrive, reproducing rapidly and consuming the chemicals that attack the concrete. In addition, as they eat up the threat, the bacteria defecate calcrete. These deposits fill up cracks that would normally weaken the structure."

The team is also investigating an ingenious electrochemical system that makes marine concrete more resilient to both wave action and chemical degradation. The system draws carbon dioxide from the sea water, encouraging the growth of a layer of coral that protects the undersea concrete. Such is the effectiveness of the coral that the concrete does not have to be treated with expensive chemicals – and it is almost completely maintenance free.

In 2010 Murray & Roberts' southern Africa operations used some 1.8 million tonnes of concrete. The benefits derived from the advances being pioneered by Cyril and his colleagues are significant. For example, through the use of ARC processes, cement consumption on the Gautrain Rapid Rail Link was cut by about 110 000 tonnes.

However, such benefits are not just measured in monetary terms. Cape Town's Portside development, Cyril believes, will be the first building project to receive a full three-star Green Star eco-friendly rating for construction materials. The concrete being poured contains up to 70% waste materials and as much as 10% of the aggregates consumed (typically sand and stone) are waste materials.

"Recently the consulting engineer working on Portside asked us to supply even more waste material because it just makes such a strong concrete," says Cyril. "This technology means we can save money and time, deliver a superior result and at the same time, do our bit to save the environment."

Controlling costs remains a key management concern in an exceptionally low-margin environment. There has been no significant increase in overheads since the restructuring exercise carried out in 2010.

MURRAY & ROBERTS BOTSWANA

A satisfactory year saw revenue approach the R500 million mark (a 34% increase on the previous year) while the operation also performed well on profit and cash generation.

At 0.8 Murray & Roberts Botswana's LTIFR was largely unchanged from FY2011. Tragically, one employee, supervisor Gosekamang Kheru, was killed by lightning while working at De Beers' Jwaneng Diamond Mine where the business is raising the walls of a slimes dam.

Significant work undertaken during the year included the Rail Park Shopping Mall for key clients where Eris Properties is a shareholder, FNB's Gaborone office block for Eris Properties and various construction projects for De Beers including the first phase of the two-tower i-Towers development for City Skypes, Botswana's tallest buildings.

With R300 million of the order book secured at year-end and another R100 million at an advanced stage of negotiation, all indications are that FY2013 will be a record year for the business. Driving this will be an expected upsurge in office building in the Gaborone CBD. However, building activity in the capital is expected to slow down in FY2014.

To offset this, management of Murray & Roberts Botswana intend targeting civils and infrastructure work for the country's booming mining and minerals sector. This is expected to mean that, whereas 80% of revenue is currently generated from building work and 20% from civil and related contracts, in future the mix may be in the region of 70/30 in favour of the latter. In the new year, opportunities in Zambia will also be explored.

MURRAY & ROBERTS PLANT

This division provides plant and equipment to the Civils Construction and Building Africa businesses. The business has successfully concluded the merging of the old Concor Plant and Murray & Roberts Plant and Equipment businesses.

With a turnover exceeding R400 million, the division's spread of internal clients ensured that Murray & Roberts Plant had the best utilisation rates and the most superior technical backup service in its sector. The business was also comfortably ahead of its peers in terms of the safety of the plant and equipment it supplies.

An initiative launched last year was the creation of a special cost code for safety. In this way it should be possible to measure the direct financial costs involved in supplying, maintaining and operating safe plant and equipment.

TOLCON GROUP

The Tolcon Group performed to expectations in the past year, securing the tolling operations-and-maintenance contracts for the N1 North, the N2 South (Oribi) and the N17 (Leandra plaza).

Tolcon and the rest of the tolling industry face various challenges including mooted changes to labour legislation, more onerous contracting terms, high labour turnover and increased competition resulting from the advent of several new entrants to the market.

ISO 9001 quality accreditation with regard to toll collection processes was achieved by Tolcon Lehumo and PT Operational Services.

With its extensive portfolio now bedded down, the Tolcon Group is well positioned to explore additional opportunities within the transport infrastructure management arena.

MURRAY & ROBERTS CONCESSIONS

The Group's 33% investment in Bombela Concession Company performed well with the service enjoying growing support from the travelling public and the Rosebank Station to Park Station link being successfully opened during the year. By the end of June 2012 passenger numbers had reached 800 000 per month, 65% growth in patronage in the 11 months since the Tswane-Rosebank service was opened. Arbitration rulings relating to water ingress and the Group's delay and disruption claims are expected by the end of calendar year 2013, and calendar year 2014 respectively.

Entilini Concessions responsible for the operations at Chapman's Peak attracted negative attention over local concerns about the visual impact of the toll plaza, now under construction. Legal challenges failed however and work is on schedule for completion in the second quarter of FY2013.

Murray & Roberts Concessions is the designated standby bidder on the N1/N2 Winelands toll route but no decision has been taken on awarding this contract. The R300 route redevelopment, for which the Group was the scheme developer, has yet to be put out to tender.

Similarly no decision has been taken on public-private partnership bids to build and operate prisons. The Request for Quotation ("RFQ") to build, finance and operate the long-awaited upgrade of Chris Hani Baragwanath Hospital is eagerly anticipated.

PROSPECTS

The significant losses incurred on the GPMOF Project and in the Middle East have now been taken to book, allowing the platform to focus strongly in the new year on its continuing recovery. Measures are in place to accelerate this process and to prepare for growth, including stabilising operations, securing a quality order book and strengthening risk management processes.

Proceeds from the large-project claims processes are unlikely to provide a significant windfall during the new financial year but the process of pursuing these claims will be prioritised by the platform leadership.

At year-end almost 75% of budgeted order book had been secured – a satisfactory achievement – but at margins that were generally lower than those secured a year previously. The Buildings business (which recorded a number of pleasing project wins late in the year) will explore creative methods of engaging with clients to achieve solutions that will address the historically low margins achievable on most projects.

Co-operation between Buildings businesses within the platform will be emphasised to exploit opportunities.

Across the platform, rail and oil & gas have been identified as particularly promising growth opportunities while the business is increasingly positioning itself as a leader in environmentally-friendly building solutions.

In the Middle East opportunities in Qatar ahead of that country's hosting of the 2022 FIFA World Cup™ will be explored with new joint-venture partners as will opportunities in other markets within the region.

The platform's expansion into sub-Saharan Africa will be accelerated, building on the strength of the Murray & Roberts brand, particularly in the SADC region. Closer liaison with other Group platforms will be prioritised.

Management will lead various safety initiatives in the new year including Visible Felt Leadership.



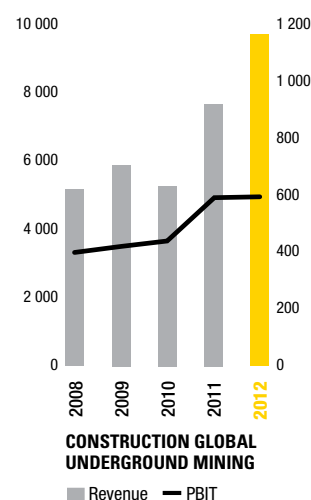
	AFRICA		AUSTRALASIA		THE AMERICAS		TOTAL	
R MILLIONS*	2012	2011	2012	2011	2012	2011	2012	2011
Revenue*	5 687	4 789	958	714	3 214	2 286	9 859	7 789
Operating profit*	250	307	90	99	265	196	605	602
Segment assets*	1 508	1 288	639	409	1 459	1 011	3 606	2 708
People	16 650	15 265	469	313	1 494	1 374	18 613	16 952
LTIFR (Fatalities)	2.6 (3)	2.1 (10)	2.9 (0)	6.9 (0)	1.7 (1)	1.1 (0)	2.5 (4)	2.2 (10)
Order Book*	3 529	12 035	1 184	959	4 095	3 724	8 808	16 718



PETER ADAMS
OPERATING PLATFORM EXECUTIVE

CONSTRUCTION GLOBAL UNDERGROUND MINING

THE PLATFORM HAS RECOVERED WELL FROM THE EFFECTS OF THE 2008 GLOBAL FINANCIAL CRISIS AND MAINTAINED SATISFACTORY OPERATING MARGINS OF BETWEEN THE TARGET RANGE OF 5% TO 7,5%.



The Construction Global Underground Mining platform had a mixed year. On the positive side, it lifted turnover. On the downside, it suffered four fatalities and an increase in the rate of serious injuries, and profitability came under pressure. Work execution continued to be of the highest calibre. Client relationships in many of its markets were strengthened and several new business wins were achieved. In the new financial year the platform plans to build a more unified brand.

LEADERSHIP

The Construction Global Underground Mining platform is led by London-based chairman Peter Adams.

PERFORMANCE

Our safety performance remained unacceptable given the Group's commitment to zero harm. Murray & Roberts Cementation recorded three fatalities in three separate incidents and North America experienced its first death in almost a decade. The overall lost time injury frequency rate ("LTIFR") for the platform deteriorated from 2.21 in the 2011 financial year to 2.5.

A great deal of senior management's time and attention was spent on improving safety and we are satisfied that the incisive interventions being implemented at all operations will translate into safer working environments in the near future. Moreover, work is being done on identifying the next "quantum leap" forward in safety performance.

Revenue grew strongly this year to just shy of the R10 billion mark with a minimal negative impact on margins. Strong contributions by the Canadian and USA operations mitigated the pressure on margins

experienced by Murray & Roberts Cementation, notably as a result of its contract-mining agreement with Aquarius Platinum SA ("Aquarius") ending.

Although the operating margin showed a decline compared to these levels in 2012, the outlook for margins is positive.

MURRAY & ROBERTS CEMENTATION

Performance this year was challenging both in terms of safety and profitability.

Three fatalities were recorded from 10 in the previous year. The division's LTIFR rate showed an improvement to 2.57 but fell well short of the targeted 1.2. Interventions to improve safety were however decisive and far-reaching. The First Choice programme aims to materially change the business culture to improve safety performance. Furthermore, the Cementation Way mechanised shaft-sinking methodology is being systematically rolled out at operations and is expected to have a fundamental impact on keeping our people safer, as will a greater investment in equipping supervisors to be more systematic in enforcing safe production methods.

The approach to investigating safety incidents has changed from focusing on the severity of the injury to the incident's potential to cause harm. Murray & Roberts Cementation participates in the Global Mining Industry Risk Management programme and the lessons learnt from this initiative will, we believe, move the division towards a level of meaningful safety interdependence (where colleagues actively consider each other's safety) as envisaged by the DuPont safety intervention undertaken last year.

CONSTRUCTION GLOBAL UNDERGROUND MINING CONTINUED

Given all of these interventions, the division intends to report a much improved safety performance this time next year.

An improved financial performance is however not anticipated. This relates principally to the termination of Murray & Roberts Cementation's underground contract mining agreement with Aquarius. Following a particularly challenging year for Aquarius with a new support methodology, a challenging regulatory environment, a new labour union and a generally depressed platinum sector, Aquarius and Murray & Roberts Cementation agreed revised contractual terms in the third quarter. These included specific termination provisions which were acceptable to the company. No agreement could be reached however, on targets for FY2013, resulting in the contract being terminated. An orderly handover process is under way. This will result in a cash-flow benefit in the new year but will have a negative impact on operating income.

Because of operational and production difficulties encountered at Aquarius, earnings came in below budget while revenue was largely in line with budget expectations. In FY2013 however a substantial decrease in both revenue and operating income is expected as a result of the cessation of the Aquarius contract.

The business has succeeded in reducing its dependence on platinum and significant new orders point to a growing diversification of revenue streams. Non-contract mining income grew 20% in the past year. Opportunities for Murray & Roberts Cementation to exploit its expertise in contract mining remain and the division is continuing to explore these.

Apart from the drop in operating income related to Aquarius, two projects did not perform to expectations.

More positively, the Zambian operations performed better than anticipated. This underscores the importance the division attaches to Africa and the opportunities sub-Saharan Africa present for diversifying into minerals including copper, diamonds, base metals and thermal coal. The successes achieved in Zambia will be consolidated in the next year and the country used as a springboard for expansion into other territories. In achieving a greater, profitable African penetration, co-operation with other Group companies will be prioritised.

CEMENTATION CANADA AND USA

The North American operations delivered a sterling operational and financial performance, which was unfortunately undermined by a safety performance below the industry leading standard the business is accustomed to. It recorded its first fatality since becoming part of the Murray & Roberts Group eight years ago.

Not only are a culture of shared values and open, effective communication essential to safety, they are vital to retaining and developing skills and to promoting innovation. Cementation Canada and USA sees innovation as a key competitive advantage and this year set achieving greater innovation as a corporate goal. That the business is becoming an employer of choice was borne out by independent surveys.

CASE STUDY



THE CEMENTATION WAY

In Africa no-one does mine-shaft sinking as well as Murray & Roberts Cementation. But the way Murray & Roberts Cementation develops mines on the continent is about to change completely – using international best practice to mechanise operations and most importantly, much safer than before.

Working closely with colleagues in North America, Murray & Roberts Cementation has begun implementing what it calls the Cementation Way. Allan Widlake, Murray & Roberts Cementation's business development executive, says the company has "completely abandoned" shaft-sinking methods traditionally used in South African mining.

"The Cementation Way is radically different to the methods used in South Africa but it has been tried and tested over many years in Canada and the United States of America. In future we will only use this methodology for deep shaft systems in Africa. It is the future of mine development and we are pleased that our clients share our excitement about the huge benefits it holds for all concerned," says Widlake.

The continuing resurgence of both the Canadian and USA mining sectors helped Cementation Canada and USA to post earnings that were 35% above budget, on revenues that were up 41% and amounting to R3,2 billion. A particularly noteworthy contribution was made by the USA operation, which has increased income 57% over three years and now accounts for a third of the North American business.

Revenue was distributed across commodity classes, with copper and potash accounting for a combined 48% of turnover. The engineering component of the company is a substantial business and a key differentiator of the North American operations. It is structured to deliver design-build shaft projects, a number of which are in the construction phase. The company's progress in offering an engineering, procurement and construction ("EPC") solution was demonstrated by the strong execution of two EPC shaft-sinking contracts in the year.

Performance on project delivery remained exceptional, including the Diavik Diamond Mine, located in remote territory within the Arctic Circle, and Piccadilly, a twin-shaft EPC contract for the Potash Corporation of Saskatchewan. In the USA, a key project at the Resolution copper mine includes sinking a shaft with a nine metre diameter to a depth of 2 050 metres and the rehabilitation of another shaft.

The strength of the order book at year-end indicated that an increase in revenue of at least 10% would be achieved in 2013. Such is the company's track record and the growing strength of the brand that by 2016 significant growth is expected to come from existing projects.

Very crudely put, digging a mine shaft involves drilling holes and detonating the rock. The resulting debris is then "mucked" out using grabs and carried to the surface. As the shaft gets deeper, the sides are reinforced with concrete and steel. Traditionally, a Jumbo drill rig sat at the bottom of the shaft. With the Cementation Way, the drill rig is suspended in the stage used as an operating platform above the bottom of the shaft. Conventional South African drilling resulted in a wedge cut which funnelled flying debris up the shaft damaging equipment and slowing the process. With the new method a "burn cut round" is drilled and detonated, without the hazards of flying rock. The cactus grab has been replaced with more efficient "clam shell" muckers.

Instead of all the shaft-sinking activities being carried out concurrently, with the Cementation Way they are done in line. "Conventional wisdom would dictate that this would slow things down," says Widlake "but the reality is that we can work faster, more productively and as we keep stressing, much safer."

The new approach to shaft sinking also entails significant improvements to the preparation of explosives and to the manner in which concrete is conveyed to the shaft bottom.

Murray & Roberts Cementation is investing millions in equipment and most importantly, transferring skills from North America to the local workforce. "We will have a number of our Canadian colleagues working in South Africa, training and passing on their insights and understanding. This will not be inexpensive but it is an investment that will pay handsome dividends in future," says Widlake. To ensure that training is as effective

RUC CEMENTATION MINING CONTRACTORS

The highlight of an excellent all-round performance by RUC Cementation Mining Contractors ("RUCC") was a dramatic improvement in safety, with the LTIFR reducing from 6.9 (per million shifts worked) to 2.9.

This was achieved through a heightened focus on training, improved methods of hazard identification and increased audits to ensure compliance with the company's safety management plan. It was also realised despite an increase in employee numbers from 313 to 469. The improved safety record is now better than the sectoral average.

In Rand terms revenue approached R1 billion, reflecting the company's standing as a serious mining contractor in Australia with an increasingly significant international footprint.

A key development this year was a change in the mix of business won. While RUCC has typically derived 60% or more of its income from raise drill contracts, this percentage declined in the year, to the point that only around 40% of revenue is expected to be from raise drilling in the year ahead. Typically, margins on raise drilling are generally higher than those for non-raise drilling. Non-raise bore work will continue to drive the company's expansion but at a lower operating margin.

The Australian and regional shaft sinking and mine development markets remain buoyant and are expected to be even stronger in the new financial year. Important wins this year included off shaft development and raise drilling for Newmont Asia Pacific's Callie mine

as possible, the Canadian experts will be deployed at Murray & Roberts Cementation's world-class Bentley Park training facility which has been specially configured to replicate real-life shaft-sinking conditions and new equipment and processes.

The Cementation Way reduces the number of people required for any particular job but it calls for a significantly enhanced set of skills. "We are recruiting and training people who are team players and who can multi-task," explains Allan. "The exciting prospect for people selected for the Cementation Way is that they will have skills they can use anywhere in the world; Africa, North America, Australia, Mongolia, wherever underground mines are being developed. They will have had experience in state-of-the-art shaft sinking and will have great careers ahead of them."

In August 2012 Murray & Roberts Cementation had bids worth several billion Rand being adjudicated, all of them submitted on the basis of being highly mechanised. Recently Murray & Roberts Cementation was identified by De Beers as its preferred bidder to construct the underground phase of its Venetia diamond mine in Limpopo. "De Beers has emphasised safety as their top priority and, we believe, has identified the Cementation Way as the best methodology to ensure that everyone is kept as safe as possible," says Widlake.

CONSTRUCTION GLOBAL UNDERGROUND MINING CONTINUED

in the Northern Territory and the development of a trial mine for Integra Mining in Western Australia.

In the year RUCC bought Incycle Shotcrete and Civil to add specialist shotcreting and civil construction capabilities to its suite of services. An office was opened in Hong Kong to cement relationships and opportunities with clients based in that territory, Indonesia, Mongolia and the Philippines.

In the new financial year, while non-raise drill work will account for the bulk of income, it is significant that mine development will contribute almost a quarter of total revenue whereas previously this was negligible. At the end of the year RUCC had an order book of R1,2 billion (2011: R1,0 billion). Important prospects included shaft sinking, mine development and raise drilling work at Callie at PTFI's Grasberg copper and gold mine in Indonesia.

CEMENTATION SUDAMÉRICA

A major disappointment this year was the failure to secure shaft sinking and tunnel construction work at Codelco's Chuquicamata copper mine in Chile. A relative newcomer to the South American market, Cementation Sudamérica continued this year to garner widespread interest but struggled to secure orders. The Terracem disposal was under final negotiation at year-end. It is envisaged that a new general manager, to be appointed early in the new financial year, will help take the business to a level of sustained and significant growth.

PROSPECTS

Demand for commodities is almost universally expected to continue growing. Chinese economic growth, although flattening out from the unsustainable levels experienced in recent years, will continue to drive demand as an increasingly urbanised, more affluent population demands access to goods and amenities which require large amounts of commodities. Similar demand is expected from other industrialising states.

Worldwide some 3 400 mining projects are either in the pre-feasibility, feasibility or actual construction phases. All of the world's mining majors have announced significant growth pipelines although ongoing commodity price volatility will inevitably bring some of these investments into question. The fastest growing region for underground mining will be Asia-Pacific, most notably Australia, China and Mongolia. North and South America are seen to contribute strongly to worldwide mining growth while mine development in Africa is likely to also grow strongly, mainly because of increased demand for iron ore, copper and coal.

It is worth noting that in each of the top three countries for future mining development – Australia, Canada and the United States of America – the operating platform has well-established, well-resourced operations.

The termination of contract mining at Aquarius will negatively impact on turnover in FY2013 but will have the effect of improving operating margins. In Australia margins will inevitably decrease because of a more mixed mining profile. Expanding African operations beyond South Africa will be a key priority in the new financial year with a number of opportunities already being followed up.

Apart from a strong management focus on organic growth, acquisitions, notably in Australia, North and South America, are considered essential to exploiting the market opportunities and growth potential that exists within the operating platform and to realise the goal of a R1 billion operating profit by 2015.

The widespread rollout of our Cementation Way mining technology and the sharing of expertise and experience within the platform will further differentiate the platform in the near future while significantly improving our safety performance, especially in Africa.





R MILLIONS*

	CLOUGH		FORGE ¹	
	2012	2011	2012	2011
Revenue*	8 484	5 387	6 204	2 926
Operating profit*	286	269	584	396
Segment assets*	3 810	2 056		
People	4 785	3 527		
LTIFR (Fatalities)	0.1 (0)	0.2 (0)		
Order Book*	19 444	11 467		

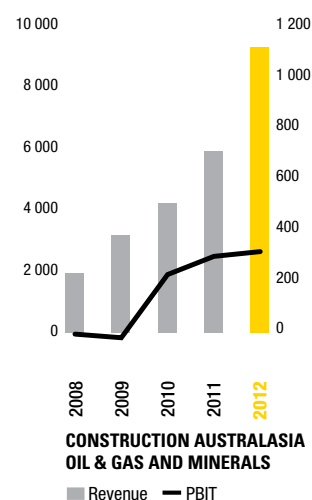
¹ Reflected at 100%. Forge is equity accounted at 36% (2011:33%) within the consolidated results.



KEVIN GALLAGHER
CHIEF EXECUTIVE, CLOUGH

CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS

A SOLID ALL-ROUND PERFORMANCE RESULTED IN TURNOVER RISING 58% TO R8,5 BILLION. OPERATING PROFIT FROM CONTINUING OPERATIONS WAS R286 MILLION, A 6% IMPROVEMENT ON FY2011.



LEADERSHIP

Kevin Gallagher succeeded John Smith as CEO in November 2011. Leadership and oversight were strengthened with the appointment of executive and operating committees

PERFORMANCE

Clough's drive to continuously improve safety paid dividends this year with the overall lost time injury frequency rate ("LTIFR") declining for the fifth consecutive year, from 0.21 in FY2011 to 0.13. Notable safety successes were achieved in Papua New Guinea where the PNG LNG upstream infrastructure and EPC4 projects – both being executed for ExxonMobil – respectively surpassed 12 million and 4 million hours worked without a lost time injury.

The company continues to lead the Australian oil and gas engineering and infrastructure construction sectors on safety and its record in this regard is an increasingly important differentiator for the company. This will become particularly significant as Clough ramps up its involvement in Australia's mining and minerals sector where clients look for suppliers that can replicate the oil and gas industry's safety standards.

Operating in a competitive high-cost environment, there is considerable on-going pressure on suppliers, including Clough, to constantly address their cost base. Restructuring initiatives this year resulted in sustainable savings of more than R85 million a year. Combined with a sharper company-wide focus on margins, this achievement was reflected in a net profit after taxation of R335 million.

Following an extensive evaluation of the company's strengths and opportunities for improvement undertaken by the new management,

an internal restructuring exercise was carried out and is now well embedded across Clough. This was considered necessary given the company's extensive range of services and the variety of work carried out. Clough now has in place the appropriate management resources to exploit its leadership in four well-defined business lines: Engineering, Capital Projects, Jetties and Near-Shore Marine and Commissioning and Asset Support.

Project execution highlights in the past year included the ExxonMobil PNG LNG upstream infrastructure project in Papua New Guinea which, at its peak, employed some 2 500 workers. This demanding, large construction project is on track for completion in December 2012. Elsewhere in Papua New Guinea, work on ExxonMobil's gas conditioning plant (EPC4) was similarly on track with engineering completed and piling and procurement largely finished by year-end.

Work on the downstream engineering, procurement and construction management ("EPCM") project at Chevron Australia's giant Gorgon LNG project progressed well with the first pipe-racks being received on the island in June 2012. Clough now has over 700 employees working in the Kellogg Joint Venture to execute the EPCM contract.

In February 2012 Clough was awarded the coveted AUD\$350 million hook-up and commissioning contract for Chevron's Wheatstone processing platform offshore of north-western Australia. Upon appointment, Clough immediately began assembling the project management team, appointing commissioning engineers and undertaking preparatory tasks and planning ahead of the onshore commissioning work. Project duration is some three years. (This year Clough also won an AUD\$400 million jetty-construction contract for Wheatstone).

CONSTRUCTION AUSTRALASIA OIL & GAS AND MINERALS CONTINUED

Other significant new business wins this year included EPC work for CSBP's nitric acid and ammonium nitrate plant number 3 at Kwinana in Western Australia, worth some AUD\$100 million, and AUD\$250 million integrated project management support contract from INPEX for its Ichthys offshore project. Clough's Jetties and Near-Shore Marine business won a further two contracts for the Ichthys LNG project later in the year, encompassing the Jetty and Module Offloading Facility.

In Queensland, Clough entered the Coal Seam Gas industry and secured its first significant win, the K128 contract for Santos' Gladstone LNG project in Fairview. To be executed in joint-venture with Downer Australia, the AUD\$600 million contract entails the construction of over 400 km of gas and water transmission pipelines, two compression facilities and an 800-person camp.

The disposal of Clough's Marine Construction business, effected in December 2011, strengthened the company's balance sheet which at 30 June 2012 reflected cash holdings of R1 945 million. This will provide Clough with the required flexibility to expand its business and to take advantage of continuing strong investment in both the energy and chemicals and mining and minerals sectors.

This year Clough increased its 33% shareholding in Forge to 36% as this investment continued to deliver solid value. The Clough Forge Joint Venture completed its work on Hancock Prospecting's Roy Hill Package 3 project, receiving a variation order in February for approximately R130 million, an extension to its initial early contractor involvement work.

PROSPECTS

Despite ongoing commodity price volatility, investment in the Australian energy and resource sectors is set to continue testing record levels over the medium term. This bodes well for Clough with its wealth of experience and well-established brand and is reflected in an order book which stood at R19,4 billion at the end of the year. Of this, some R8,8 billion (excluding Forge) had been secured for FY2013. The order book at year-end was up 82% compared to FY2011.

The business will remain focused on its foundation market sectors of energy and chemicals and mining and minerals and target three geographical regions: Western Australia and the Northern Territory; Queensland and Papua New Guinea.

Current capital investment in Australian LNG projects amounts to some AUD\$170 billion. It is noteworthy however that this is confined to no more than seven projects. While a large proportion of Clough's current revenue is today derived from capital projects, this revenue stream will inevitably decline as projects are built and production comes on stream. Over the medium term it is envisaged that such work will account for no more than 30% of the company's income.

To address this inevitable trend, Clough management has emphasised commissioning and asset support, a field that will become a growing source of business and that will demand more of Clough's skills sets. While such contracts tend to be lower risk and therefore generally offer lower margins, they are typically of longer duration than engineering and construction projects.

Continuing access to skills remains the single biggest challenge facing Clough – and its competitors. The Australian oil and gas sector has an estimated shortfall of some 30 000 to 40 000 employees. This situation is being exacerbated by the strong growth of investment in the minerals and mining sector and the relatively easy transferability of skills between the sectors. During the past year Clough's total employment rose by more than 1 200 people to 4 785. To ensure a continuous supply of talented engineers (the skills that are in the greatest demand and that largely define the company's value offering) the Clough Scholarship Programme was reactivated this year.

While capital investment in Australian energy is set to peak over the medium term, the country's investment in mining and minerals processing is approaching AUD\$150 billion. Whereas energy spend is concentrated among a few developers, there are more than 40 significant investors in new Australian resources developments.

In the new year a management priority will be to grow the Clough brand across a range of resource segments, notably iron ore, coal, precious and other metals projects. Clough has more than 30 years of experience in mining and minerals and will aim to capitalise on its reputation in the oil and gas space, most notably its enviable safety record. Achieving a sustainable stream of EPC and EPCM mining and minerals work will diversify earnings, mitigate risk and raise overall margins.

Excluding Forge, management is confident of sustaining a minimum EBIT margin of 5% in FY2013, increasing this to 7% over the longer term.

Participating in an expected, significant increase in demand for EPC oil and gas work in various regions of Africa will be prioritised. In particular, Clough will identify opportunities to expand into Africa's burgeoning LNG sector by working with blue-chip Australasian clients with whom the company has solid track records.

Sustained growth in recent years underscores the belief that Clough is well placed to continue its leadership in engineering, procurement and construction in the fields of energy and chemicals, water and mining and minerals. Vision2017 focuses on giving shareholders superior value and ensuring that the company can compete globally. This will be achieved by consistently delivering excellence in project delivery, improving cost efficiency, diversifying earnings and growing the business by successfully and systematically implementing strategy.

CASE
STUDY

12.3 MILLION HOURS – NO LOST TIME INJURIES

The numbers associated with the work that the Clough/Curtain Joint Venture ("CCJV") team are executing in Papua New Guinea are mind-boggling: 1 500 employees, 200 kilometres of roads, ten bridges, two wharves and eight work sites hundreds of kilometres apart.

But the statistic that everyone at Clough is most interested in, is 12,3 million. That is the number of hours the joint venture's employees have clocked up on Esso Highlands Ltd's LNG Upstream Infrastructure project since 2009 – without a single lost time injury ("LTI").

The terrain the team members are working on is diverse and challenging, stretching across various landowner boundaries. The workforce is culturally as diverse as the landscape and the work is often hazardous. Yet the fact that in June 2012 CCJV could celebrate the magical mark of 10 million LTI-free hours, and continued this performance to exceed 12 million, shows what can be achieved if everyone takes safety to heart.

Joining the team for a celebration in June, Clough chief executive and managing director Kevin Gallagher commented: "It is outstanding to think we have achieved this safety milestone when we have people ahead of the construction crews felling tall trees and clearing jungle, people drilling and blasting as we cut our way through the mountains, and then constructing roads. These are high risk activities; it is an absolute credit to every team member that there have been no lost-time injuries on this project. They have put in a world-class effort."

This project entailed working from eight dispersed worksites, from the River Port at Kopi in the Gulf of Papua New Guinea, through Gobe, Kantobo, and Mendi, to Hides in the Southern Highlands of the country. Recent project activities included construction of facilities and waste management areas and approximately nine kilometres of the well pad access road. Currently bulk earthworks for the Spine Road and the completion of the cellars are being carried out. A gradual demobilisation is about to start as these activities conclude. The 650-person camp is due to be handed over to Esso Highlands in December, with some personnel remaining beyond to finish the last of the roadworks.

CCJV's safety achievements reflect the disciplined safety culture that is promoted at each of the worksites. It is the result of effective team work, collaboration and communication between all employees to complete the job safely.

Elsewhere in Papua New Guinea, CBI Clough's EPC4 contract to build the Hides Gas Conditioning Plant has achieved a similarly impressive safety milestone: 4 million LTI-free hours.

As with CCJV, EPC4 has a culturally and linguistically diverse workforce, one that has grown from fewer than 600 in January 2012 to more than 1 600 today. Every new employee takes part in a rigorous safety induction programme complemented by cultural awareness sessions that strengthen the "one team" approach. At site incident review committee meetings workers and supervisors openly discuss incidents while a stop work authority covers the whole workforce. Visible supervision is strongly emphasised and potential risks are identified and mitigated at fatal risk workshops conducted with LNG project operator, Esso Highlands.



R MILLIONS*	POWER PROGRAMME ¹		ENGINEERING ²		TOTAL	
	2012	2011	2012	2011	2012	2011
Revenue*	4 327	3 337	886	757	5 213	4 094
Operating profit/(loss)*	237	(34)	(37)	(17)	200	(51)
Segment assets*	1 556	901	546	340	2 102	1 241
People	6 222	4 362	2 061	831	8 283	5 193
LTIFR (Fatalities)	0.8 (0)	1.5 (0)	0.2 (0)	1.0 (0)	0.7 (0)	1.3 (0)
Order Book*	6 121	13 411	647	800	6 768	14 211

¹ Murray & Roberts Projects power programme contracts and Genrec.

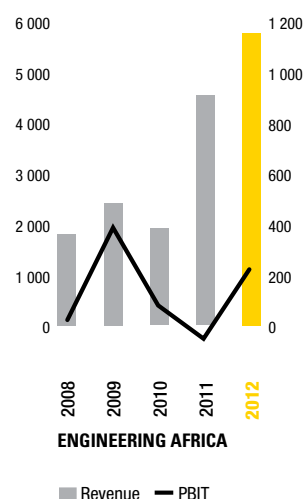
² Includes Wade Walker, Concor Engineering and Murray & Roberts Projects non-power programme projects.



FRANK SAIEVA
OPERATING PLATFORM EXECUTIVE

ENGINEERING AFRICA

THIS OPERATING PLATFORM CONTINUED TO FOCUS ON THE ESKOM POWER PROGRAMME, PERFORMING WELL ON CONTRACT DELIVERY. MOST OPERATIONS POSTED GOOD PERFORMANCES.



LEADERSHIP

Alistair Neely was appointed as commercial and financial executive at the operating platform level and Steve Harrison became the managing director of Murray & Roberts Projects, joining from Aveng in November 2011. Mile Sofijanic was appointed managing director of Concor Engineering.

PERFORMANCE

A much improved safety performance was the result of an increased focus on both employee and subcontractor safety, implementing several Group-level recommendations including Visible Felt Leadership and World-class Leadership Thinking.

Operating platform EBIT for the year was R200 million compared to a R51 million loss last year. Revenue of R5 213 million was up from R4 094 million. This improved performance was marginally below the industry average.

The platform's order book reduced by some R6,2 billion in terms of de-scoping provisions in the settlement agreement reached with Hitachi in June 2011 on the Medupi and Kusile mechanical contract. However, the effect of the project de-scoping was countered by the terms of the agreement, which stipulate that Hitachi will reimburse Murray & Roberts Projects for all agreed costs plus a performance related fee, effectively de-risking the balance of the contracts.

A number of milestones were reached in the work at Medupi. The work at Kusile attained a more predictable rate of implementation after significant delays.

Genrec continued to operate at full capacity, producing and installing product for Medupi and Kusile. Concor Engineering returned disappointing results but changes at senior management levels should result in an improved performance.

Much of the focus this year was on the successful creation and functioning of an integrated operating platform. The objective is to position the platform as a centre of engineering excellence and capability. Leveraging the experience, expertise and talent of senior executives within the platform will be key to ensuring the platform's ongoing ability to create value for all its stakeholders.

People management issues, including low morale in some instances and friction with organised labour, revealed the extent of the platform's human resources challenges and the need to bolster skills in this most important area.

MURRAY & ROBERTS PROJECTS

In the past year, work at Medupi passed 3 million man hours worked without a lost time injury. Murray & Roberts Projects' overall lost time injury frequency rate ("LTIFR") in June 2012 declined from 1.18 to 0.75, testimony to the success achieved in ingraining a safety culture across the company.

The business recorded a significant improvement in operating profit in the year, mainly due to its Medupi and Kusile mechanicals projects and the successful delivery of a tank farm for Transnet's New Multi-Product Pipeline ("NMPP") at Heidelberg.

ENGINEERING AFRICA CONTINUED

On the Eskom power project, the new commercial arrangement with lead contractor Hitachi was bedded down. At both Medupi and Kusile a new working arrangement, in terms of which Murray & Roberts Projects and Hitachi management operate in an integrated team, bodes well for the successful execution of outstanding work.

Medupi's Boiler 6 (the first boiler to be completed) was successfully hydraulically tested in June 2012 and should deliver power to the national grid in 2013. Boiler 5 is scheduled for hydro testing in October 2012. With project work at Kusile ramping up in the new financial year, Murray & Roberts Projects will be involved in the construction of no fewer than six boilers at the same time, four at Medupi and two at Kusile.

The massive scale of the work being undertaken at Medupi and Kusile (involving more than 6 500 employees and contractors) and the experience and skills gained, put Murray & Roberts Projects well ahead of its competitors in terms of proven capability to execute new power projects of various types as envisaged in the South African Government's Integrated Resource Plan 2010.

The cementing of relations with joint-venture partners (in the case of the NMPP work with CB&I) positions the company well for work expected to be announced soon on government's clean fuels programme.

Skills shortages remain a material risk for the company. Mitigating this risk through concerted investments in skills development was a major achievement in the year. At Medupi, 541 of 700 apprentices have already been trained while 167 of another 700 have so far received recognised artisan training at Kusile. At both sites the transfer of skills from expatriates to locals is constantly emphasised. In addition, 17 bursaries were awarded this year while total training spend increased 155% over the previous year.

External consultants conducted a culture value assessment in the year. The results of this extensive surveying and mapping of individual and company values are being used to create a company culture and value set that are aligned with employees' values and the desired company culture.

In the past year the company's overriding concern with delivering the power programme meant that there was insufficient focus on general project opportunities. This will be rectified in the new financial year. Key targets include growing the power projects business and penetration of the mining and minerals and oil & gas markets as well as developing a significant presence in the operations and maintenance sector.

Strong prospects for the 2013 financial year exist in independent power projects (also working with joint-venture partners), oil and gas, petrochemicals and the relocation of Exxaro's Hillendale mineral sands processing plant to Fairbreeze in northern KwaZulu-Natal. This R300 million engineering, procurement and construction ("EPC") implementation project involves detailed technical design and planning, and the deployment of super loads on a scale not previously seen in South Africa.

In future project delivery will be according to the EPC model, which gives Murray & Roberts Projects access to world-class technology partners and strong joint-venture relationships. This construction-

driven model of EPC implementation will ensure greater certainty around delivering projects on time, within budget and to specifications. A strategy for expansion into sub-Saharan Africa is well advanced with a focus, as is the case with the rest of the Engineering Africa platform, on using Ghana as a launch pad and hub.

During the year, Murray & Roberts Projects improved its Broad-Based Black Economic Empowerment ("BBBEE") rating from Level 5 to Level 4.

CONCOR ENGINEERING

A significant improvement in safety performance was the highlight of the year.

The division returned a weak financial performance on revenues that rose from the year before. A number of under-performing projects limited Concor Engineering's earnings ability. It also became apparent that internal management capabilities needed to be improved.

Experience gained through the first venture into Africa, the ARM/Vale Konkola copper development in Zambia, will be used as a basis from which to grow business in Africa, as will synergies with other companies in the operating platform.

Concor Engineering's new management will continue to focus on minerals processing but target a greater range of potential clients and sectors than in the past. Apart from winning new contracts and improving systems and processes, a key determinant of future success will be the extent to which management succeeds in securing organised labour's buy-in to the business vision.

GENREC

A record safety performance was achieved with a LTIFR of 0.65 compared to 1.83 the year before. In July 2012 a milestone of 2 million lost time injury free hours was achieved.

Genrec did well this year with turnover at over R1 billion and EBIT according to budget. Output was maintained at over 2 000 tonnes a month from September 2011 while a product reject rate of 0% was achieved over the last seven months of the year, whereas a year previously this figure was 3,5% and, a year prior to that, 35%.

Cost of sales and overheads were both reduced. In the new financial year efforts will be made to reduce the cost of steel – the one input cost on which the company failed to achieve significant savings in the year. To this end, alternative suppliers will be investigated. Reductions in headcount – from 1 800 to below 1 400 at the end of the year – and increased mechanisation (achieved despite a capital expenditure of under R10 million) improved productivity and quality while reducing costs.

This year the quality of engineering competence was consolidated with the appointment of several senior structural engineers and the recruitment and on-site mentoring by these veterans of younger engineering graduates. Working with the Department of Labour, 12 unemployed individuals were recruited and given three-month intensive on-the-job training during which they were able to contribute to the fabrication of end product in the main works. The unruly labour disruptions of the previous year are unlikely to be repeated after management secured a three-year wage settlement with union NUMSA.

CASE
STUDY

EXXARO HILLENDALE/ FAIRBREEZE RELOCATION

The Eskom power programme work was changed this year from a cost-plus agreement, to a pure contracting model, which has resulted in the securing of 16 months' work at current output levels.

While this work is carried out, a key objective will be to identify and secure non-power work. The dependence on a single client is the company's biggest strategic risk. To reduce the risk, a senior business development executive was employed and senior management have all been involved in securing new business.

In 2013 the N2 highway in northern KwaZulu-Natal will be shut down for a whole week. Bridges and power lines will be torn down and bypasses built.

A national road is being closed and bridges removed to make way for the transit of super-heavy loads, a massive operation that would not be out of place on TV show Mega Moves. It will in fact be the biggest, heaviest and most complicated industrial relocation in South African history.

Mining giant Exxaro is moving its mineral sands processing plant at Hillendale to Fairbreeze 32 km away near the town of Mtunzini because the ore body in the vicinity of the plant's current location has been mined out and has to be moved closer to resources that will be mined in future.

Murray & Roberts Projects has been involved in the ambitious plan to move the plant almost since inception, undertaking the pre-feasibility and feasibility studies and then, in the past year, engineering the big move. This year a Murray & Roberts Projects design team was formed to undertake the project. This involved breaking the very large, very complex Hillendale plant into large components which will be dismantled and trucked – in loads of up to 800 tonnes at a time – to Fairbreeze.

Dividing up the plant was done by 3D laser scans of the entire structure which were then transferred to CAD drawings. In total, more than 16 000 design hours were spent on the project, the work including a detailed logistics plan, plant layout and engineering and a completely new electrical and instrumentation design.

The actual relocation will entail the temporary removal of seven bridges on the N2 (and then replacing them after the enormous loads have passed through). Seven high-voltage Eskom lines will be removed and relocated and some 2 km of bypasses will have to be built. The route taken during the relocation exercise will cross rivers which will entail propping a large multi-span bridge by means of a sunk barge.

Murray & Roberts Projects managing director Steve Harrison says the successful engineering of the Hillendale/Fairbreeze relocation demonstrates his company's ability to win and deliver complex work other than Eskom's Medupi and Kusile power project. "The fact that the client has entrusted us with the engineering phase shows the merit of being involved from an early stage," Harrison says, adding that Murray & Roberts Projects is now positioned to undertake the implementation phase.

Some 150 customers were identified this year and the company has registered itself on more than 40 potential customers' vendor lists. Obtaining work elsewhere in Africa will be pursued in tandem with companies in the Engineering Africa platform and elsewhere in the Group.

The addition of value-added services this year resulted in additional income amounting to more than 10% of total revenue. These services included the deployment of some 40 to 50 Genrec personnel at each of the Medupi and Kusile sites where they are engaged in logistics, pre-planning and aspects of fabrication work.

ENGINEERING AFRICA CONTINUED



WADE WALKER

Wade Walker's LTIFR improved from 0.62 to 0.43 in the year, with one lost time injury.

In a difficult market the business returned an almost 70% increase in turnover compared to the previous year. However margins were under pressure in the face of stretched and delayed contracts. A number of senior management changes added to the challenges.

Although the business remains a small contributor to profits, its performance was commendable in the face of intense competition. Integration within the Engineering Africa platform opens up additional markets in the combined mechanical/electrical construction market, previously inaccessible unless in joint venture.

At the end of the year orders worth some R250 million had been secured. These include a number of significant contract wins. A key challenge however remains the need to obtain a base load of smaller but still profitable projects so as to retain skills within the business between major projects. Condition assessment and maintaining electrical infrastructure on behalf of clients are seen as important opportunities, as are petrochemicals, water and renewable energy.

Wade Walker continued to succeed in the face of serious skills challenges. Chief among these is retaining skilled staff on South African projects in an environment of active poaching for work elsewhere in Africa. Scarce skills within the sector include not only technical but also project, contract management and supervision skills. A keen focus on adding depth in contract management will enable the business to win more work while protecting and even growing margins. Offering a greater suite of technical services is considered essential to growing the business.

The Ghana operation succeeded in obtaining the main gold plant electrical and instrumentation construction contract, following the award of the early works at Newmont's Akyem and is projected to have a sustainable regional order book by the end of the 2013 financial year. This will link with the Engineering Africa platform's initiative to set up a Murray & Roberts regional office servicing the rest of the Group.

The company achieved OHSAS 18001 accreditation to complement the ISO 9001 accreditation achieved in the previous year.

PROSPECTS

Lessons learnt in recent years in the areas of cost containment and project management will need to be applied rigorously to support profitability.

Minerals processing is expected to display sustained but slow growth both in South Africa and elsewhere in Africa, where the potential to secure work at more satisfactory margins is greater than in the crowded, low-margin local market. Wade Walker and Concor Engineering will require concerted marketing efforts to show growth in this area.

In the short term, the operating platform will co-operate extensively with other Group operations to accelerate our African penetration, prioritising mining and minerals processing as well as power, an area in which public sector spending of over \$62 billion is anticipated in Africa and more investment is expected in South Africa.

Substantial opportunities exist across Africa for the operating platform in water infrastructure, waste water, acid mine drainage and desalination with an estimated South African public sector spend of some R230 billion over the next decade. Another area for potentially significant growth is in operating and managing infrastructure for clients, again both within South Africa and elsewhere on the continent.

To align management focus and resources more closely to the opportunities identified, it is envisaged that a revised functional operating model will be implemented in the new financial year. This new model will emphasise the need for companies in the operating platform to work together to present clients with holistic solutions and single points of contact.



R MILLIONS*	CONSTRUCTION PRODUCTS ¹		INDUSTRIAL PRODUCTS ²		TOTAL	
	2012	2011	2012	2011	2012	2011
Revenue*	3 203	3 147	535	1 010	3 738	4 157
Operating profit*	156	75	41	117	197	192
Ongoing activities*	181	154	41	117	222	271
Asset impairment*	(25)	(79)	-	-	(25)	(79)
Segment assets*	1 682	1 663	324	438	2 006	2 101
People	3 530	3 808	962	1 122	4 492	4 930
LTIFR (Fatalities)	2.6 (0)	2.6 (1)	2.5 (0)	7.6 (0)	2.6 (0)	3.9 (1)
Order Book*	406	587	928	2 421	1 334	3 008

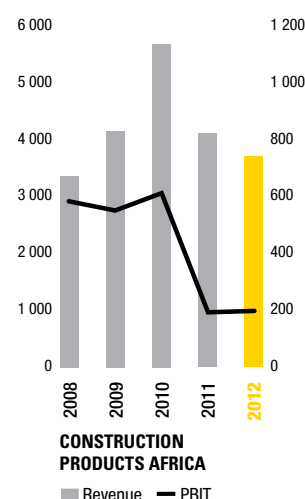
¹ Includes Hall Longmore, Rocla, Much Asphalt, Ocon Brick and Technicrete.

² UCW



ORRIE FENN
OPERATING PLATFORM EXECUTIVE

CONSTRUCTION PRODUCTS AFRICA OPERATING CONDITIONS REMAINED CHALLENGING WITH LITTLE UPTURN IN INFRASTRUCTURAL SPEND. COMPETITION IN ALL MARKETS INTENSIFIED.



In the prevailing economic climate the focus remained on cost containment and efficiency improvements, resulting in an improved profit performance compared to the previous year.

LEADERSHIP

There were few changes in leadership under platform executive Orrie Fenn, with Phillip Hechter, Paul Deppe, Trevor Barnard and Albert Weber responsible for Much Asphalt, Hall Longmore, Rocla and Building Products (Technicrete & Ocon Brick) respectively. Rob Noonan retired as managing director of the Steel Business and from Murray & Roberts Limited, while Roy Robins was appointed platform finance/commercial executive. Gary Steinmetz continued to lead UCW under the chairmanship of Ian Henstock.

PERFORMANCE

Health and safety was again a key focus area for the platform as it fully adopted the DuPont safety mantra that “every incident is preventable”.

At the end of the reporting period all entities, with the exception of UCW, had qualified for OHSAS 18001 accreditation. There were no fatalities and the overall lost time injury frequency rate (“LTIFR”) improved from 3.9 to 2.6 with Technicrete achieving a zero LTIFR.

Construction Products Africa returned an EBIT of R197 million (2011: R192 million).

On the construction products side, revenue increased marginally to R3,2 billion but on generally reduced volumes which translated into increased pressure on margins. However, given the disappointing underperformance by Hall Longmore and tough market conditions,

a satisfactory operating margin of 5% was maintained across the platform. EBIT of R156 million compared favourably with the R75 million reported in FY2011.

On the industrial products side, as a result of the completion of the Transnet coal-line and iron-ore locomotive contracts, UCW experienced a reduction in revenue and operating profit for the year. Notwithstanding this, UCW managed to generate an 8% operating margin.

Individual businesses maintained leadership in their respective markets. The disposal of the Steel Business was achieved after year-end. The bitumen shortage impacted on Much Asphalt’s results but was mitigated to an extent by alternative sourcing of material and recycling.

Technicrete and Rocla were successful in launching new value-added products.

The ongoing turmoil in the roads sector, resulting from public and political opposition to the Gauteng Freeway Improvement Project (“GFIP”), impacted on a number of entities within the platform. The anticipated go-ahead for the N1/N2 Winelands toll road project failed to materialise and sentiment towards road and related infrastructural investment worsened markedly.

MUCH ASPHALT

Much Asphalt’s LTIFR improved to 4.3 (2011: 5.2).

The company performed well during the year, marginally growing revenue despite a 10% reduction in volumes, in the process producing a number of environmental achievements.

CONSTRUCTION PRODUCTS AFRICA CONTINUED

In line with tougher market conditions, operating profit reduced by 9%. The company succeeded in retaining its share of a crowded market which has significantly contracted since the pre-2010 FIFA World Cup™ infrastructural boom.

A constraint on growth was the ongoing shortage of bitumen which has resulted from ageing refineries, unscheduled breakdowns and their focus on the production of other products. To offset this growing supply constraint, Much Asphalt and a strategic partner imported their first two shipments of bitumen amounting to some 10 000 tonnes. This proved to be extremely successful and will be expanded in future, as the shortage of bitumen supply is not expected to improve as local refineries age. As the company grows imports it will require greater storage capacity which is being investigated actively.

Recycling of asphalt was a notable success in the last year, alleviating to an extent the bitumen shortage, and adding significantly to Much Asphalt's bottom line with concomitant environmental benefits. Other environmental achievements included:

- The expansion of warm mix capacity. Both the Benoni and Durban plants have been modified to produce warm mix, a product that is more energy efficient to manufacture and for which the market is showing increased acceptance
- During the year the Benoni facility was successfully migrated to clean-burning liquid gas. Not only has this cut carbon emissions in line with world benchmarks, it has reduced fuel costs at the facility by more than 30%

- The largest single item (some R6 million) in the capital expenditure budget was a further investment in crushing and screening equipment for the asphalt recycling initiative. Further capital expenditure related to bag-house filter infrastructure to reduce dust emissions

Government's commitments to significant infrastructure spend and its declaration that the SA National Roads Agency ("SANRAL") will command an expanded role in road development, maintenance and management augurs well for Much Asphalt.

ROCLA

Rocla's LTIFR deteriorated to 3.3 (2011: 2.3).

Rocla's operational performance this year underscored the belief that the exceptional operating profits achieved in previous years are unlikely to be sustainable in future.

In an environment of heightened competition and with little government spend to stimulate the construction and infrastructure sectors, volumes increased by 7% while revenue declined by 11%. The business however remained profitable and generated strong cash.

Some 90% of Rocla's income is derived either directly or indirectly from government spending. There was little activity in this regard and the ability of the public sector to implement infrastructural projects remains a major cause for concern. However towards the end of the year there were indications that the situation could be improving. This translated into an upturn in the number of projects, including those related to sanitation products, with a more positive outlook for future prospects.

CASE STUDY



As was the case in South Africa, Rocla Botswana experienced declining orders but returned robust profits, assisted by sales of special products. The Namibian market was similarly depressed.

In partnership with Murray & Roberts Construction, work began on opening a pipe and culvert manufacturing facility in Tete, Mozambique, which is scheduled to begin production in January 2013. Six new product lines have been introduced over the past two years, most finding favour with the market with some significant orders received for certain products. In the short term Rocla management intends targeting new product offerings in the renewable energy and water sectors.

Continuing efforts were made to right-size the business and to reduce costs and working capital requirements.

HALL LONGMORE

Hall Longmore's LTIFR deteriorated to 3.1 (2011: 2.2).

Revenue remained flat on the previous year on volumes that were 11% down. Difficulties experienced on Sasol's Gauteng National Pipeline ("GNP") project, a fiercely competitive market and a shortage of orders, most notably for electric resistance welded ("ERW") pipe, resulted in a significantly weaker performance than anticipated.

As stated in the previous year's report, the significant orders received early in the latter half of the year for the Trans-Caledon Tunnel Authority's Komati water pipeline and the GNP project for Sasol, ensured that the spiral plants at Wadeville and Duncanville were kept working at maximum capacity for most of the year. ERW work picked up towards the end of the year.

Notable achievements this year included:

- The awarding of ISO 14001 accreditation
- The successful industrialisation of the Bituguard pipe coating process used on the Komati pipeline project which bodes well for future business
- The completion of a two-year project to eradicate excess stock, thus freeing up cash
- The appointment of two international pipe distributors to promote the sales of coated ERW pipe primarily into Africa and the Middle East.

The order book is filling up but work still needs to be done to secure orders for the full year. Challenges and risks include the awarding of public sector tenders on time and the need to source additional ERW work.

BUILDING PRODUCTS (TECHNICRETE AND OCON BRICK)

Building Products turned in an excellent workplace safety performance: Technicrete's LTIFR reached zero (2011: 1.7) while Ocon Brick's was 2.2 (2011: 2.9), both sterling performances given the nature of the companies' business.

Markets for both company's products remained extremely competitive and it became increasingly difficult to pass on input cost increases to customers. In this environment, management again focused sharply on cost reduction and efficiency improvements which translated to the bottom line.

CONCRETE BED FOR BEIRA

Every day the seabed at the port of Beira in Mozambique is shifted by strong tidal forces. The huge propellers and bow thrusters of ships berthing and leaving the port loaded with coal further disturb the seabed.

To address the problems associated with a constantly shifting seabed, port authorities tasked German consultants Odebrecht International to come up with a solution. They turned to Technicrete. The solution designed by Odebrecht and Dutch engineering consultants DHV, executed by Technicrete, involved laying 35 000 concrete blocks assembled into 230 separate "mats" and covering an area of 3 200 m² of seabed.

The Armorflex blocks were manufactured at Technicrete's White River plant to a thickness of 220 mm, as opposed to the standard Armorflex thickness of 115 mm.

Individual blocks were then "laced" together with polyrene, a rope made from a particularly strong chafe-resistant mix of polyester and nylon.

Each mat consists of 152 blocks and weighs 5.8 tonnes. Measuring 5.9 m X 2.4 m, the mats were assembled in White River and transported to Mozambique on flatbed trucks.

Taco Voogt, Technicrete's product development manager, says: "It is very important that each mattress is correctly laid to fit snugly against its neighbour to ensure maximum effect."

According to Voogt, the area where the mats were laid is extremely muddy and so it was not considered advisable to use divers. "Laying all mats individually means performing the same operation 240 times without the aid of divers, obviously a very time-consuming exercise. Therefore the possibility was investigated of linking the mats together to form bigger units, which could be laid in one operation or in a limited number of operations."

To join the mats together, four half blocks were left out on each side so that rebar could be threaded through end-loops protruding from the mats.

The blocks were duly built and the mats assembled and deployed, ensuring that conditions in Beira port are now better than ever.

CONSTRUCTION PRODUCTS AFRICA CONTINUED

Technicrete's revenue increased 6% year on year on flat volumes, despite the closure of two factories in the previous year and one in the current year. EBIT improved by 68%, contributing to enhanced cash generation, although delays in public sector payments still remain a concern. The restructuring of Technicrete over the past two years means that the business is well positioned to exploit any upturn in the market.

A particular success this year was the securing and execution of a significant export order, placed by a German consultancy, specially designed and manufactured for use in the port of Beira, Mozambique.

Technicrete also successfully implemented the new paving standard SANS 1058:2012 at all operations, raising the quality standard on all its paving products, the effect of which can be measured against the sharp decline in the number of customer complaints. Technicrete's latest customer satisfaction survey (which is conducted twice a year) received the highest scores for every performance dimension since the survey was first introduced six years ago.

The R1,2 million extension of the Polokwane tile factory was completed on time, safely and within budget. Manufacturing capacity will increase by 300 000 tiles per month on a single shift. The Roodepoort block plant in Polokwane was re-commissioned to manufacture products outside Technicrete's normal product range.

At Ocon Brick revenue increased by 4% on clay brick sales of 171 million, 7% down on the prior year. However, it failed to match the profit reported last year, only breaking even due to high wastage factors on kilns that were built during the implementation of a second shift. With new senior management entrenched at Ocon Brick, a greater focus on new manufacturing and process techniques, tighter cost control and improved efficiencies already bearing fruit, which will return Ocon Brick to profitability as soon as practically possible.

Ocon Brick also received excellent ratings from its customer satisfaction survey across all performance dimensions.

To reduce the company's contribution to the Group's greenhouse-gas profile, an initiative is underway to reduce emissions by recycling waste brick material generated during the manufacturing process.

UCW

A particularly pleasing decline was achieved at UCW, with a LTIFR that fell from 5.1 to 2.5.

Apart from contributing to the Group's operating profits, UCW ended the year cash-positive after paying down a debt of almost R70 million to the Group.

UCW successfully delivered the last of the Transnet 110 coal-line (19E) and 44 ore-line (15E) locomotives during the year, and started a follow-on order for an additional 32 ore-line locomotives.

Participation in the Passenger Rail Agency of South Africa's ("PRASA") General Overhaul and Upgrade programme contributed to revenue although initial difficulties were experienced in adapting to a change in specification from fixed scope to condition-based refurbishment work.

Industrial action forced management to shut the Nigel plant, resulting in two and a half weeks of lost production. Management has embarked on a concerted "New Era" programme to fundamentally alter and improve relations with the union members. A tornado which ripped through the Duduza/Nigel area resulted in the loss of a further week's production while conditions at the plant were made safe.

Significant investments were made in training artisans and a cost of some R12 million was absorbed so as to retain scarce skills. It was considered advisable to incur this cost in anticipation of significant new business expected from both Transnet and PRASA in the short to medium term.

PROSPECTS

Expectations surrounding the South African Government's planned investment in infrastructure have been tempered by continuing uncertainty over the timing and delivery of this investment.

During the year under review Rocla cemented its expansion into northern Mozambique. This limited but strategically important investment will be used as a launch pad and proving ground by other platform businesses seeking to gain a foothold in markets outside of South Africa.

Cost containment carried out over the past two years will stand the platform in good stead. These measures included the sharing of financial management services by Technicrete, Ocon Brick and Rocla, a development which had the added benefit of minimising risk.

Given its rigorous cost reductions Technicrete, in particular, is extremely well placed to exploit any upturn in overall construction spend.

Future prospects for Rocla and Hall Longmore give reason for cautious optimism. UCW is well positioned to exploit opportunities arising from an overdue large-scale investment in South African rolling stock.



JACK CHEETHAM AND LETSEMA AWARDS

The Jack Cheetham Memorial Award was initiated by Murray & Roberts over 30 years ago in recognition of Jack Cheetham, a former director of the company and captain of the South African cricket team in the 1950's. The award targets sports development projects for the able bodied. The Murray & Roberts Letsema Award was initiated in 2009 following

the outstanding performance of athlete Hilton Langenhoven who captured the attention of the world at the 2008 Paralympics in Athens. The award recognises sports development projects for people with disabilities. Below: dancers performing at the Chaeli Sports and Recreation Club.





GOVERNANCE, RISK & REMUNERATION REVIEW

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GOVERNANCE REPORT

STATEMENT OF COMMITMENT

The Board of Murray & Roberts Holdings Limited ("Board"), in promoting and supporting the highest standards of business integrity, ethics and corporate governance, and in adopting the King III Code of Governance Principles ("King III"), continued to conduct the business of the Group with prudence, transparency, integrity and accountability, and is pleased to deliver this integrated annual report.

The Board has continued on its journey of meeting the requirements of King III and in particular its "apply or explain" principle. While the Group does not yet fully apply all of the principles of King III, the following additional areas of application were achieved in relation to the year under review:

- Passing of a non-binding advisory vote on the Company's 2011 remuneration policy
- Development, approval and implementation of a policy and plan for a system and process of Group-wide risk management
- Development and approval of a policy and plan for a system and process of Group-wide regulatory compliance that delivered limited assurance of compliance in relation to the South African environment
- Outline of a comprehensive and effective IT governance policy and plan
- Development, approval and implementation of a risk-based internal audit policy and plan, and fully embedding internal audit as a Group-wide function

As noted above, Murray & Roberts has not yet fully applied all of King III's governance principles (and recommended practices), and the following table lists the requirements of King III that have not yet fully been applied:

King III Principle	Murray & Roberts Application	Action plans to apply principle
Governance of risk		
4.1 The Board should be responsible for the governance of risk.	A more comprehensive risk management plan was developed and considered by the Board.	The Board will continue to receive and review a risk report bi-annually.
4.5. The Board should ensure that risk assessments are performed on a continual basis.	A comprehensive Group-wide risk assessment was carried out and, based on the findings, an updated risk register was prepared and considered by the Board.	The risk register will be submitted to the Board bi-annually.
The governance of information technology		
5.1. The Board should be responsible for information technology ("IT") governance.	IT has been added and will feature as a regular agenda item for future Board meetings.	Independent assurance on the effectiveness of the IT internal controls is to be provided to the Board through the Group's internal audit function.
5.2. IT should be aligned with the performance and sustainability objectives of the company.	IT was previously decentralised across the Group. Following the reorganisation of the Group into a cohesive structure entailing a strong corporate office supporting five operating platforms, the IT function now reports directly to the Group financial director. A Group-wide IT strategy has been developed and is being implemented. This strategy will ensure a consistent and coordinated approach to IT governance and controls across the Group. An IT Charter has been finalised for approval. The Charter defines the governance structures, primary responsibilities for each of the structures as well as the reporting framework to ensure appropriate Board oversight of IT is performed in a timely manner.	

King III Principle	Murray & Roberts Application	Action plans to apply principle
5.4. The Board should monitor and evaluate significant IT investments and expenditure.	Significant IT investments and expenditure are currently controlled and monitored by the IT Steering Committee.	Significant IT investments and expenditure will be monitored and evaluated by the Audit & Sustainability Committee and a summarised report will be presented to the Board.
5.5. IT should form an integral part of the company's risk management.	Compliance with IT laws has not been formally assessed.	The Group-wide regulatory compliance plan includes IT laws, rules, codes and standards, and provides appropriate assurance to the Board.
5.6. The Board should ensure that information assets are managed effectively.	Information security and the protection of information assets are primarily managed at a business level and the requirement for a more centrally and formally defined information security function has been identified.	An IT security policy and plan is under development, and will be implemented as soon as they have been considered and approved by the Board.
Compliance with laws, rules, codes and standards		
6.1. The Board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.	While the Board reviews compliance and adherence by the Group with laws, rules, codes and standards through the Social & Ethics Committee, limited assurance of compliance in a South African context was provided in the year under review.	The Social and Ethics Committee will monitor Group compliance and the report of the Compliance Officer will be presented to the Board. The regulatory compliance plan will be extended through the 2013 financial year to cover the Group's international operations.
6.4. The Board should delegate to management the implementation of an effective compliance framework and processes.	A complete compliance framework, including controls and processes, has been approved and implementation is underway. On this basis, assurance of the effectiveness of the controls and processes has not yet been established.	Implementation of this framework is planned for the 2013 financial year; following which assurance on the effectiveness of the controls and processes will be provided to the Board.
Governing stakeholder relationships		
8.1. The Board should appreciate that stakeholders' perceptions affect a company's reputation.	Stakeholder perceptions are measured in isolated cases, for example, client and employee satisfaction surveys are undertaken. However these measurements are not pervasive across the Group.	A stakeholder engagement policy that will assist the Board to gauge stakeholder perceptions is being formulated.
8.2. The Board should delegate to management to proactively deal with stakeholder relationships.	A stakeholder engagement framework has been developed and will be rolled out Group-wide.	As noted above, the Group is formulating a stakeholder engagement policy.

BOARD OF DIRECTORS

At the date of this report, Murray & Roberts had a unitary Board with 13 directors, of whom 10 are independent non-executive directors and three are executive directors. The composition of the Board promotes a balance of authority and prevents any one director from exercising undue influence over decision-making.

The Board is the highest governing authority in the Group and has ultimate responsibility for corporate governance. It appreciates that strategy, risk, performance and sustainability are inseparable and the Board is responsible for approving the strategic direction of the Group, which integrates these elements. The Board is governed by a charter that sets out the framework of its accountability, responsibility and duty to the Company.

The Board has a fiduciary duty to conduct its business in the best interest of the Company and, in discharging its duty, ensures that the Group performs in the best interests of its stakeholders. The Company's key stakeholders include present and future investors, customers, business partners, employees, regulators and the communities in which it operates.

THE BOARD

- Provides ethical leadership and gives direction to the Group in all matters
- Approves the strategic plan developed by management and monitors its implementation
- Acknowledges that strategy, risk, performance and sustainability are inseparable by:
 - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
 - monitoring the governance of key risk areas and key operational performance areas, including IT
 - endeavours to ensure that the strategy will result in sustainable outcomes
 - considering sustainability as a business opportunity that guides strategy formulation
- Directs the commercial and economic fortunes of the Company
- Endeavours to ensure the Company is a responsible corporate citizen by considering the impact of the business operations of the Company on its people, society and the environment

GOVERNANCE REPORT **CONTINUED**

- Endeavours to ensure measurable corporate citizenship policies are developed and programmes implemented
- Monitors the Company's compliance with all relevant laws, regulations and codes of business practice, and considers adherence to non-binding rules and standards through a compliance framework
- Monitors the Company's communication with all relevant stakeholders (internal and external) openly and promptly, on the basis of substance over form
- Endeavours to ensure that shareholders are treated equitably
- Endeavours to ensure that disputes are resolved effectively and expeditiously
- Defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to management
- Monitors performance through the various Board committees established to assist in the discharge of its duties without abdicating its own responsibilities
- Endeavours to ensure directors act in the best interest of the Company by adhering to legal standards of conduct, disclosing real or perceived conflicts to the Board and dealing in securities only in accordance with a developed policy
- Determines policies and processes to ensure the integrity and effectiveness of
 - risk management, risk-based internal audit and internal controls
 - executive and general remuneration
 - external and internal communications
 - director and chairman selection, orientation and evaluation
 - the annual integrated report

Directors are required to act with due attentiveness and care in all dealings and to uphold the ethics and values of the Company. Accordingly, they are required to adhere to a Code of Conduct that incorporates agreed standards of accepted behaviour and guidance on decision-making, promotes integration and coordination, and reaffirms the directors' commitment to the Group.

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

BOARD MEETINGS

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

The Board has adopted a policy to visit key operations on an annual basis. During the year under review, the Board visited the Medupi power station project. The chief executive keeps all directors informed between meetings of major developments affecting the Group. The record of attendance at Board meetings for the year is reflected in the table on page 120 of this report.

CHANGES TO THE BOARD

During the year, the Board appointed TCP Chikane as non-executive director. Due to other business commitments, non-executive director, ADVC Knott-Craig, resigned during the year. Non-executive director, AA Routledge has indicated, that after more than 18 years of service, he will not be available for re-election and will retire at the 2012 annual general meeting.

SP Sibisi has indicated that he wishes to limit his non-executive directorships to institutions focused on science or technology. As a

consequence he will resign as a non-executive director. NM Magau has indicated that she will resign having served on the Board for the past eight years. Both these resignations will be effective at the conclusion of the 2012 annual general meeting.

RC Andersen who has served as independent non-executive chairman over the past almost nine years has given notice of his intention to retire as a director and chairman of the Company effective 1 March 2013. The Board has unanimously agreed to appoint M Sello as independent non-executive chairman following the retirement of RC Andersen.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The roles of chairman and Group chief executive are separate. They operate under distinct mandates issued and approved by the Board. The mandates clearly differentiate the division of responsibilities within the Company and ensure a balance of power and authority.

The chairman, an independent non-executive director, presides over the Board, providing it with effective leadership and ensuring that all relevant information is placed before it for decision. The Group chief executive is responsible for the ongoing operations of the Group, developing its long term strategy, and recommending the business plan and budgets to the Board for consideration and approval.

The Board appoints the chairman and the Group chief executive. The Board appraises and appoints the chairman annually and the remuneration & human resources committee appraises the Group chief executive annually. This committee also assesses the remuneration of the Board, chairman and Group chief executive. The nomination committee is responsible for Board succession planning.

BOARD COMMITTEES

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

They are the:

- Executive committee
- Audit & sustainability committee
- Health, safety & environment committee
- Nomination committee
- Remuneration & human resources committee
- Risk management committee
- Social & ethics committee

Shareholders elect the members of the audit & sustainability committee at each annual general meeting. The audit & sustainability committee still forms part of the unitary Board even though it has statutory duties over and above the responsibilities set out in its terms of reference.

Although all the committees assist the Board in the discharge of its duties and responsibilities, the Board does not abdicate its responsibilities. The Board and each committee give attention to new and existing governance and compliance matters according to their respective mandates. A statement from the chairman of the Board and chairman of each committee, other than the executive committee, is included in this report.

Each committee operates according to a Board-approved terms of reference. With the exception of the executive committee, an independent non-executive director chairs each committee. The committee chairmen are appointed by the Board.

Each committee chairman participates fully in setting the agenda and reporting back to the Board at the board meeting that follows

a committee meeting. In line with King III and as mandated by the individual terms of reference, each committee chairman attends the annual general meeting and is available to respond to shareholder questions on committee activities.

During the year, all committees, other than the executive committee, conducted a self-assessment of their effectiveness with positive outcomes in each case. All committee terms of reference were also reviewed and updated.

The record of attendance of the respective committees for the year is reflected in the tables on pages 120 to 121 of this report.

SELECTION OF DIRECTORS

The Board has an approved policy on the selection and continuation of office for directors, and the nomination and evaluation processes to be followed. One third of directors are required to retire annually by rotation and, if put forward for re-election, are considered for reappointment at the annual general meeting. All directors are appointed at the annual general meeting by a shareholders' resolution. The Board is permitted to remove a director without shareholder approval.

The nomination committee considers and makes appropriate recommendations to the Board on the appointment and re-election of directors. This process encompasses an annual evaluation of skills, knowledge and experience, considers transformation imperatives and ensures the retention of directors with an extensive understanding of the Company. All recommended director appointments are subject to background and reference checks: Re-election of directors to the Board is made according to a formal and transparent process. Each non-executive director is provided with a formal letter of appointment.

For newly approved directors there is an induction programme to familiarise them with the Group.

The names of directors standing for re-election at the 2012 annual general meeting are contained in the resolutions of the annual general meeting on page 220.

As recommended by King III, the Board, assisted by the nomination committee, assessed the independence of the non-executive directors. All non-executive directors meet the criteria for independence as set out in King III.

INDEPENDENT ADVICE

There is an agreed procedure for directors to seek professional independent advice at the Company's expense.

BOARD AND COMMITTEE EFFECTIVENESS

External appraisal of the effectiveness of the Board, its committees and individual directors were conducted during the year. The appraisals were benchmarked against the Group's strategic requirements and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisals were positive and their recommendations are being followed through for implementation. An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisal was positive.

GROUP SECRETARY

All directors have access to the advice and services of the Group secretary who is responsible for ensuring the proper administration of the Board, sound corporate governance procedures and assisting with best practice as recommended in King III. All directors have full and timely access to information that may be relevant to the proper discharge of their duties. The Group secretary provides guidance to

the directors on their responsibilities according to the prevailing regulatory and statutory environment, and the manner in which such responsibilities should be discharged. The Board is responsible for the appointment and removal of the Group secretary. E Joubert was appointed as Group secretary effective 1 August 2012, succeeding Y Karodia, who has taken up a senior financial position within the Group.

EXECUTIVE COMMITTEES

The directors of Murray & Roberts Limited serve as members of the executive committee of the Board, chaired by the Group chief executive. The directors support the Group chief executive in:

- Implementing the strategies and policies of the Group
- Managing the business and affairs of the Group
- Prioritising the allocation of capital, technical know-how and human resources
- Establishing best management practices and functional standards
- Approving and monitoring the appointment of senior management
- Fulfilling any activity or power delegated to the executive committee by the Board that conforms to the Company's memorandum of incorporation

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management aim to promote the efficient management of operations, the protection of the Group's assets, compliance with legislative environments ensuring business continuity and providing reliable reporting in the interests of all stakeholders. Details of the Group's risk management process are set out on page 99 of this report.

CONFLICTS OF INTEREST AND SHARE DEALINGS

Directors are obliged to disclose their shareholdings, additional directorships and any potential conflicts of interest, direct or indirect, that may arise, at every meeting of the Board. These are appropriately managed and recorded in the minutes.

In accordance with the JSE Listings Requirements and the prohibitions contained in the Security Services Act, the Group has an insider trading policy. It requires directors and officers who may have access to price sensitive information to be precluded from dealing in Murray & Roberts Holdings Limited's shares as well as the shares of listed subsidiary, Clough Limited for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the Group's annual results. To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors, officers and participants in the share incentive scheme must at all times obtain permission from the chairman, Group chief executive or Group financial director before dealing in the shares of the Group. The Group secretary is notified of any share dealings and, in conjunction with the corporate sponsor, publishes the details of dealings in the Group's shares by directors that have been approved on the Stock Exchange News Service ("SENS") of the JSE Limited. All approved director dealings are reported to the Board.

SPONSOR

Deutsche Securities (SA) Proprietary Limited acted as sponsor during the period under review in terms of the JSE Listings Requirements.

IAN HENSTOCK COMMERCIAL EXECUTIVE



RISK MANAGEMENT REPORT

GROUP INTEGRATED ASSURANCE FRAMEWORK

The Group Integrated Assurance Framework governs and co-ordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The Board approved the Group Assurance Policy, which establishes and mandates the risk management, regulatory compliance and internal audit functions; effectively as the three building blocks of the Group Integrated Assurance Framework.

The Group Integrated Assurance Framework can be depicted graphically as follows:

INTEGRATED ASSURANCE FRAMEWORK

RISK MANAGEMENT	REGULATORY COMPLIANCE	INTERNAL AUDIT
Strategic	Laws	Risk
Corporate	Statutes	Governance
Operational	Regulations	Control
Project	Codes	Environment
GOVERNANCE STRUCTURE		
METHODOLOGIES		
SYSTEMS OF CONTROL		
IMPLEMENTATION PLANS		

RISK MANAGEMENT

Although a level of risk awareness and response is embedded in daily management and operational activities, a large and complex Group faces corresponding risks. This in turn requires of management to design and implement a planned and structured approach to understand, identify, report, price, manage, mitigate and close out the Group's large and complex risks. This includes governance structures (such as the Board risk management committee, the executive committee and operating platform risk structures), organisational leadership, strategic planning and effective management to ensure that the appropriate operational and functional capacities, controls, systems and processes are in place to manage risk. Underpinning this is the Integrated Assurance Framework.

The Group Risk Management Framework, which was approved by the Board, comprises one of three building blocks that make up the Integrated Assurance Framework, and aims to:

- Align strategy with risk tolerance
- Improve decision making which improves the Group risk profile,
- Promote the strategic and coordinated procurement of quality order book
- Ensure equitable commercial terms and conditions are contracted, and the rational pursuit of commercial entitlement
- Promote rigorous project review, and timeous response to contracts in distress
- Promote continuous improvement through the application of key lessons learnt
- Reduce operational surprises, improve predictability and build shareholder confidence
- Build robust organisational risk structures and facilitate timeous interventions, to promote long term sustainability
- Promote the efficient and proactive utilisation of opportunities

REGULATORY COMPLIANCE

With the growth of the Group over time, in new geographies and disciplines, regulatory compliance has become a large and complex area to understand. This in turn requires a structured approach to evaluate exposure and ensure adequate responses are initiated timeously to mitigate and avoid any negative impact on the Group's performance through regulatory non-conformance. The regulatory compliance function provides specific focus on regulatory compliance risk within the context of the Integrated Assurance Framework.

The implementation of a regulatory compliance Framework focuses on the seamless integration of regulatory compliance in conjunction with risk management and internal audit into business planning, execution and management.

The key imperative to be derived from the implementation of regulatory compliance is to ensure material compliance across the Group with every law, rule, code, standard and policy where non-compliance could be materially injurious to the Group's performance and/or continued existence, whether from a financial, legal or reputational perspective.

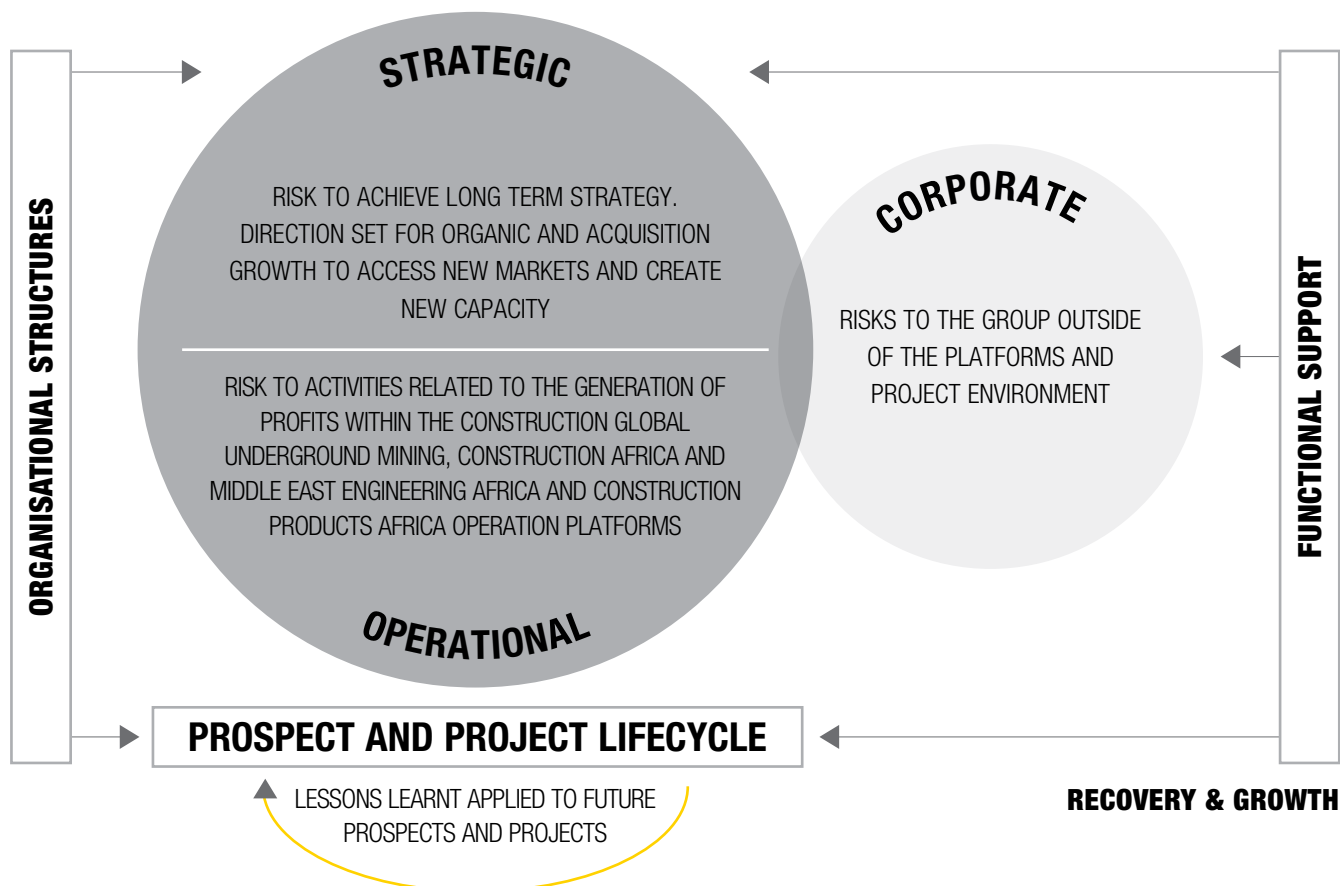
INTERNAL AUDIT

Internal audit is a key element of the Group's assurance structure, and constitutes the third building block of the Group Integrated Assurance Framework. Internal audit has established a robust, risk-based systems approach to identify the significant risk management processes and responses which are to be tested and evaluated (i.e. effort is focused on providing assurance that the key strategic and operational risks are being effectively understood, identified, managed, mitigated and closed out). Internal audit follows a planning and execution process through which the risk-based systems approach is delivered in a consistent manner, which is followed by detailed reporting and issue tracking processes.

It is through the Group Integrated Assurance Framework that the major element of critical risk processes and responses to be included in the internal audit plan are developed. These include interactions with the Group risk executive and the Group regulatory compliance executive, and with specific reference to their respective mitigation strategies and plans. The audit plan also encompasses governance areas for assessment, the assessment of internal financial controls and risk management policies and procedures, as well as specific areas highlighted by the audit & sustainability committee, Group executive committee and by executive and operational management for separate and dedicated review.

GROUP RISK MANAGEMENT FRAMEWORK

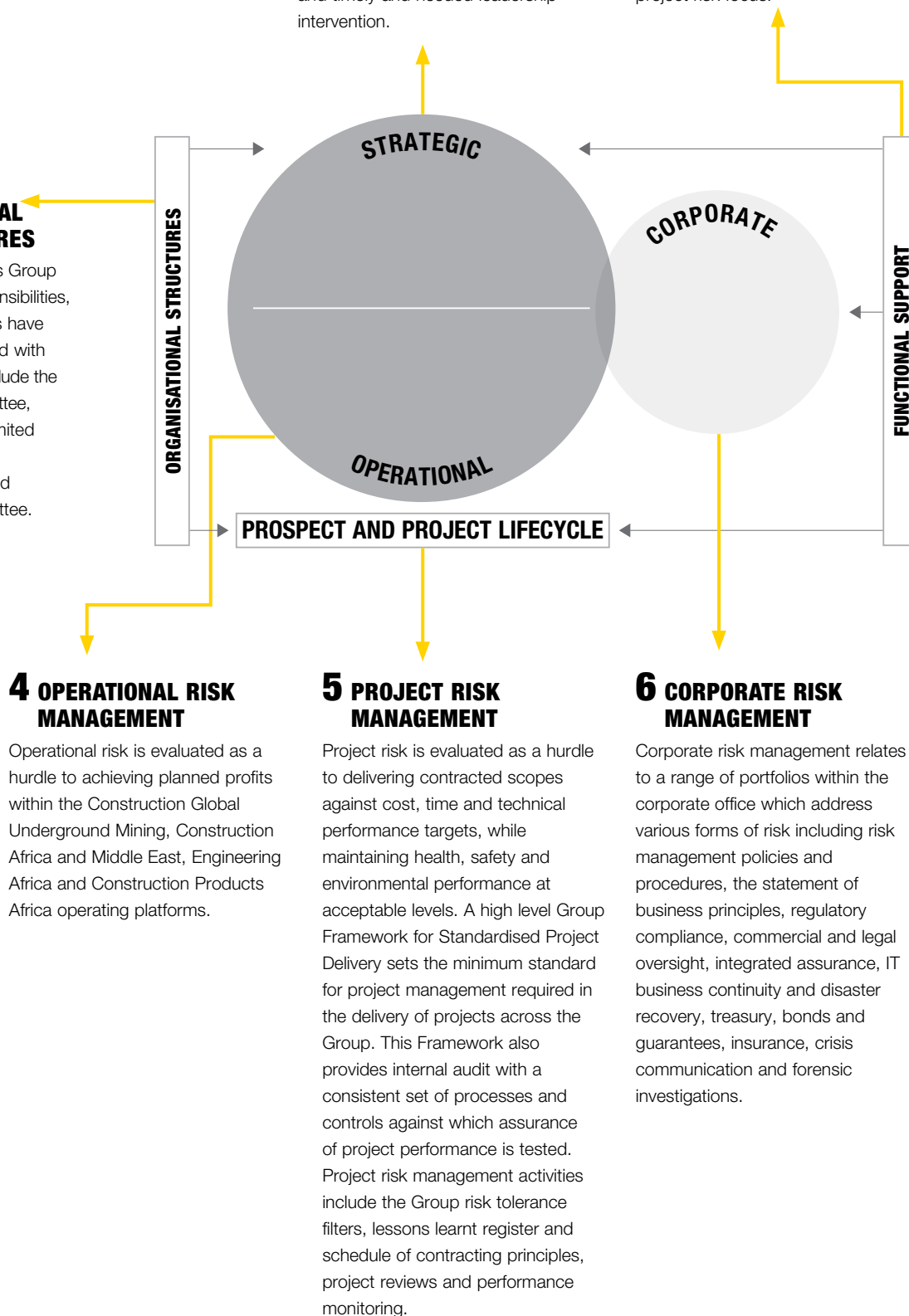
The context within which the Group identifies, assesses and responds to risk and opportunity is described below in terms of its prevailing strategic, corporate, operational and project environments:



Strategic risk is evaluated as a hurdle to achieving long term strategy. Direction is set for organic and acquisition growth to access new markets and create new capacity, and applies to acquisitions, disposals, new business development and timely and needed leadership intervention.

Dedicated functional support for risk management has been created at Group level and within operations, including enterprise functional leadership, risk management monitoring, risk-based audit programmes and operational and project risk focus.

In addition to the various Group operating boards' responsibilities, organisational structures have been created and tasked with risk governance and include the risk management committee, the Murray & Roberts Limited risk committee and the Murray & Roberts Limited project oversight committee.



RECOVERY & GROWTH

Our strategy for Recovery & Growth is aimed at establishing Murray & Roberts as the leading construction and engineering group in its selected markets. The year to June 2012 was defined as the recovery year and the following two years as the growth years.

The recovery objectives included amongst others an improvement in the Group's liquidity position.

This improvement was achieved by the following five key initiatives: driving cash generation from operations, the sale of non-core

operations and assets, the restructuring of the Group's debt, a successful rights issue and the resolution of project claims. Cost containment and capital preservation form a key imperative in this plan.

Growth plans for the operating platforms have been defined and will be vigorously pursued by the executive teams leading each platform. The Growth strategy focuses on the commodity boom, engaging Africa more proactively and leveraging the Group's footprint in the growing oil and gas market.

STRATEGIC RISK

Trend	Risk	Mitigation
➡	Continued market volatility in developed economies Demand for commodities is driven by economic growth in China. This in turn is leading to strong pipeline and order book for Cementation. A slowdown in the Chinese economy could dampen the commodity run. <hr/> Europe's stagnation has forced Europe based contractors into new markets, with an increased appetite for risk in Africa and the Middle East.	1. Further diversify in terms of geographies, clients and disciplines. 2. Utilise a "Growth through Acquisition" strategy to accelerate capacity building in strong diversified commodity markets and emerging geographies. 3. Establish a strong position in key areas of Africa that support the beneficial and profitable delivery of new projects. 4. Leverage further the Group's footprint in the growing oil and gas markets. 5. The Group has adopted and implemented a stringent cost containment and capital preservation programme to strengthen its balance sheet.
➡	Public sector clients introduce additional risk to delivering infrastructure projects The Group has exposure to public sector clients, particularly in South Africa and the Middle East. The public sector has a limited capacity to absorb the cost of scope changes and drawn out dispute resolution processes create pressure on working capital. The public sector also has a limited capacity to meet delivery obligations.	1. Apply key lessons learnt and commercial guidelines to new opportunities, and contract out of risk issues. 2. Understand the public sector's capacity/or lack thereof to meet its contractual responsibilities prior to concluding agreements. 3. Focus strongly on pricing approach, design completion, implementation planning and change management.
➡	SA business environment Declining business confidence in South Africa, as a result of the political and mining environment, could lead to reduced foreign investment and further constrain opportunities in the local infrastructure and mining markets.	1. Continue to seek growth opportunities in Africa, the Middle East, Australasia and the Americas. 2. Target acquisitions in growth geographies.
⬆	Transformation Lack of transformation (Employment Equity) and a low BBBEE rating could reduce Murray & Roberts' chances of being successful with public sectors tenders or incurring client sanction or penalties on current projects if contractual BBBEE obligations are not met.	1. Focus on improving transformation (implementation of Transformation Policy) and BBBEE rating. 2. Growth in international markets will lead to proportionately lower levels of domestic revenue, which will improve the BBBEE rating. 3. Invest in capacity that is scalable into Africa and other growth geographies.
⬆	Construction Products Africa Operating Platform The construction products business in South Africa is highly sensitive to local market conditions, and generally is not able to adapt product ranges, or relocate plant to meet changing markets dynamics.	1. Invest in capacity that is scalable into Africa and other growth geographies.

KEY




Colours: Black – High, Dark grey – Medium, Light grey – Low

Risk trend: Arrow up – increasing, Arrow down – decreasing, Arrow right – stable

Object: ■ Opportunity, ● New risk

RISK MANAGEMENT REPORT **CONTINUED**



STRATEGIC RISK continued

Trend	Risk	Mitigation
	New growth markets Oil and gas is needed to fuel energy demands from global urbanisation. Clough is strategically placed to benefit from the oil and gas outlook and could become a meaningful player and facilitator in the growing African gas market, in addition to its traditional Australasian markets.	1. Develop strategies to leverage the Group further into the oil and gas markets.
	Group liquidity Losses and severe working capital demands from projects, in particular GPMOF, Dubai International Airport and Gautrain, created significant liquidity stress for the Group.	1. Disposal of a number of non-core businesses has brought in approximately R0.9 billion. 2. Successful debt restructuring has been concluded with the first covenant measurement in December 2012. 3. A heads of agreement has been signed with Eskom on Medupi Civils, averting cash flow pressure. 4. Settlement of claims on GPMOF, Dubai International Airport and Gautrain are in progress.
	Leadership capacity to support growth strategy The Growth strategy is placing increasing demands on leadership capacity. The Construction Africa and Middle East platform has performed poorly over the past number of years, and suffered from high staff turnover. With the global scarcity of skilled technical talent, Murray & Roberts risks the loss of key talent, including project managers, contract managers and senior executives.	1. Experienced COOs have been appointed for the Civils and Buildings companies, with new MDs appointed to the Middle East and Marine. 2. Jerome Govender has been appointed to lead the Construction Africa and Middle East platform. 3. A new remuneration policy is being developed to focus on performance and retention of key talent. 4. Performance management and development is receiving appropriate attention. 5. Regular succession reviews are held to identify potential talent retention risks and apply appropriate strategies to individuals.






KEY

Colours: Black – High, Dark grey – Medium, Light grey – Low

Risk trend: Arrow up – increasing, Arrow down – decreasing, Arrow right – stable

Object:  Opportunity,  New risk



OPERATIONAL RISK

Trend	Risk	Mitigation
	Delay in South African infrastructure programme Delays in the planned rollout of the Government's infrastructure plan in South Africa are impacting negatively on a number of areas within the Group, in particular the Construction Africa and Middle East, Engineering Africa and Construction Products Africa platforms.	<ol style="list-style-type: none"> 1. Africa strategy to reduce dependence on contracts and projects within the South African environment. 2. Invest in capacity that is scalable into Africa and other growth geographies.
	CIDB and the Competition Act The Construction Industry Development Board (CIDB) has said that once the Competition Commission pronounced the outcome of its investigation, the CIDB had the option, in terms of its code of conduct, to remove guilty companies from its grading system database for up to 10 years, precluding such contractors from working for the South African public sector. This is however unlikely under the current fast track process, but poses a significant risk for future transgressions.	<ol style="list-style-type: none"> 1. Continue with active Competition Law training, with all key executives fully orientated on the subject matter. 2. Proactively enforce the Group's Statement of Business Principles. 3. Proactively enforce signing of the unethical and unlawful practices declaration with tender finalisations. 4. Full co-operation with the Competition Commission.
	Decline in Genrec order book Genrec's reduction in scope under the Hitachi contract and loss of market share during the focus on the power programme has placed strain on the Company's medium term outlook.	<ol style="list-style-type: none"> 1. Rigorous focus on becoming the lowest cost producer.
	Health, safety and environmental exposures The Group has made significant progress in managing safety risk, with the LTIFR of 1.14, just above the target of 1 and fatalities at a decade low of 4. However, anything more than Zero Harm is a concern.	<ol style="list-style-type: none"> 1. The majority of operating entities in the Group are OHSAS 18001 (Health and Safety) certified, with a significant number achieving ISO 9001 (Quality) and ISO 14001 (Environmental) certification. 2. The <i>Zero Harm through Effective Leadership</i> project aims to strengthen the STOP.THINK.ACT brand, build a leadership engagement programme, align HSE structures across the Group, establish Centres of Excellence, develop lead indicators and capacitate effective leadership.
	Order book The termination of the Aquarius contract reduced the Group order book by R7,5 billion at year-end. The scope reduction by Hitachi on the Medupi and Kusile Boiler contracts has reduced the order book by a further R6,2 billion. The Middle East business has not been able to secure new orders for more than 18 months. The Building markets in South Africa are flat and oversupplied, with new building contracts secured at very low margins. There has also been delays in bringing civil contracts to market under the South African Government's infrastructure programme.	<ol style="list-style-type: none"> 1. Africa strategy to reduce dependence on contracts and projects within the South African environment.

KEY






Colours: Black – High, Dark grey – Medium, Light grey – Low

Risk trend: Arrow up – increasing, Arrow down – decreasing, Arrow right – stable


Object:  Opportunity,  New risk

RISK MANAGEMENT REPORT **CONTINUED**

PROJECT RISK

Trend	Risk	Mitigation
	Risk at tender stage and commercial close Compromises during the tender stage due to pressure to win work may introduce risks which are outside the defined risk tolerance.	1. Rigorously apply the lessons learnt register and schedule of contracting principles. 2. Murray & Roberts Limited risk committee reviews high risk bids, and sets formal negotiating mandates. 3. Managing directors to confirm that contracts were closed in full compliance with the mandates given. 4. Group legal services reviews all contracts for red rated projects.
	Lack of formalised project management discipline Internal Audit findings indicate a general lack of formalised project management discipline such as risk registers, cost control and forecasting, as well as schedule and change management on projects. This introduces risk of cost overruns, late delivery and unpredictable profitability on projects.	1. Operating platforms actively implementing formalised project management processes, systems and controls, with the necessary skills capacity. 2. Internal Audit ensures the Framework for Standardised Project Delivery is implemented correctly and applied for all critical and high-risk projects.
	State procurement process Recent bid adjudication by some State entities/ departments has not been strictly in line with the Request For Proposal (RFP) evaluation criteria, raising concerns around procurement processes.	1. Engage directly with relevant State entities/departments to ensure consistency and transparency.
	Mafraq Hospital The late delivery of permanent power, delayed medical equipment procurement and design coordination issues is leading to substantial delay. The client has agreed to a 10 month extension of time, but associated costs still need to be negotiated.	1. Plans are to reach amicable settlement with the client, including likely cost overruns.
	Lonmin opencast mine Actual costs on the project are escalating above what the cost recovering mechanism is allowing.	1. Discussions are being held to increase the contract price, alternatively to terminate the contract.



CORPORATE RISK

Trend	Risk	Mitigation
	Uncertified revenues Uncertified revenues taken to book on Gautrain, Dubai International Airport and GPMOF must still be realised through protracted claims processes. This creates the risk of a write-back of revenues accounted for in prior financial years, if the outcomes are less favourable than anticipated.	1. Gautrain delay and disruption claim formulation is progressing. An alternative negotiated settlement is no longer being pursued. 2. Favourable arbitration ruling on design changes for GPMOF. Formulation of the claim is progressing. 3. Tribunal has ruled the ultimate respondent on the Dubai International Airport Claim is the Dubai Government. UAE Supreme Court will determine the responsible department, following which claim arbitration will commence.

KEY

Colours: Black – High, Dark grey – Medium, Light grey – Low

Risk trend: Arrow up – increasing, Arrow down – decreasing, Arrow right – stable

Object:  Opportunity,  New risk



REMUNERATION REPORT

INTRODUCTION

Murray & Roberts believes that directors, senior executives and staff should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it has to align with the business strategy of the company.

The Group's remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Board and the remuneration & human resources committee ("remuneration committee") present this remuneration report. It discloses the remuneration policy on executive remuneration and some aspects of remuneration below executive level with regard to fixed and variable components. Following a comprehensive review of the Company's remuneration policy from a King III corporate governance best practice design perspective, various enhancements were made from last year. These are detailed in this report. On recommendation by the remuneration committee, the Board has approved the information in this report.

REMUNERATION COMMITTEE

The remuneration committee is a committee of the Board and met four times during the year. Membership of this committee and attendance at committee meetings are provided on page 120. The committee's terms of reference are included on page 114.

The key decisions taken during the year by this committee were:

- Approval of guaranteed pay increases for the Group
- Approval of executive director and prescribed officer guaranteed pay increases for 2013 financial year
- Review and approval of short term incentives design and related company financial performance conditions
- Approval of short term incentive payments in respect of 2012 financial year
- Approval of long term incentive awards made in financial year 2012 and their underlying performance conditions
- Based on best practice recommendations and input from shareholders, the design of a new long term incentive plan for approval by shareholders
- Review and approval of non-executive director fees for 2013 financial year, excluding approval of any recommendation on their own fees
- Review and approval of changes to the remuneration policy for the 2013 financial year
- Review and approval of the Company's remuneration report and policy for inclusion in the 2012 annual integrated report

REMUNERATION POLICY

The Murray & Roberts remuneration policy is aligned to its strategic policy, namely recovery in the short term and sustainable growth into the future. Murray & Roberts recognises that its remuneration policy should be formalised across all the Group's operating companies to drive synergies, however it needs to remain flexible enough to acknowledge differences across operating companies, with varying market conditions and external benchmarking, per operating platform.

To give effect to the general remuneration philosophy that directors, senior executives and salaried staff should be paid fair, competitive and appropriately structured remuneration in the best interests of the company and shareholders, the following broad principles are applied:

- Remuneration consists of fixed and variable components, with emphasis on variable pay at higher levels to encourage performance and shareholder value add
- Remuneration structures support the development of a performance culture and the Group's business strategy
- Remuneration components are set at a competitive level to motivate key talent and to attract the services of high calibre future employees
- The short term incentive plan aligns the interests of executives with those of shareholders in the short term as performance bonuses are subjected to company key financial performance and individual key performance indicators ("KPI")
- The long term incentive plan and awards to participants are subject to the satisfaction of financial performance conditions supporting long term shareholder value creation

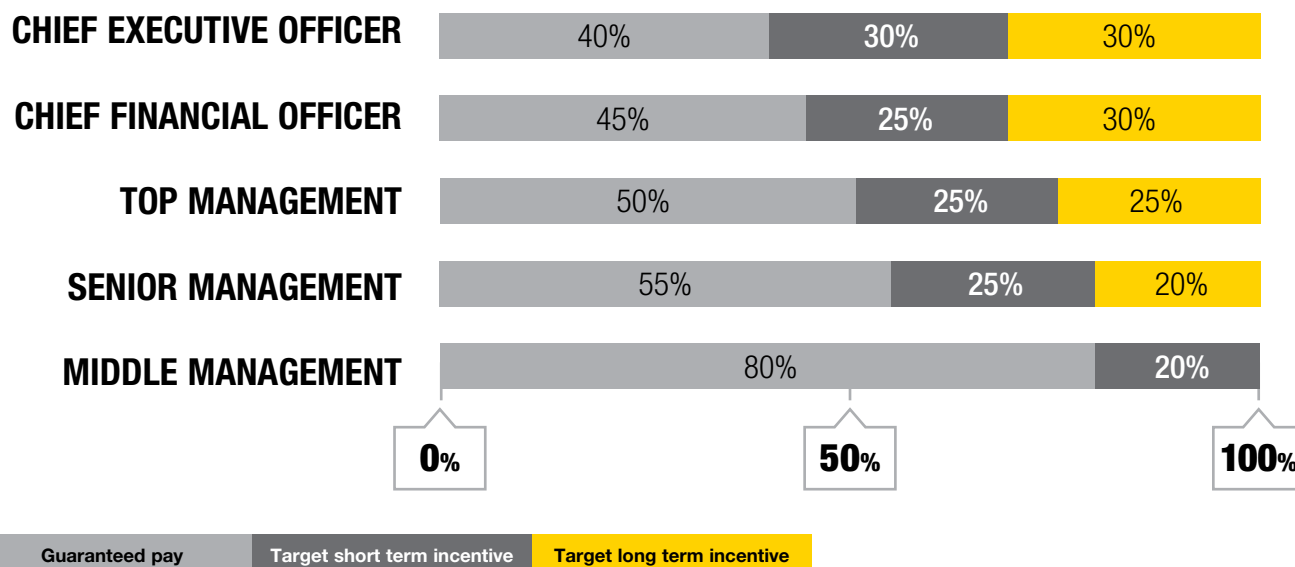
The remuneration committee ensures that the mix of remuneration, including short term and long term incentives, meets the Group's strategic objectives.

Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions)
- Short term incentives ("STI")
- Long term incentives ("LTI").

The Company seeks to position guaranteed pay at the median against appropriate national benchmarks, however, for total pay the policy is to position earnings at the 75th percentile for executives, senior management and key talent and critical skills. This policy supports the underlying principle of paying for performance and the focus on variable pay.

In terms of optimal on-target remuneration mix for executives, an exercise was conducted in 2012 to benchmark all components



of executives' remuneration and to determine the on-target remuneration mix, which supports the Group's business strategy and aligns with feedback provided by shareholders.

This optimal remuneration mix, which focuses on variable remuneration for particularly the Group chief executive and Group financial director, is depicted above, per level.

OVERVIEW OF REMUNERATION COMPONENTS

GUARANTEED PAY

Guaranteed pay is aimed at reflecting individual contribution to Murray & Roberts and the market value for role with internal equity and external equity being cornerstones for setting guaranteed pay.

Establishing internal equity entails a process of formal job matching to ensure greater internal alignment, particularly between operating companies within operating platforms. In terms of external equity, which is essential to compete for scarce talent, a benchmarking philosophy is adopted whereby benchmarking will be performed relative to peer companies for executive directors and prescribed officers against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector, to Murray & Roberts.

Benchmarking for all roles is also performed against group comparator industries, where data from third party salary survey service providers is used.

The average remuneration adjustment for executive directors and prescribed officers in 2012 was 7.4%. The adjustments are aligned to the average Murray & Roberts increase awarded in March 2012 for other salaried employees. The payments made to executive directors and prescribed officers for the 2012 financial year are disclosed in note [42] to the consolidated annual financial statements.

Murray & Roberts operates a total fixed cost of employment to company ("TFCE") remuneration structure for guaranteed pay. Therefore, benefits such as travel allowances, insurance policies relating to death in service and disability, group life benefits and medical aid are included in TFCE.

Salaried employees in South Africa contribute to the Murray & Roberts Retirement Fund, which is a defined contribution pension fund governed by the Pension Funds Act.

Employees of Murray & Roberts in the Middle East region are not required to belong to a retirement fund, while in Australia contributions are made, as part of TFCE, to a superannuation fund structured as a defined contribution fund. In Canada, contributions, as part of TFCE, are made to a registered retirement fund.

SHORT TERM INCENTIVES

The purpose of the STI scheme is to drive company and team financial performance as well as individual performance in order to deliver sustained shareholder value.

The STI scheme is designed to be self-funding. On-target bonus projections are used to ensure affordability and financial measures such as earnings before interest and tax and actual profit are used to calculate the bonus pool accrual.

As Murray & Roberts believes that all employees should be aligned with key business drivers and sustainable growth participation in the STI also includes middle management, junior management and general staff, subject to the meeting of individual KPIs.

Targets for earning STI payments for executives consist of both financial and individual targets. The Group chief executive, Group financial director and operating platform executives have a 70% weighting in favour of financial performance, while other prescribed officers have a 50% weighting.

The STI disbursement is based on bonus qualification levels as a percentage of TFCE, which is determined based on grade and performance against agreed financial and/or individual KPIs as per the individuals' performance contracts and applied on a sliding scale between threshold, target and stretch performance. Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial KPIs is 80% of target. The STI disbursement is capped at stretch performance or 120% of target. The potential maximum distribution to executive directors and prescribed officers is between 100% and 150% of TFCE.

Financial performance KPIs will be measured against audited annual financial performance. Individual performance KPIs will be based on a formal performance and development evaluation conducted by the executives' direct manager.

REMUNERATION REPORT **CONTINUED**

The payments made to executive directors and prescribed officers for the 2012 financial year are disclosed in note 42 to the consolidated annual financial statements. The total STI payment to these executives is 50% of their aggregate TFCE and 44% of their potential stretch bonuses. The year to June 2012 was defined as the Group's Recovery year and has been an exceptional one for the Group, in the context of the achievement of the Recovery objectives highlighted in this annual integrated report. It is within this context that the awards were made to the executive directors and prescribed officers.

Following input from shareholders, Murray & Roberts will implement, from the 2013 financial year, an automatic deferral of part of the calculated STI into forfeitable share awards as a long term share incentive to enhance alignment with shareholder's interests.

The financial measures for executive directors and prescribed officers for the 2013 financial year STI will be Group EBIT, operating platform EBIT, net cash and return on invested capital employed. The individual measures of leadership, relationships, operational excellence, safety and risk are designed to maintain a sustainable, profitable business in the long term.

LONG TERM INCENTIVES

The overall purpose of the Murray & Roberts LTI scheme is to provide general alignment between the executives and shareholders of the Company. It also motivates and rewards executives who have contributed to the Group's value creation over the long term and it supports retention and attraction of executives.

Murray & Roberts has reviewed its LTI in great detail and proposes introducing a Forfeitable Share Plan in the 2013 financial year and the phasing out of its historic option type plan, namely the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Share Option Scheme").

MURRAY & ROBERTS SHARE OPTION SCHEME

The Share Option Scheme will be phased out and no further awards will be made from financial year 2013.

However during the 2012 financial year, allocations were made in August 2011. The purpose of the allocation was to provide greater alignment between key executives and shareholders of the company, to contribute to the alignment with the Recovery & Growth strategic plan and sustainable value creation. Share options were allocated to some 33 key executives. Options granted were based on cliff vesting in year three subject to meeting a performance condition. The performance condition applied was growth in diluted HEPS for continuing operations of annual CPI + 5% cumulatively over the performance period. In order to support retention, approximately 30% of the awards allocated to certain executive directors and executive committee members during the August 2011 allocation comprised options with no performance condition attached to them.

As a result of the April 2012 rights issue, additional options were issued to all existing participants of the Share Option Scheme in the same proportion as the rights issue. This is in line with the scheme rules of ensuring that the participants are entitled to the same proportion of the equity capital as the participant was previously entitled. Participants will be obliged to exercise these additional options together with the options already held, resulting in a weighted average adjusted option price. The adjustment is not a re-pricing of the options.

Outstanding awards in terms of Share Option Scheme will continue to vest in participants, mostly subject to meeting performance conditions. Executive directors and senior management were eligible to participate in the Share Option Scheme. Non-executive directors were not eligible to participate in the Share Option Scheme.

A summary of the salient features are:

- Participants are granted options to acquire shares in Murray & Roberts at a future date
- No consideration is paid by participants for the option grant
- The purchase price for the shares is set at the date of grant and is the closing price of a share on the day of the grant
- At the end of the vesting periods, participants can exercise the option and pay the purchase price and acquire the specified number of shares in Murray & Roberts. It is only at this point that participants will become shareholders and will acquire shareholder rights
- Staggered vesting periods apply to options granted under the scheme after October 2009. All vested options must generally be exercised within six years from the date of grant, failing which they lapse
- Where a performance condition is imposed, it was based on an increase in the share price of CPI + 4% per annum compound growth

The outstanding option awards made in terms of the Share Option Scheme for executive directors and prescribed officers are disclosed in note 42 to the consolidated annual financial statements.

Murray & Roberts proposes to amend certain provisions of the Share Option Scheme to align with the introduction of the FSP and to effect enhancements to the drafting of the scheme in line with Schedule 14 of the JSE Listings Requirements. The salient features of the proposed amendments to the Share Option Scheme will be presented to shareholders at the annual general meeting of shareholders. In this regard, shareholders are referred to the special resolution number 5 on page 222 of this report.

MURRAY & ROBERTS FORFEITABLE SHARE PLAN

INTRODUCTION

Murray & Roberts, as an outcome of the remuneration policy review, proposes the introduction of a new long term incentive plan in financial year 2013, namely the Murray & Roberts Holdings Limited FSP. The rationale behind the introduction of the FSP is as follows:

- Best practice indicates a move away from the use of option-type plans only and the use thereof in conjunction with full share plans. Full share plans, like the FSP, are less leveraged and have less upside than option type plans, but provide more certain outcomes
- Most importantly, share ownership by executives provides shareholder alignment which is essential for a LTI to succeed
- Furthermore, FSP instruments aid retention and provide more certainty as these instruments are less volatile than option type instruments
- This instrument also supports the Company's policy of attracting and retaining the key talent and expertise required for its business strategy

AWARD LEVELS

Annual allocations of forfeitable shares under the FSP will be made on a consistent basis to ensure long term shareholder value creation. This ensures that executives are not faced with an "all or nothing" reward scenario and the impact of the cyclical nature of the business is smoothed. Annual allocations will be benchmarked and set to a market related level of remuneration.

The remuneration committee has discretion when making FSP awards and will make awards with reference to the individual performance of the executives. Annual allocation and aggregate caps will be applied, with the aggregate cap being between four and six times TFCE for executive directors and prescribed officers.

On an annual basis, the remuneration committee will review LTI allocations to ensure its continued contribution to shareholder value and adherence to best practice award guidelines. The remuneration committee is also responsible for the governance relating to all LTIs and will ensure that allocations are made consistently subject to stringent performance conditions.

PERFORMANCE CONDITIONS

For annual awards, all awards under the FSP will be subject to a mix of performance conditions, namely:

- Return on Invested Capital Employed ("ROICE");
- Relative Total Shareholder Return ("TSR"); and
- Free Cash Flow per Share ("FCF").

The FSP provides for retention allocations, however, retention allocations will only be used in very specific, ad hoc circumstances for retention of critical skills and will be approved by the remuneration committee in terms of the FSP rules.

The weighting for each of the performance conditions and vesting percentages for on-target performance for the FSP are as follows:

FSP PERFORMANCE CONDITIONS AND WEIGHTING

Performance condition	Target (maximum vesting %)
ROICE	50%
TSR	25%
FCF	25%
Maximum vesting	100%

For each of the above performance conditions, targets will be set for on-target performance with commensurate linear vesting levels between threshold and on-target performance. Threshold will be set at 80% of target and will be evaluated at the end of the three year performance period.

The calculation and targets for the performance conditions are contained in the table below.

Peer companies to be used for the TSR performance measure are Aveng, Group 5, WBHO, Basil Read and Steffanuti Stocks.

The remuneration committee considers the performance targets to be stretching in the context of the company's business strategy and the market conditions.

Due to the annual allocations cliff vesting will apply, subject to the performance conditions, three years from the award date.

FSP PERFORMANCE CONDITIONS CALCULATIONS AND TARGETS

Criteria	Method	Target
ROICE	$\frac{\text{Taxed EBIT} + \text{Income from Associates}}{\text{Total capital employed}}$	WACC plus 3%
TSR	$\frac{\text{Share price end of period} - \text{Share price start of period} + \text{Dividends paid during period}}{\text{Share price start of period}}$	100% Relative to peers
FCF	$\frac{\text{Operating cash flow} - \text{CAPEX} + \text{Proceeds on disposal of PPE}}{\text{Number of shares}}$	Cash positive

SALIENT FEATURES FOR SHAREHOLDER RESOLUTION

The salient features of the FSP will be presented to shareholders at the annual general meeting of shareholders. In this regard shareholders are referred to the Special Resolution number 4 on page 222 of this report.

DILUTION

The aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP shall not exceed 33 189 262 (thirty three million one hundred and eighty nine thousand two hundred and sixty two) shares.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, shall not exceed 2 223 681 (two million two hundred and twenty three thousand six hundred and eighty one) shares. This currently represents 0,5% of the number of shares currently in issue.

LETSEMA VULINDLELA BLACK EXECUTIVE TRUST

In addition to the Share Option Scheme and the FSP, Murray & Roberts allocates shares to black executives through the Letsema Vulindlela Black Executives Trust (Letsema), which was established in December 2005 as part of the Group's Broad-Based Black Economic Empowerment shareholding structure. The objective of Letsema is to give black executives the opportunity to become shareholders in Murray & Roberts and as an attraction and retention incentive. In addition, Letsema aims to align the interests of black executives with those of the shareholders.

The beneficiaries of Letsema are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers.

REMUNERATION REPORT **CONTINUED**

The August 2011 allocation was based on management band, performance and potential and the number of shares allocated was determined with reference to the expected value of shares to be allocated relative to the employee's TFCE. Allocations ranged from 5% to 35% of TFCE for stretch performance.

This trust was extended to 2021 and continued allocation of shares will be made until 2016 with a five year vesting period.

Black executives who are top managers or are senior executives as members of operating company executive committees will be allocated shares under the FSP.

RETENTION PAYMENTS

No retention or severance payments were made during the year to executive directors or prescribed officers.

CONTRACTS OF EMPLOYMENT – EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Executive directors do not have fixed term contracts, but are subject to notice periods of between one and three months. Similarly, prescribed officers are subject to a notice period of between one and three months. There is no material liability to the Group with respect to the termination of contract of any executive director or prescribed officer. The applicable contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts. Further, no agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade.

The only provision in the contract of employment relating to a payment on termination of employment is to provide that where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual TFCE.

Normal retirement of executive directors and senior management is at age 63.

SHAREHOLDERS' NON-BINDING ADVISORY VOTE

In terms of King III and best practice principles the remuneration policy as contained in this remuneration report, will be put to a non-binding shareholders' vote at the annual general meeting of shareholders. Shareholders are referred to ordinary resolution 6 on page 220 in this regard.

NON-EXECUTIVE DIRECTORS

Non-executive directors are appointed for a period of three years and, following this period, may be available for re-election for a further three year period. They are required to retire at age 70.

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. The fee paid to the chairman includes his director's fee as well as his committee fees. In addition to a fee, non-executive directors are entitled to claim travelling and other expenses incurred in carrying out the business of the company and attending Board and committee meetings.

Non-executive directors do not participate in the STI or any LTI and they do not receive any benefits other than those disclosed.

To the extent that a non-executive director does not attend a scheduled Board or committee meeting, an amount will be deducted from his or her fee. Where a director is required to attend a special Board meeting, he or she will receive an additional fee in respect of attendance.

This fee structure reflects the skill and experience brought to the company by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance at and contribution to Board and committee meetings. The level of fees for service as directors, additional fees for service on Board committees and the chairman's fee are reviewed annually. The fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector, to Murray & Roberts. This includes companies in the construction, mining and industrial sectors. Consideration is also given to any changes in the level of complexity of the roles when assessing fee recommendations and benchmarks.

In accordance with King III, the remuneration committee reviews, based on external benchmarks, and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the annual general meeting.

An increase to the non-executive directors' and committee fees is proposed for 2013. This proposed increase is due to:

- External benchmarking indicating that Murray & Roberts is remunerating non-executive directors at levels lower than the company's peer group
- The need to attract suitable, high quality non-executive directors
- An increase in time investment required by non-executive directors due to the global nature of the Group, its risk profile and an increase in general corporate governance requirements

In terms of section 66(8) of the Companies Act, shareholders are referred to special resolution number 1 on page 221 of this report regarding approval of the proposed non-executive director fee structure for 2013.



BOARD COMMITTEE REPORTS

BILL NAIRN CHAIRMAN



HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The health, safety & environment (HSE) committee assists the Board to fulfil its supervisory role relating to the integration of sound HSE management into all aspects of the Group's business activities. The committee operates under an approved charter. The committee reviews HSE performance in operational entities and provides guidance to management and the Board. It also evaluates the appropriateness and adequacy of policies and strategies against global best practice.

MEMBERSHIP

The committee comprises five non-executive directors and the Group chief executive, and is chaired by WA Nairn, an independent non-executive director. During the year under review, independent members RC Andersen, ADVC Knott-Craig, NM Magau and JM McMahon served on the committee. ADVC Knott-Craig resigned from the committee on 21 November 2011. The Group executive directors, operating platform executives and executives responsible for sustainability, health and safety attend meetings *ex officio*. The committee met five times during the year.

TERMS OF REFERENCE

The committee's responsibilities include:

- Approving the framework, strategy, policies and standards for HSE management and monitoring implementation thereof
- Ensuring that associate companies and significant investments develop policies, guidelines and practices congruent with the Company's HSE policies
- Monitoring the performance covering matters relating to substantive HSE risks and liabilities
- Monitoring key trailing and leading indicators of safety performance
- Taking into consideration substantive national and international regulatory and technical developments and respond appropriately
- Reviewing compliance with policy, guidelines and appropriate local and international standards and relevant local laws in health & safety matters

The Board reviewed and approved the committee's terms of reference during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material respects.

SAFETY

FATALITIES

The committee deeply regrets the death of four employees (2011:12) who sustained fatal injuries while on duty. All four incidents occurred at underground mining operations and the hazards involved were as a result of fall of ground and equipment and machinery failure. While this performance is a significant improvement over previous periods, it remains far from the Board's aspiration of zero fatalities. Management has revised standards and working procedures to prevent similar occurrences.

LOST TIME INJURY FREQUENCY RATE

The Group's consolidated lost time injury frequency rate, measured over a million hours worked, improved to 1.14 (2011: 1.28). Further information on the Group's safety performance is provided in the social performance section of the Group performance review on page 37.

As indicated in the last report to stakeholders, in 2011 management brought in DuPont Sustainable Solutions to conduct a comprehensive health and safety evaluation and to help in crafting a plan to achieve its Zero Harm goals. The evaluation was completed during the year and it brought about an increased level of health and safety awareness in the organisation. It also helped in establishing a common understanding across the company's operations on health and safety challenges and opportunities for improvement. The recommendations from this evaluation have been incorporated into safety improvement plans which are being implemented at all operations.

HEALTH

OCCUPATIONAL HEALTH

Work continued on improving occupational health programmes aimed at addressing potential health risks associated with operations. Noise induced hearing loss ("NIHL") remains a prevalent occupational disease threat at mining, construction and manufacturing businesses. During the past year, 36 (2011:104) new NIHL cases were recorded resulting in an occupational disease frequency rate of 0.18, measured over a million hours worked (2011: 0.47).

Assessments are carried out at operations to identify areas with noise levels above legal limits and corrective measures are implemented to eliminate or reduce the exposure. More effort is being focused to engineer out excessive noise levels and to provide employees with knowledge, skills and resources to protect themselves against noise exposure. Silicosis and tuberculosis remain health risks to employees working in environments with silica dust and these risks are often compounded by HIV/AIDS. 21 (2011: 37) TB cases were reported during the financial year. Plans are being reviewed as part of the integrated employee wellness programme to mitigate this challenge.

EMPLOYEE WELLNESS

In 2011, a need was identified to streamline and enhance the Company's wellness programmes following an evaluation conducted by an outside service provider. While an integrated employee wellness strategy is being developed to address wellness challenges, the current approach to employee wellness includes various programmes which are at different levels of maturity at operational level e.g. random substance abuse tests, voluntary HIV/AIDS testing and an Employee Assistance Programme. The HIV/AIDS prevalence among employees who have been tested is estimated at 12% (2011: 14%). The real prevalence is likely to be higher than this figure given the 18% prevalence estimated for the working population of South Africa.

ROY ANDERSEN CHAIRMAN

NOMINATION COMMITTEE

The nomination committee ensures that the structure, size, composition and effectiveness of the Board and its committees are maintained at levels that are appropriate to the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the directors, evaluating the effectiveness of committees and making related recommendations to the Board. The Board is responsible for evaluating the performance of the Group chairman. The committee operates under an approved charter.

MEMBERSHIP

The committee comprises the chairman of the Board and three other independent non-executive directors. The Board appoints the chairman of the committee. RC Andersen served as chairman of the committee and SP Sibisi, M Sello and RT Vice as members. The committee met four times during the year under review. The Board reviewed and approved the committee's terms of reference during the year.

BOARD & COMMITTEE EFFECTIVENESS

External appraisals of the effectiveness of the Board, its committees and individual directors were conducted during the year. The appraisals were benchmarked against the Group's strategic requirements and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. Self-assessment questionnaires were also performed by each committee during the year under review. The appraisals were positive and their recommendations are being followed through for implementation. An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisal was positive.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and has complied with its terms of reference in all material respects.

SUCCESSION

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was addressed. The committee takes cognisance of the importance of institutional knowledge to the Board and the need to balance this with introducing new ideas and experience.

During the year, the Board appointed TCP Chikane as a non-executive director. Shareholders will be requested to confirm this appointment at the annual general meeting.

Due to other business commitments, non-executive director, ADVC Knott-Craig, resigned during the year. Non-executive director, AA Routledge has indicated that he will not be available for re-election and will retire at the 2012 annual general meeting.

SP Sibisi has indicated that he wishes to limit his non-executive directorships to institutions whose core business is underpinned by science or technology. As a consequence he will resign as a non-executive director. NM Magau has indicated that as she has served on the Board for the past eight years as a non-executive director, she felt a need for a change and will also be resigning. Both these resignations will be effective at the conclusion of the 2012 annual general meeting.

RC Andersen who has served as independent non-executive chairman over the past almost nine years has given notice of his intention to retire as a director and chairman of the Company effective 1 March 2013. The Board has agreed unanimously to appoint M Sello as independent non-executive chairman following the retirement of RC Andersen.

PERFORMANCE AND RE-ELECTION

The committee reviewed the performance of directors RC Andersen, M Sello and RT Vice who, in terms of the memorandum of incorporation, retire by rotation at the 2012 annual general meeting. RC Andersen recused himself from the committee's review of his performance. The committee recommends their re-election to the Board.

King III recommends that the independence of non-executive directors be assessed by the Board on an annual basis. The Board, assisted by the nomination committee, conducted an assessment of the independence of its non-executive directors. All non-executive directors meet the criteria for independence set out in King III.

In the year under review, the average length of service of the current non-executive and executive directors was less than six years.

AUDIT & SUSTAINABILITY COMMITTEE

The committee considered whether the current members (individually/collectively) of the audit & sustainability committee satisfy the requirements of section 94 of the Companies Act No. 71 of 2008 (as amended) and King III. The nomination committee recommends the election of DD Barber, TCP Chikane, M Sello and RT Vice to the audit & sustainability committee. This recommendation will be submitted to the shareholders at the annual general meeting to be held on 31 October 2012. The members of the audit & sustainability committee will serve for a one-year term, concluding at the 2013 annual general meeting. M Sello will be stepping down as a member when appointed chairman of the Company, effective 1 March 2013.

BOARD COMMITTEE REPORTS CONTINUED**ROYDEN VICE CHAIRMAN**

REMUNERATION & HUMAN RESOURCES COMMITTEE

The remuneration & human resources committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration philosophy with the company's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of the company and shareholders. The committee operates under approved terms of reference.

MEMBERSHIP

The committee comprises the Group chairman and three independent non-executive directors. RT Vice served as chairman of the committee with RC Andersen, NM Magau and AA Routledge as members. M Sello and JM McMahon were appointed as committee members with effect from 27 June 2012. The Group chief executive, Group financial director and sustainability executive attend meetings *ex officio*. The executives who attended meetings *ex officio* did not participate in any discussions or decisions pertaining to their own remuneration. Specialised advice is sought from time to time.

The committee met four times during the year under review.

TERMS OF REFERENCE

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding the guaranteed pay, benefits, short term incentives, long term share incentives and related matters of executive directors of the Group, including the Group chief executive, all managing directors of the Group's operating companies and senior Group executives. It also considers and approves the remuneration and benefits paid to general staff and has responsibility to oversee the Group pension, provident and other benefit plans.

The functions, role and mandate of the Group chief executive are considered by the committee and his performance is assessed. Succession planning to the Group chief executive and senior executives is also considered by the committee.

The committee considers the Group's leadership succession and development strategy and the Group's employment equity status as described in this report.

The committee oversees the preparation of the remuneration report and recommends the report to the Board, ensuring that this report is accurate, complete and transparent and provides a clear explanation of how the Remuneration Policy has been implemented. The committee ensures that the Remuneration Policy is put to a non-binding advisory vote of shareholders at the annual general meeting.

The Board reviewed and approved the committee's terms of reference during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee and Board believe that the committee functions effectively and complies with its terms of reference in all material respects.

DIRECTOR AND EXECUTIVE REMUNERATION

The remuneration packages of executive directors and senior executives include performance-related remuneration, which is determined in terms of incentive schemes operated at Group and operating entity level. These schemes are disciplined and are designed and implemented with assistance from independent remuneration consultants to competitively reward those directors and executives who have contributed to the Group's performance.

Non-executive directors receive a fee for their contribution to the Board and its committees. This fee structure reflects the skill and experience brought to the Company by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance at and contribution to Board and committee meetings. Please refer to page 110 for more details on non-executive director fees.

The Group's remuneration policy is described in the remuneration report included on page 106 of this report. The remuneration of executive directors for the year ended 30 June 2012 is set out in note 42 to the consolidated annual financial statements. Remuneration details of non-executive directors for the year to 30 June 2012 are set out in note 42 to the consolidated annual financial statements. The proposed fee increase for non-executive directors is included on page 221.

RETIREMENT AND OTHER BENEFIT PLANS

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

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 19 to the consolidated annual financial statements.

Employees of Murray & Roberts in the Middle East region are not required to belong to a retirement fund, while in Australia contributions are made, as part of total fixed cost of employment, to a superannuation fund structured as a defined contribution fund. In Canada, contributions, as part of total fixed cost of employment, are made to a registered retirement fund.

SIBUSISO SIBISI CHAIRMAN

RISK MANAGEMENT COMMITTEE

The risk management committee assists the Board to fulfil its corporate governance supervision responsibilities over the development and implementation of the Integrated Assurance Framework. The committee operates under approved terms of reference.

MEMBERSHIP

The committee comprises four independent non-executive directors. During the year under review, SP Sibisi served as chairman of the committee with DD Barber (chairman of the audit & sustainability committee), WA Nairn and RT Vice as members. TCP Chikane was appointed a member of the committee with effect from 27 June 2012. The Group chief executive, Group financial director, Group commercial executive and Group risk executive attend meetings *ex officio*. As the chairman of the audit & sustainability committee also serves on this committee, overlapping responsibilities are appropriately managed. The committee met four times during the year.

The committee's terms of reference were reviewed and approved by the Board during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the Board believes that the committee functions effectively and has complied with its terms of reference in all material aspects.

RISK MANAGEMENT

The role of the committee is to assist the Board to ensure that:

- The Group has designed, implemented and monitors an effective policy and plan for risk management (Group Risk Framework), with appropriate organisational structures, processes and systems, that together enhance the Group's ability to achieve its strategic objectives
- All significant risk exposures are timeously identified and clearly understood, and that mitigation responses are effectively and efficiently implemented to preserve and promote stakeholder interests
- The Group's risk management and control systems are adequate and effective, and disclosure regarding risk is comprehensive, timely and relevant

The committee continues to consider and review the Group Risk Framework. The committee is satisfied that the further enhancements implemented by management during the year ensured that the Group responded effectively to the risks it faced.

The Murray & Roberts Limited risk committee acts as custodian of the Group risk mandate, interrogates Group-level risk and interrogates key decisions prior to Board approval. During the year this committee reviewed 30 major project bids.

Currently 15 of the Group's operating companies utilise the opportunity management system. This project portfolio management system was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment. At 30 June 2012, opportunities in the active pipeline amounted to R73 billion.

A top-down assessment of Group-level risks was conducted in support of the 2012 results. Operating companies conducted risk assessments as part of their business planning process, and also carried out a range of project risk assessments. A table of significant risk exposure is included under the risk management section of this report.

The Integrated Assurance Framework effectively aligned risk management, regulatory compliance and internal audit, and ensured that common areas of concern were addressed comprehensively and timeously.

INTERNAL AUDIT

The Group's risk-based systems approach to internal audit delivered anticipated results. The Group internal audit executive, following a co-sourced approach deploying Group and KPMG resources, carried out reviews of all of the Group's critical controls and major projects. All material findings were satisfactorily addressed by management and follow-up procedures were carried out to confirm responses by management. Findings relating to the need to improve risk management practices at project level are receiving attention.

INSURANCE AND TREASURY

Murray & Roberts has a Group insurance programme covering asset and liability risks. Bonds and guarantees are integrated with the treasury management system, and administered centrally.

CLAIMS AND LITIGATIONS

Group Legal Services, under the leadership of the Group commercial executive, and with the support and involvement of the operating platform commercial executives, manages the Group's contractual risk. The capacity of Group legal services has been substantially increased with the appointment of two construction attorneys and an advocate specialising in regulatory compliance.

The Group commercial executive leads the engagement of general litigation and reputational risks to the Group, supported as appropriate by external legal advice.

FORENSICS

The Group employs a firm of forensic consultants and investigators that reports to the Group commercial executive. Tip-Offs Anonymous, an independent hotline service provider, is available to report inappropriate, unethical and/or unlawful behaviour in the workplace. Every reported incident was investigated and resolved to the satisfaction of the executive committee.

BOARD COMMITTEE REPORTS **CONTINUED**

MHLAPE SELLO CHAIRMAN



SOCIAL & ETHICS COMMITTEE

The social & ethics committee assists the Board to fulfil its supervisory role, specifically in relation to the Group's commitment to Zero Harm from its business activities, to its employees, shareholders, customers, business partners and society in general. It also monitors the Group's ethical practices.

MEMBERSHIP

The committee comprises the Group chairman and two independent non-executive directors. M Sello serves as chairman of the committee, with RC Andersen (Group chairman) and AA Routledge as members. The Group chief executive, Group financial director, Group commercial executive and Group sustainability executive attend meetings in an *ex officio* capacity.

The committee met four times during the year under review.

TERMS OF REFERENCE

The chairperson of the committee reports to the Board on the committee's deliberations and decisions. The committee regularly submits reports and recommendations and assists the Board by:

- Reviewing and approving the policy, strategy and structures to manage social and ethics matters in the Group
- Endeavours to ensure that operating entities, associate companies and significant investments develop and maintain policies, guidelines and practices congruent with the Group's social and ethics policies
- Assessing and measuring social and ethics performance with reference to the United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the JSE Socially Responsible Investment Index, the Department of Trade and Industry Broad-Based Black Economic Empowerment ("BBBEE") scorecard, International Labour Organisation protocols and King III
- Reviewing compliance by the Company, its operating entities and associates with laws, policies, guidelines and standards, including competition law
- Considering substantive national and international regulatory developments as well as practices in social and ethics management
- Reviewing the Murray & Roberts Socially Responsible Investment Index and BBBEE performance disclosures
- Overseeing the activities of management in regard to consultation and communication with internal and external stakeholders on social and ethics issues
- Reporting annually to shareholders on social and ethics issues
- Endeavours to ensure that management has allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements

The Board reviewed and approved the committee's terms of reference during the year.

ASSESSMENT

In addition to the formal Board evaluation process, the committee also evaluates its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the Board believes that the committee functions effectively and has complied with its terms of reference in all material respects.

COMPETITION MATTERS

Murray & Roberts does not condone any anti-competitive or collusive conduct by its employees and is committed to compliance with the Competition Act.

Murray & Roberts continues to work with the Competition Commission in the best interests of the Group and to eliminate any possible collusion within the construction industry.

Further details on competition matters are contained in the chairman's statement on page 18 and the ethics performance review on page 52.

STATEMENT OF BUSINESS PRINCIPLES

The Statement of Business Principles, adopted in the previous financial year, was widely distributed across the Group, both to existing employees and new appointments, and its message was disseminated in forums designed to reaffirm its importance as the standard bearer of the moral and ethical culture the Group is striving to embed.

Every director, officer and employee of the Group must comply with the letter and spirit of the Statement of Business Principles.

TRANSPARENCY

The Group encourages concerned employees to report observed unethical behaviour within any of its operations, and continues to promote the Tip-Offs Anonymous hotline service that supports reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption.

During the year under review, 58 cases were reported and investigated. Of those, 46 were closed out and 12 remain under investigation. A professional firm of forensic consultants and investigators appointed by the Group assists with investigations into reported cases. Appropriate disciplinary and legal action has been initiated in all cases of dishonest conduct.

FRAUD, CORRUPTION, ANTI-COMPETITIVE BEHAVIOUR AND UNFAIR BUSINESS PRACTICES

Murray & Roberts subscribes to good corporate governance, good corporate citizenship and ethical business practices. The Group is a signatory to the World Economic Forum Partnering Against Corruption Initiative. The Group is also a member of Business Leadership South Africa and supports its Code of Good Corporate Citizenship.

All executives involved in preparing and authorising each specific project bid, sign a declaration that they have not committed, and are not aware that anyone else affiliated with the bid has committed, whether directly or indirectly, any unethical or unlawful practices in the preparation and submission of the tender.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Murray & Roberts is committed to BBBEE in our South African business and addresses the full range of empowerment requirements across its diverse operations. The Group achieved a consolidated BBBEE rating of level 3 when measured on the Construction Sector Charter and individual operating company BBBEE ratings range from level 2 to level 6. All operating companies are encouraged to improve their ratings so that the Group can, at least, maintain a level 3 BBBEE rating. Further details on BBBEE matters are contained in the transformation and local economic development review on page 42.



GROUP EXECUTIVE

NON-EXECUTIVE DIRECTORS

ROY CECIL ANDERSEN (64)

CA(SA) CPA (Texas)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Roy was appointed to the Board in 2003 and became chairman in 2004. He is chairman of the nomination committee and a member of the remuneration & human resources committee, the health, safety & environment committee and the social & ethics committee. He is also a trustee of The Murray & Roberts Trust. Roy's other directorships include Aspen Pharmacare Holdings, Nampak, Sasfin Bank and Business Against Crime, and he is a member of the King Committee on Corporate Governance. He was previously the chairman of Sanlam and the chief executive and deputy chairman of Liberty Group. Roy served as executive president of the JSE from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. He was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence. He is a member of the Defence Staff Council and the Military Command Council.

DAVID (DAVE) DUNCAN BARBER (59)

FCA (England & Wales) AMP (Harvard)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee. He is a director of AFGRI Limited. Dave was formerly the global chief financial officer of Anglo Coal, a division of the Anglo American Plc Group with operations in Australia, Canada, Venezuela, Colombia, China and South Africa as well as chief financial officer of Anglo American Corporation of South Africa. The majority of his career was spent in the Anglovaal Group prior to its unbundling where he held the position of Group chief financial officer. He has served as a non-executive director and member of the audit committee for several companies, including Anglo Platinum, Barnard Jacobs Mellet Holdings, Telkom, Highveld Steel and Vanadium Corp. His career has also included positions within PricewaterhouseCoopers, Fedsure and SA Breweries.

THENJIWE CLAUDIA PAMELA CHIKANE (46)

BCom BCompt (Hons)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Thenjiwe was appointed to the Board on 15 June 2012. She is a member of the audit & sustainability committee and the risk management committee. Thenjiwe is a director at Nedbank Group, Nedbank Limited, Datacentrix Holdings and the Institute of Directors and a trustee of AfricaRice. She previously held the position of Head of the Gauteng Department of Finance and Economic Affairs and served on the boards of several companies including the Development Bank of Southern Africa and Telkom SA. She was the chairperson of the State Information Technology Agency.

NAMANE MILCAH MAGAU (60)

BA EdD (Harvard) MEd BED

INDEPENDENT NON-EXECUTIVE DIRECTOR

Namane was appointed to the Board in 2004. She is a member of the remuneration & human resources committee and the health, safety & environment committee, and trustee of The Murray & Roberts Trust. Namane is a director of AON South Africa, Crowie Holdings, Enza Construction and the National Research Foundation, and previously held directorships at Santam, Simmer & Jack Mines and Merrill Lynch South Africa. Namane is currently a director of her own consulting company, and a member of the Advisory Board of University of Cape Town Business School she was formerly the director of group human capital services at the SABC. She came to the SABC from the CSIR where she was vice president of human resources.

JOHN MICHAEL MCMAHON (65)

PrEng BSc Eng (Glasgow)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael was appointed to the Board in 2004. He is a member of the health, safety & environment committee and the remuneration & human resources committee. Michael is a director of Central Rand Gold and Impala Platinum Holdings. He was formerly the chairman of Gencor and Impala Platinum Holdings, and a director of Gold Fields. Michael was a project manager at Murray & Roberts during the 1970s.

WILLIAM (BILL) ALAN NAIRN (67)

PrEng BSc Eng (Mining)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bill was appointed to the Board in 2010. He is chairman of the health, safety & environment committee and a member of the risk management committee. Bill is a director of AngloGold Ashanti and non-executive chairman of MDM Engineering Group and of the Procurement Committee for MTN Group. He previously served on the boards of several companies including Anglo American plc, Anglo Platinum and Kumba Resources.

ANTHONY (TONY) ADRIAN ROUTLEDGE (64)

BCom CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tony was appointed to the Board in 1994. He is a member of the audit & sustainability committee, the remuneration & human resources committee and the social & ethics committee, and a trustee of The Murray & Roberts Trust. Tony was formerly an executive director of Nedcor, Nedbank and Sankorp.

MAHLAPE SELLO (50)

LLB, Master of Arts and Law (Russia)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mahlape was appointed to the Board in 2009. She is chairman of the social & ethics committee, a member of the audit & sustainability committee, the nomination committee and the remuneration & human resources committee. Mahlape serves on some of the committees of the Johannesburg Bar Council and the General Council of the Bar and is a member of the South African Law Reform Commission and the chairperson of the Advertising Industry Tribunal of the Advertising Standards Authority of South Africa. Mahlape was formerly the chairperson of the Advisory Committee on Licensing of Private Hospitals at the Gauteng Department of Health.

SIBUSISO PATRICK SIBISI (57)*BSc Physics (Hons) PhD (Cambridge)***INDEPENDENT NON-EXECUTIVE DIRECTOR**

Sibusiso was appointed to the Board in 2007. He is chairman of the risk management committee and a member of the nomination committee. Sibusiso is president and CEO of the CSIR, director of Liberty Group, Telkom SA and a member of the Roedean School Board of Governors. He was the co-founder of a research-based enterprise at Cambridge and a Fulbright Fellow at the California Institute of Technology in 1988. He was formerly the deputy vice chancellor, research and innovation, at the University of Cape Town.

ROYDEN THOMAS VICE (65)*BCom CA(SA)***INDEPENDENT NON-EXECUTIVE DIRECTOR**

Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee and a member of the risk management committee and the nomination committee. He is also a trustee of The Murray & Roberts Trust. Royden is chairman of Hudaco Industries, Waco International and Puregas, and a Governor of Rhodes University. He was previously the Chief Executive Officer of Waco International and of Industrial and Special Products at UK-based BOC Group, chairman of African Oxygen ("Afrox"), Afrox Healthcare and Consol Glass.

EXECUTIVE DIRECTORS**ANDRIES JACOBUS (COBUS) BESTER (52)***BCom (Acc) Hons CA(SA)***GROUP FINANCIAL DIRECTOR**

Cobus first joined the Group in 2006 following the acquisition of Concor and was appointed to the Board 2011. Cobus is the chairman of Murray & Roberts International Holdings and a director of Clough. He was previously group financial director for Basil Read and Concor for three and six years respectively and managing director of Concor from 2005 – 2011. He has extensive experience in the construction and engineering industry.

ORRIE FENN (57)*BSc (Hons) Eng MPhil Eng DEng***GROUP EXECUTIVE DIRECTOR**

Orrie joined the Group and was appointed to the Board in 2009. He is the executive director responsible for the Group's Construction Products Africa operating platform. Orrie was previously chief operating officer of PPC and project director for Blue Circle Cement. He spent seven years at the Chamber of Mines Research Organisation, where he obtained a doctorate in engineering. Orrie is a member of the SA Institute of Mining and Metallurgy, a fellow of the Institute of Quarrying and holds a Government Certificate of Competency (Mines and Works).

HENRY JOHANNES LAAS (52)*BEng (Mining) MBA***GROUP CHIEF EXECUTIVE**

Henry first joined the Group in 2001 and was appointed to the Board and as Group chief executive in 2011. He is a member of the health, safety & environment committee. Henry is a director of Murray & Roberts International Holdings and Clough. He played an instrumental role in the global expansion of the Cementation Group and has a strong track record of successful resolution of complex commercial matters and business strategy development and implementation.

Most recently, Henry was as executive director of Murray & Roberts Limited responsible for the Group's Engineering businesses. Since 2007 he served as a member of the Group executive committee as director of Murray & Roberts Limited.

EMMARENTIA (RENTIA) JOUBERT (33)*BCom (Acc) Hons CA(SA) GTP (SA)***GROUP SECRETARY**

Rentia joined the Group in March 2010, when she was appointed as the financial manager at Murray & Roberts Cementation. She was appointed Group secretary on 1 August 2012.

Alan Knott-Craig resigned as an independent non-executive director on 17 January 2012.

Yunus Karodia stepped down as Group Secretary effective 1 August 2012 to take up a financial leadership role at Murray & Roberts Cementation. Directors' ages as at 30 June 2012.

RECORD OF ATTENDANCE

RECORD OF ATTENDANCE AT DIRECTORS' MEETINGS FOR THE 2012 FINANCIAL YEAR

		Scheduled					Special ⁵				
		31/08/11	30/11/11	29/02/12	04/05/12	27/06/12	19/08/11	20/10/11	03/11/11	30/01/12	06/03/12
RC Andersen	Independent chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DD Barber	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AJ Bester	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TCP Chikane ²	Independent	–	–	–	–	✓	–	–	–	–	–
O Fenn	Executive	✓	✓	✓	✓	✓	✓	✓	X	✓	✓
ADVC Knott-Craig ¹	Independent	X	✓	–	–	–	✓	✓	✓	–	–
HJ Laas	Chief executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
NM Magau	Independent	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
WA Nairn	Independent	✓	✓	✓	X	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
M Sello	Independent	✓	✓	✓	✓	✓	✓	✓	✓	X	✓
SP Sibisi	Independent	✓	✓	✓	✓	✓	X	✓	X	✓	X
RT Vice	Independent	✓	✓	✓	✓	✓	✓	X	✓	X	✓

RECORD OF ATTENDANCE AT BOARD COMMITTEE MEETINGS FOR THE 2012 FINANCIAL YEAR

					Special ⁵	
Audit & sustainability committee					12/08/11	27/01/12
					29/08/11	27/02/12
					03/05/12	25/06/12
DD Barber (Chairman)					✓	✓
TCP Chikane ²					–	–
ADVC Knott-Craig ¹					X	–
AA Routledge					✓	✓
M Sello					✓	✓

					Special ⁵	
Risk management committee					12/08/11	27/01/12
					29/08/11	27/02/12
					25/05/12	08/02/12
SP Sibisi (Chairman)					✓	X
DD Barber					✓	✓
WA Nairn					✓	✓
RT Vice					✓	✓

					Special ⁵	
Remuneration & human resources committee					12/08/11	27/01/12
					29/08/11	27/02/12
					25/06/12	03/02/12
RT Vice (Chairman)					✓	✓
RC Andersen					✓	✓
NM Magau					✓	✓
AA Routledge					✓	✓

					Special ⁵	
Nomination committee					12/08/11	27/01/12
					29/08/11	27/02/12
					25/06/12	04/06/12
RC Andersen (Chairman)					✓	✓
M Sello ⁴					–	✓
SP Sibisi					✓	X
RT Vice					✓	✓

Health, safety & environment committee	30/08/11	28/11/11	28/02/12	03/05/12	22/06/12
WA Nairn (Chairman)	✓	✓	✓	✓	X
ADVC Knott-Craig ³	X	–	–	–	–
RC Andersen	✓	✓	✓	✓	✓
HJ Laas	✓	✓	✓	✓	✓
NM Magau	✓	✓	✓	✓	✓
JM McMahon	✓	✓	✓	✓	✓

Social & ethics committee	30/08/11	03/05/12	26/06/12	Special ⁵ 02/02/12
M Sello (Chairman)	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓
AA Routledge	✓	✓	✓	X

¹ Resigned 17 January 2012.

² Appointed 15 June 2012.

³ Resigned 21 November 2011.

⁴ Appointed 31 August 2011.

⁵ Special meetings called at short notice can result in some directors/members being unavailable. Their views on the matters to be discussed are generally obtained.

ANALYSIS OF SHAREHOLDERS

JUNE 2012

	Number of shareholders	% of shareholders	Number of shares	%
Size of holding				
1 – 1 000 shares	4 899	61,02	1 399 014	0,31
1 001 – 10 000 shares	2 280	28,40	7 182 777	1,62
10 001 – 100 000 shares	560	6,98	18 161 026	4,08
100 001 – 1 000 000 shares	233	2,90	71 333 915	16,04
1 000 001 shares and above	56	0,70	346 659 386	77,95
Total	8 028	100	444 736 118	100

Category

Pension funds	208	2,60	177 923 412	40,09
Unit trusts/Mutual fund	216	2,70	134 685 987	30,28
Insurance companies	31	0,39	34 398 845	7,75
BEE	5	0,06	31 902 251	7,18
Private investor	85	1,06	11 099 328	2,60
Sovereign wealth	10	0,12	9 607 319	2,17
American Depositary Receipts	1	0,01	6 160 362	1,39
Custodians	13	0,16	3 253 204	0,74
Exchange-traded fund	3	0,04	2 090 150	0,47
University	10	0,12	1 245 262	0,29
Investment trust	6	0,07	1 026 141	0,22
Charity	10	0,12	847 791	0,21
Treasury	1	0,01	676 644	0,15
Hedge fund	2	0,03	295 348	0,07
Local authority	1	0,01	55 761	0,01
Real estate fund	1	0,01	43 684	0,01
Other	7 425	92,49	29 424 629	6,37
Total	8 028	100,00	444 736 118	100,00

	Number of shares	% of shares
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Major shareholders holding 5% or more of the company's ordinary shares

Government Employees Pension Fund (ZA)	98 898 768	22,24
Lazard Emerging Markets Fund (US)	39 643 794	8,91

Fund managers holding 5% or more of the company's ordinary shares

Lazard Asset Management LLC (Group)	70 756 639	15,91
PIC (ZA)	69 702 381	15,67
Old Mutual Asset Managers (Group)	40 175 815	9,03
Allan Gray Investment Council (ZA)	33 801 738	7,60
Boston Company Asset Management (US)	28 133 810	6,33

Shareholder spread

	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-public*	9	0,11	38 254 613	8,60
Public	8 019	99,89	406 481 505	91,40
Total	8 028	100,00	444 736 118	100,00
Domestic			275 875 747	62,03
International			168 860 371	37,97
			444 736 118	100

* Includes directors, BEE Trusts, Treasury Shares, The Murray & Roberts Trust, Murray & Roberts Retirement Fund.

ASSURANCE STATEMENT

Independent assurance statement by Deloitte & Touche to Murray & Roberts Holdings Limited on their sustainability indicator disclosure and their self-declared Global Reporting Initiative G3.1 application level in their annual integrated report 2012 ("the Report")

SCOPE OF OUR WORK

Murray & Roberts engaged us to perform limited assurance procedures for the year ended 30 June 2012 on the self-declared Global Reporting Initiative G3.1 Guidelines ("GRI G3.1") B+ application level and the following subject matter:

- Corporate social investment in community programs (Rm)
- Letsema broad-based community commitments (Rm)
- Statement of total value added
- Significant fines paid (Rm)
- Total number of bursars and percentage of bursars who are black and female
- Graduate recruitment and percentage of graduates who are black and female
- Leadership Development Program attendance and percentage of participants who are black and female
- Percentage of employees covered by collective bargaining agreements
- Composition of governance bodies
- Number of fatalities
- Lost time injury frequency rate
- Total recordable case rate
- Percentage of employees covered by ISO 9001
- Percentage of employees covered by ISO 14001
- Percentage of employees covered by OSHAS 18001
- Bursaries awarded by the Letsema Employee Benefits Trust
- Cumulative wealth created through Letsema BBBEE share ownership transaction (Rm)
- Verified preferential procurement spend (Rm)

ASSURANCE PROCESS AND STANDARD

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000). To achieve limited assurance, ISAE 3000 requires that we review the processes and systems used to compile information in the areas on which we provide assurance. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.

The evaluation criteria used for our assurance are the Murray & Roberts definitions and basis of reporting. GRI G3.1 served as the criteria used for the application level assurance.

KEY PROCEDURES

Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence on which we base our conclusion. Our work was planned to mirror Murray & Robert's own group level compilation processes.

Key procedures we conducted included:

- Gaining an understanding of Murray & Robert's systems through interview with management responsible for reporting systems at corporate head office and site level; and
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the Report.

OUR CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected sustainability performance indicators are not fairly presented.

Based on the work performed on the report, nothing has come to our attention that causes us to believe that, management's declaration of an application level B+ in terms of the Global Reporting Initiative G3.1 Guidelines is not fairly stated.

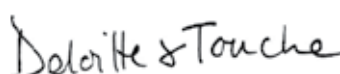
RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT ASSURANCE PROVIDER

The directors are responsible for the preparation of the annual integrated report, including the implementation and execution of systems to collect required sustainability data.

Our responsibility is to express our limited assurance conclusion on the sustainability performance data for the year ended 30 June 2012.

This report is made solely to Murray & Roberts in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a limited assurance report and for no other purpose. Thus, we do not accept or assume responsibility to anyone other than Murray & Roberts for our work, for this report, or for the conclusions we have formed.

Deloitte and Touche
Registered Auditor



Per – AN le Riche
Partner
11 September 2012

1st Floor, The Square, Cape Quarter, 27 Somerset Road,
Greenpoint, Cape Town, 8005

National Executive: **LL Bam** Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Risk Advisory, **NB Kader** Tax, **L Geeringh** Consulting & Clients & Industries, **JK Mazzocco** Talent & Transformation, **CR Beukman** Finance, **M Jordan** Strategy, **S Gwala** Special Projects, **TJ Brown** Chairman of the Board, **MJ Comber** Deputy Chairman of the Board, Regional Leader **GC Fannin**

A full list of partners is available on request