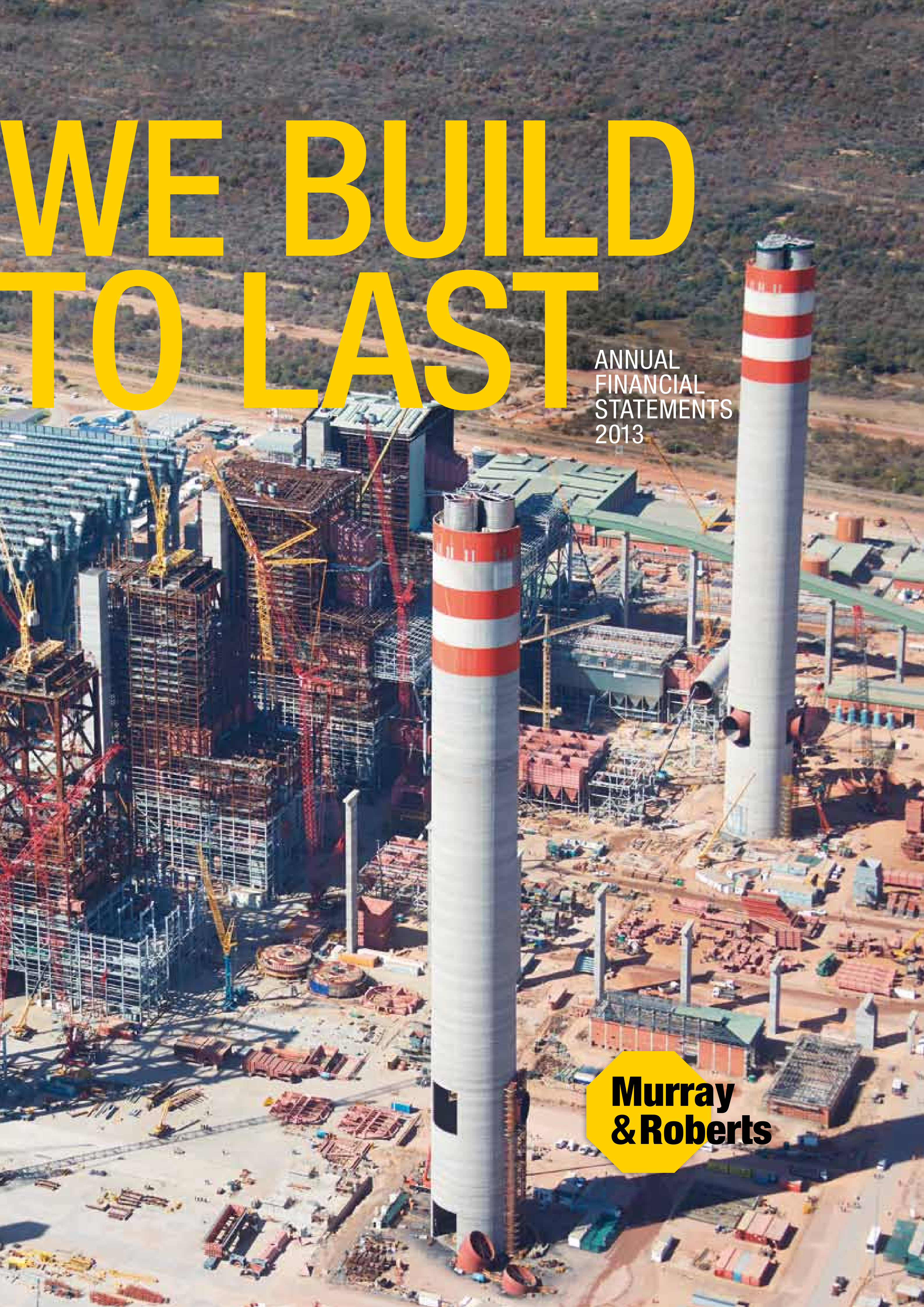
WE BUILD TO LAST

ANNUAL FINANCIAL STATEMENTS 2013



Murray & Roberts

ANNUAL FINANCIAL STATEMENTS

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

Contents

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

The directors of the Company and the Group are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards and per the requirements of the Companies Act 71 of 2008 (as amended) ("Companies Act"). The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Board and Management set standards and management implements systems of internal controls, accounting and information systems; and

b) The audit & sustainability committee recommends Group accounting policies and monitors these policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the Group internal audit executive and comprises both internal employees and resources from KPMG. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

Even though the Group has identified certain financial control weaknesses which are currently being addressed, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material respects.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act and are based on appropriate accounting policies, supported by reasonable and prudent judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 1.

The annual financial statements have been compiled under the supervision of AJ Bester (CA) SA, Group financial director and have been audited in terms of Section 29(1) of the Companies Act of South Africa.

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

It is the responsibility of the auditors to express an opinion on the annual financial statements. Their unmodified report to the shareholders of the Company and Group is set out on page 4.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2013, set out on pages 5 to 85, were approved by the Board of directors at its meeting held on 28 August 2013 and are signed on its behalf by:

M Sello
Group chairman

HJ Laas
Group chief executive

AJ Bester
Group financial director

CERTIFICATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2013

In my capacity as company secretary, I hereby certify, in terms of section 88(2)(e) of the Companies Act 71 of 2008 (as amended), that for the year ended 30 June 2013, the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of this Act, and that all such returns and notices, to the best of my knowledge and belief, appear to be true, correct and up to date.

E Joubert

E Joubert
Company secretary

FOR THE YEAR ENDED 30 JUNE 2013

AUDIT & SUSTAINABILITY COMMITTEE

DAVE BARBER
CHAIRMAN

The committee assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the listings requirements of the JSE Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements. The committee operates under a terms of reference which was reviewed and approved by the Board during the year.

The committee chairman reports on committee deliberations and decisions at the Board meeting immediately following each committee meeting. The internal and external auditors have unrestricted access to the committee chairman. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and notified.

The committee reviews the quality and effectiveness of the external audit process. The committee is satisfied that the external auditor is independent and has nominated Deloitte & Touche for re-election at the forthcoming annual general meeting of shareholders. Deloitte & Touche is a properly accredited auditing firm with AJ Zoghby as the individual registered auditor.

MEMBERSHIP

DD Barber serves as chairman of the committee, with JM McMahon and RT Vice as members, all of whom are suitably skilled and experienced to discharge their responsibilities in compliance with the Companies Act. The Group chairman, Group chief executive, Group financial director, Group commercial executive, Group internal audit executive and the external auditors all attend meetings by invitation. The chairman of the committee also serves on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed. The committee met four times during the year under review. TCP Chikane resigned from the Board on 20 August 2013.

TERMS OF REFERENCE

The committee's responsibilities include:

- assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls
- monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders
- making recommendations to the Board to ensure compliance with International Financial Reporting Standards ("IFRS")
- discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process
- nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services
- reviewing fraud and information technology risks as they relate to financial reporting
- receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters
- reviewing the annual integrated report and recommending approval to the Board
- reviewing price sensitive information such as trading statements
- performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that the committee functions effectively and has complied with its terms of reference in all material respects.

STATUTORY DUTIES

In addition to the duties set out in the terms of reference, the committee performed the required statutory functions in terms of Section 94(7) of the Companies Act.

FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

INTERNAL AUDIT

The Group chief audit executive leads the internal audit function which comprises both internal employees and resources obtained from KPMG. It serves the Board and management by performing independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The internal audit function provides assurance by performing risk-based audits throughout the Group, and adjusts its coverage and focus based on changing strategic and operational needs. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

An internal audit charter, reviewed by the committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

INTERNAL FINANCIAL CONTROLS

The internal audit plan works on a multi-year program and based on findings to date, the Group's system of internal financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year-end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the committee. There is an agreed procedure for the committee to seek professional independent advice at the Company's expense.

INTEGRATED REPORTING

During the year under review, external service providers were appointed to provide limited assurance on the sustainability information. The committee recommended the annual integrated report and the Group's annual financial statements for Board approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

ASSURANCE

Group assurance has expanded its activities and made significant progress to ensure effective coverage of the Group's operations, implementation of King III principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. Currently 15 of the Group's operating companies utilise the opportunity management system (OMS). This project portfolio management system was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and 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 efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have audited the consolidated and separate annual financial statements of Murray & Roberts Holdings Limited set out on pages 8 to 85, which comprise the statements of financial position as at 30 June 2013, and the statements of financial performance, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited as at 30 June 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the report of the directors, the audit & sustainability committee's report and the certification by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: AJ Zoghby
Partner
28 August 2013

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

National executive: **LL Bam** Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Risk Advisory, **NB Kader** Tax, **TP Pillay** Consulting, **K Black** 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.

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

Member of Deloitte Touche Tohmatsu Limited.

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2013

This report presented by the directors is a constituent of the consolidated annual financial statements at 30 June 2013, except where otherwise stated, all monetary amounts set out in tabular form are expressed in millions of Rands.

NATURE OF BUSINESS

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the construction & engineering, underground mining development, oil & gas construction, construction materials and related fabrication sectors.

The Company does not trade and all of its activities are undertaken through a number of subsidiaries, joint ventures and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated annual financial statements.

Group financial results

At 30 June 2013 the Group recorded a profit of R1 470 million (2012: loss of R592 million), representing a diluted profit per share of 245 cents (2012: diluted loss per share of 214 cents). Diluted headline profit per share was 186 cents (2012: diluted headline loss per share of 246 cents).

Full details of the financial position and results of the Group are set out in these consolidated annual financial statements. The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 1.

Going concern

The Board is satisfied that the consolidated annual financial statements comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

Uncertified revenue

Included in amounts due from contract customers in the statement of financial position is the Group's share of uncertified revenue that has been recognised through the statement of financial performance in current and prior years in respect of claims and variation orders on projects (refer to note 9 of the consolidated annual financial statements), mainly related to Gautrain Rapid Rail Link ("Gautrain"), Dubai International Airport Concourse 2 ("Dubai Airport") and Gorgon Pioneer Materials Offloading Facility contract ("GPMOF").

A cumulative total revenue of R2 062 million being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2013 (2012: R1 951 million) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is supported by the Group's independent experts and advisers, and in accordance with IAS 11: *Construction Contracts*.

Resolution of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the statement of financial position at 30 June 2013.

Competition Commission

On 19 June 2013 Murray & Roberts agreed to settle with the Competition Commission and conclude the investigation into historical anti-competitive behaviour. A penalty of R309 million in full and final settlement of all matters being investigated as part of the Competition Commission's Fast-Track Settlement Process has been accrued for in the Group's annual financial statements. The Competition Tribunal approved the penalty on 22 July 2013. The payment of the penalty will be made in three equal instalments, with the first payable one month after approval by the Competition Tribunal, the second payment 12 months thereafter and the third payment 24 months after the first payment.

There are five remaining historical incidents of collusive conduct (excluded from the concluded Fast-Track Settlement Process) that still need to be settled with the Competition Commission. The Board is of the view that the potential penalties on these transgressions will not be material compared to the penalty paid on the conclusion of the Fast-Track Settlement Process and it remains committed to concluding this matter rapidly for the benefit of all stakeholders. The Group has provided for a potential penalty in the financial year 2013 accounts.

Segmental disclosure

The Group previously managed its operations through five operating platforms, however, due to the classification of Construction Products Africa as discontinued this has been reduced to four operating platforms. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated annual financial statements).

AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2013 are contained in note 12 of the consolidated annual financial statements.

Particulars relating to The Murray & Roberts Trust ("Trust") are set out in note 13 of the consolidated annual financial statements. During the year the Trust granted a total of 75 000 options over ordinary shares (2012: 3 637 000 options) to senior executives including executive directors.

At 30 June 2013 the Trust held 1 585 657 (2012: 5 378 382) shares against the commitment of options granted by the Trust totalling 13 467 865 (2012: 16 502 112) ordinary shares. The shares held by the Trust were purchased in the market and have not been issued by the Company.

Particulars relating to the Letsema Vulindlela Black Executives Trust ("Vulindlela Trust") are set out in note 13 of the consolidated annual financial statements. During the year the Vulindlela Trust granted a total of 597 000 options over ordinary shares (2012: 1 124 000 options) to black executives as part of the Group's Broad-Based Black Economic Empowerment.

At 30 June 2013 the Vulindlela Trust held 10 747 475 (2012: 10 830 578) shares against the commitment of options granted by the Vulindlela Trust totalling 3 432 939 (2012: 3 269 599) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 7,5% of the total issued ordinary

REPORT OF DIRECTORS CONTINUED

shares of the Company, currently 33 335 521 ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

The Forfeitable Share Plan ("FSP") was approved by the shareholders in November 2012. Selected employees were allocated shares by the remuneration committee totalling 3 714 000 shares. The shares held by the entities, in escrow, were purchased from the Murray & Roberts Trust and have not been issued by the Company.

DIVIDEND

No interim or final dividends were declared or proposed for the year ended 30 June 2013.

SUBSIDIARIES AND INVESTMENTS

Acquisitions

Acquisition of e2o (Proprietary) Limited

Effective 31 January 2013, Clough Limited ("Clough") acquired e2o (Proprietary) Limited, a leading provider of specialised commissioning, completion and hazardous area inspection services to the energy and resources sectors for a consideration of AUD9 million (R84 million).

Disposals

Disposal of Forge Group Limited ("Forge")

The 36% shareholding in Forge was sold on 26 March 2013 for proceeds of R1 784 million. The carrying value of the Group's investment was R1 103 million, resulting in a profit on sale of investment in associate of R681 million.

Disposal of non-core assets

The Group continues to dispose of investment properties with proceeds of R89 million received in the current financial year. The remaining properties are expected to be disposed of within the next 12 months.

The Group disposed of the following non-core assets during the current financial year:

- Disposal of the business, assets and liabilities of Cape Town Iron and Steel Works on 1 July 2012 with proceeds of R80 million.
- Disposal of 100% shareholding in M&R Retail Asset Management Proprietary Limited on 1 April 2013 with proceeds of R115 million and R120 million outstanding as a vendor loan.
- Disposal of the business, assets and liabilities of RSC Botswana, a branch of Murray & Roberts Botswana Limited on 31 May 2013 with proceeds of R6 million.
- Disposal of the business, assets and liabilities of Union Carriage and Wagon on 13 June 2013 for gross proceeds of R300 million, of which R215 million (R202 million net of transaction costs) was received prior to year end and R85 million as a vendor loan received subsequent to year end.

Discontinued operations

The disposal of the majority of the Construction Products Africa operations was concluded on 28 June 2013. The businesses and underlying assets of Much Asphalt were disposed of to a consortium comprising of Capitalworks and certain senior management and executives of Much Asphalt, while the Rocla, Ocon Brick and Technicrete entities were disposed of to a consortium comprising of Capitalworks, RMB Ventures and certain senior management and executives of Rocla, Ocon Brick and Technicrete. The disposal remains subject to Competition Commission approval and is envisaged to take place in the first quarter of the 2014 financial year. The total proceeds on the transaction is R1 325 million before transaction costs. R1 150 million will be received on the effective date, R75 million is receivable 12 months after the effective date and the remaining R100 million is receivable 24 months after the effective date. Negotiations with potential buyers for the sale of the Hall Longmore business are ongoing and shareholders will be advised in due course of the outcome thereof.

SPECIAL RESOLUTIONS

During the year under review five (5) special resolutions were passed by shareholders. These related to:

1) The proposed fees payable quarterly in arrears to non-executive directors.
2) The provision of financial assistance in terms of Sections 44 and 45 of the Companies Act.
3) The adoption of the Murray & Roberts Holdings Limited Forfeitable Share Plan.
4) Authorisation for the amendments to the Murray & Roberts Trust Deed.
5) Authorisation for the adoption of a new Memorandum of Incorporation.

The special resolutions were filed with the Companies and Intellectual Property Commission ("Commission") and registered by the Commission, where required.

In terms of the Companies Act requirements, special resolutions relating to the adoption of the new Memoranda of Incorporation were passed by subsidiary companies.

EVENTS AFTER REPORTING DATE

The Group announced on 30 July 2013 its intention, with the support of Clough's independent directors, to acquire the remaining 38.4% non-controlling interest in Clough for a price of AUD1,46 per share ("Proposed Acquisition"). The Group has successfully completed its confirmatory due diligence and is pleased to announce that Murray & Roberts and Clough have entered into a binding Scheme Implementation Agreement ("SIA") on 28 August 2013 to give effect to the Proposed Acquisition. The SIA outlines the process and terms under which Murray & Roberts will make an offer to acquire the remaining 38.4% of shares outstanding in Clough by way of a Scheme of Arrangement ("Scheme") under the Australian Corporations Act 2001 (Cth). The independent directors of Clough unanimously recommended that Clough shareholders vote in favour of the Scheme, in the absence of a superior proposal, and subject to an independent expert expressing an opinion that the Scheme is in the best interests of the Clough shareholders, excluding Murray & Roberts and its associate companies. The transaction will be funded through a combination of existing cash on Clough's statement of financial position and modest acquisition financing. The

Proposed Acquisition is still subject to, amongst others, Clough's non-controlling interest approval as well as separate approval by the Group's shareholders.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2013 or the results of its operations or cash flows for the year then ended.

INTEREST OF DIRECTORS

A total of 2 418 030 (2012: 2 936 610) share options are allocated to directors in terms of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme, further details are set out in note 13.

The directors of the Company held direct beneficial interests in 65 351 ordinary shares of the Company's issued ordinary shares (2012: 65 351 ordinary shares). Details of ordinary shares held per individual director are listed below.

BENEFICIAL	Direct	Indirect
30 June 2013		
RC Andersen*	**54 459**	**–**
DD Barber	**2 723**	**–**
AJ Bester	**8 169**	**121 000**
HJ Laas	**–**	**166 500**
30 June 2012		
RC Andersen*	54 459	–
DD Barber	2 723	–
AJ Bester	8 169	–

** RC Anderson retired on 1 March 2013.*

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

DIRECTORS

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

Independent non-executive

M Sello (Chairman); DD Barber; NB Langa-Royds (appointed on 1 June 2013); JM McMahon; WA Nairn and RT Vice.

RC Andersen retired as a non-executive director on 1 March 2013.
TCP Chikane resigned on 20 August 2013.
NM Magau resigned on 31 October 2012.
AA Routledge retired on 31 October 2012.
SP Sibisi resigned on 31 October 2012.

Executive

HJ Laas (Group chief executive) and AJ Bester (Group financial director)

O Fenn resigned on 31 May 2013 as an executive director but remains a prescribed officer.

COMPANY SECRETARY

The company secretary's business and postal addresses are:

Business address	Postal address
Douglas Roberts Centre	PO Box 1000
22 Skeen Boulevard	Bedfordview
Bedfordview	2008
2007	

AUDITORS

Deloitte & Touche continued in office as external auditors. At the Annual General Meeting of 6 November 2013, shareholders will be requested to appoint Deloitte & Touche as external auditors for the 2014 financial year. AJ Zoghby will be the individual registered auditor who will undertake the audit.

28 August 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 054,8**	3 599,6
Investment properties	3	**–**	22,2
Goodwill	4	**487,9**	437,3
Other intangible assets	5	**197,2**	191,1
Investments in associate companies	6	**33,7**	885,0
Other investments	7	**582,6**	459,8
Deferred taxation assets	21	**656,6**	634,1
Amounts due from contract customers	9	**2 003,1**	2 059,7
Non-current receivables		**145,8**	105,0
Total non-current assets		**7 161,7**	8 393,8
Current assets			
Inventories	8	**349,0**	730,5
Derivative financial instruments		**1,9**	–
Amounts due from contract customers	9	**6 876,0**	6 805,9
Trade and other receivables	10	**2 020,4**	2 127,1
Current taxation assets	34	**59,6**	90,7
Cash and cash equivalents	11	**6 283,8**	3 388,4
Total current assets		**15 590,7**	13 142,6
Assets classified as held-for-sale	31	**1 779,3**	905,0
Total assets		**24 531,7**	22 441,4
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	**2 713,6**	2 710,1
Reserves	14&15	**764,4**	625,7
Retained earnings		**3 562,9**	2 551,6
Equity attributable to owners of Murray & Roberts Holdings Limited		**7 040,9**	5 887,4
Non-controlling interests	16	**1 657,5**	1 214,7
Total equity		**8 698,4**	7 102,1
Non-current liabilities			
Long term loans	18	**533,9**	493,8
Retirement benefit obligations	19	**4,3**	6,8
Long term provisions	20	**239,1**	164,9
Deferred taxation liabilities	21	**150,7**	210,5
Subcontractor liabilities	22	**709,2**	651,9
Non-current payables		**320,4**	67,5
Total non-current liabilities		**1 957,6**	1 595,4
Current liabilities			
Amounts due to contract customers	9	**3 406,6**	3 018,9
Trade and other payables	23	**4 787,2**	5 898,5
Short term loans	24	**660,9**	1 895,7
Current taxation liabilities	34	**544,8**	174,6
Provisions for obligations	25	**313,7**	354,6
Subcontractor liabilities	22	**2 597,5**	2 098,4
Derivative financial instruments		**1,1**	15,9
Bank overdrafts	11	**897,8**	38,5
Total current liabilities		**13 209,6**	13 495,1
Liabilities directly associated with a disposal group held-for-sale	31	**666,1**	248,8
Total liabilities		**15 833,3**	15 339,3
Total equity and liabilities		**24 531,7**	22 441,4

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2013	2012[1]
Continuing operations			
Revenue	26	**34 574,9**	31 667,8
Profit before interest, depreciation and amortisation		**2 446,3**	243,2
Depreciation		**(707,6)**	(576,6)
Amortisation of intangible assets		**(32,5)**	(24,3)
Profit/(loss) before interest and taxation	27	**1 706,2**	(357,7)
Interest expense	28	**(233,2)**	(347,1)
Interest income	29	**118,5**	98,1
Profit/(loss) before taxation		**1 591,5**	(606,7)
Taxation expense	30	**(544,5)**	(220,6)
Profit/(loss) after taxation		**1 047,0**	(827,3)
Income from equity accounted investments		**164,5**	143,4
Profit/(loss) for the year from continuing operations		**1 211,5**	(683,9)
Profit from discontinued operations	31	**258,9**	91,9
Profit/(loss) for the year		**1 470,4**	(592,0)
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**1 004,3**	(735,6)
Non-controlling interests	16	**466,1**	143,6
		1 470,4	(592,0)

1 *Restated for discontinued operations.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Profit/(loss) for the year	**1 470,4**	(592,0)
OTHER COMPREHENSIVE INCOME:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**189,9**	617,0
Effects of cash flow hedges	**14,1**	20,3
Taxation related to effects of cash flow hedges	**(4,2)**	(4,7)
Effects of available-for-sale financial assets	**(0,1)**	(0,5)
Other comprehensive income for the year net of taxation	**199,7**	632,1
Total comprehensive income	**1 670,1**	40,1
Total comprehensive income/(loss) attributable to:		
Owners of Murray & Roberts Holdings Limited	**1 116,0**	(297,8)
Non-controlling interests	**554,1**	337,9
	1 670,1	40,1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Hedging and translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2011	756,9	(12,3)	201,6	3 274,9	**4 221,1**	1 100,3	**5 321,4**
Total comprehensive income/(loss) for the year	–	438,3	(0,2)	(735,9)	**(297,8)**	337,9	**40,1**
Rights issue to shareholders (net of transaction costs)	1 910,0	–	–	–	**1 910,0**	–	**1 910,0**
Treasury shares acquired (net)	43,2	–	–	–	**43,2**	–	**43,2**
Net acquisition/disposal of non-controlling interests	–	–	–	(11,7)	**(11,7)**	(152,3)	**(164,0)**
Net movement in non-controlling interests loans	–	–	–	–	**–**	(20,9)	**(20,9)**
Transfer to non-controlling interests	–	–	(2,2)	–	**(2,2)**	2,2	**–**
Disposal of business	–	–	(1,0)	–	**(1,0)**	–	**(1,0)**
Transfer to retained earnings	–	–	(31,9)	31,9	**–**	–	**–**
Issue of shares to non-controlling interests	–	–	–	–	**–**	22,5	**22,5**
Recognition of share-based payment	–	–	33,4	–	**33,4**	–	**33,4**
Dividends declared and paid*	–	–	–	(7,6)	**(7,6)**	(75,0)	**(82,6)**
Balance at 30 June 2012	2 710,1	426,0	199,7	2 551,6	**5 887,4**	1 214,7	**7 102,1**
Total comprehensive income/(loss) for the year	–	111,8	(0,1)	1 004,3	**1 116,0**	554,1	**1 670,1**
Treasury shares acquired (net)	3,5	–	–	–	**3,5**	–	**3,5**
Net movement in non-controlling interests loans	–	–	–	–	**–**	(38,5)	**(38,5)**
Transfer to non-controlling interests	–	–	(5,3)	–	**(5,3)**	5,3	**–**
Transfer to retained earnings	–	–	(16,2)	16,2	**–**	–	**–**
Issue of shares to non-controlling interests	–	–	–	–	**–**	5,2	**5,2**
Repayment of non-controlling interest's shareholding	–	–	–	–	**–**	(1,8)	**(1,8)**
Recognition of share-based payment	–	–	48,5	–	**48,5**	–	**48,5**
Dividends declared and paid*	–	–	–	(9,2)	**(9,2)**	(81,5)	**(90,7)**
Balance at 30 June 2013	2 713,6	537,8	226,6	3 562,9	**7 040,9**	1 657,5	**8 698,4**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2013	2012
Cash flows from operating activities			
Receipts from customers		**39 783,6**	37 064,9
Payments to suppliers and employees		**(37 734,5)**	(38 645,1)
Cash generated from/(utilised in) operations	33	**2 049,1**	(1 580,2)
Interest received		**143,5**	106,8
Interest paid		**(265,2)**	(387,7)
Taxation paid	34	**(271,0)**	(429,0)
Operating cash flow		**1 656,4**	(2 290,1)
Dividends paid to owners of Murray & Roberts Holdings Limited		**(9,2)**	(7,6)
Dividends paid to non-controlling interests		**(81,5)**	(75,0)
Net cash inflow/(outflow) from operating activities		**1 565,7**	(2 372,7)
Cash flows from investing activities			
Acquisition of businesses	35	**(83,7)**	(14,6)
Acquisition of share capital in start up company		**–**	(10,3)
Dividends received from associate companies	6	**70,7**	45,6
Acquisition of non-controlling interests		**–**	(48,0)
Acquisition of associates		**–**	(132,8)
Acquisition of investments		**–**	(67,0)
Acquisition of other investments by discontinued operations		**–**	(40,0)
Purchase of investment property		**–**	(20,0)
Purchase of intangible assets other than goodwill		**(20,6)**	(16,5)
Purchase of property, plant and equipment by discontinued operations		**(42,0)**	(34,4)
Purchase of property, plant and equipment		**(1 089,4)**	(958,7)
Replacements		**(321,4)**	(569,0)
Additions		**(768,0)**	(389,7)
Advance payment received in respect of property disposals		**45,0**	–
Proceeds on disposal of property, plant and equipment		**128,6**	163,7
Proceeds on disposal of businesses	35	**402,8**	822,6
Proceeds on disposal of assets held-for-sale		**134,4**	126,6
Proceeds on disposal of investments in associates		**1 783,6**	15,3
Repayment of investment in associate loan		**3,9**	–
Cash related to acquisition/disposal of businesses		**(74,0)**	(270,5)
Cash related to assets held-for-sale		**(22,8)**	258,2
Proceeds from realisation of investment and loan repayments		**132,0**	165,0
Other		**2,9**	1,8
Net cash inflow/(outflow) from investing activities		**1 371,4**	(14,0)
Cash flows from financing activities			
Net movement in borrowings	36	**(1 188,4)**	342,1
Proceeds from rights issue to shareholders (net of transaction costs)		**–**	1 910,0
Net acquisition of treasury shares		**3,5**	43,2
Proceeds on share issue to non-controlling interests		**5,2**	22,5
Repayment of non-controlling interest's shareholding		**(1,8)**	–
Net cash (outflow)/inflow from financing activities		**(1 181,5)**	2 317,8
Net increase/(decrease) in net cash and cash equivalents		**1 755,6**	(68,9)
Net cash and cash equivalents at beginning of year		**3 349,9**	3 053,8
Effect of foreign exchange rates		**280,5**	365,0
Net cash and cash equivalents at end of year	11	**5 386,0**	3 349,9

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2013

1 PRESENTATION OF FINANCIAL STATEMENTS

These accounting policies are consistent with the previous period, except for the changes set out below.

The following new and revised Standards and Interpretations have been adopted in the current period:

IAS 1: Presentation of Financial Statements

The amendments:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft.
- Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified.
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

IAS 12: Income Taxes

The standard requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of an asset through use or sale.

The amendment made by *Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)* provides a practical solution to the application of these requirements in relation to investment property under IAS 40: *Investment Property*, introducing a presumption that recovery of the carrying amount of an investment property will normally be through sale.

Certain improvements to IFRS's 2012

Improvements to IFRS is a collection of amendments to International Financial Reporting Standards (IFRSs). These amendments are the result of conclusions the Board reached on proposals made in its annual improvements project.

The above Standards and Interpretations had no impact on the Group or Company annual financial statements.

1.1 Basis of preparation

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

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

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

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

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

1.2 Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB and the SAICA financial reporting guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council.

1.3 Basis of consolidation

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

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Inter-company transactions and balances on transactions between Group companies are eliminated.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Any increase or decrease in ownership interest in subsidiaries without a change in control is recognised as equity transactions in the consolidated financial statements. Accordingly, any premium or discount on subsequent purchases of equity instruments from or sales of equity instruments to non-controlling interests are recognised directly in equity of the parent shareholder.

Non-controlling interest loans

Certain companies elect to contribute to shareholder loans as opposed to share capital.

Loans from non-controlling shareholders are classified as equity instruments rather than financial liabilities if both conditions (a) and (b) below, as required by IAS 32: *Financial Instruments: Presentation*, paragraph 16, are met:

(a) Loans from non-controlling shareholders includes no contractual obligations:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the issuer or the Group

(b) Loans from non-controlling shareholders will not or may not be settled in the issuer's or the Group's own equity instruments.

If the loans made from non-controlling shareholders do not meet both conditions (a) and (b) they are classified as financial liabilities.

The raise or repayment of non-controlling interest loans that are classified as equity instruments has no impact on the effective shareholding of the non-controlling shareholder.

1.4 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12: *Income Taxes* and IAS 19: *Employee Benefits* respectively,
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2: *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if the interest were disposed of.

ACCOUNTING POLICIES CONTINUED

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

Goodwill

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

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

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the business combination. Any impairment loss of the cash generating unit is first allocated against the goodwill and thereafter against the other assets of the cash generating unit on a pro-rata basis.

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

On disposal of a subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals where there is a change in ownership, in other words a portion of the goodwill is expensed as part of the cost of disposal. For partial disposals and acquisitions with no change in ownership, goodwill is recognised as a transaction with equity holders.

1.5 Joint ventures

Joint ventures are those entities in which the Group has joint control. The proportion of assets, liabilities, income and expenses and cash flows attributable to the interests of the Group in jointly controlled entities are incorporated in the consolidated financial statements under the appropriate headings. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

Inter-company transactions, balances and unrealised gains on transactions between the Group and its joint ventures are eliminated on consolidation. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

1.6 Investments in associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.7 Stand-alone Company's financial statements

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

1.8 Foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign currency monetary items

Monetary assets denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at the reporting date. Exchange differences arising on translation are credited to or charged against income.

Monetary liabilities denominated in foreign currencies are translated into the functional currency at the closing rate of exchange ruling at reporting date. Exchange differences arising on translation are credited to or charged against income.

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

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

Foreign currency non-monetary items

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at historical exchange rates.

Foreign operations

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

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

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

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is recycled to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.9 Financial instruments

Classification

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

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

Loans and receivables

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

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

Trade and other receivables

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

ACCOUNTING POLICIES CONTINUED

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

Contract receivables and retentions

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

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

Cash and cash equivalents

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

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

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

Impairment of financial assets

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

For available for sale assets, a significant or prolonged decline in the fair value of the asset below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

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

Equity instruments

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

Non-trading financial liabilities

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

Trade and other payables

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

Subcontractor liabilities

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

Investments

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

Financial assets designated as fair value through profit and loss

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

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

Available-for-sale assets

Available-for-sale assets include financial instruments normally held for an indefinite period, but may be sold depending on changes in exchange, interest or other market conditions. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs, and subsequently carried at fair value. Fair value is based on market prices for these assets. Resulting gains or losses are recognised in the statement of other comprehensive income and accumulated as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in profit and loss.

Where management has identified objective evidence of impairment, a provision is raised against the investment. When assessing impairment, consideration is given to whether or not there has been a significant or prolonged decline in the market value below original cost.

Derivative financial instruments

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

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

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

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

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

Hedging activities

Economic hedges where hedge accounting is not applied:

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

Economic hedges where hedge accounting is applied:

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

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

Fair value hedges

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

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

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Cash flow hedges

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

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

If the underlying transaction occurs and results in the recognition of a non-financial asset or a non-financial liability, or a forecasted transaction for a non-financial asset or

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

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Loans to/(from) Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

1.10 Contracts-in-progress and contract receivables

Contracts-in-progress represents those costs recognised by the stage of completion of the contract activity at the reporting date.

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

Advance payments received

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

1.11 Intangible assets other than goodwill

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

Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense as incurred.

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

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

Research and development

Research expenditure is recognised as an expense as incurred.

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

Other development expenditure is recognised as an expense as incurred. Development expenditure previously recognised as an expense is not capitalised as an asset in a subsequent period.

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

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairments. Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense when incurred and is not capitalised.

Subsequent expenditure

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

Amortisation

Amortisation is charged to profit or loss on a systematic basis over the estimated useful life of the intangible asset from the date that they are available for use unless the useful lives are indefinite. Intangible assets with indefinite lives are tested annually for impairment. The estimated useful lives and residual values are reviewed at the end of each reporting period and the effect of any change in estimate will be applied prospectively.

The average amortisation periods are set out in note 5.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.12 Property, plant and equipment

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

The useful lives of items of property, plant and equipment have been assessed as follows:

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Measurement

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that revaluation date.

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Day-to-day servicing costs are recognised in profit or loss in the year incurred.

Revaluations

Property, plant and equipment is not revalued.

Assets held under finance leases

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

Components

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

Depreciation

Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its residual value over its estimated useful life. The average depreciation periods are set out in note 2.

Depreciation commences when the asset is in the location and condition for its intended use by management and ceases when the asset is derecognised or classified as held-for-sale.

The useful life and residual value of each component is reviewed annually at year-end and, if expectations differ from previous estimates, adjusted for prospectively as a change in accounting estimate.

Impairment

Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying value in line with its recoverable amount.

Dismantling and decommissioning costs

The cost of an item of property, plant and equipment includes the initial estimate of the costs of its dismantlement, removal, or restoration of the site on which it was located.

1.13 Impairment of assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable value of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible asset not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present

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value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see 1.12 above).

1.14 Investment properties

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

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

Investment properties are derecognised when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal.

Any gain or loss on the derecognition of investment properties is recognised in profit or loss in the year of derecognition.

1.15 Non-current assets held-for-sale and discontinued operations

Non-current assets, disposal groups, or components of an enterprise are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, disposal groups, or components of an enterprise classified as held-for-sale are stated at the lower of its previous carrying value and fair value less costs to sell.

An impairment loss, if any, is recognised in profit or loss for any initial and subsequent write-down of the carrying value to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the previously recognised cumulative impairment losses. The impairment loss recognised first reduces the carrying value of the goodwill allocated to the disposal group, and the remainder to the other assets of the disposal group pro-rata on the basis of the carrying value of each asset in the disposal group.

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the write-down as they are assessed for impairment according to the relevant accounting policy involved. Any subsequent reversal of an impairment loss should be proportionately allocated to the other assets of the disposal group on the basis of the carrying value of each asset in the unit (group of units), but not to goodwill.

Assets held-for-sale are not depreciated or amortised. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

When the sale is expected to occur beyond one year, the costs to sell are measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as an interest expense.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the statement of financial position. The sum of the post-tax profit or loss of the discontinued operation, and the post-tax gain or loss on the remeasurement to fair value less costs to sell is presented as a single amount on the face of the statement of financial performance.

1.16 Inventories

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or for general servicing purposes. Consumable stores are recognised in profit or loss as consumed.

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

The cost of inventories is determined using the following cost formulas:

- raw materials – First In, First Out (FIFO) or Weighted Average Cost basis; and
- finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity

For inventories with a different nature or use to the Group, different cost formulas are used. The cost of inventories includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchase costs, where applicable.

In certain business operations the standard cost method is used. The standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. These are regularly reviewed and, if necessary, revised in the light of current conditions. All abnormal variances are immediately expensed as overhead costs. All under absorption of overhead costs are expensed as a normal overhead cost, while over absorption is adjusted against the inventory item or the cost of sales if already sold.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs incurred in marketing, selling and distribution.

Property development

Property developments are stated at the lower of cost or realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

1.17 Leases

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

Finance leases

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

The Group as a lessee

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or unit of production basis at rates considered appropriate to reduce the carrying values over the estimated useful lives to the estimated residual values. Where it is not certain that an asset will be taken over by the Group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

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

The Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

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

1.18 Provisions and contingencies

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

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the reporting date, and are discounted to present value when the effect is material.

Provisions are reflected separately on the face of the statement of financial position and are separated into their long-term and short-term portions. Contract provisions are, however, deducted from contracts-in-progress.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs that will be incurred in meeting contract obligations are in excess of the economic benefits expected to be received from the contract.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18: *Revenue*.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

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Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised in the statement of financial position.

1.19 Share-based payment transactions

An expense is recognised where the Group receives goods or services in exchange for shares or rights over shares (equity-settled transactions) or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions).

Employees, including directors, of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined independently by using the binomial lattice and Monte Carlo Simulation models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

Where there are any vested share options which have not been exercised by the employees and have expired, the cumulative expense recognised in the share-based payment reserve is reclassified to retained earnings.

1.20 Employee benefits

Defined contribution plans

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

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

Defined benefit plans

Under defined plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer plan or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average working lives of participating employees.

The current service cost in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past-service costs, experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing employees are expensed over the remaining service lives of these employees. Adjustments relating to retired employees are expensed in the year in which they arise. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

The defined benefit obligation in the statement of financial position, if any, represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and are reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

1.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value of the grant is credited to the item of property, plant and equipment and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

1.22 Taxation

Income taxation expense represents the sum of current and deferred taxation.

Current taxation assets and liabilities

The current taxation liability is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

A deferred taxation liability is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profits, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in business combinations, of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred taxation liabilities are recognised for the taxable temporary differences arising from investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of a deferred taxation asset is revised at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

1.23 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.24 Revenue

Revenue is the aggregate of turnover of subsidiaries and the Group's share of the turnover of joint ventures and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from services is recognised over the period during which the services are rendered.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Dividend income is recognised when the right to receive payment is established.

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Rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

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

In limited circumstances, contracts may be materially impacted by a client's actions such that the Group is unable to complete the contracted works at all or in the manner originally forecast. This may involve dispute resolution procedures under the relevant contract and/or litigation. In these circumstances the assessment of the project outcome, whilst following the basic principles becomes more judgemental.

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

1.26 Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Committee who makes strategic decisions. The basis of segmental reporting is set out in Annexure 3.

Inter-segment transfers
Segment revenue, segment expenses and segment results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arm's-length prices. These transfers are eliminated on consolidation.

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

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

Segmental liabilities
All operating liabilities of a segment principally include accounts payable, subcontractor liabilities and external interest bearing borrowings.

1.27 Black economic empowerment
IFRS 2: *Share-Based Payment* requires share-based payments to be recognised as an expense in profit or loss. This expense is measured at the fair value of the equity instruments issued at grant date.

Letsema Vulindlela Black Executives Trust
Once selected, black executives become vested beneficiaries of the Letsema Vulindlela Black Executives Trust and are granted Murray & Roberts shares. In terms of their vesting rights, the fair value of these equity instruments, valued at the various dates on which the grants take place, are recognised as an expense over the related vesting periods.

Letsema Khanyisa Black Employee Benefits Trust and Letsema Sizwe Community Trust
These trusts are established as 100-year trusts. However, after the lock-in period ending 31 December 2015, they may, at the discretion of the trustees be dissolved in which event any surplus in these trusts, after the settlement of all the liabilities, will be transferred to organisations which engage in similar public benefit activities. An IFRS 2 expense will have to be recognised at such point in time when this surplus is distributed to an independent public benefit organisation.

1.28 Stated capital and equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.29 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

2 PROPERTY, PLANT AND EQUIPMENT

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013 Cost	2013 Accumulated depreciation and impairment	2013 Carrying value	2012 Cost	2012 Accumulated depreciation and impairment	2012 Carrying value
Land and buildings	**583,5**	**(157,1)**	**426,4**	637,5	(109,2)	528,3
Plant and machinery	**4 861,6**	**(2 459,9)**	**2 401,7**	5 346,4	(2 513,3)	2 833,1
Other equipment	**423,3**	**(196,6)**	**226,7**	448,9	(210,7)	238,2
	5 868,4	**(2 813,6)**	**3 054,8**	6 432,8	(2 833,2)	3 599,6

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and machinery	Other equipment	Total
At 30 June 2011	538,9	2 583,4	202,8	3 325,1
Additions	35,0	816,0	107,7	958,7
Acquisition of businesses	–	11,5	–	11,5
Disposals	(23,5)	(93,9)	(2,6)	(120,0)
Transfer from investment property	(16,5)	–	–	(16,5)
Foreign exchange movements	18,0	104,8	6,7	129,5
Transfers between categories	2,5	26,8	(29,3)	–
Depreciation	(29,8)	(585,8)	(48,9)	(664,5)
Impairment reversed	4,3	0,6	1,8	6,7
Impairment loss	(0,6)	(30,3)	–	(30,9)
At 30 June 2012	**528,3**	**2 833,1**	**238,2**	**3 599,6**
Additions	**87,8**	**888,7**	**112,9**	**1 089,4**
Acquisition of business	**–**	**0,8**	**–**	**0,8**
Disposals	**(9,9)**	**(123,4)**	**(7,8)**	**(141,1)**
Transfer from investment property	**7,9**	**–**	**–**	**7,9**
Transfer to intangible assets	**–**	**–**	**(1,2)**	**(1,2)**
Foreign exchange movements	**13,2**	**107,6**	**6,1**	**126,9**
Transfer to assets classified as held-for-sale	**(168,8)**	**(620,5)**	**(39,1)**	**(828,4)**
Transfers between categories	**36,2**	**3,8**	**(40,0)**	**–**
Depreciation	**(36,4)**	**(688,4)**	**(42,4)**	**(767,2)**
Impairment loss	**(31,9)**	**–**	**–**	**(31,9)**
At 30 June 2013	**426,4**	**2 401,7**	**226,7**	**3 054,8**

The Group has pledged certain assets as security for certain interest bearing borrowings (note 17, Secured liabilities).

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– Land	Not depreciated	
– Buildings	20 to 40 years	on a straight-line basis
– Plant and machinery	3 to 30 years	on a straight-line basis
– Other equipment	3 to 10 years	on a straight-line basis

The impairment in land and buildings has been recognised due to a change in intended use of certain leasehold improvements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

3 INVESTMENT PROPERTIES

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to R5,5 million (2012: R6,0 million). Direct operating expenses arising on the investment properties in the year amounted to R1,0 million (2012: R1,0 million).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
At the beginning of the year	**22,2**	18,3
Additions	**–**	20,0
Transfers to assets classified as held-for-sale	**(14,3)**	(64,3)
Transfer to property, plant and equipment	**(7,9)**	–
Transfer from property, plant and equipment	**–**	16,5
Fair value adjustments	**–**	31,7
	–	22,2

4 GOODWILL

	2013	2012
At beginning of the year	**437,3**	434,9
Additions through business combinations	**50,0**	1,9
Foreign exchange movements	**0,6**	0,5
	487,9	437,3

Goodwill is allocated to the Group's cash generating units identified according to the operating platforms that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following operating platforms:

	2013	2012
Construction Africa and Middle East	**51,6**	51,6
Engineering Africa	**52,2**	52,2
Construction Global Underground Mining	**37,2**	37,1
Construction Australasia Oil & Gas and Minerals	**346,9**	296,4
	487,9	437,3

Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long term average growth rate for the relevant market.

In line with market practice, the Group applied a post-tax discount rate of 12,7% (pre-tax discount rate of 17,6%) to post tax cash flows for impairment testing. These post-tax rates were applied as returns observable in the capital market on equity investments usually include tax effects. The discount rate reflects the acquiree's weighted average cost of capital adjusted for relevant risk factors. In Construction Australasia Oil & Gas and Minerals the goodwill relates to the Group's acquisition of Clough Limited as well as additional goodwill recognised on the acquisition of e2o (Proprietary) Limited in the current year, impairment testing is performed using the fair value of Clough Limited's shares at reporting date rather than a value in use calculation.

5 OTHER INTANGIBLE ASSETS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013 Cost	2013 Accumulated amortisation and impairment	2013 Carrying value	2012 Cost	2012 Accumulated amortisation and impairment	2012 Carrying value
Patents, trademarks and other rights	**–**	**–**	**–**	4,2	(0,8)	3,4
Computer software	**242,0**	**(200,6)**	**41,4**	227,0	(188,9)	38,1
Mineral rights	**19,9**	**(19,9)**	**-**	19,9	(19,9)	–
Tolling rights	**157,0**	**(16,4)**	**140,6**	157,0	(8,6)	148,4
Other intangible assets	**28,5**	**(13,3)**	**15,2**	9,1	(7,9)	1,2
	447,4	**(250,2)**	**197,2**	417,2	(226,1)	191,1

RECONCILIATION OF OTHER INTANGIBLE ASSETS	Patents, trademarks and other rights	Computer software	Mineral rights	Tolling rights	Other intangible assets	Total
At 30 June 2011	3,6	35,6	–	156,3	1,5	197,0
Additions	–	16,5	–	–	–	16,5
Scrappings	–	(0,7)	–	–	–	(0,7)
Foreign exchange movement	–	2,6	–	–	0,2	2,8
Amortisation	(0,2)	(15,9)	–	(7,9)	(0,5)	(24,5)
At 30 June 2012	**3,4**	**38,1**	**–**	**148,4**	**1,2**	**191,1**
Additions	**–**	**20,6**	**–**	**–**	**–**	**20,6**
Acquisition of business	**–**	**–**	**–**	**–**	**19,0**	**19,0**
Scrappings	**–**	**(1,1)**	**–**	**–**	**–**	**(1,1)**
Transfers to assets classified as held-for-sale	**(3,1)**	**–**	**–**	**–**	**–**	**(3,1)**
Transfer from property, plant and equipment	**–**	**1,2**	**–**	**–**	**–**	**1,2**
Foreign exchange movement	**–**	**2,1**	**–**	**–**	**0,1**	**2,2**
Amortisation	**(0,3)**	**(19,5)**	**–**	**(7,8)**	**(5,1)**	**(32,7)**
At 30 June 2013	**–**	**41,4**	**–**	**140,6**	**15,2**	**197,2**

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Tolling rights relates to an intangible asset recognised on the acquisition of the controlling interest obtained in Pt Operational Services Proprietary Limited in the 2011 financial year. The purpose of Pt Operational Services Proprietary Limited is to provide toll operations, maintenance and routine road maintenance services to Bakwena Platinum Corridor Concessionaire Proprietary Limited. The intangible asset is amortised over the remaining life of the contract which runs until 31 December 2031.

The following amortisation periods are used for the amortisation of intangible assets:

– Patents, trademarks and other rights	20 years	on a straight-line basis
– Computer software	2 to 4 years	on a straight-line basis
– Tolling rights	20,5 years	on a straight-line basis
– Other intangible assets	3 to 5 years or indefinite	on a straight-line basis

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

6 INVESTMENTS IN ASSOCIATE COMPANIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
6.1 INVESTMENTS IN ASSOCIATE COMPANIES		
At beginning of year	**885,0**	564,4
Additions	**–**	132,8
Disposals	**(1 103,0)**	(1,9)
Repayment of a loan	**(3,9)**	–
Recognition of fair value of investment in associate	**9,5**	–
Dividend received	**(70,7)**	(45,6)
Share of post-acquisition profits	**164,3**	144,7
Impairment reversal	**12,6**	–
Foreign exchange movements	**139,9**	90,6
	33,7	885,0
The carrying value of the investments may be analysed as follows:		
Investments in associates at cost	**19,7**	717,6
Share of post-acquisition profits, net of dividends received	**14,0**	167,4
	33,7	885,0
6.2 VALUATION OF SHARES		
Construction Australasia Oil & Gas and Minerals		
Forge Group Limited	**–**	1 133,5
The 36% shareholding in Forge Group Limited was sold on 26 March 2013 for proceeds of approximately R1 783,6 million. The carrying value of the Group's investment was R1 103,0 million, resulting in a profit on sale of investment in associate of R680,6 million.		
Other associates		
Directors' valuation of unlisted associates	**33,7**	30,1
6.3 SUMMARISED FINANCIAL INFORMATION IN RESPECT OF THE GROUP'S ASSOCIATES		
Total assets	**476,2**	4 449,9
Total liabilities	**(277,4)**	(2 937,6)
Net assets	**198,8**	1 512,3
Revenue*	**7 980,4**	7 271,5
Profit for the year*	**503,4**	431,5

* *Includes Forge's results until disposal date.*

6.4 DETAILS OF ASSOCIATE COMPANIES

		% of ownership and votes		
NAME OF ASSOCIATE	Place of incorporation	**2013**	2012	Main activity
Bombela Operating Company Proprietary Limited	South Africa	**23,9**	23,9	Transport logistics
Bombela TKC Proprietary Limited	South Africa	**25,0**	25,0	Construction
Forge Group Limited	Australia	**–**	35,9	Construction
Northmid Corporate Park Proprietary Limited	South Africa	**25,0**	25,0	Property rental

7 OTHER INVESTMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
7.1 FINANCIAL ASSETS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS		
Investment in infrastructure service concession		
At beginning of the year	**456,7**	441,8
Realisation of investment	**(132,0)**	–
Repayment of loans	**–**	(165,0)
Fair value adjustment recognised in the statement of financial performance	**256,6**	179,9
	581,3	456,7

Directors' valuation R581,3 million (2012: R456,7 million).

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

	% interest	Remaining concession period	2013	2012
Bombela Concession Company Proprietary Limited*	33	13 years	**581,3**	456,7

* *The fair value of the Bombela Concession Company Proprietary Limited is calculated using discounted cash flow models and a market discount rate of 19,5%. The discount rate remains unchanged from the prior year. The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economical fundamentals, taking into consideration the operating conditions experienced in the current financial year. An increase of 1% in the discount rate would result in a decrease in the value of the concession investment of approximately R31,0 million.*

	2013	2012
7.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Unlisted investments		
At beginning of the year	**2,5**	2,7
Fair value loss through other comprehensive income	**(0,1)**	(0,5)
Additions, disposals and other movements	**(1,6)**	0,3
	0,8	2,5
7.3 LOANS AND RECEIVABLES MEASURED AT AMORTISED COST		
Unsecured loans and receivables		
At beginning of the year	**0,6**	0,5
Additional loans raised	**0,9**	7,1
Disposal and repayments	**(1,0)**	(7,0)
	0,5	0,6
Total other investments	**582,6**	459,8

8 INVENTORIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Raw materials	**134,3**	390,3
Work-in-progress	**27,7**	77,7
Finished goods and manufactured components	**101,1**	185,1
Consumable stores	**85,9**	77,4
	349,0	730,5

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

The cost of inventories recognised as an expense includes R74,1 million (2012: R37,4 million) in respect of write-downs of inventory to net realisable value of which R71,3 million relates to discontinued operations before the inventories were transferred to held-for-sale, and has been reduced by R2,5 million (2012: R23,9 million) in respect of the reversal of such write-downs.

The amount of inventory carried at net realisable value amounts to R46,3 million (2012: R20,2 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

9 CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	**3 067,2**	2 848,6
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11: *Construction Contracts*)	**2 062,1**	1 951,0
Uncertified claims and variations	**2 062,1**	2 001,0
Less: Payments received on account	**–**	(50,0)
Amounts receivable on contracts (net of impairment provisions)	**3 300,6**	3 642,0
Retentions receivable (net of impairment provisions)	**449,2**	424,0
	8 879,1	8 865,6
Amounts received in excess of work completed	**(3 406,6)**	(3 018,9)
	5 472,5	5 846,7
Disclosed as:		
Amounts due from contract customers – non-current*	**2 003,1**	2 059,7
Amounts due from contract customers – current	**6 876,0**	6 805,9
Amounts due to contract customers	**(3 406,6)**	(3 018,9)
	5 472,5	5 846,7

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

10 TRADE AND OTHER RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
10.1 TRADE AND OTHER RECEIVABLES			
Trade receivables		**563,9**	1 036,7
Provision for doubtful debts		**(7,4)**	(75,6)
Operating lease receivables recognised on a straight-line basis		**1,6**	2,1
Amounts owing by joint venture partners		**469,9**	344,3
Prepayments		**169,4**	183,5
Finance lease receivable	10.2	**–**	26,7
Sundry loans		**151,5**	82,4
Deposits		**45,9**	52,1
Value Added Taxation receivable		**134,1**	74,0
Vendor related receivables		**121,1**	–
Other receivables – sale of assets*		**–**	128,0
Other receivables		**370,4**	272,9
		2 020,4	2 127,1

* *The sale of assets was not in the ordinary course of business and therefore not classified as trade receivables.*

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

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

10 TRADE AND OTHER RECEIVABLES (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
10.2 FINANCE LEASE RECEIVABLES		
Current finance lease receivables	–	26,7
Non-current finance lease receivables**	–	3,0
	–	29,7

** *The non-current finance lease receivable is classified as part of non-current receivables on the face of the statement of financial position.*

10.2.1 Leasing arrangements

The Group has entered into lease arrangements for certain of its plant. All leases are denominated in South African Rand. The average term of the finance leases is 3 years.

10.2.2 Minimum lease payments receivable

	2013	2012
Within 1 year	–	28,3
Within the 2nd year	–	3,0
	–	31,3
Less: Unearned finance income	–	(1,6)
Present value of finance lease receivable	–	29,7
The present value of finance lease receivables can be analysed as follows:		
Within 1 year	–	26,7
Within the 2nd year	–	3,0
	–	29,7

A mutual agreement was reached during the year between the parties for early settlement of the balance. An amount of R30,0 million was received in September 2012 and no penalties were imposed on the lessee for early settlement.

11 NET CASH AND CASH EQUIVALENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**4 701,4**	2 102,5
Restricted cash	**1 582,4**	1 285,9
Cash and cash equivalents	**6 283,8**	3 388,4
Bank overdrafts	**(897,8)**	(38,5)
	5 386,0	3 349,9

Restricted cash

Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:

	2013	2012
Amounts held in joint ventures	**1 384,5**	1 182,0
Amounts held in trust accounts	**86,4**	0,5
Other agreements with banks and other financial institutions	**111,5**	103,4
	1 582,4	1 285,9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

12 STATED CAPITAL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
12.1 STATED CAPITAL		
Authorised		
750 000 000 no par value shares	**75,0**	75,0
Issued and fully paid		
444 736 118 ordinary shares at no par value	**3 582,8**	3 582,8
Less: Treasury shares held by The Murray & Roberts Trust at no par value	**(350,6)**	(432,9)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at no par value	**(424,6)**	(426,2)
Less: Treasury shares held by subsidiary companies at no par value	**(94,0)**	(13,6)
Net stated capital	**2 713,6**	2 710,1
Unissued		
At 30 June 2013 the number of unissued shares was 305 263 882.		
12.2 TREASURY SHARES		
Market value of treasury shares:		
The Murray & Roberts Trust	**39,8**	132,9
The Letsema BBBEE trusts and companies	**799,6**	788,3
Subsidiary companies	**106,5**	16,7

RECONCILIATION OF ISSUED SHARES	Number of shares	Number of shares
Issued and fully paid	**444 736 118**	444 736 118
Less: Treasury shares held by The Murray & Roberts Trust	**(1 585 657)**	(5 378 382)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(31 819 148)**	(31 902 251)
Less: Treasury shares held by subsidiary companies	**(4 236 644)**	(676 644)
Net shares issued to public	**407 094 669**	406 778 841

13 SHARE INCENTIVE SCHEMES

13.1 EQUITY-SETTLED SHARE INCENTIVE SCHEME – THE MURRAY & ROBERTS TRUST

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust ("Trust"). Subsequent amendments to the Scheme and Trust were approved by shareholders in October 2009 and November 2012.

At 30 June 2013 the Trust held 1 585 657 (2012: 5 378 382) shares against the commitment of options granted by the Trust totalling 13 467 865 (2012: 16 502 112) shares. In order to settle the shortfall and subject to shareholders' approval, the Company can issue new shares within the maximum of 7,5% of the Company's total issued shares, being 33 335 521 ordinary shares. 0,5% of the outstanding options at 30 June 2013 were available for exercise.

13 SHARE INCENTIVE SCHEMES (continued)

13.1 EQUITY-SETTLED SHARE INCENTIVE SCHEME – THE MURRAY & ROBERTS TRUST (continued)

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2013 were as follows:

SCHEMES IMPLEMENTED		Outstanding options at 30 June 2012	Granted during the year	Surrendered during the year	Exercised during the year	**Outstanding options at 30 June 2013**	Option price per share (cents)	Weighted average share price on exercise (cents)
06 March 2003	Standard	25 125	–	–	(25 125)	**–**	1 278	2 425
06 March 2003	Hurdle	46 900	–	–	(46 900)	**–**	1 278	2 424
15 March 2004	Standard	43 550	–	–	(3 350)	**40 200**	1 430	2 484
15 March 2004	Hurdle	36 850	–	–	(3 350)	**33 500**	1 430	2 484
03 March 2006	Hurdle	75 074	–	(44 924)	–	**30 150**	2 213	–
06 March 2007	Hurdle	1 100 810	–	(162 810)	–	**938 000**	4 233	–
06 March 2007	Special	4 901 128	–	(2 107 228)	–	**2 793 900**	4 233	–
30 August 2007	Standard	13 400	–	–	–	**13 400**	5 830	–
02 November 2007	Standard	13 400	–	–	–	**13 400**	7 436	–
26 February 2008	Standard	1 234 140	–	(108 540)	–	**1 125 600**	7 323	–
01 July 2008	Standard	47 570	–	–	–	**47 570**	6 913	–
26 August 2008	Standard	44 120	–	–	–	**44 120**	7 451	–
26 August 2009	Hurdle	2 102 125	–	(108 540)	–	**1 993 585**	4 019	–
08 December 2009	Hurdle	187 600	–	–	–	**187 600**	3 846	–
20 April 2011	Hurdle	2 024 740	–	(170 180)	–	**1 854 560**	2 334	–
30 August 2011	Performance	4 095 040	–	(328 300)	–	**3 766 740**	2 524	–
30 August 2011	Retention	510 540	–	–	–	**510 540**	2 524	–
02 July 2012	Performance	–	75 000	–	–	**75 000**	2 471	–
		16 502 112	75 000	(3 030 522)	(78 725)	**13 467 865**		

Notes:

1. *For the 2003 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.*
2. *For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.*
3. *For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.*
4. *For the 2003 scheme the hurdle rate is 25% per annum compound growth on option price.*
5. *For the 2004 to April 2011 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.*
6. *The 2007 special scheme is time-related with the first tranche exercisable in 2011 with an expiry date of 2017.*
7. *For the August 2011 Performance scheme the hurdle rate is the growth in the budgeted 2012 fully diluted HEPS for continuing operations of annual CPI + 5% cumulatively over the three year period to 30 June 2014. If the threshold performance of 85% of the target performance is not met all the share options will be forfeited. The scheme options shall vest, subject to the performance conditions, on 30 August 2014 and all unexercised options expire on the sixth anniversary of the option date.*
8. *For the August 2011 Retention scheme all share options will vest on the third anniversary subject to continued employment and all unexercised options expire on the sixth anniversary of the option date.*
9. *For the July 2012 Performance scheme, the hurdle rate is the growth in the budgeted 2013 fully diluted HEPS for continuing operations of annual CPI + 5% cumulatively over the three year period to 30 June 2015. If the threshold performance is between 85% – 100% of the target performance, the shares will vest according to a sliding linear scale between 50% – 100%. If the threshold performance is 85% of the target performance, 50% of the shares will vest. In all other cases no vesting will occur. All unexercised options expire on the sixth anniversary of the option.*
10. *The Group has no legal or constructive obligation to repurchase or settle the options in cash.*
11. *Options are forfeited if the employees leave the Group before the options vest.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

13 SHARE INCENTIVE SCHEMES (continued)

13.1 EQUITY-SETTLED SHARE INCENTIVE SCHEME – THE MURRAY & ROBERTS TRUST (continued)

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Binomial lattice model
Hurdle scheme	Hybrid of binomial lattice and Monte Carlo models
Special scheme	Binomial lattice model
Performance scheme	Binomial lattice model
Retention scheme	Binomial lattice model

The inputs into the models were as follows:

SCHEMES IMPLEMENTED		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
06 March 2003	Standard	1 278	41,9%	06 March 2013	9,7%	3,0%	**508**
06 March 2003	Hurdle	1 278	41,9%	06 March 2013	9,7%	3,0%	**254**
15 March 2004	Standard	1 430	35,8%	15 March 2014	9,5%	4,0%	**523**
15 March 2004	Hurdle	1 430	35,8%	15 March 2014	9,5%	4,0%	**334**
03 March 2006	Hurdle	2 213	30,1%	03 March 2014*	7,2%	3,0%	**733**
06 March 2007	Hurdle	4 233	31,0%	06 March 2017	8,2%	2,0%	**1 629**
06 March 2007	Special	4 233	31,0%	06 March 2017	8,2%	2,0%	**1 838**
30 August 2007	Standard	5 830	29,0%	30 August 2013	9,5%	1,0%	**2 586**
02 November 2007	Standard	7 436	29,5%	02 November 2013	8,9%	1,0%	**3 278**
26 February 2008	Standard	7 323	30,8%	26 February 2014	9,6%	1,0%	**3 484**
01 July 2008	Standard	6 913	31,3%	01 July 2014	11,6%	1,0%	**2 829**
26 August 2008	Standard	7 451	32,4%	26 August 2014	9,7%	5,0%	**2 824**
26 August 2009	Hurdle	4 019	38,3%	26 August 2015	8,4%	5,0%	**1 499**
08 December 2009	Hurdle	3 846	39,2%	08 December 2015	8,7%	5,0%	**1 525**
20 April 2011	Hurdle	2 334	40,3%	20 April 2017	7,9%	4,9%	**801**
30 August 2011	Performance	2 524	40,5%	30 August 2017	5,8%	4,9%	**851**
30 August 2011	Retention	2 524	40,5%	30 August 2017	5,8%	4,9%	**851**
02 July 2012	Performance	2 471	39,8%	30 June 2018	7,0%	5,1%	**771**

* *The performance conditions were not satisfied on 03 March 2013 and in terms of the option rules it is further extended until 03 March 2014. In the event that the performance conditions are not achieved by 03 March 2014, this share option scheme will lapse.*

Expected volatility was determined using either the exponentially weighted or equally weighted moving average models (where appropriate) to calculate the historical volatility of the share price over the option lifetime.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R17,2 million (2012: R20,5 million) relating to these share options during the year.

13.2 FORFEITABLE SHARE PLAN

The Murray & Roberts Holdings Limited Forfeitable Share Plan ("FSP") was approved by the shareholders in November 2012. Selected employees were allocated shares by the remuneration committee totalling 3 714 000 shares. The shares cliff vest after 3 years, in November 2015, subject to satisfying certain performance conditions. The forfeitable shares are held in an escrow account by an escrow agent.

PLAN IMPLEMENTED		Balance at 30 June 2012	Granted during the year	Surrendered during the year	Balance at 30 June 2013
28 November 2012	FSP	–	3 714 000	(154 000)	**3 560 000**

13 SHARE INCENTIVE SCHEMES (continued)

13.2 FORFEITABLE SHARE PLAN (continued)

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

FSP	Monte Carlo model

The inputs into the models were as follows:

PLAN IMPLEMENTED		Expected volatility	Expected vesting date	Risk free rate	Expected dividend yield	Estimated fair value of FSP (cents)
28 November 2012	FSP	30,0%	27 November 2015	5,3%	5,1%	**2 218**

Expected volatility was determined using either the exponentially weighted or equally weighted moving average models (where appropriate) to calculate the historical volatility of the share price over the option lifetime. The sub-optimal exercise assumption is not applicable to the FSP since the exercise is assumed to occur on vesting date.

The Group recognised total expenses of R11,1 million (2012: Rnil) relating to the FSP during the year.

13.3 EQUITY-SETTLED SHARE INCENTIVE SCHEME – LETSEMA VULINDLELA BLACK EXECUTIVES TRUST

The Letsema Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's Broad-Based Black Economic Empowerment transaction. This transaction operates through various broad-based entities of which the Letsema Vulindlela Black Executives Trust ("Vulindlela Trust") is one. The purpose of the Vulindlela Trust is to facilitate ownership in the Company's ordinary stated capital by black executives. At 30 June 2013 the Vulindlela Trust held 10 747 475 (2012: 10 830 578) shares against the commitment of options granted by the Vulindlela Trust totaling 3 432 939 (2012: 3 269 599) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the Vulindlela Trust will be offset against the outstanding balance of the loan. After the expiry of the five year lock in period from date of allocation but before 31 December 2021, provided that the prevailing market value exceeds the adjusted amount due in respect of those shares, the black executives may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such election, the black executives will be required to make a contribution to the Vulindlela Trust in order to settle the outstanding loan amount. Should the value of the shares be less than the outstanding loan amount, the Vulindlela Trust must return the shares to the Company and the loan will be cancelled.

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2013 were as follows:

SCHEMES IMPLEMENTED		Outstanding options at 30 June 2012	Re-classi-fication	Granted during the year	Surren-dered during the year	Exercised during the year	Trans-ferred to broker – rights shares	**Out-standing options at 30 June 2013**	Option price per share (cents)	Weighted average share price on exercise (cents)
02 Mar 2006	Standard	250 764	(20 556)	–	–	(25 500)	–	**204 708**	2 353	2 401
27 Jun 2006	Standard	5 481	(814)	–	–	–	–	**4 667**	2 431	–
28 Aug 2006	Standard	46 749	(2 582)	–	–	–	–	**44 167**	3 002	–
06 Mar 2007	Standard	435 982	(31 072)	–	–	–	–	**404 910**	5 200	–
25 Jun 2007	Standard	61 492	(4 511)	–	(834)	–	–	**56 147**	6 619	–
26 Feb 2008	Standard	99 511	(6 067)	–	(2 899)	–	–	**90 545**	9 201	–
28 Aug 2008	Standard	45 167	(2 701)	–	(2 502)	–	–	**39 964**	9 508	–
25 Aug 2009	Standard	518 533	(38 200)	–	(70 032)	–	–	**410 301**	4 774	–
24 Aug 2010	Standard	631 328	(46 139)	–	(82 091)	–	–	**503 098**	4 102	–
20 Apr 2011	Hurdle	118 504	(3 504)	–	(15 000)	–	–	**100 000**	2 516	–
30 Aug 2011	Standard	1 056 088	(73 588)	–	(149 304)	–	–	**833 196**	2 770	–
15 Mar 2012	Rights offer	–	229 734	–	–	(33 340)	(2 658)	**193 736**	–	2 280
28 Nov 2012	Standard	–	–	597 000	(49 500)	–	–	**547 500**	2 195	–
		3 269 599	–	597 000	(372 162)	(58 840)	(2 658)	**3 432 939**		

Notes:

1. The options can only be exercised after 5 years from date of allocation.

2. Options are forfeited if the employee leaves the Group before the options vest.

3. For the 20 April 2011 scheme, the hurdle rate is CPI + 4% per annum compound growth on option price.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

13 SHARE INCENTIVE SCHEMES (continued)

13.3 EQUITY-SETTLED SHARE INCENTIVE SCHEME – LETSEMA VULINDLELA BLACK EXECUTIVES TRUST (continued)

The estimated fair values of options granted were determined using the following valuation methodologies:

Standard scheme	Monte Carlo
Hurdle scheme	Binomial lattice model

SCHEMES IMPLEMENTED	Option price per share (cents)	Expected volatility	Expected expiry date*	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
02 March 2006	2 353	35,8%	31 December 2021	7,2%	2,7%	**1 253**
27 June 2006	2 431	35,8%	31 December 2021	8,7%	2,3%	**1 395**
28 August 2006	3 002	29,0%	31 December 2021	8,9%	2,0%	**1 621**
06 March 2007	5 200	29,0%	31 December 2021	8,0%	2,0%	**2 590**
25 June 2007	6 619	29,0%	31 December 2021	8,9%	2,0%	**3 588**
26 February 2008	9 201	31,2%	31 December 2021	9,6%	2,5%	**4 209**
28 August 2008	9 508	32,7%	31 December 2021	9,6%	5,0%	**4 772**
25 August 2009	4 774	40,3%	31 December 2021	8,2%	5,0%	**2 133**
24 August 2010	4 102	41,9%	31 December 2021	7,1%	4,9%	**1 798**
22 February 2011	2 820	42,4%	31 December 2021	7,9%	4,9%	**1 248**
20 April 2011	2 516	42,4%	31 December 2021	7,9%	4,9%	**818**
30 August 2011	2 770	41,8%	31 December 2021	5,8%	4,9%	**1 163**
28 November 2012	2 195	36,2%	31 December 2021	6,9%	5,0%	**974**

** The expiry date was extended from 31 December 2016 to 31 December 2021 after amendment of the trust deed.*

Expected volatility was determined using either the exponentially weighted or equally weighted moving average models (where appropriate) to calculate the historical volatility of the share price over the option lifetime.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R6,4 million (2012: R7,1 million) relating to these share options during the year.

Included in the Group's total share option expense is an amount of R13,8 million (2012: R5,8 million) relating to Clough Limited's share option scheme.

14 HEDGING AND TRANSLATION RESERVES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Hedging reserve		
At beginning of the year	**(7,6)**	(17,2)
Effects of cash flow hedges	**14,1**	20,3
Taxation related to effects of cash flow hedges	**(4,2)**	(4,7)
Transfer to non-controlling interests	**(3,8)**	(6,0)
	(1,5)	(7,6)
Foreign currency translation reserve		
At beginning of the year	**433,6**	4,9
Foreign exchange movements	**105,7**	428,7
	539,3	433,6
	537,8	426,0

The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges.

The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional and reporting currency of the holding company.

15 OTHER CAPITAL RESERVES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Capital redemption reserve fund		
At beginning and end of the year	**1,1**	1,1
Statutory reserve		
At beginning of the year	**31,3**	31,3
Transfer to retained earnings	**(2,3)**	–
	29,0	31,3
Other non-distributable reserve		
At beginning of the year	**(38,0)**	(37,8)
Fair value loss on available-for-sale financial assets	**(0,1)**	(0,5)
Transfer from retained earnings	**–**	0,3
	(38,1)	(38,0)
Share-based payment reserve		
At beginning of the year	**205,3**	207,0
Disposal of business	**–**	(1,0)
Recognition of share-based payment	**48,5**	33,4
Transfer to retained earnings	**(13,9)**	(31,9)
Transfer to non-controlling interests	**(5,3)**	(2,2)
	234,6	205,3
	226,6	199,7

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

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

The other non-distributable reserve comprises the fair value of the estimated consideration for acquiring the non-controlling interest in Ocean Flow International LLC from the non-controlling shareholder at the date of acquisition.

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments. The transfer to retained earnings in the current financial year reflects the value of the share-based payments reserve that was recognised in prior years relating to share options that have vested but were not exercised.

16 NON-CONTROLLING INTERESTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
The non-controlling interests comprise:		
16.1 NON-CONTROLLING INTERESTS IN RESERVES		
At beginning of the year	**1 158,9**	1 002,2
Share of attributable profit	**466,1**	143,6
Dividends declared and paid	**(81,5)**	(75,0)
Acquisition of non-controlling interest	**–**	10,8
Acquisition of remaining interest in subsidiary	**–**	(38,6)
Repayment of non-controlling interest's share capital	**(1,8)**	–
Issue of shares to non-controlling interests	**5,2**	22,5
Transfers from reserves	**9,1**	8,2
Disposal of businesses	**–**	(90,3)
Foreign exchange and other movements	**81,5**	175,5
	1 637,5	1 158,9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16 NON-CONTROLLING INTERESTS (continued)

	ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
16.2	**EQUITY LOANS FROM NON-CONTROLLING INTERESTS**		
	At beginning of the year	**55,8**	98,1
	Loan repayments	**(38,5)**	(20,9)
	Disposal of businesses	**–**	(34,2)
	Foreign exchange and other movements	**2,7**	12,8
		20,0	55,8
	The loans from the non-controlling interests of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest. The loan repayments made by the non-controlling interests were voluntary.		
	Balance at year end	**1 657,5**	1 214,7

17 SECURED LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R871,3 million (2012: R783,6 million). Overdraft secured by shares with a book value of R1 583,2 million (2012: R1 583,2 million) and a market value of R4 630,0 million (2012: R3 016,0 million). Loans secured over client receipts with a book value of R13,5 million (2012: Rnil).		**930,1**	1 961,7
Reflected in the statement of financial position under:			
Long term loans	18	**79,2**	117,1
Long term capitalised finance leases	18	**454,7**	376,5
Short term loans	18	**396,2**	1 468,1
		930,1	1 961,7

18 LONG TERM LOANS

	ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
18.1	**INTEREST BEARING SECURED LOANS**			
	Payable			
	Within 1 year		**13,6**	1 212,3
	Within the 2nd year		**–**	48,7
	Within 3 to 5 years		**79,2**	68,4
			92,8	1 329,4
	Less: Current portion	24	**(13,6)**	(1 212,3)
			79,2	117,1
18.2	**INTEREST BEARING UNSECURED LOANS**			
	Payable			
	Within 1 year		**133,6**	184,4
			133,6	184,4
	Less: Current portion	24	**(133,6)**	(184,4)
			–	–
18.3	**NON-INTEREST BEARING UNSECURED LOANS**			
	Payable			
	Within 1 year		**131,1**	243,2
	Within 3 to 5 years		**–**	0,2
			131,1	243,4
	Less: Current portion	24	**(131,1)**	(243,2)
			–	0,2

18 LONG TERM LOANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
18.4 CAPITALISED FINANCE LEASES			
Minimum lease payments			
Within 1 year		**423,8**	289,6
Within the 2nd year		**350,5**	233,2
Within 3 to 5 years		**141,1**	162,7
Payable after 5th year		**–**	0,1
		915,4	685,6
Less: Future finance charges		**(78,1)**	(53,3)
Present value of lease obligations		**837,3**	632,3
The present value of lease obligations can be analysed as follows:			
Within 1 year		**382,6**	255,8
Within the 2nd year		**319,9**	219,1
Within 3 to 5 years		**134,8**	157,3
Payable after 5th year		**–**	0,1
		837,3	632,3
Less: Current portion	24	**(382,6)**	(255,8)
		454,7	376,5
Total long term loans		**533,9**	493,8

The Group's current facilities range from on-demand to 364 day facilities and are supported by cross guarantees from Group companies.

Details of repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 17. Details of the Group's interest rate risk management policies are set out in note 41.

19 RETIREMENT AND OTHER BENEFIT PLANS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No 24 of 1956 (as amended).

19.1 DEFINED CONTRIBUTION PLAN – PENSION FUND

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

Murray & Roberts Retirement Fund

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

The fund was actuarially valued on 31 December 2012 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2013 was R112,1 million (2012: R115,0 million).

19.2 DEFINED CONTRIBUTION PLAN – PROVIDENT FUND

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

Murray & Roberts Provident Fund

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

The fund was actuarially valued on 28 February 2013 and declared to be in a sound financial position.

The total cost to the Group in respect of the above fund for the year ended 30 June 2013 was R3,1 million (2012: R2,4 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.3 DEFINED BENEFIT PLAN – RETIREMENT BENEFIT		
The Murray & Roberts Retirement Fund ("Fund") is a hybrid fund providing defined contribution benefits to employee members and defined benefits to pensioners. The Fund provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of scheme reserves, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 2 939 pensioners as members.		
Present value of funded liability	**2 269,3**	2 228,6
Fair value of plan assets	**(2 873,1)**	(2 698,2)
Funded status	**(603,8)**	(469,6)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**603,8**	469,6
	–	–
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**2 228,6**	2 078,5
Interest costs	**161,7**	168,7
Contributions from plan participants	**32,1**	27,3
Actuarial losses	**46,7**	142,2
Benefits paid	**(199,8)**	(188,1)
	2 269,3	2 228,6
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**2 698,2**	2 583,2
Expected return on plan assets	**239,0**	251,3
Actuarial gains	**103,6**	24,5
Contributions from plan participants	**32,1**	27,3
Benefits paid	**(199,8)**	(188,1)
	2 873,1	2 698,2
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Equity instruments	**–**	1 021,4
Debt instruments	**2 873,1**	1 264,3
Overseas equity	**–**	412,5
	2 873,1	2 698,2
The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.		
The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2013 by Cadiant Partners Actuarial and Consulting Solutions Proprietary Limited. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2014.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Interest cost	**161,7**	168,7
Expected return on plan assets	**(239,0)**	(251,3)
(Gains)/losses recognised due to paragraph 58A	**(56,9)**	117,7
Actuarial loss/(gain) unrecognised due to paragraph 58A limits	**134,2**	(35,1)
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**7,8%**	7,6%
Inflation rate	**6,1%**	5,9%
Expected return on plan assets	**N/A**	9,2%
Pension increase allowance	**4,5%**	4,4%

19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

19.3 DEFINED BENEFIT PLAN – RETIREMENT BENEFIT (continued)

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

The actual return on plan assets was R342,6 million (2012: R275,8 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2014 (2013: Rnil).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Present value of defined benefit liability	Fair value of plan assets	Surplus	Experience adjustment on defined benefit liability	Experience adjustment on fair value of plan assets
2013	**2 269,3**	**(2 873,1)**	**(603,8)**	**46,7**	**(103,6)**
2012	2 228,6	(2 698,2)	(469,6)	142,2	(24,5)
2011	2 078,5	(2 583,2)	(504,7)	132,3	(89,9)
2010	1 924,3	(2 395,1)	(470,8)	35,3	(123,0)
2009	1 865,4	(2 177,4)	(312,0)	(90,7)	178,1

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.4 DEFINED BENEFIT PLAN – POST-RETIREMENT MEDICAL AID		
Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.		
Present value of funded liability	**65,4**	66,5
Fair value of plan assets	**(79,6)**	(79,7)
Funded status	**(14,2)**	(13,2)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**14,2**	13,2
	–	–
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**66,5**	66,0
Current service cost	**0,6**	0,6
Interest costs	**5,5**	5,6
Contributions from plan participants	**1,1**	1,1
Actuarial (gain)/losses	**(1,2)**	3,8
Benefits paid	**(7,1)**	(10,6)
	65,4	66,5
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**79,7**	85,5
Expected return on plan assets	**6,2**	7,1
Actuarial losses	**(0,3)**	(3,4)
Contributions from plan participants	**1,1**	1,1
Benefits paid	**(7,1)**	(10,6)
	79,6	79,7
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Equity instruments	**39,7**	36,5
Cash and money market instruments	**39,9**	43,2
	79,6	79,7

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

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2013 by NMG Consultants & Actuaries. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2014.

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19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.4 DEFINED BENEFIT PLAN – POST-RETIREMENT MEDICAL AID (continued)		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Current service cost	**0,6**	0,6
Interest cost	**5,5**	5,6
Expected return on plan assets	**(6,2)**	(7,1)
Net actuarial (gain)/loss	**(0,9)**	7,2
	(1,0)	6,3
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**9,0%**	8,8%
Post retirement discount rate	**9,0%**	8,8%
Expected return on plan assets	**8,6%**	8,4%
Long term increase in medical subsidies	**6,6%**	6,1%
Sensitivity analysis on medical aid cost trends		
Movement in current service costs	**1%**	1%
Effect on profit and loss*	**–**	–
Movement in interest costs	**1%**	1%
Effect on profit and loss	**0,1**	0,1

* *Effect on profit and loss is R6 000 (2012: R6 000).*

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by, the Group. The actual return on plan assets was R5,9 million (2012: R4,6 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute to its post-retirement medical aid defined benefit in 2014 (2013: Rnil).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Present value of defined benefit liability	Fair value of plan assets	Surplus	Experience adjustment on defined benefit liability	Experience adjustment on fair value of plan assets
2013	**65,4**	**(79,6)**	**(14,2)**	**(1,2)**	**0,3**
2012	66,5	(79,7)	(13,2)	3,8	3,4
2011	66,0	(85,5)	(19,5)	0,2	(1,6)
2010	68,9	(85,7)	(16,8)	(17,4)	(1,7)
2009	59,2	(70,1)	(10,9)	5,0	15,0

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.5 DEFINED BENEFIT PLAN – DISABILITY BENEFIT		
With effect from 1 March 2010 disability benefits for qualifying salaried employees are provided through a registered insurer. Disability benefits for existing claimants are provided via the Murray & Roberts Group Employee Benefits Policy. The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits may be reviewed annually and increases are discretionary and not guaranteed. A group of members are also entitled to receive a medical scheme contribution waiver and a skills levy refund.		
Present value of funded liability	**26,6**	27,7
Fair value of plan assets	**(33,8)**	(37,1)
Funded status	**(7,2)**	(9,4)
Cumulative actuarial loss unrecognised due to paragraph 58A limits	**7,2**	9,4
	–	–
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**27,7**	28,0
Interest costs	**2,0**	2,2
Actuarial losses	**2,4**	3,8
Benefits paid	**(5,5)**	(6,3)
	26,6	27,7

19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.5 DEFINED BENEFIT PLAN – DISABILITY BENEFIT (continued)		
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**37,1**	38,9
Expected return on plan assets	**2,6**	3,2
Actuarial (losses)/gains	**(0,4)**	1,3
Benefits paid	**(5,5)**	(6,3)
	33,8	37,1
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Cash and money market instruments	**33,8**	37,1

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

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2013 by Momentum. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2014.

	2013	2012
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Interest cost	**2,0**	2,2
Expected return on plan assets	**(2,6)**	(3,2)
Net actuarial loss	**2,8**	2,5
	2,2	1,5
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**7,8%**	7,6%
Expected return on plan assets	**7,8%**	7,6%
Long term increase in disability benefits	**6,0%**	5,9%

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

The actual return on plan assets was R2,2 million (2012: R4,7 million). The expected rates of return on individual categories of plan assets are determined by reference to indices published by the Bond Exchange of South Africa Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Present value of defined benefit liability	Fair value of plan assets	Surplus	Experience adjustment on defined benefit liability	Experience adjustment on fair value of plan assets
2013	**26,6**	**(33,8)**	**(7,2)**	**2,4**	**0,4**
2012	27,7	(37,1)	(9,4)	3,8	(1,3)
2011	28,0	(38,9)	(10,9)	(0,5)	0,9
2010	31,1	(46,2)	(15,1)	(13,3)	(9,4)
2009	37,2	(59,7)	(22,5)	(14,5)	11,3

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19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
19.6 DEFINED BENEFIT PLAN – PENSION SCHEME		
The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.		
Present value of funded liability	**53,7**	48,4
Fair value of plan assets	**(49,4)**	(41,6)
Recognised actuarial loss	**4,3**	6,8
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**48,4**	43,1
Interest costs	**2,1**	2,6
Actuarial gains	**(0,6)**	(0,9)
Exchange differences on foreign plans	**8,0**	7,7
Benefits paid	**(4,2)**	(4,1)
	53,7	48,4
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**41,6**	35,7
Expected return on plan assets	**2,2**	1,9
Actuarial gains	**1,4**	0,6
Exchange differences on foreign plans	**7,0**	6,3
Contributions from the employer	**1,4**	1,2
Benefits paid	**(4,2)**	(4,1)
	49,4	41,6
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Debt instruments	**47,9**	40,8
Cash	**1,5**	0,8
	49,4	41,6
The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2013 by Barnett Waddingham LLP. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method. The next valuation will be performed on 30 June 2014.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Interest cost	**2,1**	2,6
Expected return on plan assets	**(2,2)**	(1,9)
Net actuarial gain	**(2,0)**	(1,5)
	(2,1)	(0,8)
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**4,5%**	4,3%
Expected return on scheme assets	**N/A**	5,0%
Rate of increase in pension payments	**3,1%**	3,0%
Rate of increase in pensions in deferment	**2,4%**	2,0%
Rate of inflation	**3,1%**	2,8%

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

The actual return on plan assets was a profit of R3,6 million (2012: R2,6 million). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute R1,3 million to this defined benefit plan in 2014 (2013: R1,4 million).

19 RETIREMENT AND OTHER BENEFIT PLANS (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Present value of defined benefit liability	Fair value of plan assets	Deficit	Experience adjustment on defined benefit liability	Experience adjustment on fair value of plan assets
19.6 DEFINED BENEFIT PLAN – PENSION SCHEME (continued)					
2013	**53,7**	**(49,4)**	**4,3**	**(0,6)**	**(1,4)**
2012	48,4	(41,6)	6,8	(0,9)	(0,6)
2011	43,1	(35,7)	7,4	0,7	1,5
2010	46,3	(37,0)	9,3	–	8,5
2009	48,9	(33,2)	15,7	–	(4,1)

20 LONG TERM PROVISIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
At beginning of year	**164,9**	126,5
Additional raised	**81,2**	42,9
Released during the year	**–**	(0,1)
Utilised during the year	**(29,6)**	(22,6)
Acquisition of business	**–**	0,2
Transfer to other payables	**(2,1)**	(4,6)
Transfer to liabilities classified as held-for-sale	**(0,2)**	–
Foreign exchange movements	**24,9**	22,6
	239,1	164,9
Long term provisions comprise of the following categories:		
Decommissioning provisions	**19,8**	16,4
Payroll provisions	**199,8**	133,9
Onerous lease provisions	**16,8**	12,4
Other provisions	**2,7**	2,2
	239,1	164,9

Decommissioning provisions – costs relating to the restoration of contract sites.
Payroll provisions – costs relating to statutory requirements in the Middle East, Australia and America regions.
Onerous lease provisions – costs recognised on onerous lease contracts.
Other provisions – mainly relates to warranty provisions.

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty regarding timing of these cash flows.

21 DEFERRED TAXATION

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
21.1 DEFERRED TAXATION ASSETS		
Inventory	**12,1**	–
Uncertified work and other construction temporary differences	**(285,9)**	(134,5)
Plant	**(305,1)**	(165,5)
Taxation losses	**554,1**	573,4
Receivables	**6,0**	31,2
Provisions and accruals	**476,2**	190,3
Advance payments received net of taxation allowances	**233,3**	124,3
Fair value adjustments	**(104,6)**	(77,8)
Prepayments	**(23,8)**	(8,5)
Other	**94,3**	101,2
	656,6	634,1
21.2 RECONCILIATION OF DEFERRED TAXATION ASSETS		
At beginning of the year	**634,1**	469,8
Credited to the statement of financial performance	**7,4**	134,7
Charged to the statement of financial performance in respect of discontinued operations	**(9,0)**	(40,1)
Charged directly to equity	**(4,2)**	(4,7)
Foreign exchange movements	**28,3**	74,4
	656,6	634,1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

21 DEFERRED TAXATION (continued)

	ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
21.3	**DEFERRED TAXATION LIABILITIES**		
	Uncertified work and other construction temporary differences	**51,5**	175,0
	Plant	**50,3**	187,4
	Taxation losses	**(6,6)**	(29,7)
	Receivables	**(0,1)**	(0,3)
	Provisions and accruals	**(6,5)**	(138,7)
	Advanced payments received net of taxation allowances	**(9,2)**	(54,4)
	Fair value adjustments	**39,1**	1,8
	Prepayments	**11,2**	4,7
	Other	**21,0**	64,7
		150,7	210,5
21.4	**RECONCILIATION OF DEFERRED TAXATION LIABILITIES**		
	At beginning of the year	**210,5**	310,9
	Acquisition of business	**6,3**	0,2
	Deferred taxation liability transferred to liabilities directly associated with assets held-for-sale	**(0,6)**	–
	Credited to the statement of financial performance	**(66,7)**	(115,8)
	Charged to the statement of financial performance in respect of discontinued operations	**–**	7,2
	Foreign exchange movements	**1,2**	8,0
		150,7	210,5

21.5 UNUSED TAXATION LOSSES

The Group's results include a number of legal statutory entities, which fall under a range of taxation jurisdictions. The deferred taxation assets cannot be offset against the deferred taxation liabilities as the Group will not be able to settle on a net basis.

At 30 June 2013 the Group had unused taxation losses of R3 653 million (2012: R4 207 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R1 929 million (2012: R2 165 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R1 724 million (2012: R2 042 million) due to the unpredictability of future profit streams. The Group performed a three year forecast for the financial year 2014 to 2016 which supports the recognition of a deferred taxation asset.

22 SUBCONTRACTOR LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.		
Non-current subcontractor liabilities	**709,2**	651,9
Current subcontractor liabilities	**2 597,5**	2 098,4
	3 306,7	2 750,3

23 TRADE AND OTHER PAYABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Trade payables	**1 066,6**	1 775,1
Payroll accruals	**1 060,2**	1 020,1
Accruals and other payables	**1 963,5**	2 528,3
Amounts owing to joint ventures	**688,9**	575,0
Operating lease payables recognised on a straight-line basis	**8,0**	–
	4 787,2	5 898,5

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

24 SHORT TERM LOANS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
Current portion of long term loans:			
– Interest bearing secured	18	**13,6**	1 212,3
– Interest bearing unsecured	18	**133,6**	184,4
– Non-interest bearing unsecured	18	**131,1**	243,2
Current portion of capitalised finance leases	18	**382,6**	255,8
		660,9	1 895,7

25 PROVISIONS FOR OBLIGATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Payroll	Warranty and other	Total
At 30 June 2011	253,2	1,1	254,3
Additional raised	282,0	–	282,0
Released during the year	(11,9)	–	(11,9)
Utilised during the year	(178,8)	–	(178,8)
Foreign exchange movements	9,0	–	9,0
At 30 June 2012	**353,5**	**1,1**	**354,6**
Additional raised	**380,5**	**–**	**380,5**
Released during the year	**(48,4)**	**–**	**(48,4)**
Utilised during the year	**(347,7)**	**–**	**(347,7)**
Disposal of business	**(10,5)**	**–**	**(10,5)**
Transfer to liabilities classified as held-for-sale	**(24,6)**	**–**	**(24,6)**
Foreign exchange movements	**9,8**	**–**	**9,8**
At 30 June 2013	**312,6**	**1,1**	**313,7**

Payroll provision

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

Warranty provision

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

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty regarding timing of these cash flows.

26 REVENUE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
Construction contracts	**34 054,3**	31 180,0
Sale of goods	**63,6**	57,7
Rendering of services	**455,9**	426,0
Properties	**1,1**	4,1
	34 574,9	31 667,8

1 *Restated for discontinued operations.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

27 PROFIT/(LOSS) BEFORE INTEREST AND TAXATION

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2013	2012[1]
Profit/(loss) before interest and taxation is arrived at after taking into account:			
The items below comprise of continuing operations only			
Items by nature			
Investment income other than interest:			
Fair value gain on investments designated as fair value through profit and loss	7	**256,6**	179,9
Fair value of investment in associate		**9,5**	–
Fair value gain on investment property		**–**	14,8
Rentals received		**59,4**	64,2
Amortisation of intangible assets		**32,5**	24,3
Auditors' remuneration:			
Fees for audits		**34,5**	36,4
Other services		**6,0**	6,3
Expenses		**0,2**	1,0
Compensation income from insurance claims		**8,4**	7,6
Depreciation:			
Land and buildings		**34,2**	20,4
Plant and machinery		**633,9**	512,8
Other equipment		**39,5**	43,4
		707,6	576,6
Employee benefit expense:			
Salaries and wages		**13 777,7**	13 305,2
Share option expense		**33,9**	26,9
Share option expense (Clough Limited)		**13,8**	5,8
Pension and provident costs – defined contribution plans	19	**115,2**	117,4
Fees paid for:			
Managerial services		**67,7**	84,6
Technical services		**6,2**	30,1
Administrative services		**19,6**	24,9
Secretarial services		**1,4**	1,5
Impairment loss recognised on:			
Land and buildings		**31,9**	0,7
Impairment charges:			
Inventory		**2,8**	37,4
Trade receivables		**7,7**	4,9
Amounts receivable on contracts		**13,3**	19,4
Other receivables		**5,8**	1,6
Reversal of impairment loss recognised on property, plant and equipment		**–**	4,9
Reversal of impairment loss recognised on associate investment		**12,6**	–
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**19,5**	43,5
Loss on disposal of property, plant and equipment		**31,5**	0,1
Profit on sale of investment in associate		**680,6**	10,1
Fair value loss on investment property		**–**	2,9
Net fair value profit on financial instruments		**4,9**	5,3
Net foreign exchange losses		**(12,5)**	(31,4)
Net foreign exchange gains on intercompany loans		**211,2**	36,7

1 *Restated for discontinued operations.*

27 PROFIT/(LOSS) BEFORE INTEREST AND TAXATION (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
Operating lease costs:		
Land and buildings	**337,1**	245,8
Plant and machinery	**44,2**	8,6
Other	**51,9**	32,5
Research and development	**0,6**	1,1
Items by function		
Cost of sales*	**31 558,3**	30 627,3
Distribution and marketing costs	**18,5**	14,1
Administration costs	**2 801,3**	2 258,9
Other operating income	**1 509,4**	874,8

* *Cost of sales include R86,0 million (2012: R50,9 million) relating to the cost of inventories sold during the year.*

28 INTEREST EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
Bank overdrafts	**39,7**	241,3
Present value expense	**4,2**	6,9
Capitalised finance leases	**10,9**	6,9
Loans and other liabilities	**178,4**	92,0
	233,2	347,1

29 INTEREST INCOME

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
Bank balances and cash	**112,1**	88,2
Present value income	**0,8**	2,6
Capitalised finance leases	**0,3**	6,9
Unlisted loan investment and other receivables	**5,3**	0,4
	118,5	98,1

30 TAXATION EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**36,2**	253,6
Normal taxation – prior year	**0,3**	–
Secondary taxation on companies	**–**	3,6
Deferred taxation – current year	**(154,6)**	(145,2)
Deferred taxation – prior year	**(9,9)**	(14,7)
Foreign taxation		
Normal income taxation and withholding taxation – current year	**584,6**	213,9
Normal income taxation and withholding taxation – prior year	**(2,5)**	–
Deferred taxation – current year	**107,2**	(91,4)
Deferred taxation – prior year	**(18,5)**	0,8
Change in tax rate	**1,7**	–
	544,5	220,6

South African income tax is calculated at 28% (2012: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

1 *Restated for discontinued operations.*

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30 TAXATION EXPENSE (continued)

RECONCILIATION OF THE STANDARD RATE OF TAXATIONTO THE EFFECTIVE RATE OF TAXATION	2013 %	2012[1] %
South African standard rate of taxation	**28,0**	28,0
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**11,9**	(14,4)
Taxation on foreign companies	**3,2**	–
Current year's losses not recognised	**0,5**	(1,3)
Foreign withholding taxation	**1,2**	(2,1)
Change in taxation rate	**–**	(1,9)
Imputed foreign income	**2,2**	(0,1)
Secondary taxation on companies	**–**	(0,6)
	47,0	7,6
Reduction in rate of taxation due to:		
Capital and non-taxable items	**(5,7)**	4,6
Taxation on foreign companies	**–**	(50,9)
Taxation losses utilised	**(5,6)**	–
Prior year adjustments	**(1,6)**	2,4
Effective rate of taxation	**34,1**	(36,3)

31 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

31.1 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The Group continues to dispose of investment properties with proceeds of R88,7 million received in the current financial year. The remaining properties are expected to be disposed of within the next 12 months.

The non-core operations relating to the Steel Business and Union Carriage and Wagon Proprietary Limited were disposed of in the last quarter of the financial year. Refer to note 35 for further details.

The Board took the decision to dispose of the Group's Construction Products Africa operating platform as its operations are considered to be non-core to the Group. The Construction Products operating platform comprises of the following entities: Hall Longmore, Technicrete, Ocon Brick, Rocla and Much Asphalt.

The disposal of the majority of the Construction Products Africa operations was concluded on 28 June 2013. The businesses and underlying assets of Much Asphalt were disposed of to a consortium comprising of Capitalworks and certain senior management and executives of Much Asphalt, while the Rocla, Ocon Brick and Technicrete entities were disposed of to a consortium comprising of Capitalworks, RMB Ventures and certain senior management and executives of Rocla, Ocon Brick and Technicrete. The disposal remains subject to Competition Commission approval and is envisaged to take place in the first quarter of the 2014 financial year. The total proceeds on the transaction is R1 325 million before transaction costs. R1 150 million will be received on the effective date, R75 million is receivable 12 months after the effective date and the remaining R100 million is receivable 24 months after the effective date. Negotiations with potential buyers for the sale of the Hall Longmore business are ongoing and shareholders will be advised in due course of the outcome thereof.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
The profit from discontinued operations is analysed as follows:		
Revenue		
Construction contracts	**648,2**	919,1
Sale of goods	**4 021,0**	4 294,7
Rendering of services	**–**	236,9
Properties	**66,7**	25,1
	4 735,9	5 475,8

1 *Restated for discontinued operations.*

31 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
31.1 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS (continued)		
Profit after taxation for the period is analysed as follows:		
Profit before interest, depreciation and amortisation	**411,5**	267,6
Depreciation	**(59,6)**	(87,9)
Amortisation of intangible assets	**(0,2)**	(0,2)
Profit before interest and taxation	**351,7**	179,5
Interest expense	**(32,0)**	(40,6)
Interest income	**25,0**	8,7
Profit before taxation	**344,7**	147,6
Taxation	**(85,6)**	(57,0)
(Loss)/profit from equity accounted investments	**(0,2)**	1,3
Profit from discontinued operations	**258,9**	91,9
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**250,9**	111,7
Non-controlling interests	**8,0**	(19,8)
	258,9	91,9
Taxation effects of profit or loss on disposal of discontinued operations	**39,1**	(0,9)
Cash flows from discontinued operations		
Cash flows from operating activities	**43,0**	(138,9)
Cash flows from investing activities	**382,2**	1 089,8
Cash flows from financing activities	**(192,6)**	(483,8)
Net increase in cash and cash equivalents	**232,6**	467,1
Profit before interest and taxation is arrived at after taking into account:		
Items by nature		
Investment income other than interest:		
Rentals received	**5,6**	9,7
Fair value gain on investment property	**–**	19,8
Amortisation of intangible assets	**0,2**	0,2
Auditors' remuneration:		
Fees for audits	**4,4**	6,4
Other services	**0,5**	0,8
Expenses	**0,1**	0,1
Compensation income from insurance claims	**1,8**	0,4
Depreciation:		
Land and buildings	**2,2**	9,4
Plant and machinery	**54,5**	73,0
Other equipment	**2,9**	5,5
	59,6	87,9
Employee benefit expense:		
Salaries and wages	**719,5**	969,2
Share option expense	**0,8**	0,7
Fees paid for:		
Managerial services	**11,2**	2,1
Technical services	**0,3**	2,5
Administrative services	**2,4**	1,4
Impairment loss recognised on:		
Plant and equipment	**–**	30,2
Disposal group	**30,7**	–
Inventory classified as held-for-sale	**8,7**	–
Properties classified as held-for-sale	**15,0**	–

1 Restated for discontinued operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

31 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]
31.1 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS (continued)		
Impairment charges:		
Inventory	**71,3**	54,7
Trade receivables	**14,4**	32,9
Contract receivables	**0,9**	–
Other receivables	**–**	2,9
Fair value adjustments on assets held-for-sale	**26,5**	21,9
Reversal of impairment loss recognised on property, plant and equipment	**–**	1,8
Profit or loss on disposals:		
Profit on disposal of property, plant and equipment	**5,4**	0,3
Loss on disposal of property, plant and equipment	**5,9**	–
Profit on disposal of businesses (net)	**139,2**	46,7
Profit on sale of investment in associates (net)	**–**	3,3
Profit on sale of property developments	**–**	9,5
Profit on sale of assets held-for-sale	**9,2**	51,1
Net foreign exchange losses	**–**	0,2
Operating lease costs:		
Land and buildings	**7,0**	16,1
Plant and machinery	**0,5**	0,4
Other	**1,3**	1,6
Research and development	**0,8**	0,7
Items by function		
Cost of sales*	**3 802,8**	4 556,4
Distribution and marketing costs	**270,9**	272,4
Administration costs	**568,0**	598,9
Other operating income	**257,5**	131,4

* *Cost of sales includes R3,4 billion (2012: R3,7 billion) relating to the cost of inventories sold during the year.*
1 *Restated for discontinued operations.*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
31.2 ASSETS CLASSIFIED AS HELD-FOR-SALE		

Assets held-for-sale includes assets relating to discontinued operations as referred to in note 31.1. These disposals are expected to occur within the next 12 months and have therefore been classified as assets held-for-sale. The proceeds from disposals are expected to exceed or equal the net carrying amount of the assets. Subsequent to classifying some assets as held-for-sale, the carrying amount of the assets reduced to below the assets' fair value, less costs to sell. Management elected to write these assets' carrying amounts down to their fair value less costs to sell.

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

	2013	2012
Major classes of assets comprising the assets held-for-sale		
Property, plant and equipment	**774,9**	198,0
Investment properties	**62,7**	92,8
Other intangible assets	**3,9**	–
Other investments	**53,1**	47,0
Inventories	**454,8**	295,3
Trade and other receivables	**371,6**	234,0
Current taxation assets	**1,9**	0,7
Cash and cash equivalents	**56,4**	37,2
	1 779,3	905,0
Major classes of liabilities directly associated with a disposal group held-for-sale		
Long term loans	**1,2**	–
Long term provisions	**2,9**	–
Deferred taxation liabilities	**2,1**	2,4
Non-current payables	**1,2**	5,5
Trade and other payables	**559,4**	184,7
Short term loans	**43,7**	38,3
Current taxation liability	**1,1**	–
Provisions for obligations	**46,8**	6,6
Bank overdrafts	**7,7**	11,3
	666,1	248,8

32 PROFIT/(LOSS) AND HEADLINE PROFIT/(LOSS) PER SHARE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
32.1 WEIGHTED AVERAGE NUMBER OF SHARES			
Number of shares ('000)			
Weighted average number of shares in issue		**444 736**	382 712
Less: Weighted average number of shares held by The Murray & Roberts Trust		**(3 189)**	(6 338)
Less: Weighted average number of shares held by the Letsema BBBEE trusts		**(31 863)**	(32 115)
Less: Weighted average number of shares held by subsidiary companies		**(2 809)**	(736)
Weighted average number of shares in issue used in the determination of basic per share figures		**406 875**	343 523
Add: Dilutive adjustment for share options		**3 813**	699
Weighted average number of shares in issue used in the determination of diluted per share figures		**410 688**	344 222
32.2 PROFIT/(LOSS) PER SHARE			
Reconciliation of profit/(loss)			
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited		**1 004,3**	(735,6)
Adjustments for discontinued operations:			
Profit from discontinued operations	31	**(258,9)**	(91,9)
Non-controlling interests	31	**8,0**	(19,8)
Profit/(loss) for the purposes of basic and diluted earnings per share from continuing operations		**753,4**	(847,3)
Profit/(loss) per share from continuing and discontinued operations (cents)			
– Diluted		**245**	(214)
– Basic		**247**	(214)
Profit/(loss) per share from continuing operations (cents)			
– Diluted		**183**	(246)
– Basic		**185**	(247)
Profit per share from discontinued operations (cents)			
– Diluted		**62**	32
– Basic		**62**	33

32.3 HEADLINE PROFIT/(LOSS)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013		2012[1]	
Reconciliation of headline profit/(loss)	**Gross pre-tax & non-controlling interests**	**Net**	Gross pre-tax & non-controlling interests	Net
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**2 100,5**	**1 004,3**	(601,6)	(735,6)
Investment property fair value adjustments	**–**	**–**	(31,7)	(27,3)
Profit on disposal of businesses (net)	**(139,2)**	**(99,9)**	(46,7)	(27,9)
Loss/(profit) on disposal of property, plant and equipment (net)	**12,5**	**7,5**	(43,7)	(27,5)
Profit on sale of associates (net)	**(680,6)**	**(222,8)**	(13,4)	(12,0)
Impairment of property, plant and equipment (net)	**31,9**	**22,2**	24,2	17,4
Impairment of disposal group	**30,7**	**30,7**	–	–
Fair value adjustments on assets held-for-sale	**50,2**	**43,2**	21,9	15,6
Profit on sale of assets held-for-sale (net)	**(9,2)**	**(4,8)**	(51,1)	(44,1)
Fair value adjustment on investment in associate	**(9,5)**	**(6,8)**	–	–
Reversal of impairment recognised on associate	**(12,6)**	**(8,9)**	–	–
Other	**–**	**–**	(3,9)	(3,9)
Headline profit/(loss)	**1 374,7**	**764,7**	(746,0)	(845,3)

1 Restated for discontinued operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32 PROFIT/(LOSS) AND HEADLINE PROFIT/(LOSS) PER SHARE (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		2013		2012[1]	
Reconciliation of headline profit/(loss) (continued)	Note	Gross pre-tax & non-controlling interests	Net	Gross pre-tax & non-controlling interests	Net
32.3 HEADLINE PROFIT/(LOSS) (continued)					
Adjustments for discontinued operations:					
Profit from discontinued operations	31	**(344,5)**	**(258,9)**	(148,9)	(91,9)
Non-controlling interests	31	**–**	**8,0**	–	(19,8)
Investment property fair value adjustments		**–**	**–**	19,8	17,0
Profit on disposal of businesses (net)		**139,2**	**99,9**	46,7	27,9
Loss on disposal of property, plant and equipment (net)		**(0,5)**	**(0,4)**	(1,0)	(0,7)
Profit on sale of investment in associate		**–**	**–**	3,3	3,3
Impairment of property, plant and equipment (net)		**–**	**–**	(25,0)	(18,0)
Impairment of disposal group		**(30,7)**	**(30,7)**	–	–
Fair value adjustments on assets held-for-sale		**(50,2)**	**(43,2)**	(21,9)	(15,6)
Profit on sale of assets held-for-sale (net)		**9,2**	**4,8**	51,1	44,1
Headline profit/(loss) from continuing operations		**1 097,2**	**544,2**	(821,9)	(899,0)

	2013	2012[1]
Headline profit/(loss) per share (cents) from continuing and discontinued operations		
– Diluted	**186**	(246)
– Basic	**188**	(246)
Headline profit/(loss) per share from continuing operations (cents)		
– Diluted	**132**	(261)
– Basic	**134**	(262)
Headline profit per share from discontinued operations (cents)		
– Diluted	**54**	15
– Basic	**54**	16

1 *Restated for discontinued operations.*

33 CASH GENERATED FROM/(UTILISED IN) OPERATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Profit/(loss) before interest and taxation	**2 057,9**	(178,2)
Adjustments for non-cash items:		
Amortisation of intangible assets	**32,7**	24,5
Depreciation	**767,2**	664,5
Fair value adjustments on concession investment	**(256,6)**	(179,9)
Non-cash movements relating to held-for-sale	**80,4**	(19,8)
Profit on sale of businesses (net)	**(139,2)**	(46,7)
Profit on sale of investments in associates	**(680,6)**	(13,4)
Investment property fair value adjustments	**–**	(31,7)
Long term provisions raised, released and utilised	**51,6**	20,2
Provisions for obligations raised, released and utilised	**(15,6)**	91,3
Loss/(profit) on disposal of property, plant and equipment (net)	**12,5**	(43,7)
Share-based payment expense	**48,5**	33,4
Impairment of assets (net)	**148,1**	178,0
Foreign exchange and other non-cash items	**(53,6)**	36,6
Change in working capital:	**(4,2)**	(2 115,3)
Inventories	**(98,4)**	50,8
Trade and other receivables	**(231,0)**	(673,9)
Contracts-in-progress and contract receivables	**(148,7)**	(3 473,2)
Trade and other payables	**(512,4)**	648,5
Subcontractor liabilities and amounts due to contract customers	**986,3**	1 332,5
	2 049,1	(1 580,2)

34 TAXATION PAID

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Taxation unpaid at beginning of the year	**(83,9)**	(32,9)
Foreign exchange movements	**(4,9)**	9,7
Acquisition of business	**(4,9)**	0,1
Taxation charged to the statement of financial performance excluding deferred taxation	**(620,3)**	(471,1)
Taxation credited to the statement of financial performance under discontinued operations	**3,6**	(9,7)
Taxation paid under discontinued operations	**(45,8)**	(9,0)
Taxation unpaid at end of the year	**485,2**	83,9
	(271,0)	(429,0)
Current taxation assets	**(59,6)**	(90,7)
Current taxation liabilities	**544,8**	174,6
	485,2	83,9

35 ACQUISITION/DISPOSAL OF BUSINESSES

35.1 ACQUISITION OF BUSINESS

35.1.1 Acquisition of e2o (Proprietary) Limited

Clough Limited ("Clough") acquired e2o (Proprietary) Limited ("e2o") on 31 January 2013, a leading provider of specialised commissioning, completion and hazardous area inspection services to the energy and resources sectors, for a consideration of AUD9,3 million (R83,7 million). The goodwill of AUD5,5 million (R50,0 million) arises from the value of e2o's assembled workforce and customer service capability. None of the goodwill is expected to be deducted for tax purposes.

In accordance with the Share Purchase Agreement, additional consideration of up to approximately AUD5,0 million (R45,2 million) may be payable to the previous owners of e2o in shares and cash over a three year period, subject to e2o meeting certain performance criteria. The additional consideration is subject to the Vendors' continuing involvement with e2o.

The net assets acquired at the date of acquisition:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013 Acquiree's carrying value	2013 Fair value
Property, plant and equipment		**0,8**	**0,8**
Other intangible assets		**19,0**	**19,0**
Amounts due from contract customers		**35,9**	**35,9**
Trade and other receivables		**0,1**	**0,1**
Cash and cash equivalents		**9,6**	**9,6**
Deferred taxation liabilities		**(6,3)**	**(6,3)**
Trade and other payables		**(16,8)**	**(16,8)**
Current taxation liability		**(4,9)**	**(4,9)**
Subcontractor liabilities		**(3,7)**	**(3,7)**
Fair value of net assets acquired		**33,7**	**33,7**
Goodwill	4		**50,0**
Consideration paid			**83,7**
Consideration paid in cash and cash equivalents			**83,7**
Less: Cash and cash equivalent balances acquired			**(9,6)**
			74,1

Impact of acquisition on the results of the Group

The profit for the year includes an amount of R7,9 million (R4,9 million net of non-controlling interests) that relates to the business acquired during the year. The revenue includes R129,2 million in respect of the business acquired during the year.

The effect on revenue of the Group from continuing operations would have been R270,8 million if the business had been acquired on 1 July 2012 and the profit for the year from continuing operations would have been R18,8 million (R11,6 million net of non-controlling interests).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

35 ACQUISITION/DISPOSAL OF BUSINESSES (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013
35.2 DISPOSAL OF BUSINESSES	
The profit or loss on disposal of businesses is included in the profit for the year from discontinued operations in the statement of financial performance, refer to note 31.	
Cash inflow on disposal of businesses	**402,8**
Net cash and cash equivalents disposed of	**(83,6)**
Net profit on disposal of businesses	**139,2**
35.2.1 Disposal of Cape Town Iron and Steel Works ("CISCO")	
The Group disposed of the business, assets and liabilities of CISCO on 1 July 2012 for net proceeds of R80 million to a third party purchaser.	
Analysis of assets and liabilities, classified as assets and liabilities held-for-sale in the previous financial year, which was sold during the year.	
Property, plant and equipment	**(1,7)**
Inventories	**(23,4)**
Net assets disposed of	**(25,1)**
Consideration received in cash and cash equivalents	**80,0**
Profit on disposal of business	**54,9**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**80,0**
Less: Cash and cash equivalent balances disposed of	**–**
	80,0
35.2.2 Disposal of Murray & Roberts Retail Asset Management Proprietary Limited ("RAM")	
The assets and liabilities of the steel businesses were sold at net book value to RAM, a fellow subsidiary, on 1 July 2012. The Group sold its 100% shareholding in the company to a third party on 1 April 2013 for a purchase consideration of R235 million. R115 million was received in cash and R120 million has been designated as a vendor loan. The loan is interest bearing and considered to be recoverable.	
Analysis of assets and liabilities, classified as assets and liabilities held-for-sale in the previous financial year, which was sold during the year.	
Property, plant and equipment	**(85,5)**
Inventories	**(109,4)**
Trade and other receivables	**(156,1)**
Cash and cash equivalents	**(51,7)**
Trade and other payables	**125,9**
Current taxation liabilities	**2,4**
Provisions for obligations	**4,3**
Net assets disposed of	**(270,1)**
Consideration received in cash and cash equivalents	**115,0**
Consideration to be received as vendor loan	**120,0**
Loss on disposal of business	**(35,1)**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**115,0**
Less: Cash and cash equivalent balances disposed of	**(51,7)**
	63,3

35 ACQUISITION/DISPOSAL OF BUSINESSES (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013

35.2 DISPOSAL OF BUSINESSES (continued)

35.2.3 Disposal of RSC Botswana

The Group disposed of the business, assets and liabilities of RSC Botswana, a division of Murray & Roberts Botswana Limited, on 31 May 2013 for net proceeds of R5,9 million.

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

	2013
Property, plant and equipment	**(0,3)**
Inventories	**(7,6)**
Trade and other receivables	**(6,2)**
Trade and other payables	**7,4**
Net assets disposed of	**(6,7)**
Consideration received in cash and cash equivalents	**5,9**
Loss on disposal of business	**(0,8)**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**5,9**
Less: Cash and cash equivalent balances disposed of	**–**
	5,9

35.2.4 Disposal of Union Carriage and Wagon ("UCW")

On 13 June 2013 the Group disposed of the business, assets and liabilities of UCW for gross proceeds of R300 million to a third party. R215 million was received in cash and the balance of R85 million is designated as a vendor loan which is receivable within one year of the disposal date. The vendor loan bears interest at rates linked to prime. The vendor loan of R85 million has been repaid subsequent to year end.

Analysis of assets and liabilities, transferred to held-for-sale at 1 December 2012, which was sold during the year.

	2013
Property, plant and equipment	**(74,4)**
Inventories	**(69,8)**
Trade and other receivables	**(118,3)**
Amounts due from contract customers	**(54,4)**
Cash and cash equivalents	**(31,9)**
Trade and other payables	**171,6**
Provisions for obligations	**10,5**
Net assets disposed of	**(166,7)**
Consideration received in cash and cash equivalents (proceeds net of transaction costs)	**201,9**
Consideration to be received as vendor loan	**85,0**
Profit on disposal of business	**120,2**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**201,9**
Less: Cash and cash equivalent balances disposed of	**(31,9)**
	170,0

36 NET MOVEMENT IN BORROWINGS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Loans raised	**29,9**	2 653,9
Loans repaid	**(1 426,7)**	(2 428,3)
	(1 396,8)	225,6
Capitalised finance leases raised	**208,4**	116,5
	(1 188,4)	342,1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

37 JOINT VENTURES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
37.1 JOINT VENTURE ARRANGEMENTS		
A portion of the Group's operations are performed through joint ventures. The Group operates through two types of joint ventures:		
Joint venture entities		
– these are incorporated arrangements such as jointly controlled companies.		
Joint venture operations		
– these are unincorporated arrangements such as partnerships and contracts.		
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial position is:		
Non-current assets	**2 134,7**	30,6
Current assets	**4 563,0**	5 899,5
Total assets	**6 697,7**	5 930,1
Non-current liabilities	**752,5**	67,5
Current liabilities	**5 980,5**	5 305,8
Total liabilities	**6 733,0**	5 373,3
Net (liabilities)/assets	**(35,3)**	556,8
The Group's aggregate proportionate share of joint ventures included in the consolidated statement of financial performance is:		
Revenue	**13 325,8**	9 730,6
Profit after taxation	**745,0**	893,2

	Operating platform	2013 % share-holding	2012 % share-holding
37.2 DETAILS OF SIGNIFICANT JOINT VENTURES			
Bombela Civils Joint Venture Proprietary Limited	Construction Africa and Middle East	**45,0**	45,0
Medupi Civils Joint Venture*	Construction Africa and Middle East	**67,0**	67,0
Mafraq Hospital Joint Venture	Construction Africa and Middle East	**30,0**	30,0
CBI Clough Joint Venture (Proprietary) Limited	Construction Australasia Oil & Gas and Minerals	**35,0**	35,0
Clough Downer Joint Venture	Construction Australasia Oil & Gas and Minerals	**50,0**	50,0
Clough Curtain Joint Venture*	Construction Australasia Oil & Gas and Minerals	**65,0**	65,0
Kellogg Joint Venture – Gorgon	Construction Australasia Oil & Gas and Minerals	**20,0**	20,0
Clough DORIS Joint Venture	Construction Australasia Oil & Gas and Minerals	**50,0**	50,0
Transfield Services Clough Joint Venture	Construction Australasia Oil & Gas and Minerals	**50,0**	–
Downer Clough Joint Venture	Construction Australasia Oil & Gas and Minerals	**50,0**	50,0

The criteria used to determine significant joint ventures include contribution to revenue or the Group's share of obligations on a proportionately consolidated basis. A monetary threshold of R250 million has been used to determine significant joint ventures for the current year.

* *The Group does not have a controlling interest as unanimous decisions need to be made by all parties.*

38 CONTINGENT LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The Group does not account for any potential contingent liabilities where a back to back arrangement exists with the clients or subcontractors and there is a legal right to offset. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material adverse effect on the financial condition or future of the Group.		
Contingent liabilities	**1 469,7**	1 445,3
Financial institution guarantees given to third parties	**10 490,8**	10 284,8
Contingent liabilities and guarantees given to third parties arising from interest in joint ventures included above amounted to:	**6 938,5**	6 719,8

The directors do not believe any exposure to loss is likely.

On 19 June 2013 Murray & Roberts agreed to settle with the Competition Commission and conclude the investigation into historical anti-competitive behaviour. A penalty of R309 million in full and final settlement of all matters being investigated as part of the Competition Commission's Fast-Track Settlement Process has been accrued for in the Group's annual financial statements. The Competition Tribunal approved the penalty on 22 July 2013. The payment of the penalty will be made in three equal instalments, with the first payable one month after approval by the Competition Tribunal, the second payment 12 months thereafter and the third payment 24 months after the first payment.

There are five remaining historical incidents of collusive conduct (excluded from the concluded Fast-Track Settlement Process) that still need to be settled with the Competition Commission. The Board is of the view that the potential penalties on these transgressions will not be material compared to the penalty paid on the conclusion of the Fast-Track Settlement Process and it remains committed to concluding this matter rapidly for the benefit of all stakeholders. The Group has provided for a potential penalty in the financial year 2013 accounts.

39 CAPITAL COMMITMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Approved by the directors, contracted and not provided in the statement of financial position	**153,0**	43,0
Approved by the directors, not yet contracted for	**698,0**	1 333,0
	851,0	1 376,0
Capital expenditure will be financed from internal resources and existing facilities. The capital commitments relate primarily to the acquisition of project related capital expenditure.		
The Group's share of the capital commitments of its jointly controlled entities is as follows:	**118,8**	2,0

40 OPERATING LEASE ARRANGEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012

40.1 GENERAL OPERATING LEASES

Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.

Operating lease costs

Operating lease costs recognised in the statement of financial performance is set out in note 27.

Minimum lease payments due

	2013	2012
Due within one year	**294,9**	403,0
Due between two and five years	**816,6**	846,8
Due thereafter	**693,2**	807,8
	1 804,7	2 057,6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

41 FINANCIAL RISK MANAGEMENT

41.1 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 18 and 24 and equity attributable to owners of Murray & Roberts Holdings Limited, comprising issued reserves and retained earnings as disclosed.

The Board reviews the capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

The Group is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board.

The Group's current facilities range from on-demand to 364 day facilities and are supported by cross guarantees from Group companies and have been secured by the pledging of Clough Limited's shares.

41.2 FINANCIAL INSTRUMENTS

The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.

In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, derivatives, accounts receivable and payable and interest bearing borrowings.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2013	2012
Categories of financial instruments			
Financial assets			
Financial assets designated as fair value through profit and loss (level 3)	7	**581,3**	456,7
Loans and receivables		**17 026,1**	14 229,2
Available-for-sale financial assets carried at fair value (level 3)	7	**0,8**	2,5
Derivative financial instruments (level 2)		**1,9**	–
Financial liabilities			
Loans and payables		**13 707,3**	13 953,1
Derivative financial instruments (level 2)		**1,1**	15,9

The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair values:

Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data

During the year the Group granted a call option to the acquirer of Murray & Roberts Retail Asset Management Proprietary Limited ("RAM") to acquire the Mauritian operations. The net asset value of the business currently equates to the value of the option, therefore no fair value adjustments have been taken to profit or loss. This option can be exercised at any time before 30 June 2016 after which the Group will exercise their put option.

41.3 MARKET RISK

The Group operates in various countries and is exposed to the market risks evident in each specific country. The primary market risks identified relate to foreign currency fluctuations and interest rate fluctuations. The sensitivities relating to these market risks are detailed in notes 41.4 and 41.5.

41.4 FOREIGN CURRENCY RISK MANAGEMENT

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

Foreign currency sensitivity

The Group is mainly exposed to the currencies of United Arab Emirates, Australia, United States of America, Canada and Europe. The following table details the Group's major foreign currencies and the sensitivity of a 1% decrease in the Rand against the relevant currencies. The sensitivity includes only foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. A positive number indicates an increase in profit and equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012	2013	2012
Australian Dollar	**54,7**	26,9	**(12,0)**	(11,4)
Canadian Dollar	**6,2**	4,7	**(2,0)**	(3,1)
European Euro	**1,7**	1,9	**(0,7)**	(0,5)
UAE Dirham	**14,3**	4,2	**(11,6)**	(11,4)
US Dollar	**9,7**	7,8	**(3,8)**	(4,3)

41 FINANCIAL RISK MANAGEMENT (continued)

41.4 FOREIGN CURRENCY RISK MANAGEMENT (continued)

Forward foreign exchange contracts

The Group may, from time to time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency exchange contracts. Each operation manages its own trade exposure. In this regard the Group has entered into certain forward foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

All forward foreign exchange contracts are valued at fair value on the reporting date with the resultant gain or loss included in the statement of financial performance with the exception of effective cash flow hedges. The gains or losses on effective cash flow hedges are recorded in other comprehensive income and either transferred to income when the hedged transaction affects income or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

At reporting date, the notional amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013		2012	
Related to specific statement of financial position items	Foreign amount	Rand amount	Foreign amount	Rand amount
Bought:				
Australian Dollar	**3,3**	**30,4**	5,3	44,5
European Euro*	**–**	**0,3**	5,2	54,0
Indonesian Rupiah	**55 550,7**	**5,8**	139 387,3	124,5
US Dollar	**7,2**	**71,6**	10,1	83,9
		108,1		306,9

* *European Euro amount EUR20,278.*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013 Foreign amount	2013 Rand amount	2012 Foreign amount	2012 Rand amount
Sold:				
Australian Dollar	**10,6**	**95,6**	26,0	218,5
Indonesian Rupiah	**–**	**–**	6 746,0	6,0
US Dollar	**–**	**–**	5,9	48,3
		95,6		272,8

At 30 June 2013 the fair value of the Group's currency derivatives is estimated to be a profit of approximately R4,9 million (2012: R5,3 million). These amounts are based on quoted market prices for equivalent instruments at the reporting date which comprise R1,9 million assets (2012: Rnil) and liabilities of R1,1 million (2012: R15,9 million). R9,9 million relating to currency derivatives that have been designated as cash flow hedges have been recognised in the statement of comprehensive income excluding transfers to non-controlling interests during the year (2012: R15,6 million, R9,6 million net of non-controlling interests). The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations. The carrying amounts of the significant financial assets are denominated in the following currencies (amounts shown are the ZAR equivalent):

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Cash and cash equivalents		
Australian Dollar	**4 236,2**	1 470,3
Bahraini Dinar	**45,9**	50,5
Botswana Pula	**14,0**	78,8
British Pound	**87,7**	89,0
Canadian Dollar	**92,1**	61,8
European Euro	**126,4**	176,6
Ghanaian New Cedi	**31,3**	5,4
Indonesian Rupiah	**86,2**	0,4
Malaysian Ringgit	**67,6**	34,4
Mozambican Metical	**29,0**	0,4
Papua New Guinea Kina	**152,3**	106,6
Qatari Rial	**1,6**	22,5
Saudi Arabia Riyals	**34,5**	51,9
Singapore Dollar	**13,8**	20,2
South African Rand	**448,0**	631,2
Thai Baht	**46,4**	41,9
UAE Dirham	**110,1**	176,8
US Dollar	**512,4**	335,7
Zambian Kwacha	**78,8**	5,1
Other	**69,5**	28,9
	6 283,8	3 388,4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

41 FINANCIAL RISK MANAGEMENT (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
41.4 FOREIGN CURRENCY RISK MANAGEMENT (continued)		
Trade and net contract receivables		
Australian Dollar	**1 234,5**	1 220,0
Bahraini Dinar	**39,1**	–
British Pound	**47,7**	26,4
Botswana Pula	**15,7**	60,8
Canadian Dollar	**528,1**	403,6
European Euro	**46,1**	17,8
Ghanaian New Cedi	**10,9**	42,0
Malaysian Ringgit	**19,5**	28,1
Saudi Arabia Riyals	**33,6**	24,5
South African Rand	**1 537,6**	2 475,6
Thai Baht	**38,4**	51,8
UAE Dirham	**205,0**	241,5
US Dollar	**457,8**	443,0
Zambian Kwacha	**97,6**	16,6
Other	**67,3**	104,3
Gross receivables	**4 378,9**	5 156,0
Present value and other adjustments	**(65,2)**	(53,3)
	4 313,7	5 102,7
The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are the ZAR equivalent):		
Bank overdrafts		
South African Rand	**891,9**	33,9
Other	**5,9**	4,6
	897,8	38,5
Trade payables and subcontractor liabilities		
Australian Dollar	**992,1**	814,0
Bahraini Dinar	**29,3**	57,3
Botswana Pula	**41,0**	101,7
British Pound	**99,1**	25,4
Canadian Dollar	**85,4**	116,0
European Euro	**60,5**	28,3
Papua New Guinea Kina	**202,4**	206,3
Singapore Dollar	**81,3**	16,6
South African Rand	**1 194,4**	1 526,0
Thai Baht	**68,6**	26,0
UAE Dirham	**1 144,5**	1 137,0
US Dollar	**317,1**	391,5
Zambian Kwacha	**42,8**	26,2
Other	**19,0**	57,5
Gross liabilities	**4 377,5**	4 529,8
Present value and other adjustments	**(4,2)**	(4,4)
	4 373,3	4 525,4

41 FINANCIAL RISK MANAGEMENT (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
41.4 FOREIGN CURRENCY RISK MANAGEMENT (continued)		
Interest bearing liabilities		
Australian Dollar	**122,5**	143,4
Canadian Dollar	**116,1**	191,4
South African Rand	**787,3**	1 771,2
UAE Dirham	**13,6**	–
US Dollar	**24,2**	40,1
	1 063,7	2 146,1
Non-interest bearing liabilities		
Australian Dollar	**82,3**	179,0
European Euro	**12,8**	20,9
Papua New Guinea Kina	**5,9**	43,5
US Dollar	**30,1**	–
	131,1	243,4

41.5 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as it borrows funds on both fixed and floating interest rates through bank overdrafts and other interest bearing liabilities as well as borrows in local and foreign markets. The Group manages this risk by a central treasury function which looks at the cash requirements of the various businesses and meets these requirements internally. The Group's treasury function also considers future interest rate forecasts and borrows at a fixed rate where necessary.

Interest rate sensitivity

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

The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables were held constant. A positive number indicates an increase in profit and other equity (in ZAR) as a consequence of change in interest rates.

Based on the prime interest rates of the countries listed below:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(14,6)**	(14,5)
Australia		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**37,1**	10,1
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**0,1**	1,0
Canada		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(0,5)**	(1,5)
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**1,9**	1,3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

41 FINANCIAL RISK MANAGEMENT (continued)

41.6 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of cash and cash equivalents, trade and other receivables (net of provisions) and contract receivables (net of provisions).

Credit quality

Cash and cash equivalents: The Group only deposits its money with reputable financial institutions.

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

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

Included in trade receivables and contract receivables are amounts due from South African parastatals and government of R89,2 million (2012: R83,8 million) and R379,4 million (2012: R604,9 million) respectively. An impairment of Rnil million (2012: R0,8 million) was recognised on trade receivables. An amount of R80,9 million (2012: R69,7 million) is considered to be past due, but not impaired.

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

The following represents the Group's maximum exposure, at reporting date to credit risk, before taking into account any collateral held or other credit enhancements and after allowance for impairment and netting where appropriate.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties	Group
2013							
Cash and cash equivalents	**543,9**	**189,0**	**7,2**	**271,6**	**5 072,5**	**199,6**	**6 283,8**
Trade and other receivables (net of provisions)	**802,2**	**87,3**	**201,5**	**303,5**	**441,2**	**184,7**	**2 020,4**
Contract receivables (net of provisions)	**892,7**	**471,7**	**0,9**	**1 118,2**	**1 266,3**	**–**	**3 749,8**
Non-current receivables	**–**	**–**	**107,0**	**2,5**	**22,4**	**13,9**	**145,8**
Total assets subject to credit risk	**2 238,8**	**748,0**	**316,6**	**1 695,8**	**6 802,4**	**398,2**	**12 199,8**
Assets not subject to credit risk	**4 738,7**	**1 291,0**	**1 793,5**	**2 080,5**	**1 747,1**	**681,1**	**12 331,9**
Total assets	**6 977,5**	**2 039,0**	**2 110,1**	**3 776,3**	**8 549,5**	**1 079,3**	**24 531,7**
2012							
Cash and cash equivalents	765,8	97,5	79,3	194,5	1 945,1	306,2	3 388,4
Trade and other receivables (net of provisions)	476,4	76,1	600,4	340,5	523,2	110,5	2 127,1
Contract receivables (net of provisions)	1 199,5	594,6	71,8	1 094,1	1 106,0	–	4 066,0
Non-current receivables	–	–	–	7,0	86,5	11,5	105,0
Total assets subject to credit risk	2 441,7	768,2	751,5	1 636,1	3 660,8	428,2	9 686,5
Assets not subject to credit risk	4 039,6	1 449,3	2 134,0	2 210,1	2 628,5	293,4	12 754,9
Total assets	6 481,3	2 217,5	2 885,5	3 846,2	6 289,3	721,6	22 441,4

41 FINANCIAL RISK MANAGEMENT (continued)

41.6 CREDIT RISK MANAGEMENT (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties	Group
Financial assets subject to credit risk*							
2013							
Not past due	**2 164,3**	**748,0**	**198,6**	**1 708,3**	**6 810,0**	**398,2**	**12 027,4**
Past due	**115,1**	**–**	**121,7**	**–**	**8,2**	**–**	**245,0**
Provisions for impairments	**(40,6)**	**–**	**(3,7)**	**(12,5)**	**(15,8)**	**–**	**(72,6)**
Carrying value of financial assets	**2 238,8**	**748,0**	**316,6**	**1 695,8**	**6 802,4**	**398,2**	**12 199,8**
2012							
Not past due	1 976,9	755,6	662,8	1 368,8	3 629,0	424,3	8 817,4
Past due	487,7	13,9	160,3	279,8	50,8	4,2	996,7
Provisions for impairments	(22,9)	(1,3)	(71,6)	(12,5)	(19,0)	(0,3)	(127,6)
Carrying value of financial assets	2 441,7	768,2	751,5	1 636,1	3 660,8	428,2	9 686,5

* *Not past due relates to invoices not past the expected payment date for trade, contract receivables and other receivables. Included in not past due is also cash and cash equivalents. The credit quality of the financial assets that are neither past due nor impaired is considered appropriate.*

Financial assets that are past due, but not impaired

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

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	< Three months	Three to six months	Six to twelve months	> Twelve months	Total
2013					
Trade receivables	**113,7**	**52,5**	**19,4**	**1,2**	**186,8**
Contract receivables	**–**	**4,5**	**29,7**	**22,0**	**56,2**
Other receivables	**–**	**–**	**–**	**2,0**	**2,0**
	113,7	**57,0**	**49,1**	**25,2**	**245,0**
2012					
Trade receivables	106,5	20,4	35,1	192,3	354,3
Contract receivables	265,0	79,0	100,2	52,9	497,1
Other receivables	72,7	23,4	40,6	8,6	145,3
	444,2	122,8	175,9	253,8	996,7

Financial assets individually assessed to be impaired

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties	Group
2013							
Trade receivables	**3,1**	**–**	**3,7**	**0,6**	**–**	**–**	**7,4**
Contract receivables	**37,5**	**–**	**–**	**11,9**	**15,8**	**–**	**65,2**
	40,6	**–**	**3,7**	**12,5**	**15,8**	**–**	**72,6**
2012							
Trade receivables	3,1	–	71,6	0,6	–	0,3	75,6
Contract receivables	19,8	1,3	–	11,9	19,0	–	52,0
	22,9	1,3	71,6	12,5	19,0	0,3	127,6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

41 FINANCIAL RISK MANAGEMENT (continued)

41.6 CREDIT RISK MANAGEMENT (continued)

Reconciliation of total impairments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties	Group
2013							
Balance at beginning of year	**22,9**	**1,3**	**71,6**	**12,5**	**19,0**	**0,3**	**127,6**
Raised during the year	**13,6**	**–**	**8,7**	**–**	**0,1**	**–**	**22,4**
Utilised during the year	**–**	**–**	**(57,2)**	**–**	**(0,5)**	**(0,3)**	**(58,0)**
Transfer to non-current assets held-for-sale	**–**	**–**	**(19,3)**	**–**	**–**	**–**	**(19,3)**
Released during the year	**(0,3)**	**(1,3)**	**(0,2)**	**–**	**(5,8)**	**–**	**(7,6)**
Foreign exchange movements	**4,4**	**–**	**0,1**	**–**	**3,0**	**–**	**7,5**
	40,6	**–**	**3,7**	**12,5**	**15,8**	**–**	**72,6**
2012							
Balance at beginning of year	22,0	–	67,1	15,7	12,8	1,5	119,1
Raised during the year	5,4	1,3	6,1	–	5,9	–	18,7
Utilised during the year	(5,9)	–	–	–	–	(1,4)	(7,3)
Released during the year	(0,9)	–	(1,6)	(4,0)	(2,0)	–	(8,5)
Foreign exchange movements	2,3	–	–	0,8	2,3	0,2	5,6
	22,9	1,3	71,6	12,5	19,0	0,3	127,6

41.7 LIQUIDITY RISK MANAGEMENT

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

Borrowing capacity

The Company's borrowing capacity is unlimited in terms of its articles of association.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Borrowing facilities		
Total borrowing facilities	**5 012,8**	5 916,9
Current utilisation	**(2 184,9)**	(2 173,8)
Borrowing facilities available	**2 827,9**	3 743,1

41 FINANCIAL RISK MANAGEMENT (continued)

41.8 MATURITY PROFILE OF FINANCIAL INSTRUMENTS

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	< One year	One to six years	Total
2013			
Financial assets			
Cash and cash equivalents	**6 283,8**	**–**	**6 283,8**
Contract receivables	**3 749,8**	**–**	**3 749,8**
Contracts-in-progress	**3 126,2**	**2 003,1**	**5 129,3**
Trade and other receivables	**2 020,4**	**–**	**2 020,4**
Non-current receivables	**–**	**145,8**	**145,8**
Derivative financial instruments	**1,9**	**–**	**1,9**
Other investments	**12,8**	**569,8**	**582,6**
Financial liabilities			
Bank overdrafts	**897,8**	**–**	**897,8**
Interest bearing liabilities	**529,8**	**533,9**	**1 063,7**
Non-interest bearing liabilities	**131,1**	**–**	**131,1**
Amounts due from contract customers	**3 406,6**	**–**	**3 406,6**
Trade and other payables	**4 787,2**	**–**	**4 787,2**
Derivative financial instruments	**1,1**	**–**	**1,1**
Subcontractor liabilities	**2 597,5**	**709,2**	**3 306,7**
Non-current payables	**–**	**320,4**	**320,4**
2012			
Financial assets			
Cash and cash equivalents	3 388,4	–	3 388,4
Contract receivables	4 066,0	–	4 066,0
Contracts-in-progress	2 739,9	2 059,7	4 799,6
Trade and other receivables	2 127,1	–	2 127,1
Non-current receivables	–	105,0	105,0
Other investments	–	459,8	459,8
Financial liabilities			
Bank overdrafts	38,5	–	38,5
Interest bearing liabilities	1 652,5	493,6	2 146,1
Non-interest bearing liabilities	243,2	0,2	243,4
Amounts due from contract customers	3 018,9	–	3 018,9
Trade and other payables	5 898,5	–	5 898,5
Derivative financial instruments	15,9	–	15,9
Subcontractor liabilities	2 098,4	651,9	2 750,3
Non-current payables	–	67,5	67,5

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42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST

42.1 IDENTITY OF RELATED PARTIES

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

42.2 RELATED PARTY TRANSACTIONS AND BALANCES

During the year the Company and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

Balances between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Unsecured interest bearing borrowings		
Amounts owing from joint ventures	**35,1**	38,1
Amounts owing to joint ventures	**(29,6)**	(151,5)
The amounts owing to the joint ventures are unsecured with no fixed terms of repayment and carrying interest at 10% (2012: 10%) per annum. The movement in amounts owing to and owing from joint ventures represent the transactions for the year.		
Trade and other receivables		
Amounts owing from joint ventures	**469,9**	344,3
Trade and other payables		
Amounts owing to joint ventures	**688,9**	575,0
Normal trading conditions for the trade and other receivables and payables will apply.		

42.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interest of the directors in the share capital of the Company is set out in the directors' report.

The key management personnel compensation, excluding the directors and prescribed officers are:	2013	2012
Salaries	**27,0**	30,5
Retirement fund contributions	**2,4**	2,9
Allowances	**1,6**	2,7
Other benefits	**1,0**	2,0
Total guaranteed remuneration	**32,0**	38,1
Gain on exercise of share options	**–**	0,1
Performance related	**30,3**	23,6
	62,3	61,8

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

42.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Executive directors

The remuneration of executive directors for the year ended 30 June 2013 was as follows:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Total guaranteed remuneration R'000	Performance related* R'000	Total R'000
2013			
AJ Bester	**3 800**	**3 725**	**7 525**
O Fenn[1]	**3 511**	**1 784**	**5 295**
HJ Laas	**4 300**	**4 764**	**9 064**
	11 611	**10 273**	**21 884**
2012			
AJ Bester	3 550	2 000	5 550
O Fenn	3 610	900	4 510
HJ Laas	4 000	3 000	7 000
	11 160	5 900	17 060

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 10% of performance bonus is deferred into forfeitable share awards.*

1 *O Fenn resigned on 31 May 2013 as an executive director but remains a prescribed officer.*

The remuneration of executive directors and key management personnel is determined by the remuneration and human resources committee having regard to the performance of individuals and market trends.

Details of service on Board committees are set out in the Corporate Governance Report of the Integrated Report. Interest of the directors in the share capital of the Company is set out in the directors' report.

The executive directors of the Company hold in aggregate, directly or indirectly, grants of options from The Murray & Roberts Trust in respect of 0,66% (2012: 0,66%) of the ordinary shares of the Company. These options are subject to the terms and conditions of the employee share scheme.

Prescribed officers

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related* R'000	Contract payment R'000	Total R'000
2013					
PR Adams[2]	**3 315**	**395**	**–**	**2 055**	**5 765**
O Fenn[3]	**319**	**–**	**162**	**–**	**481**
NWR Harvey[4]	**915**	**58**	**–**	**2 877**	**3 850**
JN Govender[5]	**2 815**	**–**	**1 233**	**–**	**4 048**
IW Henstock	**2 960**	**–**	**2 161**	**–**	**5 121**
FP Saieva	**3 000**	**–**	**1 766**	**–**	**4 766**
RAG Skudder	**2 620**	**–**	**1 913**	**–**	**4 533**

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 10% of performance bonus is deferred into forfeitable share awards.*

2 *Retired on 30 June 2013 and remuneration is designated in GBP and converted to ZAR at the average exchange rate for the year.*

3 *O Fenn became a prescribed officer from date of resignation as an executive director, 31 May 2013 to 30 June 2013.*

4 *Resigned on 6 July 2012.*

5 *Appointed on 1 August 2012.*

6 *T Mdluli has been appointed as a prescribed officer on 1 July 2013.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

42.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Prescribed officers (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Total guaranteed remuneration R'000	Performance related* R'000	Contract payment R'000	Total R'000
2012				
PR Adams	2 839	1 300	–	4 139
NWR Harvey	3 458	–	–	3 458
IW Henstock	2 770	1 300	–	4 070
AR Langham[7]	692	–	–	692
RCC Noonan[8]	2 550	–	2 550	5 100
FP Saieva	2 600	1 100	–	3 700
RAG Skudder	2 290	1 200	–	3 490

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end.*
7 *Resigned on 29 August 2011.*
8 *Retired on 31 July 2012. The contract payment represents 12 months guaranteed remuneration.*

Non-executive directors

The level of fees for service as director, additional fees for service on the board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2013 was:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Directors' fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Chairman's fee R'000	**Total 2013 R'000**	Total 2012 R'000
RC Andersen[9]	–	–	–	–	730	**730**	1 060
DD Barber	193	–	80	270	–	**543**	586
TCP Chikane[10]	193	(50)	65	170	–	**378**	16
ADVC Knott-Craig[11]	–	–	–	–	–	**–**	245
NB Langa-Royds[12]	17	–	–	18	–	**35**	–
NM Magau[13]	59	–	30	49	–	**138**	462
JM McMahon	193	–	65	299	–	**557**	388
WA Nairn	193	–	30	236	–	**459**	485
AA Routledge[14]	59	–	30	79	–	**168**	575
SP Sibisi[13]	59	–	–	47	–	**106**	408
M Sello[15]	126	–	50	259	365	**800**	557
RT Vice	193	–	45	347	–	**585**	524
	1 285	(50)	395	1 774	1 095	**4 499**	5 306

9 *Retired on 1 March 2013.*
10 *Resigned on 20 August 2013.*
11 *Resigned on 17 January 2012.*
12 *Appointed on 1 June 2013.*
13 *Resigned on 31 October 2012.*
14 *Retired on 31 October 2012.*
15 *Appointed as chairman on 1 March 2013.*

The remuneration of non-executive directors is submitted to the Annual General Meeting for approval in advance of such payment being made.

The chairman's fee includes attendance at committee meetings.

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

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (continued)

42.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Share option scheme: The movements in share options of executive directors during the year ended 30 June 2013 are:

Share option scheme

Executive directors

GRANT DATE	Conditions	Outstanding options at 1 July 2012	Strike price (Rands)	**Outstanding options at 30 June 2013**	Expiry date
Bester, AJ					
06 Mar 2007	Special	670 000	42,33	**670 000**	06 Mar 2017
20 Apr 2011	Hurdle	49 580	23,34	**49 580**	20 Apr 2017
30 Aug 2011	Performance	347 060	25,24	**347 060**	30 Aug 2017
30 Aug 2011	Retention	89 780	25,24	**89 780**	30 Aug 2017
		1 156 420		**1 156 420**	
Fenn, O[1]					
08 Dec 2009	Hurdle	167 500	38,46	**167 500**	08 Dec 2015
20 Apr 2011	Hurdle	49 580	23,34	**49 580**	20 Apr 2017
30 Aug 2011	Performance	245 220	25,24	**245 220**	30 Aug 2017
30 Aug 2011	Retention	56 280	25,24	**56 280**	30 Aug 2017
		518 580		**518 580**	
Laas, HJ					
03 Mar 2006	Hurdle	10 050	22,13	**10 050**	03 Mar 2014*
06 Mar 2007	Special	515 900	42,33	**515 900**	06 Mar 2017
20 Apr 2011	Hurdle	134 000	23,34	**134 000**	20 Apr 2017
30 Aug 2011	Performance	451 580	25,24	**451 580**	30 Aug 2017
30 Aug 2011	Retention	150 080	25,24	**150 080**	30 Aug 2017
		1 261 610		**1 261 610**	
Prescribed officers					
Govender, JN					
06 Mar 2007	Hurdle	40 200	42,33	**40 200**	06 Mar 2017
26 Feb 2008	Standard	16 750	73,23	**16 750**	26 Feb 2014
26 Aug 2009	Hurdle	40 200	40,19	**40 200**	26 Aug 2015
30 Aug 2011	Performance	138 020	25,24	**138 020**	30 Aug 2017
		235 170		**235 170**	
Letsema					
20 Apr 2011	Hurdle	25 000	25,16	**25 000**	31 Dec 2021
Henstock, IW					
01 Jul 2008	Standard	33 500	69,13	**33 500**	01 Jul 2014
26 Aug 2009	Hurdle	254 600	40,19	**254 600**	26 Aug 2015
20 Apr 2011	Hurdle	49 580	23,34	**49 580**	20 Apr 2017
30 Aug 2011	Performance	166 160	25,24	**166 160**	30 Aug 2017
30 Aug 2011	Retention	75 040	25,24	**75 040**	30 Aug 2017
		578 880		**578 880**	

* *The performance conditions were not satisfied on 03 March 2013 and in terms of the option rules it is further extended until 03 March 2014. In the event that the performance conditions are not achieved by 03 March 2014, this share option scheme will lapse.*

1 *O Fenn resigned on 31 May 2013 as an executive director but remains a prescribed officer.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST (CONTINUED)

42.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Prescribed officers (continued)

GRANT DATE	Conditions	Outstanding options at 1 July 2012	Strike price (Rands)	Outstanding options at 30 June 2013	Expiry date
Saieva, FP					
30 Aug 2011	Performance	175 540	25,24	**175 540**	30 Aug 2017
Skudder, RAG					
06 Mar 2007	Special	20 100	42,33	**20 100**	06 Mar 2017
26 Feb 2008	Standard	16 750	73,23	**16 750**	26 Feb 2014
26 Aug 2009	Hurdle	134 000	40,19	**134 000**	26 Aug 2015
20 Apr 2011	Hurdle	49 580	23,34	**49 580**	20 Apr 2017
30 Aug 2011	Performance	128 640	25,24	**128 640**	30 Aug 2017
30 Aug 2011	Retention	68 340	25,24	**68 340**	30 Aug 2017
		417 410		**417 410**	
Adams, PR[16]					
06 Mar 2007	Special	670 000	42,33	**670 000**	06 Mar 2017
Past prescribed officers					
Harvey, NWR[17]					
03 Mar 2006	Hurdle	10 050	22,13	**10 050**	03 Mar 2014*
06 Mar 2007	Special	435 500	42,33	**435 500**	06 Mar 2017
20 Apr 2011	Hurdle	49 580	23,34	**49 580**	20 Apr 2017
30 Aug 2011	Performance	230 480	25,24	**230 480**	30 Aug 2017
30 Aug 2011	Retention	71 020	25,24	**71 020**	30 Aug 2017
		796 630		**796 630**	

* *The performance conditions were not satisfied on 03 March 2013 and in terms of the option rules it is further extended until 03 March 2014. In the event that the performance conditions are not achieved by 03 March 2014, this share option scheme will lapse.*

16 *Retired on 30 June 2013 and options will expire on 30 June 2015.*

17 *Resigned on 6 July 2012 and options will expire on 6 July 2014.*

Executive directors and prescribed officers

The movements in forfeitable shares of executive directors and prescribed officers during the year ended 30 June 2013 are:

Forfeitable Share Plan

	Grant date	Balance at 1 July 2012	Granted during the year	Balance at 30 June 2013
Bester, AJ	28 Nov 2012	–	121 000	**121 000**
Fenn, O	28 Nov 2012	–	104 500	**104 500**
Govender, JN	28 Nov 2012	–	78 000	**78 000**
Henstock, IW	28 Nov 2012	–	81 000	**81 000**
Laas, HJ	28 Nov 2012	–	166 500	**166 500**
Saieva, FP	28 Nov 2012	–	82 000	**82 000**
Skudder, RAG	28 Nov 2012	–	71 500	**71 500**

Interest of directors in contracts

A register detailing directors' interests in the Company is available for inspection at the Company's registered office.

Directors' service contracts

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

43 SUBSIDIARY COMPANIES

A list of the major operating subsidiary companies is set out in Annexure 1.

Although the Group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2013	2012
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Murray & Roberts (Qatar) LLC	**49**	49
BRC Arabia (FZC) Limited	**49**	49
Medupi Fabrication Proprietary Limited	**49**	49
Kusile Fabrication Proprietary Limited	**49**	49
The following entity is not consolidated as the Group does not have control:		
Entilini Concession Proprietary Limited*	**75**	75

* *The Group does not have voting rights on the 25% held by empowerment partners and as a result the investment is equity accounted.*

44 EVENTS AFTER REPORTING DATE

The Group announced on 30 July 2013 its intention, with the support of Clough's independent directors, to acquire the remaining 38.4% non-controlling interest in Clough for a price of AUD1,46 per share ("Proposed Acquisition"). The Group has successfully completed its confirmatory due diligence and is pleased to announce that Murray & Roberts and Clough have entered into a binding Scheme Implementation Agreement ("SIA") on 28 August 2013 to give effect to the Proposed Acquisition. The SIA outlines the process and terms under which Murray & Roberts will make an offer to acquire the remaining 38.4% of shares outstanding in Clough by way of a Scheme of Arrangement ("Scheme") under the Australian Corporations Act 2001 (Cth). The independent directors of Clough unanimously recommended that Clough shareholders vote in favour of the Scheme, in the absence of a superior proposal, and subject to an independent expert expressing an opinion that the Scheme is in the best interests of the Clough shareholders, excluding Murray & Roberts and its associate companies. The transaction will be funded through a combination of existing cash on Clough's statement of financial position and modest acquisition financing. The Proposed Acquisition is still subject to, amongst others, Clough's non-controlling interest approval as well as separate approval by the Group's shareholders.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2013 or the results of its operations or cash flows for the year then ended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

45 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

The Group has recognised in prior years uncertified revenue relating to claims and variation orders on projects. This mainly related to Gautrain Rapid Rail Link, Dubai International Airport Concourse 2 and Gorgon Pioneer Materials Offloading Facility contract. The projects are primarily complete with the exception of work related to claim submissions.

The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable. A cumulative balance of R2 062,1 million (2012: R1 951,0 million) net of on account payments has been recognised in the statement of financial position (refer to note 9).

The level of revenue recognition on construction contracts, which includes a portion of the claims submitted, is prudent and justifiable in terms of each contract, given the complexity and magnitude of claims and variation orders still to be resolved.

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

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

Estimated value of employee benefit plans
Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 19.

Other estimates made
The Group also makes estimates for the:

- calculation of the provision for doubtful debts;
- determination of useful lives and residual values of items of property, plant and equipment;
- calculation of the provision for obsolete inventory;
- calculation of any provision for claims, litigation and other legal matters;
- calculation of any other provisions including warrantees, guarantees and bonuses;
- assessment of impairments and the calculation of the recoverable amount of assets;
- recognition of deferred taxation assets;
- calculation of the fair value of financial instruments including the service concession (refer to note 7); and
- calculation of the fair value of assets, identifiable intangible assets and contingent liabilities on acquisition and disposal of businesses, and the determination of taxation liabilities.

46 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

46.1 STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

Set out below are the significant new and revised accounting standards and interpretations that apply in the future. Management is currently assessing the impact of these amendments and new interpretations.

ACCOUNTING STANDARD/INTERPRETATION	Type	Effective date
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2013
IAS 16: Property, Plant and Equipment	Amendment	Financial years commencing on or after 1 January 2013
IAS 19: Employee Benefits	Amendment	Financial years commencing on or after 1 January 2013
IAS 27: Separate Financial Statements	Amendment	Financial years commencing on or after 1 January 2013
IAS 28: Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2013
IAS 32: Financial Instruments – Presentation	Amendment	Financial years commencing on or after 1 January 2013
IAS 34: Interim Financial Reporting	Amendment	Financial years commencing on or after 1 January 2013
IFRS 7: Financial Instruments – Disclosure	Amendment	Financial years commencing on or after 1 January 2013
IFRS 9: Financial Instruments	New	Financial years commencing on or after 1 January 2015
IFRS 10: Consolidated Financial Statements	New	Financial years commencing on or after 1 January 2013
IFRS 11: Joint Arrangements	New	Financial years commencing on or after 1 January 2013
IFRS 12: Disclosure of Interest in Other Entities	New	Financial years commencing on or after 1 January 2013
IFRS 13: Fair Value Measurement	New	Financial years commencing on or after 1 January 2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	New	Financial years commencing on or after 1 January 2013
Improvements	Improvement	Each improvement has its own effective date the earliest being 1 January 2013

46.2 AUDIT COMMITTEE

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

The committee is satisfied that the external auditor is independent for the year under review and has nominated for shareholder approval at the Annual General Meeting, that Deloitte & Touche be re-appointed as independent auditors and AJ Zoghby as the designated auditor. Refer to the Governance, Risk & Remuneration section on the audit committee in the Integrated Report for further details on the composition, role, purpose and principle functions of the audit committee. The committee is formally re-appointed annually by the Board and met four times during the year under review.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2013	2012
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**11,5**	0,4
Total non-current assets		**11,5**	0,4
Current assets			
Amount owing from subsidiary company	2	**3 437,0**	3 355,5
Amount owing from The Murray & Roberts Trust	3	**41,0**	133,0
Cash and cash equivalents		**1,0**	1,7
Total current assets		**3 479,0**	3 490,2
TOTAL ASSETS		**3 490,5**	3 490,6
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserve		**12,0**	0,9
Accumulated loss		**(107,1)**	(96,2)
Total ordinary shareholders' equity		**3 487,7**	3 487,5
Current liabilities			
Trade and other payables		**2,8**	3,1
Total current liabilities		**2,8**	3,1
TOTAL EQUITY AND LIABILITIES		**3 490,5**	3 490,6

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Revenue		
Fees received from subsidiary company	**5,6**	5,3
Total revenue	**5,6**	5,3
Total expenses	**(16,1)**	(22,8)
Impairment of loan	**(10,5)**	(16,5)
Auditor's remuneration	**(0,9)**	(0,8)
JSE fees	**(0,2)**	(0,1)
Other	**(4,5)**	(5,4)
Loss before taxation	**(10,5)**	(17,5)
Taxation	**(0,4)**	–
Loss for the year	**(10,9)**	(17,5)
Other comprehensive loss	**–**	–
Total comprehensive loss for the year	**(10,9)**	(17,5)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Capital redemption reserve	Share-based payment reserve	Accumulated loss	Attributable to owners of Murray & Roberts Holdings Limited
Balance at 30 June 2011	1 672,8	0,9	–	(78,7)	1 595,0
Total comprehensive loss for the year	–	–	–	(17,5)	(17,5)
Proceeds on rights issue to shareholders (net of transaction costs)	1 910,0	–	–	–	1 910,0
Balance at 30 June 2012	**3 582,8**	**0,9**	**–**	**(96,2)**	**3 487,5**
Total comprehensive loss for the year	**–**	**–**	**–**	**(10,9)**	**(10,9)**
Recognition of share-based payment	**–**	**–**	**11,1**	**–**	**11,1**
Balance at 30 June 2013	**3 582,8**	**0,9**	**11,1**	**(107,1)**	**3 487,7**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Loss before taxation	**(10,5)**	(17,5)
Adjustment for:		
Impairment of loan	**10,5**	16,5
Changes in working capital	**(0,3)**	(0,2)
Decrease in trade and other receivables	**–**	0,3
Decrease in trade and other payables	**(0,3)**	(0,5)
Operating cash flow	**(0,3)**	(1,2)
Taxation paid	**(0,4)**	–
Cash flows from operating activities	**(0,7)**	(1,2)
Proceeds on rights issue to shareholders	**–**	1 910,0
Increase in amounts owing from subsidiary company	**(81,5)**	(1 947,5)
Decrease in amounts owing from The Murray & Roberts Trust	**81,5**	39,4
Cash flows from financing activities	**–**	1,9
Net (decrease)/increase in cash and cash equivalents	**(0,7)**	0,7
Net cash and cash equivalents at beginning of year	**1,7**	1,0
Net cash and cash equivalents at end of year	**1,0**	1,7

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1 ACCOUNTING POLICIES

These annual financial statements are prepared according to the same accounting policies used in preparing the consolidated financial statements of the Group other than accounting policy 1.3 which deals with the basis of consolidation.

The accounting policies are set out on pages 12 to 24.

2 INVESTMENT IN SUBSIDIARY COMPANY

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Shares at cost	**0,4**	0,4
Investment in shares – FSP	**11,1**	–
Amount due	**3 437,0**	3 355,5
	3 448,5	3 355,9

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

3 AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Amount due	**280,0**	361,5
Impairment of amount owing	**(239,0)**	(228,5)
Total due	**41,0**	133,0

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

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

4 STATED CAPITAL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Authorised		
750 000 000 shares of no par value	**75,0**	75,0
Issued and fully paid		
444 736 118 shares of no par value		
Net stated capital	**3 582,8**	3 582,8

5 EMOLUMENTS OF DIRECTORS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
Executive directors (paid by subsidiary companies)	**21,9**	11,2
Non-executive directors (paid by the Company)	**4,5**	5,3
Number of directors at year end	**9**	13

Executive directors
O Fenn resigned on 31 May 2013 as an executive director but remains a prescribed officer.

Non-executive directors
NB Langa-Royds was appointed on 1 June 2013.
RC Andersen retired as a non-executive director on 1 March 2013.
TCP Chikane resigned on 20 August 2013.
NM Magau resigned on 31 October 2012.
AA Routledge retired on 31 October 2012.
SP Sibisi resigned on 31 October 2012.

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

6 CONTINGENT LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the contingent liabilities at 30 June covered by such guarantees amounts to:	**2 120**	4 270

7 DERIVATIVE FINANCIAL INSTRUMENTS: CALL OPTIONS

In terms of the Broad-Based Black Economic Empowerment transaction approved by shareholders on 21 November 2005, the Company has one call option to repurchase the shares in Murray & Roberts Letsema Khanyisa Proprietary Limited and Murray & Roberts Letsema Sizwe Proprietary Limited ("BBBEE subco's") at market value and on the following condition:

- 31 December 2015 call option

On 31 December 2015, being the date on which the lock-in-period expires, if the value of the shares owned by the BBBEE subsidiary company's is less than the aggregate redemption amount of the funding.

No value has been placed on this call option as it provides the Company with an option to repurchase the shares at market value and therefore does not expose the Company to any potential loss or gain.

Following a review, the 31 December 2010 call option was not exercised as the structure at that date was still economically viable.

ANNEXURE 1 – MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

a) Direct

	Issued share capital in Rands	Interest in issued share capital		Cost of investment		Loan account	
		2013 %	2012 %	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**3 437,0**	3 355,5

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest		Proportion of voting power held	
			2013 %	2012 %	**2013 %**	2012 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Construction Africa and Middle East						
Murray & Roberts Construction Proprietary Limited (previously Concor Holdings Proprietary Limited)		5 420 785	**100**	100	**100**	100
Murray & Roberts (Namibia) Limited (incorporated in Namibia)	NAD	80 000	**100**	100	**100**	100
Murray & Roberts (Botswana) Limited (incorporated in Botswana)	BWP	2	**100**	100	**100**	100
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
Tolcon Lehumo Proprietary Limited		100	**74**	74	**74**	74
Toll Road Concessionaires Proprietary Limited		12 000	**100**	100	**100**	100
Pt Operational Services Proprietary Limited		1 000	**100**	100	**100**	100
Engineering Africa						
Wade Walker Proprietary Limited		101	**100**	100	**100**	100
Construction Products Africa						
BRC Arabia (FZC) Limited	AED	2 000 000	**49**	49	**50**	50
Construction Global Underground Mining						
Cementation Canada Inc (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Murray & Roberts Cementation Proprietary Limited		1 750 000	**100**	100	**100**	100
Cementation Sudamerica SA (incorporated in Chile)	USD	2 036	**90**	90	**90**	90
Cementation USA Inc (incorporated in Nevada, United States of America)	USD	5 000	**100**	100	**100**	100
RUC Mining Cementation Contractors (Proprietary) Limited (incorporated in Australia)	AUD	808 754	**100**	100	**100**	100
Construction Australasia Oil & Gas and Minerals						
Clough Limited (incorporated in Australia)	AUD	232 614 001	**62**	62	**62**	62
Corporate						
Murray & Roberts Australia (Proprietary) Limited (incorporated in Australia)	AUD	1	**100**	100	**100**	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	**100**	100	**100**	100
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	**100**	100	**100**	100
Associate companies						
Forge Group Limited*	AUD	42 836 560	**–**	35,9	**–**	35,9
Bombela TKC Proprietary Limited		100	**25,0**	25,0	**25,0**	25,0
Bombela Operating Company Proprietary Limited		100	**23,9**	23,9	**23,9**	23,9
Northmid Corporate Park Proprietary Limited		100	**25,0**	25,0	**25,0**	25,0

During the year, the business, assets and liabilities of Murray & Roberts Steel Proprietary Limited and Union Carriage and Wagon Proprietary Limited were sold. The entities are no longer considered to be major operating subsidiaries.

* *Disposed of during the course of the year.*

ANNEXURE 2 – INTEREST BEARING BORROWINGS

	Financial years of redemption	Closing interest rate (effective NACM) 2013 %	2012 %	Amount 2013 Rm	2012 Rm
Secured					
Bullet Repayment	2013	**–**	9,49	**–**	120,0
Bullet Repayment	2013	**–**	8,09	**–**	250,0
Bullet Repayment	2013	**–**	10,45	**–**	300,0
Bullet Repayment	2013	**–**	10,28	**–**	150,0
Bullet Repayment	2013	**–**	9,73	**–**	72,0
Bullet Repayment	2013	**–**	8,29	**–**	150,0
Bullet Repayment	2013	**–**	9,24	**–**	8,0
Bullet Repayment	2013	**–**	10,99	**–**	100,0
PPC funding – repayment on receipt of funds from client	2014	**7,00**	–	**13,6**	–
Bullet Repayment	2014	**4,50**	4,13	**79,2**	179,4
				92,8	1 329,4
Unsecured					
Equal monthly instalments	2014	**5,22**	4,86	**21,2**	20,2
No fixed terms of repayment		**3,19**	2,45	**61,1**	52,3
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**51,3**	111,9
Bank overdrafts				**897,8**	38,5
				1 031,4	222,9
Capitalised finance leases					
Plant and equipment				**425,4**	372,6
IT Equipment rentals				**–**	0,1
Specific project plant and equipment				**395,4**	250,0
Various plant and equipment financing				**16,5**	9,6
				837,3	632,3
Total Group				**1 961,5**	2 184,6
Reflected in the notes under:					
Long term loans (note 18)					
Interest bearing secured loans				**79,2**	117,1
Capitalised finance leases				**454,7**	376,5
Bank overdrafts (note 11)				**897,8**	38,5
Short term loans (note 24)					
Current portion of long term borrowings				**147,2**	1 396,7
Current portion of capitalised finance leases				**382,6**	255,8
				1 961,5	2 184,6

ANNEXURE 3 – GROUP SEGMENTAL REPORT

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

The Group's operating segments are categorised as follows:

Construction Africa and Middle East
The Construction Africa and Middle East operating segment comprises of the following elements:

- **SADC Construction** engages the large to medium sector building, civil engineering, industrial and roads & earthworks construction markets of South Africa, Botswana and Namibia and pursues selected project opportunities elsewhere in SADC.
- **Middle East** market is coordinated out of Dubai in the United Arab Emirates and projects are engaged through separate companies established in each jurisdiction and in joint venture with appropriate local partners. The primary market focus is major commercial facilities and selected infrastructure projects.
- **Marine** engages the Africa, Middle East and Australasia markets to design and construct marine infrastructure.
- **PPP Investments & Services** includes the Tolcon Group of companies who operate various tollroad and rail concessions throughout South Africa and investment in selected concession companies.

Engineering Africa engages large scale EPCM (engineer, procure, construct and manage) and EPC (engineer, procure and construct) projects in the industrial, mining and power markets.

Construction Products Africa currently classified as discontinued, manufacture and supply value-added construction products to the infrastructure and building markets of South Africa and the rest of Africa. Principal raw material inputs are steel, cement, aggregate, bitumen and clay.

Construction Global Underground Mining comprises of five constituents based in Johannesburg South Africa, North Bay in Ontario Canada, Salt Lake City in USA, Kalgoorlie Western Australia and Santiago Chile which are coordinated out of Johannesburg. The segment provides specialist engineering, construction and operational services in the underground mining environment worldwide.

Construction Australasia Oil & Gas and Minerals is based in Perth, Western Australia and delivers a variety of engineering, procurement and construction services.

Inter-segment transfers
Segment revenue, segment expenses and segment results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arms-length prices. These transfers are eliminated on consolidation.

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

Segmental assets
All operating assets used by a segment comprise of, principally property, plant and equipment, investments, inventories, contracts-in-progress and receivables, net of allowances. Cash and taxation balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities
All operating liabilities of a segment comprise of, principally accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

ANNEXURE 3 – GROUP SEGMENTAL REPORT CONTINUED

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Construction Africa and Middle East	Engineering Africa	Construction Products Africa	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties	Group
2013							
Revenue*	**6 834**	**5 036**	**–**	**7 904**	**14 800**	**1**	**34 575**
Inter-segmental revenue	**37**	**37**	**–**	**14**	**–**	**30**	**118**
Gross revenue	**6 871**	**5 073**	**–**	**7 918**	**14 800**	**31**	**34 693**
Results							
(Loss)/profit before interest and taxation	**(28)**	**137**	**–**	**318**	**1 502**	**(223)**	**1 706**
Net interest (expense)/income	**(44)**	**10**	**–**	**(23)**	**72**	**(130)**	**(115)**
(Loss)/profit before taxation	**(72)**	**147**	**–**	**295**	**1 574**	**(353)**	**1 591**
Taxation credit/(expense)	**241**	**(44)**	**–**	**(113)**	**(523)**	**(106)**	**(545)**
Profit/(loss) after taxation	**169**	**103**	**–**	**182**	**1 051**	**(459)**	**1 046**
Income from equity accounted investments	**6**	**–**	**–**	**–**	**159**	**–**	**165**
Profit/(loss) from discontinued operations	**–**	**–**	**268**	**–**	**(12)**	**3**	**259**
Non-controlling interests	**–**	**(10)**	**(13)**	**9**	**(452)**	**–**	**(466)**
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**175**	**93**	**255**	**191**	**746**	**(456)**	**1 004**
2012[1]							
Revenue*	8 108	5 213	–	9 859	8 484	4	31 668
Inter-segmental revenue	57	36	–	27	10	–	130
Gross revenue	8 165	5 249	–	9 886	8 494	4	31 798
Results							
(Loss)/profit before interest and taxation	(1 317)	200	–	605	286	(132)	(358)
Net interest (expense)/income	(69)	(71)	–	(1)	28	(135)	(248)
(Loss)/profit before taxation	(1 386)	129	–	604	314	(267)	(606)
Taxation (expense)/credit	(79)	(61)	–	(177)	(53)	149	(221)
(Loss)/profit after taxation	(1 465)	68	–	427	261	(118)	(827)
Income from equity accounted investments	9	–	–	–	134	–	143
(Loss)/profit from discontinued operations	(1)	–	104	–	(60)	49	92
Non-controlling interests	(9)	(4)	(1)	1	(131)	–	(144)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	(1 466)	64	103	428	204	(69)	(736)

* *Segmental revenue reported above represents revenue generated from external customers.*
1 *Restated for discontinued operations.*

ANNEXURE 3 – GROUP SEGMENTAL REPORT CONTINUED

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Construction Africa and Middle East	Engineering Africa	Construction Products Africa***	Construction Global Underground Mining	Construction Australasia Oil & Gas and Minerals	Corporate & Properties**	Group
Operating segments								
2013								
Statement of financial position								
Segmental assets	1	**6 415**	**1 837**	**2 102**	**3 465**	**3 478**	**234**	**17 531**
Segmental liabilities	2	**5 171**	**1 686**	**779**	**2 136**	**4 070**	**397**	**14 239**
Investments in associate companies*		**34**	**–**	**–**	**–**	**–**	**–**	**34**
Assets classified as held-for-sale*		**–**	**–**	**1 629**	**–**	**145**	**5**	**1 779**
Liabilities directly associated with a disposal group held-for-sale*		**–**	**–**	**625**	**–**	**41**	**–**	**666**
Other information								
Purchases of property, plant and equipment		**210**	**37**	**53**	**603**	**137**	**49**	**1 089**
Purchases of other intangible assets		**6**	**–**	**–**	**2**	**8**	**5**	**21**
Depreciation		**135**	**134**	**60**	**374**	**46**	**18**	**767**
Amortisation of other intangible assets		**9**	**1**	**–**	**9**	**12**	**2**	**33**
Impairment of property, plant and equipment		**–**	**–**	**–**	**–**	**32**	**–**	**32**
Impairment of receivables		**14**	**–**	**15**	**7**	**–**	**6**	**42**
Number of employees		**7 719**	**7 141**	**4 228**	**7 689**	**6 343**	**161**	**33 281**
2012								
Statement of financial position								
Segmental assets	1	5 683	2 102	2 755	3 606	3 995	188	18 329
Segmental liabilities	2	5 086	1 792	1 169	2 312	2 906	1 650	14 915
Investments in associate companies*		30	–	–	–	855	–	885
Assets classified as held-for-sale*		32	–	656	–	185	32	905
Liabilities directly associated with a disposal group held-for-sale*		–	–	211	–	38	–	249
Other information								
Purchases of property, plant and equipment		174	67	79	548	72	19	959
Purchases of other intangible assets		1	–	–	4	10	2	17
Depreciation		141	140	82	250	31	21	665
Amortisation of other intangible assets		8	1	–	10	2	4	25
Impairment of property, plant and equipment		1	–	30	–	–	–	31
Reversal of impairment on property, plant and equipment		4	–	2	1	–	–	7
Impairment of receivables		19	2	36	1	4	–	62
Number of employees		7 723	8 283	5 191	18 613	4 785	115	44 710

* *Amounts included in segmental assets and liabilities.*

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

*** *Construction Products Africa operating platform is currently classified as discontinued.*

ANNEXURE 3 – GROUP SEGMENTAL REPORT CONTINUED

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012
NOTES		
1 RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**24 532**	22 442
Cash and cash equivalents	**(6 284)**	(3 388)
Current taxation assets	**(60)**	(91)
Deferred taxation assets	**(657)**	(634)
Segmental assets	**17 531**	18 329
2 RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	**15 833**	15 340
Bank overdrafts	**(898)**	(39)
Current taxation liabilities	**(545)**	(175)
Deferred taxation liabilities	**(151)**	(211)
Segmental liabilities	**14 239**	14 915

Geographical information

The Group operates in four principal geographical areas – Southern Africa, with South Africa as the country of domicile, Middle East, Australasia & South East Asia and North America & other.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue		Non-current assets*	
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2013	2012[1]	2013	2012
Southern Africa	**14 224**	16 766	**4 201**	4 635
Middle East	**575**	1 356	**1 123**	1 182
Australasia & South East Asia	**16 089**	10 332	**669**	1 424
North America & other	**3 687**	3 214	**512**	519
	34 575	31 668	**6 505**	7 760

* *Non-current assets exclude deferred taxation assets.*
1 *Restated for discontinued operations.*

Major customers

In the year under review, revenue generated from Customer A of R4,2 billion individually makes up more than 10% of the Group's revenue.