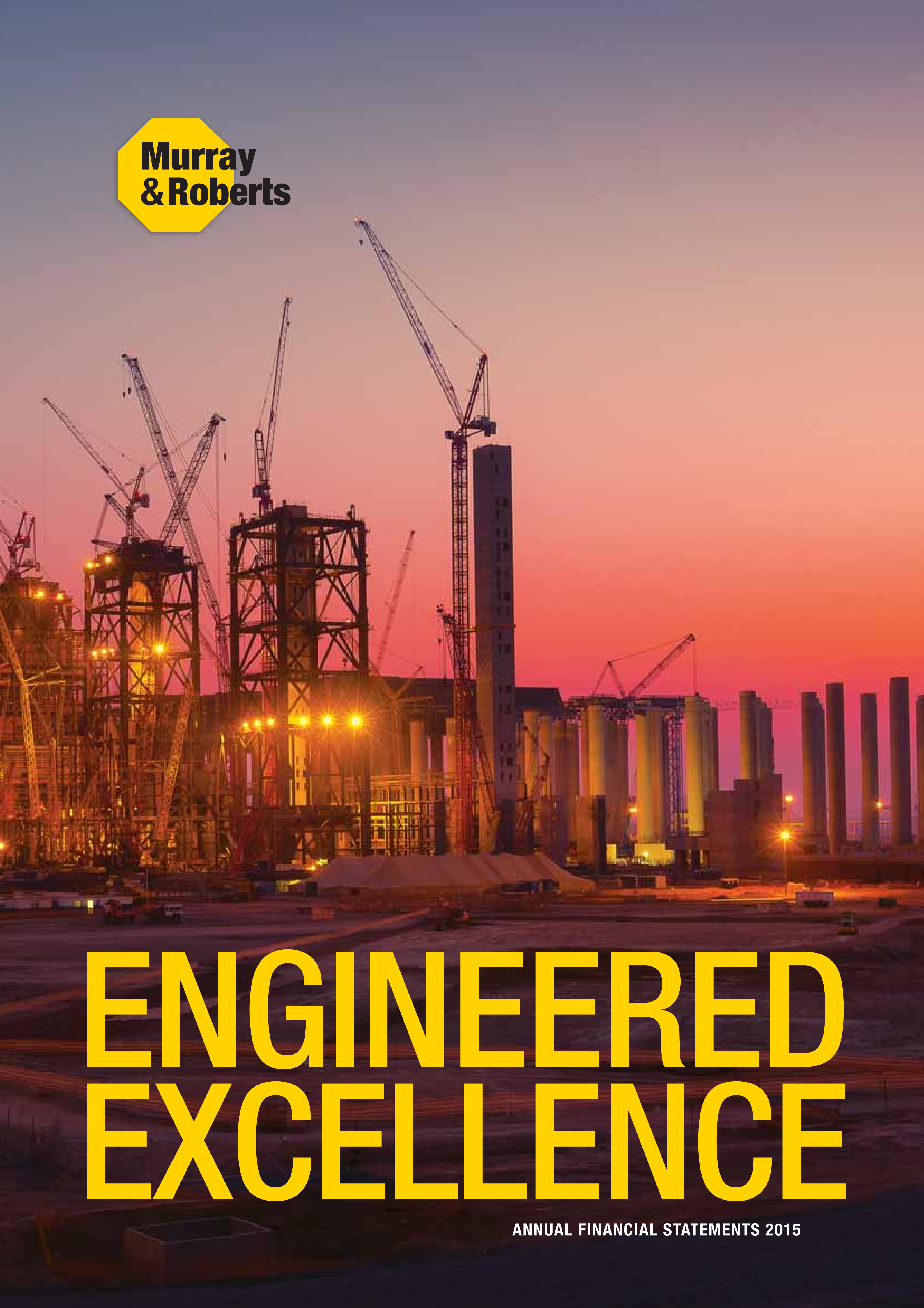

Murray & Roberts

ENGINEERED EXCELLENCE

ANNUAL FINANCIAL STATEMENTS 2015

AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

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

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RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

The directors of Murray & Roberts Holdings Limited ("Company") and Murray & Roberts Holdings Limited and its subsidiaries ("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 implement systems of internal controls, accounting and information systems; and

b) The Audit & Sustainability Committee recommends Group accounting policies and monitors these accounting 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 misstatements 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 aspects.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa 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 46. 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 consolidated and separate annual financial statements. For their unmodified report to the shareholders of the Company and Group refer to page 6.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2015 as set out on pages 4 to 90 were approved by the board of directors at its meeting held on 26 August 2015 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 2015

In terms of Section 88(2)(e) of the Companies Act 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 2015, 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
26 August 2015

AUDIT & SUSTAINABILITY COMMITTEE

for the year ended 30 June 2015

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

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

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

MEMBERSHIP

DD Barber serves as chairman of the Committee, with JM McMahon and RT Vice as members, all of whom are suitably skilled and experienced to discharge their responsibilities in compliance with the Companies Act of South Africa. SP Kana joined the Committee from 1 July 2015, subject to approval by shareholders at the AGM.

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 fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with IFRS;
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk 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; and
- 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 it 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 covers the global operations and are resourced with both internal employees and resources obtained from KPMG. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance provided consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. 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.

The annual plan is based on an assessment of risk areas internal audit and management identifies, as well as focus areas highlighted by the Audit Committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the Audit Committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. The Audit Committee approved internal audit's risk-based audit plan for financial year 2016. The internal audit function reports directly to the Audit Committee and their mandate in relation to the internal audit function is to:

- Approve the appointment, performance and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of internal audit reports and management's response;
- Review the internal audit program, coordination between the internal and external auditors and the resourcing and standing within the Company of the internal audit function;
- Monitor and evaluate the performance of the internal audit function in terms of agreed goals and objectives;
- Receive confirmation that Group internal audit is in general conformance with the IIA's International Standards for the Professional Practice of Internal Auditing; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the Audit Committee.

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.

The charter gives the chief audit executive direct access to the chief executive officer, Group financial director, chairman of the Audit Committee and chairman of the Board.

The chief audit executive has unfettered access to board and committee minutes and submissions, and the risk register of the Group and operations.

INTERNAL FINANCIAL CONTROLS

The internal audit plan works on a multi-year programme and based on the reviews and findings to date, except in one platform, of the Group's system of internal control and risk management in 2015, which included the design, implementation and effectiveness of internal control and considering information and explanations provided by management and the results of the external audit, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects. In one platform there has been a new enterprise wide computer system implementation. As all controls were not yet in place additional testing was required to ensure the accuracy of the annual financial statements.

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 integrated report and the Group's financial statements for Board approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

ASSURANCE

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and 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. The Opportunity 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.

DD Barber
26 August 2015

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2015

TO THE SHAREHOLDERS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have audited the consolidated and separate audited financial statements of Murray & Roberts Holdings Limited, as set out on pages 10 to 80, which comprise the statement of financial position as at 30 June 2015, and the statement of other comprehensive income, statement of changes in equity and statement 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 FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these audited financial statements in accordance with International Financial Reporting Standards and 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 audited financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate audited 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 audited 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 audited financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the audited financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the audited 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 controls. 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 audited 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 audited financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited as at 30 June 2015, and its consolidated and separate changes in equity, 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 OF SOUTH AFRICA

As part of our audit of the consolidated and separate audited financial statements for the year ended 30 June 2015, 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 audited 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 audited 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
26 August 2015

Deloitte & Touche
Buildings 1 and 2, Deloitte Place, The Woodlands,
Woodlands Drive, Woodmead, Sandton
Riverwalk Office Park, Block B, 41 Matroosberg Road,
Ashlea Gardens X6, Pretoria.

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 THE DIRECTORS

for the year ended 30 June 2015

This report presented by the directors is a constituent of the consolidated annual financial statements at 30 June 2015, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rands, except where otherwise stated.

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 and oil & gas markets.

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 2015 the Group recorded earnings of R881 million (2014: R1 261 million), representing diluted earnings per share of 213 cents (2014: diluted earnings per share of 305 cents). Diluted headline earnings per share was 207 cents (2014: diluted headline earnings per share of 217 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 46.

GOING CONCERN

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

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.

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 International Airport").

A cumulative total revenue of R2 158 million being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2015 (2014: R1 550 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*.

The legal process in the Gautrain Delay & Disruption Claim is still in progress. Due to the complexity of this arbitration, the initial arbitration hearings were focussed on addressing the legal interpretation of various clauses in the Gautrain concession agreement. The Group reported on 8 July 2015 that the first two arbitration rulings (the right to proceed with a claim for additional costs incurred on two cantilever bridges and to an extension of time and compensation due to late handover of land) were largely in favour of the Bombela Concession Company. The legal basis of these claims have now firmly been established. The merit and quantum hearings will only be heard as from the first quarter of calendar year 2016 with financial conclusion only likely the following year. Any award will attract interest dating from 2009 to the date of award.

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 2015.

SEGMENTAL DISCLOSURE

The Group repositioned its brand in the minds of shareholders and stakeholders in the previous financial year. However, the Energy & Industrial operating platform has been renamed to Power & Water to better represent the primary market sector to be serviced by this platform. 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).

2 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2015 are contained in note 12 of the consolidated financial statements.

Particulars relating to The Murray & Roberts Trust ("Trust") are set out in note 13 of the consolidated financial statements.

At 30 June 2015 the Trust held 30 150 (2014: 30 150) shares against the commitment of options granted by the Trust totalling 6 656 920 (2014: 7 974 970) ordinary shares. The shares held by the Trust were purchased in the market and have not been issued by the Company.

Particulars relating to the Letsema Vulindlela Black Executives Trust ("Vulindlela Trust") are set out in note 13 of the consolidated financial statements. During the year the Vulindlela Trust granted a total of 1 416 500 shares (2014: 652 000 shares) to black executives as part of the Group's BBBEE.

REPORT OF DIRECTORS continued

At 30 June 2015 the Vulindlela Trust held 10 648 635 (2014: 10 675 904) shares against the commitment of shares granted by the Vulindlela Trust totalling 4 593 432 (2014: 3 544 500) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (2014: 7,5%) of the total issued ordinary shares of the Company, currently 22 236 806 (2014: 33 189 262) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP") employees were allocated shares during the year by the remuneration committee totalling 5 036 345 shares (2014: 3 151 543). The shares held by the entities, in escrow, were purchased in the market and have not been issued by the Company.

3 DIVIDEND

The Board has considered and approved a new dividend policy. The dividend payment is subject to an annual review, as distributions may be influenced by global market conditions, possible merger and acquisition activity and/or relative balance sheet strength. In terms of this policy the Board will consider paying an annual dividend, of between three and four times earnings cover.

The Board has declared a gross annual dividend of 50 cents per ordinary share in respect of the year ended 30 June 2015 and will be subject to the dividend tax rate of 15%, which will result in a net dividend of 42,5 cents per share to those shareholders who are not exempt from paying dividend tax.

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 number of shares in issue at the date of this declaration is 444 736 118 and the Company's tax reference number is 9000203712.

4 SUBSIDIARIES AND INVESTMENTS

ACQUISITIONS

ACQUISITION OF CH-IV INTERNATIONAL LLC ("CH-IV")

Clough Limited ("Clough") acquired 100% of the shares of CH-IV on 6 August 2014, a boutique engineering company based in the United States of America ("USA") 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, for a consideration of R57 million.

ACQUISITION OF BWA HOLDINGS LIMITED ("BOOTH WELSH")

Clough acquired 100% of the shares in Booth Welsh on 4 September 2014, a privately owned engineering services company based in Ayrshire, Scotland. Booth Welsh specialises in the provision of electrical, instrumentation and automation design, process consultancy, project management, implementation and commissioning services, for a consideration of R79 million.

ACQUISITION OF AQUAMARINE WATER TREATMENT ("AQUAMARINE")

The Group completed the acquisition of the assets, liabilities and business of Aquamarine on 1 October 2014 for a consideration of R28 million, with a R2 million contingent consideration.

This is a company that designs, manufactures and installs water treatment solutions, and offers a complete customised solution, including support for and maintenance of its installations. Aquamarine currently operates in a niche market for mainly small-to-medium size installations and has developed a network of resellers throughout the African continent that serves as an extended business development network.

DISPOSALS

DISPOSAL OF NON-CORE ASSETS

The Group disposed of the majority of its Tolcon businesses' assets and liabilities, effective 31 August 2014 for a gross consideration of R186 million (R132 million net of working capital adjustment, transaction costs and other adjustments). Of the total consideration, R112 million was received on the effective date and R20 million was deferred; receivable within 24 months from closing date. Earlier payment of the deferred consideration is subject to certain contractual conditions. To date R10 million of the deferred consideration has been received in payments of R5 million each during November 2014 and January 2015 respectively. R10 million of the deferred consideration is still payable within 24 months from closing date; the timing of which is dependent on the meeting of certain contractual conditions. The Group recognised a profit on sale of R11 million in profit from discontinued operations.

The agreements for the disposal of the remaining Tolcon businesses, comprising of Cape Point Partnership, Entilini Operations Proprietary Limited and the investment in Entilini Concession Proprietary Limited, are finalised and final conditions precedent are expected to be met within the first half of the next financial year.

The disposal excludes the Group's investment in Bombela Concession Company Proprietary Limited and 23,9% investment in Bombela Operating Company Proprietary Limited.

DISCONTINUED OPERATIONS

This comprises of the Tolcon businesses in the current year, the prior year included four months of trading from the Construction Products Africa operations.

5 SPECIAL RESOLUTIONS

During the year under review the following special resolutions were passed by shareholders:

1) The proposed fees payable quarterly in arrears to non-executive directors
2) General authority to repurchase shares
3) Financial assistance to related or inter-related companies

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

6 EVENTS AFTER REPORTING DATE

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 2015 or the results of its operations or cash flows for the year then ended.

7 INTEREST OF DIRECTORS

A total of 1 609 340 (2014: 1 609 340) 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 25 592 ordinary shares of the Company's issued ordinary shares (2014: 15 892 ordinary shares). Details of ordinary shares held per individual director are listed below and also set out in note 42.

BENEFICIAL	Direct	Indirect
30 June 2015		
DD Barber	**2 723**	**–**
AJ Bester	**17 425**	**508 000**
HJ Laas	**5 444**	**743 500**
30 June 2014		
DD Barber	2 723	–
AJ Bester	13 169	267 000
HJ Laas	–	374 500

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; R Havenstein; NB Langa-Royds; JM McMahon and RT Vice.

WA Nairn resigned on 1 January 2015.

SP Kana was appointed on 1 July 2015 and XH Mkhwanazi on 1 August 2015.

EXECUTIVE

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

9 COMPANY SECRETARY

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000
Bedfordview
2008

Business address
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview
2007

10 AUDITORS

Deloitte & Touche continued in office as external auditors. At the annual general meeting of 5 November 2015, shareholders will be requested to re-appoint Deloitte & Touche as external auditors for the 2016 financial year. AJ Zoghby will be the individual registered auditor who will undertake the audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 020,8**	3 248,4
Investment properties	3	**17,5**	–
Goodwill	4	**635,8**	486,4
Other intangible assets	5	**208,1**	118,0
Investment in joint venture	37	**46,0**	–
Investments in associate companies	6	**27,7**	23,7
Other investments	7	**710,4**	671,6
Deferred taxation assets	21	**596,3**	426,5
Amounts due from contract customers	9	**2 259,5**	2 087,7
Non-current receivables		**121,4**	260,7
Total non-current assets		**7 643,5**	7 323,0
Current assets			
Inventories	8	**261,2**	326,4
Amounts due from contract customers	9	**6 204,1**	5 683,8
Trade and other receivables	10	**1 656,6**	1 765,5
Current taxation assets	34	**63,2**	5,2
Derivative financial instruments		**0,1**	–
Cash and cash equivalents	11	**2 890,6**	4 300,5
Total current assets		**11 075,8**	12 081,4
Assets classified as held-for-sale	31	**83,6**	406,2
Total assets		**18 802,9**	19 810,6
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	**2 585,9**	2 692,8
Reserves	14 & 15	**1 343,7**	1 408,7
Retained earnings		**2 568,5**	1 802,8
Equity attributable to owners of Murray & Roberts Holdings Limited		**6 498,1**	5 904,3
Non-controlling interests	16	**24,9**	27,3
Total equity		**6 523,0**	5 931,6
Non-current liabilities			
Long term loans	18	**1 140,6**	455,2
Retirement benefit obligations	19	**16,2**	7,4
Long term provisions	20	**264,3**	323,9
Deferred taxation liabilities	21	**133,1**	141,7
Subcontractor liabilities	22	**871,8**	762,8
Non-current payables		**99,8**	217,3
Total non-current liabilities		**2 525,8**	1 908,3
Current liabilities			
Amounts due to contract customers	9	**2 121,2**	2 325,5
Trade and other payables	23	**4 355,4**	4 336,2
Short term loans	24	**356,9**	2 283,5
Current taxation liabilities	34	**103,0**	89,8
Provisions and obligations	25	**293,3**	299,7
Subcontractor liabilities	22	**2 473,3**	2 509,4
Derivative financial instruments		**2,7**	3,7
Bank overdrafts	11	**43,9**	23,9
Total current liabilities		**9 749,7**	11 871,7
Liabilities directly associated with a disposal group held-for-sale	31	**4,4**	99,0
Total liabilities		**12 279,9**	13 879,0
Total equity and liabilities		**18 802,9**	19 810,6

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
Continuing operations			
Revenue	26	**30 567,6**	36 039,0
Profit before interest, depreciation and amortisation		**1 742,6**	2 240,5
Depreciation		**(575,2)**	(685,0)
Amortisation of intangible assets		**(42,1)**	(22,8)
Profit before interest and taxation	27	**1 125,3**	1 532,7
Interest income	29	**82,0**	159,8
Interest expense	28	**(154,5)**	(217,1)
Profit before taxation		**1 052,8**	1 475,4
Taxation expense	30	**(194,0)**	(499,0)
Profit after taxation		**858,8**	976,4
Income from equity accounted investments		**3,1**	0,5
Profit for the year from continuing operations		**861,9**	976,9
Profit from discontinued operations	31	**32,2**	423,1
Profit for the year		**894,1**	1 400,0
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**881,0**	1 261,1
Non-controlling interests	16	**13,1**	138,9
		894,1	1 400,0

Basic and diluted earnings per share were 218 cents (2014: 310 cents) and 213 cents (2014: 305 cents) respectively. For further details refer to note 32.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
Profit for the year		**894,1**	1 400,0
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(10,3)**	(3,6)
Other movements	15	**–**	2,7
		(10,3)	(0,9)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	14	**3,6**	163,9
Effects of cash flow hedges	14	**(1,2)**	(0,9)
Reclassification of amounts relating to cash flow hedges	14	**3,1**	–
Taxation related to effects of cash flow hedges	14	**1,3**	0,3
Reclassification adjustment relating to available-for-sale	15	**1,6**	–
Effects of available-for-sale financial assets	15	**–**	(0,1)
Other movements	15	**–**	(0,1)
		8,4	163,1
Other comprehensive (loss)/income for the year net of taxation		**(1,9)**	162,2
Total comprehensive income		**892,2**	1 562,2
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**879,1**	1 356,3
Non-controlling interests		**13,1**	205,9
		892,2	1 562,2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

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 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[1]	–	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[2]	–	–	–	–	**–**	(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[3]	–	–	–	(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**
Total comprehensive income/(loss) for the year	–	6,8	(8,7)	881,0	**879,1**	13,1	**892,2**
Treasury shares acquired (net)	(106,9)	–	–	–	**(106,9)**	–	**(106,9)**
Transfer to retained earnings	–	–	(110,1)	110,1	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(1,4)	–	**(1,4)**	–	**(1,4)**
Recognition of share-based payment	–	–	48,4	–	**48,4**	–	**48,4**
Dividends declared and paid[3]	–	–	–	(18,5)	**(18,5)**	(15,5)	**(34,0)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(206,9)	**(206,9)**	–	**(206,9)**
Balance at 30 June 2015	2 585,9	1 152,6	191,1	2 568,5	**6 498,1**	24,9	**6 523,0**

1 *Relates to the acquisition of the non-controlling interests in Clough, effective on 11 December 2013.*

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	**2015**	2014
Cash flows from operating activities			
Receipts from customers		**30 668,4**	38 373,7
Payments to suppliers and employees		**(29 602,2)**	(36 597,5)
Cash generated from operations	33	**1 066,2**	1 776,2
Interest received		**85,0**	169,5
Interest paid		**(157,5)**	(220,0)
Taxation paid	34	**(408,0)**	(794,4)
Operating cash flow		**585,7**	931,3
Dividends paid to owners of Murray & Roberts Holdings Limited		**(225,4)**	(12,2)
Dividends paid to non-controlling interests		**(15,5)**	(3,0)
Net cash inflow from operating activities		**344,8**	916,1
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(424,7)**	(960,6)
– Replacements		**(134,8)**	(290,3)
– Additions		**(289,9)**	(670,3)
Proceeds on disposal of property, plant and equipment		**76,0**	152,3
Investment in joint venture	37	**(46,0)**	–
Purchase of intangible assets other than goodwill	5	**(124,5)**	(81,7)
Purchase of property, plant and equipment by discontinued operations	2	**–**	(24,0)
Proceeds on disposal of business	35	**121,7**	1 345,2
Cash related to acquisition/(disposal) of businesses	35	**17,6**	(15,6)
Dividends received from associate companies	6	**–**	10,5
Dividends received from joint ventures classified as held-for-sale		**35,0**	–
Acquisition of businesses	35	**(162,2)**	–
Proceeds on disposal of assets held-for-sale		**64,2**	58,0
Cash related to assets held-for-sale		**(3,0)**	28,0
Proceeds from realisation of investment	7	**132,0**	145,9
Other		**(2,1)**	(4,3)
Net cash (outflow)/inflow from investing activities		**(316,0)**	653,7
Cash flows from financing activities			
Proceeds on share issue to non-controlling interests		**–**	6,2
Net acquisition of treasury shares		**(107,4)**	(20,8)
Net movement in borrowings	36	**(1 196,8)**	1 283,0
Acquisition of non-controlling interests		**–**	(4 394,6)
Net cash outflow from financing activities		**(1 304,2)**	(3 126,2)
Total decrease in net cash and cash equivalents		**(1 275,4)**	(1 556,4)
Net cash and cash equivalents at the beginning of the year		**4 276,6**	5 386,0
Effect of exchange rates		**(154,5)**	447,0
Net cash and cash equivalents at the end of the year	11	**2 846,7**	4 276,6

ACCOUNTING POLICIES

for the year ended 30 June 2015

1 PRESENTATION OF FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These consolidated and separate financial statements have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments, financial assets and financial liabilities held for trading, financial assets designated as fair value through profit 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 cost to sell.

The preparation of financial statements required 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 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 associates.

Subsidiaries are entities, including structured entities such as The Murray & Roberts Trust controlled by the Group. Control exists when 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 the 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 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.

Intercompany 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 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 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 COMBINATIONS

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 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 measured 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 interest 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 was 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: *Business Combinations*.

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

ACCOUNTING POLICIES continued

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicated 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 business combinations. 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 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 of accounting and are initially recognised at cost. 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 the disposal.

Intercompany 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 audited 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 the 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 period 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 foreign currency are translated as historical exchange rates.

FOREIGN OPERATIONS

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

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

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

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

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

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

1.9 FINANCIAL INSTRUMENTS

CLASSIFICATION

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed 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 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 analysis 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.

ACCOUNTING POLICIES continued

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 assets, 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 and 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 INSTRUMENTS 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 a 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 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 risk of recognised assets and liabilities, unrecognised forecasted transactions or unrecognised firm commitments (hereafter referred to as "economic hedges").

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

HEDGING ACTIVITIES

ECONOMIC HEDGES WHERE HEDGE ACCOUNTING IS NOT APPLIED:

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

ECONOMIC HEDGES WHERE HEDGE ACCOUNTING IS APPLIED:

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

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

FAIR VALUE HEDGES

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

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

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

CASH FLOW HEDGES

Where a derivative instrument is entered into and designated as a cash flow hedge of a recognised asset, liability or a highly probable forecast 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

ACCOUNTING POLICIES continued

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 recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or a 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 instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

LOANS TO/FROM GROUP COMPANIES

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint arrangements and associates and 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 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 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.

Cost incurred on development projects (relating to the design and testing of new or improved products and technology) are capitalised as an intangible asset 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 COSTS

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 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 be used 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 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 cost are recognised in profit or loss for 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.

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 INVESTMENT PROPERTIES

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

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

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

ACCOUNTING POLICIES continued

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

1.14 IMPAIRMENT OF ASSETS

At each reporting period 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 assets belongs.

Recoverable amount is the higher of fair value less cost 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.

1.15 NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

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

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

An impairment loss, if any, is recognised in profit or loss for any initial and subsequent write-down of the carrying value to fair value less cost to sell. Any subsequent increase in fair value less cost 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 cost 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 remeasurements to fair value less cost to sell is presented as a single amount on the face of the statement of financial performance.

1.16 INVENTORIES

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

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

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

- Raw materials – First In, First Out ("FIFO") or Weighted Average Cost basis.
- 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 cost takes 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 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 the 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 realised value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

1.17 LEASES

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

FINANCE LEASES

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased assets 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 value 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 initial rent-free period. These benefits are recognised as a reduction of the rental expense over the lease term, on a straight-line basis.

1.18 PROVISIONS AND CONTINGENCIES

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

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

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

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

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

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

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

RESTRUCTURING

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure 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

ACCOUNTING POLICIES continued

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.

1.19 SHARE-BASED PAYMENTS

An expense is recognised where the Group received 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 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 period.

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

1.20 EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

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

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

DEFINED BENEFIT PLANS

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risk are borne by the Group. A multi-employer 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 Methods, with actuarial valuations being carried out at each reporting period 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 cost, and are reduced by the fair value of planned assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

1.21 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 based on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base 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 the 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 differences 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 deferred taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

1.22 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 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.

1.23 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.

ACCOUNTING POLICIES continued

RENTAL INCOME

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

LONG TERM AND CONSTRUCTION CONTRACTS

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amount 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 include 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 judgmental.

1.24 DIVIDENDS

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

1.25 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.

1.26 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 fair value of the equity instruments issued at grant date.

LETSEMA VULINDLELA BLACK EXECUTIVE TRUST

Once selected, black executives become vested beneficiaries of the Letsema Vulindlela Black Executive 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 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.

1.27 SHARE 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.

1.28 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, 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 asset is ready for its 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 as an expense in the period in which they are incurred.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 30 June 2015

2 PROPERTY, PLANT AND EQUIPMENT

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015 Cost	2015 Accumulated depreciation and impairment	2015 Carrying value	2014 Cost	2014 Accumulated depreciation and impairment	2014 Carrying value
Land and buildings	**611,4**	**(244,4)**	**367,0**	628,0	(211,9)	416,1
Plant and machinery	**5 650,2**	**(3 239,6)**	**2 410,6**	5 522,8	(2 931,1)	2 591,7
Other equipment	**478,0**	**(234,8)**	**243,2**	449,8	(209,2)	240,6
	6 739,6	**(3 718,8)**	**3 020,8**	6 600,6	(3 352,2)	3 248,4

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and machinery	Other equipment	Total
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)
Transfers to assets classified as held-for-sale	(3,4)	(11,4)	(3,2)	(18,0)
Transfer to other intangible assets	–	–	(1,6)	(1,6)
Transfers between categories	34,2	218,2	(252,4)	–
Foreign exchange movements	11,3	103,1	(5,3)	109,1
Depreciation	(38,8)	(613,6)	(35,5)	(687,9)
Impairment loss	(21,8)	–	–	(21,8)
Impairment reversal	–	1,6	–	1,6
At 30 June 2014	**416,1**	**2 591,7**	**240,6**	**3 248,4**
Additions	**27,4**	**351,0**	**46,3**	**424,7**
Acquisition of businesses	**–**	**4,9**	**0,1**	**5,0**
Disposals	**(0,7)**	**(31,1)**	**(8,7)**	**(40,5)**
Transfers to assets classified as held-for-sale	**0,3**	**–**	**–**	**0,3**
Transfer from other intangible assets	**–**	**–**	**1,2**	**1,2**
Transfers between categories	**(29,9)**	**38,2**	**(8,3)**	**–**
Foreign exchange movements	**(6,5)**	**(26,9)**	**(0,5)**	**(33,9)**
Depreciation	**(36,6)**	**(511,1)**	**(27,5)**	**(575,2)**
Impairment loss	**(3,1)**	**(6,1)**	**–**	**(9,2)**
At 30 June 2015	**367,0**	**2 410,6**	**243,2**	**3 020,8**

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

– 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 on leasehold improvements in the Oil & Gas platform, due to a change in use and the impairment in plant and machinery was raised on idle plant in Underground Mining.

3 INVESTMENT PROPERTIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
At the beginning of the year	**–**	–
Foreign exchange movements	**0,2**	–
Fair value adjustments	**17,3**	–
	17,5	–

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

3 INVESTMENT PROPERTIES continued

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2015 are as follows:

The fair value of the Group's investment properties as at 30 June 2015 has been arrived at on the basis of a valuation carried out during the current financial year by Property Management Company (Pty) Ltd, trading as Promanco and Property Development & Valuation Surveyors, who are independent valuators not related to the Group. Promanco and Property Development & Valuation Surveyors are members of the Real Estate Institute of Botswana, and hold the appropriate qualifications and experience for the valuation of properties in the relevant locations. The investment method was used to value the Tribal Lot 71 & 80 Tlokweng and Lot 68275, while Plot 20453 Francistown was valued using the direct comparable valuation technique. All investment properties are classified as level 3 in terms of the fair value hierarchy. The next valuation on these properties will take place during September and October 2015.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to R0,3 million (2014: Rnil). There were no significant direct operating expenses arising on the investment properties in the current year.

4 GOODWILL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Reconciliation of goodwill		
At the beginning of the year	**486,4**	487,9
Additions through business combinations	**148,3**	–
Transfers to assets classified as held-for-sale	**–**	(7,4)
Foreign exchange movements	**3,4**	5,9
Impairment loss	**(2,3)**	–
	635,8	486,4
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:		
Infrastructure & Building	**44,3**	44,3
Power & Water	**81,4**	52,2
Underground Mining	**36,0**	38,0
Oil & Gas	**474,1**	351,9
	635,8	486,4

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 12,7% (2014: 12,5%), pre-tax discount rate of 17,6% (2014: 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 impairment is tested using a sensitivity analysis, within a range of post-tax discount rate of 9,7% to 15,7%, to account for the varying risk profiles of the individual entities.

The goodwill in Underground Mining has been impaired due to diminished future economic benefits in its subsidiary, Incycle Shotcrete (Pty) Ltd, evident by the consecutive annual losses that have been incurred.

	2015	2014
Reconciliation of accumulated impairment losses		
At the beginning of the year	**–**	–
Additional raised	**(2,3)**	–
	(2,3)	–

5 OTHER INTANGIBLE ASSETS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015 Cost	2015 Accumulated amortisation and impairment	2015 Carrying value	2014 Cost	2014 Accumulated amortisation and impairment	2014 Carrying value
Patents, trademarks and other rights	**0,6**	**(0,6)**	**–**	0,6	–	0,6
Computer software	**357,0**	**(158,3)**	**198,7**	289,0	(180,8)	108,2
Mineral rights	**19,9**	**(19,9)**	**–**	19,9	(19,9)	–
Other intangible assets	**37,8**	**(28,4)**	**9,4**	13,6	(4,4)	9,2
	415,3	**(207,2)**	**208,1**	323,1	(205,1)	118,0

RECONCILIATION FOR OTHER INTANGIBLE ASSETS	Patents, trademarks and other rights	Computer software	Tolling rights	Other intangible assets	Total
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**
Additions	**–**	**124,5**	**–**	**–**	**124,5**
Acquisition of business	**–**	**–**	**–**	**15,2**	**15,2**
Foreign exchange movements	**–**	**(6,4)**	**–**	**0,1**	**(6,3)**
Transfer to property, plant and equipment	**(0,6)**	**(0,6)**	**–**	**–**	**(1,2)**
Amortisation	**–**	**(27,0)**	**–**	**(15,1)**	**(42,1)**
At 30 June 2015	**–**	**198,7**	**–**	**9,4**	**208,1**

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

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

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

6 INVESTMENT IN ASSOCIATE COMPANIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
6.1 INVESTMENT IN ASSOCIATE COMPANIES		
At the beginning of the year	**23,7**	33,7
Dividend received	**–**	(10,5)
Share of post-acquisition profits	**3,1**	0,5
Foreign exchange movements	**0,9**	–
	27,7	23,7
The carrying value of the investments may be analysed as follows:		
Investments in associates at cost	**20,6**	19,7
Share of post-acquisition profits, net of dividends received	**7,1**	4,0
	27,7	23,7
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		
Total assets	**281,7**	245,1
Total liabilities	**(176,0)**	(165,0)
Net assets	**105,7**	80,1
Revenue	**815,8**	789,5
Profit/(loss) for the year	**13,1**	(0,4)

6.4 DETAILS OF ASSOCIATE COMPANIES

		% of ownership and votes		
NAME OF ASSOCIATE	Place of incorporation	2015	2014	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	2015	2014
7.1 FINANCIAL ASSETS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS		
Investment in infrastructure service concession		
At the beginning of the year	**669,3**	581,3
Realisation of investment	**(132,0)**	(145,9)
Fair value adjustment recognised in the statement of financial performance	**171,5**	233,9
	708,8	669,3

Directors' valuation R708,8 million (2014: R699,3 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	2015	2014
Bombela Concession Company Proprietary Limited*	33	11 years	**708,8**	669,3

* *The fair value of the Bombela Concession Company Proprietary Limited is calculated using discounted cash flow models and a market discount rate of 18,5% (2014: 19,5%). 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. The future profits from the concession is governed by a contractual agreement and is principally based on inflationary increases in the patronage revenue and operating costs of the current financial year. Revenue based on patronage is underpinned by the Gauteng Province. The Patronage Guarantee is the difference between the Minimum Required Total Revenue ("MRTR") and the Actual Total Revenue ("ATR") in each month. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R33,8 million (2014: R35,0 million).*

	2015	2014
7.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed investments		
At the beginning of the year	**0,8**	0,8
Fair value loss through other comprehensive income	**–**	(0,1)
Additions, disposals and other movements	**(0,7)**	0,1
	0,1	0,8
7.3 LOANS AND RECEIVABLES MEASURED AT AMORTISED COST		
Unsecured loans and receivables		
At the beginning of the year	**1,5**	0,5
Additional loans raised	**–**	1,0
	1,5	1,5
Total other investments	**710,4**	671,6

8 INVENTORIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Raw materials	**135,4**	106,5
Work-in-progress	**28,4**	122,5
Finished goods and manufactured components	**48,9**	55,0
Consumable stores	**48,5**	42,4
	261,2	326,4

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

The cost of inventories recognised as an expense includes Rnil million (2014: R0,2 million) in respect of write-downs of inventory to net realisable value and has been reduced by Rnil million (2014: R0,2 million) in respect of the reversal of such write-downs.

The amount of inventory carried at net realisable value amounts to R7,4 million (2014: R161,8 million).

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

9 CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**2 794,0**	2 690,6
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11: *Construction Contracts*)	**2 157,5**	1 550,1
Amounts receivable on contracts (net of impairment provisions)	**3 224,1**	3 285,9
Retentions receivable (net of impairment provisions)	**288,0**	244,9
	8 463,6	7 771,5
Amounts received in excess of work completed	**(2 121,2)**	(2 325,5)
	6 342,4	5 446,0
Disclosed as:		
Amounts due from contract customers – non-current*	**2 259,5**	2 087,7
Amounts due from contract customers – current	**6 204,1**	5 683,8
Amounts due to contract customers	**(2 121,2)**	(2 325,5)
	6 342,4	5 446,0

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

During November 2013, in the dispute between Gauteng Province and Bombela Concession Company ("BCC"), the arbitration panel ruled in favour of Gauteng Province. The Group raised a provision of about R300 million in the prior financial year for its share of potential construction costs to be incurred by the Bombela Civils Joint Venture ("BCJV") (Murray & Roberts shareholding of 45%). The extent of any other potential financial impact, if any, related to the matter cannot be determined. Various matters between the parties, relating to the arbitration award, remain unresolved and will be heard in court. The timing of any future work is uncertain.

10 TRADE AND OTHER RECEIVABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Trade receivables	**241,3**	254,6
Provision for doubtful debts	**(36,4)**	(81,1)
Operating lease receivables recognised on a straight-line basis	**1,6**	1,6
Amounts owing by joint operations	**417,7**	532,8
Prepayments	**86,6**	140,0
Sundry loans	**101,7**	312,2
Deposits	**19,0**	25,9
Value Added Taxation receivable	**215,3**	112,3
Vendor related receivables	**139,0**	126,0
Insurance claim receivable	**38,7**	28,0
Other receivables	**432,1**	313,2
	1 656,6	1 765,5

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	2015	2014
Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**2 032,3**	3 084,9
Restricted cash	**858,3**	1 215,6
Cash and cash equivalents	**2 890,6**	4 300,5
Bank overdrafts	**(43,9)**	(23,9)
	2 846,7	4 276,6
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	**764,3**	1 080,8
Amounts held in trust accounts	**7,4**	29,3
Other agreements with banks and other financial institutions	**86,6**	105,5
	858,3	1 215,6

12 STATED CAPITAL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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)**	(306,8)
Less: Treasury shares held by the Letsema BBBEE trusts and companies at no par value	**(422,6)**	(423,2)
Less: Treasury shares held by subsidiary companies at no par value	**(267,5)**	(160,0)
Net stated capital	**2 585,9**	2 692,8
Unissued		
At 30 June 2015 the number of unissued shares was 305 263 882.		
12.2 TREASURY SHARES		
Market value of treasury shares:		
The Murray & Roberts Trust	**0,4**	0,7
The Letsema BBBEE trust and companies	**407,7**	771,8
Subsidiary companies	**126,9**	157,1

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)**	(30 150)
Less: Treasury shares held by Letsema BBBEE trusts and companies	**(31 728 505)**	(31 747 577)
Less: Treasury shares held by subsidiary companies	**(9 877 231)**	(6 464 315)
Net shares issued to the public	**403 100 232**	406 494 076

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 and November 2014.

At 30 June 2015 the Trust held 30 150 (2014: 30 150) shares against the commitment of options granted by the Trust totaling 6 656 920 (2014: 7 974 970) shares. In order to settle the shortfall and subject to shareholders' approval, the Company can issue new shares within the maximum of 5,0% (2014: 7,5%) of the Company's total issued shares, being 22 236 806 (2014: 33 189 262) ordinary shares or acquired shares in the market.

92,3% of the outstanding options at 30 June 2015 were available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2015 were as follows:

SCHEMES IMPLEMENTED			Outstanding options at 30 June 2014	Surrendered/ lapsed during the year	**Outstanding options at 30 June 2015**	Option price per share (cents)
06 March 2007	Hurdle	1,2	850 900	(167 500)	**683 400**	4 233
06 March 2007	Special	1,2,3	2 793 900	(563 000)	**2 230 900**	4 233
01 July 2008	Standard	1,2	47 570	(47 570)	**–**	6 913
26 August 2008	Standard	1,2	26 800	(26 800)	**–**	7 451
26 August 2009	Hurdle	1,2	1 688 400	(120 600)	**1 567 800**	4 019
08 December 2009	Hurdle	1,2	187 600	–	**187 600**	3 846
20 April 2011	Hurdle	1,2	1 794 260	(246 560)	**1 547 700**	2 334
30 August 2011	Retention	1,2,4	510 540	(71 020)	**439 520**	2 524
02 July 2012	Performance	1,5	75 000	(75 000)	**–**	2 471
			7 974 970	(1 318 050)	**6 656 920**	

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 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.*
5. *For the July 2012 Performance scheme, the hurdle rate is the growth in the budgeted 2013 fully diluted HEPS for continuing operations of annual CPI + 5% cumulatively over the three year period to 30 June 2015. If the threshold performance is between 85% – 100% of the target performance, the shares will vest according to a sliding linear scale between 50% – 100%. If the threshold performance is 85% of the target performance, 50% of the shares will vest. In all other cases no vesting will occur. All unexercised options expire on the sixth anniversary of the option. The performance conditions were not achieved by 30 June 2015 and therefore the share option scheme lapsed.*
6. *The Group has no legal or constructive obligation to repurchase or settle the option in cash.*
7. *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 value 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 model 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 share (cents)**
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**
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	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**

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 income of R14,9 million (2014: R10,9 million expense) relating to these share options during the year.

Due to the failure to meet the targets of the 30 August 2011 Performance scheme in 2014 and the July 2012 scheme in 2015 the recognised expenses on non-market conditions, were reversed in the statement of financial performance during the current financial 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").

PLAN IMPLEMENTED			Balance at 30 June 2014	Granted during the year	Surrendered during the year	**Balance at 30 June 2015**
28 November 2012	FSP	1	3 388 000	–	(461 000)	**2 927 000**
28 August 2013	FSP	2	2 967 800	–	(468 800)	**2 499 000**
28 August 2013	FSP-STI	2,6	108 515	–	(45 215)	**63 300**
01 September 2014	FSP	3	–	3 834 400	(485 056)	**3 349 344**
01 September 2014	FSP-Retention	3,4	–	16 500	–	**16 500**
01 September 2014	FSP-STI	3,6	–	328 445	(36 358)	**292 087**
31 March 2015	FSP	5	–	857 000	(127 000)	**730 000**
			6 464 315	5 036 345	(1 623 429)	**9 877 231**

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. *For the September 2014 scheme, the forfeitable shares will cliff vest after three years, in September 2017, subject to satisfying certain performance conditions.*
4. *Retention shares with no performance conditions were issued on 1 September 2014.*
5. *For the March 2015 scheme, the forfeitable shares will cliff vest after three years, in March 2018, subject to satisfying certain performance conditions.*
6. *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 AUDITED 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 follows:

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%	**1 962**
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**
01 September 2014	FSP	26,9%	01 September 2017	6,8%	4,3%	**2 456**
01 September 2014	FSP-Retention	26,9%	01 September 2017	6,8%	4,3%	**2 456**
01 September 2014	FSP-STI	26,9%	01 September 2017	N/A	4,3%	**2 620**
31 March 2015	FSP	26,9%	01 March 2018	6,7%	2,6%	**1 191**

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 R55,9 million (2014: R30,2 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 the Letsema Vulindlela Black Executive 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 2015, the Vulindlela Trust held 10 648 635 (2014: 10 675 904) shares against the commitment of shares granted by the Vulindlela Trust totalling 4 593 432 (2014: 3 544 500) 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 2015 were as follows:

SCHEMES IMPLEMENTED			Outstanding shares at 30 June 2014	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding shares at 30 June 2015	Allocation price per share	Weighted average share price on exercise (cents)
02 March 2006	Standard	1,2	175 379	–	–	(9 300)	**166 079**	2 353	2 372
27 June 2006	Standard	1,2	1 167	–	–	–	**1 167**	2 431	–
28 August 2006	Standard	1,2	44 167	–	–	–	**44 167**	3 002	–
06 March 2007	Standard	1,2	404 910	–	–	–	**404 910**	5 200	–
25 June 2007	Standard	1,2	56 147	–	–	–	**56 147**	6 619	–
26 February 2008	Standard	1,2	90 145	–	–	–	**90 145**	9 201	–
28 August 2008	Standard	1,2	35 886	–	–	–	**35 886**	9 508	–
25 August 2009	Standard	1,2	362 648	–	(619)	–	**362 029**	4 774	–
24 August 2010	Standard	1,2	402 873	–	(25 523)	–	**377 350**	4 102	–
20 April 2011	Hurdle	1,2,3	96 388	–	(11 117)	–	**85 271**	2 516	–
30 August 2011	Standard	1,2	644 718	–	(107 856)	–	**536 862**	2 770	–
15 March 2012	Rights offer	1,2	154 994	–	–	(9 772)	**145 222**	–	2 268
28 November 2012	Standard	1,2	461 893	–	(54 110)	–	**407 783**	2 195	–
28 August 2013	Standard	1,2	613 185	–	(67 614)	–	**545 571**	2 463	–
01 September 2014	Standard	1,2	–	1 416 500	(81 657)	–	**1 334 843**	2 449	–
			3 544 500	1 416 500	(348 496)	(19 072)	**4 593 432**		

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

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

Standard scheme Monte Carlo model
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**
01 September 2014	2 449	26,9%	31 December 2021	7,7%	4,3%	**1 168**

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 R7,4 million (2014: R2,8 million) relating to these shares during the year.

14 HEDGING AND TRANSLATION RESERVE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Hedging reserve		
At the beginning of the year	**(4,1)**	(1,5)
Acquisition of non-controlling interests	**–**	(2,4)
Effects of cash flow hedges	**(1,2)**	(0,9)
Taxation related to effects of cash flow hedges	**1,3**	0,3
Transfer to non-controlling interests	**–**	0,4
Reclassification to profit or loss	**3,1**	–
	(0,9)	(4,1)
Foreign currency translation reserve		
At the beginning of the year	**1 149,9**	539,3
Acquisition of non-controlling interests	**–**	513,7
Realisation of foreign currency translation reserve	**–**	(41,0)
Foreign currency translation movements	**3,6**	137,9
	1 153,5	1 149,9
	1 152,6	1 145,8

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 AUDITED FINANCIAL STATEMENTS continued

15 OTHER CAPITAL RESERVES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Capital redemption reserve fund		
At the beginning of the year	1,1	1,1
Statutory reserve		
At the beginning of the year	28,9	29,0
Other movements	–	(0,1)
	28,9	28,9
Other non-distributable reserves		
At the beginning of the year	(57,4)	(38,1)
Fair value loss available-for-sale financial assets	–	(0,1)
Acquisition of non-controlling interests	–	(17,3)
Transfer to retained earnings	–	(1,9)
Reclassification to profit or loss	1,6	–
	(55,8)	(57,4)
Share-based payment reserve		
At the beginning of the year	291,2	234,6
Acquisition of non-controlling interests	–	14,4
Disposal of businesses	–	(1,1)
Recognition of share-based payments	48,4	100,7
Transfer to retained earnings	(110,1)	(54,2)
Transfer to non-controlling interests	–	(3,2)
Utilisation of reserve	(1,4)	–
	228,1	291,2
Retirement benefit obligation reserve		
At the beginning of the year	(0,9)	–
Other movements	–	2,7
Effects of remeasurement on retirement benefit obligation	(10,3)	(3,6)
	(11,2)	(0,9)
	191,1	262,9

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 remeausurement of 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	2015	2014
The non-controlling interests comprise:		
16.1 NON-CONTROLLING INTERESTS IN RESERVES		
At the beginning of the year	7,3	1 637,5
Share of attributable profit	13,1	138,9
Dividends declared and paid	–	(3,0)
Dividend paid as part of non-controlling interests acquisition	(15,5)	(393,5)
Acquisition of non-controlling interests	–	(1 424,4)
Issue of shares to non-controlling interests	–	6,2
Transfers from reserves	–	2,8
Disposal of businesses	–	(24,2)
Foreign exchange and other adjustments	–	67,0
	4,9	7,3
16.2 EQUITY LOANS FROM NON-CONTROLLING INTERESTS		
At the beginning and end of the year	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.		
Total balance at year end	24,9	27,3

17 SECURED LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2015	2014
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R570,7 million (2014: R870,1 million). Loan secured by shares with a book value of R6 174,2 million and a market value of R6 174,2 million. Loans secured over client receipts with a book value of Rnil (2014: R43,1 million).		1 306,0	2 392,9
Reflected in the statement of financial position under:			
Long term loans	18	842,0	137,6
Long term capitalised finance leases	18	292,4	314,6
Short term loans	18	171,6	1 940,7
		1 306,0	2 392,9

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

18 LONG TERM LOANS

	ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2015	2014
18.1	**INTEREST BEARING SECURED LOANS**			
	Payable			
	Within 1 year		**–**	1 641,8
	Within the 2nd year		**0,1**	–
	Within 3 to 5 years		**841,9**	137,6
			842,0	1 779,4
	Less: Current portion	24	**–**	(1 641,8)
			842,0	137,6
18.2	**INTEREST BEARING UNSECURED LOANS**			
	Payable			
	Within 1 year		**121,2**	99,5
	Within the 2nd year		**6,2**	3,0
			127,4	102,5
	Less: Current portion	24	**(121,2)**	(99,5)
			6,2	3,0
18.3	**NON-INTEREST BEARING UNSECURED LOANS**			
	Payable			
	Within 1 year		**64,1**	243,3
			64,1	243,3
	Less: Current portion	24	**(64,1)**	(243,3)
			–	–
18.4	**CAPITALISED FINANCE LEASES**			
	Minimum lease payments			
	Within 1 year		**197,6**	324,2
	Within the 2nd year		**144,3**	228,2
	Within 3 to 5 years		**173,5**	101,8
			515,4	654,2
	Less: Future finance charges		**(51,4)**	(40,7)
	Present value of lease obligations		**464,0**	613,5
	The present value of lease obligations can be analysed as follows:			
	Within 1 year		**171,6**	298,9
	Within the 2nd year		**129,2**	217,7
	Within 3 to 5 years		**163,2**	96,9
			464,0	613,5
	Less: Current portion	24	**(171,6)**	(298,9)
			292,4	314,6
	Total long term loans		**1 140,6**	455,2

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 BENEFITS

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 Fund 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 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 2015 was R94,8 million (2014: R108,2 million).

19.2 DEFINED CONTRIBUTION PLAN – PROVIDENT FUND

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

Murray & Roberts Provident Fund

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

The fund was actuarially valued on 28 February 2015 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 2015 was R2,7 million (2014: R3,3 million).

	ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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 2 487 pensioners as members.		
	Present value of unfunded liability	**2 490,7**	2 544,2
	Fair value of plan assets	**(2 650,7)**	(2 690,5)
	Present value of unfunded liability	**(160,0)**	(146,3)
	Unrecognised due to paragraph 64 limits	**160,0**	146,3
	The asset is capped at the liability value.		
	The Board of Trustees of the 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 liability were as follows:		
	Opening defined benefit obligation	**2 544,2**	2 269,3
	Interest cost	**208,1**	193,7
	Contributions from plan participants	**3,3**	4,0
	Remeasurements	**(49,8)**	369,7
	Actuarial loss due to purchase of an inflation linked annuity policy	**–**	319,8
	Actuarial (gain)/loss due to pension (decrease)/increase	**(36,5)**	149,3
	Actuarial gain due to change in economic assumptions	**(13,3)**	(1,4)
	Actuarial loss due to change in demographic/actuarial assumptions	**–**	5,2
	Actuarial gain due to membership changes	**–**	(103,2)
	Transfers out (exits from fund)	**–**	(91,2)
	Benefits paid	**(215,1)**	(201,3)
		2 490,7	2 544,2

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

19 RETIREMENT BENEFITS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
19.3 DEFINED BENEFIT PLAN – RETIREMENT BENEFIT continued		
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**2 690,5**	2 873,1
Return on plan assets less interest	**220,6**	193,7
Remeasurements	**(48,6)**	(87,8)
Transfers in (new pensioners)	**3,3**	4,0
Transfers out (exits from the fund)	**–**	(91,2)
Benefits paid	**(215,1)**	(201,3)
	2 650,7	2 690,5
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Debt instruments	**2 650,7**	2 690,5
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 2015 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 2016.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Net interest expense	**(12,5)**	(47,0)
Net interest cost on unrecognised assets due to paragraph 64 limits	**12,5**	47,0
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Net interest cost on unrecognised assets due to paragraph 64 limits	**(12,5)**	–
Remeasurement cost (excluding changes in unrecognised assets)	**(1,2)**	457,5
Change in unrecognised assets due to paragraph 64 limits	**13,7**	(457,5)
	–	–
The principal assumptions used for the purpose of actuarial valuation were as follows:		
Discount rate	**8,5%**	8,5%
Inflation rate	**6,7%**	6,8%
Expected return on plan assets	**8,5%**	N/A
Pension increase allowances	**6,7%**	6,8%

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

The actual return on plan assets less interest was R172,0 million (2014: R105,9 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 anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2016 (2015: Rnil).

19 RETIREMENT BENEFITS continued

19.3 DEFINED BENEFIT PLAN – RETIREMENT BENEFIT continued

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'millions	%
Change in pensioner liability		
Increase in discount rate by 1%	**(206,9)**	(8,3)
Decrease in discount rate by 1%	**232,4**	9,3
Change in pensioner assets		
Increase in discount rate by 1%	**(206,9)**	(7,8)
Decrease in discount rate by 1%	**232,4**	8,8
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 pensioner liability		
PA(90) with a 75% improvement	**111,5**	4,5
PA(90) – 2 with a 75% improvement	**(109,1)**	(4,4)
Change in pensioner assets		
Increase in the discount rate by 1%	**111,5**	4,2
Decrease in the discount rate by 1%	**(109,1)**	(4,1)

19.4 DEFINED BENEFIT PLAN – POST-RETIREMENT MEDICAL AID

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**39,6**	55,2
Fair value of plan assets	**(54,2)**	(72,0)
Present value of unfunded liability	**(14,6)**	(16,8)
Unrecognised due to paragraph 64 limits	**14,6**	16,8
	–	–
The asset is capped at the liability value.		
Movement in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**55,2**	65,4
Current service cost	**0,3**	0,4
Interest cost	**3,5**	5,1
Contribution payments	**–**	(9,9)
Remeasurements	**(13,0)**	1,6
Actuarial (gain)/loss due to change in financial assumptions	**(0,3)**	1,5
Actuarial loss due to change in demographic assumptions	**2,1**	–
Actuarial gain due to actual increase granted compared to that expected	**(0,5)**	(0,1)
Actuarial loss/(gain) due to actual demographic profile of the membership compared to that expected	**0,3**	(1,5)
Actuarial loss due to transfers to pensioner cell	**–**	1,5
Actuarial gain due to removal of the pensioner death liability	**(14,6)**	–
Actuarial loss due to prior year transfers to pensioner cell	**–**	0,2
Benefits paid	**(6,4)**	(7,4)
	39,6	55,2

19 RETIREMENT BENEFITS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**72,0**	79,6
Prior year adjustment	**(1,8)**	(3,2)
Return on plan assets less interest	**5,2**	6,6
Remeasurements	**(14,8)**	4,4
Contribution payments	**–**	(9,9)
Premium income	**–**	1,0
Benefits paid	**(6,4)**	(6,5)
	54,2	72,0
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Equity instruments	**43,5**	36,7
Cash and money market instruments	**10,7**	35,3
	54,2	72,0

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 2015 by Cadiant Partners Actuarial and Consulting Solutions (Pty) Ltd. 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 2016.

	2015	2014
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Current service cost	**0,3**	0,4
Net interest income	**(1,7)**	(1,5)
Current service cost and net interest cost on unrecognised assets due to paragraph 64 limits	**1,4**	1,1
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Net interest cost on unrecognised assets due to paragraph 64 limits	**(1,4)**	–
Remeasurement	**3,6**	(2,8)
Change in unrecognised assets due to paragraph 64 limits	**(2,2)**	2,8
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**9,2%**	9,4%
Post-retirement discount rate	**9,2%**	9,4%
Expected return on plan assets	**9,2%**	9,4%
Long term increase in medical subsidies	**7,3%**	7,4%

19 RETIREMENT BENEFITS continued

	Change in past service contractual liability	Change in service cost plus interest cost
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:		
Increase in the CPI rate by 1%	**14,4%**	(36,9%)
Decrease in the CPI rate by 1%	**(12,0%)**	29,6%
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)	**(2,7%)**	5,7%
PA(90) – 2	**2,7%**	(6,7%)

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 loss on plan assets was R11,4 million (2014: R15,2 million return).

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 the post-retirement medical aid benefit in 2016 (2015: 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	2015	2014
Present value of funded liability	**19,6**	20,3
Fair value of plan assets	**(28,2)**	(29,4)
Present value of unfunded liability	**(8,6)**	(9,1)
Unrecognised due to paragraph 64 limits	**8,6**	9,1
	–	–
The asset is capped at the liability value.		
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**20,3**	26,6
Interest cost	**2,0**	1,6
Remeasurements	**1,0**	(4,5)
Actuarial loss due to change in financial assumptions	**–**	0,1
Actuarial loss/(gain) due to experience variance	**1,0**	(4,6)
Benefits paid	**(3,7)**	(3,4)
	19,6	20,3
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**29,4**	33,8
Prior year adjustment	**0,3**	–
Return on plan assets less interest	**2,5**	2,1
Remeasurements	**(0,3)**	(0,4)
Realised/unrealised losses	**(0,3)**	(0,4)
Expenses	**–**	(1,6)
Benefits paid	**(3,7)**	(4,5)
	28,2	29,4

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

19 RETIREMENT BENEFITS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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:		
Bonds	**27,4**	–
Cash and money market instruments	**0,8**	29,4
	28,2	29,4
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 valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2015 by Guardrisk. 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 2016.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Net interest cost	**0,8**	1,6
Net interest cost on unrecognised assets due to paragraph 64 limits	**(0,8)**	(1,6)
	–	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Net interest cost on unrecognised assets due to paragraph 64 limits	**0,8**	–
Remeasurements	**(1,3)**	(4,1)
Change in unrecognised assets due to paragraph 64 limits	**0,5**	4,1
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**8,0%**	8,5%
Expected return on plan assets	**8,0%**	8,5%
Long term increase in disability benefits	**6,5%**	6,8%

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'millions	%
Change in pensioner liability		
Increase in discount rate of 1%	**(0,8)**	(4,1)
Decrease in discount rate of 1%	**0,9**	4,5
Change in pensioner asset		
Increase in the discount rate by 1%	**–**	–
Decrease in the discount rate by 1%	**–**	–
Net change		
Increase in the discount rate by 1%	**(0,8)**	9,4
Decrease in the discount rate by 1%	**0,9**	(10,2)
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)	**–**	–
PA(90) – 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 R2,5 million (2014: R1,7 million).The overall 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 BENEFITS continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**77,1**	67,1
Fair value of plan assets	**(60,9)**	(59,7)
Present value of unfunded liability	**16,2**	7,4
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**67,1**	53,7
Interest cost	**2,7**	2,6
Experience losses on defined benefit obligation	**6,1**	3,0
Gains from changes to demographic assumptions	**(0,6)**	(1,4)
Losses from changes to financial assumptions	**4,3**	3,5
Exchange differences on foreign plans	**3,8**	11,2
Benefits paid	**(6,3)**	(5,5)
	77,1	67,1
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**59,7**	49,4
Interest on assets	**2,4**	2,4
Return on plan assets less interest	**(0,5)**	1,5
Exchange differences on foreign plans	**2,9**	10,2
Contributions from the employer	**2,7**	1,7
Benefits paid	**(6,3)**	(5,5)
	60,9	59,7
The major categories of plan assets at the end of the reporting period for each category are as follows:		
Debt instrument	**60,1**	56,7
Cash	**0,8**	3,0
	60,9	59,7
The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2015 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 2016.		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Interest cost	**0,3**	0,2
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:		
Loss/(gain) on scheme assets in excess of interest	**0,5**	(1,5)
Experience losses on defined benefit obligation	**6,1**	3,0
Gains from changes to demographic assumptions	**(0,6)**	(1,4)
Losses from changes to financial assumptions	**4,3**	3,5
	10,3	3,6
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**3,4%**	4,2%
Rate of increase in pension payments	**3,4%**	3,5%
Rate of increase in pensions in deferment	**2,2%**	2,5%
Rate of inflation	**3,0%**	3,2%

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 a profit of R1,9 million (2014: R3,9 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 2016 (2015: R2,7 million).

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

19 RETIREMENT BENEFITS continued

	Approximate effect on liabilities R'millions
19.6 DEFINED BENEFIT PLAN – PENSION SCHEME continued	
Sensitivity analysis	
Adjustment to assumptions	
Discount rate – plus 0,1% p.a.	(0,8)
Inflation – less 0,1%	(0,7)
Mortality – long term rate of mortality improvement of 1,5% p.a.	1,9

The schemes expose 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 return over 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	2015	2014
At the beginning of the year	**323,9**	239,1
Additional raised	**83,1**	90,3
Utilised during the year	**(86,8)**	(22,2)
Transfer to other payables	**(13,3)**	(3,1)
Released during the year	**(37,9)**	–
Foreign exchange movements	**(4,7)**	19,8
	264,3	**323,9**
Long term provisions comprise the following categories:		
Decommissioning provisions	**–**	21,3
Payroll provisions	**236,4**	283,3
Onerous lease provisions	**5,2**	6,3
Warranty provisions	**12,3**	–
Other provisions	**10,4**	13,0
	264,3	323,9

Decommissioning provisions – costs relating to restoring of contract sites. This has been released in the current financial year.

Payroll provisions – costs relating to statutory requirements in the Middle East, Australia and America region.

Onerous lease provision – costs recognised on onerous lease contracts.

Warranty provisions – relates to warranty against defects on cooling water intake and outfall structures. The warranty period spans over 54 months. This provision value has been estimated by reference to the retention guarantee required by the client for defect liabilities, reduced by the retention guarantee held for subcontractors.

Other provisions – relates to make good provisions on leased premises in terms of contractual agreement with the lessor. The value of the provision has been estimated based on past experience and has been discounted to the present value disclosed as at 30 June 2015, which will unwind over the period of the lease.

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	2015	2014
21.1 DEFERRED TAXATION ASSETS		
Inventory	**(0,2)**	0,2
Uncertified work and other construction temporary differences	**(174,3)**	(260,1)
Plant	**(216,9)**	(237,6)
Taxation losses	**374,6**	329,5
Receivables	**85,0**	16,8
Provisions and accruals	**453,9**	427,7
Advance payments received net of taxation allowances	**116,5**	169,7
Fair value adjustments	**(108,7)**	(118,6)
Prepayments	**(16,1)**	(5,5)
Other	**82,5**	104,4
	596,3	426,5
21.2 RECONCILIATION OF DEFERRED TAXATION ASSETS		
At beginning of year	**426,5**	656,6
Credited/(charged) to the statement of financial performance	**158,9**	(93,8)
Credited/(charged) to the statement of financial performance in respect of discontinued operations	**4,6**	(150,0)
Foreign exchange movements	**(7,8)**	13,7
Acquisition of businesses	**14,1**	–
	596,3	426,5
21.3 DEFERRED TAXATION LIABILITIES		
Inventory	**(1,0)**	4,7
Uncertified work and other construction temporary differences	**21,0**	18,7
Plant	**124,9**	50,9
Taxation losses	**(3,3)**	(2,6)
Provisions and accruals	**(22,0)**	(1,1)
Advanced payments received net of taxation allowances	**(1,3)**	(7,2)
Fair value adjustments	**–**	37,2
Prepayments	**11,2**	11,1
Other	**3,6**	30,0
	133,1	141,7
21.4 RECONCILIATION OF DEFERRED TAXATION LIABILITIES		
At the beginning of the year	**141,7**	150,7
Credited to the statement of financial performance	**(44,1)**	(15,5)
Change in foreign taxation rates	**–**	(1,3)
Charge to equity	**1,3**	–
Foreign exchange movements	**34,0**	7,8
Acquisition of business	**0,2**	–
	133,1	141,7

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 2015, the Group has estimated unused taxation losses of R2 297 million (2014: R2 975 million) available for offset against future profits. No deferred taxation assets have been recognised in respect of R1 325 million (2014: R1 177 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R972 million (2014: R1 798 million) due to the unpredictability of future profit streams. The Group performed an assessment based on the current operations and developments including a three year forecast for the financial years 2016 to 2018 which supports the recognition of deferred taxation assets in the statutory entities.

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

22 SUBCONTRACTOR LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**871,8**	762,8
Current subcontractor liabilities	**2 473,3**	2 509,4
	3 345,1	3 272,2

23 TRADE AND OTHER PAYABLES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Trade payables	**808,9**	949,0
Amounts owing to joint operations	**453,7**	625,5
Payroll accruals	**950,8**	980,4
Operating lease payables recognised on a straight-line basis	**22,0**	11,3
Accruals	**1 482,1**	1 376,8
Other payables*	**637,9**	393,2
	4 355,4	4 336,2

* *Included in this amount is R75 million transferred from trade receivable provisions in the current financial year, in respect of monies received from businesses disposed, where there is a contractual dispute with the purchasers.*

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	2015	2014
Current portion of long term loans:			
– Interest bearing secured	18	**–**	1 641,8
– Interest bearing unsecured	18	**121,2**	99,5
– Non-interest bearing unsecured	18	**64,1**	243,3
Current portion of capitalised finance leases	18	**171,6**	298,9
		356,9	2 283,5

25 PROVISIONS AND OBLIGATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
At the beginning of the year	**299,7**	313,7
Additional raised	**268,2**	350,2
Released during the year	**(37,4)**	(29,5)
Utilised during the year	**(238,1)**	(335,8)
Transfer to liabilities classified as held-for-sale	**–**	(8,3)
Foreign exchange movements	**0,9**	9,4
	293,3	299,7

Provisions and obligations are payroll in nature and comprises amounts owed to employees relating to discretionary bonuses and severance pay obligations.

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	2015	2014
Construction contracts	**29 379,5**	34 750,7
Sale of goods	**1 053,9**	1 183,3
Rendering of services	**134,2**	104,6
Properties	**–**	0,4
	30 567,6	36 039,0

27 PROFIT BEFORE INTEREST AND TAXATION

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
Profit before interest and taxation for the year is arrived at after taking into account:			
The items below comprise continuing operations only.			
Items by nature			
Investment income other than interest:			
Fair value gain on investment designated as fair value through profit or loss	7	**171,5**	233,9
Rentals received		**101,6**	75,2
Amortisation of intangible assets		**42,1**	22,8
Auditors' remuneration:			
Fees for audits		**34,4**	33,9
Other services		**4,2**	3,0
Expenses		**0,3**	0,3
Compensation income from insurance		**9,5**	–
Depreciation:			
Land and buildings		**36,6**	38,7
Plant and machinery		**511,1**	611,7
Other equipment		**27,5**	34,6
		575,2	685,0
Employee benefit expense:			
Salaries and wages		**15 234,1**	14 728,4
Share option (income)/expense	13	**(7,5)**	13,4
FSP expense	13	**55,9**	30,2
Share option expense (Clough)		**–**	56,8
Pension and provident costs – defined contribution plans	19	**97,5**	111,5
Fees paid for:			
Managerial services		**48,0**	47,6
Technical services		**51,9**	7,6
Administrative services		**9,7**	8,0
Secretarial services		**0,8**	0,9

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

27 PROFIT BEFORE INTEREST AND TAXATION continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
Impairment loss recognised on:			
Land and buildings	2	**3,1**	21,8
Plant and machinery	2	**6,1**	–
Goodwill	4	**2,3**	–
Impairment charges:			
Inventory		**–**	0,2
Trade receivables		**2,1**	12,3
Amounts receivable on contracts		**11,5**	13,6
Other receivables		**1,0**	0,7
Reversal of impairment loss on property, plant and equipment	2	**–**	1,6
Reversal of impairment loss on trade receivables		**129,6**	10,8
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**35,5**	17,1
Loss on disposal of property, plant and equipment		**–**	7,5
Loss on disposal of investment		**2,0**	–
Loss on disposal of other intangible assets		**–**	3,0
Net foreign exchange gains on intercompany loans		**5,0**	149,7
Net foreign exchange gains		**97,3**	9,5
Operating lease costs:			
Land and buildings		**293,8**	268,6
Plant and machinery		**3,1**	12,7
Other		**77,5**	49,1
Research and development		**–**	0,1
Items by function			
Cost of sales*		**27 559,2**	32 382,7
Distribution and marketing costs		**10,7**	16,3
Administration cost		**2 577,8**	2 677,8
Other operating income		**(705,4)**	(570,5)

* *Cost of sales includes R98,2 million (2014: R105,3 million) relating to the cost of inventories sold during the year.*

28 INTEREST EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Capitalised finance leases	**1,6**	6,3
Bank overdrafts	**31,3**	68,2
Present value expense	**6,7**	8,1
Loans and other liabilities	**114,9**	134,5
	154,5	217,1

29 INTEREST INCOME

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Bank balances and cash	**78,5**	148,8
Present value income	**2,9**	10,5
Unlisted loan investment and other receivables	**0,6**	0,5
	82,0	159,8

30 TAXATION EXPENSE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**4,7**	5,1
Deferred taxation – current year	**(8,9)**	23,3
Deferred taxation – prior year	**23,0**	–
Foreign taxation		
Normal income taxation and withholding taxation – current year	**392,3**	416,9
Deferred taxation – current year	**(219,5)**	55,0
Change in tax rate	**–**	(1,3)
Deferred taxation prior year	**2,4**	–
	194,0	499,0

South African income tax is calculated at 28% (2014: 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	%	%
South African standard rate of taxation	**28,0**	28,0
Increase in rate of taxation due to:		
Capital and non-deductible expenditure	**4,4**	3,0
Taxation on foreign companies	**3,3**	–
Current year's losses not recognised	**6,1**	4,9
Foreign withholding tax	**2,2**	3,0
Imputed foreign income	**2,1**	–
Prior year adjustments	**2,4**	0,9
	48,5	39,8
Reduction in rate of taxation due to:		
Capital and non-taxable items	**(7,3)**	(3,0)
Taxation on foreign companies	**–**	(2,0)
Taxation losses utilised	**(22,8)**	(0,2)
Imputed foreign income	**–**	(0,8)
Effective rate of taxation	**18,4**	33,8

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

31.1 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The Group has disposed of majority of the properties relating to discontinued operations as at 30 June 2015. Proceeds of R61,5 million was received in the current financial year.

The Group disposed of the majority of its Tolcon businesses' assets and liabilities, effective 31 August 2014 for a gross consideration of R186,3 million (R131,7 million net of working capital adjustments, transaction costs and other adjustments). Refer to note 35.1.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
The profit from discontinued operations is analysed as follows:		
Revenue		
Sale of goods	**1,3**	1 598,7
Rendering of services	**82,1**	406,2
Properties	**4,1**	20,5
	87,5	2 025,4
Profit after taxation for the period is analysed as follows:		
Profit before interest, depreciation and amortisation	**19,0**	588,3
Depreciation and amortisation	**–**	(8,1)
Profit before interest and taxation	**19,0**	580,2
Interest expense	**(3,0)**	(2,9)
Interest income	**3,0**	9,7
Profit before taxation	**19,0**	587,0
Taxation	**11,8**	(165,0)
Income from equity accounted investments	**1,4**	1,1
Profit from discontinued operations	**32,2**	423,1
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**21,7**	421,8
Non-controlling interests	**10,5**	1,3
	32,2	423,1
Taxation effects of profit or loss on disposal of discontinued operations	**3,0**	161,0
Cash flows from discontinued operations		
Cash flows from operating activities	**87,6**	(201,0)
Cash flows from investing activities	**224,7**	1 347,6
Cash flows from financing activities	**66,0**	20,9
Net increase in cash and cash equivalents	**378,3**	1 167,5
Profit before interest and taxation is arrived at after taking into account:		
Items by nature		
Investment income other than interest:		
Rentals received*	**4,6**	7,2
Amortisation of intangible assets	**–**	5,2
Auditors' remuneration:		
Fees for audits	**0,2**	0,4
Other services	**–**	0,1
Compensation income from insurance claims	**13,1**	0,1
Depreciation:		
Land and buildings	**–**	0,1
Plant and machinery	**–**	1,9
Other equipment	**–**	0,9
	–	2,9

* *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.*

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
31.1 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS continued		
Employee benefit expense:		
Salaries and wages	**11,3**	353,9
Share option expense	**–**	0,3
Fees paid for:		
Managerial services	**0,1**	7,7
Technical services	**–**	0,1
Administrative services	**0,5**	1,1
Impairment charges:		
Trade receivables	**3,0**	2,2
Other receivables	**0,5**	100,0
Reversal of impairment loss on trade receivables	**4,8**	–
Fair value adjustments on assets held-for-sale:		
Disposal group	**–**	1,0
Inventory classified as held-for-sale	**–**	33,3
Other	**11,2**	46,7
Realisation of foreign currency translation reserve	**–**	41,0
Profit or loss on disposals:		
Profit on disposal of property, plant and equipment	**–**	0,3
Loss on disposal of property, plant and equipment	**–**	0,3
Profit on disposal of businesses (net)	**10,7**	539,4
Profit on sale of asset held-for-sale	**7,5**	7,7
Loss on disposal of assets held-for-sale	**3,5**	–
Operating lease costs:		
Land and buildings	**1,2**	5,1
Plant and machinery	**–**	0,2
Other	**–**	0,1
Research and development	**–**	0,1
Items by function		
Cost of sales**	**85,7**	1 662,8
Distribution and marketing costs	**0,3**	107,2
Administration costs	**30,1**	310,7
Other operating income	**(47,6)**	(635,5)

** *Cost of sales includes R5,0 million (2014: R1,3 billion) relating to the cost of inventories sold during the year.*

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 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 cost to sell. Management elected to write these assets' carrying amount down to their fair value less cost 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 remaining Tolcon businesses. 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. Sale is currently only subject to final conditions precedent. Unobservable inputs in the valuation include assessment of recoverability on other receivables. During the assessment process assets were identified that were subject to a fair value write-down.

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
31.2 ASSETS CLASSIFIED AS HELD-FOR-SALE continued		
Major classes of assets comprising the assets held-for-sale		
Property, plant and equipment	**5,5**	25,2
Investment properties	**–**	50,0
Goodwill	**–**	7,4
Other intangible assets	**–**	132,8
Other investments	**–**	3,6
Investment in joint ventures	**2,1**	35,7
Inventories	**61,3**	67,9
Trade and other receivables	**0,6**	72,2
Cash and cash equivalents	**14,1**	11,4
	83,6	406,2
Major classes of liabilities directly associated with a disposal group held-for-sale		
Deferred taxation liabilities	**0,3**	0,5
Trade and other payables	**2,4**	54,4
Current taxation liabilities	**1,3**	1,2
Provision for obligations	**0,4**	24,7
Subcontractor liabilities	**–**	18,2
	4,4	99,0

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

32 EARNINGS PER SHARE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**(30)**	(331)
Less: Weighted average number of shares held by Letsema BBBEE trusts	**(31 731)**	(31 770)
Less: Weighted average number of shares held by subsidiary companies	**(9 594)**	(6 167)
	403 381	406 468
Add: Dilutive adjustment	**10 022**	7 592
Weighted average number of shares in issue used in the determination of diluted per share figures	**413 403**	414 060
32.2 EARNINGS PER SHARE		
Reconciliation of earnings		
Profit attributable to owners of Murray & Roberts Holdings Limited	**881,0**	1 261,1
Adjustments for discontinued operations		
Profit from discontinued operations	**(32,2)**	(423,1)
Non-controlling interests	**10,5**	1,3
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**859,3**	839,3
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	**213**	305
– Basic	**218**	310
Earnings per share from continuing operations (cents)		
– Diluted	**208**	203
– Basic	**213**	206
Earnings per share from discontinued operations (cents)		
– Diluted	**5**	102
– Basic	**5**	104

32 EARNINGS PER SHARE continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		2015		2014	
Reconciliation of headline earnings	Note	Gross pre-tax & non-controlling interests	Net	Gross pre-tax & non-controlling interests	Net
32.3 HEADLINE EARNINGS					
Profit attributable to owners of Murray & Roberts Holdings Limited		**1 076,3**	**881,0**	2 064,0	1 261,1
Profit on disposal of businesses (net)	35.1	**(10,7)**	**(0,8)**	(539,4)	(378,4)
Profit on disposal of property, plant and equipment		**(35,5)**	**(25,5)**	(9,6)	(6,0)
Loss on sale of other intangible assets		**–**	**–**	3,0	2,1
Loss on sale of other investments		**2,0**	**1,4**	–	–
Impairment of property, plant and equipment (net)		**9,2**	**6,5**	20,2	11,0
Impairment of assets (net)		**2,3**	**1,6**	1,0	1,0
Fair value adjustments on assets held-for-sale		**11,2**	**8,0**	80,0	56,0
Profit on sale of assets held-for-sale		**(4,0)**	**(2,9)**	(7,7)	(5,9)
Fair value adjustment on investment properties		**(17,3)**	**(13,5)**	–	–
Realisation of foreign currency translation reserve on sale of disposal group		**–**	**–**	(41,0)	(41,0)
Other		**–**	**–**	1,0	0,6
Headline earnings		**1 033,5**	**855,8**	1 571,5	900,5
Adjustments for discontinued operations:					
Profit from discontinued operations		**(20,4)**	**(32,2)**	(588,1)	(423,1)
Non-controlling interests		**–**	**10,5**	–	1,3
Profit on disposal of businesses (net)		**10,7**	**0,8**	539,4	378,4
Impairment of disposal group		**–**	**–**	(1,0)	(1,0)
Fair value adjustments on assets held-for-sale		**(11,2)**	**(8,0)**	(80,0)	(56,0)
Realisation of foreign currency translation reserve on sale of disposal group		**–**	**–**	41,0	41,0
Profit on sale of assets held-for-sale (net)		**4,0**	**2,9**	7,7	5,9
Headline earnings from continuing operations		**1 016,6**	**829,8**	1 490,5	847,0

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Headline earnings per share from continuing and discontinued operations (cents)		
– Diluted	**207**	217
– Basic	**212**	221
Headline earnings per share from continuing operations (cents)		
– Diluted	**201**	205
– Basic	**206**	208
Headline earnings per share from discontinued operations (cents)		
– Diluted	**6**	12
– Basic	**6**	13

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

33 CASH GENERATED FROM OPERATIONS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
Profit before interest and taxation		**1 144,3**	2 112,9
Adjustments for non-cash items:			
Amortisation of intangible assets	5	**42,1**	28,0
Depreciation	2	**575,2**	687,9
Fair value adjustment on concession investment	7	**(171,5)**	(233,9)
Non-cash movements relating to held-for-sale		**(22,6)**	64,3
Profit on sale of businesses (net)	35.1	**(10,7)**	(539,4)
Long term provisions raised, released and utilised		**(41,6)**	68,1
Provisions for obligations raised, released and utilised		**(7,3)**	(15,1)
Profit on disposal of property, plant and equipment (net)		**(35,5)**	(9,6)
Loss on disposal of other investment		**2,0**	–
Fair value adjustment on investment properties	3	**(17,3)**	–
Share-based payment expense		**48,4**	100,7
Impairment of assets (net)		**29,6**	149,2
Foreign exchange and other non-cash items		**40,3**	4,6
Changes in working capital		**(509,2)**	(641,5)
Inventories		**64,1**	(10,0)
Trade and other receivables		**108,5**	355,7
Trade and other payables		**(34,3)**	(699,7)
Subcontractor liabilities and amounts due to contract customers		**(185,2)**	(1 146,5)
Contracts-in-progress and contract receivables		**(462,3)**	859,0
		1 066,2	1 776,2

34 TAXATION PAID

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Taxation unpaid at beginning of the year	**(84,6)**	(485,2)
Taxation charged to the statement of financial performance excluding deferred taxation	**(397,0)**	(422,0)
Foreign exchange movements	**30,9**	43,1
Transfer to taxation directly associated with assets held-for-sale	**–**	0,1
Taxation credited/(charged) to the statement of financial performance under discontinued operations	**7,2**	(15,0)
Acquisition of businesses	**(4,3)**	–
Taxation unpaid at the end of the year	**39,8**	84,6
	(408,0)	(794,4)
Taxation unpaid at the end of the year comprises:		
Current taxation assets	**(63,2)**	(5,2)
Current taxation liabilities	**103,0**	89,8
	39,8	84,6

35 DISPOSAL/ACQUISITION OF BUSINESSES

35.1 DISPOSAL OF BUSINESSES

The profit or loss on disposal of businesses is included in profit for the year from discontinued operations in the statement of financial performance, refer to note 31.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015
Cash inflow on disposal of businesses	**111,7**
Cash receipts in respect of vendor loans	**10,0**
Net profit on disposal of businesses	**10,7**

35.1.1 Disposal of Tolcon business

The Group disposed of the majority of its Tolcon businesses' assets and liabilities, effective 31 August 2014 for a gross consideration of R186,3 million (R131,7 million net of working capital adjustment, transaction costs and other adjustments). Of the total consideration, R111,7 million was received on the effective date and R20,0 million was deferred; and is receivable within 24 months from closing date. Earlier payment of the deferred consideration is subject to certain contractual conditions. To date R10,0 million of the deferred consideration has been received in payments of R5,0 million each during November 2014 and January 2015 respectively. R10,0 million of the deferred consideration is still payable within 24 months from closing date; the timing of which is dependent on the meeting of certain contractual obligations.

The agreements for the disposal of the remaining Tolcon businesses, comprising of Cape Point Partnership, Entilini Operations Proprietary Limited and the investment in Entilini Concession Proprietary Limited, are only subject to final conditions precedent.

The disposal excludes the Group's investment in Bombela Concession Company Proprietary Limited and 23,9% investment in Bombela Operating Company Proprietary Limited.

	2015
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	**(11,9)**
Goodwill	**(7,4)**
Other intangible assets	**(131,9)**
Inventories	**(0,3)**
Trade and other receivables	**(60,8)**
Trade and other payables	**29,8**
Provisions for obligations	**38,8**
Subcontractor liabilities	**22,7**
Net assets disposed of	**(121,0)**
Consideration received in cash and cash equivalents (proceeds net of transaction costs)	**111,7**
Deferred consideration recognised as an asset	**20,0**
Profit on disposal of business	**10,7**
Net cash inflow on disposal of business	
Consideration received in cash and cash equivalents	**111,7**
Less: Cash and cash equivalent balances disposed of	**–**
	111,7

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

35 DISPOSAL/ACQUISITION OF BUSINESSES continued

35.2 ACQUISITION OF BUSINESSES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015
Consideration on acquisition of businesses	(164,2)
Contingent consideration	2,0
Net cash and cash equivalents acquired	17,6

35.2.1 Acquisition of CH-IV

Clough Limited ("Clough") acquired 100% of the shares of CH-IV on 6 August 2014, a boutique engineering company based in the United States of America ("USA") 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, for a consideration of R56,5 million.

CH-IV is currently well positioned in the USA market, having worked on the majority of LNG export projects. The deal provides Clough with an entry into the North American market, and a platform to expand its LNG engineering, commissioning, jetties & marine and brownfields services. This aligns with Clough's strategy to build a globally competitive LNG business and expand its global footprint.

The goodwill of R22,8 million is mainly attributable to the expertise of the CH-IV workforce and accessibility to the contracts in the United States of America engineering market.

The goodwill is expected to be deductible for tax purposes.

In accordance with the Share Purchase Agreement, there is no contingent/additional consideration that could become payable.

The net assets acquired at the date of acquisition:

	Note	2015 Acquiree's carrying value	2015 Fair value
Property, plant and equipment		0,5	0,5
Other intangible assets		4,2	4,2
Deferred taxation asset		11,8	11,8
Amounts due from contract customers		10,8	10,8
Trade and other receivables		0,7	0,7
Cash and cash equivalents		13,6	13,6
Trade and other payables		(4,8)	(4,8)
Subcontractor liabilities		(3,1)	(3,1)
Fair value of net assets acquired			33,7
Goodwill	4		22,8
Consideration paid			56,5
Consideration paid in cash and cash equivalents			56,5
Less: Cash and cash equivalent balances acquired			(13,6)
Net cash outflow on acquisition business			42,9

Impact of acquisitions on the results of the Group

The profit for the year includes an amount of R8,9 million that relates to the business acquired during the year. The revenue includes R92,6 million in respect of the business acquired during the year.

The effect on revenue of the Group from continuing operations would have been R98,1 million if the business had been acquired on 1 July 2014, and the profit for the year from continuing operations would have been R9,7 million.

35 DISPOSAL/ACQUISITION OF BUSINESSES continued

35.2 ACQUISITION OF BUSINESSES continued

35.2.2 Acquisition of Booth Welsh

Clough acquired 100% of the shares in Booth Welsh on 4 September 2014, a privately owned engineering services company based in Ayrshire, Scotland. Booth Welsh specialises in the provision of electrical, instrumentation and automation design, process consultancy, project management, implementation and commissioning services, for a consideration of R79,4 million.

The goodwill of R96,3 million is mainly attributable to the expertise of the Booth Welsh workforce and accessibility to the contracts in the European engineering market.

None of the goodwill is expected to be deducted for tax purposes.

In accordance with the Share Purchase Agreement, there is an earn out structure in place to retain key management personnel over three financial years ("earn out period"). This does not form part of the consideration and is treated as an employee cost over the earn out period.

The net liabilities acquired at the date of acquisition:

	Note	2015 Acquiree's carrying value	2015 Fair value
Property, plant and equipment		4,3	4,3
Other intangible assets		11,0	11,0
Deferred taxation asset		2,3	2,3
Amounts due from contract customers		71,4	71,4
Trade and other receivables		25,9	25,9
Cash and cash equivalents		4,0	4,0
Deferred taxation liability		(0,2)	(0,2)
Trade and other payables		(33,0)	(33,0)
Short term loans		(94,1)	(94,1)
Current taxation liability		(4,3)	(4,3)
Subcontractor liabilities		(4,2)	(4,2)
Fair value of net assets acquired			(16,9)
Goodwill	4		96,3
Consideration paid			79,4
Consideration paid in cash and cash equivalents			79,4
Less: Cash and cash equivalent balances acquired			(4,0)
Net cash outflow on acquisition of business			75,4

Impact of acquisitions on the results of the Group

The profit for the year includes an amount of R11,7 million that relates to the business acquired during the year. The revenue includes R272,2 million in respect of the business acquired during the year.

The effect on revenue of the Group from continuing operations would have been R341,7 million if the business had been acquired on 1 July 2014, and the profit for the year from continuing operations would have been R15,2 million.

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

35 DISPOSAL/ACQUISITION OF BUSINESSES continued

35.2 ACQUISITION OF BUSINESSES continued

35.2.3 Acquisition of Aquamarine

The Group completed the acquisition of the assets, liabilities and business of Aquamarine on 1 October 2014. This is a company that designs, manufactures and installs water treatment solutions, and offers a complete customised solution, including support for and maintenance of its installations. Aquamarine currently operates in a niche market for mainly small-to-medium size installations and has developed a network of resellers throughout the African continent that serves as an extended business development network. The acquisition will augment the Group's entry into the equipment and technology supply, as well as the operations and maintenance segments of the project value chain.

The goodwill of R29,2 million is mainly attributable to the expertise of Aquamarine's key management personnel and the synergies expected to be achieved from integrating the company into the Group's water business. These benefits are not recognised separately from goodwill, as they do not satisfy the recognition criteria for identifiable intangible assets.

None of the goodwill is expected to be deducted for tax purposes.

In accordance with the Share Purchase Agreement, a contingent payment of R2 million is payable in two equal instalments on the second and third year post acquisition; which is contingent on certain contractual conditions being satisfied. An earn out payment may be payable by the purchaser, which is dependent on the profits generated post acquisition. This does not form part of the consideration and is treated as an employee cost over the earn out period.

The net liabilities acquired at the date of acquisition:

	Note	2015 Acquiree's carrying value	2015 Fair value
Property, plant and equipment		0,2	0,2
Amounts due from contract customers		2,5	2,5
Trade and other receivables		1,2	1,2
Trade and other payables		(4,5)	(4,5)
Short term loans		(0,3)	(0,3)
Fair value of liabilities acquired			(0,9)
Goodwill	4		29,2
Consideration paid			**28,3**
Consideration paid			28,3
Less: Contingent consideration			(2,0)
Net cash outflow on acquisition of business			**26,3**

Impact of acquisitions on the results of the Group

The profit for the year includes an amount of R2,1 million that relates to the business acquired during the year. The revenue includes R25,2 million in respect of the business acquired during the year.

The effect on revenue of the Group from continuing operations would have been R29,9 million if the business had been acquired on 1 July 2014, and the profit for the year would have been R1,9 million.

36 NET MOVEMENT IN BORROWINGS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Loans raised	328,2	1 603,7
Loans repaid	(1 375,4)	(96,2)
	(1 047,2)	1 507,5
Capitalised leases repaid	(149,6)	(224,5)
	(1 196,8)	1 283,0

37 JOINT ARRANGEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS — 2015 — 2014

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

– Other joint ventures not included in this note relates to assets 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.

37.1.1 Investment in joint venture

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
As at the beginning of the year	–	–
Additions	46,0	–
	46,0	–
The carrying value of the investment may be analysed as follows:		
Net asset value	46,0	–
Share of post-acquisition earnings	–	–
	46,0	–

No further information is deemed necessary as this is a new joint venture at year end and no significant business activity has commenced as at 30 June 2015.

37.1.2 Summarised financial information in respect of the Group's joint operations

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Non-current assets	2 493,8	2 388,4
Current assets	2 379,1	3 989,8
Total assets	4 872,9	6 378,2
Non-current liabilities	931,0	819,7
Current liabilities	3 885,5	5 030,5
Total liabilities	4 816,5	5 850,2
Net assets	56,4	528,0
Revenue	7 738,0	15 810,3
Profit after taxation	502,2	1 079,3

NOTES TO THE AUDITED 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	2015 % Share-holding	2014 % 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
Murray & Roberts – Bahwan JV – Oman Marriot Hotel	Hotel construction	Oman	**50,0**	–
Oil & Gas				
BAM Clough Joint Venture	EPC's of near shore marine project	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 Ichthys 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.*

37.3 DETAILS OF SIGNIFICANT JOINT VENTURES

	Nature of activities	Principal place of business and country of incorporation	2015 % Share-holding	2014 % Share-holding
Infrastructure & Building				
Forum SA Trading 284 (Pty) Ltd	Property development	South Africa	**38,0**	–

No further information is deemed necessary as this is a new joint venture at year end and no significant business activity has commenced as at 30 June 2015.

38 CONTINGENT LIABILITIES

The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The 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 proceeding or claims against the Group will have a material adverse effect on the financial condition or future of the Group.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Contingent liabilities	**1 650,2**	1 507,8
Financial institution guarantees given to third parties	**8 017,7**	9 804,6
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to	**3 831,2**	5 893,5

During November 2013, in the dispute between Gauteng Province and Bombela Concession Company ("BCC"), the arbitration panel ruled in favour of Gauteng Province. The Group raised a provision of about R300 million in the prior financial year for its share of potential construction costs to be incurred by the Bombela Civils Joint Venture ("BCJV") (Murray & Roberts shareholding of 45%). The extent of any other potential financial impact, if any, related to the matter cannot be determined. Various matters between the parties, relating to the arbitration award, remain unresolved and will be heard in court. The timing of any future work is uncertain.

39 CAPITAL COMMITMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Approved by the directors, contracted and not provided in the statement of financial position	**18,5**	66,4
Approved by the directors, not yet contracted for	**500,5**	594,6
	519,0	661,0

40 OPERATING LEASE ARRANGEMENTS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
General operating leases		
Operating lease payments represents 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	**311,4**	306,9
Due between 2 and 5 years	**937,0**	903,9
Due thereafter	**391,3**	587,8
	1 639,7	1 798,6

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 the 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 liabilities range from on-demand to 364 days facilities and are supported by cross guarantees from group companies. The debt raised in Australia has been secured by the pledging of Murray & Roberts Proprietary Limited's (Australian company) shares and Clough shares.

The Group has a target gearing ratio of 20% – 25% determined on the proportion of net debt to equity.

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

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	2015	2014
Financial assets			
Financial assets designated as fair value through profit or loss (level 3)	7	**708,8**	669,3
Loans and receivables		**7 880,3**	9 606,7
Available-for-sale financial assets carried at fair value (level 1)		**0,1**	0,8
Derivative financial instruments (level 2)*		**0,1**	–
Financial liabilities			
Loans and payables		**9 179,1**	10 413,1
Derivative financial instruments (level 2)*		**2,7**	3,7

* *The derivative financial instruments' values have 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

41.3 MARKET RISK

The Group operates in various countries and is exposed to the market risk 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. A 1% increase in the Rand would have an inverse, proportionate impact. The sensitivity includes only foreign currency denominated monetary items and adjust 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	
	2015	2014	2015	2014
Australian Dollar	**18,9**	33,1	**(20,4)**	(28,6)
Canadian Dollar	**3,9**	4,2	**(1,2)**	(1,6)
European Euro	**0,9**	1,6	**(0,6)**	(1,2)
UAE Dirham	**17,9**	14,7	**(13,5)**	(12,2)
US Dollar	**7,9**	8,3	**(2,9)**	(5,4)

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 equivalent of commitment 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 OF RANDS	2015		2014	
Related to specific statement of financial position items	Foreign amount	Rand amount	Foreign amount	Rand amount
Bought				
European Euro	**–**	**–**	1,9	27,8
Singapore Dollar	**0,2**	**1,7**	7,2	61,4
US Dollar	**1,9**	**23,2**	–	–
		24,9		89,2
Sold				
Australian Dollar	**0,2**	**1,7**	9,3	93,6
		1,7		93,6

At 30 June 2015 the fair value of the Group's currency derivatives is estimated to be a profit of approximately Rnil (2014: Rnil). These amounts are based on quoted market prices for equivalent instruments at the reporting date which comprise R0,1 million assets (2014: Rnil) and liabilities of R2,7 million (2014: R3,7 million).

R0,1 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 of Rnil (2014: R0,6 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 amount of the significant financial assets are denominated in the following currencies (amounts shown are in Rand equivalent):

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Cash and cash equivalents		
Australian Dollar	**883,3**	1 941,2
Bahraini Dinar	**36,8**	36,7
Botswana Pula	**22,2**	27,0
British Pound	**79,5**	111,2
Canadian Dollar	**80,5**	199,0
Central African Franc	**8,9**	10,4
Egyptian Pound	**19,7**	7,0
European Euro	**59,7**	134,2
Ghanaian New Cedi	**60,2**	12,4
Indonesian Rupiah	**–**	31,2
Malaysian Ringgit	**55,0**	93,9
Mongolian Tughrik	**–**	15,6
Mozambican Metica	**4,9**	24,1
Omani Rial	**56,8**	–
Papua New Guinea Kina	**28,2**	74,1
Qatari Riyal	**17,5**	1,8
Saudi Arabia Riyal	**37,5**	32,6
Singapore Dollar	**18,9**	25,2
South African Rand	**675,9**	602,4
South Korean Won	**7,3**	45,4
Thai Baht	**59,2**	69,4
UAE Dirham	**143,4**	150,3
US Dollar	**347,4**	463,1
Zambian Kwacha	**166,4**	163,5
Other	**21,4**	28,8
	2 890,6	4 300,5

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
41.4 FOREIGN CURRENCY RISK MANAGEMENT continued		
Trade and net contract receivables		
Australian Dollar	**1 003,9**	1 367,8
Bahraini Dinar	**27,8**	24,3
Botswana Pula	**23,2**	17,5
British Pound	**96,3**	22,2
Canadian Dollar	**309,0**	225,5
European Euro	**28,9**	27,8
Ghanaian New Cedi	**8,5**	2,4
Malaysian Ringgit	**0,5**	22,6
Papua New Guinea Kina	**14,3**	13,5
Qatari Riyal	**14,0**	–
Saudi Arabia Riyal	**5,3**	38,7
South African Rand	**1 440,2**	1 413,7
South Korean Won	**23,2**	–
Thai Baht	**18,2**	80,2
UAE Dirham	**273,7**	119,3
US Dollar	**438,5**	364,7
Zambian Kwacha	**78,7**	92,5
Other	**24,4**	35,5
Gross receivables	**3 828,6**	3 868,2
Present value and other adjustments	**(75,2)**	(82,8)
	3 753,4	3 785,4
The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are the Rand equivalent):		
Bank overdrafts		
South African Rand	**–**	10,1
UAE Dirham	**43,8**	9,5
Other	**0,1**	4,3
	43,9	23,9
Trade payables and subcontractor liabilities		
Australian Dollar	**1 108,2**	1 045,9
Botswana Pula	**43,0**	–
British Pound	**59,1**	37,6
Canadian Dollar	**61,5**	96,1
European Euro	**62,1**	102,9
Indonesian Rupiah	**0,8**	30,2
Papua New Guinea Kina	**1,0**	79,9
Malaysian Ringgit	**11,9**	33,8
Saudi Arabia Riyal	**21,6**	2,5
Singapore Dollar	**3,4**	26,5
South African Rand	**1 121,1**	1 192,3
South Korean Won	**7,6**	–
Thai Baht	**20,9**	55,8
UAE Dirham	**1 310,3**	1 169,3
US Dollar	**289,1**	332,1
Zambian Kwacha	**29,2**	13,2
Other	**4,2**	8,2
Gross liabilities	**4 155,0**	4 226,3
Present value and other adjustments	**(1,0)**	(5,1)
	4 154,0	4 221,2

41 FINANCIAL RISK MANAGEMENT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
41.4 FOREIGN CURRENCY RISK MANAGEMENT continued		
Interest bearing liabilities		
Australian Dollar	**863,5**	1 656,8
Canadian Dollar	**63,4**	64,7
South African Rand	**506,5**	597,4
UAE Dirham	**–**	38,9
US Dollar	**–**	137,6
	1 433,4	2 495,4
Non-interest bearing borrowings		
Australian Dollar	**64,1**	154,8
European Euro	**–**	14,5
US Dollar	**–**	74,0
	64,1	243,3

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 derivative 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 the 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	2015	2014
South Africa		
Basis points increase	**100**	100
Effect on profit or loss	**0,4**	(2,3)
Australia		
Basis points increase	**100**	100
Effect on profit or loss	**(1,4)**	0,5
United Arab Emirates		
Basis points increase	**100**	100
Effect on profit or loss	**(0,4)**	(0,3)
Canada		
Basis points increase	**100**	100
Effect on profit or loss	**0,2**	1,3
United States of America		
Basis points increase	**100**	100
Effect on profit or loss	**2,2**	1,4

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 category of financial assets that are neither past due nor impaired ("not past due") are considered appropriate.

NOTES TO THE AUDITED FINANCIAL STATEMENTS continued

41 FINANCIAL RISK MANAGEMENT continued

41.6 CREDIT RISK MANAGEMENT continued

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 R6,6 million (2014: R19,5 million) and R379,6 million (2014: R493,6 million) respectively. An impairment of Rnil (2014: R1,3 million) was recognised on trade receivables. An amount of Rnil (2014: R20,2 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.

	Infrastructure & Building	Power & Water	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2015							
Cash and cash equivalents	**459,4**	**153,9**	**11,3**	**519,2**	**1 298,1**	**448,7**	**2 890,6**
Trade and other receivables (net of provisions)	**567,3**	**44,0**	**56,8**	**290,4**	**502,7**	**195,4**	**1 656,6**
Contract receivables (net of provisions)	**712,2**	**603,6**	**0,9**	**1 014,8**	**1 180,5**	**0,1**	**3 512,1**
Non-current receivables	**49,2**	**–**	**–**	**1,9**	**19,4**	**50,9**	**121,4**
Total assets subject to credit risk	**1 788,1**	**801,5**	**69,0**	**1 826,3**	**3 000,7**	**695,1**	**8 180,7**
Assets not subject to credit risk	**4 245,3**	**1 229,4**	**8,3**	**2 157,0**	**1 972,0**	**1 010,2**	**10 622,2**
	6 033,4	**2 030,9**	**77,3**	**3 983,3**	**4 972,7**	**1 705,3**	**18 802,9**
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
	6 764,4	1 823,8	255,4	3 656,6	5 926,8	1 383,6	19 810,6
Financial assets subject to credit risk*							
2015							
Not past due	**1 770,9**	**802,4**	**72,3**	**1 838,8**	**3 017,9**	**720,1**	**8 222,4**
Past due	**61,6**	**–**	**4,6**	**–**	**3,7**	**–**	**69,9**
Provisions for impairments	**(44,4)**	**(0,9)**	**(7,9)**	**(12,5)**	**(20,9)**	**(25,0)**	**(111,6)**
	1 788,1	**801,5**	**69,0**	**1 826,3**	**3 000,7**	**695,1**	**8 180,7**
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)
	2 803,2	836,7	255,1	1 583,9	3 879,8	498,8	9 857,5

* *Not past due relates to invoices not past the expected payment date for trade receivables, 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
2015					
Trade receivables	**25,2**	**10,7**	**9,1**	**6,1**	**51,1**
Contract receivables	**0,1**	**1,4**	**4,6**	**11,5**	**17,6**
Other receivables	**–**	**0,1**	**–**	**1,1**	**1,2**
	25,3	**12,2**	**13,7**	**18,7**	**69,9**
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

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 debts.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Infrastructure & Building	Power & Water	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties*	Group
2015							
Trade receivables	**0,4**	**0,9**	**7,9**	**0,6**	**1,6**	**25,0**	**36,4**
Contract receivables	**44,0**	**–**	**–**	**11,9**	**19,3**	**–**	**75,2**
	44,4	**0,9**	**7,9**	**12,5**	**20,9**	**25,0**	**111,6**
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

* *The provision remaining under Corporate & Properties relates to the provision transferred from long term receivables, in respect of disposal of businesses. The R75 million released in the current financial year has been transferred to other payables (note 23).*

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	Power & Water	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2015							
Balance at the beginning of the year	**50,6**	**–**	**4,9**	**12,5**	**17,9**	**75,0**	**160,9**
Raised during the year	**3,5**	**0,9**	**5,2**	**–**	**1,8**	**–**	**11,4**
Transfer from long term receivables	**–**	**–**	**–**	**–**	**–**	**25,0**	**25,0**
Released during the year	**(12,3)**	**–**	**(2,7)**	**–**	**(0,4)**	**(75,0)**	**(90,4)**
Foreign exchange movements	**2,6**	**–**	**0,5**	**–**	**1,6**	**–**	**4,7**
	44,4	**0,9**	**7,9**	**12,5**	**20,9**	**25,0**	**111,6**
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

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	2015	2014
Borrowing facilities		
Total borrowing facilities	**4 970,9**	6 047,9
Current utilisation	**(1 587,1)**	(2 453,5)
Borrowing facilities available	**3 383,8**	3 594,4

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 represents 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
2015				
Financial assets				
Cash and cash equivalents	11	**2 890,6**	**–**	**2 890,6**
Contract receivables	9	**3 512,1**	**–**	**3 512,1**
Trade and other receivables	10	**1 656,6**	**–**	**1 656,6**
Non-current receivables		**–**	**121,4**	**121,4**
Derivative financial instruments		**0,1**	**–**	**0,1**
Other investments	7	**61,6**	**647,2**	**708,8**
Financial liabilities				
Bank overdrafts	11	**43,9**	**–**	**43,9**
Interest bearing liabilities	18	**292,8**	**1 140,6**	**1 433,4**
Non-interest bearing liabilities	18	**64,1**	**–**	**64,1**
Trade and other payables	23	**4 355,4**	**–**	**4 355,4**
Derivative financial instruments		**2,7**	**–**	**2,7**
Subcontractor liabilities	22	**2 473,3**	**871,8**	**3 345,1**
Non-current payables		**–**	**99,8**	**99,8**
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

NOTES TO THE AUDITED 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	2015	2014
Amounts owed from/(to) related parties		
Unsecured interest bearing borrowings		
Amounts owing to joint operations	**(23,0)**	(34,2)
The amounts owing to the joint operations are unsecured with no fixed terms of repayment and bear interest at 5% (2014: 5%) per annum. The movement in amounts owing to joint operations represent the transactions for the year. Interest paid to joint operations amounted to R1,1 million (2014: R1,3 million) during the current financial year.		
Trade and other receivables		
Amounts owing from joint operations	**417,7**	532,8
Trade and other payables		
Amounts owing to joint operations	**453,7**	625,5
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:

	2015	2014
Salaries	**19,3**	21,7
Retirement fund contributions	**1,5**	1,6
Allowances	**0,9**	1,1
Other benefits	**0,1**	0,3
Total guaranteed remuneration	**21,8**	24,7
Performance related	**15,6**	26,9
	37,4	51,6

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 2015 was as follows:

	Total guaranteed remuneration R'000	Leave payouts* R'000	Performance related** R'000	Total R'000
2015				
AJ Bester	**4 310**	**–**	**2 265**	**6 575**
HJ Laas	**5 600**	**–**	**3 212**	**8 812**
	9 910	**–**	**5 477**	**15 387**
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

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

** *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2014: 20%) of the performance bonus was deferred into forfeitable share awards.*

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 0,36% (2014: 0,54%) 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 payments R'000	Total R'000
2015					
O Fenn***	**4 260**	**–**	**2 314**	**–**	**6 574**
K Gallagher	**13 155**	**–**	**6 856**	**–**	**20 011**
JN Govender	**3 400**	**–**	**1 728**	**–**	**5 128**
IW Henstock***	**3 355**	**–**	**1 425**	**–**	**4 780**
T Mdluli	**2 250**	**–**	**910**	**–**	**3 160**
FP Saieva[1]	**3 117**	**292**	**–**	**850**	**4 259**
RAG Skudder	**3 150**	**–**	**1 338**	**–**	**4 488**
2014					
O Fenn	4 100	–	2 342	–	6 442
K Gallagher****	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	2 100	–	1 617	–	3 717
FP Saieva	3 210	–	1 800	–	5 010
RAG Skudder	2 950	–	2 478	–	5 428

** *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2014: 20%) of the performance bonus was deferred into forfeitable share awards.*

*** *Due to vesting date being post retirement date there will be no deferral in the applicable financial year.*

**** *The contract payment relates to LTIs that vested under the old Clough LTI Scheme due to 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 to be once off.*

1 *FP Saieva resigned on 29 May 2015. Contract payment relates to three months notice pay as per his employment contract.*

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 2015 was:

	Directors fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Chairman's fee R'000	Total 2015 R'000	Total 2014 R'000
DD Barber	255	–	40	323	–	**618**	562
TCP Chikane[2]	–	–	–	–	–	**–**	66
NB Langa-Royds	255	–	40	278	–	**573**	569
R Havenstein[3]	235	–	40	204	–	**479**	–
JM McMahon	255	–	40	526	–	**821**	767
WA Nairn[4]	125	–	40	166	–	**331**	549
M Sello	–	–	–	–	1 253	**1 253**	1 151
RT Vice	255	–	40	454	–	**749**	715
	1 380	–	240	1 951	1 253	**4 824**	4 379

2 Resigned on 20 August 2013.
3 Appointed 1 August 2014.
4 Resigned on 1 January 2015.

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 scheme: The movements in share options and Letsema shares of executive directors during the year ended 30 June 2015 are:

Executive directors

GRANT DATE	Conditions	Outstanding options at 1 July 2014	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2015	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	Retention	89 780	25,24	–	**89 780**	30 Aug 2017
		809 360		–	**809 360**	
Laas, HJ						
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	Retention	150 080	25,24	–	**150 080**	30 Aug 2017
		799 980		–	**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 2014	Strike price (Rands)	Lapsed during the year	Outstanding options at 30 June 2015	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	Retention	56 280	25,24	–	**56 280**	30 Aug 2017
		273 360		–	**273 360**	
Govender, JN						
06 Mar 2007	Hurdle	40 200	42,33	–	**40 200**	06 Mar 2017
26 Aug 2009	Hurdle	40 200	40,19	–	**40 200**	26 Aug 2015
		80 400		–	**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	Retention	75 040	25,24	–	**75 040**	30 Aug 2017
		412 720		(33 500)	**379 220**	
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**	
Skudder, RAG						
06 Mar 2007	Special	20 100	42,33	–	**20 100**	06 Mar 2017
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	Retention	68 340	25,24	–	**68 340**	30 Aug 2017
		272 020		–	**272 020**	

NOTES TO THE AUDITED 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 2015 are:

	Balance at 1 July 2014	Granted during the year	Exercised/ Lapsed	Balance at 30 June 2015
Bester, AJ	267 000	241 000	–	**508 000**
Fenn, O	205 000	166 500	–	**371 500**
Govender, JN	150 000	161 000	–	**311 000**
Henstock, IW	170 000	145 000	–	**315 000**
Laas, HJ	374 500	369 000	–	**743 500**
Mdluli, T	93 500	110 000	–	**203 500**
Saieva, FP	166 000	143 000	(309 000)	**–**
Skudder, RAG	154 500	140 000	–	**294 500**

The movements in FSP STI shares of directors during the year ended 30 June 2015 are:

	Balance at 1 July 2014	Granted during the year	Exercised/ Lapsed	Balance at 30 June 2015
Bester, AJ	12 770	33 137	(4 256)	**41 651**
Fenn, O	6 672	17 357	(2 224)	**21 805**
Govender, JN	4 226	20 513	(1 408)	**23 331**
Henstock, IW	7 408	19 233	(2 469)	**24 172**
Laas, HJ	16 334	49 323	(5 444)	**60 213**
Mdluli, T	3 408	11 983	(1 136)	**14 255**
Saieva, FP	6 055	13 339	(19 394)	**–**
Skudder, RAG	6 557	18 364	(2 185)	**22 736**

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	
	2015	2014
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 THE REPORTING PERIOD

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2015 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.

The Group has recognised in prior years uncertified revenue relating to claims and variation orders on projects. This mainly relates to Gautrain Rapid Rail Link (Gautrain) and Dubai International Airport Concourse 2 (Dubai Airport).

The legal process in the Gautrain Delay & Disruption Claim is still in progress. Due to the complexity of this arbitration, the initial arbitration hearings were focussed on addressing the legal interpretation of various clauses in the Gautrain concession agreement. The Group reported on 8 July 2015 that the first two arbitration rulings (the right to proceed with a claim for additional costs incurred on two cantilever bridges and to an extension of time and compensation due to late handover of land) were largely in favour of the Bombela Concession Company. The legal basis of these claims have now firmly been established. The merit and quantum hearings will only be heard as from the first quarter of calendar year 2016 with financial conclusion only likely the following year. Any award will attract interest dating from 2009 to the date of award.

The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable. A cumulative balance of R2,2 billion (2014: R1,6 billion), has been recognised in the statement of financial position (note 9).

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

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 warranties, 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 (note 7);
- calculation of the fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, and the determination of taxation liabilities; and
- calculation of the fair value of items of investment property.

46 NEW STANDARDS AND INTERPRETATIONS

46.1 STANDARDS AND INTERPRETATIONS 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.

There were no new or amended standards or interpretations applicable for the current financial year.

STANDARD/INTERPRETATION	Type	Effective date
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Amendment	Financial years commencing on or after 1 January 2016
IFRS 7: Financial Instruments: Disclosures	Amendment	Financial years commencing on or after 1 January 2015
IFRS 9: Financial Instruments	New	Financial years commencing on or after 1 January 2018
IFRS 10: Consolidated Financial Statements	Amendment	Financial years commencing on or after 1 January 2016
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 2016
IFRS 15: Revenue from Contracts with Customers	New	Financial years commencing on or after 1 January 2018
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2016
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 January 2016
IAS 27: Separate Financial Statements	Amendment	Financial years commencing on or after 1 January 2016
IAS 28: Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2016
IAS 34: Interim Financial Reporting	Amendment	Financial years commencing on or after 1 January 2016
IAS 38: Intangible Assets	Amendment	Financial years commencing on or after 1 January 2016

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2015	2014
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**29,0**	9,1
Total non-current assets		**29,0**	9,1
Current assets			
Amount owing from subsidiary company	2	**3 586,8**	3 481,3
Amount owing from The Murray & Roberts Trust	3	**0,5**	0,8
Trade and other receivables		**–**	0,2
Cash and cash equivalents		**0,8**	0,8
Total current assets		**3 588,1**	3 483,1
TOTAL ASSETS		**3 617,1**	3 492,2
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserves		**29,5**	9,6
Retained earnings/(loss)		**2,1**	(102,9)
Total ordinary shareholders' equity		**3 614,4**	3 489,5
Current liabilities			
Trade and other payables		**2,7**	2,7
TOTAL EQUITY AND LIABILITIES		**3 617,1**	3 492,2

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Revenue		
Fees received from subsidiary company	**5,0**	4,7
Sundry revenue	**3,1**	–
Dividend received	**326,0**	–
Total expenses	**(5,8)**	(0,5)
Impairment reversal	**–**	4,2
Impairment of loan	**(0,3)**	–
Auditor's remuneration	**(0,1)**	(0,1)
JSE fees	**(0,2)**	(0,2)
Other	**(5,2)**	(4,4)
Profit before taxation	**328,3**	4,2
Taxation	**(1,0)**	–
Profit for the year	**327,3**	4,2
Other comprehensive income	**–**	–
Total comprehensive income for the year	**327,3**	4,2

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Capital redemption reserve	Share-based payment reserve	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited
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**
Total comprehensive income for the year	**–**	**–**	**–**	**327,3**	**327,3**
Recognition of share-based payment	**–**	**–**	**19,9**	**–**	**19,9**
Dividends declared and paid	**–**	**–**	**–**	**(222,3)**	**(222,3)**
Balance at 30 June 2015	**3 582,8**	**0,9**	**28,6**	**2,1**	**3 614,4**

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Profit before taxation	**2,3**	4,2
Adjustment for:		
Impairment of loan	**0,3**	–
Reversal of impairment	**–**	(4,2)
Changes in working capital	**0,2**	(0,3)
Decrease/(Increase) in trade and other receivables	**0,2**	(0,2)
Decrease in trade and other payables	**–**	(0,1)
Operating cash flow	**2,8**	(0,3)
Taxation paid	**(1,0)**	–
Dividends paid	**(222,3)**	–
Cash flows from operating activities	**(220,5)**	(0,3)
Dividend received	**326,0**	–
Cash flow from investing activities	**326,0**	–
Increase in amounts owing from subsidiary company	**(105,5)**	(44,3)
Decrease in amounts owing from The Murray & Roberts Trust	**–**	44,4
Cash flow from financing activities	**(105,5)**	0,1
Net decrease in cash and cash equivalents	**–**	(0,2)
Net cash and cash equivalents at the beginning of the year	**0,8**	1,0
Net cash and cash equivalents at the end of the year	**0,8**	0,8

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2015

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 14 to 26.

2 INVESTMENT IN SUBSIDIARY COMPANY

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Shares at cost	**0,4**	0,4
Investment in shares – FSP	**28,6**	8,7
Amount due	**3 586,8**	3 481,3
	3 615,8	3 490,4

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

3 AMOUNT OWING FROM THE MURRAY & ROBERTS TRUST

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Amount due	**235,6**	235,6
Impairment of amount owing	**(235,1)**	(234,8)
	0,5	0,8

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 exceeds its assets, fairly valued.

4 STATED CAPITAL

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

5 EMOLUMENTS OF DIRECTORS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
Executive directors (paid by subsidiary companies)	**9,9**	20,9
Non-executive directors (paid by the Company)	**4,8**	4,4
Number of directors at year end	**8**	9

Non-executive directors

WA Nairn resigned on 1 January 2015.

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

6 CONTINGENT LIABILITIES

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
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	**2 468**	3 250

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 subsidiary companies") at market value and on the following condition:

- 31 December 2015 call option

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

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

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

ANNEXURE 1
MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

a) Direct

	Issued share capital in Rands	Interest in issued share capital		Cost of investment		Loan account	
		2015 %	2014 %	2015 Rm	2014 Rm	2015 Rm	2014 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**3 260,8**	3 481,3

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest		Proportion of voting power held	
			2015 %	2014 %	2015 %	2014 %
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
Power & Water						
Wade Walker Proprietary Limited		101	**100**	100	**100**	100
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**	100	**100**	100
Corporate & Properties**						
Murray & Roberts Australia Proprietary Limited	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

* *The investments previously included under Infrastructure & Building (Tolcon Lehumo Proprietary Limited, Toll Road Concessionaires Proprietary Limited and PT Operational Services Proprietary Limited) are no longer considered major operating subsidiaries, as the assets and liabilities have been disposed in the current financial year.*

** *BRC Arabia (FZC) Limited and Murray & Roberts (Malaysia) Sdn. Bhd. (incorporated in Malaysia) are no longer considered major operating subsidiaries.*

*** *Northmid Corporate Park Proprietary Limited, although still in the process of being wound up, is no longer considered a major operating associate.*

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM) 2015 %	2014 %	Amount 2015 Rm	2014 Rm
Secured					
PPC Funding – repayment on receipt of funds from client	2015	**–**	6,00	**–**	38,9
Bullet repayment	2015	**–**	5,32	**–**	1 602,9
3 Year reducing RCF	2018	**3,24**	–	**841,9**	–
Bullet repayment	2015	**3,25**	4,25	**0,1**	137,6
				842,0	1 779,4
Unsecured					
Equal monthly instalments	2017	**4,76**	4,69	**21,7**	3,0
No fixed terms of repayment		**3,39**	3,70	**63,2**	64,7
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				**42,9**	34,8
Bank overdrafts				**43,9**	23,9
				171,7	126,4
Capitalised finance leases					
Varying rates of interest		**6,6 – 9,9**	6,6 – 9,9		
Plant and equipment				**210,4**	388,8
Specific project plant and equipment				**240,4**	213,3
Various plant and equipment financing				**12,8**	11,4
				463,6	613,5
Total Group				**1 477,3**	2 519,3
Reflected in the notes under:					
Long term loans (note 18)					
Interest bearing secured loans				**842,0**	137,6
Interest bearing unsecured loans				**6,2**	3,0
Capitalised finance leases				**292,4**	314,6
Bank overdrafts (note 11)				**43,9**	23,9
Short term loans (note 24)					
Current portion of long term borrowings				**121,2**	1 741,3
Current portion of capitalised finance leases				**171,6**	298,9
				1 477,3	2 519,3

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.
- **PPP Investments & Services** includes the Tolcon group of companies. Majority of the assets and liabilities have been disposed in the current financial year and disposal of the remaining entities is subject to final conditions precedent.

Power & Water engages in 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 businesses have been largely disposed of during the 2014 financial year. The remaining entities relate to the remnants of the Steel operations. Business activity is expected to be wound down during the 2016 financial year.

Underground Mining comprises of five constituents based in Johannesburg South Africa, North Bay in Ontario Canada, Salt Lake City in USA, Kalgoorlie 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 operates in four key disciplines, namely Engineering, Construction & Fabrication, Global Marine and Commissioning & Brownfields. It is based in Perth (Western Australia), with an engineering office in Cape Town (South Africa), Houston (USA) and Glasgow (United Kingdom).

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

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

Segmental assets
All operating assets used by a segment comprise principally of 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.

GROUP SEGMENTAL REPORT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Infrastructure & Building	Power & Water	Construction Products Africa	Underground Mining	Oil & Gas	Corporate & Properties	Group
2015							
Revenue*	**6 959**	**4 238**	**–**	**7 565**	**11 806**	**–**	**30 568**
Inter-segmental revenue	**60**	**56**	**–**	**14**	**–**	**38**	**168**
Gross revenue	**7 019**	**4 294**	**–**	**7 579**	**11 806**	**38**	**30 736**
Results							
Profit/(loss) before interest and taxation	**205**	**(134)**	**–**	**411**	**838**	**(195)**	**1 125**
Net interest (expense)/income	**(1)**	**17**	**–**	**3**	**172**	**(263)**	**(72)**
Profit/(loss) before taxation	**204**	**(117)**	**–**	**414**	**1 010**	**(458)**	**1 053**
Taxation (expense)/credit	**(9)**	**8**	**–**	**(164)**	**(40)**	**11**	**(194)**
Profit/(loss) after taxation	**195**	**(109)**	**–**	**250**	**970**	**(447)**	**859**
Income from equity accounted investments	**3**	**–**	**–**	**–**	**–**	**–**	**3**
Profit/(loss) from discontinued operations	**29**	**–**	**19**	**–**	**(3)**	**(13)**	**32**
Non-controlling interests	**(9)**	**(4)**	**–**	**–**	**–**	**–**	**(13)**
	218	**(113)**	**19**	**250**	**967**	**(460)**	**881**
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)
	194	149	414	132	632	(260)	1 261

* *Segmental revenue reported represents revenue generated from external customers.*

GROUP SEGMENTAL REPORT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Infrastructure & Building**	Power & Water	Construction Products Africa***	Underground Mining	Oil & Gas	Corporate & Properties****	Group
Operating segments								
2015								
Statement of financial position								
Segmental assets	1	**5 535**	**1 864**	**60**	**3 403**	**3 675**	**716**	**15 253**
Segmental liabilities	2	**4 869**	**1 188**	**26**	**1 779**	**2 808**	**1 330**	**12 000**
Investments in associate companies*		**28**	**–**	**–**	**–**	**–**	**–**	**28**
Assets classified as held-for-sale*		**21**	**–**	**2**	**–**	**61**	**–**	**84**
Liabilities directly associated with a disposal group held-for-sale*		**4**	**–**	**–**	**–**	**–**	**–**	**4**
Other information								
Purchases of property, plant and equipment		**86**	**28**	**–**	**257**	**46**	**8**	**425**
Purchases of other intangible assets		**1**	**–**	**–**	**5**	**59**	**60**	**125**
Depreciation		**117**	**83**	**–**	**261**	**90**	**24**	**575**
Amortisation of other intangible assets		**1**	**1**	**–**	**3**	**26**	**11**	**42**
Impairment of property, plant and equipment		**–**	**1**	**–**	**4**	**4**	**–**	**9**
Impairment of receivables		**9**	**–**	**4**	**2**	**3**	**–**	**18**
Number of employees		**13 099**	**6 274**	**–**	**7 572**	**2 495**	**141**	**29 581**
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		14 220	7 725	–	7 686	4 918	163	34 712

* *Amounts included in segmental assets and liabilities.*

** *Infrastructure & Building includes amounts for Tolcon that have been classified as discontinued operations in the 2014 financial 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.*

GROUP SEGMENTAL REPORT continued

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2015	2014
NOTES		
1 RECONCILIATION OF SEGMENTAL ASSETS		
Total assets	**18 803**	19 811
Cash and cash equivalents	**(2 891)**	(4 301)
Current taxation assets	**(63)**	(5)
Deferred taxation assets	**(596)**	(427)
Segmental assets	**15 253**	15 078
2 RECONCILIATION OF SEGMENTAL LIABILITIES		
Total liabilities	**12 280**	13 879
Bank overdrafts	**(44)**	(24)
Current taxation liabilities	**(103)**	(90)
Deferred taxation liabilities	**(133)**	(142)
Segmental liabilities	**12 000**	13 623

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 and other.

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Revenue 2015	Revenue 2014	Non-current assets* 2015	Non-current assets* 2014
Southern Africa	**14 035**	13 615	**3 678**	3 733
Middle East	**940**	936	**1 375**	1 205
Australasia & South East Asia	**12 628**	18 670	**1 320**	1 305
North America & other	**2 965**	2 818	**674**	654
	30 568	36 039	**7 047**	6 897

* *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 R4,7 billion individually makes up more than 10% of the Group's revenue.

KUSILE POWER STATION, MPUMALANGA, SOUTH AFRICA

Once completed, the Kusile Power Station will be the fourth-largest coal-fired power station in the world and will comprise six units, each rated at 800MW installed capacity. Kusile will be the first power station in South Africa to install flu-gas desulphurisation, which is an atmospheric emission abatement technology in line with current international practice. Each supercritical tower boiler will be approximately 115 metres high and it is estimated that 115 400 tonnes of structural steel will be used in the construction of the six units and the balance of plant.