ANNUAL FINANCIAL STATEMENTS

2019

GATHERING MOMENTUM

UNDERGROUND MINING + OIL & GAS + POWER & WATER

CONTENTS

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

	Page
Responsibilities of directors for annual financial statements	01
Certification by company secretary	01
Audit & sustainability committee report	02 – 04
Independent auditor's report	05 – 09
Report of directors	10 – 13
Consolidated statement of financial position	14
Consolidated statement of financial performance	15
Consolidated statement of comprehensive income	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
Accounting policies	19 – 31
Notes to the audited financial statements	32 – 83
Murray & Roberts Holdings Limited Company financial statements	84 – 87
Annexure 1 – Major operating subsidiaries and associate companies	88
Annexure 2 – Interest bearing borrowings	89
Annexure 3 – Group segmental reporting	90 – 93

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The directors of Murray & Roberts Holdings Limited ("Company") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and Murray & Roberts Holdings Limited and its subsidiaries ("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 No. 71 of 2008 ("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 Murray & Roberts Board of directors ("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 chief audit executive and comprises both internal employees and external resources when required. 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.

The Group continues to address any control weaknesses which are identified, however, 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 IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 46. The annual financial statements have been compiled under the supervision of DF Grobler (CA)SA, (Group financial director) and have been audited in terms of Section 30(2) 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 external 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 05 to 09.

Approval of annual financial statements

The annual financial statements of the Company and the Group for the year ended 30 June 2019 as set out on pages 02 to 93 were approved by the Board of directors on 12 September 2019 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

CERTIFICATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2019

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2019, 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
Group company secretary
12 September 2019

AUDIT & SUSTAINABILITY COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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 Listings Requirements of the Johannesburg Stock Exchange ("JSE") Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The committee 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 non-audit related services are pre-approved and notified.

Membership

Disclosed under the Group directorate in the Integrated Report.

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief 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 International Financial Reporting Standards;
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology 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.

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 of South Africa.

Effectiveness of the external audit process

The committee reviews the quality and effectiveness of the external audit process. In particular, the committee considers the independence of the external auditor. In this regard, the committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis. The designated auditor, Graeme Berry, has served in this capacity since FY2017. The committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence. The committee is satisfied that the external auditor is independent.

The Independent Regulatory Board for Auditors ("IRBA") published the rule on Mandatory Audit Firm Rotation in 2017. Public Interest Entities are now required to rotate their audit firms with effect from financial years commencing after 1 April 2023.

The Committee decided to early adopt IRBA's Mandatory Audit Firm Rotation requirements and after following due process as set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements, recommended the appointment of PwC as the Company's external auditor with Michal Kotzé as designated lead audit partner.

The appointment of PwC as external auditor will be for the financial year ending 30 June 2020 and the current auditors, Deloitte, completed the audit of the financial results for the financial year ending 30 June 2019. PwC will be appointed post the finalisation of the current year audit by Deloitte.

Shareholders will be asked to approve the appointment of PwC as external auditors for Murray & Roberts at the Company's 2019 Annual General Meeting, scheduled on 28 November 2019.

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 internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. 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 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 identify, as well as focus areas highlighted by the 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 independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the committee in June 2019 and determined to be appropriate and consistent with the internal audit strategy and mandate. The committee approved internal audit's risk-based audit plan for financial year 2020. 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;
- 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.

Internal financial controls

The internal audit plan works on a multi-year programme and based on the work and findings to date of the Group's system of internal control and risk management in 2019, which included the design implementation and effectiveness of internal control, 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.

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 are agreed procedures for the committee to seek professional independent advice at the Company's expense.

Integrated reporting

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

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

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 IV 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.

Key audit matters

Key audit matters are those that, Deloitte & Touche, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Recognition of contract revenue, margin and related receivables and liabilities,
- Recognition and recoverability of claims and variation orders, and
- Adoption of IFRS 15 and adjustment processed to opening equity

Significant areas of judgement

Further information on significant areas of judgement can be found in note 45.

Consolidated and separate financial statements and integrated report

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE.
The Committee recommended the annual integrated report and the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit Committee chair
12 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MURRAY & ROBERTS HOLDINGS LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Murray & Roberts Holdings Limited (the Company) and its subsidiaries (the Group) set out on pages 14 to 93, which comprise the statements of financial position as at 30 June 2019, and the statements of financial performance, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 30 June 2019, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the company for the period.

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW THE MATTER WAS ADDRESSED IN THE AUDIT</th></tr>
<tr><td>Recognition of contract revenue, margin and related receivables and liabilities</td><td></td></tr>
<tr><td>
The industry in which the Group operates is characterised by contract risk with significant judgements involved by the Directors in the assessment of both current and future contract financial performance.
For certain contracts, primarily fixed price contracts, revenue is recognised based on the stage of completion of individual contracts, calculated on the proportion of total costs at the reporting date compared to the estimated total costs of the contracts.
The status of contracts is updated on a regular basis. In doing so the Directors are required to exercise judgement in their assessment of the valuation of contract variations and claims (specifically considered in the key audit matter below) and liquidated damages as well as the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within forecast timescales. The potential final contract values can cover a wide range of outcomes. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative. As a result of the above this is considered a Key audit matter.
Accounting for the revenue recognition process, which requires significant judgement, is guided by Accounting Policy note 1.23. The respective amounts are disclosed in note 26.
</td><td>
Our work on the recognition of contract revenue, margin and related receivables and liabilities included:

Consideration of the appropriateness of the Group's revenue recognition policies, including whether costs are a reasonable measure of progress towards complete satisfaction of the related performance obligation;
An assessment of the design and implementation of key controls over the recognition of contract revenue and margin;
Attendance of contract review meetings prior to and post the reporting date;
Testing a sample of contracts in order to challenge both current and future financial performance;
For sampled contracts, challenging the Directors' key judgements inherent in the forecast costs to complete that drive the accounting under the percentage of completion method, including, where appropriate:

a review of the contract terms and conditions through review of contract documentation;
testing the existence and valuation of claims and variations within contract costs via inspection of correspondence with customers and the supply chain;
a review of legal and contracting experts' reports received on contentious matters;
obtaining an understanding of the assumptions applied in determining the forecasts;
an assessment of budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and
a review of post balance sheet contract performance to support period end judgements.

An assessment of the recoverability of related receivables, including testing of post period end cash receipts and completeness of any contract loss provisions through completion of the above procedures;
Additional reviews of contracts where significant risks of material misstatement had been identified, including where necessary the use of an auditor's expert; and
Consideration of the adequacy of disclosures regarding contract revenues, assets and liabilities

Our procedures led us to conclude that the recognition, measurement and disclosure or revenues and costs associated with contracts and the related assets and liabilities are reasonable.
</td></tr>
</table>

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Recognition and recoverability of claims and variation orders	
Accounting for claims and variation orders in contracts requires the exercise of judgement by the Directors as to the extent to which claims and variation orders should be included in revenue. This requires careful assessment of the uncertainties which arise. All claims and variation orders at the reporting date are re-assessed by the Directors to confirm that it is still appropriate to recognise them in terms of Accounting Policy note 1.23 and that the amounts are appropriately valued and disclosed in the financial statements. Due to their uncertain and sometimes long-outstanding nature, claims and variation orders taken to book remain a risk in terms the constraint that it should be "highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur" when the uncertainty associated with the claims and variations orders is subsequently resolved (IFRS 15: Revenue from Contracts with Customers (IFRS 15) (IFRS 15.56) and the Directors are required to make a judgement as in this regard. As at 30 June 2019, the Group reflected R732 million (30 June 2018: R1 292 million) in net uncertified revenue as disclosed in note 8. This uncertified revenue relates primarily to the Middle East operations and the Power & Water operations.	Our work on the recognition and recoverability of claims and variation orders included, where appropriate: + An assessment of the design and implementation of key controls as described in the audit response to the key audit matter set out above; + Obtain an understanding of current period developments, to confirm whether circumstances had changed that would require a different position to be taken; + Review of correspondence relating to claims and variation orders taken to book; + Engaging an auditor's expert to examine the correspondence and dossiers relating to the more significant claims and variation orders to independently determine the probability of the success of the claims and the recoverability thereof; + A review of legal experts' reports, and discussion with such legal experts where necessary, on the progress of claims and variation orders that had progressed to dispute resolution or arbitration processes; + Assessment of the judgements and estimates determined in taking the claims and variation orders to book, challenging the Directors regarding the key estimates and validating those with supporting evidence; + An assessment of the recoverability of related receivables, including testing of post period end cash receipts; + Additional reviews of the project status of projects in the Middle East and selected other projects with uncertified revenue; and + Agreeing the amounts disclosed to IFRS requirements. Based on our findings from the above procedures, the recognition, measurement and disclosure in respect of claims and variation orders are appropriate.
Adoption of IFRS 15 and adjustment processed to opening equity	
The Group adopted IFRS 15 in the current financial year. As part of this adoption, the Group reassessed all uncertified revenue previously recognised. In terms of revenue recognition, IFRS 15 requires that revenue in respect of claims and variation orders be limited to the extent that it is "highly probable" that a significant reversal will not occur in future. This increases the threshold for revenue recognition. The previous threshold was that claims and variation orders should be "probable". The total adjustment to uncertified revenue and revenue previously recognised, reflected as an adjustment to opening equity, amounted to R1,1 billion. The Group's disclosure around the IFRS 15 adjustment to opening equity is included in note 46.	Our work on the Group's adoption of IFRS 15 and adjustment processed to opening equity included: + Discussions with management regarding the judgements and estimates determined with respect to the uncertified revenue recognised at 1 July 2018, in the context of the audit work performed on the uncertified revenue for the 2018 financial year end; + Assessing uncertified claims recognised and the probabilities of recoverability at 1 July 2018 against the recognition criteria of IFRS 15; and + In the Middle East and Power & Water platforms, engaging an auditor's expert to apply the merits of uncertified claim recognised against the measurement criteria of IFRS 15. Based on our findings from the above procedures, the adjustment to opening equity with respect to the adoption of IFRS 15 is reasonable.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit & Sustainability Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

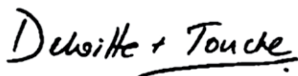
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of changes to the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Murray & Roberts Holdings Limited for 117 years.



Deloitte & Touche
Registered Auditor

Per: GM Berry
Partner
12 September 2019

Deloitte & Touche
The Woodlands
20 Woodlands Drive
Woodmead, Sandton
2146

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2019

This report presented by the directors is a constituent of the consolidated and separate annual financial statements at 30 June 2019, 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 underground mining, oil & gas and power & water markets.

The Company does not trade and its activities are undertaken through 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 2019 the Group recorded attributable earnings of R337 million (FY2018: R267 million), representing diluted earnings per share of 83 cents (FY2018: 66 cents). Diluted headline earnings per share was 78 cents (FY2018: 46 cents).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with IFRS. 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 IFRS 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

The Group's uncertified revenue is included in amounts due from and to contract customers in the statement of financial position. The uncertified revenue 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), relating mainly to claims on projects in the Middle East and in Power & Water.

A cumulative total revenue of R0,7 billion being amounts due from contract customers (net of payments received on account of R290 million (FY2018: R288 million)) has been recognised in the statement of financial position at 30 June 2019 (FY2018: R1,3 billion) as the Group's uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is in accordance with IFRS 15: *Revenue from Contracts with Customers*.

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year and the business recorded an operating loss of R56 million (FY2018: R34 million operating loss), primarily due to ongoing legal costs and a small overhead cost. Going forward, the business in the Middle East is expected to be accounted for as a discontinued operation.

Resolution of these extremely complex legal and financial claims and variation instructions is 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 2019.

Implementation of IFRS 15 (Revenue from Contracts with Customers)

The Group has applied IFRS 15 for the first time in the current financial year. IFRS 15 superseded all previous revenue requirements in IFRS (IAS 11: *Construction Contracts*, IAS 18: *Revenue*, IFRIC 13: *Customer Loyalty Programmes*, IFRIC 15: *Agreements for the Construction of Real Estate*, IFRIC 18: *Transfers of Assets from Customers* and SIC 31: *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers.

The cumulative effect of initially applying IFRS 15 was concluded at an amount of R1,1 billion at 1 July 2018. The IFRS 15 adjustment relates mainly to amounts in the Power & Water platform and the Middle East. The Group remains confident that all revenue recorded as uncertified will be certified and paid once attendant commercial matters have been resolved.

Refer to note 46 New standards and interpretations for more detail.

New standards not yet effective

Implementation of IFRS 16 (Leases)

In the 2020 financial year IFRS 16 will be implemented, as the standard is applicable to financial years commencing on or after 1 January 2019.

The Group has decided that it will apply this standard to its leases retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore comparatives will not be restated.

The cumulative effect of initially applying IFRS 16 is currently estimated to be between R0,7 billion and R1,1 billion as at 1 July 2019. This will result in both the recognition of a right-of-use asset and a lease liability in terms of the standard.

Refer to note 46 New standards and interpretations for more detail.

Segmental disclosure

The Group operated under three strategic platforms in financial year 2019. 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 2019 are contained in note 12 of the consolidated financial statements.

Particulars relating to the Vulindlela Trust are set out in note 13 of the consolidated financial statements.

At 30 June 2019 the Vulindlela Trust held 10 624 366 (FY2018: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 452 905 (FY2018: 5 759 573) 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% (FY2018: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2018: 22 236 806) 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 5 092 328 shares (FY2018: 4 696 591). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

3 Dividend

The Board reconsidered the Company's dividend policy and decided to maintain a stable annual dividend. This annual dividend will be subject to the Group's financial position and market circumstances and may be supplemented from time-to-time with a special dividend. Considering the Group's strong cash position, the Board resolved to increase the gross annual dividend to 55 cents (FY2018: 50 cents) per ordinary share for the year ended 30 June 2019. The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 44 cents per share to those shareholders who are not exempt from paying dividend tax. The dividend has been declared from income reserves.

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

The relevant dates are:

EVENT	DATE
Last day to trade (cum-dividend)	Tuesday, 1 October 2019
Shares to commence trading (ex-dividend)	Wednesday, 2 October 2019
Record date (date shareholders recorded in books)	Friday, 4 October 2019
Payment date	Monday, 7 October 2019

No share certificates may be dematerialised or rematerialised between Wednesday, 2 October 2019 and Friday, 4 October 2019, both dates inclusive.

On Monday, 7 October 2019, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. No dividend will be paid to shareholders who have not provided their banking details to the transfer secretary (Link Market Services South Africa Proprietary Limited). Accordingly, for non-compliant shareholders, their cash dividend will remain unpaid until such time as they have provided relevant banking details to the transfer secretary. No interest will be paid for unpaid dividends.

Shareholders who hold their shares in dematerialised form will have their accounts held by the Central Securities Depository Participant or broker credited with their dividend on Monday, 7 October 2019.

4 Subsidiaries and investments

Acquisitions

Acquisition of Gulf Coast Division

On 15 February 2019, Clough USA Inc., which forms part of the Oil & Gas platform, acquired the business of Saulsbury Industries Inc., Gulf Coast division for a consideration of R79 million.

In accordance with the asset purchase agreement an additional consideration of up to approximately R42,3 million may be payable to Saulsbury Industries Inc., subject to the successful award of a significant contract within the US to Clough USA Inc. R38,6 million of this amount has been recognised as contingent consideration at statement of financial position date.

With respect to the above mentioned contingent consideration, in August 2019, Clough US Inc. was awarded a petrochemical engineering, procurement and construction contract (EPC) in the US, valued at $620 million. Clough US Inc. expects to receive full notice to proceed on the project by October.

The acquisition of the Gulf Coast division was structured through an acquisition of assets.

The Gulf Coast division's capabilities includes engineering services, a construction operation, equipment hire, a project controls organisation and a supply chain organisation. The acquisition aligned with Clough's strategy to extend the Oil & Gas platform's EPC service offering to the growing oil and gas and petrochemical sectors in North America.

The net cash outflow arising from the acquisition was R79 million.

Acquisition of Terra Nova Technologies ("TNT")

On 1 May 2019, Cementation Americas, which forms part of the Underground Mining platform, acquired 100% of TNT for a total consideration of R635 million.

The acquisition of the TNT business was structured through an acquisition of assets of TNT USA Inc. and a 100% share purchase of TNT Chile Limitada.

TNT provides services to the global mining industry (both surface and underground) and design, supply and commission overland conveyors, crushing/conveying systems, mobile stacking systems, including dry stack tailings and heap leach systems, crushing and screening plants and in-pit crushing and conveying systems. TNT also provides process equipment for mining projects. The acquisition of TNT complements the engineering and construction services of Cementation Americas and the Underground Mining platform.

The net cash outflow arising from the acquisition was R585,6 million.

Refer to note 35 for more details on the above acquisitions.

Discontinued operations

Discontinued operations include the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. These operations meet the requirements in terms of IFRS 5: *Discontinued Operations* and have been presented as discontinued operations in the Group's statement of financial performance.

5 Special resolution

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

1. Fees payable quarterly in arrears to non-executive directors.
2. Financial assistance to related or inter related parties.

6 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 2019 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period. Such events include, but are not limited to the receipt of the vendor loan receivable outstanding at year end as well as the acquisition of OptiPower Projects by the Power & Water platform, effective 1 July 2019. The above mentioned events were non-adjusting events and hence had no impact on the Group's results for the year ended 30 June 2019.

7 Interest of directors

The directors of the Company held direct beneficial interests in 1 059 813 ordinary shares of the Company's issued ordinary shares (FY2018: 724 256). Details of the ordinary shares held per individual director are listed below and also set out in note 42.

BENEFICIAL	Direct	Indirect
30 June 2019		
DF Grobler	**108 296**	**1 088 242**
HJ Laas	**951 517**	**1 923 326**
30 June 2018		
DF Grobler	41 569	836 567
HJ Laas	682 687	1 862 390

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

SP Kana (chairman); R Havenstein; NB Langa-Royds; XH Mkhwanazi; KW Spence; AK Maditsi; TE Mashilwane and DC Radley.

Executive

HJ Laas (Group chief executive) and DF Grobler (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

The appointment of PwC as external auditor will be for the financial year ending 30 June 2020 and the current auditors, Deloitte, will complete the audit of the financial results for the financial year ending 30 June 2019. PwC will be appointed post the finalisation of the current year audit by Deloitte.

Shareholders will be asked to approve the appointment of PwC as external auditors for Murray & Roberts at the Company's 2019 Annual General Meeting, scheduled on 28 November 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	**2 203,4**	1 995,7
Investment property	3	**–**	–
Goodwill	4	**916,4**	615,8
Other intangible assets	5	**483,7**	171,3
Investment in joint ventures	37	**111,4**	72,1
Investments in associate companies	6	**4,5**	2,9
Other investments	7	**1 436,7**	1 311,5
Deferred taxation assets	21	**421,7**	385,3
Amounts due from contract customers	9	**–**	568,1
Non-current receivables		**107,8**	130,0
Total non-current assets		**5 685,6**	5 252,7
Current assets			
Inventories	8	**337,2**	279,2
Amounts due from contract customers	9	**5 156,7**	5 089,0
Trade and other receivables	10	**1 668,7**	1 076,0
Current taxation assets	34	**13,9**	74,1
Cash and cash equivalents	11	**3 455,0**	2 464,2
Total current assets		**10 631,5**	8 982,5
Assets classified as held for sale	31	**21,2**	50,5
Total assets		**16 338,3**	14 285,7
EQUITY AND LIABILITIES			
Stated capital	12	**2 593,7**	2 591,3
Reserves	14 & 15	**1 026,1**	1 058,7
Retained Earnings		**2 096,8**	3 046,4
Equity attributable to owners of Murray & Roberts Holdings Limited		**5 716,6**	6 696,4
Non-controlling interests	16	**34,1**	47,5
Total equity		**5 750,7**	6 743,9
Non-current liabilities			
Long term loans	18	**1 127,4**	146,8
Retirement benefit obligations	19	**12,2**	12,8
Long term provisions	20	**80,1**	125,7
Deferred taxation liabilities	21	**74,4**	74,5
Non-current payables		**129,2**	145,3
Total non-current liabilities		**1 423,3**	505,1
Current liabilities			
Amounts due to contract customers	9	**2 819,9**	1 527,0
Trade and other payables	23	**4 357,2**	3 396,3
Short term loans	24	**521,4**	296,1
Current taxation liabilities	34	**134,9**	63,0
Provisions for obligations	25	**220,9**	232,7
Subcontractor liabilities	22	**1 074,5**	1 410,8
Bank overdrafts	11	**35,5**	110,8
Total current liabilities		**9 164,3**	7 036,7
Liabilities classified as held for sale	31	**–**	–
Total liabilities		**10 587,6**	7 541,8
Total equity and liabilities		**16 338,3**	14 285,7

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Continuing operations			
Revenue	26	**20 167,0**	21 847,0
Continuing operations excluding Middle East		**20 112,6**	21 379,5
Middle East		**54,4**	467,5
Profit before interest, depreciation and amortisation		**1 268,1**	1 330,6
Depreciation		**(418,4)**	(428,6)
Amortisation of intangible assets		**(58,8)**	(38,2)
Profit before interest and taxation	27	**790,9**	863,8
Continuing operations excluding Middle East		**846,7**	898,2
Middle East		**(55,8)**	(34,4)
Interest expense	28	**(125,5)**	(104,4)
Interest income	29	**72,4**	63,3
Profit before taxation		**737,8**	822,7
Taxation expense	30	**(296,9)**	(297,7)
Profit after taxation		**440,9**	525,0
(Loss)/income from equity accounted investments		**(4,2)**	20,9
Profit for the year from continuing operations		**436,7**	545,9
Loss from discontinued operations	31	**(90,6)**	(278,1)
Profit for the year		**346,1**	267,8
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**336,9**	266,8
Non-controlling interests	16	**9,2**	1,0
		346,1	267,8

Basic and diluted earnings per share were 85 cents (2018: 67 cents) and 83 cents (2018: 66 cents) respectively.
Continuing basic and diluted earnings per share were 108 cents (2018: 137 cents) and 105 cents (2018: 134 cents) respectively.
For further details refer to note 32.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Profit for the year		**346,1**	267,8
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(2,9)**	3,2
		(2,9)	3,2
Items that may be reclassified subsequently to profit or loss:			
Exchange (losses)/gains on translating foreign operations and realisation of reserve	14 & 16	**(27,4)**	94,9
		(27,4)	94,9
Other comprehensive (loss)/income for the year net of taxation		**(30,3)**	98,1
Total comprehensive income		**315,8**	365,9
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**305,0**	362,9
Non-controlling interest		**10,8**	3,0
		315,8	365,9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

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 2017	2 566,1	891,6	104,8	2 978,2	**6 540,7**	64,5	**6 605,2**
Total comprehensive income for the year	–	92,9	3,2	266,8	**362,9**	3,0	**365,9**
Treasury shares disposed (net)	25,2	–	–	–	**25,2**	–	**25,2**
Transfer to retained earnings	–	–	(1,5)	1,5	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(53,9)	–	**(53,9)**	–	**(53,9)**
Recognition of share-based payment	–	–	21,6	–	**21,6**	–	**21,6**
Repayment of equity loans from non-controlling interests	–	–	–	–	**–**	(20,0)	**(20,0)**
Dividends declared and paid	–	–	–	(200,1)	**(200,1)**	–	**(200,1)**
Balance at 30 June 2018	2 591,3	984,5	74,2	3 046,4	**6 696,4**	47,5	**6 743,9**
Impact of IFRS 9 adjustment	–	–	–	(8,8)	**(8,8)**	–	**(8,8)**
Impact of IFRS 15 adjustment	–	–	–	(1 071,7)	**(1 071,7)**	(24,2)	**(1 095,9)**
Balance at 01 July 2018 restated	2 591,3	984,5	74,2	1 965,9	**5 615,9**	23,3	**5 639,2**
Total comprehensive (loss)/income for the year	–	(29,0)	(2,9)	336,9	**305,0**	10,8	**315,8**
Treasury shares disposed (net)	2,4	–	–	–	**2,4**	–	**2,4**
Transfer to retained earnings	–	–	(1,0)	1,0	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(31,6)	–	**(31,6)**	–	**(31,6)**
Recognition of share-based payment	–	–	31,9	–	**31,9**	–	**31,9**
Dividends declared and paid	–	–	–	(207,0)	**(207,0)**	–	**(207,0)**
Balance at 30 June 2019	2 593,7	955,5	70,6	2 096,8	**5 716,6**	34,1	**5 750,7**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Cash flows from operating activities			
Receipts from customers		21 148,1	22 624,0
Payments to suppliers and employees		(19 584,8)	(21 690,3)
Cash generated from operations	33	1 563,3	933,7
Interest received		74,1	65,5
Interest paid		(120,2)	(111,8)
Taxation paid	34	(206,0)	(174,0)
Operating cash flow		1 311,2	713,4
Dividends paid to owners of Murray & Roberts Holdings Limited		(207,0)	(200,1)
Net cash inflow from operating activities		1 104,2	513,3
Cash flows from investing activities			
Acquisition of businesses	35	(664,5)	–
Dividends received from associate companies	6	–	19,6
Acquisition of associate	6	(2,0)	–
Purchase of intangible assets other than goodwill	5	(50,4)	(13,5)
Purchase of property, plant and equipment	2	(142,0)	(311,5)
– Replacements		(41,2)	(78,3)
– Additions		(774,9)	(358,0)
– Capitalised finance leases raised (non-cash)		674,1	124,8
Purchase of property, plant and equipment by entities classified as held for sale		–	(0,8)
Proceeds on disposal of property, plant and equipment		208,2	115,6
Net inflow on disposal of business		–	39,6
Proceeds on disposal of investment in associate		–	87,0
Purchase of additional investments		–	(357,9)
Cash related to assets held for sale		–	1,5
Proceeds from realisation of investment	7	183,5	220,1
Other		(0,2)	1,2
Net cash outflow from investing activities		(467,4)	(199,1)
Cash flows from financing activities			
Net acquisition of treasury shares		(36,2)	(28,7)
Loans raised^		876,7	59,2
Loans repaid^		(161,9)	(109,8)
Capitalised leases repaid^	36	(165,1)	(167,0)
Net cash inflow/(outflow) from financing activities		513,5	(246,3)
Total increase in net cash and cash equivalents		1 150,3	67,9
Net cash and cash equivalents at beginning of year		2 353,4	2 253,1
Effect of exchange rates		(84,2)	32,4
Net cash and cash equivalents at end of year	11	3 419,5	2 353,4

^ *In previous years the net movement in borrowings has been reflected in the cash flow with supporting note 33 reflecting the gross movement thereof. In the current year, the gross movements have been reflected separately in the cash flow above for the current and prior year.*

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

1 Presentation of financial statements

1.1 Basis of preparation

These consolidated and separate financial statements ("financial statements") have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments, financial assets at 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 their carrying amount and fair value less cost to sell.

The preparation of financial statements require 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 revenue 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 IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated and separate 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 and separate financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements issued by the Financial Reporting Standards Council and the Companies Act.

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 its power over the entity.

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

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.

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 represent 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 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 depend 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.

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

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.

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 are 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 on 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 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, with the exception of service concession investments which are measured at fair value through profit or loss. 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 Separate Company's financial statements

In the separate financial statements 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
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.

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.

Murray & Roberts has elected the absolute approach in respect of partial disposals of entity's interest in foreign operations.

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

The Group adopted IFRS 9: *Financial Instruments* for the first time in the current financial year. The adoption of IFRS 9 resulted mainly in the change of the previous incurred loss model under IAS 39, to the ECL ("expected credit losses") model reflected under IFRS 9. IFRS 9 additionally resulted in a change in classification of the measurement categories for financial instruments.

Classification, initial recognition and subsequent measurement
IFRS 9 introduces new measurement categories for financial instruments. The impact of the measurement categories have been disclosed in note 41.

Classification depends on the business model and contractual cash flow characteristics 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 measured at 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:

Financial assets at amortised cost
Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified 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 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. For the purpose of the statement of cash flows, cash and cash equivalents are offset against bank overdrafts.

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

Financial assets at fair value through profit or loss

Financial assets, other than those held for trade, are classified in this category if the financial assets 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 are considered to be lower than the original cost of the investment.

Service concession investments are classified and measured at fair value through profit or loss. All other investments are classified as financial assets at amortised cost and accounted for accordingly.

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.

Before the adoption of IFRS 9, the Group calculated the allowance for credit losses under the incurred loss model whereby the Group assessed whether there was any objective evidence of impairment at the end of the reporting period.

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.

Under IFRS 9, the Group calculates the allowance for credit losses by using the ECL model for financial assets. A simplified approach was applied in determining the ECL for financial assets which requires the lifetime losses to be recognised from initial recognition of the receivable. Refer to note 41 and 46 for a detailed assessment of the IFRS 9 impact.

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 equity and liabilities

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 cost.

Treasury shares

The cost of an entity's own equity instruments that it has reacquired ("treasury shares") is deducted from equity. A gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

Financial liabilities at amortised cost

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 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 and measured at amortised cost using the effective interest rate method.

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 and measured at amortised cost using the effective interest rate method.

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 measured at fair value initially and subsequently at amortised cost.

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.

1.10 Contracts-in-progress

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

Advance payments received

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

1.11 Intangible assets other than goodwill

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

Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense 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.

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 designated 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 is 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.

Subsequent costs

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

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.

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.

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 property

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.

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, goodwill acquired in a business combination is 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 belong.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

1.16 Inventories

Inventories comprise raw materials, 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.

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.

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.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or units 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.

Operating leases

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

1.18 Provisions and contingencies

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

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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Refer to note 20 (Long term provisions), note 25 (Provisions for obligations) and note 45 (Critical accounting estimates and judgements) for further details.

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 cost of equity-settled transactions is recognised, together with a corresponding increase in equity 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 is treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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.

Earnings per share and headline earnings per share is reflected including and excluding Middle East.

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 risks 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 contribution 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 asset/liability is based on taxable profit/loss for the year. Taxable profit/loss differs from profit/loss 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 asset/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

Deferred taxation 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 substantively enacted 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

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. Refer to IAS 24: *Related Party Disclosures* for a comprehensive list of entities defined as related parties.

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

The Group has applied IFRS 15: *Revenue from Contracts with Customers* for the first time in the current financial year. IFRS 15 superseded all previous revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers.

IAS 11 (Construction Contracts) stated that contract revenue shall comprise variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue.

IFRS 15:56 states that variable consideration should only be included in the transaction price, when recognising revenue, to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: Appendix A).

Due to the higher threshold required for recognition and measurement purposes, the application of IFRS 15 will result in the delayed recognition of variable consideration until such time that it is highly probable that the revenue will not be reversed when the uncertainty is resolved.

Refer to note 46 for the cumulative effect of the initial application of IFRS 15.

The Group principally recognises revenue from construction contracts and rendering of engineering services to the natural resource market sectors.
The Group applies the 5 step approach contained in IFRS 15 for determining when to recognise revenue, the amount that should be recognised and when revenue should be recognised.

a) Construction contracts

Step 1: Identify contracts with customers
The Group's customer base, in terms of revenue contribution, consists mostly of construction contracts with large local and international firms.

Step 2: Identify separate performance obligations
Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

If a construction contract has multiple sub-level performance obligations that are highly integrated with each other, the construction contract is considered a significant integrated service with one performance obligation. This requires judgement and each contract is assessed individually.

Step 3: Determine the transaction price
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Variations in contract work, claims and incentive payments are included to the extent that collection is highly probable and the amounts can be reliably measured. IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: Appendix A). The assessment as to whether the recoverability of claims are highly probable requires significant judgement. Each claim is assessed individually to confirm entitlement and to conclude on the strength of the claim. The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenue and that the recoverability of amounts recognised are considered highly probable. The cumulative balance of uncertified revenue taken to book is disclosed as "Uncertified claims and variations less payments received on account" under note 9, and "Amounts due to contract customers" on the Statement of Financial Position.

Step 4: Allocate the transaction price to the performance obligation in the contract
Where the output method (refer to step 5) is used to recognise revenue over time, the transaction price of the contracts are that as per the agreed bill of quantities ("BOQ") finalised during the tender stage. The quantities of the variable components included in the BOQ are updated (measured) during the implementation stage of the contracts.

Where the input method (refer to step 5) is used to recognise revenue over time, the contract is considered to have one performance obligation and the transaction price as determined in step 3 is allocated to it.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when the performance obligation is satisfied.

Revenue on construction contracts is recognised over time as the delivery of the project enhances an asset controlled by the customer. During the execution of projects, the progress is measured on a monthly basis and reviewed by the client's engineer and approved by the client before invoices are issued.

The progress towards complete satisfaction of a performance obligation is measured based on applying either of the following methods:

(i) Output method: Recognise revenue on the basis of direct measurement, i.e. performance or milestone completed.

(ii) Input method: Recognise revenue on the basis of the total contract cost incurred to date bear to the estimated total contract cost.

Each contract will be evaluated to determine which method best measures the progress towards satisfaction of a performance obligation. In most cases contracts within Underground Mining apply the output method, whilst contracts within Oil & Gas and Power & Water apply the input method.

Cost incurred for which the performance obligation has not been met, are recognised as prepaid costs or plant and equipment. These costs are not included in the total cost incurred to date until they are utilised, which occurs on a systematic basis over the life of the contract.

Where the outcome of 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 contract assets. A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a client that is not yet unconditional. Contract assets are disclosed as "Contracts-in-progress" and "Uncertified claims and variations less payments received on account" under note 9, "Amounts due to contract customers" on the Statement of Financial Position.

For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. 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. Contract liabilities are disclosed as "Amounts received in excess of work completed" under note 9, and "Amounts due to contract customers" on the Statement of Financial Position.

Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under amounts due to contract customers, as "Amounts receivable on contracts" and "Retentions receivable".

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. Refer to note 45 (Critical accounting estimates and judgements) regarding revenue recognition and contract accounting.

b) Rendering of engineering services
Revenue is recognised over time as the services are provided as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

c) Sale of goods
The Group recognises revenue when the performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer when the goods are delivered.

d) Rental income from properties
Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

e) Other revenue
Other revenue includes the provision of labour, information technology and other services to joint operations.

Revenue is recognised over time as the services are provided as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

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 make 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 and taxation are excluded.

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

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 are established as 100-year trusts. However, after the lock-in period ending 31 December 2020, 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.

2 Property, plant and equipment

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019			2018		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	Cost	Accumulated depreciation and impairment	Carrying value
Land and buildings	**480,2**	**(242,5)**	**237,7**	407,7	(226,3)	181,4
Plant and machinery	**4 893,8**	**(3 097,8)**	**1 796,0**	4 795,3	(3 109,0)	1 686,3
Other equipment	**389,2**	**(219,5)**	**169,7**	336,7	(208,7)	128,0
Total	**5 763,2**	**(3 559,8)**	**2 203,4**	5 539,7	(3 544,0)	1 995,7

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and Buildings	Plant and machinery	Other equipment	Total
At 30 June 2017	201,5	1 793,9	62,3	2 057,7
Additions	2,8	330,7	102,8	436,3
Disposals	(0,4)	(87,1)	(16,0)	(103,5)
Transfer to assets classified as held for sale	(1,8)	–	–	(1,8)
Transfer from/(to) other intangible assets	2,7	9,8	(13,1)	(0,6)
Foreign exchange movements	4,0	27,3	3,3	34,6
Depreciation	(27,4)	(389,9)	(11,3)	(428,6)
Impairment loss utilised	–	1,6	–	1,6
At 30 June 2018	**181,4**	**1 686,3**	**128,0**	**1 995,7**
Additions	**74,4**	**670,7**	**71,0**	**816,1**
Acquisition of businesses^	**–**	**2,3**	**0,5**	**2,8**
Disposals	**–**	**(176,3)**	**(4,2)**	**(180,5)**
Transfer between categories	**1,4**	**10,8**	**(12,2)**	**–**
Transfer from other intangible assets	**–**	**0,2**	**–**	**0,2**
Foreign exchange movements	**0,7**	**(11,5)**	**(1,7)**	**(12,5)**
Depreciation	**(20,2)**	**(386,5)**	**(11,7)**	**(418,4)**
At 30 June 2019	**237,7**	**1 796,0**	**169,7**	**2 203,4**

^ *Acquisition of businesses amount relates to property, plant and equipment that has been acquired as part of the acquisition of Terra Nova Technologies ("TNT") and Saulsbury's Gulf Coast downstream and chemical EPC division. Refer to note 35 for further details.*

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

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

– Land	Not depreciated	
– Buildings (including leasehold improvements)	3 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

3 Investment property

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
At beginning of year	**–**	18,9
Fair value adjustments	**–**	(0,1)
Foreign exchange movements	**–**	0,6
Transfer to assets classified as held for sale	**–**	(19,4)
	–	–

The investment property in the prior year relates to plot 68275 in Botswana that is currently classified as held for sale as the disposal was expected to occur within the next 12 months.

4 Goodwill

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Goodwill	918,7	618,1
Accumulated impairment losses	(2,3)	(2,3)
	916,4	615,8
At beginning of year	615,8	606,9
Acquisition of businesses^	307,4	–
Foreign exchange movements	(6,8)	8,9
	916,4	615,8

^ *Acquisition of businesses amount relates to goodwill that has been recognised as part of the acquisition of Terra Nova Technologies ("TNT") (R235,5 million) and Saulsbury's Gulf Coast downstream and chemical EPC division (R71,9 million). Refer to note 35 for further details.*

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:

	2019	2018
Power & Water	81,4	81,4
Underground Mining	288,8	56,6
Oil & Gas	546,2	477,8
	916,4	615,8

Impairment testing

Summary of growth and post-tax discount rates per cash generating units:

	Growth rate	Post-tax Discount rate
Power & Water	4,5%	13% and 15,5%
Underground Mining	2%	10,5% and 12%
Oil & Gas	2,5%	10,5%

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 between 2% and 4,5%. The growth rates used depend on management's assessment of the sector in which the cash-generating unit operates. Factors such as the industry, market conditions and geographical area are also considered when determining the growth rate. These growth rates do 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 between 10,5% and 15,5% (2018: between 10,5% and 13,1%), pre-tax discount rates of between 14% and 19,6% (2018: between 18,2% and 22,7%), to post-tax cash flows for impairment testing. The discount rate applied is dependent on factors such as the weighted average cost of capital, industry, market conditions and geographical area of the relevant cash generating unit. Post-tax rates were applied as returns observable in the capital market on equity investments usually include tax effects. Goodwill impairment is tested using a sensitivity analysis by increasing the applicable post-tax discount rate of the cash generating unit by 1,5%. When a sensitivity of 1,5% was applied, the only entity reflecting a potential impairment was Wade Walker (included in the Power & Water platform) for an amount of R19 million.

5 Other intangible assets

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019 Cost	2019 Accumulated amortisation	2019 Carrying value	2018 Cost	2018 Accumulated amortisation	2018 Carrying value
Patents, trademarks and other rights	8,2	(5,4)	2,8	8,2	(4,1)	4,1
Computer software	436,8	(262,8)	174,0	393,1	(225,9)	167,2
Other intangible assets	324,6	(17,7)	306,9	39,6	(39,6)	–
Total	769,6	(285,9)	483,7	440,9	(269,6)	171,3

RECONCILIATION FOR OTHER INTANGIBLE ASSETS	Patents, trademarks and other rights	Computer software	Other intangible assets	Total
At 30 June 2017	6,0	188,2	–	194,2
Additions	–	13,5	–	13,5
Transfer from property, plant and equipment	–	0,6	–	0,6
Foreign exchange movements	–	1,2	–	1,2
Amortisation	(1,9)	(36,3)	–	(38,2)
At 30 June 2018	4,1	167,2	–	171,3
Additions	–	50,4	–	50,4
Acquisition of businesses^	–	–	329,4	329,4
Transfer to property, plant and equipment	–	(0,2)	–	(0,2)
Foreign exchange movements	–	(3,7)	(4,7)	(8,4)
Amortisation	(1,3)	(39,7)	(17,8)	(58,8)
At 30 June 2019	2,8	174,0	306,9	483,7

^ *Other intangible assets include customer relationships and at acquisition order books that arose on the acquisition of Terra Nova Technologies ("TNT") (R273,4 million) and Saulsbury's Gulf Coast downstream and chemical EPC division (R56,0 million). Refer to note 35 for further details.*

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	5 years	on a straight-line basis
– Computer software	2 to 10 years	on a straight-line basis
– Other intangible assets	3 to 10 years	on a straight-line basis

6 Investment in associate companies

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
6.1 Investments in associate companies		
At beginning of year	**2,9**	7,6
Acquisition of business	**2,0**	–
Dividend received	**–**	(19,6)
Share of post-acquisition (loss)/earnings	**(0,4)**	21,9
Disposal	**–**	(7,0)
	4,5	2,9
The carrying value of the investments may be analysed as follows:		
Investments in associates at cost	**15,6**	13,6
Share of post-acquisition earnings, net of dividends received	**(11,1)**	(10,7)
	4,5	2,9
6.2 Summarised financial information in respect of the Group's associates		
Total assets	**5,0**	5,3
Total liabilities	**(3,5)**	(2,9)
Net assets	**1,5**	2,4
Revenue	**2,5**	1 024,2
(Loss)/profit for the year	**(0,9)**	92,3

The above summarised financial information reflects the associate's financial information at 100%.

6.3 Details of associate companies

		% of Ownership and votes		
NAME OF ASSOCIATES	Place of incorporation	2019	2018	Main activity
Bombela TKC Proprietary Limited*	South Africa	**45,0**	45,0	Construction
Insig Technologies#	Australia	**30,0**	–	Information Technology

* *31 December year end.*

\# *Insig Technologies main business is information technology and was acquired by the Underground Mining platform to enhance its business capabilities in respect to information technology for a purchase consideration of R2 million.*

7 Other investments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
7.1 Financial assets at fair value through profit or loss		
Investment in infrastructure service concession		
At beginning of year	**1 308,3**	892,7
Additions	**–**	357,3
Realisation of investment	**(183,5)**	(220,1)
Fair value adjustment recognised in the statement of financial performance	**309,1**	278,4
	1 433,9	1 308,3

Directors' valuation: R1,4 billion (2018: R1,3 billion).

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

	% interest	Remaining concession period	2019	2018
Bombela Concession Company Proprietary Limited ("BCC")*	50	7 years	**1 433,9**	1 308,3

* *In the prior year the Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) Proprietary Limited ("BCC") for an adjusted purchase price of R357 million in December 2017. Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS 28.18 with regards to venture capital organisations or similar entities, as the transaction did not result in a change of control. In December 2018 the additional 17% BCC investment acquired in the prior year was pledged as security to raise funds through the issue of preference shares that bear interest with an all-in rate of 12,61% and is repayable by December 2022.*

The fair value of BCC is calculated using discounted cash flow models and a market discount rate of 18% (2018: 18,5%). The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economic fundamentals, taking into consideration the operating conditions experienced in the current financial year. The future profits from the concession are governed by a contractual agreement and are principally based on inflationary increases in the patronage revenue and operating costs of the current financial year.

A fair value gain of R55 million (FY2018: R50 million) was recognised following an amendment in the operating company fee structure due to a non-recurring event in each of the respective years which has resulted in a reduction of the fee payable to the operator. The reduction in the operator fee is a cost input in the fair value model which resulted in a corresponding increase in the fair value of the investment.

Operating cost includes an operating fee that is payable to the Bombela Operating Company (Pty) Ltd ("BOC"), the company responsible for the operation and maintenance of Gautrain. The fee payable to BOC is subject to annual inflationary increases. The contract is subject to review every 5th year where increases of more than inflation are considered.

Operating cost also includes a Railway Usage Fee ("RUF") which constitutes a fee for the use of the system owned by Gauteng Province. The fee is 50% of the concessionaire's excess free cash flow above an 18% real rate of return. The fee reduces to 35% should the concessionaire comply with certain Socio Economic Development ("SED") obligations. Historically the SED obligations have been achieved and the valuation is based on the SED obligations being achieved. If these obligations are not achieved, then the result would be a decrease in the value of the concession investment of R306 million (2018: R301 million).

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. Due to the predictable nature of revenue it is not considered to be a significant unobservable input and therefore no quantitative information is provided. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R42,3 million (2018: R46,2 million).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
7.1.1 Summarised financial information in respect of financial assets at fair value through profit or loss		
Total assets	**5 394,8**	5 672,0
Total liabilities	**(2 528,9)**	(2 873,0)
Net assets	**2 865,9**	2 799,0
Revenue	**2 609,8**	1 767,0*

* *Current year reflects a reclassification of IFRIC12 interest income from "investment income" to revenue which reflects a change to the prior year.*

7 Other investments *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
7.2 Financial assets at amortised cost#		
At beginning of year	**3,2**	2,6
Additional investments	**–**	0,6
Repayment	**(0,4)**	–
	2,8	3,2
Total other investments	**1 436,7**	1 311,5

\# *Measurement category under current IFRS 9. Prior year amount reflects loans and receivables as per IAS 39. Measurement basis has not changed.*

8 Inventories

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018^
Raw materials and consumable stores	**290,8**	243,6
Work-in-progress	**0,4**	–
Finished goods	**46,0**	35,6
	337,2	279,2

^ *Inventory relating to consumable stores was incorrectly classified as finished goods and manufactured components in the prior year. The 2018 inventory has therefore been reclassified to correctly reflect the different inventory classifications. The total Group inventory remained unchanged.*

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

The cost of inventories recognised as an expense includes R10,8 million (2018: Rnil million) in respect of write-downs of inventory to net realisable value and has been reduced by R0,5 million (2018: Rnil million) in respect of the reversal of such write-downs.

The amount of inventory carried at net realisable value amounts to Rnil million (2018: Rnil million).

9 Contracts-in-progress and contract receivables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**1 715,5**	1 796,3
Uncertified claims and variations less payments received on account of R290 million (2018: R288 million)	**637,1**	1 292,2
Amounts receivable on contracts (net of impairment provisions)	**2 571,2**	2 385,5
Retentions receivable (net of impairment provisions)	**232,9**	183,1
	5 156,7	5 657,1
Amounts received in excess of work completed	**(2 915,6)**	(1 527,0)
Uncertified claims and variations included in amounts received in excess of work completed	**95,7**	–
	2 336,8	4 130,1
Disclosed as:		
Amounts due from contract customers – non-current	**–**	568,1
Amounts due from contract customers – current	**5 156,7**	5 089,0
Amounts due to contract customers	**(2 819,9)**	(1 527,0)
	2 336,8	4 130,1

The amounts received in excess of work completed have increased predominantly due to an advance payment received on an Australian contract.

Update on the Group's claims processes

Uncertified revenue as at the end of the financial year decreased to R0,7 billion (FY2018: R1,3 billion), largely represented by claims on projects in the Middle East and the Power & Water platform. The decrease in uncertified revenue is mainly due to the implementation of IFRS 15. Refer to note 46 for further details.

10 Trade and other receivables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Trade receivables	**28,6**	57,5
Provision for doubtful debts	**(1,1)**	(0,7)
Amounts owing by joint arrangements and partners	**759,3**	198,8
Prepayments	**275,3**	130,1
Sundry loans	**18,8**	71,3
Deposits	**19,7**	22,0
Value Added Taxation receivable	**48,2**	18,3
Vendor related receivables	**133,2**	228,6
Other receivables	**386,7**	350,1
	1 668,7	1 076,0

Non-current receivables includes an amount of R80,4 million relating to vendor loans receivable.

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.

11 Net cash and cash equivalents

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Bank balances	**2 694,0**	1 854,1
Restricted cash	**761,0**	610,1
Cash and cash equivalents	**3 455,0**	2 464,2
Bank overdrafts	**(35,5)**	(110,8)
	3 419,5	2 353,4
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	**760,1**	599,6
Other agreements with banks and other financial institutions	**0,9**	10,5
	761,0	610,1

12 Stated capital

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
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 at no par value	**(989,1)**	(991,5)
Net stated capital	**2 593,7**	2 591,3
Unissued		
At 30 June 2019 the number of unissued shares was 305 263 882 (2018: 305 263 882).		
12.2 Treasury shares		
Market value of treasury shares		
The Letsema BBBEE trusts and companies	**459,6**	555,0
Subsidiary companies	**221,7**	285,6
Treasury shares held by subsidiary companies forfeited, not yet sold	**4,9**	7,0

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 Letsema BBBEE trusts and companies	**(31 696 039)**	(31 696 039)
Less: Treasury shares held by subsidiary companies	**(15 287 300)**	(16 311 214)
Less: Treasury shares held by the subsidiary companies forfeited, not yet sold	**(338 740)**	(399 470)
Net shares issued to the public	**397 414 039**	396 329 395

Treasury shares bought back in the prior and current year are included under treasury shares held by subsidiary companies.

13 Share incentive schemes

13.1 Forfeitable Share Plan

The Murray & Roberts Holdings Limited Forfeitable Share Plan ("FSP") was approved by 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"). Refer to the remuneration report included in the integrated report for details regarding the terms and conditions of each award.

PLAN IMPLEMENTED			Balance at 30 June 2018	Granted during the year	Surrendered during the year	Transfer to own broker	Exercised during the year	**Balance at 30 June 2019**
01 September 2015	FSP-STI	1	48 428	–	–	(25 911)	(22 517)	**–**
15 September 2015	FSP	2	4 218 680	–	(2 117 194)	(771 957)	(1 329 529)	**–**
02 November 2016	FSP	3	4 895 236	–	(345 382)	(73 090)	(63 528)	**4 413 236**
02 November 2016	FSP-STI	1	246 511	–	–	(62 509)	(60 744)	**123 258**
01 September 2017	FSP	4	4 164 500	–	(265 284)	(9 559)	(8 308)	**3 881 349**
01 September 2017	FSP-STI	1	279 591	–	–	(39 731)	(53 454)	**186 406**
01 September 2018	FSP-STI	1	–	430 828	–	–	–	**430 828**
01 September 2018	FSP	5	–	4 661 500	(107 111)	–	–	**4 554 389**
			13 852 946	5 092 328	(2 834 971)	(982 757)	(1 538 080)	**13 589 466**

Notes:

1. *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 3 year vesting period (1/3 each year) and is not subject to performance conditions, but is subject to continued employment.*
2. *For the September 2015 scheme, the forfeitable shares will cliff vest after 3 years, in September 2018, subject to satisfying certain performance conditions. The weighted average share price of share awards exercised was R16,14. The exercise price of the shares on date of exercise is Rnil.*
3. *For the November 2016 scheme, the forfeitable shares will cliff vest after 3 years, in September 2019, subject to satisfying certain performance conditions.*
4. *For the September 2017 scheme, the forfeitable shares will cliff vest after 3 years, in September 2020, subject to satisfying certain performance conditions.*
5. *For the September 2018 scheme, the forfeitable shares will cliff vest after 3 years, in September 2021, subject to satisfying certain performance conditions.*

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

FSP Monte Carlo Model (for schemes from 1 September 2015 to 1 September 2017)

The inputs into the model were as follows:

PLAN IMPLEMENTED		Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	**Estimated fair value of FSP (cents)**
01 September 2015	FSP-STI	30,0%	01 September 2018	7,4%	5,6%	**1 299**
15 September 2015	FSP	30,0%	14 September 2018	8,2%	5,6%	**1 160**
02 November 2016	FSP	34,0%	01 November 2019	7,9%	0,0%	**808**
02 November 2016	FSP-STI	34,0%	01 November 2019	7,9%	0,0%	**950**
01 September 2017	FSP	34,0%	01 September 2020	6,9%	0,0%	**1 407**
01 September 2017	FSP-STI	34,0%	01 September 2020	6,9%	0,0%	**1 646**
01 September 2018^	FSP	N/A	01 September 2021	N/A	N/A	**1 596**
01 September 2018^	FSP-STI	N/A	01 September 2021	N/A	N/A	**1 596**

^ *Total shareholder return ("TSR") conditions are not a condition of the September 2018 award, hence Monte Carlo model not utilised. Fair value of these awards equals the value of the underlying share.*

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

The sub-optimal exercise assumption is not applicable to the FSP since the exercise is assumed to occur on vesting date.

The Group recognised total expenses of R30,3 million (2018: R18,3 million) relating to this share scheme during the year.

On 1 September 2017, 864 000 cash settled options were awarded to Mr. HJ Laas. Refer to the remuneration report of financial year 2017 for more detail. Included in the R30,3 million expense recognised by the Group, is an amount of R2,1 million relating to this award. The cash settled liability balance as at 30 June 2019 is R3,8 million.

13.2 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust

The Letsema Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's Broad-Based Black Economic Empowerment transaction. This transaction operates through various broad-based entities of which the Letsema Vulindlela Black Executives Trust ("Vulindlela Trust") is one. The purpose of the Vulindlela Trust is to facilitate ownership in the Company's ordinary stated capital by black executives.

At 30 June 2019, the Vulindlela Trust held 10 624 366 (2018: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 452 905 (2018: 5 759 573) shares.

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

The details of the movement in the outstanding shares granted by the Vulindlela Trust during the year ended 30 June 2019 were as follows:

SCHEMES IMPLEMENTED			Outstanding shares at 30 June 2018	Granted/ Reinstated during the year	Surrendered during the year	Exercised during the year	**Outstanding shares at 30 June 2019**	Allocation price per share	Weighted average share price on exercise (cents)
02 March 2006	Standard	1,2	166 079	–	–	–	**166 079**	2 353	
27 June 2006	Standard	1,2	1 167	–	–	–	**1 167**	2 431	
28 August 2006	Standard	1,2	40 667	–	–	–	**40 667**	3 002	
06 March 2007	Standard	1,2	401 410	–	–	–	**401 410**	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	365 029	–	–	–	**365 029**	4 774	
24 August 2010	Standard	1,2	368 952	–	–	–	**368 952**	4 102	
20 April 2011	Hurdle	1,2,3	84 017	–	–	–	**84 017**	2 516	
30 August 2011	Standard	1,2	493 956	–	–	–	**493 956**	2 770	
15 March 2012	Rights offer	1	142 292	–	–	–	**142 292**	–	1 134
28 November 2012	Standard	1,2	305 935	–	(1 832)	–	**304 103**	2 195	
28 August 2013	Standard	1,2	310 015	–	(5 086)	–	**304 929**	2 463	
01 September 2014	Standard	1,2	636 554	–	(37 613)	–	**598 941**	2 449	
15 September 2015	Standard	1,2	1 053 113	–	(109 289)	–	**943 824**	1 254	
02 November 2016	Standard	1,2	1 208 209	–	(152 848)	–	**1 055 361**	1 053	
			5 759 573	–	(306 668)	–	**5 452 905**		

Notes:

1. *The shares can only be exercised after 5 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*

13.2 Equity-settled share incentive scheme – Letsema Vulindlela Black Executives Trust *continued*

The estimated fair values of the shares granted were determined 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**
15 September 2015	1 254	30,0%	31 December 2021	8,1%	5,6%	**506**
02 November 2016	1 053	34,0%	31 December 2021	7,9%	0,0%	**398**

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 R3,5 million (2018: R4,9 million) relating to these share options during the year.

14 Hedging and translation reserve

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2019**	2018
Foreign currency translation reserve		
At beginning of year	**984,5**	891,6
Foreign currency translation movements	**(29,0)**	92,9
	955,5	984,5

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

15 Other capital reserves

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Capital redemption reserve fund		
At beginning and end of year	**1,1**	1,1
Statutory reserve		
At beginning and end of year	**28,9**	28,9
Other non-distributable reserves		
At beginning of year	**(56,2)**	(56,0)
Reclassification to retained earnings	**–**	(0,8)
Reclassification between categories of equity	**–**	0,6
	(56,2)	(56,2)
Share-based payment reserve		
At beginning of year	**116,3**	149,9
Recognition of share-based payment	**31,9**	21,6
Transfer to retained earnings	**(1,0)**	(0,7)
Reclassification between categories of equity	**–**	(0,6)
Utilisation of reserve	**(31,6)**	(53,9)
	115,6	116,3
Retirement benefit obligation reserve		
At beginning of year	**(15,9)**	(19,1)
Effects of remeasurement on retirement benefit obligation	**(2,9)**	3,2
	(18,8)	(15,9)
	70,6	74,2

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 includes 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 utilisation of the reserve in the current financial year reflects the value of the share-based payment reserve that was recognised in prior years relating to forfeitable shares that have vested in the current period.

The retirement benefit obligation reserve represents the remeasurement 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	2019	2018
The non-controlling interests comprise:		
16.1 Non-controlling interests in reserves		
At beginning of year	**47,5**	44,5
Share of attributable profit	**9,2**	1,0
Impact of IFRS 15 adjustment	**(24,2)**	–
Foreign exchange and other movements	**1,6**	2,0
	34,1	47,5
16.2 Equity loans from non-controlling interests		
At beginning of year	**–**	20,0
Repayment of equity loans from non-controlling interests	**–**	(20,0)
	–	–
Total balance at year end	**34,1**	47,5

17 Secured liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R1 278,7 million (2018: R293,0 million). Loans secured over buildings with a book value of Rnil million (2018: R88,8 million). Loans secured over vehicles with a book value of R7,6 million (2018: Rnil million). Loans secured by 17% shareholding in the Group's interest in BCC (refer to note 7.1) with a carrying value of R487,5 million (2018: Rnil million). The 17% shareholding in BCC is held by a newly created subsidiary (special purpose entity "SPV"). The shares of the SPV have been pledged and ceded to RMB until the discharge of the preference share liability. The Group may not cede, assign, transfer or pledge or encumber or deal with the pledged shares, without prior written consent.		**1 534,6**	283,5
Reflected in the statement of financial position under:			
Long term loans	18	**734,9**	4,7
Long term capitalised finance leases	18	**392,5**	124,4
Short term loans	24	**407,2**	154,4
		1 534,6	283,5

18 Long term loans

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
18.1 Interest bearing secured loans			
Payable			
Within 1 year		**63,7**	35,4
Within the 2nd year		**127,3**	4,7
Within 3 to 5 years		**607,6**	–
		798,6	40,1
Less: Current portion	24	**(63,7)**	(35,4)
		734,9	4,7
18.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**88,8**	80,0
Within the 2nd year		**–**	17,7
Within 3 to 5 years		**–**	–
		88,8	97,7
Less: Current portion	24	**(88,8)**	(80,0)
		–	17,7
18.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**25,4**	61,7
Less: Current portion	24	**(25,4)**	(61,7)
		–	–
18.4 Capital finance leases			
Minimum lease payments			
Within 1 year		**375,3**	129,5
Within the 2nd year		**311,7**	91,9
Within 3 to 5 years		**89,7**	47,8
		776,7	269,2
Less: Future finance charges		**(40,7)**	(25,8)
Present value of lease obligations		**736,0**	243,4
The present value of lease obligations can be analysed as follows:			
Within 1 year		**343,5**	119,0
Within the 2nd year		**306,1**	83,9
Within 3 to 5 years		**86,4**	40,5
		736,0	243,4
Less: Current portion	24	**(343,5)**	(119,0)
		392,5	124,4
Total long term loans		**1 127,4**	146,8

The Group's current facilities range from on-demand to 365 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 operated the following privately administered defined contribution pension plan for salaried employees up until 30 June 2018:

Murray & Roberts Retirement Fund.

With effect from 1 July 2018, the Group became a participating employer of the Sanlam Umbrella Pension Fund.

The total cost to the Group in respect of the above fund for the year ended 30 June 2019 was R36,4 million (2018: R42,0 million).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
19.2 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	**72,6**	71,2
Fair value of plan assets	**(60,4)**	(58,5)
Present value of unfunded liability	**12,2**	12,7
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**71,2**	73,0
Interest cost	**1,8**	1,7
Past service cost	**0,1**	–
Gains from changes to demographic assumptions	**–**	(0,5)
Losses/(gains) from changes to financial assumptions	**5,8**	(2,4)
Exchange differences on foreign plans	**(0,8)**	4,3
Benefits paid	**(5,5)**	(4,9)
	72,6	71,2
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**58,5**	55,7
Interest on assets	**1,5**	1,3
Return on plan assets less interest	**3,0**	0,2
Contributions from the employer	**3,7**	2,6
Exchange differences on foreign plans	**(0,8)**	3,6
Benefits paid	**(5,5)**	(4,9)
	60,4	58,5
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Debt instrument	**59,6**	54,9
Cash	**0,8**	3,6
	60,4	58,5

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2019 by Barnett Waddingham LLC. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method.

19 Retirement benefits *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
19.2 Defined benefit plan – pension scheme *continued*		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Net interest cost	**0,3**	0,4
Past service cost	**0,1**	–
	0,4	0,4
Amounts recognised in other comprehensive income in respect of the defined benefit plan were as follows:		
Gain on scheme assets in excess of interest	**(3,0)**	(0,2)
Gains from changes to demographic assumptions	**–**	(0,5)
Losses/(gains) from changes to financial assumptions	**5,8**	(2,4)
	2,8	(3,1)
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**2,0%**	2,6%
Rate of increase in pension payments	**3,6%**	3,5%
Rate of increase in pensions in deferment	**2,6%**	2,5%
Rate of inflation	**3,4%**	3,3%

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 Scheme is subject to the Statutory Funding Objective under the Pension Act 2004. The actual return on plan assets net of interest was a profit of R3,0 million (2018: R0,2 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 R3,6 million to this defined benefit plan in 2020 (2019: R3,6 million).

	Approximate effect on liabilities R millions
Sensitivity analysis	
Adjustment to assumptions	
Discount rate – Plus 0,1% p.a.	**(0,9)**
Inflation – Less 0,1%	**(0,7)**
Mortality – Long term rate of mortality improvement of 1,25% p.a.	**0,6**

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	2019	2018
At beginning of year	**125,7**	144,7
Additional raised	**7,9**	18,8
Utilised during the year	**(6,3)**	(5,1)
Released during the year	**(46,9)**	(35,2)
Unwinding/interest	**1,0**	0,5
Foreign exchange movements	**(1,3)**	2,0
	80,1	125,7
Long term provisions comprise the following categories:		
Payroll provisions	**33,8**	48,7
Onerous lease provisions	**20,0**	51,3
Warranty provisions	**5,9**	5,9
Other provisions	**20,4**	19,8
	80,1	125,7

	Payroll provisions	Onerous lease provisions	Warranty provisions	Other provisions	Total
2019					
At beginning of year	**48,7**	**51,3**	**5,9**	**19,8**	**125,7**
Additional raised	**6,8**	**–**	**–**	**1,1**	**7,9**
Utilised during the year	**(6,3)**	**–**	**–**	**–**	**(6,3)**
Released during the year	**(15,2)**	**(31,7)**	**–**	**–**	**(46,9)**
Unwinding/interest	**–**	**1,0**	**–**	**–**	**1,0**
Foreign exchange movements	**(0,2)**	**(0,6)**	**–**	**(0,5)**	**(1,3)**
	33,8	**20,0**	**5,9**	**20,4**	**80,1**
2018					
At beginning of year	39,2	83,6	8,4	13,5	144,7
Additional raised	17,9	7,3	–	5,9	31,1
Utilised during the year	(5,1)	–	(3,2)	–	(8,3)
Released during the year	(4,2)	(40,1)	–	–	44,3
Unwinding/interest	–	0,5	–	–	0,5
Foreign exchange movements	0,9	–	0,7	0,4	2,0
	48,7	51,3	5,9	19,8	125,7

Payroll provisions – costs relating to employee incentives as well as statutory requirements in the Middle East, Australia and America region with regards to severance or restricting payments.

Onerous lease provisions – costs recognised on onerous lease contracts. Refer to note 45.

Other provisions – relates to make good provisions on leased premises in terms of contractual agreement with the lessor.

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.

The effect of discounting (unwinding/interest) has been separately reflected in the current year for both current and prior years to illustrate the effect thereof.

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		**2019**	2018
21.1	**Deferred taxation assets**		
	Inventory	**3,0**	–
	Uncertified work and other construction temporary differences	**(239,2)**	(218,1)
	Plant	**(114,1)**	(128,8)
	Taxation losses	**250,6**	245,3
	Receivables	**8,4**	1,0
	Provisions and accruals	**383,0**	361,0
	Advance payments received net of taxation allowances	**177,1**	147,8
	Prepayments	**(5,3)**	(3,4)
	Other	**(41,8)**	(19,5)
		421,7	385,3
21.2	**Reconciliation of deferred taxation assets**		
	At beginning of year	**385,3**	585,2
	Credited/(charged) to the statement of financial performance	**33,5**	(200,0)
	Credited to the statement of financial performance in respect of discontinued operations	**2,3**	–
	Foreign exchange movements	**0,6**	0,1
		421,7	385,3
21.3	**Deferred taxation liabilities**		
	Uncertified work and other construction temporary differences	**74,9**	0,5
	Plant	**95,2**	99,7
	Provisions and accruals	**(55,2)**	(29,1)
	Advanced payments received net of taxation allowances	**(7,0)**	–
	Other	**(33,5)**	3,4
		74,4	74,5
21.4	**Reconciliation of deferred taxation liabilities**		
	At beginning of year	**74,5**	121,2
	Charged to the statement of financial performance	**(13,1)**	(48,6)
	Foreign exchange movements	**13,0**	1,9
		74,4	74,5

21.5 Unused taxation losses

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

At 30 June 2019, the Group has estimated unused taxation losses of R2 011 million (2018: R1 322 million) available for offset against future profits. Deferred taxation assets have been recognised in respect of R852 million (2018: R841 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R1 159 million (2018: R481 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 2020 to 2022 which supports the recognition of deferred taxation assets in the statutory entities. Tax losses in South Africa of R1 165 million have no expiry date. The remaining tax losses of R846 million have an expiry date of between one and six years.

21.6 Withholding tax on dividends

The Group has available retained earnings in foreign subsidiary companies. Should such earnings be distributed to holding companies within the Group, the Group shall be liable to foreign withholding tax levied on dividends at the rate of between 0% and 15%. Should the subsidiaries declare all their retained earnings as dividends, the withholding tax payable is estimated to be R126 million (2018: R105 million).

22 Subcontractor liabilities

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Current subcontractor liabilities	1 074,5	1 410,8
	1 074,5	1 410,8

23 Trade and other payables

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Trade payables	914,1	591,3
Amounts owing to joint arrangements and partners	744,0	168,7
Payroll accruals	752,6	736,2
Operating lease payables recognised on a straight-line basis	10,4	11,6
Accruals	791,7	742,7
Value Added Taxation payable	167,4	117,0
Onerous lease	13,4	30,3
Voluntary Rebuild Programme settlement liability	21,3	21,3
Other payables	942,3	977,2
	4 357,2	3 396,3

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

Non-current payables includes an amount of R118 million relating to the present value of the remaining Voluntary Rebuild Programme (VRP) settlement liability.

24 Short term loans

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
Current portion of long term loans:			
– Interest bearing secured	18	63,7	35,4
– Interest bearing unsecured	18	88,8	80,0
– Non-interest bearing unsecured	18	25,4	61,7
Current portion of capitalised finance leases	18	343,5	119,0
		521,4	296,1

25 Provisions and obligations

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
At beginning of year	232,7	279,7
Additional raised	167,4	154,7
Released during the year	(55,5)	(25,3)
Utilised during the year	(121,4)	(178,4)
Foreign exchange movements	(2,3)	2,0
	220,9	232,7
Provisions and obligations comprise the following categories:		
Payroll provisions	220,9	232,0
Other provisions	–	(0,7)
	220,9	232,7

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

The provisions have been determined based on assessments and estimates by management.

26 Revenue

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Construction contracts	**19 212,9**	21 405,3
Sale of goods	**17,5**	85,5
Rendering of services	**603,2**	178,4
Properties	**6,7**	3,9
Other revenue	**326,7**	173,9
	20 167,0	21 847,0

Upon implementation of IFRS 15, the revenue categories were examined to ensure consistent and appropriate classification. The prior year category splits of revenue have been reclassified to reflect the correct nature based on the different revenue streams of the Group. The total Group revenue remained unchanged.

27 Profit before interest and taxation

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
The items below comprise of continuing operations only. Profit before interest and taxation for the year is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Fair value gain on associate at fair value through profit or loss	7	**309,1**	278,4
Rentals received		**110,0**	115,8
Amortisation of intangible assets		**58,8**	38,2
Auditors' remuneration:			
Fees for audits		**36,9**	34,4
Other services		**3,5**	4,3
Expenses		**0,1**	0,1
Compensation income from insurance		**2,8**	4,9
Depreciation:			
Land and buildings	2	**20,2**	27,4
Plant and machinery	2	**386,5**	389,9
Other equipment	2	**11,7**	11,3
Employee benefit expense:			
Salaries and wages		**10 505,6**	13 748,4
Share option expense	13	**3,5**	4,9
Forfeitable Share Plan expense	13	**30,3**	18,3
Pension and provident costs – defined contribution plans	19	**36,4**	39,3
Fees paid for:			
Managerial services		**21,3**	18,8
Technical services		**5,5**	8,5
Administrative services		**4,6**	3,5
Secretarial services		**1,0**	1,1
Other		**4,7**	90,4

27 Profit before interest and taxation *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
Impairment charges:			
Inventory		10,8	–
Trade receivables		8,5	1,6
Contract receivables		20,7	2,4
Reversal of impairment loss recognised on trade and contract receivables		0,1	2,1
Reversal of impairment loss recognised on property, plant and equipment		–	1,6
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		28,5	15,1
Loss on disposal of property, plant and equipment		0,8	1,7
Foreign exchange gains		28,2	56,1
Foreign exchange losses		(8,4)	(12,6)
Profit on disposal of investment in associate		–	80,0
Operating lease costs:			
Land and buildings		245,5	270,2
Other		19,2	13,4
Items by function			
Cost of sales*		17 924,4	19 597,6
Distribution and marketing costs		15,1	12,9
Administration costs		2 134,6	1 983,6
Other operating income		(698,0)	(610,9)

* *Cost of sales include R13,7 million (2018: R46,5 million) relating to the cost of inventories sold during the year.*

28 Interest expense

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Bank overdrafts	55,6	67,8
Present value expense	11,8	12,7
Capitalised finance leases	11,2	6,7
Loans and other liabilities	46,9	17,2
	125,5	104,4

29 Interest income

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Bank balances and cash	68,4	59,5
Unlisted loan investment and other receivables	4,0	3,8
	72,4	63,3

30 Taxation expense

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**1,1**	12,7
Deferred taxation – current year	**73,2**	17,9
Deferred taxation – prior year	**1,7**	55,0
Foreign taxation		
Normal income taxation and withholding taxation – current year	**342,4**	188,6
Normal income taxation and withholding taxation – prior year	**–**	(55,0)
Deferred taxation – current year	**(105,3)**	73,5
Deferred taxation – prior year	**(16,2)**	5,0
	296,9	297,7

South African income tax is calculated at 28% (2018: 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:		
Corporate activities	**3,0**	3,5
Share incentive scheme costs	**–**	0,9
Capital and non-deductible expenditure	**1,2**	6,0
Preference shares	**0,7**	–
Taxation on foreign companies	**4,2**	3,5
Current year's losses not recognised	**5,1**	4,8
Foreign withholding taxation	**14,9**	5,7
Prior year adjustments	**–**	0,6
	57,1	53,0
Reduction in rate of taxation due to:		
Dividends received	**(0,3)**	–
Share incentive scheme costs	**(0,1)**	–
Fair value gains	**(11,3)**	(14,3)
Other taxation allowances and incentives	**(1,8)**	–
Taxation losses utilised	**(1,4)**	(2,5)
Prior year adjustments	**(2,0)**	–
Effective rate of taxation	**40,2**	36,2

The South African standard rate of taxation has been used as the starting point for the tax rate reconciliation as the company is domiciled in South Africa.

31 Discontinued operations, assets and liabilities classified as held for sale

31.1 Loss for the year from discontinued operations

Discontinued operations includes the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. These operations met the requirements in terms of IFRS 5: *Discontinued Operations* and have been presented as discontinued operations in the Group's statement of financial performance.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
The loss from the discontinued operations is analysed as follows:		
Revenue		
Construction contracts	**68,1**	522,6
Properties	**23,3**	2,8
	91,4	525,4
Loss after taxation for the year is analysed as follows:		
Loss before interest, depreciation and amortisation	**(89,9)**	(272,9)
Depreciation and amortisation	**–**	–
Loss before interest and taxation	**(89,9)**	(272,9)
Interest expense	**(4,8)**	(7,4)
Interest income	**1,7**	2,2
Loss before taxation	**(93,0)**	(278,1)
Taxation credit	**2,4**	–
Loss after taxation	**(90,6)**	(278,1)
Expense from equity accounted investments	**–**	–
Loss from discontinued operations	**(90,6)**	(278,1)
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**(90,6)**	(278,1)
Non-controlling interests	**–**	–
	(90,6)	(278,1)

31 Discontinued operations, assets and liabilities classified as held for sale *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
31.1 Loss for the year from discontinued operations *continued*			
Cash flows from discontinued operations			
Cash flows from operating activities		**(11,7)**	(173,0)
Cash flows from investing activities		**1,2**	40,3
Cash flows from financing activities		**(0,4)**	(1,6)
Net decrease in cash and cash equivalents		**(10,9)**	(134,3)
Loss before interest and taxation is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Fair value loss on investment property	3	**–**	(0,1)
Rentals received		**–**	0,1
Auditors' remuneration:			
Fees for audits		**1,2**	–
Employee benefit expense:			
Salaries and wages		**10,4**	253,4
Pension and provident costs – defined contribution plans	19	**–**	2,7
Fees paid for:			
Administrative services		**2,5**	0,5
Other		**1,9**	–
Impairment loss:			
Trade receivables		**–**	8,4
Reversal of impairment loss on trade and contract receivables		**0,2**	–
Fair value adjustments on assets held for sale:			
Disposal group		**–**	12,7
Profit or loss on disposals:			
Loss on sale of assets held for sale		**6,0**	–
Foreign exchange gains		**–**	0,3
Foreign exchange losses		**(1,1)**	–
Operating lease costs:			
Land and buildings		**0,1**	–
Other		**0,2**	–
Items by function			
Cost of sales*		**132,0**	582,4
Administration costs		**49,3**	220,5
Other operating income		**–**	(4,6)

* *Cost of sales includes Rnil million (2018: Rnil million) relating to the cost of inventories sold during the year.*

31 Discontinued operations, assets and liabilities classified as held for sale *continued*

31.2 Assets and liabilities classified as held for sale

Assets held for sale mainly relates to investment property in Botswana. This disposal has extended beyond a 1 year period from the previous year but has remained as held for sale as the sale is at an advanced stage and is expected to occur within the next 12 months.

The proceeds from disposal of the Botswana property is expected to equal the net carrying amount of the asset as it agrees to the signed sale agreement.

The property inventory contained in the prior year was disposed of in the current year and therefore the value reflects a nil amount.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Major classes of assets classified as assets held for sale		
Property, plant and equipment	**1,8**	1,8
Investment property	**19,4**	19,4
Inventories	**–**	29,3
	21,2	50,5

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	2019	2018
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	**–**	(5)
Less: Weighted average number of shares held by Letsema BBBEE trusts	**(31 696)**	(31 696)
Less: Weighted average number of shares held by subsidiary companies	**(13 697)**	(14 211)
Less: Weighted average number of shares bought back	**(1 867)**	(682)
	397 476	398 142
Add: Dilutive adjustment	**8 485**	7 803
Weighted average number of shares in issue used in the determination of diluted per share figures	**405 961**	405 945
32.2 Earnings per share		
Reconciliation of earnings		
Profit attributable to owners of Murray & Roberts Holdings Limited	**336,9**	266,8
Adjustments for discontinued operations		
Loss from discontinued operations	**90,6**	278,1
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**427,5**	544,9
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	**83**	66
– Basic	**85**	67
Earnings per share from continuing operations (cents)		
– Diluted	**105**	134
Adjusted diluted earnings per share excluding Middle East	**118**	142
Diluted earnings per share contributed by Middle East	**(13)**	(8)
– Basic	**108**	137
Adjusted basic earnings per share excluding Middle East	**121**	145
Basic earnings per share contributed by Middle East	**(13)**	(8)

32 Earnings per share *continued*

32.3 Headline earnings

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		2019		2018	
Reconciliation of headline earnings	Note	**Gross pre-tax & non-controlling interests**	**Net**	Gross pre-tax & non-controlling interests	Net
Profit attributable to owners of Murray & Roberts Holdings Limited		**631,4**	**336,9**	564,5	266,8
Profit on disposal of property, plant and equipment (net)		**(27,7)**	**(19,6)**	(13,4)	(9,9)
Reversal of impairment of property, plant and equipment (net)		**–**	**–**	(1,6)	(1,6)
Fair value adjustment on disposal group classified as held for sale		**–**	**–**	12,7	12,7
Fair value adjustment on investment property		**–**	**–**	0,1	0,1
Profit on disposal of investment in associate		**–**	**–**	(80,0)	(80,0)
Headline earnings		**603,7**	**317,3**	482,3	188,1
Adjustments for discontinued operations:					
Loss from discontinued operations		**93,0**	**90,6**	278,1	278,1
Fair value adjustment on investment property		**–**	**–**	(0,1)	(0,1)
Fair value adjustment on disposal group classified as held for sale		**–**	**–**	(12,7)	(12,7)
Headline earnings from continuing operations		**696,7**	**407,9**	747,6	453,4

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Headline earnings per share from continuing and discontinued operations (cents)		
– Diluted	**78**	46
– Basic	**80**	47
Headline earnings per share from continuing operations (cents)		
– Diluted	**101**	112
Adjusted diluted headline earnings per share excluding Middle East	**114**	120
Diluted headline earnings per share contributed by Middle East	**(13)**	(8)
– Basic	**103**	114
Adjusted basic headline earnings per share excluding Middle East	**116**	122
Basic headline earnings per share contributed by Middle East	**(13)**	(8)

33 Cash generated from operations

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
Profit before interest and taxation		**701,0**	590,9
Adjustments for non-cash items:			
Amortisation of intangible assets	5	**58,8**	38,2
Depreciation	2	**418,4**	428,6
Fair value gain on investments at fair value through profit or loss	7	**(309,1)**	(278,4)
Non-cash movements relating to held for sale		**–**	12,7
Long term provisions raised, released and utilised		**(44,3)**	(21,0)
Provisions for obligations raised, released and utilised		**(9,5)**	(49,0)
Provisions raised, released and utilised relating to held for sale		**–**	(26,3)
Profit on disposal of property, plant and equipment (net)		**(27,7)**	(13,4)
Loss on disposal of assets held for sale	31	**6,0**	–
Fair value adjustment on investment property	3	**–**	0,1
Share-based payment expense		**33,8**	23,2
Impairment of assets (net)		**39,7**	9,0
Profit on sale of investment in associate		**–**	(80,0)
Foreign exchange and other non-cash items		**23,0**	(14,9)
Changes in working capital		**673,2**	314,0
Inventories		**(47,7)**	104,0
Trade and other receivables		**(586,0)**	228,0
Contracts-in-progress and contract receivables		**(168,0)**	(84,0)
Trade and other payables		**481,9**	(221,0)
Subcontractor liabilities and amounts due to contract customers		**993,0**	287,0
		1 563,3	933,7

34 Taxation paid

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Taxation unpaid/(receivable) at beginning of year	**11,1**	(15,6)
Foreign exchange movements	**5,4**	(1,0)
Taxation charged to the statement of financial performance excluding deferred taxation	**(343,5)**	(146,3)
Taxation unpaid/(receivable) at end of year	**121,0**	(11,1)
	(206,0)	(174,0)
Taxation unpaid/(receivable) at end of year comprises:		
Current taxation assets	**(13,9)**	(74,1)
Current taxation liabilities	**134,9**	63,0
	121,0	(11,1)

35 Disposal/acquisition of businesses

35.1 Acquisition of businesses

35.1.1 Acquisition of Gulf Coast Division

On 15 February 2019, Clough USA Inc., which forms part of the Oil & Gas platform, acquired the business of Saulsbury Industries Inc., Gulf Coast division for a consideration of R79 million.

In accordance with the asset purchase agreement an additional consideration of up to approximately R42,3 million may be payable to Saulsbury Industries Inc., subject to the successful award of a significant contract within the US to Clough USA Inc. R38,6 million of this amount has been recognised as contingent consideration at statement of financial position date.

With respect to the above mentioned contingent consideration, in August 2019, Clough US Inc. was awarded a petrochemical engineering, procurement and construction contract (EPC) in the US, valued at $620 million. Clough US Inc. expects to receive full notice to proceed on the project by October.

The acquisition of the Gulf Coast division was structured through an acquisition of assets.

The Gulf Coast division's capabilities includes engineering services, a construction operation, equipment hire, a project controls organisation and a supply chain organisation. The acquisition aligned with Clough's strategy to extend the Oil & Gas platform's EPC service offering to the growing oil and gas and petrochemical sectors in North America.

The net cash outflow arising from the acquisition was R78,9 million.

The assets and liabilities recognised as a result of the acquisition are as follows:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019 Fair value
Plant and equipment	1,9
Intangible assets – Customer relationships	56,0
Trade and other receivables	0,3
(Amounts due to contract customers)/Work-in-progress/Inventories	(11,2)
Trade and other payables	(1,4)
Contingent consideration	(38,6)
Net identifiable assets acquired	7,0
Add: Goodwill	71,9
Net assets acquired	78,9

Intangibles which arose on the acquisition comprise of customer contracts and relationships.

The amounts above have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. The initial accounting is incomplete as the transferred consideration is subject to a post-close adjustment which was not finalised at statement of financial position date. Any change to the provisional accounting is expected to impact goodwill and/or work-in-progress.

In the four months to 30 June 2019, the acquisition contributed revenue of R392,8 million and a loss of R24,4 million to the Group's results. If the acquisition had occurred on 1 July 2018, management estimates that consolidated revenue would have been an additional R680 million and the consolidated loss for the year would have been an additional R85 million.

Loss for the 4 month and full year period includes acquisition-related costs of R15 million. These costs are expensed in the statement of financial performance and are included under operating cash flows in the statement of cash flows.

In determining these amounts, management have assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

The total goodwill amount is expected to be deductible for tax purposes for Clough USA.

35 Disposal/acquisition of businesses *continued*

35.1 Acquisition of businesses *continued*

35.1.2 Acquisition of Terra Nova Technologies ("TNT")

On 1 May 2019, Cementation Americas, which forms part of the Murray & Roberts Underground Mining platform, acquired 100% of TNT for a total consideration of R635,2 million.

The acquisition of the TNT business was structured through an acquisition of assets of TNT USA Inc. and a 100% share purchase of TNT Chile Limitada (100% voting rights).

TNT provides services to the global mining industry (both surface and underground) and design, supply and commission overland conveyors, crushing/conveying systems, mobile stacking systems, including dry stack tailings and heap leach systems, crushing and screening plants and in-pit crushing and conveying systems. TNT also provides process equipment for mining projects. The acquisition of TNT complements the engineering and construction services of Cementation Americas and the Murray & Roberts Underground Mining platform.

The net cash outflow arising from the acquisition was R585,6 million.

The assets and liabilities recognised as a result of the acquisition are as follows:

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019 Fair value
Property, plant and equipment	0,9
Intangible assets – Customer relationships	273,4
Investment in joint ventures	43,9
Inventories	1,5
Amounts due from contract customers	467,9
Trade and other receivables	20,4
Cash and cash equivalents	7,3
Trade and other payables	(416,6)
Current taxation asset	1,0
Net identifiable assets acquired	399,7
Add: Goodwill	235,5
Net assets acquired	635,2
Less: Cash and cash equivalents included in net assets acquired	(7,3)
Less: Deferred consideration	(42,3)
Net outflow on acquisition of business	585,6

The amounts above have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

In the two months to 30 June 2019, the acquisition contributed revenues of R122 million and a loss of R1 million to the Group's results. If the acquisition had occurred on 1 July 2018, management estimates that the consolidated revenues would have been an additional R730 million and the consolidated profit for the year would have been an additional R45 million.

Profit for the 2 month and full year period includes acquisition-related costs of R12,8 million. These costs are expensed in the statement of financial performance and are included under operating cash flows in the statement of cash flows.

In determining these amounts, management have assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

The total goodwill amount is expected to be deductible for tax purposes for TNT USA.

36 Net movement in borrowings

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Loans raised	876,7	59,2
Loans repaid	(161,9)	(109,8)
	714,8	(50,6)
Capitalised leases repaid	(165,1)	(167,0)
	549,7	(217,6)

37 Joint arrangements

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

37.1 Joint ventures

These are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

37.1.1 Details of significant joint ventures

	Nature of activities	Principal place of business and country of incorporation	2019 % Share-holding	2018 % Share-holding
The Group has the following significant joint venture entities				
Forum SA Trading 284 Proprietary Limited	Property development	South Africa	38,0	38,0
Consorcio TNT Vial y Vivies – DSD Chile Ltda	EPC – Spence SGO project	Chile	50,0	–

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
37.1.2 Investment in joint venture		
At beginning of year	72,1	73,2
Acquisition of business^	43,9	–
Share of post-acquisition loss	(3,8)	(1,1)
Foreign currency translation reserve	(0,8)	–
	111,4	72,1
The carrying value of the investments may be analysed as follows:		
Net asset value	109,0	65,1
Share of post-acquisition earnings	3,2	7,0
Foreign exchange movements	(0,8)	–
	111,4	72,1

^ *The above acquisition relates to the acquisition of the joint venture as part of the TNT acquisition.*

37.1.3 Summarised financial information in respect of the Group's joint ventures	2019	2018
Non-current assets	113,5	41,8
Current assets	513,9	62,5
Total assets	627,4	104,3
Non-current liabilities	90,4	79,8
Current liabilities	481,3	–
Total liabilities	571,7	79,8
Net assets	55,7	24,5
Revenue	122,8	–
Loss after taxation	(11,9)	(3,8)

37 Joint arrangements *continued*

37.2 Joint operations

These are joint arrangements where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement.

37.2.1 Details of significant joint operations

	Nature of activities	Principal place of business and country of incorporation	**2019 % Share-holding**	2018 % Share-holding
The Group has the following significant joint operations				
Bombela & Middle East				
Mafraq Hospital Joint Venture*	Construction of hospital	United Arab Emirates	**30,0**	30,0
Murray & Roberts – Bahwan JV – Oman Marriot Hotel*#	Construction of hotel	Oman	**50,0**	50,0
Oil & Gas				
Clough AMEC (Pty) Ltd	Asset management services to the oil and gas sector	Australia	**50,0**	50,0
Clough DORIS Joint Venture#	Project management for Inpex's Ichthys development	Australia	**50,0**	50,0
Clough Suez Joint Venture	ECI services, design and construction of treatment plant for Water Corporation	Australia	**50,0**	50,0
Salini Clough Joint Ventures	Execution of the Snowy Hydroelectric Power Station Project (Snowy 2.0)	Australia	**35,0**	35,0
Underground Mining				
Boipelo Mining Contractors^	Coal mining	South Africa	**49,0**	–
Oil & Gas and Underground Mining				
GCR Mongolia LLC	Completion of underground project works at Oyu Tolgoi mine site	Mongolia	**60,0**	60,0

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.

* *31 December year end.*

Threshold above not met but joint venture retained for comparative purposes.

^ *Threshold not met in current year but joint operation reflected as the entity's operations are expected to increase going forward.*

38 Contingent liabilities

As a contracting Group, Murray & Roberts is in the ordinary course of its business involved in various disputes, a number of which arise when operations and projects are closed out and finalised. Depending on the merits, disputes can translate into claims and legal proceedings, which Murray & Roberts always rigorously defends. Where Murray & Roberts, in consultation with its legal advisors and counsels, believes the claims are predicated on weak and/or spurious grounds, and Murray & Roberts has sound and strong defences, no provision is made for any such claim, and they are aggregated and disclosed as contingent liabilities. The increase in contingent liabilities relates mainly to a claim on a completed project which management do not believe poses a significant risk as the potential obligation will be disputed and defended. 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. 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 (R0,2 billion).

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Contingent liabilities	3 489,7	2 297,3
Financial institution guarantees given to third parties	7 644,0	6 221,5
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to	2 995,4	2 009,4

Update on the Group's claims processes

Uncertified revenue as at the end of the financial year decreased to R0,7 billion (FY2018: R1,3 billion), largely represented by claims on projects in the Middle East and the Power & Water platform. The decrease in uncertified revenue is mainly due to the implementation of IFRS 15.

Grayston Temporary Works Collapse – Update

There is still no conclusion to the inquiry into the tragedy that occurred in October 2015 at the Grayston Pedestrian Bridge project in Sandton, Johannesburg. The inquiry established by the Department of Labour to determine the cause or causes of the temporary works structure has been concluded, but the findings have not yet been made available to the parties involved.

39 Capital commitments

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Approved by directors, contracted and not provided for in the statement of financial position	101,7	209,2
Approved by the directors, not yet contracted for	1 130,3	731,8
	1 232,0	941,0

40 Operating lease arrangements

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, intangible assets 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 are set out in note 27.		
Minimum lease payments due		
Due within 1 year	380,1	356,8
Due between 2 and 5 years	699,2	855,3
Due thereafter	2,3	2,9
	1 081,6	1 215,0

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 whilst 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 365 day 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, Clough Proprietary Limited shares and RUC Cementation Mining Contractors Proprietary Limited shares.

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

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, accounts receivable and payable and interest bearing borrowings.

The Group has applied the requirements of IFRS 9 for the first time during the financial year. Refer below for disclosure regarding the new categories of financial instruments per IFRS 9.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Note	2019	2018
Categories of financial instruments – IAS 39 (Previous standard)			
Financial assets			
Financial assets designated as fair value through profit or loss (level 3)	7	**1 433,9**	1 308,3
Loans and receivables		**7 714,9**	6 093,6
Financial liabilities			
Loans and payables		**6 502,7**	4 746,2
Categories of financial instruments – IFRS 9 (New standard)			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	7	**1 433,9**	1 308,3
Financial assets measured at amortised cost		**7 714,9**	6 093,6
Financial liabilities			
Financial liabilities measured at amortised cost		**6 502,7**	4 746,2

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 risk 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 Financial risk management *continued*

41.4 Foreign currency risk management

The Group has major operating entities in the Middle East, Australia, The Americas and Zambia 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 Australia, Canada, Europe, United Arab Emirates, United States of America and Zambia. 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.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Assets		Liabilities	
	2019	2018	**2019**	2018
Australian Dollar	**26,1**	19,1	**(10,2)**	(12,6)
Canadian Dollar	**8,6**	5,3	**(4,4)**	(2,0)
European Euro	**0,7**	0,6	**(0,7)**	–
UAE Dirham	**2,6**	3,3	**(3,6)**	(3,3)
US Dollar	**13,6**	11,5	**(7,7)**	(1,0)
Zambian Kwacha	**1,0**	1,2	**(0,1)**	(0,1)

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	**2019**	2018
Cash and cash equivalents		
Australian Dollar	**1 840,3**	1 023,2
Bahraini Dinar	**1,3**	1,2
Botswana Pula	**2,5**	10,9
British Pound	**32,1**	25,9
Canadian Dollar	**81,8**	53,9
Central African Franc	**8,7**	8,8
Chile Pesos	**7,9**	–
Egyptian Pound	**0,1**	–
European Euro	**62,5**	45,2
Ghanaian New Cedi	**21,5**	13,9
Indonesian Rupiah	**24,5**	13,8
Japanese Yen	**6,8**	6,4
Malaysian Ringgit	**4,2**	7,2
Mongolian Tugrik	**35,4**	24,9
Mozambican Metical	**1,0**	1,0
Omani Rial	**20,2**	7,3
Papua New Guinea Kina	**11,9**	19,2
Qatari Rial	**1,3**	3,3
Singapore Dollar	**8,5**	3,0
South African Rand	**203,4**	213,0
South Korean Won	**7,5**	8,1
Tanzanian Shilling	**0,1**	–
Thai Baht	**0,2**	1,6
UAE Dirham	**181,0**	258,1
US Dollar	**791,6**	594,4
Zambian Kwacha	**98,3**	113,9
Other	**0,4**	6,0
	3 455,0	2 464,2

41 Financial risk management *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
41.4 Foreign currency risk management *continued*		
Trade and net contract receivables		
Australian Dollar	**767,5**	888,7
Botswana Pula	**1,5**	1,5
British Pound	**49,7**	54,7
Canadian Dollar	**778,3**	476,2
Chile Pesos	**35,6**	–
European Euro	**3,3**	10,8
Ghanaian New Cedi	**0,3**	8,8
Indonesian Rupiah	**–**	13,1
Mongolian Tugrik	**134,7**	18,8
Omani Rial	**36,0**	46,3
Papua New Guinea Kina	**35,0**	111,0
South African Rand	**385,6**	396,6
UAE Dirham	**81,5**	76,0
US Dollar	**572,9**	541,0
Zambian Kwacha	**4,0**	3,9
Other	**0,1**	3,9
Gross receivables	**2 886,0**	2 651,3
Present value and other adjustments	**(53,3)**	(25,2)
	2 832,7	2 626,1
The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts shown are in Rand equivalent):		
Bank overdrafts		
Australian Dollar	**–**	7,9
Botswana Pula	**34,5**	56,0
South African Rand	**1,0**	44,6
UAE Dirham	**–**	–
Other	**–**	2,3
	35,5	110,8
Trade payables and subcontractor liabilities		
Australian Dollar	**548,9**	974,7
Bahraini Dinar	**0,5**	–
Botswana Pula	**14,6**	15,9
British Pound	**12,4**	6,3
Canadian Dollar	**214,6**	126,1
Chile Pesos	**9,2**	–
European Euro	**65,9**	0,1
Malaysian Ringgit	**0,2**	0,2
Mongolian Tugrik	**57,8**	14,8
Omani Rial	**52,7**	151,8
Papua New Guinea Kina	**28,2**	–
Qatari Rial	**0,6**	15,6
South African Rand	**328,6**	266,7
South Korean Won	**0,1**	–
UAE Dirham	**361,8**	331,7
US Dollar	**282,5**	87,4
Zambian Kwacha	**9,6**	7,1
Other	**0,4**	3,7
Gross liabilities	**1 988,6**	2 002,1
Present value and other adjustments	**–**	–
	1 988,6	2 002,1

41 Financial risk management *continued*

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
41.4 Foreign currency risk management *continued*		
Interest bearing liabilities		
Australian Dollar	**446,9**	211,2
Canadian Dollar	**225,7**	72,6
South African Rand	**463,1**	89,2
US Dollar	**487,7**	8,3
	1 623,4	381,3
Non-interest bearing liabilities		
Australian Dollar	**25,4**	61,7
	25,4	61,7

41.5 Interest rate risk management

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and held constant throughout 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	2019	2018
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(3,0)**	0,1
Australia		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**9,4**	6,0
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**0,1**	0,1
Canada		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(1,4)**	(0,2)
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**2,9**	5,3
Zambia		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**1,0**	1,1

41 Financial risk management *continued*

41.6 Credit risk management

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

Credit quality

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

Trade and other receivables: Trade and other receivables consist mostly of amounts due from joint operation partners, vendor loans and prepaid costs.

Amounts due from joint arrangement partners: The expected credit risk is considered low as the Group has a similar amount payable to joint arrangement partners (note 23). These loans are governed by joint arrangement agreements that set out the rights and obligations of each partner. Joint arrangement partners are subject to financial reviews before a partnership is entered into.

Vendor loans: Relates to loans receivable on disposal of businesses. Regular meetings are held with buyers to ensure the rights in terms of the recovery of these loans are exercised. An amount of R100 million of the R133 million vendor loan reflected as current has been received post year-end, before the signature date of the financials. The Group has not written off any vendor loan balances on the recent disposals, including the product businesses.

Prepayments: Relates mostly to prepayments made to sub-contractors. Credit checks are performed and payment guarantees are obtained where deemed necessary.

Other receivables: Relates mostly to the rendering of services to the same customer base as described under contract receivables.

Contract receivables (net of provisions) and retentions receivable:
The Group has concluded that the expected credit losses ("ECL") model (IFRS 9) that replaces the IAS 39 incurred loss model does not have a material impact on the Group's results.

The cumulative effect of initially applying the ECL model to assess impairments of receivables in IFRS 9 was concluded at an amount of R9 million. Refer to note 46.

Over the last 5 financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R20 million per year on an average revenue of R22,7 billion and an average trade and contract receivables balance of R2 749 million.

The Group's client base, in terms of revenue contribution, consists mostly of large firms, which secures funding for projects before the project is awarded.

Each operating platform assesses the project risk (including credit risk) before a decision is made to tender. Higher risk projects are presented to the Group Risk Committee and the Group's Board to obtain approval to tender.

Often approval will be granted subject to reducing the identified risk to an acceptable level. For clients where the credit risk is considered higher than normal, payment guarantees and/or property liens (Americas) would be obtained.

Certain projects (specifically in the mining sector) are lender financed and are indirectly controlled by such lenders. Lenders may, for example, include a requirement that a reputable contractor be used to execute the project or certain sections thereof. Lender financed projects reduce the overall credit risk on a project as the client would have been required to illustrate the financial viability of the project as well as the ability to repay the debt to the relevant financial institution, whilst being subject to debt covenants over the repayment period of the debt.

During the execution of projects, the work performed is certified and is therefore liquid and executable, which enables the Group to use the necessary commercial rights to its disposal to recover amounts receivable once they become due.

Included in trade receivables and amounts due from contract customers are amounts due from South African parastatals and government of Rnil million (2018: Rnil million) and Rnil million (2018: R51,9 million) respectively. An impairment of R8,5 million (2018: Rnil million) was recognised on trade receivables. An amount of Rnil million (2018: Rnil million) is considered to be past due, but not impaired.

The credit quality of this category of financial assets that are neither passed due nor impaired ("not passed due") are considered appropriate.

The Group decided to apply the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year-end management believed that any material credit risk exposure was covered by credit guarantees or bad debt provisions.

41 Financial risk management *continued*

41.6 Credit risk management *continued*

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

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2019						
Cash and cash equivalents	**239,2**	**55,1**	**903,3**	**2 157,7**	**99,7**	**3 455,0**
Trade and other receivables (net of provisions)	**166,6**	**80,3**	**97,2**	**1 114,6**	**210,0**	**1 668,7**
Contract receivables (net of provisions)	**128,7**	**97,6**	**1 891,0**	**686,8**	**–**	**2 804,1**
Non-current receivables	**–**	**–**	**–**	**8,0**	**99,8**	**107,8**
Total assets subject to credit risk	**534,5**	**233,0**	**2 891,5**	**3 967,1**	**409,5**	**8 035,6**
Assets not subject to credit risk	**2 180,0**	**578,9**	**3 604,5**	**1 619,3**	**320,0**	**8 302,7**
	2 714,5	**811,9**	**6 496,0**	**5 586,4**	**729,4**	**16 338,3**
2018						
Cash and cash equivalents	310,2	101,0	819,4	1 187,3	46,3	2 464,2
Trade and other receivables (net of provisions)	199,9	126,5	109,6	352,4	287,6	1 076,0
Contract receivables (net of provisions)	158,3	131,6	1 252,8	1 025,9	–	2 568,6
Non-current receivables	–	–	–	30,3	99,7	130,0
Total assets subject to credit risk	668,4	359,1	2 181,8	2 595,9	433,6	6 238,8
Assets not subject to credit risk	2 782,1	1 020,8	2 379,0	1 103,6	761,4	8 046,9
	3 450,5	1 379,9	4 560,8	3 699,5	1 195,0	14 285,7
Financial assets subject to credit risk*						
2019						
Not past due	**528,0**	**187,7**	**2 532,4**	**3 797,6**	**257,7**	**7 303,4**
Past due	**6,5**	**56,1**	**399,2**	**173,0**	**151,8**	**786,6**
Provisions for impairments	**–**	**(10,8)**	**(40,1)**	**(3,5)**	**–**	**(54,4)**
	534,5	**233,0**	**2 891,5**	**3 967,1**	**409,5**	**8 035,6**
2018						
Not past due	666,3	251,5	1 906,7	2 490,2	431,7	5 746,4
Past due	2,1	110,5	288,0	115,8	1,9	518,3
Provisions for impairments	–	(2,9)	(12,9)	(10,1)	–	(25,9)
	668,4	359,1	2 181,8	2 595,9	433,6	6 238,8

* *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 is also cash and cash equivalents.*

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 where the Group does not expect a credit loss or future impairment as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

Contract receivables past due older than 3 months relates largely to Underground Mining who historically has impaired less than 1% of contract receivables.

Other receivables older than 12 months includes a vendor loan receivable on disposal of businesses of R133 million of which R100 million was received post year end, but before the signature date of these financial statements.

Over the last 5 financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R20 million per year on an average revenue of R22,7 billion and average trade and contract receivables of R2 749 million.

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

	<Three months	Three to six months	Six to twelve months	>Twelve months	Total
2019					
Trade receivables	**2,7**	**0,7**	**5,0**	**1,6**	**10,0**
Contract receivables	**393,3**	**44,0**	**21,9**	**23,8**	**483,0**
Other receivables	**51,2**	**3,7**	**7,5**	**231,2**	**293,6**
	447,2	**48,4**	**34,4**	**256,6**	**786,6**
2018					
Trade receivables	2,0	2,2	–	2,4	6,6
Contract receivables	187,3	74,1	58,9	53,1	373,4
Other receivables	77,0	10,1	9,5	41,7	138,3
	266,3	86,4	68,4	97,2	518,3

Loss allowance per segment

The Group decided to apply the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year-end management believed that any material credit risk exposure was covered by credit guarantees or bad debt provisions.

	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2019						
Trade receivables	**–**	**0,5**	**0,6**	**–**	**–**	**1,1**
Contract receivables	**–**	**10,3**	**39,5**	**3,5**	**–**	**53,3**
	–	**10,8**	**40,1**	**3,5**	**–**	**54,4**
2018						
Trade receivables	–	0,1	0,6	–	–	0,7
Contract receivables	–	2,8	12,3	10,1	–	25,2
	–	2,9	12,9	10,1	–	25,9

41 Financial risk management *continued*

41.6 Credit risk management *continued*

Reconciliation of loss allowance

	Bombela & Middle East	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2019						
Balance at beginning of year	**–**	**2,9**	**12,9**	**10,1**	**–**	**25,9**
Raised during the year	**–**	**9,4**	**27,6**	**3,6**	**–**	**40,6**
Utilised during the year	**–**	**(1,4)**	**–**	**–**	**–**	**(1,4)**
Released during the year	**–**	**(0,1)**	**(0,4)**	**(10,6)**	**–**	**(11,1)**
Foreign exchange movements	**–**	**–**	**–**	**0,4**	**–**	**0,4**
	–	**10,8**	**40,1**	**3,5**	**–**	**54,4**
2018						
Balance at beginning of year	29,9	2,3	12,9	7,2	–	52,3
Raised during the year	–	2,2	–	2,8	–	5,0
Utilised during the year	(28,9)	(1,1)	–	–	–	(30,0)
Released during the year	–	(0,5)	–	(0,3)	–	(0,8)
Foreign exchange movements	(1,0)	–	–	0,4	–	(0,6)
	–	2,9	12,9	10,1	–	25,9

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.

Certain financial institution borrowing facilities restrict the movement of cash internationally between related group entities, before obtaining approval. The Group manages these restrictions by ensuring that the appropriate level of facilities are in place within different operating regions. During the 2019 financial year R140 million was transferred to Murray & Roberts Middle East and R30 million to Murray & Roberts Botswana. The Group has a R30 million facility in Botswana that has been fully utilised and requires the submission of Murray & Roberts Botswana ("MRB") annual financial statements. The Group is in a process of updating and finalising MRB's annual financial statements.

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	2019	2018
Borrowing facilities		
Total borrowing facilities	**5 633,9**	4 024,2
Current utilisation	**(1 850,7)**	(562,2)
Borrowing facilities available	**3 783,2**	3 462,0

41 Financial risk management *continued*

41.8 Maturity profile of financial instruments

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

	Notes	<One year	One to six years	Total
2019				
Financial liabilities				
Bank overdrafts	11	**35,5**	**–**	**35,5**
Interest bearing liabilities	18	**496,0**	**1 127,4**	**1 623,4**
Non-interest bearing liabilities	18	**25,4**	**–**	**25,4**
Trade and other payables	23	**3 614,7**	**–**	**3 614,7**
Subcontractor liabilities	22	**1 074,5**	**–**	**1 074,5**
Non-current payables		**–**	**181,0**	**181,0**
2018				
Financial liabilities				
Bank overdrafts	11	110,8	–	110,8
Interest bearing liabilities	18	234,4	146,8	381,2
Non-interest bearing liabilities	18	61,7	–	61,7
Trade and other payables	23	2 636,4	–	2 636,4
Subcontractor liabilities	22	1 410,8	–	1 410,8
Non-current payables		–	209,3	209,3

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.

Refer to note 47 for detail of major shareholders.

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.

The Public Investment Corporation (ZA), who is a 21,07% shareholder in the Group, provided funding to the buyers of the Infrastructure & Building businesses that were disposed of in prior years. As at 30 June 2019, R133 million was receivable on these disposals.

42.3 Transactions with key management personnel

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2019**	2018
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:		
Salaries	**16,5**	15,9
Retirement fund contributions	**1,2**	1,1
Allowances	**0,1**	0,1
Other benefits	**0,3**	0,4
Total guaranteed remuneration	**18,1**	17,5
Gain on forfeitable share awards	**1,0**	0,4
Performance related	**8,9**	6,1
	28,0	24,0

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 2019 was as follows:

	Total guaranteed remuneration R'000	Performance related* R'000	Gain on Forfeitable Share Awards R'000	Other** R'000	Total R'000
2019					
DF Grobler	**4 452**	**4 124**	**1 981**	**–**	**10 557**
HJ Laas	**6 996**	**8 640**	**8 035**	**101**	**23 772**
	11 448	**12 764**	**10 016**	**101**	**34 329**
2018					
DF Grobler	4 200	4 723	1 113	–	10 036
HJ Laas	6 600	9 090	4 084	475	20 249
	10 800	13 813	5 197	475	30 285

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2018: 30%) of the performance bonus was deferred into forfeitable share awards. The performance related awards for FY2018 included an ex-gratia amount approved by the Murray & Roberts Holdings Board on 29 August 2018 in view of corporate action activity in FY2018.*

** *Fringe benefit on company vehicle and leave payout.*

The remuneration of executive directors and key management personnel is determined by the Remuneration and Human Resource 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.

42.3 Transactions with key management personnel *continued*

Prescribed officers

	Total guaranteed remuneration R’000	Leave payouts R’000	Performance related* R’000	Other** R’000	Gain on Forfeitable Share Awards R’000	Sign on STI and LTI*** R’000	Total R’000
2019							
M da Costa[1]	**3 942**	**–**	**3 625**	**–**	**–**	**2 800**	**10 367**
O Fenn[2]	**407**	**–**	**–**	**8**	**4 450**	**–**	**4 865**
S Harrison	**3 500**	**–**	**914**	**–**	**757**	**–**	**5 171**
IW Henstock	**4 100**	**–**	**3 139**	**73**	**2 118**	**–**	**9 430**
T Mdluli	**3 200**	**–**	**1 882**	**–**	**1 592**	**–**	**6 674**
2018							
O Fenn[2]	4 880	–	3 115	70	1 241	–	9 306
S Harrison	3 340	–	2 686	–	777	–	6 803
IW Henstock	3 900	–	2 987	61	1 111	–	8 059
T Mdluli	2 670	–	1 656	–	1 088	–	5 414

	Total guaranteed remuneration AUD’000	Leave payouts AUD’000	Performance related* AUD’000	Other** AUD’000	Gain on Forfeitable Share Awards AUD’000	Sign on STI and LTI*** AUD’000	Total AUD’000
2019							
P Bennett	**894**	**–**	**519**	**–**	**–**	**–**	**1 413**
2018							
P Bennett	894	61	531	–	–	–	1 486

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (2018: 30%) of the performance bonus was deferred into forfeitable share awards. The performance related awards for FY2018 included an ex-gratia amount approved by the Murray & Roberts Holdings Board on 29 August 2018 in view of corporate action activity in FY2018.*

** *Payment to purchase private life cover.*

*** *Guaranteed amount in respect of September 2018 STI of R1,3 million and amount of R1,5 million in lieu of former employer LTIP/retention foregone.*

1. *Appointed on 1 August 2018.*
2. *Retired on 31 July 2018.*

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 services as directors additional fees for services on the board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2019 excluding Independent Board fees was:

	Directors fees R'000	Non-attendance R'000	Special Board R'000	Committee fees R'000	Lead Independent fee R'000	Chairman's fee R'000	**Total 2019 R'000**	Total 2018 R'000
DD Barber[1]	–	–	–	–	–	–	**–**	179
R Havenstein	–	–	362	17	1 103	–	**1 482**	1 148
SP Kana	–	–	–	–	–	1 568	**1 568**	1 424
NB Langa-Royds	318	(11)	259	519	–	–	**1 085**	844
AK Maditsi	318	–	259	327	–	–	**904**	639
TE Mashilwane	318	(11)	209	267	–	–	**783**	570
DC Radley	318	–	362	403	–	–	**1 083**	771
XH Mkhwanazi	318	(31)	259	327	–	–	**873**	716
M Sello[2]	–	–	–	–	–	–	**–**	472
	1 590	(53)	1 710	1 860	1 103	1 568	**7 778**	6 763
AUD'000								
KW Spence	100	(2)	102	41	–	–	**241**	189

1. Retired on 31 October 2017.

2. Retired on 2 November 2017.

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 however excludes Independent Board fees.

Independent Board (Refer Corporate Governance Report)

	Committee fees 2019 R'000	Committee fees 2018 R'000
R Havenstein	**1 008**	500
SP Kana	**958**	400
AK Maditsi	**696**	400
DC Radley	**699**	400
	3 361	1 700

Details of services on Board committees is 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.

42 Related party transactions, directors' emoluments and interest *continued*

42.3 Transactions with key management personnel *continued*

Share option and Letsema scheme: The movements in share options and Letsema shares of executive directors during the year ended 30 June 2019 are:

Prescribed officers

Grant date	Conditions	Outstanding options 1 July 2018	Strike price (Rands)	Lapsed during the year	**Outstanding options at 30 June 2019**	Expiry date
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**	

Cash-Settled Conditional Rights

Name	Date	Opening balance	Number of rights allocated	Value at grant date	Number settled in the year	Number forfeited in the year	Closing balance
Laas, HJ	Sep 17	864 000	–	12 537	–	–	864 000

As reported in the FY2017 Remuneration report, Mr. Laas did not receive an award under the FSP as he has reached the individual limit in terms of the Plan rules. A cash-settled conditional rights award was made to him instead. This award will not result in a more favourable outcome compared to the FSP and the performance conditions mirror the FSP award made to other executives.

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2019 are:

	Balance at 1 July 2018	Granted during the year	Vested	Forfeited	**Balance at 30 June 2019**
da Costa, M[1]	–	274 000	–	–	**274 000**
Fenn, O[2]	699 500	–	(268 868)	(430 632)	**–**
Grobler, DF	727 000	361 000	(74 500)	(74 500)	**939 000**
Harrison, S	648 000	223 000	(73 500)	(73 500)	**724 000**
Henstock, IW	553 500	–	(131 250)	(131 250)	**291 000**
Laas, HJ	1 602 500	770 500	(380 000)	(380 000)	**1 613 000**
Mdluli, T	472 500	167 000	(72 750)	(72 750)	**494 000**

1. Appointed 1 August 2018.

2. Retired 31 July 2018.

The movements in FSP-STI shares of directors during the year ended 30 June 2019 are:

	Balance at 1 July 2018	Granted during the year	Vested	Forfeited	**Balance at 30 June 2019**
Grobler, DF	109 567	89 895	(50 220)	–	**149 242**
Harrison, S	61 316	51 133	(28 600)	–	**83 849**
Laas, HJ	259 890	173 033	(122 597)	–	**310 326**
Mdluli, T	55 477	31 532	(26 935)	–	**60 074**

Interest of directors in contracts

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

Directors' service contracts

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. Normal retirement of executive directors and senior management is at age 63, however this is subject to specific legislation in the countries within which Murray & Roberts operates.

43 Subsidiary companies

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

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

	% direct ownership	
	2019	2018
Murray & Roberts Abu Dhabi LLC	**49**	49
Murray & Roberts Contractors (Middle East) LLC	**49**	49
Murray & Roberts (Qatar) LLC	**49**	49
Medupi Fabrication Proprietary Limited	**49**	49
Kusile Fabrication Proprietary Limited	**49**	49

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 2019 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period. Such events include, but are not limited to the receipt of the vendor loan receivable outstanding at year end as well as the acquisition of OptiPower Projects by the Power & Water platform, effective 1 July 2019. The above mentioned events were non-adjusting events and hence had no impact on the Group's results for the year ended 30 June 2019.

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 under claims;
- the recognition of penalties and claims on contracts; and
- the recognition of contract incentives.

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 R0,7 billion (FY2018: R1,3 billion), has been recognised in the statement of financial position (refer to note 9).

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

Update on the Group's claims processes
Uncertified revenue as at the end of the financial year decreased to R0,7 billion (FY2018: R1,3 billion), largely represented by claims on projects in the Middle East and the Power & Water platform. The decrease in uncertified revenue is mainly due to the implementation of IFRS 15.

Grayston temporary works collapse
There is still no conclusion to the inquiry into the tragedy that occurred in October 2015 at the Grayston Pedestrian Bridge project in Sandton, Johannesburg. The inquiry established by the Department of Labour to determine the cause or causes of the collapse of the temporary works structure has been concluded, but the findings have not yet been made available to the parties involved.

45 Critical accounting estimates and judgements *continued*

Determining the type of joint arrangement

When a joint arrangement is within a separate legal entity, the Group performs further analysis on the underlying contractual agreements to determine whether the arrangement grants rights to assets and obligations for liabilities (joint operation), or grants rights to net assets (joint venture). The interpretation of contractual terms included in partner and project contracts with clients requires judgement. The joint arrangement partners rights and obligations included in these agreements as well as whether the partners are jointly and severally liable to execute projects with third parties are key factors.

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.

Other investments classification

The Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") for an adjusted purchase price of R357 million in December 2017 (original purchase price of R405 million adjusted for dividends declared and interest from 1 October 2017). The Group's investment in BCC has therefore increased to 50%. Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS 28.18 with regards to venture capital organisations or similar entities, as the transaction does not result in a change of control.

Estimation of onerous lease provision

Present obligations arising under onerous contracts are recognised and measured as provisions. Onerous contracts are considered to exist when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. The onerous lease provision is comprised of the future costs of the vacated floor levels, being predominantly future commitments less any contributions from income derived from the sub-letting of these properties.

Clough currently holds leases for buildings expiring between 2019 and 2022 where the expected economic benefit from subleasing these buildings are expected to be less than the obligated lease payments.

Recognition of deferred taxation assets

Deferred taxation is recognised for the carry forward of unused taxation losses and unused taxation credits to the extent that it is probable that future taxable profit will be available against which the unused taxation losses and unused taxation 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 taxation 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 any provision or contingent liabilities relating to claims, litigation and other legal matters;
- calculation of any other provisions including warrantees, guarantees and bonuses;
- assessment of impairments and the calculation of the recoverable amount of assets;
- calculation of the fair value of financial instruments including the service concession (refer to note 7); and
- calculation of the fair value of items of investment property.

46 New standards and interpretations

46.1 Application of new standards and amendments to International Financial Reporting Standards

The application of the standards below had a material impact on the Group's results. The Group decided to apply the modified retrospective approach to transition from existing IASs to IFRS 15 and IFRS 9. Therefore comparatives were not restated. The cumulative effect of initially applying IFRS 15 and IFRS 9 were made as an adjustment to the opening balance of retained earnings at the date of initial application, 1 July 2018. The impact of initial implementation remained unchanged from that disclosed in the Group's interim results published for the six months ending 31 December 2018.

IFRS 15 Revenue from Contracts With Customers – effective 1 January 2018

Matter

The Group has applied IFRS 15 for the first time in the current financial year. IFRS 15 superseded all previous revenue requirements in IFRS (IAS 11: *Construction Contracts*, IAS 18: *Revenue*, IFRIC 13: *Customer Loyalty Programmes*, IFRIC 15: *Agreements for the Construction of Real Estate*, IFRIC 18: *Transfers of Assets from Customers* and SIC 31: *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers.

Impact

IAS 11 (Construction Contracts) stated that contract revenue shall comprise variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue.

IFRS 15:56 states that variable consideration should only be included in the transaction price, when recognising revenue, to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: Appendix A).

Due to the higher threshold required for recognition and measurement purposes, the application of IFRS 15 will result in the delayed recognition of variable consideration until such time that it is highly probable that the revenue will not be reversed when the uncertainty is resolved.

The cumulative effect of initially applying IFRS 15 was concluded at an amount of R1,1 billion at 1 July 2018. The IFRS 15 adjustment relates mainly to amounts in the Power & Water platform and the Middle East. The Group remains confident that all revenue recorded as uncertified will be certified and paid once attendant commercial matters have been resolved.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019
Impact of adoption:	
Retained earnings impact:	
Retained earnings at 30 June 2018 (Audited)	3 046,4
IFRS 15 adjustment	(1 071,7)
Retained earnings – before IFRS 9 adjustment	1 974,7
Total assets impact:	
Non-current assets impact:	
Amounts due from contract customers at 1 July 2018	568,1
IFRS 15 adjustment	(239,2)
Restated amounts due from contract customers at 1 July 2018	328,9
Current assets impact:	
Amounts due from contract customers at 1 July 2018	5 089,0
IFRS 15 adjustment	(856,7)
Restated amounts due from contract customers at 1 July 2018	4 232,3

46 New standards and interpretations *continued*

46.1 Application of new standards and amendments to International Financial Reporting Standards *continued*

IFRS 9 (2014) Financial Instruments – effective 1 January 2018

Matter

Determines the measurement and presentation of financial instruments depending on their contractual cash flows and business model under which they are held.

The impairment requirements are based on an expected credit losses ("ECL") model that replaces the IAS 39 incurred loss model.

The new hedging model provides for more economic hedging strategies meeting the requirements for hedge accounting.

Impact

The adoption of IFRS 9 has resulted in a change in measurement categories of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and interest-bearing borrowings. The change in the relevant measurement categories are reflected in the table below.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Categories of financial instruments		
Financial assets		
Financial assets at fair value through profit or loss (level 3)	**1 433,9**	1 308,3
Financial assets at amortised cost	**7 714,9**	6 093,6
Financial liabilities		
Financial liabilities at amortised cost	**6 502,7**	4 746,2

The impairment requirements under IFRS 9 are based on an ECL model that replaces the IAS 39 incurred loss model.

The cumulative effect of initially applying the ECL model to assess impairments of receivables in IFRS 9 was concluded at an amount of R9 million.

Refer to note 41 for a more detailed qualitative assessment of the application of the ECL model and note 45 for critical accounting estimates and judgements.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019
Impact of adoption:	
Retained earnings impact:	
Retained earnings – before IFRS 9 adjustment, after IFRS 15 adjustment	1 974,7
IFRS 9 adjustment	(8,8)
Restated retained earnings 1 July 2018 – IFRS 9 and IFRS 15	1 965,9

46 New standards and interpretations *continued*

46.2 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.

STANDARD/INTERPRETATION:	Type	Effective date
Conceptual Framework	Amendment	Financial years commencing on or after 1 January 2020
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2019
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2020
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2019
IFRS 11: Joint Arrangements	Amendment	Financial years commencing on or after 1 January 2019
IFRS 16: Leases	New	Financial years commencing on or after 1 January 2019
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2020
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Amendment	Financial years commencing on or after 1 January 2020
IAS 12: Income Taxes	Amendment	Financial years commencing on or after 1 January 2019
IAS 19: Employee Benefits	Amendment	Financial years commencing on or after 1 January 2019
IAS 23: Borrowing Costs	Amendment	Financial years commencing on or after 1 January 2019
IAS 28: Investments in Associates and Joint Ventures	Amendment	Financial years commencing on or after 1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	New	Financial years commencing on or after 1 January 2019

IFRS 16 (Leases) is deemed to have a material impact on the Group and has therefore been assessed as follows:

Matter
IFRS 16 requires lessees to account for all leases under a single Statement of Financial Position model in a similar way to finance leases under IAS 17.

Exemptions in applying IFRS 16 includes short-term leases (12 months or less) and low value leases. If the exemption is applied, the lease will be expensed on a straight-line basis.

For all leases where the exemptions are not applied, assets and debt would increase while the expense related to these leases would now be classified as depreciation and interest expense, rather than operating expenses.

Expected Impact
The Group has decided that it will apply the modified retrospective approach to transition from existing IASs to IFRS 16. Therefore comparatives will not be restated. The cumulative effect of initially applying IFRS 16 will result in an adjustment to the opening balance of retained earnings at the date of initial application.

The cumulative effect of initially applying IFRS 16 is currently estimated to the recognition of an asset and liability of between R0,7 billion and R1,1 billion.

47 Analysis of major shareholders

	Number of shares	% of shares
Major Shareholders holding 5% or more of the Company's Ordinary Shares		
Aton GmbH (DE)	194 855 660	43,81
Government Employees Pension Fund (ZA)	90 387 964	20,32
Fund Managers holding 5% or more of the Company's Ordinary Shares		
ATM Holding GmbH (DE)	194 855 660	43,81
Public Investment Corporation (ZA)	93 696 310	21,07
Non-public shareholders		74,85
Public shareholders		25,15

48 Going concern

The Board is satisfied that the consolidated and separate financial statements comply with IFRS 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.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**43,4**	43,4
Total non-current assets		**43,4**	43,4
Current assets			
Amount due from subsidiary company	2	**3 587,1**	3 587,6
Amount due from the Murray & Roberts Trust	3	**–**	–
Cash and cash equivalents		**0,7**	0,7
Total current assets		**3 587,8**	3 588,3
Total assets		**3 631,2**	3 631,7
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserves		**43,9**	43,9
Retained earnings		**0,8**	1,3
Total ordinary shareholders' equity		**3 627,5**	3 628,0
Current liabilities			
Trade and other payables		**3,6**	3,7
Current taxation liabilities		**0,1**	–
Total current liabilities		**3,7**	3,7
Total equity and liabilities		**3 631,2**	3 631,7

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Revenue		
Fees received from subsidiary company	**14,3**	11,0
Sundry revenue	**0,1**	–
Dividend received	**222,0**	200,0
Total expenses	**(14,4)**	(11,1)
Auditor's remuneration	**(0,1)**	(0,1)
JSE fees	**(0,4)**	(0,3)
Other	**(13,9)**	(10,7)
Profit before taxation	**222,0**	199,9
Taxation expense	**(0,1)**	–
Profit for the year	**221,9**	199,9
Other comprehensive income	**–**	–
Total comprehensive income for the year	**221,9**	199,9

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

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 2017	3 582,8	0,9	43,0	1,5	3 628,2
Total comprehensive income for the year	–	–	–	199,9	199,9
Dividends declared and paid	–	–	–	(200,1)	(200,1)
Balance at 30 June 2018	**3 582,8**	**0,9**	**43,0**	**1,3**	**3 628,0**
Total comprehensive income for the year	**–**	**–**	**–**	**221,9**	**221,9**
Dividends declared and paid	**–**	**–**	**–**	**(222,4)**	**(222,4)**
Balance at 30 June 2019	**3 582,8**	**0,9**	**43,0**	**0,8**	**3 627,5**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Loss before taxation (excluding dividends received)	**–**	(0,1)
Adjustment for:		
Changes in working capital	**(0,1)**	(0,9)
Decrease in trade and other payables	**(0,1)**	(0,9)
Operating cash flow	**(0,1)**	(1,0)
Dividend paid	**(222,4)**	(200,1)
Cash flows from operating activities	**(222,5)**	(201,1)
Dividend received	**222,0**	200,0
Cash flow from investing activities	**222,0**	200,0
Increase in amounts due from subsidiary company	**0,5**	1,1
Cash flow from financing activities	**0,5**	1,1
Net cash and cash equivalents at beginning of year	**0,7**	0,7
Net cash and cash equivalents at end of year	**0,7**	0,7

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 19 to 31.

2 Investment in subsidiary company

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Shares at cost	1,0	10,0
Investment in shares – Forfeitable Share Plan	42,4	33,4
Amount due	3 587,1	3 587,6
	3 630,5	3 631,0

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	2019	2018
Amount due	235,0	235,6
Impairment of amount owing	(235,0)	(235,6)
	–	–

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 in effect for as long as the liabilities of the Trust exceed its assets fairly valued.

4 Stated capital

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Authorised		
750 000 000 shares of no par value		
Issued and fully paid		
444 736 118 shares of no par value		
Net stated capital	3 582,8	3 582,8

5 Emoluments of directors

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Executive directors (paid by subsidiary companies)	34,3	16,5
Non-executive directors (paid by the Company)	7,8	10,3
Number of directors at year end	7	7

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	2019	2018
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 2019 covered by such guarantees amount to:	2 655,9	2 655,9

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

The lock-in period date of 31 December 2015 has been extended to 31 December 2020 which 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.

The directors consider that the carrying amount of the financial assets and liabilities approximate their fair value.

8 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 2019 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period. Such events include, but are not limited to the receipt of the vendor loan receivable outstanding at year end as well as the acquisition of OptiPower Projects by the Power & Water platform, effective 1 July 2019. The above mentioned events were non-adjusting events and hence had no impact on the Group's results for the year ended 30 June 2019.

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	
		2019 %	2018 %	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
Murray & Roberts Investments Limited	68 000	**100**	100	**1,0**	10,0	**3 587,1**	3 587,6

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest		Proportion of voting power held	
			2019 %	2018 %	**2019 %**	2018 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Bombela & Middle East						
Murray & Roberts Contractors (Middle East) LLC (incorporated in Dubai)	AED	2 000 000	**49**	49	**100**	100
Murray & Roberts Abu Dhabi LLC (incorporated in Abu Dhabi)	AED	2 000 000	**49**	49	**100**	100
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 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
Terra Nova Technologies USA Inc.	USD	1	**100**	–	**100**	–
Oil & Gas						
Clough Limited (incorporated in Australia)	AUD	219 973 000	**100**	100	**100**	100
Corporate & Properties						
Murray & Roberts Australia Pty Ltd (incorporated in Australia)	AUD	632 223 872	**100**	100	**100**	100
Associate companies						
Bombela TKC Proprietary Limited		100	**45**	45	**45**	45
Insig Technologies	AUD	200 000	**30**	–	**30**	–

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM)		Amount	
		2019 %	2018 %	**2019 Rm**	2018 Rm
Secured					
Bullet Payment (ZAR)	2025	**12,61**	–	**324,5**	–
Equal monthly instalments (CAD)	–	**–**	3,25	**–**	4,7
Equal monthly instalments (MYR)	2018	**–**	10,80	**–**	35,4
Equal quarterly instalments (USD)	2024	**6,00**	–	**318,3**	–
No fixed terms of repayment (CAD)	2024	**6,45**	–	**155,8**	–
				798,6	40,1
Unsecured					
Annually (AUD)		**4,0**	3,70	**4,8**	17,7
No fixed terms of repayment (CAD)		**4,53**	4,20	**69,9**	67,8
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment (ZAR)				**14,1**	12,2
Bank overdrafts				**35,5**	110,8
				124,3	208,5
Capitalised finance leases					
Varying rates of interest		**4,85 – 8,50**	6,00 – 8,25		
Specific project plant and equipment				**736,0**	243,4
Total Group				**1 658,9**	492,0
Reflected in the notes under:					
Long term loans (note 18)					
Interest bearing secured loans				**734,9**	4,7
Interest bearing unsecured loans				**–**	17,7
Capitalised finance leases				**392,5**	124,4
Bank overdrafts (note 11)				**35,5**	110,8
Short term loans (note 24)					
Current portion of long term borrowings				**152,5**	115,4
Current portion of capitalised finance leases				**343,5**	119,0
				1 658,9	492,0

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:

Bombela & Middle East

- **PPP Investments & Services**

This segment includes the Groups infrastructure concession investment in the Bombela Concession Company (BCC).

- **Middle East**

This operation 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. No further tendering has taken place in the current financial year and the projects have been completed.

Power & Water
The platform comprises four businesses: Power, Water, Oil & Gas and Resources & Industrial and Electrical & Instrumentation. The platform is structured as a project execution business in the power and water sectors, offering EPC as well as operations and maintenance services. The platform's offerings are supported by its existing capability, capacity and experience, complemented by its strategic partnerships and joint ventures.

Underground Mining
The platform comprises the following businesses: Murray & Roberts Cementation (Johannesburg-based); Cementation Canada (North Bay-based); Cementation USA (Salt Lake City-based); Cementation Sudamérica (Santiago-based) and RUC Cementation Mining (Perth-based). Its geographic footprint is one of the largest in its industry, with a service offering that spans the project value chain including specialist engineering, shaft construction, mine development, raise drilling and contract mining.

Oil & Gas
The platform operates from offices in Australia, South Africa, Scotland and the USA and comprises the following businesses: Clough (Perth-based), e2o (Adelaide-based), CMR Marine (Cape Town-based), Booth Welsh (Ayrshire-based) and CH-IV (Hanover, Maryland-based).

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 of segments principally comprise 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 segments principally comprise of accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East^	Power & Water	Underground Mining	Oil & Gas	Corporate & Properties	Group
2019						
Revenue*	**54**	**2 517**	**10 861**	**6 728**	**7**	**20 167**
Intersegmental revenue	**–**	**3**	**170**	**–**	**19**	**192**
Gross revenue	**54**	**2 520**	**11 031**	**6 728**	**26**	**20 359**
Results						
Profit/(loss) before interest and taxation	**250**	**(32)**	**814**	**(98)**	**(143)**	**791**
Interest expense	**(20)**	**(3)**	**(45)**	**(7)**	**(50)**	**(125)**
Interest income	**3**	**17**	**29**	**22**	**1**	**72**
Profit/(loss) before taxation	**233**	**(18)**	**798**	**(83)**	**(192)**	**738**
Taxation (expense)/credit	**–**	**(5)**	**(300)**	**36**	**(28)**	**(297)**
Profit/(loss) after taxation	**233**	**(23)**	**498**	**(47)**	**(220)**	**441**
Expense from equity accounted investments	**–**	**–**	**(1)**	**–**	**(3)**	**(4)**
Loss from discontinued operations	**(60)**	**(23)**	**–**	**(6)**	**(2)**	**(91)**
Non-controlling interests	**1**	**(7)**	**(8)**	**5**	**–**	**(9)**
	174	**(53)**	**489**	**(48)**	**(225)**	**337**
2018						
Revenue*	468	4 829	8 004	8 542	4	21 847
Intersegmental revenue	–	24	70	3	24	121
Gross revenue	468	4 853	8 074	8 545	28	21 968
Results						
Profit/(loss) before interest and taxation	243	134	471	209	(193)	864
Interest expense	(1)	(4)	(20)	(6)	(73)	(104)
Interest income	4	17	24	15	3	63
Profit/(loss) before taxation	246	147	475	218	(263)	823
Taxation expense	–	(9)	(134)	(129)	(26)	(298)
Profit/(loss) after taxation	246	138	341	89	(289)	525
Income from equity accounted investments	–	–	–	–	21	21
Loss from discontinued operations	(142)	(132)	–	(2)	(2)	(278)
Non-controlling interests	–	(7)	–	7	(1)	(1)
	104	(1)	341	94	(271)	267

* *Segmental revenue reported above includes revenue generated from external customers. Refer to the summarised financial report included in the annual integrated report for a geographical split of revenue, earnings before interest and taxation and total assets.*

^ *Refer below for the split between Bombela and Middle East:*

Bombela: Revenue Rnil million; EBIT R306 million.

Middle East: Revenue R54 million; EBIT loss R56 million.

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Bombela & Middle East[1]	Power & Water[2]	Underground Mining	Oil & Gas	Corporate & Properties[3]	Group
Operating segments							
2019							
Statement of financial position							
Segmental assets	1	**2 475**	**744**	**5 580**	**3 220**	**428**	**12 447**
Segmental liabilities	2	**1 641**	**1 004**	**3 534**	**3 811**	**352**	**10 342**
Investments in associate companies*		**3**	**–**	**2**	**–**	**–**	**5**
Assets classified as held for sale*		**21**	**–**	**–**	**–**	**–**	**21**
Liabilities classified as held for sale		**–**	**–**	**–**	**–**	**–**	**–**
Other information							
Purchases of property, plant and equipment		**–**	**2**	**740**	**59**	**15**	**816**
Purchases of other intangible assets		**–**	**–**	**2**	**43**	**5**	**50**
Depreciation		**–**	**21**	**355**	**38**	**4**	**418**
Amortisation of other intangible assets		**–**	**2**	**6**	**44**	**7**	**59**
Fair value adjustment on BCC		**309**	**–**	**–**	**–**	**–**	**309**
Impairment of receivables		**–**	**–**	**28**	**1**	**–**	**29**
Number of employees		**16**	**2 226**	**6 160**	**1 186**	**62**	**9 650**
2018							
Statement of financial position							
Segmental assets	1	3 127	1 347	3 757	2 808	324	11 363
Segmental liabilities	2	1 464	1 040	1 995	2 334	460	7 293
Investments in associate companies*		3	–	–	–	–	3
Assets classified as held for sale*		21	–	–	30	–	51
Liabilities classified as held for sale		–	–	–	–	–	–
Other information							
Purchases of property, plant and equipment		–	17	398	18	3	436
Purchases of other intangible assets		–	–	2	11	–	13
Depreciation		–	42	332	48	7	429
Amortisation of other intangible assets		–	2	2	28	6	38
Impairment of receivables		4	7	–	2	–	13
Number of employees		25	4 075	5 257	1 227	65	10 649

* *Amounts included in segmental assets and liabilities.*

1. *Bombela & Middle East platform includes amounts for discontinued operations of Southern African Infrastructure & Building businesses.*
   Please refer below for the split between Bombela and Middle East:
   Bombela Segmental Assets R1 441 million; Segmental Liabilities R379 million; Investments in associate companies R3 million.
   Middle East Segmental Assets R999 million; Segmental Liabilities R1 168 million.
2. *Power & Water platform includes amounts for Genrec Engineering that is classified as part of discontinued operations.*
3. *Corporate segmental assets include the inter-segment eliminations of group loans and receivables.*

1 Reconciliation of segmental assets

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018
Total assets	**16 338**	14 286
Cash and cash equivalents	**(3 455)**	(2 464)
Current taxation assets	**(14)**	(74)
Deferred taxation assets	**(422)**	(385)
Segmental assets	**12 447**	11 363

2 Reconciliation of segmental liabilities

	2019	2018
Total liabilities	**10 587**	7 542
Bank overdrafts	**(36)**	(111)
Current taxation liabilities	**(135)**	(63)
Deferred taxation liabilities	**(74)**	(75)
Segmental liabilities	**10 342**	7 293

Group segmental report

Geographical information

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

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

Further detail on geographical split is included in the integrated report which can be found on the Group's website.

	Revenue		Non-current assets*	
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2019	2018	2019	2018
South Africa	**4 691**	7 564	**2 756**	2 189
Rest of Africa	**687**	793	**1**	16
Middle East	**54**	468	**–**	568
Australasia & South East Asia	**9 875**	10 321	**1 236**	1 283
North America & other	**4 860**	2 701	**1 271**	731
	20 167	21 847	**5 264**	4 787

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

Major customers

In the year under review revenue generated from Customer A of R1,9 billion, Customer B of R1,1 billion and Customer C of R1,0 billion make up approximately 20% of the Group's revenue.

The principle of ***Engineered Excellence*** informs all our decision-making. It means we **engineer** or plan everything we do, in such a way that we achieve an outcome of **excellence.**

ENGINEERED
EXCELLENCE