ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

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RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 ("IFRS") 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 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 financial statements. For their unmodified report to the shareholders of the Company and Group refer to page 4.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2014 were approved by the Board of directors at its meeting held on 27 August 2014 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 2014

In terms of Section 88(2)(e) of the Companies Act No 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2014, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Company secretary

AUDIT & SUSTAINABILITY COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2014

DAVE BARBER

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 an 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.

TERMS OF REFERENCE

The committee's responsibilities include:

- assisting the Board to fulfill 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
- 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 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 programme 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 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 International Financial Reporting Standards 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 coordinates 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 financial statements of Murray & Roberts Holdings Limited set out on pages 8 to 87, which comprise the statements of financial position as at 30 June 2014, 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 the consolidated and separate 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate 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 2014, 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 2014, 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
27 August 2014

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, **MJ Jarvis** Finance, **M Jordan** Strategy, **S Gwala** Managed Services, **TJ Brown** Chairman of the Board, **MJ Comber** Deputy Chairman of the Board

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

Member of Deloitte Touche Tohmatsu Limited.

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2014

This report presented by the directors is a constituent of the consolidated annual financial statements at 30 June 2014, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rands.

1 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 arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

Group financial results

At 30 June 2014 the Group recorded an earnings of R1 400 million (2013: earnings of R1 470 million), representing a diluted earnings per share of 305 cents (2013: diluted earnings per share of 245 cents). Diluted headline earnings per share was 217 cents (2013: diluted headline earnings per share of 186 cents).

Full details of the financial position and results of the Group are set out in these consolidated financial statements. The consolidated 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 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 periods in respect of claims and variation orders on projects (refer to note 9 of the consolidated financial statements), mainly related to Gautrain Rapid Rail Link ("Gautrain") and Dubai International Airport Concourse 2 ("Dubai Airport"). During the year a financial settlement was reached on the claim relating to the Gorgon Pioneer Materials Offloading Facility ("GPMOF") contract. The uncertified revenue taken to book on GPMOF during previous financial years has now been certified. This settlement achieved additional income of R323 million.

A cumulative total revenue of R1 550 million being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2014 (2013: R2 062 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 2014.

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 financial statements).

To reposition Murray & Roberts and its brand in the minds of shareholders and other stakeholders, the Group renamed its four operating platforms to more accurately describe the target market sectors in which the Group applies its core capability in the delivery of engineering and construction projects.

The new platform names are:

- Infrastructure & Building (previously Construction Africa & Middle East)
- Energy & Industrial (previously Engineering Africa)
- Underground Mining (previously Construction Global Underground Mining)
- Oil & Gas (previously Construction Australasia Oil & Gas and Minerals)

2 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2014 are contained in note 12 of the consolidated financial statements.

Particulars relating to The Murray & Roberts Trust are set out in note 13 of the consolidated financial statements. During the year the Trust granted a total of nil options over ordinary shares (2013: 75 000 options) to senior executives including executive directors.

At 30 June 2014 the Trust held 30 150 (2013: 1 585 657) shares against the commitment of options granted by the Trust totalling 7 974 970 (2013: 13 467 865) 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 are set out in note 13 of the consolidated financial statements. During the year the Trust granted a total of 652 000 shares (2013: 597 000 shares) to black executives as part of the Group's Broad-Based Black Economic Empowerment.

At 30 June 2014 the Letsema Vulindlela Black Executives Trust held 10 675 904 (2013: 10 747 475) shares against the commitment of shares granted by the Trust totalling 3 544 500 (2013: 3 432 939) ordinary shares. The shares held by the 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

REPORT OF DIRECTORS continued

Employee Share Incentive Scheme ("Scheme") is limited to 7,5% of the total issued ordinary shares of the Company, currently 33 189 262 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 during the year by the Remuneration Committee totalling 3 151 543 shares (2013: 3 714 000). The shares held by the entities, in escrow, were purchased from The Murray & Roberts Trust and have not been issued by the Company.

3 DIVIDEND

In terms of the dividend policy the Board has declared a gross annual dividend of 50 cents per share on 27 August 2014. The Company has sufficient STC credits and consequently no withholding tax will be deducted.

The dividend has been declared from income reserves.

In terms of the Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- The dividend is subject to a maximum dividend withholding tax of 15%. In determining dividend withholding tax, STC credits must be taken into account.
- The STC credits utilised per share amounts to 15% of the dividend.
- The number of shares in issue at the date of this declaration is 444 736 118 (406 494 076 net of treasury shares) and the Company's tax reference number is 9000203712.

4 SUBSIDIARIES AND INVESTMENTS

Acquisitions

Acquisition of Clough limited non-controlling interests

The Group completed the acquisition of all the non-controlling interests' shares in Clough Limited ("Clough") on 11 December 2013 for a consideration of R4 395 million (including transaction costs). The acquisition was funded through a combination of Clough on-balance sheet cash of R2 927 million as well as an external bridge facility of R1 468 million.

Disposals

Disposal of non-core assets

The Group continues to dispose of investment properties. Proceeds of R10 million was received in the current financial year. The remaining properties are expected to be disposed of within the next 12 months.

The Group continues to dispose of its remaining steel businesses. On 30 June 2014 (effective date) an option to purchase Kosto, the Mauritian steel operation, was exercised by the purchaser. The option value was R15 million and the proceeds were received in July 2014.

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

- Disposal of the Construction Products Africa businesses, comprising of Much Asphalt, Rocla, Ocon Brick and Technicrete, on 31 October 2013 (effective date) for gross proceeds of R1 325 million, of which R1 150 million was received on the disposal date. R75 million is receivable 12 months after the effective date and the remaining R100 million is receivable 24 months after the effective date.
- Disposal of Hall Longmore business on 28 February 2014 (effective date) for a gross consideration of R416 million. R265 million was received as at 30 June 2014, R60 million as a vendor loan is receivable over two years, and the balance of R91 million is structured as a short term receivable.
- Disposal of 100% shareholding in Hinton Rock Properties Proprietary Limited on 1 September 2013 for proceeds of R1.

Discontinued operations

During the current financial year the Group's Tolcon business was classified as held-for-sale. The sale of Tolcon (effective date 1 September 2014) was completed on obtaining Competition Commission approval. The sale agreement excludes the investments in the Bombela Concession and Bombela Operating Companies and also Entilini Concessions and its operating companies – the Group's Concessions businesses are not part of Tolcon.

5 SPECIAL RESOLUTIONS

During the year under review the following special resolution was passed by shareholders:

1) The proposed fees payable quarterly in arrears to non-executive directors.

In terms of the Companies Act requirements, special resolutions relating to sale of certain businesses were passed by subsidiary companies.

6 EVENTS AFTER REPORTING DATE

The five remaining historical incidents of collusive conduct have been settled with the Competition Commission. A provision was raised in the prior year with respect to these incidents.

During the current financial year the Group's Tolcon business was classified as held-for-sale, refer to point 4 above.

The Oil & Gas platform is preparing to extend its engineering service offering globally. In August 2014, Clough completed a US$5 million strategic acquisition of CH-IV, a boutique engineering company based in the United States of America and highly regarded in liquefied natural gas ("LNG") concept, Front End Engineering and Design, detailed design and owner's engineering arena, with capabilities across micro, midscale and large scale LNG developments.

Clough also completed the £9 million strategic acquisition of Booth Welsh, a privately owned engineering services company based in Ayrshire, Scotland in September 2014. Booth Welsh specialises in the provision of electrical, instrumentation and automation design, process consultancy, project management, implementation and commissioning services.

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 financial statements, which significantly affects the financial position at 30 June 2014 or the results of its operations or cash flows for the year then ended.

7 INTEREST OF DIRECTORS

A total of 1 609 340 (2013: 2 418 030) 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 15 892 ordinary shares of the Company's issued ordinary shares (2013: 65 351 ordinary shares). Details of ordinary shares held per individual director are listed below.

BENEFICIAL	Direct	Indirect
30 June 2014		
DD Barber	**2 723**	**–**
AJ Bester	**13 169**	**267 000**
HJ Laas	**–**	**374 500**
30 June 2013		
RC Andersen*	54 459	–
DD Barber	2 723	–
AJ Bester	8 169	121 000
HJ Laas	–	166 500

* *RC Anderson retired on 1 March 2013.*

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

8 DIRECTORS

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

Independent non-executive

M Sello (Chairman); DD Barber; NB Langa-Royds; JM McMahon; WA Nairn; RT Vice and R Havenstein.

R Havenstein was appointed on 1 August 2014.
TCP Chikane resigned on 20 August 2013.

Executive

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

9 COMPANY SECRETARY

Lambertus Kok was appointed as company secretary effective 26 February 2014 and replaces Emmarentia Joubert.

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	

10 AUDITORS

Deloitte & Touche continued in office as external auditors. At the Annual General Meeting of 6 November 2014, shareholders will be requested to re-appoint Deloitte & Touche as external auditors for the 2015 financial year. AJ Zoghby will be the individual registered auditor who will undertake the audit.

27 August 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[2]
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 248,4**	3 054,8
Investment properties	3	**–**	–
Goodwill	4	**486,4**	487,9
Other intangible assets	5	**118,0**	197,2
Investments in associate companies	6	**23,7**	33,7
Other investments	7	**671,6**	582,6
Deferred taxation assets	21	**426,5**	656,6
Amounts due from contract customers	9	**2 087,7**	2 003,1
Non-current receivables		**260,7**	145,8
Total non-current assets		**7 323,0**	7 161,7
Current assets			
Inventories	8	**326,4**	349,0
Derivative financial instruments		**–**	1,9
Amounts due from contract customers	9	**5 683,8**	6 876,0
Trade and other receivables	10	**1 765,5**	2 020,4
Current taxation assets	34	**5,2**	59,6
Cash and cash equivalents	11	**4 300,5**	6 283,8
Total current assets		**12 081,4**	15 590,7
Assets classified as held-for-sale	31	**406,2**	1 773,9
Total assets		**19 810,6**	24 526,3
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	**2 692,8**	2 713,6
Reserves	14 &15	**1 408,7**	764,4
Retained earnings		**1 802,8**	3 562,9
Equity attributable to owners of Murray & Roberts Holdings Limited		**5 904,3**	7 040,9
Non-controlling interests	16	**27,3**	1 657,5
Total equity		**5 931,6**	8 698,4
Non-current liabilities			
Long term loans	18	**455,2**	533,9
Retirement benefit obligations	19	**7,4**	4,3
Long term provisions	20	**323,9**	239,1
Deferred taxation liabilities	21	**141,7**	150,7
Subcontractor liabilities	22	**762,8**	709,2
Non-current payables		**217,3**	320,4
Total non-current liabilities		**1 908,3**	1 957,6
Current liabilities			
Amounts due to contract customers	9	**2 325,5**	3 406,6
Trade and other payables	23	**4 336,2**	4 787,2
Short term loans	24	**2 283,5**	660,9
Current taxation liabilities	34	**89,8**	544,8
Provisions for obligations	25	**299,7**	313,7
Subcontractor liabilities	22	**2 509,4**	2 597,5
Derivative financial instruments		**3,7**	1,1
Bank overdrafts	11	**23,9**	897,8
Total current liabilities		**11 871,7**	13 209,6
Liabilities directly associated with a disposal group held-for-sale	31	**99,0**	660,7
Total liabilities		**13 879,0**	15 827,9
Total equity and liabilities		**19 810,6**	24 526,3

2 *Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[1]
Continuing operations			
Revenue	26	**36 039,0**	34 209,1
Profit before interest, depreciation and amortisation		**2 240,5**	2 377,2
Depreciation		**(685,0)**	(703,8)
Amortisation of intangible assets		**(22,8)**	(24,6)
Profit before interest and taxation	27	**1 532,7**	1 648,8
Interest expense	28	**(217,1)**	(233,2)
Interest income	29	**159,8**	116,9
Profit before taxation		**1 475,4**	1 532,5
Taxation expense	30	**(499,0)**	(528,2)
Profit after taxation		**976,4**	1 004,3
Income from equity accounted investments		**0,5**	164,5
Profit for the year from continuing operations		**976,9**	1 168,8
Profit from discontinued operations	31	**423,1**	301,6
Profit for the year		**1 400,0**	1 470,4
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**1 261,1**	1 004,3
Non-controlling interests	16	**138,9**	466,1
		1 400,0	1 470,4

1 *Restated for discontinued operations.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013
Profit for the year		**1 400,0**	1 470,4
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(3,6)**	–
Other movements	15	**2,7**	–
		(0,9)	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**163,9**	189,9
Effects of cash flow hedges	14	**(0,9)**	14,1
Taxation related to effects of cash flow hedges	14	**0,3**	(4,2)
Effects of available-for-sale financial assets	15	**(0,1)**	(0,1)
Other movements	15	**(0,1)**	–
		163,1	199,7
Other comprehensive income for the year net of taxation		**162,2**	199,7
Total comprehensive income		**1 562,2**	1 670,1
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**1 356,3**	1 116,0
Non-controlling interests		**205,9**	554,1
		1 562,2	1 670,1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

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 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 disposed (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**
Total comprehensive income/(loss) for the year	–	96,3	(1,1)	1 261,1	**1 356,3**	205,9	**1 562,2**
Treasury shares acquired (net)	(20,8)	–	–	–	**(20,8)**	–	**(20,8)**
Acquisition of non-controlling interests**	–	511,3	(2,9)	(3 065,1)	**(2 556,7)**	(1 424,4)	**(3 981,1)**
Dividend paid as part of non-controlling interests acquisition***	–	–	–	–	**–**	(393,5)	**(393,5)**
Transfer to non-controlling interests	–	0,4	(3,2)	–	**(2,8)**	2,8	**–**
Disposal of businesses	–	–	(1,1)	–	**(1,1)**	(24,2)	**(25,3)**
Transfer to retained earnings	–	–	(56,1)	56,1	**–**	–	**–**
Issue of shares to non-controlling interests	–	–	–	–	**–**	6,2	**6,2**
Recognition of share-based payment	–	–	100,7	–	**100,7**	–	**100,7**
Dividends declared and paid*	–	–	–	(12,2)	**(12,2)**	(3,0)	**(15,2)**
Balance at 30 June 2014	2 692,8	1 145,8	262,9	1 802,8	**5 904,3**	27,3	**5 931,6**

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

** *The premium paid for the non-controlling interests in Clough was recorded as an adjustment against retained earnings in terms of IFRS 10: Consolidated Financial Statements, due to a controlling interest of 62% held in Clough by the Group prior to the transaction. Had the Group not held a controlling interest this premium would have been allocated to the relevant assets and liabilities, based on fair value, with the residual being allocated to goodwill.*

*** *The dividends paid to non-controlling interests represent the special dividend paid by Clough as part of the agreement for the acquisition of the non-controlling interests in Clough.*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[2]
Cash flows from operating activities			
Receipts from customers		**38 373,7**	39 685,6
Payments to suppliers and employees		**(36 597,5)**	(37 640,3)
Cash generated from operations	33	**1 776,2**	2 045,3
Interest received		**169,5**	142,3
Interest paid		**(220,0)**	(265,2)
Taxation paid	34	**(794,4)**	(270,7)
Operating cash flow		**931,3**	1 651,7
Dividends paid to owners of Murray & Roberts Holdings Limited		**(12,2)**	(9,2)
Dividends paid to non-controlling interests		**(3,0)**	(81,5)
Net cash inflow from operating activities		**916,1**	1 561,0
Cash flows from investing activities			
Acquisition of business		**–**	(83,7)
Dividends received from associate companies	6	**10,5**	70,7
Purchase of intangible assets other than goodwill	5	**(81,7)**	(20,6)
Purchase of property, plant and equipment by discontinued operations		**(24,0)**	(42,0)
Purchase of property, plant and equipment	2	**(960,6)**	(1 089,4)
– Replacements		**(290,3)**	(321,4)
– Additions		**(670,3)**	(768,0)
Advance payment received in respect of business disposal		**–**	45,0
Proceeds on disposal of property, plant and equipment		**152,3**	128,6
Proceeds on disposal of businesses	35	**1 345,2**	402,8
Proceeds on disposal of assets held-for-sale		**58,0**	143,0
Proceeds on disposal of investment in associate		**–**	1 783,6
Repayment of investment in associate loan		**–**	3,9
Cash related to equity accounted joint ventures held-for-sale		**–**	(4,0)
Cash related to acquisition/disposal of businesses	35	**(15,6)**	(74,0)
Cash related to assets held-for-sale		**28,0**	(22,8)
Proceeds from realisation of investment and loan repayments		**145,9**	132,0
Other		**(4,3)**	3,0
Net cash inflow from investing activities		**653,7**	1 376,1
Cash flows from financing activities			
Net movement in borrowings	36	**1 283,0**	(1 188,4)
Acquisition of non-controlling interests	35.2	**(4 394,6)**	–
Net (acquisition)/disposal of treasury shares		**(20,8)**	3,5
Proceeds on share issue to non-controlling interests		**6,2**	5,2
Repayment of non-controlling interest's shareholding		**–**	(1,8)
Net cash outflow from financing activities		**(3 126,2)**	(1 181,5)
Net (decrease)/increase in net cash and cash equivalents		**(1 556,4)**	1 755,6
Net cash and cash equivalents at the beginning of the year		**5 386,0**	3 349,9
Effect of foreign exchange rates		**447,0**	280,5
Net cash and cash equivalents at the end of the year		**4 276,6**	5 386,0

2 Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2014

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 19: Employee Benefits

IAS 19 was revised in June 2011. The changes on the Group's accounting policies are as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Refer to note 19 for the impact on the Group financial statements.

Amendment to IFRS 7: Financial Instruments: Disclosures, on asset and liability offsetting

This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 10: Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 July 2013. The Group did not change its control conclusion of any of its investees therefore IFRS 10 had no impact on the Group or Company financial statements.

IFRS 11: Joint Arrangements

IFRS 11 focuses on the rights and obligations of the parties to the arrangement. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted. The Group's joint ventures are classified as assets held-for-sale, refer to note 31 for the impact of adoption on the Group financial statements.

IFRS 12: Disclosures of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. As a result of IFRS 12, the Group has expanded its disclosure about its interests in equity-accounted investees (note 37).

IFRS 13: Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Group or Company's assets and liabilities.

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 or 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 IFRSs 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 IFRSs 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 arrangements and its interest in associates.

Subsidiaries are entities, including structured entities such as The Murray & Roberts Trust controlled by the Group. Control exists where the Group, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 stated 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 taxation 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

ACCOUNTING POLICIES continued

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: *Financial Instruments: Recognition and Measurement*, 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.

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. Goodwill on the acquisition of a subsidiary is included in intangible assets.

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 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 arrangements

Joint arrangements are those entities in which the Group has joint control. Under IFRS 11: *Joint Arrangements*, joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has in the joint arrangement. The Group's interest in joint arrangements, classified as joint ventures are accounted for using the equity method. While those classified as joint operations are accounted for by recognising the joint operator's share of the assets, liabilities, revenue and expenses in the joint operation. The results of joint arrangements 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 arrangements 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: *Impairment of Assets* 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 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.

ACCOUNTING POLICIES continued

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.

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 or 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 reorganisation; 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 or 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 or 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 or 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 or 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.

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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 expire 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 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 expire 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 arrangements 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 are set out in note 2.

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 are 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.

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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 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 CGU) 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 CGU) 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 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.

1.15 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
- 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.

1.16 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.

1.17 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

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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.

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.

1.18 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 transactions, 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.

1.19 Employee benefits

Defined contribution plans

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

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

Defined benefit plans

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

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date.

The current service cost as well as net interest expense in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past service costs are recognised immediately in profit or loss. Experience adjustments, effects of changes in actuarial assumptions and plan amendments in respect of existing and retired employees are recognised in other comprehensive income as remeasurements in the period 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.

1.20 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 arrangements, 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.

1.21 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.

1.22 Revenue

Revenue is the aggregate of turnover of subsidiaries and the Group's share of the turnover of joint arrangements 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.

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

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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.

1.23 Dividends

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

1.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. 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 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 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.

1.25 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.

1.26 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.

1.27 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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

2 PROPERTY, PLANT AND EQUIPMENT

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014 Cost	2014 Accumulated depreciation and impairment	2014 Carrying value	2013 Cost	2013 Accumulated depreciation and impairment	2013 Carrying value
Land and buildings	**628,0**	**(211,9)**	**416,1**	583,5	(157,1)	426,4
Plant and machinery	**5 522,8**	**(2 931,1)**	**2 591,7**	4 861,6	(2 459,9)	2 401,7
Other equipment	**449,8**	**(209,2)**	**240,6**	423,3	(196,6)	226,7
	6 600,6	**(3 352,2)**	**3 248,4**	5 868,4	(2 813,6)	3 054,8

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and machinery	Other equipment	Total
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 other 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**
Additions	**15,7**	**627,2**	**317,7**	**960,6**
Disposals	**(7,5)**	**(129,4)**	**(5,8)**	**(142,7)**
Disposal of business	**–**	**(5,7)**	**–**	**(5,7)**
Transfer to other intangible assets	**–**	**–**	**(1,6)**	**(1,6)**
Foreign exchange movements	**11,3**	**103,1**	**(5,3)**	**109,1**
Transfer to assets classified as held-for-sale	**(3,4)**	**(11,4)**	**(3,2)**	**(18,0)**
Transfers between categories	**34,2**	**218,2**	**(252,4)**	**–**
Depreciation	**(38,8)**	**(613,6)**	**(35,5)**	**(687,9)**
Impairment reversal	**–**	**1,6**	**–**	**1,6**
Impairment loss	**(21,8)**	**–**	**–**	**(21,8)**
At 30 June 2014	**416,1**	**2 591,7**	**240,6**	**3 248,4**

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 and units of production
– 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 FINANCIAL STATEMENTS continued

3 INVESTMENT PROPERTIES

All investment property held by the Group was transferred to assets classified as held-for-sale in the prior year.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
At the beginning of the year	–	22,2
Transfers to assets classified as held-for-sale	–	(14,3)
Transfer to property, plant and equipment	–	(7,9)
	–	–

4 GOODWILL

	2014	2013
At the beginning of the year	487,9	437,3
Additions through business combinations	–	50,0
Transfers to assets classified as held-for-sale	(7,4)	–
Foreign exchange movements	5,9	0,6
	486,4	487,9

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:

	2014	2013
Infrastructure & Building	44,3	51,6
Energy & Industrial	52,2	52,2
Underground Mining	38,0	37,2
Oil & Gas	351,9	346,9
	486,4	487,9

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 4,0%. 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 12,5% (pre-tax discount rate of 17,4%) 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.

Goodwill of R7,4 million relating to Pt Operational Services Proprietary Limited has been transferred to assets classified as held-for-sale during the current financial year.

5 OTHER INTANGIBLE ASSETS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014 Cost	2014 Accumulated amortisation and impairment	2014 Carrying value	2013 Cost	2013 Accumulated amortisation and impairment	2013 Carrying value
Patents, trademarks and other rights	**0,6**	**–**	**0,6**	–	–	–
Computer software	**289,0**	**(180,8)**	**108,2**	242,0	(200,6)	41,4
Mineral rights	**19,9**	**(19,9)**	**–**	19,9	(19,9)	–
Tolling rights	**–**	**–**	**–**	157,0	(16,4)	140,6
Other intangible assets	**13,6**	**(4,4)**	**9,2**	28,5	(13,3)	15,2
	323,1	**(205,1)**	**118,0**	447,4	(250,2)	197,2

RECONCILIATION FOR OTHER INTANGIBLE ASSETS	Patents, trademarks and other rights	Computer software	Mineral rights	Tolling rights	Other intangible assets	Total
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**
Additions	**0,6**	**81,1**	**–**	**–**	**–**	**81,7**
Scrappings	**–**	**(3,0)**	**–**	**–**	**–**	**(3,0)**
Transfers to assets classified as held-for-sale	**–**	**–**	**–**	**(135,4)**	**–**	**(135,4)**
Transfer from property, plant and equipment	**–**	**1,6**	**–**	**–**	**–**	**1,6**
Foreign exchange movement	**–**	**2,7**	**–**	**–**	**1,2**	**3,9**
Amortisation	**–**	**(15,6)**	**–**	**(5,2)**	**(7,2)**	**(28,0)**
At 30 June 2014	**0,6**	**108,2**	**–**	**–**	**9,2**	**118,0**

The intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below.

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. During the current year this asset was transferred to assets classified as held-for-sale as its value will be realised through sale rather than through continuing use.

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	on a straight-line basis

NOTES TO THE FINANCIAL STATEMENTS continued

6 INVESTMENTS IN ASSOCIATE COMPANIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
6.1 Investments in associate companies		
At the beginning of the year	**33,7**	885,0
Disposals	**–**	(1 103,0)
Repayment of a loan	**–**	(3,9)
Recognition of fair value of investment in associate	**–**	9,5
Dividends received	**(10,5)**	(70,7)
Share of post-acquisition profits	**0,5**	164,3
Impairment reversal	**–**	12,6
Foreign exchange movements	**–**	139,9
	23,7	33,7
The carrying value of the investments may be analysed as follows:		
Investments in associates at cost	**19,7**	19,7
Share of post-acquisition profits, net of dividends received	**4,0**	14,0
	23,7	33,7

6.2 Valuation of shares

The directors consider the value of the investment in unlisted associates to be immaterial in relation to the Group's assets, and have therefore deemed the cost method appropriate in determining the value at year end.

6.3 Summarised financial information in respect of the Group's associates

	2014	2013
Total assets	**245,1**	476,2
Total liabilities	**(165,0)**	(277,4)
Net assets	**80,1**	198,8
Revenue*	**789,5**	7 980,4
(Loss)/profit for the year*	**(0,4)**	503,4

* *Includes Forge's results until disposal date in the prior year.*

6.4 Details of associate companies

		% of ownership and votes		
NAME OF ASSOCIATE	Place of incorporation	**2014**	2013	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
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	2014	2013
7.1 Financial assets designated as fair value through profit or loss		
Investment in infrastructure service concession		
At the beginning of the year	**581,3**	456,7
Realisation of investment	**(145,9)**	(132,0)
Fair value adjustment recognised in the statement of financial performance	**233,9**	256,6
	669,3	581,3

Directors' valuation R669,3 million (2013: R581,3 million).

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

	% interest	Remaining concession period	2014	2013
Bombela Concession Company Proprietary Limited*	33	12 years	**669,3**	581,3

* *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 R35,0 million.*

	2014	2013
7.2 Available-for-sale financial assets		
Listed investments		
At the beginning of the year	**0,8**	2,5
Fair value loss through other comprehensive income	**(0,1)**	(0,1)
Additions, disposals and other movements	**0,1**	(1,6)
	0,8	0,8
7.3 Loans and receivables measured at amortised cost		
Unsecured loans and receivables		
At the beginning of the year	**0,5**	0,6
Additional loans raised	**1,0**	0,9
Disposal and repayments	**–**	(1,0)
	1,5	0,5
Total other investments	**671,6**	582,6

8 INVENTORIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Raw materials	**106,5**	134,3
Work-in-progress	**122,5**	27,7
Finished goods and manufactured components	**55,0**	101,1
Consumable stores	**42,4**	85,9
	326,4	349,0

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

The cost of inventories recognised as an expense includes R0,2 million (2013: R74,1 million) in respect of write-downs of inventory to net realisable value and has been reduced by R0,2 million (2013: R2,5 million) in respect of the reversal of such write-downs.

The amount of inventory carried at net realisable value amounts to R161,8 million (2013: R46,3 million).

NOTES TO THE FINANCIAL STATEMENTS continued

9 CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**2 690,6**	3 067,2
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11: *Construction Contracts*)	**1 550,1**	2 062,1
Amounts receivable on contracts (net of impairment provisions)	**3 285,9**	3 300,6
Retentions receivable (net of impairment provisions)	**244,9**	449,2
	7 771,5	8 879,1
Amounts received in excess of work completed	**(2 325,5)**	(3 406,6)
	5 446,0	5 472,5
Disclosed as:		
Amounts due from contract customers – non-current*	**2 087,7**	2 003,1
Amounts due from contract customers – current	**5 683,8**	6 876,0
Amounts due to contract customers	**(2 325,5)**	(3 406,6)
	5 446,0	5 472,5

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

Included in contracts-in-progress is a provision of R300 million raised for the water ingress dispute between the Gauteng Province and the Bombela Civils Joint Venture Proprietary Limited ("Bombela Civils Joint Venture") (of which Murray & Roberts has a 45% shareholding). A panel of technical experts and design consultants were appointed to perform a technical evaluation of the potential remedial work that may be required. Based on their reports and on an assessment of designs for potential remedial work, the Company recorded the provision for its share of potential costs to be incurred.

10 TRADE AND OTHER RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Trade receivables	**254,6**	563,9
Provision for doubtful debts	**(81,1)**	(7,4)
Operating lease receivables recognised on a straight-line basis	**1,6**	1,6
Amounts owing by joint operations	**532,8**	469,9
Prepayments	**140,0**	169,4
Sundry loans	**312,2**	151,5
Deposits	**25,9**	45,9
Value Added Taxation receivable	**112,3**	134,1
Vendor related receivables	**126,0**	121,1
Other receivables	**341,2**	370,4
	1 765,5	2 020,4

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, as the carrying amount is based on contractual rights and obligations.

11 NET CASH AND CASH EQUIVALENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**3 084,9**	4 701,4
Restricted cash	**1 215,6**	1 582,4
Cash and cash equivalents	**4 300,5**	6 283,8
Bank overdrafts	**(23,9)**	(897,8)
	4 276,6	5 386,0
Restricted cash		
Cash and cash equivalents at the end of the financial year include bank balances and cash that are restricted from immediate use due to:		
Amounts held in joint operations	**1 080,8**	1 384,5
Amounts held in trust accounts	**29,3**	86,4
Other agreements with banks and other financial institutions	**105,5**	111,5
	1 215,6	1 582,4

12 STATED CAPITAL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
12.1 Stated capital		
Authorised		
750 000 000 no par value shares		
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	**(306,8)**	(350,6)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at no par value	**(423,2)**	(424,6)
Less: Treasury shares held by subsidiary companies at no par value	**(160,0)**	(94,0)
Net stated capital	**2 692,8**	2 713,6
Unissued		
At 30 June 2014 the number of unissued shares was 305 263 882.		
12.2 Treasury shares		
Market value of treasury shares:		
The Murray & Roberts Trust	**0,7**	39,8
The Letsema BBBEE trusts and companies	**771,8**	799,6
Subsidiary companies	**157,1**	106,5

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	**(30 150)**	(1 585 657)
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(31 747 577)**	(31 819 148)
Less: Treasury shares held by subsidiary companies	**(6 464 315)**	(4 236 644)
Net shares issued to public	**406 494 076**	407 094 669

NOTES TO THE FINANCIAL STATEMENTS continued

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 2012. Further amendments to the Scheme and Trust have been proposed and will be presented to shareholders for approval at the Annual General Meeting on 6 November 2014.

At 30 June 2014 the Trust held 30 150 (2013: 1 585 657) shares against the commitment of options granted by the Trust totalling 7 974 970 (2013: 13 467 865) 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 33 189 262 ordinary shares or acquire shares in the market.

0% of the outstanding options at 30 June 2014 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2014 were as follows:

SCHEMES IMPLEMENTED		Outstanding options at 30 June 2013	Granted during the year	Surrendered/ lapsed during the year	Exercised during the year	**Outstanding options at 30 June 2014**	Option price per share (cents)	Weighted average share price on exercise (cents)
15 March 2004	Standard	40 200	–	–	(40 200)	**–**	1 430	2 482
15 March 2004	Hurdle	33 500	–	–	(33 500)	**–**	1 430	2 482
03 March 2006	Hurdle	30 150	–	(30 150)	–	**–**	2 213	–
06 March 2007	Hurdle	938 000	–	(87 100)	–	**850 900**	4 233	–
06 March 2007	Special	2 793 900	–	–	–	**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	1 125 600	–	(1 125 600)	–	**–**	7 323	–
01 July 2008	Standard	47 570	–	–	–	**47 570**	6 913	–
26 August 2008	Standard	44 120	–	(17 320)	–	**26 800**	7 451	–
26 August 2009	Hurdle	1 993 585	–	(305 185)	–	**1 688 400**	4 019	–
08 December 2009	Hurdle	187 600	–	–	–	**187 600**	3 846	–
20 April 2011	Hurdle	1 854 560	–	(60 300)	–	**1 794 260**	2 334	–
30 August 2011	Performance	3 766 740	–	(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	–
		13 467 865	–	(5 419 195)	(73 700)	**7 974 970**		

Notes:

1. *For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.*
2. *For the 2004 to April 2011 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.*
3. *The 2007 special scheme is time-related with the first tranche exercisable in 2011 and the expiry date being extended from 2015 to 2017.*
4. *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 performance conditions were not achieved by 30 June 2014 and this share option scheme lapsed.*
5. *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.*
6. *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 performance is between 85% – 100% of the target performance, the shares will vest according to a sliding linear scale between 50% – 100%. In all other cases no vesting will occur. All unexercised options expire on the sixth anniversary of the option.*
7. *The Group has no legal or constructive obligation to repurchase or settle the options in cash.*
8. *Options are forfeited if the employees leave the Group before the options vest.*

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)
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%	5,0%	**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 3 March 2013 and in terms of the option rules it was further extended until 3 March 2014. The performance conditions were not achieved by 3 March 2014 and this share option scheme lapsed.*

** *The performance conditions were not satisfied on 26 February 2014 and this share option scheme lapsed.*

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 R10,9 million (2013: R17,2 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. A new allocation of shares is approved by the Remuneration Committee on an annual basis. The forfeitable shares are held in an escrow account by an escrow agent. In 2013 the Remuneration Committee approved the automatic deferral of part of select employees' Short Term Incentive ("STI") into Forfeitable Share awards as a Long Term Incentive ("LTI"). The Company can issue new shares within the maximum of 7,5% of the Company's total issued shares, being 33 189 262 ordinary shares or acquire shares in the market.

PLAN IMPLEMENTED		Balance at 30 June 2013	Granted during the year	Surrendered during the year	Balance at 30 June 2014
28 November 2012	FSP	3 560 000	–	(172 000)	**3 388 000**
28 August 2013	FSP	–	3 040 800	(73 000)	**2 967 800**
28 August 2013	FSP-STI	–	110 743	(2 228)	**108 515**
		3 560 000	3 151 543	(247 228)	**6 464 315**

Notes:

1. *For the November 2012 scheme, the forfeitable shares will cliff vest after three years, in November 2015, subject to satisfying certain performance conditions.*
2. *For the August 2013 scheme, the forfeitable shares will cliff vest after three years, in August 2016, subject to satisfying certain performance conditions.*
3. *A compulsory automatic deferral scheme of part of the STI into forfeitable share awards as a LTI was introduced in September 2013 for selected employees. The LTI allocation has a three year vesting period (1/3 each year) and is not subject to performance conditions, but is subject to continued employment.*

NOTES TO THE FINANCIAL STATEMENTS continued

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 follow:

PLAN IMPLEMENTED		Expected volatility	Expected expiry 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**
28 August 2013	FSP	28,9%	27 August 2016	7,0%	5,1%	**2 271**
28 August 2013	FSP–STI	28,9%	27 August 2016	N/A	5,1%	**2 450**

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 R30,2 million (2013: R11,1 million) relating to these share options 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 2014 the Vulindlela Trust held 10 675 904 (2013: 10 747 475) shares against the commitment of shares granted by the Vulindlela Trust totaling 3 544 500 (2013: 3 432 939) shares.

The purchase of these shares was funded by an interest-free loan from the respective Group employer companies. All dividends paid to the Trust will be offset against the outstanding balance of the loan. After the expiry of the five year lock in period 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 Trust in order to settle the outstanding loan amount. Should the value of the shares be less than the outstanding loan amount, the Trust must return the shares to the Company and the loan will be cancelled.

The details of the movement in the outstanding shares granted by the Vulindlela Trust during the year ended 30 June 2014 were as follows:

SCHEMES IMPLEMENTED		Outstanding shares at 30 June 2013	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding shares at 30 June 2014	Allocation price per share (cents)	Weighted average share price on exercise (cents)
02 March 2006	Standard	204 708	–	–	(29 329)	**175 379**	2 353	2 841
27 June 2006	Standard	4 667	–	–	(3 500)	**1 167**	2 431	2 900
28 August 2006	Standard	44 167	–	–	–	**44 167**	3 002	–
06 March 2007	Standard	404 910	–	–	–	**404 910**	5 200	–
25 June 2007	Standard	56 147	–	–	–	**56 147**	6 619	–
26 February 2008	Standard	90 545	–	(400)	–	**90 145**	9 201	–
28 August 2008	Standard	39 964	–	(4 078)	–	**35 886**	9 508	–
25 August 2009	Standard	410 301	–	(47 653)	–	**362 648**	4 774	–
24 August 2010	Standard	503 098	–	(100 225)	–	**402 873**	4 102	–
20 April 2011	Hurdle	100 000	–	(3 612)	–	**96 388**	2 516	–
30 August 2011	Standard	833 196	–	(188 478)	–	**644 718**	2 770	–
15 March 2012	Rights offer	193 736	–	–	(38 742)	**154 994**	–	2 747
28 November 2012	Standard	547 500	–	(85 607)	–	**461 893**	2 195	–
28 August 2013	Standard	–	652 000	(38 815)	–	**613 185**	2 463	–
		3 432 939	652 000	(468 868)	(71 571)	**3 544 500**		

Notes:

1. *The shares can only be exercised after five years from date of allocation.*
2. *Shares are forfeited if the employee leaves the Group before the shares vest.*
3. *For the 20 April 2011 scheme, the hurdle rate is CPI + 4% per annum compound growth on allocation price.*

13 SHARE INCENTIVE SCHEMES continued

13.3 Equity-settled Share Incentive Scheme – Letsema Vulindlela Black Executives Trust continued

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

Standard scheme	Monte Carlo
Hurdle scheme	Binomial lattice model

SCHEMES IMPLEMENTED	Allocation price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of shares granted per share (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**
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**
28 August 2013	2 463	37,1%	31 December 2021	8,5%	5,1%	**1 215**

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 share 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 R2,8 million (2013: R6,4 million) relating to these shares during the year.

13.4 Clough Limited Share Incentive Scheme

Included in the Group's total share option expense is an amount of R56,8 million (2013: R13,8 million) relating to Clough's share option scheme. R47,3 million of the share option expense was recorded as a result of accelerated vesting of shares arising from the acquisition of the non-controlling interests in Clough.

14 HEDGING AND TRANSLATION RESERVES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
Hedging reserve			
At the beginning of the year		**(1,5)**	(7,6)
Acquisition of non-controlling interests	35.2	**(2,4)**	–
Effects of cash flow hedges		**(0,9)**	14,1
Taxation related to effects of cash flow hedges		**0,3**	(4,2)
Transfer to non-controlling interests		**0,4**	(3,8)
		(4,1)	(1,5)
Foreign currency translation reserve			
At the beginning of the year		**539,3**	433,6
Acquisition of non-controlling interests	35.2	**513,7**	–
Realisation of foreign currency translation reserve		**(41,0)**	–
Foreign currency translation movements		**137,9**	105,7
		1 149,9	539,3
		1 145,8	537,8

The hedging reserve represents the effective portion of fair value gains or losses on 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.

NOTES TO THE FINANCIAL STATEMENTS continued

15 OTHER CAPITAL RESERVES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
Capital redemption reserve fund			
At the beginning and end of the year		**1,1**	1,1
Statutory reserve			
At the beginning of the year		**29,0**	31,3
Other movements		**(0,1)**	–
Transfer to retained earnings		**–**	(2,3)
		28,9	29,0
Other non-distributable reserve			
At the beginning of the year		**(38,1)**	(38,0)
Fair value loss on available-for-sale financial assets		**(0,1)**	(0,1)
Acquisition of non-controlling interests	35.2	**(17,3)**	–
Transfer to retained earnings		**(1,9)**	–
		(57,4)	(38,1)
Share-based payment reserve			
At the beginning of the year		**234,6**	205,3
Acquisition of non-controlling interests	35.2	**14,4**	–
Disposal of businesses		**(1,1)**	–
Recognition of share-based payments		**100,7**	48,5
Transfer to retained earnings		**(54,2)**	(13,9)
Transfer to non-controlling interests		**(3,2)**	(5,3)
		291,2	234,6
Retirement benefit obligation reserve			
At the beginning of the year		**–**	–
Other movements		**2,7**	–
Effects of remeasurements on retirement benefit obligations		**(3,6)**	–
		(0,9)	–
		262,9	226,6

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 interests 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 payment reserve that was recognised in prior years relating to share options that have vested but were not exercised.

The retirement benefit obligation reserve represents the remeasurements on the Group's retirement benefit obligation, recognised in terms of the amendments to IAS 19: *Employee Benefits*.

16 NON-CONTROLLING INTERESTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
The non-controlling interests comprise:			

16.1 Non-controlling interests in reserves

At the beginning of the year		**1 637,5**	1 158,9
Share of attributable profit		**138,9**	466,1
Dividends declared and paid		**(3,0)**	(81,5)
Dividend paid as part of non-controlling interests acquisition	35.2	**(393,5)**	–
Acquisition of non-controlling interests	35.2	**(1 424,4)**	–
Repayment of non-controlling interest's share capital		**–**	(1,8)
Issue of shares to non-controlling interests		**6,2**	5,2
Transfers from reserves		**2,8**	9,1
Disposal of businesses		**(24,2)**	–
Foreign exchange and other movements		**67,0**	81,5
		7,3	1 637,5

16.2 Equity loans from non-controlling interests

At the beginning of the year		**20,0**	55,8
Loan repayments		**–**	(38,5)
Foreign exchange and other movements		**–**	2,7
		20,0	20,0
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.			
Total balance at year end		**27,3**	1 657,5

17 SECURED LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R870,1 million (2013: R871,3 million). Loan secured by shares with a book value of R6 174,2 million and a market value of R6 174,2 million. Overdraft secured by shares with a book value of Rnil (2013: R1 583,2 million) and a market value of Rnil (2013: R4 630,0 million). Loans secured over client receipts with a book value of R43,1 million (2013: R13,5 million).		**2 392,9**	930,1
Reflected in the statement of financial position under:			
Long term loans	18	**137,6**	79,2
Long term capitalised finance leases	18	**314,6**	454,7
Short term loans	18	**1 940,7**	396,2
		2 392,9	930,1

NOTES TO THE FINANCIAL STATEMENTS continued

18 LONG TERM LOANS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
18.1 Interest bearing secured loans			
Payable			
Within 1 year		**1 641,8**	13,6
Within 3 to 5 years		**137,6**	79,2
		1 779,4	92,8
Less: Current portion	24	**(1 641,8)**	(13,6)
		137,6	79,2
18.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**99,5**	133,6
Within the 2nd year		**3,0**	–
		102,5	133,6
Less: Current portion	24	**(99,5)**	(133,6)
		3,0	–
18.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**243,3**	131,1
		243,3	131,1
Less: Current portion	24	**(243,3)**	(131,1)
		–	–
18.4 Capitalised finance leases			
Minimum lease payments			
Within 1 year		**324,2**	423,8
Within the 2nd year		**228,2**	350,5
Within 3 to 5 years		**101,8**	141,1
		654,2	915,4
Less: Future finance charges		**(40,7)**	(78,1)
Present value of lease obligations		**613,5**	837,3
The present value of lease obligations can be analysed as follows:			
Within 1 year		**298,9**	382,6
Within the 2nd year		**217,7**	319,9
Within 3 to 5 years		**96,9**	134,8
		613,5	837,3
Less: Current portion	24	**(298,9)**	(382,6)
		314,6	454,7
Total long term loans		**455,2**	533,9

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

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 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 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 2014 was R108,2 million (2013: R112,1 million).

19 RETIREMENT AND OTHER BENEFIT PLANS continued

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 2014 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 2014 was R3,3 million (2013: R3,1 million).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013

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 2 608 pensioners as members.

	2014	2013
Present value of funded liability	**2 544,2**	2 269,3
Fair value of plan assets	**(2 690,5)**	(2 873,1)
Present value of unfunded liability	**(146,3)**	(603,8)
Unrecognised actuarial gains/(losses)	**–**	–
Unrecognised due to paragraph 64 limits	**146,3**	603,8
	–	–

The asset is capped at the liability value.

The Board of Trustees of the Murray & Roberts Retirement Fund has purchased an Inflation Linked Annuity Policy from Old Mutual with effect from 1 May 2013. The purchase of the reinsurance policy with Old Mutual is the first step in a process known as "outsourcing". The ultimate intention is to transfer the full pensioner liability and Solvency Reserve to Old Mutual through a section 14 transfer process which the Trustees hope to finalise during 2015.

Movements in the present value of the funded liability were as follows:

	2014	2013
Opening defined benefit obligation	**2 269,3**	2 228,6
Interest cost	**193,7**	161,7
Contributions from plan participants	**4,0**	32,1
Remeasurements	**369,7**	46,7
Actuarial loss due to purchase of an inflation linked annuity policy	**319,8**	–
Actuarial loss due to pension increase	**149,3**	57,9
Actuarial gain due to change in economic assumptions	**(1,4)**	(12,7)
Actuarial loss due to change in demographic/actuarial assumptions	**5,2**	–
Actuarial (gain)/loss due to membership changes	**(103,2)**	1,5
Transfers out (exits from the fund)	**(91,2)**	–
Benefits paid	**(201,3)**	(199,8)
	2 544,2	2 269,3

Movements in the fair value of plan assets were as follows:

	2014	2013
Opening fair value of plan assets	**2 873,1**	2 698,2
Return on plan assets less interest	**193,7**	–
Remeasurements	**(87,8)**	342,6
Transfers in (new pensioners)	**4,0**	32,1
Transfers out (exits from the fund)	**(91,2)**	–
Benefits paid	**(201,3)**	(199,8)
	2 690,5	2 873,1

NOTES TO THE FINANCIAL STATEMENTS continued

19 RETIREMENT AND OTHER BENEFIT PLANS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
19.3 Defined Benefit Plan – Retirement Benefit continued		
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Debt instruments	**2 690,5**	2 873,1
The disclosure of the funded status is for accounting disclosure 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 2014 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 2015.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Net interest expense	**(47,0)**	(35,7)
Net interest cost on unrecognised assets due to paragraph 64 limits	**47,0**	35,7
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Remeasurement costs (excluding changes in unrecognised assets)	**457,5**	(134,2)
Change in unrecognised assets due to paragraph 64 limits	**(457,5)**	134,2
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**8,5%**	7,8%
Inflation rate	**6,8%**	6,1%
Expected return on plan assets	**N/A**	N/A
Pension increase allowance	**6,8%**	4,5%

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 less interest was R105,9 million (2013: R342,6 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 any amounts to its retirement defined benefit plan in 2015 (2014: nil).

Sensitivity Analysis
The effect of a 1% increase and decrease in the discount rate assumption on the pensioner liability and the annual expense is shown in the table below:

	R'000	%
Change in pensioner liability		
Increase in the discount rate by 1%	**(211,8)**	(8,3)
Decrease in the discount rate by 1%	**249,4**	9,8
Change in pensioner assets		
Increase in the discount rate by 1%	**(207,0)**	(7,7)
Decrease in the discount rate by 1%	**252,6**	9,4
Net change		
Increase in the discount rate by 1%	**(4,8)**	3,3
Decrease in the discount rate by 1%	**(3,2)**	2,2

19 RETIREMENT AND OTHER BENEFIT PLANS continued

19.3 Defined Benefit Plan – Retirement Benefit continued

The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using lighter or heavier mortality assumptions post-retirement is shown below:

	R'000	%
Change in pensioner liability		
PA(90) with a 75% improvement	**108,0**	4,2
PA(90) – 2 with a 75% improvement	**(106,2)**	(4,2)
Change in pensioner assets		
Increase in the discount rate by 1%	**111,7**	4,2
Decrease in the discount rate by 1%	**(101,8)**	(3,8)
Net change		
Increase in the discount rate by 1%	**(3,7)**	2,6
Decrease in the discount rate by 1%	**(4,4)**	3,0

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	**55,2**	65,4
Fair value of plan assets	**(72,0)**	(79,6)
Present value of unfunded liability	**(16,8)**	(14,2)
Unrecognised actuarial gains/(losses)	**–**	–
Unrecognised due to paragraph 64 limits	**16,8**	14,2
	–	–

The asset is capped at the liability value.

Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**65,4**	66,5
Current service cost	**0,4**	0,6
Interest cost	**5,1**	5,5
Contributions from plan participants	**–**	1,1
Contribution payments	**(9,9)**	–
Remeasurements	**1,6**	(1,2)
Actuarial loss/(gain) due to change in financial assumptions	**1,5**	(1,2)
Actuarial gain due to actual increase granted compared to that expected	**(0,1)**	–
Actuarial gain due to actual demographic profile of the membership compared to that expected	**(1,5)**	–
Actuarial loss due to transfers to pensioner cell	**1,5**	–
Actuarial loss due to prior year transfers to pensioner cell	**0,2**	–
Benefits paid	**(7,4)**	(7,1)
	55,2	65,4

NOTES TO THE FINANCIAL STATEMENTS continued

19 RETIREMENT AND OTHER BENEFIT PLANS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
19.4 Defined Benefit Plan – Post-retirement Medical Aid continued		
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**79,6**	79,7
Prior year adjustment	**(3,2)**	–
Return on plan assets less interest	**6,6**	6,2
Remeasurements	**4,4**	(0,3)
Contributions from plan participants	**–**	1,1
Contribution payments	**(9,9)**	–
Premium income	**1,0**	–
Benefits paid	**(6,5)**	(7,1)
	72,0	79,6
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Equity instruments	**36,7**	39,7
Cash and money market instruments	**35,3**	39,9
	72,0	79,6

The disclosure of the funded status is for accounting disclosure 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 2014 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 2015.

	2014	2013
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Current service cost	**0,4**	0,6
Net interest (income)/cost	**(1,5)**	5,5
Current service and net interest cost on unrecognised assets due to paragraph 64 limits	**1,1**	(6,1)
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Remeasurements	**(2,8)**	(0,9)
Change in unrecognised assets due to paragraph 64 limits	**2,8**	0,9
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**9,4%**	9,0%
Post-retirement discount rate	**9,4%**	9,0%
Expected return on plan assets	**9,4%**	8,6%
Long term increase in medical subsidies	**7,4%**	6,6%

19 RETIREMENT AND OTHER BENEFIT PLANS continued

19.4 Defined Benefit Plan – Post-retirement Medical Aid continued

Sensitivity Analysis

The effect of a 1% increase and decrease in the Consumer Price Inflation ("CPI") assumption on the past service contractual liability is shown below:

	Change in past service contractual liability	Change in service cost plus interest cost
Increase in the CPI rate by 1%	**13,0%**	13,8%
Decrease in the CPI rate by 1%	**(10,8%)**	(11,5%)

The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using lighter or heavier mortality assumptions post-retirement is shown below:

	Change in past service contractual liability	Change in service cost plus interest cost
PA(90)	**(1,2%)**	(1,6%)
PA(90) – 2	**1,2%**	1,6%

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 R15,2 million (2013: R5,9 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 2015 (2014: Rnil).

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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Present value of funded liability	**20,3**	26,6
Fair value of plan assets	**(29,4)**	(33,8)
Present value of unfunded liability	**(9,1)**	(7,2)
Unrecognised actuarial gains/(losses)	**–**	–
Unrecognised due to paragraph 64 limits	**9,1**	7,2
	–	–
The asset is capped at the liability value.		
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**26,6**	27,7
Interest cost	**1,6**	2,0
Remeasurements	**(4,5)**	0,6
Actuarial loss due to change in financial assumptions	**0,1**	0,4
Actuarial (gain)/loss due to experience variance	**(4,6)**	0,2
Benefits paid	**(3,4)**	(3,7)
	20,3	26,6
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**33,8**	37,1
Return on plan assets less interest	**2,1**	2,5
Remeasurements	**(0,4)**	(0,2)
Realised/unrealised losses	**(0,4)**	(0,2)
Expenses	**(1,6)**	(0,1)
Benefits paid	**(4,5)**	(5,5)
	29,4	33,8

NOTES TO THE FINANCIAL STATEMENTS continued

19 RETIREMENT AND OTHER BENEFIT PLANS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
19.5 Defined Benefit Plan – Disability Benefit continued		
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Cash and money market instruments	**29,4**	33,8

The disclosure of the funded status is for accounting disclosure 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 2014 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 2015.

	2014	2013
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Net interest cost	**1,6**	2,0
Net interest cost on unrecognised assets due to paragraph 64 limits	**(1,6)**	(2,0)
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Remeasurements	**(4,1)**	0,8
Change in unrecognised assets due to paragraph 64 limits	**4,1**	(0,8)
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**8,5%**	7,8%
Expected return on plan assets	**8,5%**	7,8%
Long term increase in disability benefits	**6,8%**	6,0%

Sensitivity Analysis

The effect of a 1% increase and decrease in the discount rate assumption on the pensioner liability and the annual expense is shown in the table below:

	R'000	%
Change in pensioner liability		
Increase in the discount rate by 1%	**(49,3)**	–
Decrease in the discount rate by 1%	**61,9**	–
Change in pensioner assets		
Increase in the discount rate by 1%	**(72,0)**	–
Decrease in the discount rate by 1%	**72,0**	–
Net change		
Increase in the discount rate by 1%	**(22,7)**	(10,6)
Decrease in the discount rate by 1%	**(10,1)**	12,1
The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using lighter or heavier mortality assumptions post-retirement is shown below:		
PA(90)	**(17,5)**	(1,2)
PA(90) – 2	**(16,1)**	1,2

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 R1,7 million (2013: R2,2 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.

19 RETIREMENT AND OTHER BENEFIT PLANS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
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	**67,1**	53,7
Fair value of plan assets	**(59,7)**	(49,4)
Present value of unfunded liability	**7,4**	4,3
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**53,7**	48,4
Interest cost	**2,6**	2,1
Experience losses on defined benefit obligation	**3,0**	–
Gains from changes to demographic assumptions	**(1,4)**	–
Losses/(gains) from changes to financial assumptions	**3,5**	(0,6)
Exchange differences on foreign plans	**11,2**	8,0
Benefits paid	**(5,5)**	(4,2)
	67,1	53,7
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**49,4**	41,6
Interest on assets	**2,4**	2,2
Return on plan assets less interest	**1,5**	1,4
Exchange differences on foreign plans	**10,2**	7,0
Contributions from the employer	**1,7**	1,4
Benefits paid	**(5,5)**	(4,2)
	59,7	49,4
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Debt instruments	**56,7**	47,9
Cash	**3,0**	1,5
	59,7	49,4
The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2014 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 2015.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Interest cost/(income)	**0,2**	(0,1)
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Gain on scheme assets in excess of interest	**(1,5)**	(1,4)
Experience losses on defined benefit obligation	**3,0**	–
Gains from changes to demographic assumptions	**(1,4)**	–
Losses/(gains) from changes to financial assumptions	**3,5**	(0,6)
	3,6	(2,0)
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**4,2%**	4,5%
Rate of increase in pension payments	**3,5%**	3,1%
Rate of increase in pensions in deferment	**2,5%**	2,4%
Rate of inflation	**3,2%**	3,1%

The plan assets do not directly include any significant group financial instruments, nor any property occupied by, or other assets used by the Group. The actual return on plan assets less interest was a profit of R3,9 million (2013: R3,6 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 R2,7 million to this defined benefit plan in 2015 (2014: R1,3 million).

NOTES TO THE FINANCIAL STATEMENTS continued

19 RETIREMENT AND OTHER BENEFIT PLANS continued

19.6 Defined Benefit Plan – Pension Scheme continued

Sensitivity Analysis

	Approximate effect on liabilities R'000
Adjustment to assumptions	
Discount rate – plus 0,1% p.a.	(0,6)
Inflation – less 0,1%	(0,5)
Mortality – long term rate of mortality improvement of 1,5% p.a.	0,8

The scheme exposes the Group to a number of risks:

Investment risk: The scheme holds investments in asset classes such as corporate bonds, which have volatile market values and while these assets are expected to provide the real returns over the long term, the short term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk: The scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme invests in a wide variety of assets, some of which are not high quality corporate bonds, the value for assets and liabilities may not move in the same way.

Inflation risk: A significant proportion of the benefits under the scheme are not linked to inflation. Although the scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

Mortality risk: In the event that members live longer than assumed, a deficit will emerge in the scheme.

Concentration risk: A significant proportion of the plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

20 LONG TERM PROVISIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
At the beginning of the year	**239,1**	164,9
Additional raised	**90,3**	81,2
Utilised during the year	**(22,2)**	(29,6)
Transfer to other payables	**(3,1)**	(2,1)
Transfer to liabilities classified as held-for-sale	**–**	(0,2)
Foreign exchange movements	**19,8**	24,9
	323,9	239,1
Long term provisions comprise of the following categories:		
Decommissioning provisions	**21,3**	19,8
Payroll provisions	**283,3**	199,8
Onerous lease provisions	**6,3**	16,8
Other provisions	**13,0**	2,7
	323,9	239,1

Decommissioning provisions – costs relating to restoring 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	2014	2013
21.1 Deferred taxation assets		
Inventory	**0,2**	12,1
Uncertified work and other construction temporary differences	**(260,1)**	(285,9)
Plant	**(237,6)**	(305,1)
Taxation losses	**329,5**	554,1
Receivables	**16,8**	6,0
Provisions and accruals	**427,7**	476,2
Advance payments received net of taxation allowances	**169,7**	233,3
Fair value adjustments	**(118,6)**	(104,6)
Prepayments	**(5,5)**	(23,8)
Other	**104,4**	94,3
	426,5	656,6
21.2 Reconciliation of deferred taxation assets		
At the beginning of the year	**656,6**	634,1
(Charged)/credited to the statement of financial performance	**(93,8)**	7,4
Charged to the statement of financial performance in respect of discontinued operations	**(150,0)**	(9,0)
Charged directly to equity	**–**	(4,2)
Foreign exchange movements	**13,7**	28,3
	426,5	656,6
21.3 Deferred taxation liabilities		
Inventory	**4,7**	–
Uncertified work and other construction temporary differences	**18,7**	51,5
Plant	**50,9**	50,3
Taxation losses	**(2,6)**	(6,6)
Receivables	**–**	(0,1)
Provisions and accruals	**(1,1)**	(6,5)
Advanced payments received net of taxation allowances	**(7,2)**	(9,2)
Fair value adjustments	**37,2**	39,1
Prepayments	**11,1**	11,2
Other	**30,0**	21,0
	141,7	150,7

21.4 Reconciliation of deferred taxation liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1]
At the beginning of the year	**150,7**	210,5
Acquisition of business	**–**	6,3
Credited to the statement of financial performance	**(15,5)**	(64,1)
Credited to the statement of financial performance in respect of discontinued operations	**–**	(4,3)
Deferred taxation liability transferred to liabilities directly associated with assets held-for-sale	**–**	(0,6)
Change in foreign taxation rates	**(1,3)**	1,7
Foreign exchange movements	**7,8**	1,2
	141,7	150,7

1 *Restated for discontinued operations.*

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 2014 the Group had unused taxation losses of R2 975 million (2013: R3 653 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R1 177 million (2013: R1 929 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R1 798 million (2013: R1 724 million) due to the unpredictability of future profit streams. The Group performed a three year forecast for the financial year 2015 to 2017 which supports the recognition of deferred taxation assets.

NOTES TO THE FINANCIAL STATEMENTS continued

22 SUBCONTRACTOR LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
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	**762,8**	709,2
Current subcontractor liabilities	**2 509,4**	2 597,5
	3 272,2	3 306,7

23 TRADE AND OTHER PAYABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Trade payables	**949,0**	1 066,6
Payroll accruals	**980,4**	1 060,2
Accruals and other payables	**1 770,0**	1 963,5
Amounts owing to joint operations	**625,5**	688,9
Operating lease payables recognised on a straight-line basis	**11,3**	8,0
	4 336,2	4 787,2

The directors consider that the carrying amount of the trade and other payables approximate their fair value, as the carrying amount is based on contractual rights and obligations.

24 SHORT TERM LOANS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
Current portion of long term loans:			
– Interest bearing secured	18	**1 641,8**	13,6
– Interest bearing unsecured	18	**99,5**	133,6
– Non-interest bearing unsecured	18	**243,3**	131,1
Current portion of capitalised finance leases	18	**298,9**	382,6
		2 283,5	660,9

25 PROVISIONS FOR OBLIGATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Payroll	Warranty and other	Total
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**
Additional raised	**350,2**	**–**	**350,2**
Released during the year	**(29,5)**	**–**	**(29,5)**
Utilised during the year	**(335,8)**	**–**	**(335,8)**
Transfer to liabilities classified as held-for-sale	**(8,3)**	**–**	**(8,3)**
Foreign exchange movements	**9,4**	**–**	**9,4**
At 30 June 2014	**298,6**	**1,1**	**299,7**

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	2014	2013[1]
Construction contracts	**34 750,7**	34 054,3
Sale of goods	**1 183,3**	56,7
Rendering of services	**104,6**	97,0
Properties	**0,4**	1,1
	36 039,0	34 209,1

27 PROFIT BEFORE INTEREST AND TAXATION

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[1]
Profit 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 or loss	7	**233,9**	256,6
Fair value of investment in associate		**–**	9,5
Rentals received		**75,2**	56,8
Amortisation of intangible assets		**22,8**	24,6
Auditors' remuneration:			
Fees for audits		**33,9**	33,7
Other services		**3,0**	6,0
Expenses		**0,3**	0,1
Compensation income from insurance claims		**–**	8,4
Depreciation:			
Land and buildings		**38,7**	34,0
Plant and machinery		**611,7**	631,5
Other equipment		**34,6**	38,3
		685,0	703,8
Employee benefit expense:			
Salaries and wages		**14 728,4**	13 674,0
Share option expense		**43,6**	33,4
Share option expense (Clough)		**56,8**	13,8
Pension and provident costs – defined contribution plans	19	**111,5**	115,2
Fees paid for:			
Managerial services		**47,6**	69,4
Technical services		**7,6**	6,2
Administrative services		**8,0**	19,6
Secretarial services		**0,9**	1,4
Impairment loss recognised on:			
Land and buildings		**21,8**	31,9

1 Restated for discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS continued

27 PROFIT BEFORE INTEREST AND TAXATION continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[1]
Impairment charges:			
Inventory		**0,2**	2,8
Trade receivables		**12,3**	7,7
Amounts receivable on contracts		**13,6**	13,3
Other receivables		**0,7**	5,8
Reversal of impairment loss recognised on property, plant and equipment	2	**1,6**	–
Reversal of impairment loss recognised on associate investment	6	**–**	12,6
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**17,1**	19,3
Loss on disposal of property, plant and equipment		**7,5**	31,5
Loss on disposal of other intangible assets		**3,0**	–
Profit on sale of investment in associate		**–**	680,6
Net fair value profit on financial instruments		**–**	4,9
Net foreign exchange gains on intercompany loans		**149,7**	211,2
Net foreign exchange gains/(losses)		**9,5**	(12,5)
Operating lease costs:			
Land and buildings		**268,6**	336,0
Plant and machinery		**12,7**	44,2
Other		**49,1**	51,9
Research and development		**0,1**	0,6
Items by function			
Cost of sales*		**32 382,7**	31 305,7
Distribution and marketing costs		**16,3**	18,3
Administration costs		**2 677,8**	2 736,5
Other operating income		**(570,5)**	(1 500,2)

* *Cost of sales includes R105,3 million (2013: R86,0 million) relating to the cost of inventories sold during the year.*

28 INTEREST EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Bank overdrafts	**68,2**	39,7
Present value expense	**8,1**	4,2
Capitalised finance leases	**6,3**	10,9
Loans and other liabilities	**134,5**	178,4
	217,1	233,2

29 INTEREST INCOME

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1]
Bank balances and cash	**148,8**	110,5
Present value income	**10,5**	0,8
Capitalised finance leases	**–**	0,3
Unlisted loan investment and other receivables	**0,5**	5,3
	159,8	116,9

1 *Restated for discontinued operations.*

30 TAXATION EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1]
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**5,1**	15,6
Normal taxation – prior year	**–**	0,3
Deferred taxation – current year	**23,3**	(150,3)
Deferred taxation – prior year	**–**	(9,9)
Foreign taxation		
Normal income taxation and withholding taxation – current year	**416,9**	584,6
Normal income taxation and withholding taxation – prior year	**–**	(2,5)
Deferred taxation – current year	**55,0**	107,2
Deferred taxation – prior year	**–**	(18,5)
Change in tax rate	**(1,3)**	1,7
	499,0	528,2

South African income tax is calculated at 28% (2013: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

RECONCILIATION OF THE STANDARD RATE OF TAXATION TO THE EFFECTIVE RATE OF TAXATION	%	%[1]
South African standard rate of taxation	**28,0**	28,0
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**3,0**	12,4
Taxation on foreign companies	**–**	3,3
Current year's losses not recognised	**4,9**	0,6
Foreign withholding taxation	**3,0**	1,3
Imputed foreign income	**–**	2,3
Prior year adjustments	**0,9**	–
	39,8	47,9
Reduction in rate of taxation due to:		
Capital and non-taxable items	**(3,0)**	(5,9)
Taxation on foreign companies	**(2,0)**	–
Taxation losses utilised	**(0,2)**	(5,8)
Imputed foreign income	**(0,8)**	–
Prior year adjustments	**–**	(1,8)
Effective rate of taxation	**33,8**	34,4

1 *Restated for discontinued operations.*

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. Proceeds of R10,1 million was received in the current financial year. The remaining properties are expected to be disposed of within the next 12 months.

The Group continues to dispose of its Steel businesses (refer to note 35.1.1).

During the current financial year the Group's Tolcon business was classified as held-for-sale. The sale of Tolcon (effective date 1 September 2014) was completed on obtaining Competition Commission approval. The sale agreement excludes the investments in the Bombela Concession and Bombela Operating Companies and also Entilini Concessions and its operating companies – the Group's Concessions businesses are not part of Tolcon.

The Group disposed of the majority of the Construction Products Africa businesses comprising Much Asphalt, Rocla, Ocon Brick and Technicrete on 31 October 2013 (effective date) for gross proceeds of R1 325 million (refer to note 35.1.2).

The Group disposed of the Hall Longmore business on 28 February 2014 (effective date) for gross proceeds of R416 million (refer to note 35.1.3).

NOTES TO THE FINANCIAL STATEMENTS continued

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1,2]
31.1 Profit for the year from discontinued operations continued		
The profit from discontinued operations is analysed as follows:		
Revenue		
Construction contracts	–	648,2
Sale of goods	1 598,7	3 929,9
Rendering of services	406,2	358,9
Properties	20,5	66,7
	2 025,4	5 003,7
Profit after taxation for the period is analysed as follows:		
Profit before interest, depreciation and amortisation	588,3	480,4
Depreciation and amortisation	(8,1)	(71,5)
Profit before interest and taxation	580,2	408,9
Interest expense	(2,9)	(32,0)
Interest income	9,7	25,4
Profit before taxation	587,0	402,3
Taxation	(165,0)	(101,3)
Income from equity accounted investments	1,1	0,6
Profit from discontinued operations	423,1	301,6
Attributable to:		
Owners of Murray & Roberts Holdings Limited	421,8	289,6
Non-controlling interests	1,3	12,0
	423,1	301,6
Taxation effects of profit or loss on disposal of discontinued operations	161,0	39,1
Cash flows from discontinued operations		
Cash flows from operating activities	(201,0)	84,4
Cash flows from investing activities	1 347,6	384,4
Cash flows from financing activities	20,9	(214,6)
Net increase in cash and cash equivalents	1 167,5	254,2
Profit before interest and taxation is arrived at after taking into account:		
Items by nature		
Investment income other than interest:		
Rentals received*	7,2	8,2
Amortisation of intangible assets	5,2	8,1
Auditors' remuneration:		
Fees for audits	0,4	5,1
Other services	0,1	0,5
Expenses	–	0,2
Compensation income from insurance claims	0,1	1,8
Depreciation:		
Land and buildings	0,1	2,4
Plant and machinery	1,9	56,9
Other equipment	0,9	4,1
	2,9	63,4

* *Additional disclosure in terms of IAS 17: Leases was not deemed necessary as all rental income received relates to discontinued operations and the future rentals are unknown as these operations are in the process of being sold.*

1 *Restated for discontinued operations.*

2 *Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

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

31.1 Profit for the year from discontinued operations continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1,2]
Employee benefit expense:		
Salaries and wages	**353,9**	823,2
Share option expense	**0,3**	1,3
Fees paid for:		
Managerial services	**7,7**	9,5
Technical services	**0,1**	0,3
Administrative services	**1,1**	2,3
Impairment charges:		
Inventory	**–**	71,3
Trade receivables	**2,2**	14,4
Contract receivables	**–**	0,9
Other receivables	**100,0**	–
Fair value adjustments on assets held-for-sale:		
Disposal group	**1,0**	30,7
Inventory classified as held-for-sale	**33,3**	8,7
Properties classified as held-for-sale	**–**	15,0
Other	**46,7**	26,5
Realisation of foreign currency translation reserve	**41,0**	–
Profit or loss on disposals:		
Profit on disposal of property, plant and equipment	**0,3**	5,6
Loss on disposal of property, plant and equipment	**0,3**	5,9
Profit on disposal of businesses (net)	**539,4**	139,2
Profit on sale of assets held-for-sale	**7,7**	9,2
Operating lease costs:		
Land and buildings	**5,1**	8,1
Plant and machinery	**0,2**	0,5
Other	**0,1**	1,3
Research and development	**0,1**	0,8
Items by function		
Cost of sales**	**1 662,8**	3 969,2
Distribution and marketing costs	**107,2**	271,1
Administration costs	**310,7**	621,2
Other operating income	**(635,5)**	(266,7)

*** Cost of sales includes R1,3 billion (2013: R3,4 billion) relating to the cost of inventories sold during the year.*

1 Restated for discontinued operations.

2 Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.

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 exceeded 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.

The fair value adjustments (note 31.1) on assets classified as held-for-sale are level 3, non-recurring fair value measurements in terms of the fair value hierarchy that relate mainly to the Steel businesses. The Group is still engaging in negotiations to secure a buyer/buyers. This process has extended beyond 12 months from classification as held-for-sale, as such a reassessment of the asset value was performed by management. Unobservable inputs in the valuation include physical inspection of assets to determine the value. During the inspection process assets were identified that were subject to a fair value write-down.

NOTES TO THE FINANCIAL STATEMENTS continued

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[2]	2012[2]
31.2 Assets classified as held-for-sale continued			
Major classes of assets comprising the assets held-for-sale			
Property, plant and equipment	**25,2**	764,5	186,0
Investment properties	**50,0**	62,7	92,8
Goodwill	**7,4**	–	–
Other intangible assets	**132,8**	3,9	–
Other investments	**3,6**	44,5	47,0
Investment in joint ventures	**35,7**	34,6	33,8
Inventories	**67,9**	449,4	289,6
Trade and other receivables	**72,2**	364,8	224,8
Current taxation assets	**–**	1,9	0,7
Cash and cash equivalents	**11,4**	47,6	24,5
	406,2	1 773,9	899,2
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	**0,5**	0,1	0,7
Non-current payables	**–**	1,2	5,5
Trade and other payables	**54,4**	556,0	180,6
Short term loans	**–**	43,7	38,3
Current taxation liability	**1,2**	1,1	–
Provisions for obligations	**24,7**	46,8	6,6
Subcontractor liabilities	**18,2**	–	–
Bank overdrafts	**–**	7,7	11,3
	99,0	660,7	243,0

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

2 *Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

32 EARNINGS AND HEADLINE EARNINGS PER SHARE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013[1]
32.1 Weighted average number of shares			
Number of shares ('000)			
Weighted average number of shares in issue		**444 736**	444 736
Less: Weighted average number of shares held by The Murray & Roberts Trust		**(331)**	(3 189)
Less: Weighted average number of shares held by Letsema BBBEE trusts		**(31 770)**	(31 863)
Less: Weighted average number of shares held by subsidiary companies		**(6 167)**	(2 809)
Weighted average number of shares in issue used in the determination of basic per share figures		**406 468**	406 875
Add: Dilutive adjustment for share options		**7 592**	3 813
Weighted average number of shares in issue used in the determination of diluted per share figures		**414 060**	410 688
32.2 Earnings per share			
Reconciliation of earnings			
Profit attributable to owners of Murray & Roberts Holdings Limited		**1 261,1**	1 004,3
Adjustments for discontinued operations:			
Profit from discontinued operations	31	**(423,1)**	(301,6)
Non-controlling interests	31	**1,3**	12,0
Earnings for the purpose of basic and diluted earnings per share from continuing operations		**839,3**	714,7

1 *Restated for discontinued operations.*

32 EARNINGS AND HEADLINE EARNINGS PER SHARE continued

	2014	2013[1]
32.2 Earnings per share continued		
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	**305**	245
– Basic	**310**	247
Earnings per share from continuing operations (cents)		
– Diluted	**203**	174
– Basic	**206**	175
Earnings per share from discontinued operations (cents)		
– Diluted	**102**	71
– Basic	**104**	72

32.3 Headline earnings

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS Reconciliation of headline earnings	Note	2014 Gross pre-tax & non-controlling interests	2014 Net	2013[1] Gross pre-tax & non-controlling interests	2013[1] Net
Profit attributable to owners of Murray & Roberts Holdings Limited		**2 064,0**	**1 261,1**	2 099,9	1 004,3
Profit on disposal of businesses (net)		**(539,4)**	**(378,4)**	(139,2)	(99,9)
(Profit)/loss on disposal of property, plant and equipment (net)		**(9,6)**	**(6,0)**	12,5	7,5
Loss on sale of other intangible assets		**3,0**	**2,1**	–	–
Profit on sale of associate (net)		**–**	**–**	(680,6)	(222,8)
Impairment of property, plant and equipment (net)		**20,2**	**11,0**	31,9	22,2
Impairment of disposal group		**1,0**	**1,0**	30,7	30,7
Fair value adjustments on assets held-for-sale		**80,0**	**56,0**	50,2	43,2
Profit on sale of assets held-for-sale (net)		**(7,7)**	**(5,9)**	(9,2)	(4,8)
Fair value adjustment on investment in associate		**–**	**–**	(9,5)	(6,8)
Reversal of impairment recognised on associate		**–**	**–**	(12,6)	(8,9)
Realisation of foreign currency translation reserve on sale of disposal group		**(41,0)**	**(41,0)**	–	–
Other		**1,0**	**0,6**	–	–
Headline earnings		**1 571,5**	**900,5**	1 374,1	764,7
Adjustments for discontinued operations:					
Profit from discontinued operations	31	**(588,1)**	**(423,1)**	(402,9)	(301,6)
Non-controlling interests	31	**–**	**1,3**	–	12,0
Profit on disposal of businesses (net)		**539,4**	**378,4**	139,2	99,9
Loss on disposal of property, plant and equipment (net)		**–**	**–**	(0,5)	(0,4)
Impairment of disposal group		**(1,0)**	**(1,0)**	(30,7)	(30,7)
Fair value adjustments on assets held-for-sale		**(80,0)**	**(56,0)**	(50,2)	(43,2)
Realisation of foreign currency translation reserve on sale of disposal group		**41,0**	**41,0**	–	–
Profit on sale of assets held-for-sale (net)		**7,7**	**5,9**	9,2	4,8
Headline earnings from continuing operations		**1 490,5**	**847,0**	1 038,2	505,5

	2014	2013[1]
Headline earnings per share from continuing and discontinued operations (cents)		
– Diluted	**217**	186
– Basic	**221**	188
Headline earnings per share from continuing operations (cents)		
– Diluted	**205**	123
– Basic	**208**	124
Headline earnings per share from discontinued operations (cents)		
– Diluted	**12**	63
– Basic	**13**	64

1 Restated for discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS continued

33 CASH GENERATED FROM OPERATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013[2]
Profit before interest and taxation		**2 112,9**	2 057,7
Adjustments for non-cash items:			
Amortisation of intangible assets	5	**28,0**	32,7
Depreciation	2	**687,9**	767,2
Fair value adjustments on concession investment	7	**(233,9)**	(256,6)
Non-cash movements relating to held-for-sale		**64,3**	78,8
Profit on sale of businesses (net)	35	**(539,4)**	(139,2)
Profit on sale of investment in associate		**–**	(680,6)
Long term provisions raised, released and utilised	20	**68,1**	51,6
Provisions for obligations raised, released and utilised	25	**(15,1)**	(15,6)
(Profit)/loss on disposal of property, plant and equipment (net)		**(9,6)**	12,5
Share-based payment expense	15	**100,7**	48,5
Impairment of assets (net)		**149,2**	148,1
Foreign exchange and other non-cash items		**4,6**	(53,7)
Change in working capital:		**(641,5)**	(6,1)
Inventories		**(10,0)**	(98,7)
Trade and other receivables		**355,7**	(233,3)
Contracts-in-progress and contract receivables		**859,0**	(148,7)
Trade and other payables		**(699,7)**	(511,7)
Subcontractor liabilities and amounts due to contract customers		**(1 146,5)**	986,3
		1 776,2	2 045,3

34 TAXATION PAID

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[1,2]
Taxation unpaid at the beginning of the year	**(485,2)**	(83,9)
Foreign exchange movements	**43,1**	(6,7)
Transfer to taxation directly associated with assets held-for-sale	**0,1**	–
Acquisition of business	**–**	(4,9)
Taxation charged to the statement of financial performance excluding deferred taxation	**(422,0)**	(598,0)
Taxation charged to the statement of financial performance under discontinued operations	**(15,0)**	(16,6)
Taxation paid under discontinued operations	**–**	(45,8)
Taxation unpaid at the end of the year	**84,6**	485,2
	(794,4)	(270,7)
Taxation unpaid at the end of the year comprises of:		
Current taxation assets	**(5,2)**	(59,6)
Current taxation liabilities	**89,8**	544,8
	84,6	485,2

1 Restated for discontinued operations.

2 Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.

35 DISPOSAL/ACQUISITION OF BUSINESSES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014

35.1 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	**1 345,2**
Net cash and cash equivalents disposed of	**(15,6)**
Net profit on disposal of businesses	**539,4**

35 DISPOSAL/ACQUISITION OF BUSINESSES continued

35.1 Disposal of businesses continued

35.1.1 Disposal of Hinton Rock Properties Proprietary Limited ("Hinton Rock")

The Group disposed of its 100% shareholding in Hinton Rock on 1 September 2013 for net proceeds of R1.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014
Analysis of assets and liabilities, classified as assets and liabilities held-for-sale in the previous financial year, which were sold during the year.	
Property, plant and equipment	**(0,4)**
Investment properties	**(4,5)**
Trade and other receivables	**(1,3)**
Deferred taxation liabilities	**0,4**
Trade and other payables	**1,8**
Current taxation liabilities	**0,4**
Provisions for obligations	**3,4**
Net assets disposed of	**(0,2)**
Consideration received in cash and cash equivalents	**–**
Loss on disposal of business	**(0,2)**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**–**
Less: Cash and cash equivalent balances disposed of	**–**
	–

35.1.2 Disposal of Construction Products Africa business

On 31 October 2013 the Group disposed of the business, assets and liabilities of the majority of the businesses (comprising Much Asphalt, Rocla, Ocon Brick and Technicrete) in its Construction Products Africa platform for a consideration of R1 325,0 million (R1 267,0 million, net of transaction and other costs). R1 150,0 million (R1 092,0 million, net of transaction and other costs), was received on the disposal date, R75,0 million is receivable 12 months after the disposal date and R100,0 million is receivable 24 months after the disposal date. The deferred element of the consideration is subject to certain contractual conditions that need to be met.

Analysis of assets and liabilities, classified as assets and liabilities held-for-sale in the previous financial year, which were sold during the year.	
Property, plant and equipment	**(465,0)**
Property, plant and equipment (not previously classified as held-for-sale)	**(5,7)**
Other intangible assets	**(3,8)**
Deferred taxation assets	**(1,2)**
Inventory	**(238,8)**
Trade and other receivables	**(344,6)**
Cash and cash equivalents	**(15,6)**
Reserves	**7,5**
Non-controlling interests	**24,2**
Trade and other payables	**130,7**
Current taxation liabilities	**3,6**
Provisions for obligations	**203,8**
Net assets disposed of	**(704,9)**
Consideration received in cash and cash equivalents (proceeds net of transaction costs)	**1 092,0**
Deferred consideration recognised as an asset	**165,7**
Profit on disposal of business	**552,8**
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	**1 092,0**
Less: Cash and cash equivalent balances disposed of	**(15,6)**
	1 076,4

NOTES TO THE FINANCIAL STATEMENTS continued

35 ACQUISITION/DISPOSAL OF BUSINESSES continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS — 2014

35.1 Disposal of businesses continued

35.1.3 Disposal of Hall Longmore business

On 28 February 2014 the Group disposed of the assets and liabilities in the Hall Longmore business for a consideration of R415,9 million (R404,1 million, net of transaction costs). The consideration is reflected as follows: R225,0 million (R213,2 million, net of transaction costs), was received in March 2014, with a vendor loan of R60,0 million and a receivable of R130,9 million in terms of the sale agreement. R40,0 million has been received to date with regards to the receivable.

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014
Property, plant and equipment	(286,4)
Inventory	(130,9)
	(417,3)
Consideration received in cash and cash equivalents (proceeds net of transaction costs)	253,2
Consideration to be received as vendor loan	60,0
Consideration to be received as other receivables	90,9
Loss on disposal of business	(13,2)
Net cash inflow on disposal of business:	
Consideration received in cash and cash equivalents	253,2
Less: Cash and cash equivalent balances disposed of	–
	253,2

35.1.4 Disposal of 100% shareholding in Kosto

During the prior year the Group granted a put option to the acquirer of Murray & Roberts Retail Assets Management Proprietary Limited to acquire the Mauritian operations. The option was exercised by the acquirer on 30 June 2014 and proceeds of R15,0 million was received in July 2014. The net asset value of the business at the date of exercise was equal to the value of the option, therefore no fair value adjustments have been taken to profit or loss.

35.2 Acquisition

The Group completed the acquisition of all the non-controlling interests' shares in Clough (38,41%) on 11 December 2013 for a consideration of R4 394,6 million (including transaction costs). The acquisition was funded through a combination of Clough on-balance sheet cash of R2 926,6 million as well as an external bridge facility of R1 468,0 million.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014
Consideration paid on acquisition of non-controlling interests	4 394,6
Less: Disposal of non-controlling interests	(1 424,4)
Less: Dividend paid as part of non-controlling interests acquisition	(393,5)
	2 576,7
Premium over net book value paid on acquisition of non-controlling interests:	
Hedging reserve	(2,4)
Foreign currency translation reserve	513,7
Other non-distributable reserve	(17,3)
Share-based payment reserve	14,4
Retained earnings	(3 065,1)
Recognised in statement of financial performance	(20,0)
	–

36 NET MOVEMENT IN BORROWINGS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Loans raised	**1 603,7**	29,9
Loans repaid	**(96,2)**	(1 426,7)
	1 507,5	(1 396,8)
Capitalised leases (repaid)/raised	**(224,5)**	208,4
	1 283,0	(1 188,4)

37 JOINT ARRANGEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013

37.1 Joint arrangements

A proportion of the Group's operations are performed through joint arrangements. The Group operates through two types of joint arrangements:

Joint ventures

– all joint ventures are currently classified as held-for-sale (refer to note 31.2).

Joint operations

– these are joint arrangements where the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement and are unincorporated arrangements such as partnerships and contracts.

	2014	2013
The Group's aggregate proportionate share of joint operations included in the consolidated statement of financial position is:		
Non-current assets	**2 388,4**	2 134,7
Current assets	**3 989,8**	4 563,0
Total assets	**6 378,2**	6 697,7
Non-current liabilities	**819,7**	752,5
Current liabilities	**5 030,5**	5 980,5
Total liabilities	**5 850,2**	6 733,0
Net assets/(liabilities)	**528,0**	(35,3)
The Group's aggregate proportionate share of joint operations included in the consolidated statement of financial performance is:		
Revenue	**15 810,3**	13 325,8
Profit after taxation	**1 079,3**	745,0

NOTES TO THE FINANCIAL STATEMENTS continued

37 JOINT ARRANGEMENTS continued

37.2 Details of significant joint operations

	Nature of activities	Principal place of business and country of incorporation	2014 % share-holding	2013 % share-holding
Infrastructure & Building				
Bombela Civils Joint Venture Proprietary Limited	Civils construction	South Africa	**45,0**	45,0
Medupi Power Station Joint Venture*	Civils construction	South Africa	**67,0**	67,0
Mafraq Hospital Joint Venture	Construction of hospital	United Arab Emirates	**30,0**	30,0
Oil & Gas				
BAM Clough Joint Venture	EPC's of near shore marine projects	Australia	**50,0**	50,0
CBI Clough Joint Venture (Proprietary) Limited	LNG infrastructure	Papua New Guinea, Australia	**35,0**	35,0
Clough AMEC Joint Venture – CoP	Asset management services to the oil and gas sector	Australia	**50,0**	50,0
Clough AMEC Pty Ltd	Asset management services to the oil and gas sector	Australia	**50,0**	50,0
Clough Downer Joint Venture	Infrastructure on Santos GLNG project	Australia	**50,0**	50,0
Clough Curtain Joint Venture*	LNG upstream infrastructure	Papua New Guinea, Australia	**65,0**	65,0
Kellogg Joint Venture – Gorgon	Design and construction of process plant facilities	Australia	**20,0**	20,0
Clough DORIS Joint Venture	Project management for Inpex's Ichtys development	Australia	**50,0**	50,0
Downer Clough Joint Venture	Design and construction of Nitric Acid and Ammonium Nitrate Plant 3 (NAAN 3) for CSBP	Australia	**50,0**	50,0

The criteria used to determine significant joint operations include contribution to revenue or the Group's share of obligations. A monetary threshold of R250 million has been used to determine significant joint operations 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	2014	2013
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	**1 507,8**	1 469,7
Financial institution guarantees given to third parties	**9 804,6**	10 490,8
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to:	**5 893,5**	6 938,5

In November 2013 an arbitration award was made in favour of the Gauteng Province, in the water ingress dispute between the Gauteng Province and the Bombela Civils Joint Venture (of which Murray & Roberts has a 45% shareholding).

The Tribunal ruled that in certain parts of the tunnel the non-compliance with specification could be settled through financial compensation and in other parts of the tunnel additional works by the Bombela Civils Joint Venture would be required to meet the specification. A panel of technical experts and design consultants were appointed to perform a technical evaluation of the potential remedial work that may be required. Based on their reports and on an assessment of designs for potential remedial work, the Company recorded a R300 million provision for its share of potential costs to be incurred. The amount of any other potential financial compensation, if any, related to the matter cannot be determined.

39 CAPITAL COMMITMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Approved by the directors, contracted and not provided in the statement of financial position	**66,4**	153,0
Approved by the directors, not yet contracted for	**594,6**	698,0
	661,0	851,0
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 joint operations is as follows:	**–**	118,8

40 OPERATING LEASE ARRANGEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
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		
Due within 1 year	**306,9**	294,9
Due between 2 and 5 years	**903,9**	816,6
Due thereafter	**587,8**	693,2
	1 798,6	1 804,7

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 Murray & Roberts (Proprietary) Limited's (Australian company) 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	2014	2013
Categories of financial instruments			
Financial assets			
Financial assets designated as fair value through profit or loss (level 3)	7	**669,3**	581,3
Loans and receivables		**9 606,7**	11 896,8
Available-for-sale financial assets carried at fair value (level 1)	7	**0,8**	0,8
Derivative financial instruments (level 2)*		**–**	1,9

* *The derivative financial instruments' value has been determined by using forward looking market rates until the realisation date of the relevant instruments obtained from the relevant financial institutions.*

NOTES TO THE FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2014	2013
41.2 Financial instruments continued			
Financial liabilities			
Loans and payables		**10 413,1**	10 300,7
Derivative financial instruments (level 2)*		**3,7**	1,1

* *The derivative financial instruments' value has been determined by using forward looking market rates until the realisation date of the relevant instruments obtained from the relevant financial institutions.*

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 prior year the Group granted a put option to the acquirer of the Murray & Roberts Retail Assets Management Proprietary Limited to acquire the Mauritian operations. The option was exercised by the acquirer on 30 June 2014 and proceeds of R15 million received in July 2014. The net asset value of the business at the date of exercise was equal to the value of the option, therefore no fair value adjustments have been taken to profit or loss.

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 The Americas 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 States of America, Australia, Canada, Europe and United Arab Emirates. 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 period 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	2014	2013	2014	2013
Australian Dollar	**33,1**	54,7	**(28,6)**	(12,0)
Canadian Dollar	**4,2**	6,2	**(1,6)**	(2,0)
European Euro	**1,6**	1,7	**(1,2)**	(0,7)
UAE Dirham	**14,7**	14,3	**(12,2)**	(11,6)
US Dollar	**8,3**	9,7	**(5,4)**	(3,8)

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.

41 FINANCIAL RISK MANAGEMENT continued

41.4 Foreign currency risk management continued

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	2014		2013	
Related to specific statement of financial position items	Foreign amount	Rand amount	Foreign amount	Rand amount
Bought:				
Australian Dollar	–	–	3,3	30,4
European Euro*	1,9	27,8	–	0,3
Singapore Dollar	7,2	61,4	–	–
Indonesian Rupiah	–	–	55 550,7	5,8
US Dollar	–	–	7,2	71,6
		89,2		108,1
Sold:				
Australian Dollar	9,3	93,6	10,6	95,6
		93,6		95,6

* *European Euro amount EUR 20,278 in prior year.*

At 30 June 2014 the fair value of the Group's currency derivatives is estimated to be a profit of approximately Rnil (2013: R4,9 million). These amounts are based on quoted market prices for equivalent instruments at the reporting date which comprise Rnil assets (2013: R1,9 million) and liabilities of R3,7 million (2013: R1,1 million).

R0,6 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 (2013: R9,9 million).

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 Rand equivalent):

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Cash and cash equivalents		
Australian Dollar	**1 941,2**	4 236,2
Bahraini Dinar	**36,7**	45,9
Botswana Pula	**27,0**	14,0
British Pound	**111,2**	87,7
Canadian Dollar	**199,0**	92,1
European Euro	**134,2**	126,4
Ghanaian New Cedi	**12,4**	31,3
Indonesian Rupiah	**31,2**	86,2
Malaysian Ringgit	**93,9**	67,6
Mozambican Metica	**24,1**	29,0
Papua New Guinea Kina	**74,1**	152,3
Saudi Arabia Riyals	**32,6**	34,5
Singapore Dollar	**25,2**	13,8
South African Rand	**602,4**	448,0
Thai Baht	**69,4**	46,4
UAE Dirham	**150,3**	110,1
US Dollar	**463,1**	512,4
Zambian Kwacha	**163,5**	78,8
South Korean Won	**45,4**	0,9
Mongolian Tughrik	**15,6**	4,6
Other	**48,0**	65,6
	4 300,5	6 283,8

NOTES TO THE FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
41.4 Foreign currency risk management continued		
Trade and net contract receivables		
Australian Dollar	**1 367,8**	1 234,5
Bahraini Dinar	**24,3**	39,1
Botswana Pula	**17,5**	15,7
British Pound	**22,2**	47,7
Canadian Dollar	**225,5**	528,1
European Euro	**27,8**	46,1
Ghanaian New Cedi	**2,4**	10,9
Malaysian Ringgit	**22,6**	19,5
Saudi Arabia Riyals	**38,7**	33,6
South African Rand	**1 413,7**	1 537,6
Thai Baht	**80,2**	38,4
UAE Dirham	**119,3**	205,0
US Dollar	**364,7**	457,8
Zambian Kwacha	**92,5**	97,6
Other	**49,0**	67,3
Gross receivables	**3 868,2**	4 378,9
Present value and other adjustments	**(82,8)**	(65,2)
	3 785,4	4 313,7
The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are the Rand equivalent):		
Bank overdrafts		
UAE Dirham	**9,5**	–
South African Rand	**10,1**	891,9
Other	**4,3**	5,9
	23,9	897,8
Trade payables and subcontractor liabilities		
Australian Dollar	**1 045,9**	992,1
Bahraini Dinar	**0,5**	29,3
Botswana Pula	**–**	41,0
British Pound	**37,6**	99,1
Canadian Dollar	**96,1**	85,4
European Euro	**102,9**	60,5
Indonesian Rupiah	**30,2**	5,1
Papua New Guinea Kina	**79,9**	202,4
Malaysian Ringgit	**33,8**	4,3
Singapore Dollar	**26,5**	81,3
South African Rand	**1 192,3**	1 194,4
Thai Baht	**55,8**	68,6
UAE Dirham	**1 169,3**	1 144,5
US Dollar	**332,1**	317,1
Zambian Kwacha	**13,2**	42,8
Other	**10,2**	9,6
Gross liabilities	**4 226,3**	4 377,5
Present value and other adjustments	**(5,1)**	(4,2)
	4 221,2	4 373,3
Interest bearing liabilities		
Australian Dollar	**1 656,8**	122,5
Canadian Dollar	**64,7**	116,1
South African Rand	**597,4**	787,3
UAE Dirham	**38,9**	13,6
US Dollar	**137,6**	24,2
	2 495,4	1 063,7

41 FINANCIAL RISK MANAGEMENT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
41.4 Foreign currency risk management continued		
Non-interest bearing liabilities		
Australian Dollar	**154,8**	82,3
European Euro	**14,5**	12,8
Papua New Guinea Kina	**–**	5,9
US Dollar	**74,0**	30,1
	243,3	131,1

41.5 Interest rate risk management

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 Rands) 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	2014	2013
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(2,3)**	(14,6)
Australia		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**0,5**	37,1
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(0,3)**	0,1
Canada		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**1,3**	(0,5)
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**1,4**	1,9

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 creditable 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 R19,5 million (2013: R89,2 million) and R493,6 million (2013: R379,4 million) respectively. An impairment of R1,3 million (2013: Rnil) was recognised on trade receivables. An amount of R20,2 million (2013: R80,9 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.

NOTES TO THE FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

41.6 Credit risk management continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Infrastructure & Building	Energy & Industrial	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2014							
Cash and cash equivalents	**1 159,1**	**123,1**	**5,9**	**545,9**	**2 217,1**	**249,4**	**4 300,5**
Trade and other receivables (net of provisions)	**614,5**	**104,3**	**137,3**	**243,7**	**549,5**	**116,2**	**1 765,5**
Contract receivables (net of provisions)	**1 029,6**	**609,3**	**0,9**	**792,1**	**1 098,9**	**–**	**3 530,8**
Non-current receivables	**–**	**–**	**111,0**	**2,2**	**14,3**	**133,2**	**260,7**
Total assets subject to credit risk	**2 803,2**	**836,7**	**255,1**	**1 583,9**	**3 879,8**	**498,8**	**9 857,5**
Assets not subject to credit risk	**3 961,2**	**987,1**	**0,3**	**2 072,7**	**2 047,0**	**884,8**	**9 953,1**
Total assets	**6 764,4**	**1 823,8**	**255,4**	**3 656,6**	**5 926,8**	**1 383,6**	**19 810,6**
2013[2]							
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	1 788,1	2 080,5	1 747,1	681,1	12 326,5
Total assets	6 977,5	2 039,0	2 104,7	3 776,3	8 549,5	1 079,3	24 526,3
Financial assets subject to credit risk*							
2014							
Not past due	**2 694,8**	**832,8**	**203,5**	**1 596,4**	**3 851,3**	**573,8**	**9 752,6**
Past due	**159,0**	**3,9**	**56,5**	**–**	**46,4**	**–**	**265,8**
Provisions for impairments	**(50,6)**	**–**	**(4,9)**	**(12,5)**	**(17,9)**	**(75,0)**	**(160,9)**
Carrying value of financial assets	**2 803,2**	**836,7**	**255,1**	**1 583,9**	**3 879,8**	**498,8**	**9 857,5**
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

2 *Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

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

41 FINANCIAL RISK MANAGEMENT continued

41.6 Credit risk management continued

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
2014					
Trade receivables	**14,5**	**54,5**	**12,5**	**–**	**81,5**
Contract receivables	**33,0**	**2,8**	**117,5**	**29,9**	**183,2**
Other receivables	**0,2**	**–**	**–**	**0,9**	**1,1**
	47,7	**57,3**	**130,0**	**30,8**	**265,8**
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

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	Infrastructure & Building	Energy & Industrial	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties*	Group
2014							
Trade receivables	**0,6**	**–**	**4,9**	**0,6**	**–**	**75,0**	**81,1**
Contract receivables	**50,0**	**–**	**–**	**11,9**	**17,9**	**–**	**79,8**
	50,6	**–**	**4,9**	**12,5**	**17,9**	**75,0**	**160,9**
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

* *An additional R25 million impairment provision was raised against non-current receivables during the current financial year.*

NOTES TO THE 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	Infrastructure & Building	Energy & Industrial	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2014							
Balance at the beginning of the year	**40,6**	**–**	**3,7**	**12,5**	**15,8**	**–**	**72,6**
Raised during the year	**12,4**	**–**	**1,0**	**–**	**8,2**	**75,0**	**96,6**
Utilised during the year	**(2,7)**	**–**	**(0,1)**	**–**	**(6,5)**	**–**	**(9,3)**
Transfer to non-current assets held-for-sale	**(0,2)**	**–**	**–**	**–**	**–**	**–**	**(0,2)**
Released during the year	**-**	**–**	**–**	**–**	**(0,5)**	**–**	**(0,5)**
Foreign exchange movements	**0,5**	**–**	**0,3**	**–**	**0,9**	**–**	**1,7**
	50,6	**–**	**4,9**	**12,5**	**17,9**	**75,0**	**160,9**
2013							
Balance at the beginning of the 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

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 memorandum of incorporation.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Borrowing facilities		
Total borrowing facilities	**6 047,9**	5 012,8
Current utilisation	**(2 453,5)**	(2 184,9)
Borrowing facilities available	**3 594,4**	2 827,9

41 FINANCIAL RISK MANAGEMENT continued

41.8 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as 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	Notes	< One year	One to six years	Total
2014				
Financial assets				
Cash and cash equivalents	11	**4 300,5**	**–**	**4 300,5**
Contract receivables	9	**3 530,8**	**–**	**3 530,8**
Trade and other receivables	10	**1 765,5**	**–**	**1 765,5**
Non-current receivables		**–**	**260,7**	**260,7**
Other investments	7	**83,5**	**588,1**	**671,6**
Financial liabilities				
Bank overdrafts	11	**23,9**	**–**	**23,9**
Interest bearing liabilities	18	**2 040,2**	**455,2**	**2 495,4**
Non-interest bearing liabilities	18	**243,3**	**–**	**243,3**
Trade and other payables	23	**4 336,2**	**–**	**4 336,2**
Derivative financial instruments		**3,7**	**–**	**3,7**
Subcontractor liabilities	22	**2 509,4**	**762,8**	**3 272,2**
Non-current payables		**–**	**217,3**	**217,3**
2013				
Financial assets				
Cash and cash equivalents	11	6 283,8	–	6 283,8
Contract receivables	9	3 749,8	–	3 749,8
Trade and other receivables	10	2 020,4	–	2 020,4
Non-current receivables		–	145,8	145,8
Derivative financial instruments	7	1,9	–	1,9
Other investments		12,8	569,8	582,6
Financial liabilities				
Bank overdrafts	11	897,8	–	897,8
Interest bearing liabilities	18	529,8	533,9	1 063,7
Non-interest bearing liabilities	18	131,1	–	131,1
Trade and other payables	23	4 787,2	–	4 787,2
Derivative financial instruments		1,1	–	1,1
Subcontractor liabilities	22	2 597,5	709,2	3 306,7
Non-current payables		–	320,4	320,4

NOTES TO THE FINANCIAL STATEMENTS continued

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 operations (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	2014	2013
Amounts owed from/(to) related parties		
Unsecured interest bearing borrowings		
Amounts owing from joint operations	**–**	35,1
Amounts owing to joint operations	**(34,2)**	(29,6)
The amounts owing to the joint operations are unsecured with no fixed terms of repayment and bear interest at 5% (2013: 10%) per annum. The movement in amounts owing to and owing from joint operations represent the transactions for the year.		
Trade and other receivables		
Amounts owing from joint operations	**532,8**	469,9
Trade and other payables		
Amounts owing to joint operations	**625,5**	688,9
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 stated capital of the Company is set out in the directors' report.

The key management personnel compensation, excluding the directors and prescribed officers are:

	2014	2013
Salaries	**21,7**	27,0
Retirement fund contributions	**1,6**	2,4
Allowances	**1,1**	1,6
Other benefits	**0,3**	1,0
Total guaranteed remuneration	**24,7**	32,0
Performance related	**26,9**	30,3
	51,6	62,3

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 2014 was as follows:

	Total guaranteed remuneration R'000	Leave payouts** R'000	Performance related* R'000	Total R'000
2014				
AJ Bester	**4 065**	**184**	**4 471**	**8 720**
HJ Laas	**5 100**	**380**	**6 655**	**12 135**
	9 165	**564**	**11 126**	**20 855**
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

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 20% (2013: 10%) of the performance bonus was deferred into forfeitable share awards.*

** *Excess leave paid out due to change in the leave policy.*

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. Interests of the directors in the stated capital of the Company are 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 0,54% (2013: 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

	Total guaranteed remuneration R'000	Leave payouts R'000	Performance related* R'000	Contract payment R'000	Total R'000
2014					
O Fenn[1]	**4 100**	**–**	**2 342**	**–**	**6 442**
K Gallagher[2***]	**12 705**	**–**	**10 476**	**25 751**	**48 932**
JN Govender	**3 200**	**209**	**2 768**	**–**	**6 177**
IW Henstock	**3 165**	**–**	**2 595**	**–**	**5 760**
T Mdluli[3]	**2 100**	**–**	**1 617**	**–**	**3 717**
FP Saieva	**3 210**	**–**	**1 800**	**–**	**5 010**
RAG Skudder	**2 950**	**–**	**2 478**	**–**	**5 428**
2013					
PR Adams[4]	3 315	395	–	2 055	5 765
O Fenn[1]	319	–	162	–	481
K Gallagher[2]	10 920	–	9 142	–	20 062
NWR Harvey[5]	915	58	–	2 877	3 850
JN Govender	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. 20% (2013: 10%) of the performance bonus was deferred into forfeitable share awards.*

*** *The contract payment relates to LTIs that vested under the old Clough LTI scheme due to the change of control provisions and a contractual material diminution payment, both of which arose through the acquisition of the Clough non-controlling interests in December 2013. These payments are considered once off.*

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

2 *Appointed on 11 December 2013, comparative amounts have been shown for disclosure purposes.*

3 *Appointed on 1 July 2013.*

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

5 *Resigned on 6 July 2012.*

NOTES TO THE FINANCIAL STATEMENTS continued

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST continued

42.3 Transactions with key management personnel continued

Non-executive directors

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

The remuneration of non-executive directors for the year ended 30 June 2014 was:

	Directors' fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Chairman's fee R'000	**Total 2014 R'000**	Total 2013 R'000
RC Andersen[6]	–	–	–	–	–	**–**	730
DD Barber	230	–	35	297	–	**562**	543
TCP Chikane[7]	17	–	35	14	–	**66**	378
NB Langa-Royds[8]	230	–	75	264	–	**569**	35
NM Magau[9]	–	–	–	–	–	**–**	138
JM McMahon	230	–	75	462	–	**767**	557
WA Nairn	230	(20)	35	304	–	**549**	459
AA Routledge[10]	–	–	–	–	–	**–**	168
SP Sibisi[9]	–	–	–	–	–	**–**	106
M Sello[11]	–	–	–	–	1 151	**1 151**	800
RT Vice	230	–	75	410	–	**715**	585
	1 167	(20)	330	1 751	1 151	**4 379**	4 499

6 Retired on 1 March 2013.
7 Resigned on 20 August 2013.
8 Appointed on 1 June 2013.
9 Resigned on 31 October 2012.
10 Retired on 31 October 2012.
11 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. Interest of the directors in the stated capital of the Company is set out in the directors' report.

Share option and Letsema schemes: The movements in share options and Letsema shares of executive directors during the year ended 30 June 2014 are:

Executive directors

GRANT DATE	Conditions	Outstanding options at 1 July 2013	Strike price (Rands)	Lapsed during the year	**Outstanding options at 30 June 2014**	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		(347 060)	**809 360**	
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		(461 630)	**799 980**	

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST CONTINUED

42.3 Transactions with key management personnel continued

Prescribed officers

GRANT DATE	Conditions	Outstanding options at 1 July 2013	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2014	Expiry date
Fenn, O						
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		(245 220)	**273 360**	
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		(154 770)	**80 400**	
Govender, JN – 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		(166 160)	**412 720**	
Mdluli, T – Letsema						
24 Aug 2010	Standard	11 500	41,02	–	**11 500**	31 Dec 2021
20 Apr 2011	Hurdle	10 000	25,16	–	**10 000**	31 Dec 2021
30 Aug 2011	Standard	25 500	27,70	–	**25 500**	31 Dec 2021
		47 000		–	**47 000**	
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		(145 390)	**272 020**	

NOTES TO THE FINANCIAL STATEMENTS continued

42 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST continued

42.3 Transactions with key management personnel continued

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2014 are:

	Balance at 1 July 2013	Granted during the year	**Balance at 30 June 2014**
Bester, AJ	121 000	146 000	**267 000**
Fenn, O	104 500	100 500	**205 000**
Govender, JN	78 000	72 000	**150 000**
Henstock, IW	81 000	89 000	**170 000**
Laas, HJ	166 500	208 000	**374 500**
Mdluli, T	33 500	60 000	**93 500**
Saieva, FP	82 000	84 000	**166 000**
Skudder, RAG	71 500	83 000	**154 500**

The movements in FSP STI shares of directors during the year ended 30 June 2014 are:

	Balance at 1 July 2013	Granted during the year	**Balance at 30 June 2014**
Bester, AJ	–	12 770	**12 770**
Fenn, O	–	6 672	**6 672**
Govender, JN	–	4 226	**4 226**
Henstock, IW	–	7 408	**7 408**
Laas, HJ	–	16 334	**16 334**
Mdluli, T	–	3 408	**3 408**
Saieva, FP	–	6 055	**6 055**
Skudder, RAG	–	6 557	**6 557**

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

Executive directors and prescribed officers do not have fixed term contracts, but are subject to notice periods of three months, other than the Clough CEO who has a 12 month notice period, should Murray & Roberts terminate his employment or a three month notice period should he resign. Normal retirement of executive directors and senior management is at age 63; however this is subject to specific legislation in the countries within which Murray & Roberts operates.

43 SUBSIDIARY COMPANIES

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

Although the Group does not own more than half of the equity shares of the following companies, it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, via inter alia shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2014	2013
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 five remaining historical incidents of collusive conduct have been settled with the Competition Commission. A provision was raised in the prior year with respect to these incidents.

During the current financial year the Group's Tolcon business was classified as held-for-sale. The sale of Tolcon (effective date 1 September 2014) was completed on obtaining Competition Commission approval. The sale agreement excludes the investments in the Bombela Concession and Bombela Operating Companies and also Entilini Concessions and its operating companies – the Group's Concessions businesses are not part of Tolcon.

The Oil & Gas platform is preparing to extend its engineering service offering globally. In August 2014, Clough completed a US$5 million strategic acquisition of CH-IV, a boutique engineering company based in the United States of America and highly regarded in liquefied natural gas ("LNG") concept, Front End Engineering and Design, detailed design and owner's engineering arena, with capabilities across micro, midscale and large scale LNG developments.

Clough also completed the £9 million strategic acquisition of Booth Welsh, a privately owned engineering services company based in Ayrshire, Scotland in September 2014. Booth Welsh specialises in the provision of electrical, instrumentation and automation design, process consultancy, project management, implementation and commissioning services.

On 27 August 2014 the directors declared a gross annual dividend of R222 million (2013: Rnil), 50 cents per ordinary share.

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 financial statements, which significantly affects the financial position at 30 June 2014 or the results of its operations or cash flows for the year then ended.

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.

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 periods in respect of claims and variation orders on projects (refer to note 9 of the consolidated financial statements), mainly related to Gautrain Rapid Rail Link ("Gautrain") and Dubai International Airport Concourse 2 ("Dubai Airport"). During the year a financial settlement was reached on the claim relating to the Gorgon Pioneer Materials Offloading Facility ("GPMOF") contract. The uncertified revenue taken to book on GPMOF during previous financial years has now been certified. This settlement achieved additional income of R323 million.

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 R1,6 billion (2013: R2,1 billion) 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 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
Assumptions were made in the valuation of the Group's share options. 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.

NOTES TO THE FINANCIAL STATEMENTS continued

45 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

Recognition of deferred taxation assets

Deferred taxation is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The assumptions and estimates made by management in raising these deferred taxation assets relate to the unpredictability of the geographical source of future profits and an evaluation of the level of tax losses.

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;
- 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 16: Property, Plant and Equipment	Amendment	Financial years commencing on or after 1 January 2016
IAS 19: Employee Benefits	Amendment	Financial years commencing on or after 1 July 2014
IAS 27: Separate Financial Statements	Amendment	Financial years commencing on or after 1 January 2014
IAS 32: Financial Instruments – Presentation	Amendment	Financial years commencing on or after 1 January 2014
IFRS 7: Financial Instruments – Disclosure	Amendment	Financial years commencing on or after 1 January 2015
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2018
IFRS 10: Consolidated Financial Statements	Amendment	Financial years commencing on or after 1 January 2014
IFRS 11: Joint Arrangements	Amendment	Financial years commencing on or after 1 January 2016
IFRS 12: Disclosure of Interests in Other Entities	Amendment	Financial years commencing on or after 1 January 2014
IFRS 13: Fair Value Measurement	Amendment	Financial years commencing on or after 1 January 2014
IFRS 15: Revenue from Contracts with Customers	New	Financial years commencing on or after 1 January 2017
IFRIC Interpretation 21: Levies	New	Financial years commencing on or after 1 January 2014
Improvements	Improvement	Each improvement has its own effective date the earliest being 1 January 2016

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

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 individual registered 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 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2014	2013
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**9,1**	11,5
Total non-current assets		**9,1**	11,5
Current assets			
Amount owing from subsidiary company	2	**3 481,3**	3 437,0
Amounts owing from The Murray & Roberts Trust	3	**0,8**	41,0
Trade and other receivables		**0,2**	–
Cash and cash equivalents		**0,8**	1,0
Total current assets		**3 483,1**	3 479,0
TOTAL ASSETS		**3 492,2**	3 490,5
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserve		**9,6**	12,0
Accumulated loss		**(102,9)**	(107,1)
Total ordinary shareholders' equity		**3 489,5**	3 487,7
Current liabilities			
Trade and other payables		**2,7**	2,8
Total current liabilities		**2,7**	2,8
TOTAL EQUITY AND LIABILITIES		**3 492,2**	3 490,5

COMPANY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Revenue		
Fees received from subsidiary company	**4,7**	5,6
Total expenses	**(0,5)**	(16,1)
Impairment reversal	**4,2**	–
Impairment of loan	**–**	(10,5)
Auditor's remuneration	**(0,1)**	(0,9)
JSE fees	**(0,2)**	(0,2)
Other	**(4,4)**	(4,5)
Profit/(loss) before taxation	**4,2**	(10,5)
Taxation	**–**	(0,4)
Profit/(loss) for the year	**4,2**	(10,9)
Other comprehensive income	**–**	–
Total comprehensive income/(loss) for the year	**4,2**	(10,9)

COMPANY STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2014

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 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**
Total comprehensive income for the year	**–**	**–**	**–**	**4,2**	**4,2**
Other movements	**–**	**–**	**(2,4)**	**–**	**(2,4)**
Balance at 30 June 2014	**3 582,8**	**0,9**	**8,7**	**(102,9)**	**3 489,5**

COMPANY STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2014

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013
Profit/(loss) before taxation	**4,2**	(10,5)
Adjustment for:		
Impairment of loan	**–**	10,5
Reversal of impairment	**(4,2)**	–
Changes in working capital	**(0,3)**	(0,3)
Increase in trade and other receivables	**(0,2)**	–
Decrease in trade and other payables	**(0,1)**	(0,3)
Operating cash flow	**(0,3)**	(0,3)
Taxation paid	**–**	(0,4)
Cash flows from operating activities	**(0,3)**	(0,7)
Increase in amounts owing from subsidiary company	**(44,3)**	(81,5)
Decrease in amounts owing from The Murray & Roberts Trust	**44,4**	81,5
Cash flows from financing activities	**0,1**	–
Net decrease in cash and cash equivalents	**(0,2)**	(0,7)
Net cash and cash equivalents at the beginning of the year	**1,0**	1,7
Net cash and cash equivalents at the end of the year	**0,8**	1,0

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1 ACCOUNTING POLICIES

These 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	2014	2013
Shares at cost	**0,4**	0,4
Investment in shares – FSP	**8,7**	11,1
Amount due	**3 481,3**	3 437,0
	3 490,4	3 448,5

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	2014	2013
Amount due	**235,6**	280,0
Impairment of amount owing	**(234,8)**	(239,0)
Total due	**0,8**	41,0

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	2014	2013
Authorised		
750 000 000 shares of no par value		
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	2014	2013
Executive directors (paid by subsidiary companies)	**20,9**	21,9
Non-executive directors (paid by the Company)	**4,4**	4,5
Number of directors at year end	**9**	9

Non-executive directors

R Havenstein appointed on 1 August 2014.

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	2014	2013
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint operations, subsidiary companies and other persons. The contingent liabilities at 30 June covered by such guarantees amounts to:	**3 250**	2 120

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 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 2014 %	Interest in issued share capital 2013 %	Cost of investment 2014 Rm	Cost of investment 2013 Rm	Loan account 2014 Rm	Loan account 2013 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**3 481,3**	3 437,0

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest 2014 %	Proportion ownership interest 2013 %	Proportion of voting power held 2014 %	Proportion of voting power held 2013 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Infrastructure & Building						
Murray & Roberts Construction 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 Construction (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
Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia)	MYR	250 000	**100**	100	**100**	100
Energy & Industrial						
Wade Walker Proprietary Limited		101	**100**	100	**100**	100
Construction Products Africa						
BRC Arabia (FZC) Limited	AED	360 544	**49**	49	**50**	50
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)	CLP	1 000 000	**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
Murray & Roberts Cementation (Zambia) Limited (incorporated in Zambia)	ZMW	50	**100**	100	**100**	100
Oil & Gas						
Clough Limited (incorporated in Australia)	AUD	219 973 000	**100**	62	**100**	62
Corporate & Properties						
Murray & Roberts Australia (Proprietary) Limited (incorporated in Australia)	AUD	632 223 872	**100**	100	**100**	100
Murray & Roberts International Limited (incorporated in British Virgin Islands)	USD	5 000 000	**100**	100	**100**	100
Associate companies						
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

* *This entity is in the process of being wound up. During the current financial year a dividend was received against the investment.*

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM)		Amount	
		2014 %	2013 %	**2014 Rm**	2013 Rm
Secured					
PPC funding – repayment on receipt of funds from client	2015	**6,00**	7,00	**38,9**	13,6
Bullet repayment	2015	**5,32**	–	**1 602,9**	–
Bullet repayment	2015	**4,25**	4,50	**137,6**	79,2
				1 779,4	92,8
Unsecured					
Equal monthly instalments	2015	**4,69**	5,22	**3,0**	21,2
No fixed terms of repayment		**3,70**	3,19	**64,7**	61,1
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**34,8**	51,3
Bank overdrafts				**23,9**	897,8
				126,4	1 031,4
Capitalised finance leases					
Varying rates of interest		**6,6 – 9,9**			
Plant and equipment				**388,8**	425,4
Specific project plant and equipment				**213,3**	395,4
Various plant and equipment financing				**11,4**	16,5
				613,5	837,3
Total Group				**2 519,3**	1 961,5
Reflected in the notes under:					
Long term loans (note 18)					
Interest bearing secured loans				**137,6**	79,2
Interest bearing unsecured loans				**3,0**	–
Capitalised finance leases				**314,6**	454,7
Bank overdrafts (note 11)				**23,9**	897,8
Short term loans (note 24)					
Current portion of long term borrowings				**1 741,3**	147,2
Current portion of capitalised finance leases				**298,9**	382,6
				2 519,3	1 961,5

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 revised IFRS 8: *Operating Segments*.

The Group's operating segments are categorised as follows:

Infrastructure & Building
The Infrastructure & Building 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 operations 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 (currently classified as discontinued) who operate various toll road and rail concessions throughout South Africa and investment in selected concession companies.

Energy & Industrial 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.

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.

Oil & Gas 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	Infrastructure & Building	Energy & Industrial	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2014							
Revenue*	**7 176**	**4 755**	**–**	**6 628**	**17 480**	**–**	**36 039**
Inter-segmental revenue	**19**	**2**	**–**	**9**	**–**	**38**	**68**
Gross revenue	**7 195**	**4 757**	**–**	**6 637**	**17 480**	**38**	**36 107**
Results							
Profit/(loss) before interest and taxation	**196**	**144**	**–**	**258**	**1 026**	**(91)**	**1 533**
Net interest income/(expense)	**6**	**31**	**–**	**(6)**	**155**	**(244)**	**(58)**
Profit/(loss) before taxation	**202**	**175**	**–**	**252**	**1 181**	**(335)**	**1 475**
Taxation (expense)/credit	**(48)**	**(20)**	**–**	**(123)**	**(376)**	**68**	**(499)**
Profit/(loss) after taxation	**154**	**155**	**–**	**129**	**805**	**(267)**	**976**
Income from equity accounted investments	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Profit/(loss) from discontinued operations	**37**	**–**	**417**	**–**	**(38)**	**7**	**423**
Non-controlling interests	**2**	**(6)**	**(3)**	**3**	**(135)**	**–**	**(139)**
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**194**	**149**	**414**	**132**	**632**	**(260)**	**1 261**
2013[1]							
Revenue*	6 468	5 036	–	7 904	14 800	1	34 209
Inter-segmental revenue	37	37	–	14	–	30	118
Gross revenue	6 505	5 073	–	7 918	14 800	31	34 327
Results							
(Loss)/profit before interest and taxation	(85)	137	–	318	1 502	(223)	1 649
Net interest (expense)/income	(46)	10	–	(23)	72	(130)	(117)
(Loss)/profit before taxation	(131)	147	–	295	1 574	(353)	1 532
Taxation credit/(expense)	257	(44)	–	(113)	(523)	(106)	(529)
Profit/(loss) after taxation	126	103	–	182	1 051	(459)	1 003
Income from equity accounted investments	6	–	–	–	159	–	165
Profit/(loss) from discontinued operations	43	–	268	–	(12)	3	302
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

* *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	Infrastructure & Building**	Energy & Industrial	Construction Products Africa***	Underground Mining	Oil & Gas	Corporate & Properties****	Group
Operating segments								
2014								
Statement of financial position								
Segmental assets	1	**5 605**	**1 701**	**249**	**3 111**	**3 710**	**702**	**15 078**
Segmental liabilities	2	**4 728**	**1 438**	**82**	**1 751**	**3 649**	**1 975**	**13 623**
Investments in associate companies*		**24**	**–**	**–**	**–**	**–**	**–**	**24**
Assets classified as held-for-sale*		**243**	**–**	**95**	**–**	**68**	**–**	**406**
Liabilities directly associated with a disposal group held-for-sale*		**87**	**–**	**12**	**–**	**–**	**–**	**99**
Other information								
Purchases of property, plant and equipment		**132**	**53**	**–**	**522**	**234**	**20**	**961**
Purchases of other intangible assets		**2**	**–**	**–**	**3**	**76**	**1**	**82**
Depreciation		**122**	**109**	**–**	**341**	**94**	**22**	**688**
Amortisation of other intangible assets		**6**	**1**	**–**	**4**	**13**	**4**	**28**
Impairment of property, plant and equipment		**–**	**–**	**–**	**–**	**22**	**–**	**22**
Reversal of impairment of property, plant and equipment		**–**	**–**	**–**	**2**	**–**	**–**	**2**
Impairment of receivables		**19**	**–**	**2**	**–**	**8**	**100**	**129**
Number of employees		**5 827**	**6 904**	**–**	**7 686**	**4 918**	**163**	**25 498**
2013[2]								
Statement of financial position								
Segmental assets	1	6 415	1 837	2 097	3 465	3 478	234	17 526
Segmental liabilities	2	5 171	1 686	775	2 136	4 070	397	14 235
Investments in associate companies*		34	–	–	–	–	–	34
Assets classified as held-for-sale*		–	–	1 624	–	145	5	1 774
Liabilities directly associated with a disposal group held-for-sale*		–	–	620	–	41	–	661
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

* *Amounts included in segmental assets and liabilities.*

** *Infrastructure & Building includes amounts for Tolcon that have been classified as discontinued operations in the current year.*

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

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

2 *Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

ANNEXURE 3
GROUP SEGMENTAL REPORT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2014	2013[2]
NOTES		
1 RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**19 811**	24 527
Cash and cash equivalents	**(4 301)**	(6 284)
Current taxation assets	**(5)**	(60)
Deferred taxation assets	**(427)**	(657)
Segmental assets	**15 078**	17 526
2 RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	**13 879**	15 829
Bank overdrafts	**(24)**	(898)
Current taxation liabilities	**(90)**	(545)
Deferred taxation liabilities	**(142)**	(151)
Segmental liabilities	**13 623**	14 235

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:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Revenue		Non-current assets*	
	2014	2013[1]	2014	2013[2]
Southern Africa	**13 615**	13 858	**3 733**	4 201
Middle East	**936**	575	**1 205**	1 123
Australasia & South East Asia	**18 670**	16 089	**1 305**	669
North America & other	**2 818**	3 687	**654**	512
	36 039	34 209	**6 897**	6 505

1 Restated for discontinued operations.

2 Restated for adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are now equity accounted rather than proportionately consolidated, and the net asset value included under investment in joint ventures.

** Non-current assets exclude deferred taxation assets.*

Major Customers

In the year under review, revenue generated by the Oil & Gas platform, from Customer A of R4,4 billion individually makes up more than 10% of the Group's revenue.