2021 Annual Financial Statements

CONTENTS

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

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

The directors of Murray & Roberts Holdings Limited ("Company" or "Murray & Roberts") 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 systems are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to prevent and detect material misstatements and loss. The systems (including controls over the security over the Group and Company website and electronic distribution of annual reports and other financial information) are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The directors believe, based on information and explanations from management, that the system of internal control is adequate for ensuring the:

- Reliability and integrity of financial and operating information
- Adequate safeguarding, verification and accountability of assets against unauthorised use or disposition
- Compliance of established systems with policies, procedures, laws and regulations

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 Reporting 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 41. The annual financial statements have been compiled under the supervision of DF Grobler CA(SA), (Group financial director) and the financial statements as set out on pages 16 to 101 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 financial statements. For their unmodified report to the shareholders of the Company and Group refer to page 9 to 15.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2021 as set out on pages 2 to 101 were approved by the Board of directors on 01 September 2021 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

GROUP CHIEF EXECUTIVE AND GROUP FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT ON INTERNAL FINANCIAL CONTROLS

for the year ended 30 June 2021

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on page 16 to 101, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

HJ Laas
Group chief executive

DF Grobler
Group financial director

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2021

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 2021, 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
01 September 2021

AUDIT & SUSTAINABILITY COMMITTEE REPORT

for the year ended 30 June 2021

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 Limited ("JSE"). 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

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 and all members of the Committee also serve 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 ("IFRS");
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

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.

PricewaterhouseCoopers Inc. ("PwC") served as external auditor for the financial year ended 30 June 2021. The designated auditor is JFM Kotzé. 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 and has nominated PwC for re-election at the forthcoming annual general meeting of shareholders, with JFM Kotzé as the individual registered auditor. PwC and JFM Kotzé are properly accredited.

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.

AUDIT & SUSTAINABILITY COMMITTEE REPORT *continued*

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 internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every five years.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in June 2021 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 2022. 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 and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of all assurance and special investigations internal audit and management's responses. Review and track management's action plans to address results of internal audit assignments;
- Review the expertise, resources and experience of the Group's internal audit function, and disclose the results of the review in the integrated report;
- Review and provide input on the internal audit function's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based internal audit plan, and make recommendations concerning internal audit projects. Review the internal audit function's performance relative to its audit plan. Review the coordination between the internal and external auditors and the resourcing and standing within the Group of the internal audit function;
- Monitor and evaluate the performance of the chief audit executive and the internal audit function in terms of agreed goals and objectives in order to provide input to management related to evaluating and recording of the performance in the Group's performance management system;
- Recommend to management or the Remuneration Committee the appropriate compensation of the chief audit executive;
- Ensure that the internal audit activity has a quality assurance and improvement programme and that the results of these periodic assessments are presented to the Audit Committee on an exception basis;
- Ensure that the internal audit activity has an external quality assurance review every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations;
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity; 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 Group chief executive, Group financial director, chairman of the audit committee and chairman of the Board.

INTERNAL FINANCIAL CONTROLS

With regards to the Responsibility Statement in terms of paragraph 3.84(K) of the Listings Requirements, the Committee noted:

- The Responsibility Statement submitted by the Group chief executive and the Group financial director in this regard. The Group chief executive, the Group financial director and the Internal Auditors, based on the audit scope, reviewed the controls with regards to internal financial reporting and presented the findings to the Committee. The evaluation of controls by the Group chief executive and the Group financial director included:
  - The identification and classification of risks, including the determination of materiality;
  - Testing the design and determining the implementation of controls to address high risk areas;
  - Utilising Internal Audit to test the operating effectiveness of controls to address the high-risk areas on an annual basis, and other risk areas on a rotational basis; and
  - Obtaining control declarations from divisional and subsidiary management on the operating effectiveness of all key controls at year end.

- That a formal combined assurance model is in place and is being reviewed annually by the Committee. Notwithstanding the output of the combined assurance model, board members form their own opinion on the integrity of the information and reports, and the degree to which an effective control environment has been achieved. Nothing came to the attention of the Committee that the combined assurance model is not effective in covering the Group's significant risks and material matters, including financial reporting controls.

Based on the above and the Group's system of internal control and risk management in 2021, which included the design implementation and effectiveness of internal financial controls, a reasonable basis is provided 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 Group'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 Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with IFRS 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, PwC, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances
- Middle East accounting treatment

SIGNIFICANT AREAS OF JUDGEMENT

Further information on significant areas of judgement can be found in note 40 of the consolidated financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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 2021 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 Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS and that the financial statements be prepared on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit & sustainability committee chair
01 September 2021

REPORT OF DIRECTORS

for the year ended 30 June 2021

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the mining, energy, resources & infrastructure and power, industrial & 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

Revenue from continuing operations increased to R21,9 billion (FY2020: R20,8 billion). The Group reported earnings before interest and tax from continuing operations of R540 million (FY2020: R17 million loss) and recorded an attributable loss of R180 million (FY2020: R352 million loss), representing a diluted loss per share of 45 cents (FY2020: 89 cents loss). A diluted headline loss per share of 14 cents was recorded (FY2020: 80 cents loss).

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 International Financial Reporting Standards ("IFRS"). The accounting policies have been applied consistently compared to the prior year.

GOING CONCERN AND COVID-19 IMPACT

The Group is recovering from the initial impact it experienced in FY2020 from the pandemic, and related deferrals, closures, and restrictions, with continuing operations returning to profitability in the current financial year. The Group is exposed to the natural resources, industrial, energy, water and infrastructure markets and has a strong order book in the current financial year.

The Group's international scope includes market sectors with robust fixed capital investment fundamentals.

The Energy, Resources & Infrastructure ("ERI") platform performance reflects the platform's target markets, with Australia continuing to invest in resources and infrastructure development. FY2021 saw significant awards with the order book reaching a record high. No significant COVID-19 impact was experienced in this platform in the current financial year.

The Mining platform did well with most mines returning to being fully functional in the current financial year. The Americas region experienced a prolonged period of disruption due to the pandemic, which led to high levels of commodity uncertainty and flagged investment decisions by the mining companies, but new awards are evidence of new mining investments. An increase in the demand for commodities is also being noted. The COVID-19 impact experienced in the current financial year was mainly in the Americas region where there were delays of new awards and new work being secured.

The Power, Industrial & Water ("PIW") platform continues to experience limited investment in the market and geographic region it operates in. Uncertain timing of potential project awards necessitated a further reduction of overhead costs in anticipation of lower revenue.

Bombela Concession Company Proprietary Limited ("BCC") operates the Gautrain system which is running with capacity restrictions and at all-time low ridership levels. Passenger demand is expected to remain subdued until the spread of the pandemic is curtailed. Current ridership is circa 10 500 passengers per day, compared to circa 55 000 passengers per day prior to COVID-19. The initial estimated impact of the pandemic on the Group's 50% investment in BCC was accounted for in FY2020. BCC was successful with its business interruption insurance claim, capped at R285 million (M&R share R142,5 million) and the funds upon receipt were used to reduce BCC's debt. The potential prolonged impact of the pandemic on this investment is assessed on an ongoing basis and the COVID-19 impact has been assessed by experts and management based on the best available information to date.

The Group continually monitors its financial position and liquidity structure and implements actions as and when required in order to ensure that the Group has adequate resources.

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 increased to R1,3 billion (FY2020: R1,1 billion). The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

SEGMENTAL DISCLOSURE

The Group operated under three strategic platforms in financial year 2021. 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).

1 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2021 are contained in note 11 of the consolidated financial statements.

Particulars relating to the Vulindlela Trust are set out in note 12 of the consolidated financial statements.

At 30 June 2021 the Vulindlela Trust held 10 624 366 (FY2020: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 065 382 (FY2020: 5 098 588) 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% (FY2020: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2020: 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 10 665 135 shares (FY2020: 7 249 585). 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.

2 DIVIDEND

Every year, the Board of directors of the Company (“Board”) considers an annual dividend, post year end. Dividends are subject to the Group’s financial position and market conditions. Considering the Group’s large and growing order book, and its impact on working capital requirements, the Board has resolved not to declare a dividend for the period under review.

3 DISCONTINUED OPERATIONS

Discontinued operations in the current year comprise the Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Buildings Platform and the Genrec operations.

Infrastructure & Building Platform

In the current year, an investment in a Joint Venture (Forum SA Trading 284 Proprietary Limited), which holds an interest in an investment property in Mooikloof and falls into the previous Southern Africa Infrastructure & Buildings Platform, met the criteria to be classified as held for sale, in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (“IFRS 5”). An impairment of R39 million has been recognised in the loss from discontinued operations in the current year, on classification of this investment as a non-current asset held for sale.

Middle East Operations

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, in terms of IFRS 5. Towards the end of the current financial year, the Group entered into discussions with a UAE-based investment company to dispose of its investments in Murray & Roberts Contractors (Abu Dhabi) LLC and Murray & Roberts Contractors (Middle East) LLC (part of its Middle East Operations). By 30 June 2021, the discussions had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale. Included in the current year loss from discontinued operations is an impairment of R96 million recognised on classification of this disposal group as held for sale, and a further R39 million foreign exchange rate loss.

4 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 companies

REPORT OF DIRECTORS *continued*

5 EVENTS AFTER THE REPORTING PERIOD

During July 2021, civil unrest and protest action occurred in many parts of South Africa. This was considered to be a non-adjusting event. There was no significant impact on results post year end.

During the current financial year, as documented in note 30.1, the Group's exit from the Middle East is progressing and it has entered a transaction process with a UAE-based investment company for the sale to it of the Abu Dhabi and Dubai companies. Regulatory approval is a pre-requisite for the shares to be transferred to the purchaser. The transaction is expected to be concluded by the end of September 2021. Considering the remaining project disputes in each of the two companies, the parties agreed that the consideration for sale would be a nominal amount. The post year end events as discussed above were not considered to be adjusting events and therefore the financial position and results of the Group were not deemed to be significantly affected.

The directors are not aware of any other matter or circumstance, other than noted above, 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 2021 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 and did not have a material impact on the current financial year results.

6 INTEREST OF DIRECTORS

The directors of the Company held direct beneficial interests in 1 879 694 ordinary shares of the Company's issued ordinary shares (FY2020: 1 327 361). Details of the ordinary shares held per individual director are listed below and also set out in note 38.

BENEFICIAL	Direct	Indirect
30 June 2021		
DF Grobler	**375 456**	**2 142 065**
HJ Laas	**1 404 238**	**2 277 340**
DC Radley	**100 000**	**–**
30 June 2020		
DF Grobler	192 557	1 524 346
HJ Laas	1 034 804	2 207 387
DC Radley	100 000	–

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

7 DIRECTORS

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

Independent non-executive

SP Kana (Chairman); JA Boggenpoel; R Havenstein; NB Langa-Royds; AK Maditsi; B Mawasha; DC Radley; CD Raphiri

Executive

HJ Laas (Group chief executive) and DF Grobler (Group financial director)

8 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

9 AUDITORS

PricewaterhouseCoopers Inc. served as external auditor for the financial year ended 30 June 2021. The designated auditor is JFM Kotzé.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Murray & Roberts Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Murray & Roberts Holdings Limited's consolidated and separate financial statements set out on pages 16 to 101 comprise:

- the consolidated and company statements of financial position as at 30 June 2021;
- the consolidated and company statements of financial performance for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Our audit approach

Overview

	Overall group materiality ■ R218,8 million, which represents 1% of consolidated revenue.
	Group audit scope ■ The group comprises 207 reporting components of which full scope audits were performed at 21 financially significant components, and specified audit procedures were performed on a further 6 components. Analytical review procedures were performed over the remaining components as they were deemed to be financially insignificant.
	Key audit matters ■ Estimation uncertainty involved in accounting for revenue from contracts with customers; ■ Recognition and recoverability of uncertified revenue balances; and ■ Middle East accounting treatment.

INDEPENDENT AUDITOR'S REPORT *continued*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R218,8 million
How we determined it	1% of consolidated revenue.
Rationale for the materiality benchmark applied	We selected consolidated revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We chose 1% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector where revenue is considered an appropriate materiality benchmark.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of 207 reporting components. Our scoping assessment included consideration of financially significant components, based on indicators such as the contribution to consolidated assets, consolidated revenue and consolidated profit before taxation as well as risks associated with the component. Based on this assessment we identified 21 financially significant components, on which full scope audits were performed. Specified audit procedures were performed on certain account balances and transactions for a further 6 components as a result of significant account balances and transactions within those components. In order to obtain sufficient audit evidence in respect of financially inconsequential components, the group engagement team performed analytical review procedures on their financial information.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, and component auditors from other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

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.

Consolidated financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ESTIMATION UNCERTAINTY INVOLVED IN ACCOUNTING FOR REVENUE FROM CONTRACTS WITH CUSTOMERS	
Refer to the following accounting policies and notes to the consolidated financial statements: Accounting Policy 1.10 Amounts due from/to contract customers, 1.17 Provisions and contingencies and 1.22 Revenue, Note 8 Amounts due from/to contract customers, Note 25 Revenue and Note 40 Critical accounting estimates and judgements. Revenue generated in the Group, relates mainly to revenue from construction contracts with customers. The Group applies the principles of IFRS 15 – Revenue from contracts with customers (IFRS 15) to account for its revenue from contracts with customers. Revenue from these construction contracts with customers is recognised over time and measured with reference to the transaction price. The transaction price is the consideration to which the entity is expected to be entitled to, in exchange for transferring goods or services to the customer. Variations in contract work, claims and incentive payments are included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Similarly, where contracts contain penalties which could reduce revenue, penalties are deducted from total estimated revenue except to the extent that it is highly probable that penalties won't be levied. 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. i) Input method: the group estimates the cost of construction and engineering services provided to date as a proportion of the total estimated cost of these services to be performed.	Our audit procedures, as noted below, included an evaluation of the relevance and application of the methods of accounting for revenue recognition, significant assumptions and estimates within the Group's calculations of revenue from construction contracts with customers. We assessed the appropriateness of the use of the input and output method of accounting for revenue recognition for the different types of contracts entered into by the Group in accordance with IFRS15. No material exceptions were noted. We performed the following procedures for a sample of contracts entered into by the Group: ■ We assessed the reasonableness of significant assumptions and estimates relating to the estimated total contract cost, estimated total revenue, claims recognised and penalties recognised, through inspection of relevant contract documentation (such as bill of quantities, tender budgets and forecasts and correspondence between the contractor and client). We concluded that management's assumptions and estimates were reasonable and no material exceptions were noted. ■ Through inspection of signed contracts, enforceable contract penalties, management's costing per contract and approved variation order documentation we evaluated the accuracy of the total contract revenue. No material exceptions were noted; ■ We agreed the life to date costs incurred to relevant underlying documentation including supplier invoices, subcontractor agreements and invoices, payroll information for labour costs and inventory issue notes etc. No material exceptions were noted; ■ We compared the estimated progress towards the satisfaction of the performance obligations on each contract to work certified to date by management's contract engineering experts and quantity surveyors. No material exceptions were noted; ■ We assessed the competence, capabilities and objectivity of management's legal experts, contract engineering experts and quantity surveyors through inspection of their qualifications, professional memberships and obtaining an understanding of their work. No aspects requiring further consideration were noted;

INDEPENDENT AUDITOR'S REPORT *continued*

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ESTIMATION UNCERTAINTY INVOLVED IN ACCOUNTING FOR REVENUE FROM CONTRACTS WITH CUSTOMERS	
These assumptions and inputs represent the basis for the calculation of contract revenue, contracts in progress and amounts due to contract customers including the onerous contract provision to be recognised in the consolidated financial statements. We considered the estimation uncertainty involved in accounting for revenue from contracts with customers to be a matter of most significance to our current year audit due to the following: ■ Management's assessment involves making significant estimates about the profit margin and cost to completion; and ■ Given the magnitude of the contract revenue recognised, the contracts in progress, uncertified claims and variations, over-certified revenue balances and provision for onerous contracts balances, the accounting treatment of revenue from contracts with customers has a significant impact on the consolidated financial statements.	■ We recomputed profit margins from year to year on projects running over multiple years. Deviations in margins were identified and evaluated against explanations from management and relevant documentation including correspondence between clients and the Group, subcontractors and the Group, progress certificates and notices in terms of contracts etc. Based on our work performed we accepted the profit margins as reasonable; and ■ We recalculated the revenue per contract based on the input or output method, where applicable. Based on our recalculation, we agreed the adjustments between certified progress revenue and revenue recognised to the work-in-progress, provision for onerous contracts and retentions recognised in the financial statements. No material exceptions were noted.
RECOGNITION AND RECOVERABILITY OF UNCERTIFIED REVENUE BALANCES	
Refer to the following accounting policies and notes to the consolidated financial statements: Accounting Policy 1.10 Amounts due from/to contract customers, 1.17 Provisions and contingencies, 1.22 Revenue, Note 8 Amounts due from/to contract customers, Note 25 Revenue and Note 40 Critical accounting estimates and judgements. As at 30 June 2021, uncertified revenue balances in the Group consisted of uncertified claims and variations amounting to R1.3 billion and contracts is progress of R1.2 billion. Variation orders and claims are recognised as revenue to the extent that collection is highly probable, and the amounts can be reliably measured. The assessment as to whether the recoverability of variation orders and claims are highly probable requires significant judgement. Each variation order or claim is assessed individually to confirm entitlement and to conclude on the strength of the claim. The Group utilises legal experts, engineers and quantity surveyors to assess probabilities in determining the amount to be recognised relating to uncertified revenue and that the recoverability of amounts recognised are considered highly probable.	Our work on the recognition and recoverability of uncertified revenue balances entailed the following: ■ With the assistance of our quantity surveying expertise and inspection of correspondence relating to claims and variation orders, we assessed the reasonableness of the merits and quantum of variation orders and claims recognised in favour of and against the Group. We accepted the merits and quantum of variation orders and claims recognised in favour of and against the Group as reasonable; ■ We obtained and inspected legal experts' reports, confirmations and opinions and held discussions with the legal experts, to understand the current status and progress on claims and variation orders in the dispute resolution and arbitration process. In doing so, we assessed the legal experts' experience and objectivity by inspecting their qualifications. We did not identify any material exceptions; ■ We assessed the competence, capabilities and objectivity of management's legal experts, contract engineering experts and quantity surveyors through inspection of their qualifications, professional memberships and obtaining an understanding of their work. No aspects requiring further consideration were noted;

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RECOGNITION AND RECOVERABILITY OF UNCERTIFIED REVENUE BALANCES	
We considered the recognition and recoverability of uncertified revenue balances to be a matter of most significance to our current year audit due to the following: ■ Significant estimates and judgements applied relating to the merits, quantum and recoverability of these balances; and ■ The magnitude of uncertified revenue balances recognised in relation to the consolidated financial statements.	■ We assessed the reasonableness of judgements, estimates and assumptions made in relation to uncertified revenue balances, through discussion with the directors, engineering experts and quantity surveyors and inspection of relevant documentation such as correspondence between parties, contractual agreements, signed variation orders etc. We accepted the judgements, estimates and assumptions as reasonable; and ■ For a sample of balances, we assessed the recoverability of uncertified revenue balances receivable, through testing of receipts subsequent to period end and where receipts remained outstanding, specific client circumstances such as force majeure notifications, industry specific circumstances and publicly available financial information and media reports were considered. Furthermore, we assessed the reasonableness of management's expected credit loss (ECL) allowance on uncertified revenue balances, by independently recomputing the ECL allowance. Our testing did not identify any material exceptions as it impacts on the recoverability of the uncertified revenue balances.
MIDDLE EAST ACCOUNTING TREATMENT	
Refer to the following accounting policies and notes to the consolidated financial statements: Accounting Policy 1.14 Non-current assets held for sale and discontinued operations, Note 30 Discontinued Operations, Assets and Liabilities Classified as Held for Sale and Note 40 Critical accounting estimates and judgements. Assets and liabilities classified as held for sale relate mainly to the Middle East operations, which has been classified as a disposal group held for sale, in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (IFRS 5), in the current financial year. The disposal group consists mainly of contracts in progress, amounts due from contract customers and short-term borrowings. This disposal group held for sale has been measured at the lower of its carrying amount and fair value less cost to sell in accordance with IFRS 5, at 30 June 2021. An impairment of R96.4 million, has been recognised for the year ended 30 June 2021, in this regard. We considered the accounting treatment of the Middle East operations to be a matter of most significance to our current year audit due to the level of estimation and judgement involved: ■ In the classification of the Middle East operations as a disposal group held for sale; and ■ The determination of the value of the assets and liabilities included in the disposal group.	Our work performed in addressing this key audit matter entailed the following: ■ We evaluated the reasonableness of management's assessment, supporting the classification of the Middle East operations, as a disposal group held for sale, in terms of IFRS 5 through discussions with legal counsel and management and inspection of the draft Sale and Purchase agreement. We found the assessment to be reasonable; ■ We assessed the reasonableness of estimates and judgements applied in determining the value of assets and liabilities included in the disposal group through discussions with legal counsel and inspection of underlying contract documentation. We found the estimates and judgements to be reasonable; ■ We evaluated management's assessment of the fair value less cost to sell and the resulting impairment, for accuracy through recomputation and for consistency with the terms of the draft Sale and Purchase agreement. No material exceptions were noted;

INDEPENDENT AUDITOR'S REPORT *continued*

SEPARATE FINANCIAL STATEMENTS

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Murray & Roberts Holdings Limited Annual Financial Statements for the year ended 30 June 2021", which includes the Report of directors, the Audit and sustainability committee's report and the Certification by company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Murray & Roberts Annual Integrated Report for the year ended 2021", which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 and will 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 identified above 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 that we 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 the directors 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 the 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 the 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 directors' 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's and the 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 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 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, actions taken to eliminate threats or safeguards applied.

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 the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Murray & Roberts Holdings Limited for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JFM Kotzé
Registered Auditor

Johannesburg, South Africa

1 September 2021

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 548,2**	3 374,0
Goodwill	3	**1 102,2**	1 124,6
Other intangible assets	4	**400,2**	506,0
Investments in joint ventures & associates	5 & 34	**2,0**	76,4
Other investments	6	**1 435,3**	1 227,3
Deferred taxation assets	20	**609,4**	689,3
Net investment in lease		**2,9**	76,0
Receivables		**1,1**	19,9
Total non-current assets		**7 101,3**	7 093,5
Current assets			
Inventories	7	**406,6**	360,0
Amounts due from contract customers	8	**5 545,2**	6 039,1
Trade and other receivables	9	**2 054,1**	1 897,5
Net investment in lease		**66,5**	72,6
Taxation assets	33	**35,7**	20,9
Cash and cash equivalents	10	**3 697,3**	3 415,3
Total current assets		**11 805,4**	11 805,4
Assets classified as held for sale	30	**832,6**	–
Total assets		**19 739,3**	18 898,9
EQUITY AND LIABILITIES			
Stated capital	11	**2 559,5**	2 595,5
Reserves	13 & 14	**1 188,3**	1 620,5
Retained earnings		**1 212,8**	1 394,5
Equity attributable to owners of Murray & Roberts Holdings Limited		**4 960,6**	5 610,5
Non-controlling interests	15	**23,9**	8,2
Total equity		**4 984,5**	5 618,7
Non-current liabilities			
Long term loans	17	**786,2**	1 197,9
Retirement benefit obligations	18	**2,2**	13,5
Long term provisions	19	**45,2**	91,0
Deferred taxation liabilities	20	**110,4**	104,3
Payables		**95,6**	108,2
Total non-current liabilities		**1 039,6**	1 514,9
Current liabilities			
Amounts due to contract customers	8	**4 228,5**	3 543,2
Trade and other payables	22	**5 319,9**	4 273,9
Short term loans	23	**795,8**	1 213,1
Taxation liabilities	33	**126,1**	191,0
Provisions for obligations	24	**311,4**	238,8
Subcontractor liabilities	21	**729,9**	1 193,1
Bank overdrafts	10	**1 430,3**	1 111,3
Derivative financial instruments		**1,8**	0,9
Total current liabilities		**12 943,7**	11 765,3
Liabilities classified as held for sale	30	**771,5**	–
Total liabilities		**14 754,8**	13 280,2
Total equity and liabilities		**19 739,3**	18 898,9

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	**2021**	2020
Continuing operations			
Revenue	25	**21 881,7**	20 837,7
Profit before interest, depreciation and amortisation		**1 422,8**	833,7
Depreciation		**(806,0)**	(759,0)
Amortisation of intangible assets		**(76,8)**	(91,6)
Profit/(loss) before interest and taxation	26	**540,0**	(16,9)
Interest expense	27	**(240,8)**	(301,4)
Interest income	28	**32,6**	80,3
Profit/(loss) before taxation		**331,8**	(238,0)
Taxation expense	29	**(243,2)**	(150,5)
Profit/(loss) after taxation		**88,6**	(388,5)
(Loss)/profit from equity accounted investments		**(0,6)**	1,9
Profit/(loss) for the year from continuing operations		**88,0**	(386,6)
(Loss)/profit from discontinued operations	30	**(254,5)**	15,6
Loss for the year		**(166,5)**	(371,0)
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**(179,9)**	(351,6)
Non-controlling interests	15	**13,4**	(19,4)
		(166,5)	(371,0)

Basic and diluted loss per share were 46 cents (FY2020: 89 cents) and 45 cents (FY2020: 89 cents) respectively.

Continuing basic and diluted earnings per share were 19 cents (FY2020: 97 cents loss per share) and 18 cents (FY2020: 97 cents loss per share) respectively.

For further details refer to note 31.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Loss for the year		**(166,5)**	(371,0)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	14	**6,9**	(2,7)
		6,9	(2,7)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	13 & 15	**(436,8)**	598,5
		(436,8)	598,5
Other comprehensive (loss)/income for the year net of taxation		**(429,9)**	595,8
Total comprehensive (loss)/income		**(596,4)**	224,8
Total comprehensive (loss)/income attributable to:			
Owners of Murray & Roberts Holdings Limited		**(612,7)**	247,1
Non-controlling interests		**16,3**	(22,3)
		(596,4)	224,8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of Murray & Roberts Holdings Limited**	Non-controlling interests	**Total equity**
Balance at 01 July 2019	2 593,7	955,5	70,6	1 973,3	**5 593,1**	34,1	**5 627,2**
Total comprehensive income/(loss) for the year	–	601,4	(2,7)	(351,6)	**247,1**	(22,3)	**224,8**
Treasury shares disposed	105,2	–	–	–	**105,2**	–	**105,2**
Treasury shares acquired	(136,5)	–	–	–	**(136,5)**	–	**(136,5)**
Utilisation of share-based payment reserve	33,1	–	(33,1)	–	**–**	–	**–**
Recognition of share-based payment	–	–	28,8	–	**28,8**	–	**28,8**
Dividends declared and paid	–	–	–	(227,2)	**(227,2)**	(3,6)	**(230,8)**
Balance at 30 June 2020	2 595,5	1 556,9	63,6	1 394,5	**5 610,5**	8,2	**5 618,7**
Total comprehensive (loss)/income for the year	–	(439,7)	6,9	(179,9)	**(612,7)**	16,3	**(596,4)**
Treasury shares disposed	20,9	–	–	–	**20,9**	–	**20,9**
Treasury shares acquired	(76,5)	–	–	–	**(76,5)**	–	**(76,5)**
Transfer from retained earnings	–	–	1,8	(1,8)	**–**	–	**–**
Utilisation of share-based payment reserve	19,6	–	(19,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	18,4	–	**18,4**	–	**18,4**
Acquisition of business	–	–	–	–	**–**	(0,6)	**(0,6)**
Balance at 30 June 2021	2 559,5	1 117,2	71,1	1 212,8	**4 960,6**	23,9	**4 984,5**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Cash flows from operating activities			
Receipts from customers		21 927,1	21 019,9
Payments to suppliers and employees		(19 049,5)	(21 072,4)
Cash generated by/(utilised from) operations	32	2 877,6	(52,5)
Interest received		35,4	85,4
Interest paid		(231,4)	(296,3)
Taxation paid	33	(287,5)	(272,6)
Taxation refund	33	27,7	8,6
Operating cash flow		2 421,8	(527,4)
Dividends paid to owners of Murray & Roberts Holdings Limited		–	(227,2)
Dividends paid to non-controlling interests		–	(3,6)
Net cash inflow/(outflow) from operating activities		2 421,8	(758,2)
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		(6,0)	(37,9)
Cash received from reclassification of joint venture to joint operation		–	86,7
Purchase of intangible assets other than goodwill	4	(35,4)	(20,9)
Purchase of property, plant and equipment	2	(1 154,0)	(654,2)
– Replacements		(45,8)	(112,7)
– Additions		(1 315,7)	(1 479,7)
– Acquisition of assets by means of a lease (non-cash)		207,5	938,2
Proceeds on disposal of intangible assets		0,3	4,6
Proceeds on disposal of property, plant and equipment		49,8	116,5
Proceeds on disposal of assets held for sale		–	20,9
Dividends received from the Bombela Concession Company	6	–	328,0
Other		1,3	0,7
Net cash outflow from investing activities		(1 144,0)	(155,6)
Cash flows from financing activities			
Net acquisition of treasury shares		(55,6)	(31,3)
– Acquisition of treasury shares		(76,5)	(136,5)
– Disposal of treasury shares		20,9	105,2
Net movement in borrowings	32	(798,3)	(685,1)
– Loans raised		614,1	698,9
– Loans repaid		(930,7)	(665,0)
– Leases repaid		(481,7)	(719,0)
Net cash outflow from financing activities		(853,9)	(716,4)
Total increase/(decrease) in net cash and cash equivalents		423,9	(1 630,2)
Net cash and cash equivalents at beginning of year		2 304,0	3 419,5
Effect of exchange rates		(436,5)	514,7
Net cash and cash equivalents at end of year^	10	2 291,4	2 304,0
^ Cash and cash equivalents balance comprises of:			
– Cash		*3 697,3*	*3 415,3*
– Reclassification to held for sale		*24,4*	*–*
– Overdraft		*(1 430,3)*	*(1 111,3)*

ACCOUNTING POLICIES

for the year ended 30 June 2021

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 and financial assets at fair value through profit or loss. 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 International Financial Reporting Standards (“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 40.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 41.

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, of the JSE Limited Listings Requirements 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 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 financial performance 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 raising 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

ACCOUNTING POLICIES *continued*

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 gain on bargain purchase.

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 or gain on bargain purchase. 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 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.

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 ("CGU") expected to benefit from the synergies of business combinations. Any impairment loss of the CGU is first allocated against the goodwill and thereafter against the other assets of the CGU 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 that 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 of 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 arrangements 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 through other comprehensive income (where applicable). 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 functional currency, 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 functional currency by applying to the foreign currency amount the exchange rate between the functional currency 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 presentation 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;

ACCOUNTING POLICIES *continued*

- 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 foreign currency 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

Classification, initial recognition and subsequent measurement

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.

Financial assets 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 amounts by the client or consultant at the reporting date for which payment has not been received and amounts held as retentions on certified amounts 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 6. 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. Under IFRS 9: Financial Instruments (“IFRS 9”), the Group calculates the allowance for credit losses by using the expected credit loss (“ECL”) model for financial assets. ECLs are measured at the present value of all cash shortfalls arising from a credit default event, discounted at the original effective interest rate.

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables and amounts due from contract customers for the sale of goods and provision of services;
- Debt instruments carried at amortised costs; and
- Debt investments carried at fair value through other comprehensive income.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, no impairment loss was identified or recognised in the current period.

The IFRS 9 simplified approach was applied in determining the ECL for trade receivables and amounts due from contract customers which uses a lifetime expected loss allowance for all trade receivables and contract assets to be recognised from initial recognition of the receivable. A lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

Financial assets are considered to have low credit risk when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows in the near term. Impairment losses on trade receivables and contract receivables are presented as impairment losses within operating expenses. Subsequent recoveries of amounts previously written off are presented as a reversal of impairment losses previously recognised within sundry income.

The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer;
- Liquidation, business rescue proceedings or other forms of financial reorganisation are implemented; or
- Any other event where the likelihood of full settlement is remote.

In instances where the Group determines a receivable to be credit-impaired, the receivable is excluded from the portfolio for the purposes of calculating an ECL and a specific credit loss is raised based on an assessment of the individual circumstances relating to the default event.

For the other financial assets, the Group recognises ECLs that reflects changes to the individual credit risk profile of each financial asset at the reporting date.

Expected credit losses are recognised:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that could result from default events that are possible within the next 12 months;
- When the credit risk of financial assets significantly increased and the resultant credit quality is not low risk, then credit losses are provided for over the remaining life of the exposure; and
- When financial assets have already become credit impaired (or default events have occurred), a lifetime approach is adopted on the net amount less allowance. These are individually assessed.

Credit risk on a financial asset is assumed to have increased significantly if it is more than 30 days past due. A financial asset is considered to be in default when contractual payments are 90 days past due.

Trade and other receivables and amounts due from contract customers, are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan and a failure to make contractual payments for a period of greater than 120 days past due.

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.

Refer to note 37.6 for additional ECL disclosure.

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.

ACCOUNTING POLICIES *continued*

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.

Equity instruments and financial 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 financial assets 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 Amounts due from/to contract customers

Contract assets and contract liabilities are determined on a contract by contract basis and represent the Group's progress towards the satisfaction of the performance obligations stipulated in the terms of each of its contracts. To determine the progress towards the satisfaction of performance obligations on each contract, the Group uses either the input or output method as described in accounting policy note 1.22 Revenue.

Amounts due from contract customers

Amounts due from contract customers (a contract asset) comprises contracts in progress, uncertified claims and variations, amounts receivable on contracts (invoiced) and retentions receivable (invoiced).

Contracts in progress is recognised to the extent that the gross amounts of costs incurred on a contract plus recognised profit (less recognised losses) exceeds the amounts invoiced on the contract.

Uncertified claims and variations are recognised to the extent that it is highly probably that the related revenue will not reverse. The Group uses legal experts, engineers and quantity surveyors in determining the amounts to be recognised in respect of these uncertified balances.

Amounts receivable on contracts and retentions receivable relate to amounts which have been certified by the customer and have been invoiced. These amounts are recognised as financial assets and are accounted for in terms of IFRS 9. Refer to accounting policy note 1.9 Financial Instruments in this regard.

Amounts due to contract customers

Amounts due to contract customers (a contract liability) relates to amounts that are received in excess of the work completed. These amounts are comprised of advance payments received and over-certified balances on work performed.

Over-certified balances are recognised to the extent that the amounts invoiced on the contract exceeds the gross amounts of costs incurred on a contract plus recognised profit (less recognised losses).

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. Refer to accounting policy note 1.9 Financial Instruments in this regard.

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 programs 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.

Patents and other rights, trademarks and customer relationships

Separately acquired patents and other rights, trademarks and customer relationships are recognised at the purchase price and other costs that are directly associated with the acquisition including professional fees, costs of registration and employee benefits. When acquired as part of a business combination, these assets are recognised at fair value on the acquisition date.

With the exception of trademarks, these intangible assets have a finite life and are amortised over its estimated useful life from the date it becomes available for use.

Trademarks with an indefinite useful life are not amortised, but tested annually for impairment.

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 or purchased by the Group. 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.

Right-of-use assets

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

ACCOUNTING POLICIES *continued*

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 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 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.

1.14 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell through profit or loss. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.15 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.

1.16 Leases

At inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of the identified asset for a period of time and in exchange for consideration.

The following is assessed to determine if a contract conveys the right to control the use of an identified asset:

- Whether the contract involves the use of an identified asset, which may be specified explicitly or implicitly. The asset must be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the Group does not have the right to use the identified asset;
- Whether the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use;
- Whether the Group has the right to direct the use of the identified asset throughout the period of use only if:
    - The Group has the right to direct how and for what purpose the asset is used
    - The relevant decisions about how and for what purpose the asset is used is predetermined and the Group has the right to operate the asset without the supplier having the right to change those operating instructions or the Group has designed the asset in a way that predetermined how and for what purpose the asset will be used.

The Group as a lessee

At the commencement of the lease term, a right-of-use asset and a lease liability is recognised on the statement of financial position.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is utilised.

Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments, less any incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date;
- Amounts payable under residual value guarantees;
- the exercise price of an option if this is reasonably certain to be exercised; and
- Payments of penalties for terminating the lease if this is accounted for in the lease term.

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

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 the statement of financial performance as they become due. The carrying amount of the lease liability is remeasured to reflect any reassessment, lease modifications or revised in-substance fixed payments. The amount of the remeasurement is recognised as an adjustment to the right-of-use asset and any further reduction required is recognised in profit or loss.

Short-term and low value leases

Leases with a lease term of less than 12 months or leases of assets which are low value in nature are not recognised on the statement of financial position. The

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lease payments on these leases are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

FINANCE LEASES

If a lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as a finance lease by the Group.

As an intermediate lessor, the Group accounts for its interests in the head lease and the sublease separately. The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Amounts due from lessees are recognised as receivables at the amount of the Group's net investment in the lease. The net investment in the lease is measured at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group as an intermediate lessor utilises the discount rate for the head lease, adjusted for any initial direct costs associated with the sublease, to measure the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease include:

- Fixed payments, including in-substance fixed payments, less any incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date;
- Any residual guarantees provided to the Group as lessor by the lessee, a party related to the lessee or a third party unrelated to the Group that is financially capable of discharging the obligations under the guarantee;
- The exercise price of an option if this is reasonably certain to be exercised; and
- Payments of penalties for terminating the lease if this is accounted for in the lease term.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

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

1.17 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

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.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately through profit or loss, to the extent that the remaining contract costs are deemed to be unavoidable in terms of IAS 37. Estimating the total contract costs involves a significant level of estimation and judgement. Refer to note 40 for further disclosure in this regard.

1.18 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.

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.

The Company has an agreement with its subsidiary companies to charge the subsidiaries for the equity compensation share schemes granted to the subsidiaries' employees. The movement in equity in the Company's financial statements relating to the recharge of the share-based payments of subsidiaries is accounted for against investments in subsidiaries and is eliminated on consolidation for group reporting purposes.

1.19 Employee benefits

Defined contribution plans

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

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

Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer 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.

1.20 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.

ACCOUNTING POLICIES *continued*

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.

Uncertain tax positions

Where there is uncertainty over income tax treatments, the Group applies the requirements of IFRIC 23: Uncertainty over Income Tax Treatments ("IFRIC 23") when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ("tax amounts").

The Group applies the requirements as follows:

- Judgement is applied to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together;
- The assumption is made that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so;
- Tax amounts are determined on a basis that is consistent with the tax treatment included in the Group's income tax filings if the Group concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities; and
- Tax amounts are determined using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where the Group concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

1.21 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.

1.22 Revenue

The Group applies IFRS 15: Revenue from Contracts with Customers.

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 has resulted 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 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. The Group does not adjust the transaction price for the effects of a significant financing component.

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 legal experts, engineers and quantity surveyors to assess 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 8, and "Amounts due to contract customers" in 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 contract is considered to have one performance obligation and the transaction price as determined in step 3 is allocated to it, the input method (refer to step 5) is used to recognise revenue over time.

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; or

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

ACCOUNTING POLICIES *continued*

For each performance obligation, management applies measurement methods that are consistent for similar performance obligations and circumstances.

The Mining platform mainly applies the output method in measuring revenue over time as the segment provides specialist engineering, construction and mining contracting services in the underground mining environment where the progress of the contract is based on work certified to date which the Group believes depicts the transfer of goods and services as it is based on completed work as agreed by our customers.

The ERI platform mainly applies the input method where the progress of satisfying performance obligations is measured by using a percentage of completion assessment which is based on costs incurred to date compared to the total estimated costs at completion. This method best depicts the transfer of control of assets being created or enhanced to the customer, as these projects are evaluated and measured on the basis of how the contract progresses in relation to completion of the contract.

The PIW platform applies the input method to the power and transmission & distribution segment where the progress of satisfying performance obligations is measured by using a percentage of completion assessment which is based on costs incurred to date compared to the total estimated costs at completion. This method best depicts the transfer of control of assets being created or enhanced to the customer, as these projects are evaluated and measured on the basis of how the contract progresses in relation to completion of the contract. The output method is applied on the other businesses where the progress of the contract is based on work certified to date which the Group believes depicts the transfer of goods and services as it is based on completed work as agreed by our customers.

The shortcoming of input methods is that there may not be a direct relationship between the Group's inputs and the transfer of control in relation to contracts with customers in the ERI and PIW platforms. Therefore, the Group shall exclude from an input method the effects of any inputs that, in accordance with the objective of measuring progress towards the complete satisfaction of the performance obligation, do not depict the Group's performance in transferring control of goods or services to the customer. In certain instances, circumstances such as increases in costs due to inefficiencies, cost escalations, etc. arise in the Group. Such instances result in an adjustment to the measure of progress to address the shortcomings of input methods. On this basis, the input method is deemed to be representative of the relationship between the Group's inputs and the transfer of control of goods or services to the customer.

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. If the costs incurred in fulfilling a contract with a customer is not within the scope of another standard, the Group recognises an asset for these costs when all of the following criteria are met:

a) The costs relate directly to a contract or an anticipated contract that the entity can specifically identify;

b) The costs generate or enhance resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future; and

c) The costs are expected to be recovered. 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 8, and "Amounts due to contract customers" in 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 8, and "Amounts due to contract customers" in 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 40 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) 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.

1.23 Dividends

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

1.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Committee who 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 arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

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

Segmental assets

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

1.25 Black Economic Empowerment

IFRS 2: Share-Based Payment requires share-based payments to be recognised as an expense in profit or loss. This expense is measured at 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

2 PROPERTY, PLANT AND EQUIPMENT

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021 Cost	2021 Accumulated depreciation and impairment	2021 Carrying value	2020 Cost	2020 Accumulated depreciation and impairment	2020 Carrying value
PPE						
Land and buildings	508,7	(303,3)	205,4	559,4	(309,5)	249,9
Plant and machinery	5 343,5	(3 320,3)	2 023,2	4 859,5	(3 410,2)	1 449,3
Other equipment	854,4	(207,5)	646,9	775,6	(201,6)	574,0
	6 706,6	(3 831,1)	2 875,5	6 194,5	(3 921,3)	2 273,2

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021 Cost	2021 Accumulated depreciation and impairment	2021 Carrying value	2020 Cost	2020 Accumulated depreciation and impairment	2020 Carrying value
RIGHT-OF-USE ASSET						
Land and buildings	434,3	(261,1)	173,2	465,3	(149,8)	315,5
Plant and machinery	983,2	(487,6)	495,6	1 232,7	(453,7)	779,0
Other equipment	7,6	(3,7)	3,9	7,8	(1,5)	6,3
	1 425,1	(752,4)	672,7	1 705,8	(605,0)	1 100,8
Total	8 131,7	(4 583,5)	3 548,2	7 900,3	(4 526,3)	3 374,0

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and machinery	Other equipment[@]	Total
At 30 June 2019	237,7	1 796,0	169,7	2 203,4
Impact of adoption of IFRS 16	(6,6)	(458,2)	–	(464,8)
Additions	2,0	206,6	460,9	669,5
Acquisition of business	–	38,0	0,1	38,1
Disposals	(2,7)	(48,5)	(17,4)	(68,6)
Transfer between categories	10,8	25,8	(36,6)	–
Transfer to right-of-use assets	–	–	(41,3)	(41,3)
Foreign exchange movements	39,8	210,3	58,8	308,9
Depreciation	(31,1)	(309,0)	(20,2)	(360,3)
Impairment loss	–	(11,7)	–	(11,7)
At 30 June 2020	249,9	1 449,3	574,0	2 273,2
Additions	3,3	1 052,2	246,3	1 301,8
Acquisition of business^	–	2,1	0,1	2,2
Disposals	–	(9,1)	(4,1)	(13,2)
Transfer to assets classified as held for sale	–	(30,0)	–	(30,0)
Transfer from right-of-use asset	–	31,7	–	31,7
Reclassified[#]	–	82,9	(82,9)	–
Foreign exchange movements	(23,5)	(171,0)	(63,4)	(257,9)
Depreciation	(24,3)	(384,9)	(23,1)	(432,3)
At 30 June 2021	205,4	2 023,2	646,9	2 875,5

^ *Acquisition of business amount in the current financial year relates to property, plant and equipment that has been acquired as part of the acquisition of i-Tech and InSig Technologies. These acquisitions were not deemed significant in the current financial year.*

The above reclassification reflects capital work-in-progress transferred to plant and machinery upon becoming available for use.

@ *Included in other equipment are assets under construction with a carrying value of R612,8 million (FY2020: R525,9 million) and vehicles and other assets R34,1 million (FY2020: R48,1 million).*

2 PROPERTY, PLANT AND EQUIPMENT

RECONCILIATION OF RIGHT-OF-USE ASSET	Land and buildings	Plant and machinery	Other equipment@	Total
At 30 June 2019	–	–	–	–
Impact of adoption of IFRS 16	372,5	660,8	1,6	1 034,9
Additions	76,8	251,6	5,9	334,3
Transfer from property, plant and equipment	–	41,3	–	41,3
Foreign exchange movements	44,5	90,3	0,2	135,0
Depreciation	(136,9)	(260,4)	(1,4)	(398,7)
Lease modification	(41,4)	(2,6)	–	(44,0)
Lease reassessment	–	(2,0)	–	(2,0)
At 30 June 2020	315,5	779,0	6,3	1 100,8
Additions	**13,1**	**46,6**	**–**	**59,7**
Disposals	**–**	**(24,7)**	**–**	**(24,7)**
Transfer to property, plant and equipment	**–**	**(31,7)**	**–**	**(31,7)**
Foreign exchange movements	**(23,2)**	**(32,4)**	**(0,1)**	**(55,7)**
Depreciation	**(135,5)**	**(235,9)**	**(2,3)**	**(373,7)**
Lease modification	**3,3**	**0,4**	**–**	**3,7**
Lease reassessment	**–**	**(5,7)**	**–**	**(5,7)**
At 30 June 2021	**173,2**	**495,6**	**3,9**	**672,7**

@ Included in other equipment are assets under construction with a carrying value of R612,8 million (FY2020: R525,9 million) and vehicles and other assets R34,1 million (FY2020: R48,1 million).

The Group considered the impact of COVID-19 on property, plant and equipment mainly where project delays were experienced and operations were brought to a halt. Property, plant and equipment was assessed for deterioration as a result of idle time and reduced use. The annual reassessment of useful lives and residual values was performed with no significant amounts recognised. No impairment was recognised in the financial statements.

The Group has pledged certain assets as security for certain interest bearing borrowings (note 16).

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

3 GOODWILL

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Goodwill	1 166,3	1 189,4
Accumulated impairment losses	(64,1)	(64,8)
	1 102,2	1 124,6
At beginning of year	1 124,6	958,8
Acquisition of business^	8,1	11,1
Foreign exchange movements	(30,5)	217,2
Impairment loss	–	(62,5)
	1 102,2	1 124,6

^ *Acquisition of business relates to the acquisition of InSig Technologies in the current period. Refer to note 5 for further details.*

Goodwill is allocated to the Group's CGUs 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 CGU:

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Power, Industrial & Water	52,2	52,2
– Wade Walker	52,2	52,2
Mining	354,0	358,6
– Cementation Africa	32,8	32,8
– Cementation Australia	7,5	–
– Cementation USA Inc.	276,4	285,2
– Cementation Canada Inc.	37,3	40,6
Energy, Resources & Infrastructure	696,0	713,8
– Clough Limited	386,9	397,4
– e2o Pty Ltd	64,9	66,1
– Booth Welsh Pty Ltd	112,4	114,1
– Clough USA	131,8	136,2
	1 102,2	1 124,6

3 GOODWILL *continued*

Impairment testing

	Growth rate	Pre-tax discount rate	Post-tax discount rate
Summary of growth and post-tax discount rates per cash generating units for FY2021			
Power, Industrial & Water			
– Wade Walker	**3% – 4,5%**	**13% – 14%**	**12% – 13%**
Mining			
– Cementation Africa	**2,5% – 3,5%**	**16% – 17%**	**13% – 14%**
– Cementation Australia	**1,5% – 2,5%**	**11,5% – 13%**	**9% – 10%**
– Cementation USA Inc.	**1,5% – 2,5%**	**21% – 22%**	**17% – 18%**
– Cementation Canada Inc.	**1,5% – 2,5%**	**16,5% – 17,5%**	**13,5% – 14,5%**
Energy, Resources & Infrastructure			
– Clough Limited	**1,5% – 2,5%**	**11,5% – 13%**	**9% – 10%**
– e2o Pty Ltd	**1,5% – 2,5%**	**11,5% – 13%**	**9% – 10%**
– Booth Welsh Pty Ltd	**1,5% – 2,5%**	**11,5% – 13%**	**9% – 10%**
– Clough USA	**1,5% – 2,5%**	**11,5% – 13%**	**9% – 10%**
Summary of growth and post-tax discount rates per cash generating units for FY2020			
Power, Industrial & Water			
– Wade Walker	3% – 4,5%	13% – 14%	12% – 13%
Mining			
– Cementation Africa	2% – 3%	13% – 14%	12% – 13%
– Cementation USA Inc.	1,5% – 2,5%	21% – 22%	17% – 18%
– Cementation Canada Inc.	1,5% – 2,5%	10,5% – 11,5%	9,5% – 10,5%
Energy, Resources & Infrastructure			
– Clough Limited	1,5% – 2,5%	11,5% – 12,5%	9,5% – 10,5%
– e2o Pty Ltd	1,5% – 2,5%	11,5% – 12,5%	9,5% – 10,5%
– Booth Welsh Pty Ltd	1,5% – 2,5%	11,5% – 12,5%	9,5% – 10,5%
– Clough USA	1,5% – 2,5%	11,5% – 12,5%	9,5% – 10,5%

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

The recoverable amount of the CGUs are 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. The cash flow projections are based on multi-year project awards currently secured as well as incorporating a probability weighting with respect to near orders that management expects to be awarded going forward. The impact of COVID-19 has been factored into the budgets prepared by management and assumptions going forward have been adjusted. To remain prudent, management has included potential delays in projects secured, downward adjusted probability weighting of near orders and category 1 opportunities to be secured, and revised commencement timelines for new projects to reflect the current COVID-19 impacted economic conditions and expectations going forward where applicable.

The growth rates used depend on management's assessment of the sector in which the CGU 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. Cash flows beyond the three year period are extrapolated using an estimated growth rate of between 1,5% and 4,5% (FY2020: 1,5% and 4,5%).

In line with market practice, the Group applied a post-tax discount rate of between 9% and 18% (FY2020: between 9,5% and 18%) 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 CGU. Post-tax rates were applied as returns observable in the capital market on equity investments usually include tax effects.

Goodwill was tested for impairment using a sensitivity analysis by increasing the applicable post-tax discount rate of the CGU by 1% – 3% and decreasing the growth rate by 1% – 3%. Further sensitivity analysis was performed by varying the base assumptions which included removing synergies which relate to cross-selling opportunities and cost-savings through reallocation of resources due to the impact of COVID-19. No changes in key assumptions for the CGUs above that would cause the carrying amount to exceed the recoverable amount were noted.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

4 OTHER INTANGIBLE ASSETS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021 Cost	2021 Accumulated amortisation	2021 Carrying value	2020 Cost	2020 Accumulated amortisation	2020 Carrying value
Patents and other rights	**8,7**	**(8,7)**	**–**	8,7	(6,2)	2,5
Computer software	**503,8**	**(360,8)**	**143,0**	514,0	(342,0)	172,0
Trademarks	**163,6**	**–**	**163,6**	198,5	–	198,5
Customer relationships	**165,0**	**(71,4)**	**93,6**	165,6	(32,6)	133,0
Other intangible assets	**–**	**–**	**–**	23,7	(23,7)	–
Total	**841,1**	**(440,9)**	**400,2**	910,5	(404,5)	506,0

RECONCILIATION OF OTHER INTANGIBLE ASSETS	Patents and other rights	Computer software	Trademarks	Customer relationships	Other intangible assets	Total
At 30 June 2019	2,8	174,0	161,1	129,1	7,9	474,9
Additions	–	20,9	–	–	10,4	31,3
Disposals	–	(4,6)	–	–	–	(4,6)
Foreign exchange movements	1,5	28,9	37,4	27,4	0,8	96,0
Amortisation	(1,8)	(47,2)	–	(23,5)	(19,1)	(91,6)
At 30 June 2020	**2,5**	**172,0**	**198,5**	**133,0**	**–**	**506,0**
Additions	**–**	**35,4**	**–**	**–**	**–**	**35,4**
Acquisition of business^	**–**	**–**	**–**	**7,7**	**–**	**7,7**
Disposals	**–**	**(0,3)**	**–**	**–**	**–**	**(0,3)**
Transfer from property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**
Foreign exchange movements	**–**	**(14,1)**	**(34,9)**	**(22,8)**	**–**	**(71,8)**
Amortisation	**(2,5)**	**(50,0)**	**–**	**(24,3)**	**–**	**(76,8)**
At 30 June 2021	**–**	**143,0**	**163,6**	**93,6**	**–**	**400,2**

^ *Acquisition of business amount in the current financial year relates to customer relationships that has been recognised as part of the acquisition of i-Tech.*

With the exception of trademarks, 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:

– Patents and other rights	5 years	on a straight-line basis
– Computer software	2 to 10 years	on a straight-line basis
– Customer relationships	3 to 10 years	on a straight-line basis

The trademark that arose on the acquisition of Terra Nova Technologies ("TNT") has been assessed to have an indefinite useful life and is not amortised, but is tested for impairment annually at the CGU level as the trademark does not generate cash inflows that are largely independent of those generated by the CGU (Cementation USA Inc.). The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Refer to note 3 for details on impairment testing performed.

Intangible assets relating to computer software are still required for the day-to-day operations of entities as they are still functioning in the current environment. As a result of this, no impairment was recognised in the current financial year. Customer relationships were assessed for their ability to generate future economic benefits in the current environment and no impairment was recognised. The trademark recognised on the TNT acquisition was tested as part of the CGU taking into account the COVID-19 impact and no impairment was deemed necessary.

5 INVESTMENT IN ASSOCIATE COMPANIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
5.1 Investments in associate companies		
At beginning of year	**4,7**	4,5
Disposal of business[#]	**(3,3)**	–
Share of post-acquisition loss	**(0,6)**	(0,2)
Foreign exchange movements	**–**	0,4
Fair value adjustment	**1,2**	–
	2,0	4,7

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
5.2 Summarised financial information in respect of the Group's associates		
Total assets	**0,3**	9,6
Total liabilities	**(0,1)**	(6,8)
Net assets	**0,2**	2,8
Revenue	**–**	28,4

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

5.3 Details of associate companies

NAME OF ASSOCIATES	Place of incorporation	% of Ownership and votes 2021	% of Ownership and votes 2020	Main activity
Bombela TKC Proprietary Limited	South Africa	**45,0**	45,0	Construction
InSig Technologies[#]	Australia	**–**	30,0	Information Technology

[#] *Investment in InSig Technologies shareholding was increased in the current financial year from 30% to 65% which resulted in control of the investment for a consideration of R3 million. The investment in subsidiary has been fully consolidated from the date of obtaining control, being December 2020. The acquisition is not considered to be significant and therefore no further disclosure has been provided.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

6 OTHER INVESTMENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
6.1 Financial assets at fair value through profit or loss		
Investment in infrastructure service concession		
At beginning of year	**1 225,3**	1 433,9
Realisation of investment	**–**	(328,0)
Fair value adjustment recognised in the statement of financial performance	**208,4**	119,4
	1 433,7	1 225,3

Directors' valuation: R1,4 billion (FY2020: R1,2 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	2021	2020
Bombela Concession Company Proprietary Limited ("BCC")*	50	5 years	**1 433,7**	1 225,3

* *The fair value of the investment in BCC has been determined using level 3 inputs per IFRS 13: Fair Value Measurement. The investment is reflected at fair value through profit or loss as the investment meets the requirements of IAS28.18 with regards to venture capital organisations or similar entities. The fair value of the BCC is calculated using discounted cash flow models and an effective market discount rate of 11,78% (FY2020: 16,25%). 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. The lower discount rate in the current financial year is believed appropriate following the reduction in the R186 bond rate and considering that the concession has less than six years of remaining operations. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R38 million (FY2020: R42 million).*

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, although predictable, is subject to annual inflationary increases and is subject to review every 5th year where increases of more than inflation are considered. The next and final review is due in 2023. An annual increase of 1% in the operating fee, above inflation, would result in a decrease in the value of the concession investment of approximately R11 million (FY2020: R10 million).

Operating cost 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, the result would be a decrease in the value of the concession investment of R196 million (FY2020: R282 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 Concessionaire Demand Forecast ("CDF") in each month. Revenue below the CDF is a BCC risk. A 1% shortfall in patronage revenue below the CDF reduces the value of the concession investment by approximately R14 million (FY2020: R12 million). The impact of COVID-19 for financial years ending after 30 June 2021 is included in the cash flows in the discounted cash flow model. In this instance, the COVID-19 impact was based on an independent third party assessment and analysis of the patronage over the full remaining period of the concession and the time it would take patronage to return to pre-COVID levels bearing in mind the Patronage Guarantee. It is anticipated that BCC will again achieve the CDF in the 2024 financial year. In the prior year, based on the available information at the time, it was assumed that the patronage would return to pre-COVID levels by 30 June 2021. In this regard, annual revenue, prior to COVID-19, was predictable in nature and was in excess of CDF. Furthermore, to date, the Gauteng Province has honoured its Patronage Guarantee.

6 OTHER INVESTMENTS *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
6.1 Financial assets at fair value through profit or loss *continued*		
6.1.1 Summarised financial information in respect of financial assets at fair value through profit or loss		
Non-current assets	**3 410,7**	3 878,0
Current assets	**1 522,9**	1 545,0
Total assets	**4 933,6**	5 423,0
Non-current liabilities	**(393,4)**	(1 144,4)
Current liabilities	**(865,3)**	(1 336,4)
Total liabilities	**(1 258,7)**	(2 480,8)
Net assets	**3 674,9**	2 942,2
Revenue	**2 323,2**	2 337,5

The prior year amounts above were further disaggregated with respect to the above categories.

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

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
6.2 Financial assets at amortised cost		
At beginning of year	**2,0**	2,8
Repayment	**(0,4)**	(0,8)
	1,6	2,0
Total other investments	**1 435,3**	1 227,3

7 INVENTORIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Raw materials and consumable stores	**254,4**	201,1
Work-in-progress	**104,2**	47,1
Finished goods	**48,0**	111,8
	406,6	360,0

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

The cost of inventories recognised as an expense includes R10,3 million (FY2020: R76,0 million) in respect of write-downs of inventory to net realisable value and has been reduced by Rnil million (FY2020: R10,8 million) in respect of the reversal of such write-downs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

8 AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2021**	2020
Contracts-in-progress (cost incurred plus recognised profits less recognised losses)	**1 216,4**	1 816,9
Uncertified claims and variations less payments received on account of Rnil million (FY2020: R357 million)	**1 259,7**	1 083,6
Amounts receivable on contracts (net of impairment provisions)	**2 412,7**	2 699,3
Retentions receivable (net of impairment provisions)	**656,4**	439,3
	5 545,2	6 039,1
Amounts received in excess of work completed	**(4 228,5)**	(3 543,2)
	1 316,7	2 495,9
Disclosed as:		
Amounts due from contract customers	**5 545,2**	6 039,1
Amounts due to contract customers	**(4 228,5)**	(3 543,2)
	1 316,7	2 495,9

The decrease in amounts due from contract customers is due to the settlement of certain debtor outstanding amounts in Cementation America as well as the Middle East amounts being classified as held for sale in the current financial year (refer to note 30 for further details). The amounts received in excess of work completed have increased predominantly due to advance payments and overclaims received on contracts in the ERI platform.

The Group uses legal experts, engineers and quantity surveyors to assess and apply probabilities when necessary in determining the amounts to be recognised relating to underclaims, uncertified revenue and contract debtors. The recoverability of amounts recognised are considered highly probable and where amounts are not considered to be highly probable, such amounts are impaired. The assessment for recoverability of the amounts due from contract customers has been performed for impairment, taking into account the impact of COVID-19. The impairments recognised in the current year were not significant.

Update on the Group's claims processes

The Group's uncertified revenue increased to R1,3 billion (FY2020: R1,1 billion). The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

9 TRADE AND OTHER RECEIVABLES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Trade receivables	18,3	28,5
Expected credit loss allowance	(1,7)	(2,6)
Amounts owing by joint arrangements and partners	1 517,5	1 231,5
Prepayments	261,2	278,2
Sundry loans	90,2	56,4
Deposits	10,9	15,3
Value Added and Withholding Taxation receivable	68,1	72,6
Government wage subsidy	19,8	40,3
Other receivables	69,8	177,3
	2 054,1	1 897,5

Trade and other receivables have been assessed in light of COVID-19 and the ECL model. An expected credit loss allowance for trade receivables is reflected above. All other receivables reflected above have been deemed to be recoverable based on assessments performed.

Details in respect of the Group's credit risk management policies are set out in note 37.

The carrying value of trade and other receivables approximates their fair value due to the short term nature of these instruments.

10 NET CASH AND CASH EQUIVALENTS

Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Bank balances	3 036,2	2 590,9
Restricted cash	661,1	824,4
Cash and cash equivalents	3 697,3	3 415,3
Bank overdrafts	(1 430,3)	(1 111,3)
	2 267,0	2 304,0

Restricted cash

Cash and cash equivalents relating to restricted cash are mainly as a result of cash held in joint arrangements where these amounts are restricted from immediate use without joint arrangement partner approval.

Restricted cash at the end of the financial year include bank balances and cash as follows:	2021	2020
Amounts held in joint operations	568,3	760,4
Amounts held in trust accounts	–	62,7
Amounts held in foreign entities with restrictive exchange control regulations	92,8	1,3
	661,1	824,4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

11 STATED CAPITAL

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
11.1 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	**(1 023,3)**	(987,3)
Net stated capital	**2 559,5**	2 595,5

Unissued

At 30 June 2021, the number of unissued shares was 305 263 882 (FY2020: 305 263 882).

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
11.2 Treasury shares		
Market value of treasury shares		
The Letsema BBBEE trusts and companies	**328,1**	158,5
Subsidiary companies	**217,8**	74,0
Treasury shares held by subsidiary companies forfeited, not yet sold	**0,2**	2,5

RECONCILIATION OF ISSUED SHARES: ALL AMOUNTS ARE EXPRESSED IN NUMBER OF SHARES	2021	2020
Issued and fully paid	**444 736 118**	444 736 118
Less: Treasury shares held by the Letsema BBBEE trusts and companies	**(31 696 039)**	(31 696 039)
Less: Treasury shares held by the subsidiary companies	**(21 048 299)**	(14 798 379)
Less: Treasury shares held by the subsidiary companies forfeited, not yet sold	**(23 419)**	(509 248)
Net shares issued to public	**391 968 361**	397 732 452

12 SHARE INCENTIVE SCHEMES

12.1 Forfeitable Share Plan

The Murray & Roberts Holdings Limited Forfeitable Share Plan ("FSP") was approved by the shareholders in November 2012. The share plan is an equity-settled scheme.

PLANS IMPLEMENTED		Notes	Balance at 30 June 2020	Granted during the year	Surrendered during the year	Transfer to own broker^	Exercised during the year	**Balance at 30 June 2021**	Weighted average share price of options exercised (cents)
01 September 2017	FSP-STI	1	92 791	–	–	(78 807)	(13 984)	**–**	544
01 September 2017	FSP	2	3 508 640	–	(2 631 480)	(448 821)	(428 339)	**–**	544
01 September 2018	FSP-STI	1	282 680	–	(185 973)	–	–	**96 707**	–
01 September 2018	FSP	3	4 014 445	–	–	(127 131)	(21 551)	**3 865 763**	544
01 September 2019	FSP-STI	1	543 101	–	–	(144 459)	(41 059)	**357 583**	544
01 September 2019	FSP	4	6 356 722	142 500	(136 111)	–	–	**6 363 111**	–
01 October 2020	FSP-STI	1	–	576 635	–	–	–	**576 635**	–
01 October 2020	FSP	5	–	9 946 000	(157 500)	–	–	**9 788 500**	–
			14 798 379	10 665 135	(3 111 064)	(799 218)	(504 933)	**21 048 299**	

^ *This relates to shares vested whereby the tax due is paid by the participant and the shares are transferred to the personal broker account of said participant.*

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 three year vesting period (1/3 each year) and is not subject to performance conditions, but is subject to continued employment.*
2. *For the September 2017 scheme, the forfeitable shares cliff vested after three years, in September 2020, subject to satisfying certain performance conditions.*
3. *For the September 2018 scheme, the forfeitable shares will cliff vest after three years, in September 2021, subject to satisfying certain performance conditions. The weighted average remaining contractual life is two months.*
4. *For the September 2019 scheme, the forfeitable shares will cliff vest after three years, in September 2022, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 14 months.*
5. *For the October 2020 scheme, the forfeitable shares will cliff vest after three years, in October 2023, subject to satisfying certain performance conditions. The average remaining contractual life is 27 months.*

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

FSP Scheme Monte Carlo model (for schemes from 1 September 2017 to 1 October 2020)

The inputs into the models were as follows:

PLANS IMPLEMENTED		Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	**Estimated fair value of FSP (cents)**
01 September 2017	FSP	34,0%	01 September 2020	6,9%	–	**1 407**
01 September 2017	FSP-STI	34,0%	01 September 2020	6,9%	–	**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**
01 September 2019^	FSP	N/A	01 September 2022	N/A	N/A	**1 250**
01 September 2019^	FSP-STI	N/A	01 September 2022	N/A	N/A	**1 250**
01 October 2020^	FSP	N/A	01 October 2023	N/A	N/A	**540**
01 October 2020^	FSP-STI	N/A	01 October 2023	N/A	N/A	**540**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

12 SHARE INCENTIVE SCHEMES *continued*

12.1 Forfeitable Share Plan *continued*

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 R20,3 million (FY2020: R27,1 million) relating to these share options during the year.

On 1 September 2017, 864 000 cash-settled options were awarded to Mr. HJ Laas.

On 1 September 2019, a further 150 000 cash-settled options were awarded to Mr. HJ Laas.

On 1 October 2020, 2 103 500 cash-settled conditional awards were awarded to Mr. HJ Laas.

An amount of R1,0 million was offset against the expense recognised above in relation to these awards. The cash-settled liability balance as at 30 June 2021 is R3,1 million.

12.2 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 2021, the Vulindlela Trust held 10 624 366 (FY2020: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 065 382 (FY2020: 5 098 588) 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 2021 were as follows:

SCHEMES IMPLEMENTED		Notes	Outstanding shares at 30 June 2020	Granted/ Reinstated during the year	Surrendered during the year	Exercised during the year	**Outstanding shares at 30 June 2021**	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	358 529	–	–	–	**358 529**	4 774	
24 August 2010	Standard	1,2	363 252	–	–	–	**363 252**	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	304 103	–	–	–	**304 103**	2 195	
28 August 2013	Standard	1,2	304 423	–	–	–	**304 423**	2 463	
01 September 2014	Standard	1,2	585 625	–	–	–	**585 625**	2 449	
15 September 2015	Standard	1,2	841 516	–	(9 661)	–	**831 855**	1 254	
02 November 2016	Standard	1,2	829 374	–	(23 545)	–	**805 829**	1 053	
			5 098 588	–	(33 206)	–	**5 065 382**		

Notes:

1. The shares can only be exercised after five years from date of allocation.

2. Shares are forfeited if the employee leaves the Group before the shares vest.

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

12 SHARE INCENTIVE SCHEMES *continued*

12.2 Equity-Settled Share Incentive Scheme – Letsema Vulindlela Black Executives Trust *continued*

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

Standard scheme	Monte Carlo Model
Hurdle scheme	Binomial Lattice Model

The inputs into the models were as follows:

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%	–	**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 R1,1 million (FY2020: R1,7 million) relating to these share schemes during the year.

13 TRANSLATION RESERVE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Foreign currency translation reserve		
At beginning of year	**1 556,9**	955,5
Foreign currency translation movements	**(439,7)**	601,4
	1 117,2	1 556,9

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

14 OTHER CAPITAL RESERVES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Capital redemption reserve fund		
At the beginning and end of the year	**1,1**	1,1
Statutory reserve		
At the beginning and end of the year	**28,9**	28,9
Other non-distributable reserve		
At the beginning of year	**(56,2)**	(56,2)
Reclassification from retained earnings	**1,8**	–
	(54,4)	(56,2)
Share-based payment reserve		
At the beginning of the year	**111,3**	115,6
Recognition of share-based payments	**18,4**	28,8
Utilisation of reserve	**(19,6)**	(33,1)
	110,1	111,3
Retirement benefit obligation reserve		
At the beginning of year	**(21,5)**	(18,8)
Effects of remeasurement on the retirement benefit obligations	**6,9**	(2,7)
	(14,6)	(21,5)
	71,1	63,6

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

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

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

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments. The transfer to retained earnings in the current financial year reflects the value of the share-based payment reserve that was recognised in prior years relating to 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 IAS 19: Employee Benefits.

15 NON-CONTROLLING INTERESTS

The non-controlling interests comprise:

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Non-controlling interests in reserves		
At the beginning of year	**8,2**	34,1
Share of attributable profit/(loss)	**13,4**	(19,4)
Dividends declared and paid	**–**	(3,6)
Acquisition of business	**(0,6)**	–
Foreign exchange movements	**2,9**	(2,9)
	23,9	8,2

16 SECURED LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Liabilities of the Group are secured as follows:			
Loans secured over plant and machinery with a book value of R594,7million (FY2020: R1 486,4 million). Loans secured over buildings with a book value of R77,4 million (FY2020: R89,7 million). Loans secured over vehicles with a book value of R20,8 million (FY2020: R29,4 million). Loans secured over client receipts with a book value of Rnil (FY2020: R972,5 million). Loans secured by 17% shareholding in the Group's interest in BCC (refer to note 6.1) with a carrying value of R487,4 million (FY2020: R416,6 million). Loans secured over client receipts were in respect of the joint venture contract in Mongolia in which Clough and RUC have a 30% share respectively.		**944,9**	1 438,5
Reflected in the statement of financial position under:			
Long term loans	17	**529,5**	600,0
Leases	17	**264,8**	565,0
Short term loans	23	**150,6**	273,5
		944,9	1 438,5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

17 LONG TERM LOANS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
17.1 Interest bearing secured loans			
Payable			
Within 1 year		**150,6**	273,5
Within the 2nd year		**150,3**	111,5
Within 3 to 5 years		**379,2**	438,7
Payable after the 5th year		**–**	49,8
		680,1	873,5
Less: Current portion	23	**(150,6)**	(273,5)
		529,5	600,0
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**203,3**	340,9
Within the 2nd year		**80,4**	–
Within 3 to 5 years		**–**	–
		283,7	340,9
Less: Current portion	23	**(203,3)**	(340,9)
		80,4	–
17.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**0,5**	–
		0,5	–
Less: Current portion	23	**(0,5)**	–
		–	–
17.4 Leases			
Minimum lease payments			
Within 1 year		**473,5**	661,7
Within the 2nd year		**141,2**	520,2
Within 3 to 5 years		**90,4**	166,7
Payable after the 5th year		**5,4**	–
		710,5	1 348,6
Less: Future finance charges		**(92,8)**	(152,0)
Present value of lease obligations		**617,7**	1 196,6
The present value of lease obligations can be analysed as follows:			
Within 1 year		**441,4**	598,7
Within the 2nd year		**123,4**	481,1
Within 3 to 5 years		**48,2**	116,8
Payable after the 5th year		**4,7**	–
		617,7	1 196,6
Less: Current portion	23	**(441,4)**	(598,7)
		176,3	597,9
Total long term loans		**786,2**	1 197,9

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 16. Details of the Group's interest rate risk management policies are set out in note 37.

18 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).

18.1 Defined contribution plan – pension fund

The Group is 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 2021 was R29,8 million (FY2020: R32,6 million).

18.2 Defined benefit plan – pension scheme

The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi Construction (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2021**	2020
Present value of funded liability	**73,9**	91,6
Fair value of plan assets	**(71,7)**	(78,1)
Present value of unfunded liability	**2,2**	13,5
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**91,6**	72,6
Interest costs	**1,1**	1,6
Experience (gains)/losses on defined benefit obligation	**(5,5)**	1,8
Gains from changes to demographics assumptions	**–**	(0,8)
(Gains)/losses from changes to financial assumptions	**(2,0)**	6,2
Exchange differences on foreign plans	**(6,8)**	14,8
Benefits paid	**(4,5)**	(4,6)
	73,9	91,6
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**78,1**	60,4
Interest on assets	**0,9**	1,3
Gains on scheme assets in excess of interest	**(0,8)**	4,5
Contributions from the employer	**4,2**	4,0
Exchange differences on foreign plans	**(6,2)**	12,5
Benefits paid	**(4,5)**	(4,6)
	71,7	78,1
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Debt instruments	**70,4**	76,4
Cash	**1,3**	1,7
	71,7	78,1

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2021 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

18 RETIREMENT BENEFITS *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
18.2 Defined benefit plan – Pension scheme *continued*		
Amounts recognised in the statement of financial performance in respect of the defined benefit plan are as follows:		
Net interest cost	**0,2**	0,3
Past service cost	**–**	–
	0,2	0,3
Amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:		
Losses/(gains) on scheme assets in excess of interest	**0,8**	(4,5)
Experience (gains)/losses on defined benefit obligation	**(5,5)**	1,8
Gains from changes to demographics assumptions	**–**	(0,8)
(Gains)/losses from changes to financial assumptions	**(2,0)**	6,2
Other movements	**(0,2)**	–
	(6,9)	2,7
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**1,7%**	1,3%
Rate of increase in pension payments	**3,7%**	3,5%
Rate of increase in pensions in deferment	**2,8%**	2,5%
Rate of inflation	**3,6%**	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 R0,8 million (FY2020: R4,5 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 R4,0 million to this defined benefit plan in 2022 (FY2021: R4,3 million).

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Approximate effect on liabilities
Sensitivity analysis	
Adjustment to assumptions	
Discount rate – Plus 0,1% p.a.	**(0,9)**
Inflation – Less 0,1%	**(0,4)**
Mortality – Long term rate of mortality improvement of 0,25% p.a.	**0,6**

The Scheme exposes the Group to a number of risks:

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

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

Inflation risk: A significant proportion of the benefits under the scheme are 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.

19 LONG TERM PROVISIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
At beginning of year	**91,0**	80,1
Additional raised	**32,1**	46,7
Utilised during the year	**(35,8)**	(5,5)
Released during the year	**(36,8)**	(35,3)
Foreign exchange movements	**(5,3)**	12,1
Transfer to current portion	**–**	(7,1)
	45,2	91,0
Long term provisions comprise of the following categories:		
Payroll provisions	**22,2**	65,8
Other provisions	**23,0**	25,2
	45,2	91,0

	Payroll provisions	Onerous lease provisions	Warranty provisions	Other provisions	Total
2021					
At beginning of year	**65,8**	**–**	**–**	**25,2**	**91,0**
Additional raised	**31,6**	**–**	**–**	**0,5**	**32,1**
Utilised during the year	**(35,8)**	**–**	**–**	**–**	**(35,8)**
Released during the year	**(36,8)**	**–**	**–**	**–**	**(36,8)**
Foreign exchange movements	**(2,6)**	**–**	**–**	**(2,7)**	**(5,3)**
	22,2	**–**	**–**	**23,0**	**45,2**
2020					
At beginning of year	33,8	20,0	5,9	20,4	80,1
Additional raised	46,2	–	–	0,5	46,7
Utilised during the year	(5,5)	–	–	–	(5,5)
Released during the year	(14,1)	(21,2)	–	–	(35,3)
Transfer to current portion	–	–	(7,1)	–	(7,1)
Foreign exchange movements	5,4	1,2	1,2	4,3	12,1
	65,8	–	–	25,2	91,0

Payroll provisions – costs relating to statutory requirements in the Middle East, Australia and America region with regards to severance or restructuring payments.

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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

20 DEFERRED TAXATION

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
20.1 Deferred taxation assets		
Inventory	**1,8**	4,7
Uncertified work and other construction temporary differences	**(192,5)**	(123,4)
Plant	**(148,8)**	(232,6)
Taxation losses	**566,6**	626,1
Receivables	**9,9**	9,0
Provisions and accruals	**291,4**	240,2
Advance payments received net of taxation allowances	**77,6**	124,9
Leases	**32,0**	103,3
Prepayments	**(9,2)**	(8,2)
Other	**(19,4)**	(54,7)
	609,4	689,3

Deferred taxation liabilities are offset against deferred taxation assets when there is a legally enforceable right to set off current taxation assets and liabilities and the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority.

	2021	2020
20.2 Reconciliation of deferred taxation assets		
At beginning of year	**689,3**	421,7
Credited to the statement of financial performance	**(9,6)**	266,7
Foreign exchange movements	**(66,2)**	0,9
Change in taxation rates	**(2,4)**	–
Acquisition of businesses	**(1,7)**	–
	609,4	689,3
20.3 Deferred taxation liabilities		
Uncertified work and other construction temporary differences	**44,7**	35,3
Plant	**110,4**	123,8
Taxation losses	**(7,6)**	–
Receivables	**0,6**	–
Provisions and accruals	**(28,6)**	(26,2)
Advanced payments received net of taxation allowances	**0,4**	(0,6)
Fair value adjustments	**(3,1)**	(3,4)
Leases	**(0,4)**	–
Other	**(6,0)**	(24,6)
	110,4	104,3

Deferred taxation assets are offset against deferred taxation liabilities when there is a legally enforceable right to set off current taxation assets and liabilities and the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority.

	2021	2020
20.4 Reconciliation of deferred taxation liabilities		
At beginning of year	**104,3**	74,4
Charged to the statement of financial performance	**16,4**	129,6
Deferred tax asset arising from joint operation	**–**	(35,5)
IFRS 16 transition adjustment	**–**	(27,9)
Tax losses forfeited	**–**	29,2
Acquisition of business	**0,1**	–
Foreign exchange movements	**(11,3)**	(68,2)
Change in taxation rates	**0,9**	2,7
	110,4	104,3

20 DEFERRED TAXATION *continued*

20.5 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 2021, the Group has estimated unused taxation losses of R3,664 million (FY2020: R2,358 million) available for offset against future profits. Deferred taxation assets have been recognised in respect of R1,950 million (FY2020: R2,112 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R1,714 million (FY2020: R246 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 2022 to 2024 which supports the recognition of deferred taxation assets in the statutory entities. Tax losses in South Africa of R2,126 million have no expiry date. The remaining tax losses of R1,538 million have an expiry date of between one and six years.

20.6 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 R161 million (FY2020: R220 million).

21 SUBCONTRACTOR LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Current subcontractor liabilities	**729,9**	1 193,1
	729,9	1 193,1

22 TRADE AND OTHER PAYABLES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Trade payables	**752,6**	968,1
Amounts owing to joint operations and partners	**1 197,9**	990,1
Payroll accruals	**781,1**	994,5
Accruals	**1 743,0**	547,3
Value added taxation payable	**150,6**	112,1
Voluntary Rebuild Programme	**42,5**	21,3
Other payables	**652,2**	640,5
	5 319,9	4 273,9

The carrying value of trade and other payables approximates their fair value due to the short term nature of these instruments.

Non-current payables includes an amount of R96 million (FY2020: R108 million) relating to the present value of the remaining Voluntary Rebuild Programme (VRP) settlement liability.

The increase in accruals reflects the progress and ramp up of contracts in the ERI platform.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

23 SHORT TERM LOANS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Current portion of long term loans:			
– Interest bearing secured	17	**150,6**	273,5
– Interest bearing unsecured	17	**203,3**	340,9
– Non- interest bearing unsecured	17	**0,5**	–
Current portion of leases	17	**441,4**	598,7
		795,8	1 213,1

24 PROVISIONS FOR OBLIGATIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
At beginning of year	**238,8**	220,9
Acquisition of business	**0,1**	–
Additional raised	**307,4**	231,3
Released during the year	**(28,4)**	(29,5)
Utilised during the year	**(179,5)**	(213,1)
Foreign exchange movements	**(27,0)**	29,2
	311,4	238,8
Provisions for obligations comprise the following categories:		
Payroll provisions	**254,5**	238,8
Other provisions	**56,9**	–
	311,4	238,8

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

Other provisions
Other provisions relates mainly to provisions raised on onerous contracts.

25 REVENUE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Construction contracts (over time)	**20 991,6**	20 100,2
Sale of goods (point in time)	**30,8**	10,7
Rendering of services (over time)	**344,8**	420,1
Properties (over time)	**3,4**	3,3
Other revenue (over time)	**511,1**	303,4
	21 881,7	20 837,7

Order book time distribution is as follows: FY2022: R26,8 billion; FY2023: R17,5 billion; >FY2023: R16,4 billion.

26 PROFIT/(LOSS) BEFORE INTEREST AND TAXATION

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
The items below comprise of continuing operations only.			
Profit/(loss) before interest and taxation 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	6	**208,4**	119,4
Income from subleasing land and buildings		**35,6**	36,1
Amortisation of intangible assets		**(76,8)**	(91,6)
Auditors' remuneration:			
Fees for audits		**(49,1)**	(46,3)
Other services		**(4,4)**	(6,2)
Expenses		**(0,2)**	(0,2)
Compensation income from insurance		**0,1**	5,6
Depreciation:			
Land and buildings	2	**(159,8)**	(168,0)
Plant and machinery	2	**(620,8)**	(569,4)
Other equipment	2	**(25,4)**	(21,6)
Employee benefit expenses:			
Salaries and wages		**(10 816,4)**	(11 478,6)
Share option expense	12	**(1,1)**	(1,7)
Forfeitable Share Plan expense	12	**(20,3)**	(27,1)
Forfeitable Share Plan income	12	**–**	1,7
Pension and provident costs – defined contribution plans	18	**(29,8)**	(32,6)
Fees paid for:			
Managerial services		**(34,8)**	(14,1)
Technical services		**(13,6)**	(5,4)
Administrative services		**(6,7)**	(4,7)
Secretarial services		**(2,2)**	(0,8)
Other		**(8,9)**	(49,2)
Impairment charges:			
Inventory		**(10,3)**	(76,0)
Trade and other receivables		**–**	(5,2)
Contract receivables		**(43,2)**	(46,2)
Non-current receivables		**(14,1)**	–
Other		**(2,4)**	(45,7)
Reversal of impairment loss recognised on trade and contract receivables		**34,9**	8,7
Reversal of impairment loss recognised on inventory		**–**	10,8
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**19,4**	48,6
Loss on disposal of property, plant and equipment		**(7,5)**	(0,7)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

26 PROFIT/(LOSS) BEFORE INTEREST AND TAXATION *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Foreign exchange gains		**13,4**	82,3
Foreign exchange losses		**(74,1)**	(26,3)
Impairment loss recognised on:			
Goodwill	3	**–**	(62,5)
Plant & machinery	2	**–**	(11,7)
Lease costs:			
Land and buildings		**(59,4)**	(73,6)
Other		**(11,5)**	(11,8)
Lease costs can be analysed as follows:			
Expense relating to short term leases		**(13,8)**	(22,2)
Expense relating to leases of low-value assets		**(7,1)**	(10,5)
Expense relating to variable lease payments not included in the measurement of lease liabilities		**(50,0)**	(52,7)
Computer expenses:			
Software costs		**(90,4)**	(143,0)
Consultation fees		**(40,6)**	(55,7)
Other		**(69,9)**	(80,6)
Direct costs:			
Materials		**(7 577,4)**	(5 903,8)
Subcontractor costs		**(248,5)**	(555,3)
Items by function			
Cost of sales		**(19 340,1)**	(18 556,8)
Distribution and marketing costs		**(20,1)**	(22,2)
Administration costs		**(2 529,1)**	(2 639,7)
Other operating income		**547,6**	364,1

Cost of sales includes R57,3 million (FY2020: R13,5 million) relating to the cost of inventories sold during the year.

27 INTEREST EXPENSE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Bank overdrafts	**91,7**	97,5
Present value expense	**9,2**	11,5
Leases	**59,5**	101,6
Loans and other liabilities	**80,4**	90,8
	240,8	301,4

28 INTEREST INCOME

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Bank balances and cash	**17,3**	66,3
Leases	**4,4**	6,0
Unlisted loan investment and other receivables	**10,9**	8,0
	32,6	80,3

29 TAXATION EXPENSE

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	**1,1**	3,1
Normal taxation – prior year	**(0,3)**	–
Deferred taxation – current year	**31,1**	(34,4)
Deferred taxation – prior year	**(13,2)**	–
Foreign taxation		
Normal income taxation and withholding taxation – current year	**227,7**	313,3
Normal income taxation and withholding taxation – prior year	**(11,3)**	(31,5)
Deferred taxation – current year	**24,0**	(99,7)
Deferred taxation – prior year	**(15,9)**	(0,3)
	243,2	150,5

South African income tax is calculated at 28% (FY2020: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The tax rates excluding state and federal taxes currently applicable to USA, Canada, Australia and Indonesia are 24%, 28%, 30% and 28% respectively.

RECONCILIATION OF THE STANDARD RATE OF TAXATION TO THE EFFECTIVE RATE OF TAXATION	2021 %	2020 %
*South African standard rate of taxation**	**28,0**	28,0
Increase in rate of taxation due to:		
Corporate activities	**1,8**	(5,6)
Share incentive scheme costs	**1,3**	(3,1)
Goodwill and capital losses	**0,4**	(9,5)
Donations	**0,1**	–
Non-deductible expenditure	**2,6**	(8,7)
Preference shares	**2,2**	(4,0)
Fair value gains	**0,8**	(11,4)
Taxation rate differentials on foreign companies		
– Africa	**0,4**	(9,5)
– Oceania	**1,2**	(21,5)
– Americas	**1,8**	–
– Middle East	**0,8**	–
Current year's losses not recognised	**41,2**	(34,2)
Foreign withholding taxation	**33,6**	(43,9)
Imputed foreign income	**0,2**	–
Prior year adjustments	**3,7**	–
	120,1	(123,4)
Reduction in rate of taxation due to:		
Dividends received	**(0,6)**	25,7
IFRS 16 accounting adjustments	**–**	5,0
Joint venture accounting adjustments	**–**	8,8
Goodwill	**(0,2)**	–
Fair value gains	**(17,5)**	–
Taxation rate differentials on foreign companies		
– Americas	**–**	2,7
– Middle East	**–**	0,9
Capital profits and non taxable items	**(1,1)**	–
Non taxable accounting revenue	**(3,8)**	–
Other taxation allowances and incentives	**(1,4)**	2,2
Taxation losses utilised	**(6,2)**	0,7
Taxation on foreign companies	**–**	0,8
Prior year adjustments	**(16,0)**	13,4
Effective rate of taxation	**73,3**	(63,2)

* *The South African taxation rate is used for the reconciliation as the Company is a South African resident and the tax rates of its major operations outside South Africa, namely Canada and Australia have similar tax rates to that of South Africa. The prior year adjustment increasing the tax rate is mainly a result of further expenditure considered to be non-deductible when finalising tax submissions. The prior year adjustment decreasing the tax rate is the successful appeal for a deduction in respect of share option expenditure previously disallowed following a business acquisition. The prior year adjustment in FY2020 related to successful allowance of additional deductions claimed following the reopening of prior year assessments subsequent to a business acquisition. FY2020 taxation rate differentials on foreign companies have been split between the different jurisdictions.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

30 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

30.1 (Loss)/Profit for the year from discontinued operations

Discontinued operations in the current year comprise the Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Building Platform and the Genrec operations.

Infrastructure & Building Platform

In the current year, an investment in a Joint Venture (Forum SA Trading 284 Proprietary Limited), which holds an interest in an investment property in Mooikloof and falls into the previous Southern Africa Infrastructure & Buildings Platform, met the criteria to be classified as held for sale, in terms of IFRS 5. An impairment of R39 million has been recognised in the loss from discontinued operations in the current year, on classification of this investment as a non-current asset held for sale.

Middle East Operations

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, in terms of IFRS 5. Towards the end of the current financial year, the Group entered into discussions with a UAE-based investment company to dispose of its investments in Murray & Roberts Contractors (Abu Dhabi) LLC and Murray & Roberts Contractors (Middle East) LLC (part of its Middle East Operations). By 30 June 2021, the discussions had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale. Included in the current year loss from discontinued operations is an impairment of R96 million recognised on classification of this disposal group as held for sale, and a further R39 million foreign exchange rate loss.

The transaction above recognised that on 21 July 2020, a call on two guarantees for the completed Al Mafraq project (a joint arrangement between Murray & Roberts Contractors (Abu Dhabi) LLC and a local partner) was made without cause by a client in the Middle East. On 16 January 2021, without formal notice, the call on the two guarantees issued by a Dubai-based bank was implemented by the bank. The bank debited the joint venture bank account with AED474 million (M&R share of AED153 million), placing the joint venture account into overdraft of an equivalent amount, and paid the funds over to the client. Murray & Roberts accounts for this joint arrangement as a joint operation and proportionately consolidates its share of the assets, liabilities and profit or loss of the joint operation.

The call on the two guarantees, implemented by the bank, has been treated as a non-cash flow transaction and is not included in the disclosure of cash flows from discontinued operations below.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
The (loss)/profit from the discontinued operations is analysed as follows:		
Revenue		
Construction contracts	**35,2**	182,1
	35,2	182,1
(Loss)/profit after taxation for the year is analysed as follows:		
(Loss)/profit before depreciation, amortisation, interest and taxation	**(256,5)**	18,8
Depreciation and amortisation	**–**	–
(Loss)/profit before interest and taxation	**(256,5)**	18,8
Interest expense	**(0,5)**	(1,5)
Interest income	**2,8**	5,1
(Loss)/profit before taxation	**(254,2)**	22,4
Taxation expense	**–**	(6,8)
(Loss)/profit after taxation	**(254,2)**	15,6
Loss from equity accounted investments	**(0,3)**	–
(Loss)/profit from discontinued operations	**(254,5)**	15,6
Attributable to:		
Owners of Murray & Roberts Holdings Limited	**(253,1)**	31,8
Non-controlling interests	**(1,4)**	(16,2)
	(254,5)	15,6

30 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE *continued*

30.1 (Loss)/profit for the year from discontinued operations *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Cash flows from discontinued operations		
Cash flows from operating activities	**(154,1)**	(429,0)
Cash flows from investing activities	**–**	20,9
Cash flows from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(154,1)**	(408,1)
(Loss)/profit before interest and taxation is arrived at after taking into account:		
Items by nature		
Auditors' remuneration:		
Fees for audits	**(1,5)**	(2,3)
Employee benefit expense:		
Salaries and wages	**(38,9)**	(35,4)
Fees paid for:		
Managerial services	**–**	(2,1)
Administrative services	**(0,4)**	(2,2)
Impairment charges:		
Trade and other receivables	**–**	(6,8)
Impairment of disposal group	**(96,4)**	–
Other	**(1,7)**	(102,0)
Impairment loss on investment in joint venture classified as held for sale	**(38,9)**	–
Foreign exchange gains	**2,3**	192,0
Foreign exchange losses	**(42,2)**	–
Lease costs:		
Land and buildings	**(0,7)**	(1,0)
Other	**(0,2)**	(0,2)
Lease costs can be analysed as follows:		
Expense relating to short term leases	**(0,9)**	(1,2)
Items by function		
Cost of sales**	**–**	(192,4)
Administration costs	**(298,0)**	(163,5)
Other operating income	**5,5**	192,6

*** Cost of sales includes Rnil million (FY2020: Rnil million) relating to the cost of inventories sold during the year.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

30 DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE *continued*

30.2 Assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale below relate mainly to the Middle East Operation as per note 30.1.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Major classes of assets comprising the assets held for sale		
Property, plant and equipment	27,9	–
Other receivables	4,0	–
Investment in joint ventures	32,5	–
Amounts due from contract customers	743,8	–
Cash and cash equivalents	24,4	–
	832,6	–
Major classes of liabilities comprising the assets held for sale		
Trade and other payables	158,6	–
Subcontractor liabilities	61,5	–
Short term borrowings	551,4	–
	771,5	–

31 (LOSS)/EARNINGS AND HEADLINE (LOSS)/EARNINGS PER SHARE

31.1 Weighted average number of shares

ALL AMOUNTS ARE EXPRESSED IN NUMBER OF SHARES ('000)	2021	2020
Weighted average number of shares in issue	444 736	444 736
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(31 696)	(31 696)
Less: Weighted average number of shares held by subsidiary companies	(19 379)	(15 785)
	393 661	397 255
Add: Dilutive adjustment	10 246	5 725
Weighted average number of shares in issue used in the determination of diluted per share figures	403 907	402 980

31.2 (Loss)/earnings per share

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Reconciliation of (loss)/earnings		
Loss attributable to owners of Murray & Roberts Holdings Limited	(179,9)	(351,6)
Adjustments for discontinued operations		
Loss/(profit) from discontinued operations	254,5	(15,6)
Non-controlling interests	(1,4)	(16,2)
Earnings/(loss) for the purposes of basic and diluted earnings per share from continuing operations	73,2	(383,4)
Loss per share from continuing and discontinued operations (cents)		
– Diluted	(45)	(89)
– Basic	(46)	(89)
Earnings/(loss) per share from continuing operations (cents)		
– Diluted	18	(97)
– Basic	19	(97)
(Loss)/earnings per share from discontinued operations (cents)		
– Diluted	(63)	8
– Basic	(65)	8

31 (LOSS)/EARNINGS AND HEADLINE (LOSS)/EARNINGS PER SHARE *continued*

31.3 Headline (loss)/earnings

RECONCILIATION OF HEADLINE (LOSS)/EARNINGS	2021 Gross pre-tax & non-controlling interests	2021 Net	2020 Gross pre-tax & non-controlling interests	2020 Net
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**63,3**	**(179,9)**	(194,3)	(351,6)
Profit on disposal of property, plant and equipment	**(19,4)**	**(14,7)**	(48,6)	(36,9)
Loss on disposal of property, plant and equipment	**7,5**	**5,3**	0,7	0,5
Impairment of property, plant and equipment	**–**	**–**	11,7	8,7
Impairment of investment in joint venture classified as held for sale	**38,9**	**38,9**	–	–
Impairment of disposal group	**96,4**	**96,4**	–	–
Fair value gain on investment in associate	**(1,2)**	**(0,8)**	–	–
Impairment of goodwill	**–**	**–**	62,5	62,5
Headline earnings/(loss)	**185,5**	**(54,8)**	(168,0)	(316,8)
Adjustments for discontinued operations:				
Loss/(profit) from discontinued operations	**254,5**	**253,1**	(22,4)	(31,8)
Impairment of investment in joint venture classified as held for sale	**(38,9)**	**(38,9)**	–	–
Impairment of disposal group	**(96,4)**	**(96,4)**	–	–
Headline earnings/(loss) from continuing operations	**304,7**	**63,0**	(190,4)	(348,6)

	2021	2020
Headline loss per share from continuing and discontinued operations (cents):		
– Diluted	**(14)**	(80)
– Basic	**(14)**	(80)
Headline earnings/(loss) per share from continuing operations (cents):		
– Diluted	**16**	(88)
– Basic	**16**	(88)
Headline (loss)/earnings per share from discontinued operations (cents):		
– Diluted	**(30)**	8
– Basic	**(30)**	8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

32 CASH GENERATED FROM OPERATIONS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Profit before interest and taxation		**283,5**	1,9
Adjustments for non-cash items:			
Amortisation of intangible assets	4	**76,8**	91,6
Depreciation	2	**806,0**	759,0
Fair value gain on investments at fair value through profit or loss	6	**(208,4)**	(119,4)
Long term provisions raised and released		**(4,7)**	11,4
Provisions for obligations raised and released		**279,1**	201,8
Profit on disposal of property, plant and equipment		**(19,4)**	(48,6)
Loss on disposal of property, plant and equipment		**7,5**	0,7
Share-based payment expense		**21,4**	27,1
Impairment of assets		**207,0**	356,1
Reversal of impairments of assets		**(34,9)**	(19,5)
Foreign exchange and other non-cash items		**250,6**	(407,2)
Changes in working capital:		**1 213,1**	(907,4)
Inventories		**(56,3)**	(88,2)
Contracts-in-progress, contract receivables and trade and other receivables		**(235,8)**	(1 035,2)
Trade and other payables		**938,2**	(626,0)
Subcontractor liabilities and amounts due to contract customers		**567,0**	842,0
		2 877,6	(52,5)

NET CASH/DEBT RECONCILIATION	Net cash and cash equivalents	Borrowings (including leases)	Total
Net cash/(debt) at 1 July 2019	3 419,5	(1 648,8)	1 770,7
Total decrease in cash and cash equivalents	(1 630,2)	–	(1 630,2)
Loans raised	–	(698,9)	(698,9)
Loans repaid	–	665,0	665,0
Leases repaid	–	719,0	719,0
Leases raised (non-cash)	–	(938,2)	(938,2)
Adjustments relating to net investment in lease	–	(133,7)	(133,7)
Foreign exchange movements	514,7	(292,8)	221,9
Other	–	(82,6)	(82,6)
Net cash/(debt) at 30 June 2020	**2 304,0**	**(2 411,0)**	**(107,0)**
Total increase in cash and cash equivalents	**423,9**	**–**	**423,9**
Loans raised	**–**	**(614,1)**	**(614,1)**
Loans repaid	**–**	**930,7**	**930,7**
Leases repaid	**–**	**481,7**	**481,7**
Leases raised (non-cash)	**–**	**(207,5)**	**(207,5)**
Adjustments relating to net investment in lease	**–**	**–**	**–**
Foreign exchange movements	**(436,5)**	**166,8**	**(269,7)**
Other	**–**	**71,4**	**71,4**
Net cash/(debt) at 30 June 2021	**2 291,4**	**(1 582,0)**	**709,4**

33 TAXATION PAID

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Taxation receivable at the beginning of year	**(170,1)**	(121,0)
Foreign exchange movements	**28,1**	(12,4)
Current tax arising from joint operation	**–**	(5,0)
IFRIC 23 transition adjustment	**–**	(33,0)
Tax losses forfeited	**–**	29,0
Taxation charged to the statement of financial performance, excluding deferred taxation	**(210,5)**	(291,7)
Acquisition of business	**2,3**	–
Taxation unpaid at the end of the year	**90,4**	170,1
	(259,8)	(264,0)
Taxation unpaid at the end of the year comprises of:		
Current taxation assets	**(35,7)**	(20,9)
Current taxation liabilities	**126,1**	191,0
	90,4	170,1

34 JOINT ARRANGEMENTS

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

34.1 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.

34.1.1 Detail of joint ventures

	Nature of activities	Principal place of business and country of incorporation	2021 % Share-holding	2020 % Share-holding
The Group has the following joint venture entities:				
Forum SA Trading 284 Proprietary Limited*	Property Development	South Africa	**–**	38,0

* *The above joint venture has been classified as held for sale in the current financial year. Refer to note 30 for further details.*

	2021	2020
34.1.2 Investment in joint venture		
At beginning of year	**71,7**	111,4
Derecognition of joint venture	**–**	(41,8)
Impairment of investment in joint venture	**(38,9)**	–
Share of post-acquisition (loss)/profit	**(0,3)**	2,1
Transfer to assets classified as held for sale	**(32,5)**	–
	–	71,7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

34 JOINT ARRANGEMENTS *continued*

34.2 Joint Operations

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

34.2.1 Details of significant joint operations

	Nature of activities	Principal place of business and country of incorporation	**2021 % Share-holding**	2020 % 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
Energy, Resources & Infrastructure				
Clough Pacific Joint Venture	Execution of works of LNG Canada Load out Line Trestle	Australia	**50,0**	50,0
Salini Clough Joint Venture	Execution of the Snowy Hydroelectric Power Station Project (Snowy 2.0)	Australia	**35,0**	35,0
Acciona Clough Joint Venture	Completion of works for the Rail Formation North Package	Australia	**50,0**	50,0
Mining				
Boipelo Mining Contractors^	Coal Mining	South Africa	**49,0**	49,0
Consorcio TNT Vial y Vivies – DSD Chile Ltda	EPC – Spence SGO project	Chile	**50,0**	50,0
Energy, Resources & Infrastructure and 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 not met in current year but joint operation reflected as the entity's operations are expected to increase going forward.*

35 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 claims in the Middle East and in the Power, Industrial & Water platform which management do not believe poses a significant risk as the potential obligations 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 (R1,2 billion).

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2021**	2020
Contingent liabilities	**6 812,1**	4 781,5
Financial institution guarantees given to third parties	**7 910,5**	7 970,3
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to^:	**3 010,8**	3 277,0

^ *Until the airport claim in the Middle East is resolved, which is now 13 years post delivery of the project, through existence of a parent company guarantee, the Group has a potential contingent liability for any adverse determination against the Group by a tribunal. No such tribunal has been established and it is the Group's expectation that the matter should be resolved in its favour. No amount is included above due to the unlikelihood of any such claim and no tribunal being established to determine any such amount.*

Update on the Group's claims processes

The Group's uncertified revenue increased to R1,3 billion (FY2020: R1,1 billion). The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

36 CAPITAL COMMITMENTS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2021**	2020
Approved by the directors, contracted and not provided in the statement of financial position	**38,9**	355,2
Approved by the directors, not yet contracted for	**1 961,1**	1 835,8
	2 000,0	2 191,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

37 FINANCIAL RISK MANAGEMENT

37.1 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 balances.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 17 and 23 and equity attributable to owners of Murray & Roberts Holdings Limited, comprising issued reserves and retained earnings as disclosed.

The Group has a target gearing ratio of 30% – 45% determined on the proportion of debt to equity. The increased overdraft in the current financial year is to support working capital requirements and other commitments. The gearing ratio for the current financial year is 35% (excluding the impact of previously recognised operating leases and project specific asset-based finance). The Board reviews the Group's debt usage and considers the risk thereof. The Group is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board. The Group was able to fulfil all covenants at 30 June 2021 across its various subsidiaries with respect to funding arrangements due to a strong balance sheet and liquidity position.

COVID-19 impacted earnings in the current financial year which indirectly had an impact on covenant triggers and cash flows for the year ended 30 June 2021. At 30 June 2020, covenant breaches were noted in RUC Cementation Mining Contractors (Pty) Ltd on the HSBC and EFIC facilities. In the current financial year, the EFIC facility was repaid and not renewed. The HSBC facility was renegotiated. Covenants were met on the HSBC facility at 30 June 2021.

Further covenants in the Group relate to facilities with the Toronto Dominion Bank for which the covenants were met at 30 June 2021. The calls on two guarantees in the Middle East as described in note 15 in the interim financial statements were made without cause and was not as a result of a breach in covenants. Should a covenant be at risk of breach, a waiver will be requested from the bank in advance of a breach. However, no such instances were noted in the current financial year.

Details of all debt covenants in the Group have been reflected in the table below:

Facility	HSBC Facility – RUC Cementation Mining Contractors (Pty) Ltd	Toronto Dominion Bank Facility – Cementation Canada Inc.
Covenant trigger and proximity to being breached	1) Tangible Net Worth: Requirement – minimum AUD60 million; Actual – AUD67 million 2) Leverage Ratio: Requirement – less than 2.0 times; Actual – 1.04 times 3) Debt Service Cover Ratio: Requirement – exceeds 1.4 times; Actual – 1.54 times Sufficient headroom deemed available for all debt covenants reflected above	1) Current Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.37:1 2) Debt Service Coverage Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.31:1 3) Total Funded Debt/ EBITDA Ratio: Requirement – does not exceed 2.5:1; Actual – 1.55:1 4) Concentration of EBITDA and fixed assets in Obligors: Requirement – minimum of 85%; Actual – 100% 5) Capital Expenditures: Requirement – maximum of CAD40 million; Actual – CAD3,8 million 6) Investments: Requirement – maximum of CAD12 million; Actual – CAD nil 7) Acquisitions: Requirement – maximum of CAD25 million; Actual – CAD nil Sufficient headroom deemed available for all debt covenants reflected above

37 FINANCIAL RISK MANAGEMENT *continued*

37.2 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.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Categories of financial instruments			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	6	**1 433,7**	1 225,3
Financial assets measured at amortised cost		**8 470,9**	8 085,2
Financial assets measured at amortised cost – held for sale	30	**707,3**	–
Financial liabilities			
Financial liabilities measured at amortised cost		**7 881,2**	7 207,7
Financial liabilities measured at amortised cost – held for sale	30	**771,5**	–

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

37.3 Market risk

The Group operates in various countries and is exposed to the market risk evident in each specific country. The primary market risks identified relate to foreign currency fluctuations and interest rate fluctuations. The sensitivities relating to these market risks are detailed in notes 37.4 and 37.5.

37.4 Foreign currency and translation risk management

The Group has major operating entities in Australia, Canada and America 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 although no such significant transactions occurred in the current financial year.

Foreign currency and translation sensitivity
The Group is mainly exposed to the currencies of Australia, Canada, Europe, United Arab Emirates and the United States of America. 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 adjusts their translation at the period end for a change in foreign currency rates. A positive number indicates an increase in profit and equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020	2021	2020
Australian Dollar	**24,2**	20,3	**(8,8)**	(8,9)
Canadian Dollar	**10,1**	11,2	**(2,3)**	(2,7)
European Euro	**1,1**	0,1	**(2,2)**	(2,6)
UAE Dirham	**0,1**	5,8	**–**	(6,2)
US Dollar	**23,3**	17,6	**(2,8)**	(5,3)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

37 FINANCIAL RISK MANAGEMENT *continued*

37.4 Foreign currency and translation risk management *continued*

The carrying amount of the significant financial assets are denominated in the following currencies (amounts shown are in Rand equivalent):

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2021**	2020
Cash and cash equivalents		
Australian Dollar	**1 560,8**	1 397,7
Bahraini Dinar	**–**	1,6
Botswana Pula	**1,0**	11,3
British Pound	**15,5**	49,7
Canadian Dollar	**469,1**	366,6
Chile Pesos	**49,2**	90,2
Columbian Pesos	**–**	21,2
European Euro	**4,3**	13,7
Ghanaian New Cedi	**1,5**	1,3
Hong Kong Dollar	**5,3**	5,8
Indonesian Rupiah	**1,1**	13,9
Malawian Kwacha	**7,7**	–
Malaysian Ringgit	**1,5**	1,8
Mongolian Tugrik	**33,7**	20,2
Mozambican Metical	**0,5**	0,8
Namibian Dollar	**35,8**	–
Omani Rial	**3,1**	5,5
Papua New Guinea Kina	**56,3**	82,7
Qatari Rial	**–**	10,1
Singapore Dollar	**5,1**	9,3
South African Rand	**62,1**	133,8
South Korean Won	**6,9**	9,5
Tanzanian Shilling	**0,1**	0,2
Thai Baht	**6,6**	0,5
UAE Dirham	**13,0**	413,0
US Dollar	**1 322,2**	629,9
West African Franc	**18,5**	20,9
Zambian Kwacha	**14,0**	102,1
Other	**2,4**	2,0
	3 697,3	3 415,3

37 FINANCIAL RISK MANAGEMENT *continued*

37.4 Foreign currency and translation risk management *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Trade and net contract receivables		
Australian Dollar	**855,5**	634,2
Botswana Pula	**1,5**	1,7
British Pound	**99,3**	49,0
Canadian Dollar	**539,9**	750,6
Chile Pesos	**2,1**	31,6
European Euro	**106,3**	–
Indonesian Rupiah	**15,6**	80,6
Malawian Kwacha	**5,7**	–
Mongolian Tugrik	**67,2**	32,0
Namibian Dollar	**10,9**	–
Omani Rial	**32,7**	39,7
Papua New Guinea Kina	**33,5**	3,6
Qatari Rial	**–**	6,0
South African Rand	**386,4**	320,1
UAE Dirham	**–**	166,4
US Dollar	**1 004,5**	1 132,9
Zambian Kwacha	**4,0**	5,5
Other	**0,1**	–
Gross receivables	**3 165,2**	3 253,9
Contract receivables provisions	**(77,8)**	(89,4)
	3 087,4	3 164,5

The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts are shown in Rand equivalent):

	2021	2020
Bank overdrafts		
South African Rand	**1 430,3**	883,0
UAE Dirham	**–**	228,3
	1 430,3	1 111,3
Trade payables and subcontractor liabilities		
Australian Dollar	**653,0**	711,9
Bahraini Dinar	**–**	0,5
Botswana Pula	**11,8**	16,0
British Pound	**12,6**	3,2
Canadian Dollar	**159,4**	191,8
Chile Pesos	**7,6**	30,9
European Euro	**217,2**	261,2
Ghanaian New Cedi	**–**	1,3
Indonesian Rupiah	**–**	1,5
Malaysian Ringgit	**1,2**	1,1
Mongolian Tugrik	**2,8**	54,0
Namibian Dollar	**2,7**	–
Omani Rial	**77,1**	89,8
Papua New Guinea Kina	**3,9**	0,5
Qatari Rial	**–**	5,7
Singapore Dollar	**0,1**	–
South African Rand	**243,1**	294,8
South Korean Won	**–**	–
Thai Baht	**0,7**	0,8
UAE Dirham	**–**	395,9
US Dollar	**84,3**	94,9
Zambian Kwacha	**3,2**	5,1
Other	**1,8**	0,3
Gross liabilities	**1 482,5**	2 161,2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

37 FINANCIAL RISK MANAGEMENT *continued*

37.4 Foreign currency and translation risk management *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Interest bearing liabilities		
Australian Dollar	**230,7**	174,2
Canadian Dollar	**75,0**	82,9
Mongolian Tugrik	**5,7**	151,1
Namibian Dollar	**103,7**	–
South African Rand	**356,7**	373,1
US Dollar	**192,0**	433,1
	963,8	1 214,4
Non-interest bearing liabilities		
Australian Dollar	**0,5**	–
	0,5	–

37.5 Interest rate risk management

Interest rate sensitivity

The Group is exposed to interest rate risk through its global operations in different geographical regions whereby interest rates vary in response to prevailing market rates. Furthermore, the Group utilises various forms of financing including significant usage of variable interest rate debt which increases its exposure to interest rate risk. The Group manages the impact of adverse interest rate movements through the use of interest rate management hedges should the need arise. There has been no use of interest rate hedges in the previous five years, however, the Group policy does make provision for this. Negotiation of borrowing facilities are managed through the Corporate Office in South Africa and through the platform financial executives for offshore entities. Interest rate management including debt servicing is optimised and reviewed continually.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and is 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 AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**(17,6)**	(11,7)
Australia		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**9,1**	8,7
United Arab Emirates		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**0,1**	(2,0)
Canada		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**3,6**	2,8
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit and loss	**10,0**	1,8

37 FINANCIAL RISK MANAGEMENT *continued*

37.6 Credit risk management

Credit risk refers to the risk that a counterparty 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 subject to credit risk consist mostly of amounts owing by joint arrangements and partners and other receivables.

Amounts owing by joint arrangements and partners: These receivables 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 and the risk relating to the partner is constantly monitored to assess any risks as they arise. The current financial year amount relates mainly to amounts owing by Australian Industrial Groups with large order books, strong balance sheets, large market capitalisation and good credit ratings. The ECL assessment has been performed (evaluating all factors as outlined under contract receivables) resulting in an insignificant credit loss. All amounts have been evaluated on an entity specific basis and the credit risk has been deemed low based on the assessment performed.

Other receivables: Relates mostly to the rendering of services to the same customer base as described under contract receivables. Other receivables is assessed with the contract receivables when assessing credit risk. The ECL allowance assessment performed in the current financial year resulted in an insignificant credit loss.

Amounts due from contract customers: Over the last five financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R55 million per year on an average revenue of R22 billion and contract and trade receivables balance of R2,8 billion.

The Group's client base across the Group are mainly entities with a large market capitalisation and Australian and US parastatals.

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.

Receivables relating to uncertified claims and variations (i.e. uncertified revenue) are assessed in terms of IFRS 15. The Group utilises experts to assess probabilities (of revenue not reversing) in determining the amount to be recognised as uncertified revenue. An ECL allowance assessment was thereafter performed on uncertified claims and revenue balances and was noted to be insignificant. The factors outlined below (both macroeconomic and forward-looking information) were taken into account by adjusting the loss given default rate in arriving at this conclusion. The ECL allowance for uncertified claims and variations was performed on a customer specific basis for all customers (the client base mainly reflecting large listed customers with a large capitalisation and strong balance sheets). Factors outlined below indicated that there is no significant increase in credit risk compared to the prior financial year.

ECLs are assessed on a customer specific basis, taking into account macroeconomic factors and forward-looking information impacting the customer.

37 FINANCIAL RISK MANAGEMENT *continued*

37.6 Credit risk management *continued*

Macroeconomic information considered for each customer, in assessing ECLs, includes the following:

- The industry and trading conditions in the relevant domestic markets in which the customer operates
- Commodity prices impacting the customer's revenue
- The political environment and geographical location impacting the customer's industry
- Economic growth and inflationary outlook in the short term, relevant to the customer

The following customer specific forward-looking information is considered in the ECL assessments:

- Macroeconomic forecasts relevant to the customer as mentioned above
- External credit ratings for customers
- Outlook information on customers published
- Forecast financial information where available

The above forward looking and macroeconomic information is evaluated and the loss given default rate applied to the balances are adjusted to take the above factors into account in determining an appropriate ECL allowance.

The COVID-19 impact was considered in our estimation of the ECL allowance by assessing the amounts due from contract customers balances and the expectation of recovery taking into account the COVID-19 impacts experienced. This included assessing whether receipts were delayed as a result of COVID-19 and whether collection plans were agreed in order to provide immediate relief to debtors where required. In the current financial year, no receipts were delayed nor collection plans revised as a result of COVID-19.

Furthermore, the Group's international scope includes market sectors with robust fixed capital investment fundamentals. These market sectors are expected to benefit from substantial stimulus earmarked for post COVID-19 infrastructure-led economic recovery, that also seeks to sustainably meet the needs of a growing and urbanising global population. The ERI platform performance reflects the platform's thriving target markets, with Australia continuing to invest heavily in resources and infrastructure. The current year saw significant awards with the order book reaching a record high. The Mining platform did well with most mines returning to being fully functional in the current financial year. The Americas region experienced a prolonged period of COVID-19 impact which created uncertainty and slowed down investment decisions of mining companies, but new awards are evidence of new mining investments. Recovery of the world economy, fuelled by stimulus programmes of major governments, has resulted in significantly increased demand for commodities. Commodity prices have risen steeply over the past year and are projected to continue their upward trend. The limited investment opportunity in the PIW platform was pre-COVID and no further COVID-19 risks have arisen in this platform in the current year.

Based on the assessment performed, the recoverability of amounts outstanding were not deemed to be at any further risk in terms of COVID-19.

No credit impaired assets contain any significant payment guarantees and collateral held as security.

The Group applies 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 there was not considered to be a significant increase in credit risk relating to the respective assets outlined above.

The following represents the Group's maximum exposure, at reporting date to credit risk and after allowance for impairment and netting where appropriate.

37 FINANCIAL RISK MANAGEMENT *continued*

37.6 Credit risk management *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2021						
Cash and cash equivalents	**45,1**	**24,3**	**962,4**	**2 642,9**	**22,6**	**3 697,3**
Trade and other receivables (net of provisions)	**160,6**	**67,5**	**68,0**	**1 386,3**	**21,8**	**1 704,2**
Contract receivables (net of provisions)	**32,6**	**94,4**	**1 265,9**	**1 676,2**	**–**	**3 069,1**
Non current receivables	**–**	**–**	**–**	**1,1**	**–**	**1,1**
Total assets subject to credit risk	**238,3**	**186,2**	**2 296,3**	**5 706,5**	**44,4**	**8 471,7**
Assets not subject to credit risk	**2 262,7**	**688,9**	**3 808,7**	**3 764,5**	**742,8**	**11 267,6**
Total assets	**2 501,0**	**875,1**	**6 105,0**	**9 471,0**	**787,2**	**19 739,3**
2020						
Cash and cash equivalents	477,8	52,2	1 111,9	1 737,6	35,8	3 415,3
Trade and other receivables (net of provisions)	173,8	48,3	85,6	1 168,0	47,8	1 523,5
Contract receivables (net of provisions)	212,0	56,2	1 784,1	1 086,3	–	3 138,6
Non current receivables	–	–	–	5,8	–	5,8
Total assets subject to credit risk	863,6	156,7	2 981,6	3 997,7	83,6	8 083,2
Assets not subject to credit risk	1 899,4	860,3	4 387,4	2 785,3	883,4	10 815,8
Total assets	2 763,0	1 017,0	7 369,0	6 783,0	967,0	18 899,0

Financial assets subject to credit risk*						
2021						
Not past due	**202,9**	**31,8**	**1 977,5**	**5 469,2**	**36,0**	**7 717,3**
Past due	**35,4**	**167,6**	**385,2**	**237,3**	**8,5**	**834,0**
Provisions for impairments	**–**	**(13,2)**	**(66,4)**	**–**	**–**	**(79,6)**
Carrying value of financial assets	**238,3**	**186,2**	**2 296,3**	**5 706,5**	**44,4**	**8 471,7**
2020						
Not past due	685,5	67,6	2 184,1	3 890,0	37,5	6 864,7
Past due	178,1	103,3	868,4	112,0	46,1	1 307,9
Provisions for impairments	–	(14,2)	(70,9)	(4,3)	–	(89,4)
Carrying value of financial assets	863,6	156,7	2 981,6	3 997,7	83,6	8 083,2

* *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.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

37 FINANCIAL RISK MANAGEMENT *continued*

37.6 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.

Over the last five financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R55 million per year on an average revenue of R22 billion and contract and trade receivables balance of R2,8 billion.

An impairment of Rnil million was recognised on trade receivables whilst an impairment of R43,2 million was recognised on contract receivables.

An amount of R4,5 million is considered to be past due, but not impaired for trade receivables whilst an amount of R699 million is considered past due, but not impaired. Per the table below, the financial assets past due, but not impaired have decreased from the prior year mainly as a result of settlement agreements reached on prior year outstanding amounts on certain debtors.

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

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

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	< Three months	Three to six months	Six to twelve months	> Twelve months	Total
2021					
Trade receivables	**4,0**	**0,1**	**–**	**0,4**	**4,5**
Contract receivables	**440,6**	**69,2**	**96,2**	**92,8**	**698,8**
Other receivables	**67,2**	**–**	**–**	**63,5**	**130,7**
	511,8	**69,3**	**96,2**	**156,7**	**834,0**
2020					
Trade receivables	7,3	–	8,4	0,2	15,9
Contract receivables	469,5	241,4	261,6	173,8	1 146,3
Other receivables	88,4	–	39,6	17,7	145,7
	565,2	241,4	309,6	191,7	1 307,9

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 ECL provisions.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2021						
Trade receivables	**–**	**1,1**	**0,6**	**–**	**–**	**1,7**
Contract receivables	**–**	**12,1**	**65,8**	**–**	**–**	**77,9**
	–	**13,2**	**66,4**	**–**	**–**	**79,6**
2020						
Trade receivables	–	2,0	0,6	–	–	2,6
Contract receivables	–	12,2	70,3	4,3	–	86,8
	–	14,2	70,9	4,3	–	89,4

37 FINANCIAL RISK MANAGEMENT *continued*

37.6 Credit risk management *continued*

Reconciliation of loss allowance

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2021						
Balance at the beginning of the year	**–**	**14,2**	**70,9**	**4,3**	**–**	**89,4**
Raised during the year	**–**	**–**	**43,2**	**–**	**–**	**43,2**
Utilised during the year	**–**	**(0,9)**	**(2,0)**	**(4,1)**	**–**	**(7,0)**
Released during the year	**–**	**–**	**(34,8)**	**–**	**–**	**(34,8)**
Foreign exchange movements	**–**	**(0,1)**	**(10,9)**	**(0,2)**	**–**	**(11,2)**
	–	**13,2**	**66,4**	**–**	**–**	**79,6**

The ECL allowance of R43,2 million raised in the current year relates mainly to the increase in the expected loss given default rate relating mainly to a listed mining customer. The release of the ECL allowance in the current year relates mainly to a customer demonstrating an improved financial and liquidity position.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2020						
Balance at the beginning of the year	–	10,8	40,1	3,5	–	54,4
Raised during the year	–	5,3	42,3	–	–	47,6
Utilised during the year	–	–	(11,9)	–	–	(11,9)
Released during the year	–	(2,0)	(6,7)	–	–	(8,7)
Foreign exchange movements	–	0,1	7,1	0,8	–	8,0
	–	14,2	70,9	4,3	–	89,4

37.7 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. The Group's liquidity risk management involves maintaining sufficient cash and available funding through borrowing facilities to meet obligations when due. Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents based on expected cash flows. Cash flow forecasts are compiled by each business unit in accordance with the requirements set by the Group.

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.

Borrowing capacity

The Company's borrowing capacity is unlimited in terms of its Memorandum of Incorporation.

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Borrowing facilities		
Total borrowing facilities	**6 160,8**	5 906,6
Current utilisation	**(2 848,9)**	(3 065,5)
Borrowing facilities available	**3 311,9**	2 841,1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

37 FINANCIAL RISK MANAGEMENT *continued*

37.8 Maturity profile of financial instruments

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

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Within 1 year	Within the 2nd year	Within 3 to 5 years	Payable after the 5th year	Total
2021						
Financial liabilities						
Bank overdrafts	**10**	**1 430,3**	**–**	**–**	**–**	**1 430,3**
Interest bearing liabilities	**17**	**419,5**	**236,3**	**384,0**	**–**	**1 039,8**
Non-interest bearing liabilities	**17**	**0,5**	**–**	**–**	**–**	**0,5**
Trade and other payables	**22**	**4 587,3**	**–**	**–**	**–**	**4 587,3**
Subcontractor liabilities	**21**	**729,9**	**–**	**–**	**–**	**729,9**
Non current payables		**–**	**21,3**	**63,8**	**42,5**	**127,6**
Derivative financial instruments		**1,8**	**–**	**–**	**–**	**1,8**
Financial liabilities held for sale		**771,5**	**–**	**–**	**–**	**771,5**
2020						
Financial liabilities						
Bank overdrafts	10	1 111,3	–	–	–	1 111,3
Interest bearing liabilities	17	587,7	–	–	608,5	1 196,2
Non-interest bearing liabilities	17	–	–	–	–	–
Trade and other payables	22	3 579,8	–	–	–	3 579,8
Subcontractor liabilities	21	1 193,1	–	–	–	1 193,1
Non current payables		21,7	–	–	127,5	149,2
Derivative financial instruments		0,9	–	–	–	0,9

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST

38.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), associate companies (note 5), joint operations (note 34), retirement and other benefit plans (note 18) and with its directors, prescribed officers and key management personnel.

38.2 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.

No significant disclosable transactions with related parties other than key management remuneration were entered into during the year.

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST
continued

38.3 Transactions with key management personnel

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

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

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Salaries	21,8	18,4
Retirement fund contributions	1,7	1,7
Allowances	0,1	0,1
Other benefits	1,5	2,4
Total guaranteed remuneration	25,1	22,6
Gain on Forfeitable Share Awards	0,4	1,2
Performance related	15,1	10,1
	40,6	33,9

Executive Directors

The remuneration of executive directors for the year ended 30 June 2021 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
2021					
DF Grobler	**4 940**	**2 862**	**861**	**–**	**8 663**
HJ Laas	**7 675**	**5 929**	**786**	**118**	**14 508**
	12 615	**8 791**	**1 647**	**118**	**23 171**
2020					
DF Grobler	4 750	1 915	1 828	–	8 493
HJ Laas	7 380	4 243	6 529	392	18 544
	12 130	6 158	8 357	392	27 037

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (FY2020: 30%) of the performance bonus was deferred into forfeitable share awards.*

** *Fringe benefit on company vehicle in FY2021 and FY2020 and leave payout in FY2020.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST *continued*

38.3 Transactions with key management personnel *continued*

The remuneration of executive directors and key management personnel is determined by the Remuneration and Human Resources Committee having regard to the performance of individuals and market trends.

Interests of the directors in the stated capital of the Company are set out in the Directors' Report.

Prescribed officers

	Total guaranteed remuneration R'000	Performance related* R'000	Other** R'000	Gain on Forfeitable Share Awards R'000	Total R'000
2021					
M da Costa	**4 711**	**2 228**	**–**	**138**	**7 077**
S Harrison	**3 796**	**471**	**–**	**247**	**4 514**
IW Henstock	**4 493**	**2 180**	**73**	**–**	**6 746**
T Mdluli	**3 536**	**1 342**	**–**	**357**	**5 235**
2020					
M da Costa	4 530	815	–	–	5 345
S Harrison	3 589	–	–	1 824	5 413
IW Henstock	4 320	1 638	73	1 583	7 614
T Mdluli	3 400	904	–	1 260	5 564

	Total guaranteed remuneration AUD'000	Performance related*** AUD'000	Other** AUD'000	Gain on Forfeitable Share Awards AUD'000	Total AUD'000
2021					
P Bennett	**907**	**1 042**	**–**	**–**	**1 949**
2020					
P Bennett	955	–	–	22	977

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (FY2020: 30%) of the performance bonus was deferred into forfeitable share awards.*

** *Payment to purchase private life cover.*

*** *Performance bonus on accrual basis of AUD822 000 and LTI of AUD220 000.*

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST *continued*

38.3 Transactions with key management personnel *continued*

Non-Executive Directors

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

The remuneration of non-executive directors for the year ended 30 June 2021 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 2021 R'000**	Total 2020 R'000
JA Boggenpoel	351	–	230	293	–	–	**874**	324
R Havenstein	–	–	230	–	1 216	–	**1 446**	1 638
SP Kana	–	–	–	–	–	1 727	**1 727**	1 741
NB Langa-Royds	351	(12)	172	551	–	–	**1 062**	1 279
AK Maditsi	351	–	230	360	–	–	**941**	1 055
TE Mashilwane[1]	–	–	–	–	–	–	**–**	578
B Mawasha	351	–	230	240	–	–	**821**	255
DC Radley	351	–	172	443	–	–	**966**	1 146
XH Mkhwanazi[2]	–	–	–	–	–		**–**	336
CD Raphiri	351	–	230	408	–	–	**989**	352
	2 106	(12)	1 494	2 295	1 216	1 727	**8 826**	8 704
AUD'000								
KW Spence[3]	–	–	–	–	–	–	**–**	164

1. *Resigned on 5 March 2020.*
2. *Deceased on 4 January 2020.*
3. *Resigned on 5 March 2020.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST *continued*

38.3 Transactions with key management personnel *continued*

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.

	Committee fees	
	2021 R'000	2020 R'000
R Havenstein	–	159
SP Kana	–	159
AK Maditsi	–	78
DC Radley	–	78
	–	474

The Independent Board was disbanded on the lapsing of ATON's offer on 30 September 2019.

Interest of the directors in the stated capital of the Company is set out in the Directors' Report.

Share option and Letsema scheme: The movements in share options and Letsema shares of executive directors during the year ended 30 June 2021 are:

Prescribed officers

Grant date	Conditions	Outstanding options at 1 July 2020	Strike price (Rands)	Lapsed during the year	**Outstanding options at 30 June 2021**	Expiry date
T Mdluli – 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 (R'000)	Number settled in the year	Number forfeited in the year	Closing balance
HJ Laas	Sep 17	864 000	–	12 537	(216 000)	(648 000)	–
HJ Laas	Sep 19	150 000	–	1 720	–	–	150 000
HJ Laas	Oct 20	–	2 103 500	11 674	–	–	2 103 500

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.

38 RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTEREST

continued

38.3 Transactions with key management personnel *continued*

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2021 are:

	Balance at 1 July 2020	Granted during the year	Vested	Forfeited	**Balance at 30 June 2021**
M da Costa	708 500	747 500	–	–	**1 456 000**
DF Grobler	1 346 000	997 500	(101 250)	(303 750)	**1 938 500**
S Harrison	826 000	493 000	(63 250)	(189 750)	**1 066 000**
HJ Laas	1 843 000	–	–	–	**1 843 000**
T Mdluli	599 500	459 000	(41 375)	(124 125)	**893 000**

The movements in FSP STI shares of directors during the year ended 30 June 2021 are:

	Balance at 1 July 2020	Granted during the year	Vested	Forfeited	**Balance at 30 June 2021**
M da Costa	87 993	45 509	(29 331)	–	**104 171**
DF Grobler	178 346	106 868	(81 649)	–	**203 565**
S Harrison	68 042	–	(36 211)	–	**31 831**
HJ Laas	364 387	236 837	(166 884)	–	**434 340**
T Mdluli	75 278	50 476	(34 316)	–	**91 438**

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.

39 EVENTS AFTER REPORTING PERIOD

During July 2021, civil unrest and protest action occurred in many parts of South Africa. This was considered to be a non-adjusting event. There was no significant impact on results post year end.

During the current financial year, as documented in note 30.1, the Group exit from the Middle East is progressing and it has entered a transaction process with a UAE-based investment company for the sale to it of the Abu Dhabi and Dubai companies. Regulatory approval is a pre-requisite for the shares to be transferred to the purchaser. The transaction is expected to be concluded by the end of September 2021. Considering the remaining project disputes in each of the two companies, the parties agreed that the consideration for sale would be a nominal amount. The post year end events as discussed above were not considered to be adjusting events and therefore the financial position and results of the Group were not deemed to be significantly affected.

The directors are not aware of any other matter or circumstance, other than noted above, 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 2021 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 and did not have a material impact on the current financial year results.

40 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

Other information

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 determination of performance obligations;
- The estimation of costs to completion and the determination of the percentage of completion;
- The estimation of contract profit margin;
- The estimation of onerous contract provisions;
- The recognition of penalties and claims on contracts;
- The recoverability of under claims (contracts-in-progress) and uncertified revenue balances; and
- The recognition of contract incentives.

Performance obligations

IFRS 15 provides guidance as to whether a construction contract or engineering service should be treated as one performance obligation or multiple performance obligations. If a construction contract had multiple sub-level performance obligations which 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. In applying the IFRS 15 guidance most contracts are seen as single performance obligations for Group purposes.

The estimation of costs to completion and the determination of the percentage of completion

The use of the input method (percentage of completion) requires the Group to estimate the cost of construction and engineering services provided to date as a proportion of the total estimated cost of these services to be performed.

The use of the output method requires progress to be measured on a contract through direct measurement. The Group's engineers and quantity surveyors exercise their judgement in estimating progress based on performance on the contract or achievement of milestones.

Contract profit margin and onerous contract provisions

The total expected contract profit margin is dependent on the total estimated revenue and the total estimated cost. Where total estimated cost exceeds total estimated revenue, the unavoidable expected loss is provided for as an onerous contract provision.

40 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

The recognition of penalties and claims on contracts

The recognition of penalties and claims on contracts requires significant estimation and judgement. The Group uses experts to assess the merits of claims for and against the Group, and to determine their quantum. Claims in favour of the Group are only recognised to the extent that it is highly probable that the revenue will not reverse.

The recoverability of under claims (contracts-in-progress) and uncertified revenue balances

Revenue may only be recognised when it is highly probable that the revenue will not be reversed. Assessing whether under claims and uncertified revenue balances are recoverable involves significant judgement. The Group's experts, engineers and quantity surveyors are required to estimate the probability/likelihood of revenue being reversed, when recognising under claims and uncertified revenue balances.

The recognition of contract incentives (variable consideration)

It is common for the Group's contracts with customers to include contract incentives (variable considerations) based on certain industry-related KPIs, such as bonuses or penalties based on specifications, timeliness of completion or minimum targets. Any variable consideration contained in a contract is only recognised to the extent that the Group deems it highly probable that a significant reversal in the amount of revenue recognised will not occur. The estimate is based on all available information including historic performance. When it is not highly probable that the Group can avoid contract penalties, then those penalties are deducted from the total estimated revenue in determining revenue.

The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable. A cumulative balance of R1,3 billion (FY2020: R1,1 billion), has been recognised in the statement of financial position (refer to note 8).

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.

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 3.

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 12.

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 18.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

41 NEW STANDARDS AND INTERPRETATIONS

41.1 New, amended and revised standards adopted during FY2021

Standard	Key requirements
Definition of materiality – amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1: Presentation of Financial Statements and IAS 8:Accounting Policies: Changes in Accounting Estimates and Errors which: ■ Use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; ■ Clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: ■ That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole. ■ The meaning of "primary users of general purpose financial statements", by defining them as "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need.
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard setting decisions with immediate effect. Key changes include: ■ Increasing the prominence of stewardship in the objective of financial reporting; ■ Reinstating prudence as a component of neutrality; ■ Defining a reporting entity, which may be a legal entity, or a portion of an entity; ■ Revising the definitions of an asset and a liability; ■ Removing the probability threshold for recognition and adding guidance on derecognition; ■ Adding guidance on different measurement basis; and ■ Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes were made to any of the current accounting standards.

41 NEW STANDARDS AND INTERPRETATIONS *continued*

41.2 Standards and interpretations not yet effective

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

Standard/Interpretation	Type	Effective date
IFRS 3: Business Combinations	Amendment	Financial years commencing on or after 1 January 2022
IFRS 9: Financial Instruments	Amendment	Financial years commencing on or after 1 January 2022
IFRS 16: Leases	Amendment	Financial years commencing on or after 1 April 2021
IAS 1: Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2023
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Amendment	Financial years commencing on or after 1 January 2023
IAS 12: Income Taxes	Amendment	Financial years commencing on or after 1 January 2023
IAS 16: Property, Plant and Equipment	Amendment	Financial years commencing on or after 1 January 2022
IAS 37: Provisions, Contingent Liabilities and Contingent Assets	Amendment	Financial years commencing on or after 1 January 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

42 ANALYSIS OF MAJOR SHAREHOLDERS

	Number of shares	% of shares
2021		
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)	**83 719 133**	**18,82**
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)	**85 768 344**	**19,29**
Ninety One SA Ltd	**38 638 667**	**8,69**
Non-public shareholders		**75,15**
Public shareholders		**24,85**
2020		
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)	90 549 871	20,36
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)	93 009 732	20,91
Non-public shareholders		75,24
Public shareholders		24,76

43 GOING CONCERN AND COVID-19 IMPACT

The Group is recovering from the initial impact it experienced in FY2020 from the pandemic, and related deferrals, closures, and restrictions, with continuing operations returning to profitability in the current financial year. The Group is exposed to the natural resources, industrial, energy, water and infrastructure markets and has a strong order book in the current financial year.

The Group's international scope includes market sectors with robust fixed capital investment fundamentals.

The ERI platform performance reflects the platform's target markets, with Australia continuing to invest in resources and infrastructure development. FY2021 saw significant awards with the order book reaching a record high. No significant COVID-19 impact was experienced in this platform in the current financial year.

The Mining platform did well with most mines returning to being fully functional in the current financial year. The Americas region experienced a prolonged period of disruption due to the pandemic, which led to high levels of commodity uncertainty and flagged investment decisions by the mining companies, but new awards are evidence of new mining investments. An increase in the demand for commodities is also being noted. The COVID-19 impact experienced in the current financial year was mainly in the Americas region where there were delays of new awards and new work being secured.

The PIW platform continues to experience limited investment in the market and geographic region it operates in. Uncertain timing of potential project awards necessitated a further reduction of overhead costs in anticipation of lower revenue.

BCC operates the Gautrain system which is running with capacity restrictions and at all-time low ridership levels. Passenger demand is expected to remain subdued until the spread of the pandemic is curtailed. Current ridership is circa 10 500 passengers per day, compared to circa 55 000 passengers per day prior to COVID-19. The initial estimated impact of the pandemic on the Group's 50% investment in BCC was accounted for in FY2020. BCC was successful with its business interruption insurance claim, capped at R285 million (M&R share R142,5 million) and the funds upon receipt were used to reduce BCC's debt. The potential prolonged impact of the pandemic on this investment is assessed on an ongoing basis and the COVID-19 impact has been assessed by experts and management based on the best available information to date.

The Group continually monitors its financial position and liquidity structure and implements actions as and when required in order to ensure that the Group has adequate resources.

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 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
ASSETS			
Non-current assets			
Investment in subsidiary company	2	52,4	53,3
Amount due from subsidiary company	2	3 585,6	–
Total non-current assets		3 638,0	53,3
Current assets			
Trade and other receivables		0,1	–
Amount due from subsidiary company	2	–	3 589,7
Cash and cash equivalents		0,7	0,7
Current taxation asset		0,1	–
Total current assets		0,9	3 590,4
Total assets		3 638,9	3 643,7
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	3 582,8	3 582,8
Non-distributable reserves		52,9	53,7
Retained earnings		0,6	1,0
Total ordinary shareholders' equity		3 636,3	3 637,5
Current liabilities			
Trade and other payables		2,6	6,2
Total current liabilities		2,6	6,2
Total equity and liabilities		3 638,9	3 643,7

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Revenue			
Fees received from subsidiary company		8,9	11,6
Dividend received		–	245,0
Total expenses		(9,3)	(11,6)
Auditor's remuneration		(0,1)	(0,1)
JSE fees		(0,3)	(0,4)
Other		(8,9)	(11,1)
(Loss)/profit before taxation		(0,4)	245,0
Taxation expense		–	(0,2)
(Loss)/profit for the year		(0,4)	244,8

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
(Loss)/profit for the year		(0,4)	244,8
Other comprehensive income		–	–
Total comprehensive (loss)/income for the year		(0,4)	244,8

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

ALL 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 2019	3 582,8	0,9	43,0	0,8	3 627,5
Total comprehensive income for the year	–	–	–	244,8	244,8
Dividends declared and paid	–	–	–	(244,6)	(244,6)
Other movements	–	–	9,8	–	9,8
Balance at 30 June 2020	3 582,8	0,9	52,8	1,0	3 637,5
Total comprehensive loss for the year	–	–	–	(0,4)	(0,4)
Other movements	–	–	(0,8)	–	(0,8)
Balance at 30 June 2021	3 582,8	0,9	52,0	0,6	3 636,3

COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Loss before taxation (excluding dividends received)	(0,4)	–
Adjustment for:		
Changes in working capital	(3,6)	2,5
(Increase)/decrease in trade and other receivables	(0,1)	–
(Decrease)/increase in trade and other payables	(3,5)	2,5
Operating cash flow	(4,0)	2,5
Taxation paid	(0,1)	(0,3)
Dividends paid	–	(244,6)
Cash flow from operating activities	(4,1)	(242,4)
Dividends received	–	245,0
Cash flow from investing activities	–	245,0
Decrease/(increase) in amounts due from subsidiary company	4,1	(2,6)
Cash flow from financing activities	4,1	(2,6)
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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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 21 to 35.

2 INVESTMENT IN SUBSIDIARY COMPANY

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Shares at cost	**0,4**	0,4
Investment in shares – Forfeitable Share Plan	**52,0**	52,9
Amount due from subsidiary company	**3 585,6**	3 589,7
	3 638,0	3 643,0

The amount due from subsidiary company is unsecured, interest free and does not have any fixed repayment terms (Annexure 1). The amount was reclassified to non-current in the current financial year due to a change in circumstances by which the intention has changed to not call this loan in the next 12 months. The Company monitors its credit exposure to loans advanced to the subsidiary on an ongoing basis by assessing the subsidiary's financial position at reporting date. Credit risk for loans to related parties has not increased in the current year and management expects the loans to be recoverable. The ECL assessment has been performed by evaluating the liquidity position, future projected cash flows taking into account macroeconomic factors and forward-looking information as included in note 37.6. The ECL is then based on the present value of the expected shortfalls in cash flows, based on a probability weighting. The expected cash shortfalls are discounted at the effective interest rate on the loan which is zero %. The ECL allowance was deemed to be insignificant.

3 AMOUNT OWING FROM MURRAY & ROBERTS TRUST

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Amount due	**235,0**	235,0
Impairment	**(235,0)**	(235,0)
	–	–

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

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

4 STATED CAPITAL

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Authorised		
750 000 000 shares of no par value		
Issued and fully paid		
444 736 118 shares of no par value		
Net stated capital	**3 582,8**	3 582,8

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

5 EMOLUMENTS OF DIRECTORS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Executive directors (paid by subsidiary companies)	23,1	27,0
Non-executive directors (paid by the Company)	8,8	9,1
Number of directors at year end	8	8

Details of individual director emoluments are disclosed in note 38 in the consolidated financial statements.

6 CONTINGENT LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
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 2021 covered by such guarantees amount to:	2 643,3	2 655,9

7 BROAD-BASED BLACK ECONOMIC CALL OPTION

In terms of the Broad-Based Black Economic Empowerment transaction, approved by shareholders on 21 November 2005, the Company has a 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. The Board can resolve to exercise the call option at any time and at its sole discretion. 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.

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

8 EVENTS AFTER 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 2021 or the results of its operations or cash flows for the year then ended.

ANNEXURE 1
MAJOR OPERATING SUBSIDIARIES AND ASSOCIATE COMPANIES

a) Direct

	Issued share capital in Rands	Interest in issued share capital 2021 %	2020 %	Cost of investment 2021 R'm	2020 R'm	Loan Account 2021 R'm	2020 R'm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**3 585,6**	3 589,7

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest 2021 %	2020 %	Proportion of voting power held 2021 %	2020 %
Murray & Roberts Limited		59	**100**	100	**100**	100
Mining						
Cementation Canada Inc. (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Murray & Roberts Cementation Proprietary Limited	ZAR	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	**100**	100
InSig Technologies*	AUD	200 000	**65**	30	**65**	30
Energy, Resources & Infrastructure						
Clough Limited (incorporated in Australia)	AUD	219 973 000	**100**	100	**100**	100
Corporate & Properties						
Murray & Roberts Pty Ltd (incorporated in Australia)	AUD	632 223 872	**100**	100	**100**	100
Associate companies						
Bombela TKC Proprietary Limited	ZAR	100	**45**	45	**45**	45

* *Investment in InSig Technologies shareholding was increased in the current financial year from 30% to 65%.*

ANNEXURE 2
INTEREST BEARING BORROWINGS

	Financial year of redemption	Closing interest rate (effective NACM) 2021 %	2020 %	Amount 2021 R'm	2020 R'm
Secured					
Bullet Payment (ZAR)	2025	**8,61**	8,92	**240,3**	240,3
Equal monthly instalments (MNT)	2021	**–**	15,00	**–**	158,6
Equal monthly instalments (USD)	2024	**4,45**	3,95	**192,0**	311,2
Monthly (AUD)	2029	**1,86**	3,71	**42,5**	46,0
Monthly (NAD)	2023	**8,00**	–	**103,7**	–
Monthly (ZAR)	2023	**5,25**	5,50	**101,6**	117,4
				680,1	873,5
Unsecured					
Annually (AUD)		**–**	3,07	**–**	119,5
Revolving (AUD)		**5,9**	–	**137,8**	–
No fixed terms of repayment (CAD)		**2,76**	4,79	**75,0**	82,9
Equal quarterly instalments (AUD)		**–**	4,28	**–**	123,2
Revolving 60 day		**5,9**	–	**50,4**	–
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment (ZAR and AUD)		**–**	–	**20,5**	15,3
Bank overdrafts		**–**	–	**1 430,3**	1 111,3
				1 714,0	1 452,2
Leases					
Varying rates of interest^		**4,2 – 12,0**	3,0 – 16,0		
Specific project property, plant and equipment				**617,7**	1 196,6
Total Group				**3 011,8**	3 522,3
Reflected in the notes under:					
Long term loans (note 17)					
Interest bearing secured loans				**529,5**	600,0
Interest bearing unsecured loans				**80,4**	–
Leases				**176,3**	597,9
Bank overdrafts (note 10)				**1 430,3**	1 111,3
Short term loans (note 23)					
Current portion of long term borrowings				**353,9**	614,4
Current portion of leases				**441,4**	598,7
				3 011,8	3 522,3

The Group was able to fulfil all covenants across its various subsidiaries with respect to funding arrangements due to a strong balance sheet and liquidity position despite the COVID-19 impact. Refer to note 37 for further details.

^ *Interest rate range on leases include the rate implicit in the leases where applicable.*

ANNEXURE 3
GROUP SEGMENTAL REPORT

The operating segments reflect the management structure of the Group which is based on the service offering of each operating segment in terms of the sector of the natural resources market to which that operating segment relates. This is also reflective of the manner in which performance is evaluated and resources allocated as managed by the Group's chief decision maker, as required per IFRS 8: Operating Segments.

The Group's operating segments are categorised as follows:

Bombela

- PPP Investments & Services

This segment includes the Group's infrastructure concession investment in BCC.

Power, Industrial & Water

The platform comprises four businesses: Power, Aqua, Water, Oil & Gas, Resources & Industrial, Electrical & Instrumentation and Transmission & Distribution. 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.

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.

Energy, Resources & Infrastructure

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-segmental transfers

Segmental revenue, segmental expenses and segmental 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, intangible assets, contracts-in-progress and receivables, net of allowances. Cash and taxation balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

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

Discontinued operations

Discontinued operations in the current year mainly comprise the Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Building Platform and the Genrec operations.

ANNEXURE 3
GROUP SEGMENTAL REPORT *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2021						
Revenue[2]	–	978	9 536	11 365	3	21 882
Construction contracts	–	947	9 191	10 854	–	20 992
Sale of goods	–	31	–	–	–	31
Rendering of services	–	–	345	–	–	345
Properties	–	–	–	–	3	3
Other	–	–	–	511	–	511
Intersegmental revenue	–	–	90	–	–	90
Gross revenue	–	978	9 626	11 365	3	21 972
Results						
Profit/(loss) before interest and taxation[1]	209	(175)	473	227	(194)	540
Interest expense	(26)	(10)	(83)	(23)	(99)	(241)
Interest income	–	–	15	15	3	33
Profit/(loss) before taxation	183	(185)	405	219	(290)	332
Taxation credit/(expense)	–	4	(203)	(27)	(17)	(243)
Profit/(loss) after taxation	183	(181)	202	192	(307)	89
Loss from equity accounted investments	(1)	–	–	–	–	(1)
Loss from discontinued operations[3]	(240)	(15)	–	–	–	(255)
Non-controlling interests	(4)	–	(9)	–	–	(13)
	(62)	(196)	193	192	(307)	(180)

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Bombela	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2020						
Revenue[2]	–	1 987	11 972	6 876	3	20 838
Construction contracts	–	1 976	11 552	6 572	–	20 100
Sale of goods	–	11	–	–	–	11
Rendering of services	–	–	420	–	–	420
Properties	–	–	–	–	3	3
Other	–	–	–	304	–	304
Intersegmental revenue	–	–	214	–	–	214
Gross revenue	–	1 987	12 186	6 876	3	21 052
Results						
Profit/(loss) before interest and taxation[1]	119	(44)	630	(454)	(268)	(17)
Interest expense	(34)	(10)	(134)	(41)	(82)	(301)
Interest income	–	10	40	29	1	80
Profit/(loss) before taxation	85	(44)	536	(466)	(349)	(238)
Taxation (expense)/credit	–	(3)	(246)	88	10	(151)
Profit/(loss) after taxation	85	(47)	290	(378)	(339)	(389)
Income from equity accounted investments	–	–	–	–	2	2
Income/ (loss) from discontinued operations	100	(83)	–	–	(1)	16
Non-controlling interests	16	(4)	5	2	–	19
	201	(134)	295	(376)	(338)	(352)

1. The chief operating decision maker utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

2. Segmental revenue reported above includes revenue generated from external customers.

3. Loss from discontinued operations under the Bombela segment relates to the Middle East operations and businesses included within the previous Southern Africa Infrastructure & Building platform.

ANNEXURE 3
GROUP SEGMENTAL REPORT *continued*

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	Bombela	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Discontinued Operations^	Group
Operating segments 2021								
Statement of financial position								
Segmental assets	1	1 438	840	5 143	6 826	119	1 031	15 397
Segmental liabilities	2	264	492	2 761	8 077	411	1 084	13 089
Investments in associate companies*		2	–	–	–	–	–	2
Investments in joint ventures*		–	–	–	–	–	–	–
Other information								
Purchases of property, plant and equipment		–	15	244	1 099	3	–	1 361
Purchases of other intangible assets		–	–	10	25	–	–	35
Depreciation		–	24	591	163	28	–	806
Amortisation of other intangible assets		–	3	16	55	3	–	77
Fair value adjustment on BCC		208	–	–	–	–	–	208
Impairment of receivables		–	–	43	–	–	96	139
Number of employees		–	1 104	6 749	1 480	52	8	9 393
2020								
Statement of financial position								
Segmental assets	1	1 225	935	6 257	5 044	221	1 092	14 774
Segmental liabilities	2	258	739	3 666	5 541	411	1 259	11 874
Investments in associate companies*		2	–	3	–	–	–	5
Investments in joint ventures*		–	–	–	–	–	72	72
Other information								
Purchases of property, plant and equipment		–	34	760	763	36	–	1 593
Purchases of other intangible assets		–	–	7	14	–	–	21
Depreciation		–	26	558	159	16	–	759
Amortisation of other intangible assets		–	2	33	49	8	–	92
Fair value adjustment on BCC		119	–	–	–	–	–	119
Impairment of receivables		19	29	48	1	–	109	206
Number of employees		–	1 661	5 701	1 624	52	11	9 049

* *Amounts included in segmental assets and liabilities.*

^ *Discontinued operations have been represented and disclosed separately in the current year.*

ANNEXURE 3
GROUP SEGMENTAL REPORT *continued*

NOTES

1 RECONCILIATION OF SEGMENTAL ASSETS

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Total assets	19 739	18 899
Cash and cash equivalents	(3 697)	(3 415)
Current taxation assets	(36)	(21)
Deferred taxation assets	(609)	(689)
Segmental assets	15 397	14 774

2 RECONCILIATION OF SEGMENTAL LIABILITIES

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020
Total liabilities	14 755	13 280
Bank overdrafts	(1 430)	(1 111)
Current taxation liabilities	(126)	(191)
Deferred taxation liabilities	(110)	(104)
	13 089	11 874

Geographical information

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

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

	Revenue		Non-current assets*	
	2021	2020	2021	2020
South Africa	4 123	4 633	2 491	3 091
Rest of Africa	301	567	171	–
Australasia & South East Asia	10 003	10 504	2 558	1 356
North America & other	7 455	5 134	1 272	1 957
	21 882	20 838	6 492	6 404

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

Major Customers

For the current financial year, revenue generated from customer A of R2,1 billion and customer B of R3,6 billion.

Engineered Excellence is an operating philosophy of planning in detail for the outcomes we want to achieve. To embrace ***Engineered Excellence,*** we must apply rigour and discipline in everything we do and remove chance from the objectives we pursue.

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MURRAY & ROBERTS CEMENTATION

De Beers Venetia Mine, Limpopo Province, South Africa