

## Annual Financial Statements

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# Financial Review

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
<b>SUMMARISED INCOME STATEMENTS</b>										
Revenue	8 424	10 111	9 027	8 535	13 318	12 972	12 586	12 082	10 746	9 283
Earnings before exceptional items and interest	421	633	386	218	294	203	545	227	575	741
Exceptional items	(9)	(5)	(2)	(3)	(697)	(76)	348	(118)	128	(8)
Earnings (loss) before interest and taxation	412	628	384	215	(403)	127	893	109	703	733
Net interest income (expense)*	10	(66)	71	(6)	(64)	(109)	(262)	(308)	(182)	(120)
Earnings (loss) before taxation	422	562	455	209	(467)	18	631	(199)	521	613
Taxation	(27)	(76)	(36)	(27)	(39)	(32)	(65)	(42)	(128)	(151)
Earnings (loss) after taxation	395	486	419	182	(506)	(14)	566	(241)	393	462
Income from associate	114	97	90	71	-	-	-	-	-	-
Minority shareholders' interest	(25)	(9)	(4)	(1)	(65)	(52)	(48)	(31)	(18)	(54)
Earnings (loss) attributable to ordinary shareholders	484	574	505	252	(571)	(66)	518	(272)	375	408
<b>SUMMARISED BALANCE SHEETS</b>										
Non-current assets	2 353	2 082	2 007	1 761	1 861	2 155	2 334	2 870	2 934	2 534
Current assets	3 666	4 211	4 504	3 819	3 796	4 631	5 758	4 135	4 253	3 499
Goodwill	5	10	15	16	-	151	269	502	708	704
Deferred taxation asset	33	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>6 057</b>	<b>6 303</b>	<b>6 526</b>	<b>5 596</b>	<b>5 657</b>	<b>6 937</b>	<b>8 361</b>	<b>7 507</b>	<b>7 895</b>	<b>6 737</b>
Ordinary shareholders' equity	2 607	2 485	2 648	1 982	1 717	2 410	3 003	2 693	3 326	3 019
Minority interest	54	13	9	8	8	329	362	215	213	243
Permanent capital	2 661	2 498	2 657	1 990	1 725	2 739	3 365	2 908	3 539	3 262
Non-current liabilities	580	713	733	700	819	896	1 146	1 359	1 476	1 101
Current liabilities	2 816	3 092	3 136	2 906	3 113	3 302	3 850	3 240	2 880	2 374
<b>Total equity and liabilities</b>	<b>6 057</b>	<b>6 303</b>	<b>6 526</b>	<b>5 596</b>	<b>5 657</b>	<b>6 937</b>	<b>8 361</b>	<b>7 507</b>	<b>7 895</b>	<b>6 737</b>

On 30 June 2000, the Group's holding in Unitrans Limited reduced to 43,8% and Unitrans Limited became an equity accounted associate company.

\* includes currency conversion effects on offshore treasury funds in 2002 and 2003.

# Ratios and Statistics

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
<b>EARNINGS</b>										
Earnings (loss) per ordinary share (cents)	152	181	152	74	(165)	(19)	150	(79)	109	126
Diluted earnings (loss) per ordinary share (cents)	149	176	152	74	(165)	(19)	150	(79)	109	126
Headline earnings (loss) per ordinary share (cents)	158	186	154	76	36	3	49	(44)	72	126
Diluted headline earnings (loss) per ordinary share (cents)	155	181	154	76	36	3	49	(44)	72	126
Dividends per ordinary share (cents)	45,0	52,5	35,0	–	–	50,0	48,5	48,5	48,5	47,0
Dividend cover	3,2	3,3	4,3	–	–	–	3,1	–	2,2	2,7
Interest cover	8,2	7,0	37,1	10,3	4,6	1,9	2,1	0,7	3,2	6,2
<b>PROFITABILITY</b>										
EBIT on revenue (%)	5,0	6,3	4,3	2,6	2,2	1,6	4,3	1,9	5,4	8,0
EBIT on average total assets (%)	6,8	9,9	6,4	3,9	4,7	3,0	8,2	3,1	8,4	12,6
Attributable earnings on average ordinary shareholders' funds (%)	19,0	22,4	21,8	13,6	(27,7)	(2,4)	18,2	(9,0)	11,8	14,8
<b>PRODUCTIVITY</b>										
Per R1 000 of revenue:										
Payroll cost (rand)	216	188	201	189	177	188	196	223	223	234
Total average assets (rand)	734	634	671	659	473	530	529	601	639	631
Value created (Rm)	2 613	2 913	2 609	2 174	2 156	2 807	3 737	3 030	3 353	3 120
Value ratio	1,44	1,53	1,44	1,34	0,91	1,15	1,52	1,12	1,40	1,43
<b>FINANCE</b>										
As a percentage of permanent capital:										
Interest bearing debt	29	38	25	28	33	27	(23)	38	26	14
Total liabilities	130	153	146	181	228	153	85	143	111	92
Current assets to current liabilities	1,30	1,36	1,44	1,31	1,22	1,40	1,50	1,28	1,48	1,47
Operating cash flow (Rm)	289	356	712	558	370	493	1 275	(99)	210	418
Operating cash flow per ordinary share (cents)	87	107	214	164	107	142	369	(29)	61	129
<b>OTHER</b>										
Weighted average ordinary shares in issue (millions)	331,9	331,9	331,9	340,1	346,0	346,0	346,0	346,0	344,4	323,1
Weighted average ordinary shares owned by the Murray & Roberts Trust (millions)	13,8	14,1	–	–	–	–	–	–	–	–
Number of employees - 30 June	13 149	15 827	15 379	16 337	26 098	32 361	43 268	48 464	49 489	49 087

## DEFINITIONS

EBIT	Earnings before interest, taxation and exceptional items	Interest bearing debt	Borrowings and redeemable preference shares
EBT	Earnings before taxation	Total liabilities	Borrowings, redeemable preference shares and non-interest bearing debt
EAT	Earnings after taxation attributable to ordinary shareholders	Permanent capital	Ordinary shareholders' equity and minority interest
Interest cover	EBIT divided by interest	Net asset value (NAV)	Ordinary shareholders' equity
Value ratio	Value created as a multiple of payroll cost	Average	Arithmetic average between consecutive year-ends

## Responsibilities of Directors for Annual Financial Statements

The directors are responsible for the preparation of financial statements that fairly present the state of affairs of the company and the Group at the end of the financial year and of the profit or loss for that year in conformity with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

To enable the directors to meet these responsibilities:

- the Board and management set standards and management implements systems of internal controls, accounting and information systems; and
- the audit committee recommends group accounting policies and monitors these policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, if not absolute assurance as to the reliability of the financial statements and adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the year under review.

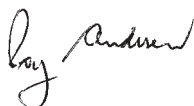
The annual financial statements have been prepared in accordance with the Companies Act, 1973, as amended, and South African Statements of Generally Accepted Accounting Practice and are based on consistently applied, appropriate accounting policies, supported by reasonable and prudent judgements.

The directors are of the opinion that the company and the Group have adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The auditors concur with the directors' statement on going concern.

It is the responsibility of the auditors to express an opinion on the financial statements. Their report to the members of the company is set out on page 47.

### Approval of annual financial statements

The annual financial statements of the company and the Group for the year ended 30 June 2004, set out on pages 48 to 86, were approved by the board of directors at its meeting held on 25 August 2004 and are signed on its behalf by:



RC Andersen  
Chairman



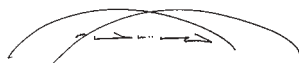
BC Bruce  
Group Chief Executive



RW Rees  
Group Financial Director

## Certification by Company Secretary

I hereby certify that in accordance with section 268G(d) of the Companies Act, 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, correct and up to date.



MW Arnold  
Acting Company Secretary

# Report of the Independent Auditors

## To the members of Murray & Roberts Holdings Limited

We have audited the annual financial statements and group annual financial statements of Murray & Roberts Holdings Limited for the year ended 30 June 2004 set out on pages 48 to 86. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## Audit opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company and the Group at 30 June 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



Deloitte & Touche  
Chartered Accountants (SA)  
Registered Accountants and Auditors

Sandton  
25 August 2004

## Report of the Directors

This report presented by the directors is a constituent document of the group annual financial statements at 30 June 2004. Except where otherwise stated, all amounts set out in tabular form are expressed in millions of rand.

### Group financial results

The profit attributable to ordinary shareholders totalled R484,1 million for the year ended 30 June 2004 as compared to a profit of R574,5 million in the previous year. Full details of the results are set out in the consolidated income statement on page 51 and related notes.

Segmental contributions to the consolidated EBIT were as follows:

	2004	2003
Construction & engineering	177	315
Construction materials & services	274	288
	451	603
Fabrication & manufacture	70	125
Corporate	(100)	(95)
	421	633

### Share capital

During the year under review there were no changes to the authorised share capital of the company which remains at R50 million consisting of 500 000 000 ordinary shares of 10 cents each.

The issued share capital of the company remains unchanged at R33,2 million consisting of 331 892 619 ordinary shares of 10 cents each.

At the annual general meeting held on 27 October 2003, 50 000 000 unissued ordinary shares were placed under the control of the directors and these remained at the disposal of the directors at 30 June 2004.

It will be recommended to shareholders to vote in favour of the following resolutions at the annual general meeting to be held on 27 October 2004:

- place unissued ordinary shares in the share capital of the company at the disposal of the directors for the purpose of the continued implementation of the Employee Share Incentive Scheme, as more fully detailed in the paragraph dealing with the share scheme;
- place 30 000 000 unissued ordinary shares in the share capital of the company under the control of the directors, who are authorised to allot these shares on such terms and conditions as they deem fit, including, but not limited to any allotment to shareholders as capitalisation awards;
- to consider and, if approved, to pass with or without modification, subject to the approval of the JSE that no more than 10% of the ordinary shares of the company not allotted or issued as at the date of the annual general meeting be placed under the control of directors with general authorisation to allot and issue such shares at such prices and such terms of conditions as they deem fit subject to the Companies Act, 1973; and

- to consider and approve that a special resolution be passed with or without modification and subject to approval by the JSE.

### Dividend

The Board has declared a final dividend of 30,0 cents per share in respect of the year ended 30 June 2004 (2003: 37,5 cents per share), payable from the company's Distributable Reserves that were transferred from the Share Premium account in 2000, payable to ordinary shareholders recorded in the register at the close of business on Friday 15 October 2004, making the total dividend 45,0 cents per share for the year (2003: 52,5 cents per share).

### Statement of changes in equity

Ordinary shareholders' equity at 30 June 2004 amounted to R2 606,8 million (2003: R2 484,5 million as restated; 2003: R2 559,4 million as previously reported). Refer to "accounting policies" below. Details of the movements in shareholders' equity are set out in the group statement of changes in equity on page 54.

### Accounting policies

The accounting policies of the Group as set out on pages 56 to 60 of this report comply with South African Statements of Generally Accepted Accounting Practice. These accounting policies are consistent with those of the prior year except for the change in the accounting treatment of certain headleases and the retrospective reclassification of certain non-trading financial asset investments to the designated held-for-trade category.

All headleases where the Group has a controlling interest in the property at the end of the lease term are more appropriately accounted for as separate finance lease obligations and the underlying leased assets are accounted for as investment properties. The opening balance on accumulated profit at 1 July 2002 and the balance sheet at 30 June 2003 have been restated on this basis and there has been no impact on the income statement in 2003. The restatement has no impact on the prior year earnings and headline earnings. The income statement impact of the headleases and other discontinued property activities classified as both operating and finance leases will continue to be disclosed as exceptional items and excluded from headline earnings. The effect on the current year's earnings per share is nil cents.

Concession investments, which constitute a separate business unit and will be traded in the relative short-term, have been more appropriately classified as designated held-for-trade financial investments. Consequently, the 2003 income statement has been restated to reflect the fair value adjustment to the concession investments amounting to R10 million after taxation.

The Murray & Roberts Trust is consolidated in line with the ruling of the JSE's GAAP Monitoring Panel. Where the Trust has purchased the company's equity share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold, or reissued, any consideration received is included in shareholders' equity. The weighted average number of shares held by the trust is deducted from the average number of shares in issue and used in the determination of earnings and headline earnings per share.

These restatements have resulted in modifications to the financial statement presentation. Details of the restatements are set out in note 29.

## Report of the Directors (continued)

### Investment in Unitrans Limited

The Group owns an effective 44% (2003: 45%) of the issued shares in Unitrans Limited and the resultant share of the earnings attributable to ordinary shareholders of Unitrans has been equity accounted in the income statement for the year ended 30 June 2004. The Group's holding cost has been reflected as an equity accounted investment in the balance sheet at 30 June 2004.

### Acquisitions

No significant acquisitions were made in the year under review.

### Disposals

Disposals were concluded during the year under review as part of the programme to rationalise non-core activities and included:

- the sale of 50% of Alloy Wheels International South Africa with effect from 1 July 2003; and
- the sale of Elgin Engineering for a consideration of R8,0 million with effect from 31 December 2003.

### Corporate Governance

The Board endorses the principle of good corporate governance. The Board believes that the Group substantially complies with the recommendations of the Code of Corporate Practice contained in the King Report on Corporate Governance for South Africa 2002. Areas of the code that require further attention will be addressed during the forthcoming year. Details of the Group's corporate governance practices are set out in the Corporate Governance Statement on page 28 of this annual report.

### Employee share scheme

At the annual general meeting held on 21 October 1987, shareholders approved the establishment of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("the Scheme") which was designed as a share purchase scheme to be open-ended and ongoing into the future. This approval included certain specified rules that could not be altered without the prior approval of shareholders in general meeting. At the annual general meeting held on 28 October 2002, shareholders authorised the directors to amend the rules of the Scheme to introduce a maximum allocation of 1% to any one individual. This is a further rule that may not be amended without the approval of shareholders.

At the annual general meeting held on 22 October 1997, shareholders authorised the directors to amend the rules of the Scheme to enable the granting of options in the capital of the company. During the 1999 financial year, the Board decided that existing share purchase agreements were no longer providing the incentives to employees that were originally envisaged. With the agreement of the employees concerned, these purchase agreements were cancelled and replaced by options granted to the employees by The Murray & Roberts Trust ("the Trust"). These options were granted in the same number of shares, at the same price and incorporated the same restriction periods as the original share purchase agreements.

During the year ended 30 June 2004, the Trust granted new options on a total of 1 790 000 (2003: 1 501 500) shares to senior executives including executive directors.

The total number of shares that may be utilised for the purpose of the Scheme is limited to 10% of the total issued shares of the company from time to time, currently 33 189 262 (2003: 33 189 262) shares.

At 30 June 2004, the Trust held 13 701 427 (2003: 13 908 762) shares against the commitment of option agreements in favour of employees in respect of 12 690 480 (2003: 17 955 124) shares. Shareholders will be asked at the forthcoming annual general meeting to place 19 543 085 unissued shares in the company at the disposal of directors for the continued implementation of the Scheme and to reduce the maximum option period.

### Service contracts of directors and interest of directors in share capital

There are no onerous or long-term service contracts relating to the position of any director.

The interests of the directors in the share capital of the company are detailed in note 32 to the annual financial statements.

### Resignations and appointments

Following the retirement of DC Brink on 31 December 2003, PG Joubert and BN Bam retired with effect from 30 June 2004, having passed the mandatory retirement age. AJ Morgan resigned on 26 July 2004 to avoid potential conflicts of interest.

RC Andersen was appointed chairman of the nomination committee during the year and JM McMahon as chairman of the health, safety, environment & corporate social involvement committee subsequent to year-end, succeeding AJ Morgan.

### Directorate and secretary

At the date of this report the Directors of the company were:

#### Non-executive

RC Andersen (Independent chairman); WP Esterhuysen (Independent); SE Funde (Independent); SJ Macozoma (Independent); AA Routledge (Independent); MJ Shaw (Independent); JJM van Zyl (Independent).

#### Executive

BC Bruce (Group chief executive); RW Rees (Group financial director); KE Smith (Group executive director).

E Marx resigned as company secretary for personal reasons on 31 July 2004.

The acting secretary of the company is MW Arnold. His business and postal addresses are shown on page 92 of this annual report.

### Special resolutions adopted by subsidiary companies

No special resolutions, the nature of which might be of significance to members in their appreciation of the state of affairs of the Group, were passed by any subsidiary during the period covered by this report.

### Subsidiary and associate companies

Information regarding the Group's major subsidiary and associate companies appears in Annexure 1 to the consolidated annual financial statements. A full list of subsidiary companies is available to shareholders on request.

25 August 2004

# Consolidated Balance Sheet

At 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Notes	2004	2003
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 & 10	1 098,5	1 079,8
Discontinued headlease investment properties	2 & 12	256,8	277,5
Goodwill	3	4,7	10,2
Deferred taxation	14	32,8	-
Investment in associate company	4	652,8	570,9
Other investments	5	345,6	153,8
<b>Total non-current assets</b>		<b>2 391,2</b>	<b>2 092,2</b>
<b>Current assets</b>			
Inventories	6	489,6	576,0
Contracts in progress and contract receivables	7	928,1	887,9
Accounts receivable	8	1 144,8	1 203,1
Bank balances and cash		1 103,6	1 543,6
<b>Total current assets</b>		<b>3 666,1</b>	<b>4 210,6</b>
<b>TOTAL ASSETS</b>		<b>6 057,3</b>	<b>6 302,8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital and premium	9	1 445,1	1 488,5
Non-distributable reserves		(273,7)	(107,0)
Accumulated profit		1 435,4	1 103,0
<b>Total ordinary shareholders' equity</b>		<b>2 606,8</b>	<b>2 484,5</b>
Minority interest		54,0	13,4
<b>Permanent capital</b>		<b>2 660,8</b>	<b>2 497,9</b>
<b>Non-current liabilities</b>			
Long-term loans	10 & 11	139,2	196,5
Discontinued finance headlease liabilities	12	346,1	401,3
Long-term provision	13	29,3	58,5
Deferred taxation	14	65,8	56,9
<b>Total non-current liabilities</b>		<b>580,4</b>	<b>713,2</b>
<b>Current liabilities</b>			
Accounts payable	15	1 989,9	2 240,6
Sub-contractors	16	509,2	451,0
Taxation		33,9	36,7
Bank overdrafts and short-term loans	17	283,1	363,4
<b>Total current liabilities</b>		<b>2 816,1</b>	<b>3 091,7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 057,3</b>	<b>6 302,8</b>

# Consolidated Income Statement

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Notes	2004	2003
<b>Revenue</b>	18	8 424,0	10 111,3
Continuing operations		8 374,9	9 769,5
Discontinued operations		49,1	341,8
<b>Earnings before interest, exceptional items and depreciation</b>		615,1	856,7
Amortisation of goodwill	3	(5,5)	(5,1)
Depreciation		(188,7)	(218,3)
<b>Earnings before exceptional items and interest</b>		420,9	633,3
Continuing operations		418,7	616,1
Discontinued operations		2,2	17,2
Exceptional items	19	(9,0)	(4,6)
Headlease and other discontinued property activities	19	-	(53,6)
Other	19	(9,0)	49,0
<b>Earnings before interest and taxation</b>	20	411,9	628,7
Interest expense	21	(34,3)	(81,8)
Interest income	21	44,4	65,5
Currency loss on offshore treasury funds		-	(49,3)
<b>Earnings before taxation</b>		422,0	563,1
Taxation	22	(26,8)	(76,8)
<b>Earnings after taxation</b>		395,2	486,3
Income from associate		113,7	96,9
Minority shareholders' interest		(24,8)	(8,7)
<b>Earnings attributable to ordinary shareholders</b>		484,1	574,5
<b>Weighted average ordinary shares ('000)</b>		324 278	327 107
Weighted average ordinary shares in issue		331 893	331 893
Weighted average ordinary shares owned by the Murray & Roberts Trust		(13 788)	(14 077)
Adjustment for share options		6 173	9 291
<b>Earnings per share (cents)</b>			
- Excluding treasury shares	23	146	173
- Diluted	23	149	176
- Basic	23	152	181
<b>Headline earnings per share (cents)</b>			
- Excluding treasury shares	23	152	178
- Diluted	23	155	181
- Basic	23	158	186
<b>Total dividend per ordinary share (cents)</b>	24	45,0	52,5

# Consolidated Cash Flow Statement

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Notes	2004	2003
<b>Cash flows from operating activities</b>		120,6	193,0
Cash generated by operations	A	332,4	455,3
Net interest received (paid)		10,1	(16,6)
Taxation paid	B	(53,5)	(82,2)
<b>Operating cash flow</b>		289,0	356,5
Dividends paid		(167,0)	(158,9)
Dividends paid to minority shareholders		(1,4)	(4,6)
<b>Cash flows from investing activities</b>		(253,3)	(141,8)
Acquisition/increase in other investments		(92,9)	(17,9)
Dividends received		10,2	3,4
Dividends received from associate		31,8	28,9
Purchase of property, plant and equipment		(352,9)	(238,0)
Replacement of property, plant and equipment		(155,9)	(161,0)
Additions to property, plant and equipment		(197,0)	(77,0)
Proceeds on disposal/closure of businesses	C	22,1	20,0
Proceeds on disposal/reduction in investments		58,9	6,2
Proceeds on disposal of property, plant and equipment		69,5	55,6
<b>Net cash (utilised) generated</b>		(132,7)	51,2
<b>Cash flows from financing activities</b>		(197,5)	(47,9)
Net movement in long-term loans	D	(74,1)	(100,8)
Movement in Share Trust holding cost		(43,4)	(29,0)
(Reduction) increase in short-term loans		(80,0)	81,9
<b>Net (decrease) increase in bank balances and cash</b>		(330,2)	3,3
Net bank balances and cash at beginning of year		1 475,1	1 818,1
Unrealised currency loss on offshore treasury funds		–	(49,3)
Effect of foreign exchange rates on bank balances and cash		(160,0)	(297,0)
<b>Net bank balances and cash at end of year</b>	E	984,9	1 475,1

## Notes to the Consolidated Cash Flow Statement

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>A. CASH GENERATED BY OPERATIONS</b>		
Earnings before exceptional items and interest	420,9	633,3
Adjustments for:		
Fair value adjustments	(3,6)	(21,1)
Other non-cash items	7,8	-
Net cash (outflow) inflow from exceptional items		
Discontinued headlease property activities	(113,7)	(98,6)
Other	-	9,0
Amortisation of goodwill	5,5	5,1
Depreciation	188,7	218,3
Dividends received	(10,2)	(3,1)
Profit on disposal of investments	(37,8)	-
Net profit on disposal of property, plant and equipment	(37,1)	(17,4)
Change in working capital	(88,1)	(270,2)
Inventories	47,9	(92,4)
Contracts in progress and contract receivables	(40,2)	(319,3)
Accounts receivable	53,4	161,0
Accounts payable	(207,4)	(94,9)
Sub-contractors	58,2	75,4
	332,4	455,3
<b>B. TAXATION PAID</b>		
Taxation unpaid at beginning of year	(36,7)	(46,0)
Taxation charged to the income statement, excluding deferred taxation	(50,7)	(72,9)
Taxation unpaid at end of year	33,9	36,7
	(53,5)	(82,2)
<b>C. PROCEEDS ON DISPOSAL/CLOSURE OF BUSINESSES</b>		
During the year the Group disposed/closed businesses with a fair value of assets sold and liabilities released of:		
Property, plant and equipment and investments	89,4	36,3
Current assets	56,1	22,8
Non-interest bearing debt	-	(15,3)
Cash balances in businesses	5,9	0,2
Loss on disposal/closure of businesses	(6,2)	(23,8)
Total proceeds	145,2	20,2
Less: Cash balances in businesses disposed	(5,9)	(0,2)
Less: Balance remaining on loan account	(117,2)	-
	22,1	20,0
<b>D. NET MOVEMENT IN LONG-TERM LOANS</b>		
Loans raised	4,5	19,0
Loans repaid and reclassified as short-term	(81,0)	(114,8)
	(76,5)	(95,8)
Capitalised leases repaid	(2,1)	(5,0)
Capitalised leases raised	4,5	-
	(74,1)	(100,8)
<b>E. NET BANK BALANCES AND CASH</b>		
Bank balances and cash	1 103,6	1 543,6
Bank overdrafts	(118,7)	(68,5)
	984,9	1 475,1

## Group Statement of Changes in Equity

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Share Capital			Non-distributable reserves					Accumulated profit	Total
	Share capital	Share premium	Murray & Roberts Share Trust	Capital redemption reserve fund	Revaluation of immovable properties and investments	Hedging reserve	Non-trading financial asset reserve	Foreign currency translation reserve		
<b>Balance at 30 June 2002 as previously stated</b>	33,2	1 639,6	(155,2)	2,2	45,5	-	-	324,8	757,4	<b>2 647,5</b>
Adjustment on consolidation of Share Trust (note 29)	(1,4)	(153,8)	155,2							-
Adjustment to opening balances on restatement (note 29)									(72,3)	(72,3)
<b>Balance at 30 June 2002 as restated</b>	31,8	1 485,8	-	2,2	45,5	-	-	324,8	685,1	<b>2 575,2</b>
Adoption of AC133							(18,5)		(14,1)	(32,6)
Restatement of AC133 adoption (note 29)							(9,8)		9,8	-
Additions of treasury shares	-	(6,7)								(6,7)
Exercise of share options		(22,4)								(22,4)
Cash flow hedges - net fair value losses						(4,9)				(4,9)
Foreign currency translation movements on investments								(439,7)		(439,7)
Movement for the year					(6,6)				6,6	-
Earnings attributable to ordinary shareholders									574,5	574,5
Dividends declared and paid									(158,9)	(158,9)
<b>Balance at 30 June 2003</b>	31,8	1 456,7	-	2,2	38,9	(4,9)	(28,3)	(114,9)	1 103,0	<b>2 484,5</b>
Additions to treasury shares	-	(14,5)								(14,5)
Exercise of share options		(28,9)								(28,9)
Foreign currency translation movements on investments								(163,3)		(163,3)
Fair value adjustments										
- current year							12,0			12,0
Cash flow hedges - reclassified and added to property, plant and equipment						1,9				1,9
Movement for the year					(17,3)				15,3	(2,0)
Earnings attributable to ordinary shareholders									484,1	484,1
Dividends declared and paid									(167,0)	(167,0)
<b>Balance at 30 June 2004</b>	31,8	1 413,3	-	2,2	21,6	(3,0)	(16,3)	(278,2)	1 435,4	<b>2 606,8</b>

# Statement of Value Created

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004		2003	
<b>Revenue</b>	8 424,0		10 111,3	
Less: Cost of materials, services and sub-contractors	(5 802,0)		(7 144,4)	
	2 622,0		2 966,9	
Exceptional items	(9,0)		(4,6)	
Currency loss on offshore treasury funds	-		(49,3)	
<b>Value created</b>	<b>2 613,0</b>		<b>2 913,0</b>	
Distributed as follows:		%		%
<b>To employees</b>				
Payroll costs	1 817,5	69,6	1 899,0	65,2
<b>To providers of finance</b>				
Lease costs and net interest on loans	95,9	3,7	144,4	5,0
<b>To government</b>				
Company taxation	26,8	1,0	76,8	2,6
<b>To maintain and expand the Group</b>				
Reserves retained	484,1		574,5	
Depreciation	188,7		218,3	
	672,8	25,7	792,8	27,2
	2 613,0	100,0	2 913,0	100,0
<b>Number of employees</b>	<b>13 149</b>		<b>15 827</b>	
<b>State and local taxes charged to the Group or collected on behalf of governments by the Group</b>				
Company taxation (note 22)	26,8		76,8	
Indirect taxation	92,9		79,2	
Employees' tax	196,0		222,3	
RSC levies	11,6		14,7	
Rates and taxes	18,4		19,2	
Customs and excise duty	3,4		2,5	
Non-resident shareholders' tax	2,3		1,4	
Government grants and subsidies	(0,1)		(0,1)	
	351,3		416,0	

# Accounting Policies

For the year ended 30 June 2004

The financial statements are prepared in accordance with the historic cost convention, except for the revaluation of certain financial instruments and assets that are periodically revalued.

The principal accounting policies of the Group, which are set out below, comply with South African Statements of Generally Accepted Accounting Practice. These accounting policies are consistent with those of the prior year except for the change in the accounting treatment of certain headleases and the retrospective reclassification of certain non-trading financial asset investments to designated held-for-trade as set out in note 29.

## Basis of consolidation

The group annual financial statements present the consolidated financial position and the operating results and cash flow information of the company and its subsidiaries. Entities in which the Group has an interest of more than one-half of the voting rights or the power to exercise control of the board of directors, have been consolidated as subsidiaries.

The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Where subsidiary companies transact with each other, unrealised profits and losses are eliminated.

## Joint ventures

Activities which are jointly controlled by way of contractual agreement between the Group and other venturers are regarded as joint ventures. These joint ventures may take the form of jointly controlled operations, assets, partnerships or companies.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line by line basis in the financial statements unless, in the opinion of the directors, circumstances indicate that it is prudent to account for income from such investments only as and when received.

The net difference of the cost of acquisition of joint venture companies and the Group's share of the net assets, fairly valued, is recognised as goodwill on acquisition and accounted for as such.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred.

## Associate companies

Companies in which the Group actively participates in the commercial and financial policy decisions and thereby exercises a significant influence, and which are not classified as subsidiaries or joint venture companies are regarded as associated companies. The Group's share of the results of these companies is included in the financial statements from the effective dates of acquisition using the equity method. Attributable earnings since acquisition, less dividends received, are added to the book value of the investments in these companies.

The Group's interest in associated companies is carried in the balance sheet at an amount that reflects its share of the net assets and the unamortised portion of goodwill on acquisition. Where in the opinion of the directors, the value of the interest is below the carrying value and the diminution of value is not considered to be of a temporary nature, the investment is written down to the expected realisable value.

Where the Group transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset.

## Goodwill

### Goodwill arising before 31 March 2004:

Goodwill, being the premium or discount on acquisition of subsidiary, associated and joint venture companies, is capitalised and amortised on a straight-line basis over its useful life with a maximum of ten years.

### Goodwill arising after 31 March 2004:

Goodwill is recognised at the acquisition date of a business, subsidiary or joint venture company as an asset. Initially it is measured at cost, being the excess of the "cost of the acquisition" over the "interest in the fair value of the assets, liabilities and contingent liabilities acquired and recognised". Goodwill represents a payment made in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired.

Whenever negative goodwill arises, the identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities are reassessed. If negative goodwill still remains, this is recognised in the income statement immediately.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable unamortised goodwill is included in the determination of the profit or loss on disposal.

## Accounting Policies (continued)

For the year ended 30 June 2004

### Foreign currencies

#### Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in South African rand, which is the measurement currency of the parent.

#### Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

### Foreign entities

The financial statements of foreign entities are translated into South African rand as follows:

- assets, including intangibles such as goodwill, and liabilities, at rates of exchange ruling at the balance sheet date.
- income, expenditure and cash flow items at average rates.

All resulting exchange differences are reflected as part of shareholders' equity. On disposal, these translation differences are recognised in the income statement as part of the cumulative gain or loss on disposal.

### Property, plant and equipment

Property, plant and equipment comprises immovable properties, plant, machinery, vehicles and equipment. Immovable properties are classified as either owner-occupied property or investment property and accounted for accordingly.

Owner-occupied property is carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses, if any. All other property, plant and equipment is stated at cost less accumulated depreciation. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges of currency purchase costs.

Immovable properties are revalued at least every five years on the basis of current market values and major variations between such valuations and book values are incorporated into the financial statements by transfer to or from non-distributable reserves. In the event of the sale of an immovable property that had been revalued, the revaluation is

transferred to accumulated profit and taken into account in the calculation of the profit or loss on disposal.

Depreciation is generally calculated on the straight-line basis at rates considered appropriate to reduce the book value of the assets to estimated residual value over their useful lives as follows:

- |                       |               |
|-----------------------|---------------|
| • immovable property  | 40 years      |
| • investment property | 40 years      |
| • plant and machinery | 5 to 10 years |
| • other equipment     | 3 to 5 years  |

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to the recoverable amount.

### The group as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases, where material, are capitalised. All other leases are classified as operating leases.

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

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

Operating lease payments are recognised in the income statement in the year incurred.

### Headleases and other discontinued property activities

All headleases in which the Group has a controlling interest in the property at the end of the lease are classified as finance leases. The specific assets are capitalised as investment properties at their recoverable amounts and a corresponding liability is raised. These capitalised headlease investment properties are depreciated using the straight-line basis at rates considered appropriate to reduce the book values over the useful lives to the estimated residual values as set out in the property, plant and equipment policy.

## Accounting Policies (continued)

For the year ended 30 June 2004

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

All other headleases are classified as operating leases. A long-term provision is raised in respect of the onerous headleases that are classified as operating leases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating lease payments are recognised in the year incurred and set off against the long-term provision.

The Group has revised its previous accounting treatment as set out in note 29.

### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instruments.

#### Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

#### Bank balances and cash

Bank balances and cash comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates to their fair values.

#### Loans and receivables originated by the Group

Loans and receivables originated by the Group are stated at amortised cost.

#### Non-trading financial assets

Non-trading financial assets are stated at fair value.

Gains and losses arising on the revaluation of non-trading financial assets are recognised as a non-trading financial assets reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in the income statement.

#### Non-trading financial liabilities

Non-trading financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations of related costs.

#### Designated held-for-trade financial instruments

Financial instruments classified as designated held-for-trade financial instruments are stated at fair value.

Resulting gains or losses are recognised in the income statement.

#### Trading and derivative financial instruments

Financial instruments acquired for trading purposes and derivative instruments are stated at fair value.

Resulting gains or losses are recognised in the income statement.

#### Offset

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

#### Hedge accounting

When forward exchange contracts are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on such contracts are recognised in the income statement.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or expected future transaction, the effective part of any gain or loss arising on the derivative instrument is classified as a hedging reserve in the statement of changes in equity until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in the income statement.

If the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the hedging reserve to the underlying asset or liability. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

### Investments

Concession investments are classified as designated held-for-trade financial asset investments. All other investments are classified as either non-trading financial assets or loans and receivables originated by the Group. The relevant accounting policies are set out in the financial instruments policy.

The Group has revised its previous accounting treatment as set out in note 29.

Income from investments is only brought to account to the extent that dividends have been received or declared.

### Inventories

Inventories comprise raw materials, properties for resale, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Inventories are valued at the lower of cost and net realisable value generally determined on the first-in, first-out basis. Finished goods and work-in-progress, in addition to direct materials and labour, include a proportion of factory overheads appropriate to the stage of completion.

## Accounting Policies (continued)

For the year ended 30 June 2004

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Costs of inventories include transfers from equity of any gains/losses on qualifying cash flow hedges of currency purchase costs.

### Contracts in progress and contract receivables

The valuation of contracts in progress and contract receivables takes account of all direct expenditure and related indirect expenditure on contracts and includes a proportion of profit determined with reference to the stage of completion and the nature of each contract. Payments on account and anticipated losses to completion are deducted.

### Retirement benefit cost

Post-retirement benefits incorporate the obligations of the Group to current and retired employees, and are accounted for as follows:

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the year to which they relate.

#### Defined benefit plans

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

#### Post-retirement medical benefits

Post-retirement benefits are expensed over the remaining working lives of employees. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

### Revenue

Revenue is the aggregate of the turnover of subsidiaries and the Group's share of the turnover of joint ventures. Contracting turnover included therein comprises the value of work executed on contracts during the year.

#### Sale of goods

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and when goods are delivered.

#### Rendering of services

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

### Long-term and construction contracts

Where the outcome of a long-term and construction contract can be reliably measured, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that agreement has been reached with the customer. Anticipated losses to completion are immediately recognised as an expense in contract costs. Where the outcome of the long-term and construction contracts cannot be estimated reliably, contract revenue is recognised to the extent that incurred costs are recoverable and the recoverability is probable.

### Interest and dividend income

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

Dividends are recognised when the right to receive payment is established.

### Exceptional items

Exceptional items are material items which derive from events or transactions that fall outside the ordinary trading activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

### Research and development costs

Research costs are expensed as incurred.

Development costs relating to the production of a new or substantially improved product or process are capitalised if the product or process is technically and commercially feasible. Other development costs are expensed as incurred.

### Provisions

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

### Deferred taxation

Deferred taxation is accounted for using the balance sheet liability method for all temporary differences between the tax bases of the assets and liabilities and the carrying values for financial statement purposes.

In principle, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits within the group's budgeting horizon, will be available against which deductible temporary differences can be utilised.

## Accounting Policies (continued)

For the year ended 30 June 2004

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

### Discontinued operations

Discontinued operations are components of an enterprise that pursuant to a single plan are sold, abandoned or are the subject of a formal plan for disposal or discontinuance and represent a separate major line of business or geographical area of operation and can be distinguished operationally and for financial reporting purposes.

The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date and includes the operating results from this date, the difference between the proceeds on disposal and the net carrying value of the assets and liabilities to be disposed of, as well as all costs and expenses directly associated with the disposal.

If a loss is expected, full provision is made from the discontinuance date.

### Impairment of assets

The recoverability of long-term assets which includes properties, other fixed assets, goodwill and investments is continually assessed in relation to the estimated future discounted cash flows. Provision is raised for impairments, if any, if the carrying value of the assets exceeds the future discounted cash flows.

### Earnings per share

Earnings per share is calculated on the weighted average number of ordinary shares in issue during the financial year less the weighted average number of shares held by the Trust as treasury shares. For the purpose of calculating the weighted average number of ordinary shares in issue it is assumed that shares issued for the acquisition of shares in other companies were issued on the date from which the respective income is included in earnings, irrespective of the actual date of issue.

### Segmental reporting

The Group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

#### Segmental revenue and expenses

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

#### Segmental assets

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

#### Segmental liabilities

All operating liabilities of a segment, principally accounts payable, sub-contractor liabilities and external interest bearing borrowings.

### The Murray & Roberts Trust

#### Consolidation of the Share Trust

The Murray & Roberts Trust ("the Trust") is consolidated in line with the ruling of the JSE's GAAP Monitoring Panel. Where the Trust has purchased the Company's equity share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold, or reissued, any consideration received is included in shareholders' equity.

#### Equity compensation benefits

Share options are granted to management and key employees. No cost is recognised in the income statement in respect of such options.

### Dividends

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

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Immovable property	Owner-occupied headlease property	Plant and machinery	Other	Total
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>Cost or valuation:</b>					
At 30 June 2003 as previously reported	336,9	–	1 756,7	371,2	2 464,8
Restatement (note 29)					
– reallocation to discontinued headlease investment properties	(123,2)	–	–	–	(123,2)
– reallocation	(24,8)	24,8	–	–	–
– capitalisation of headlease properties	–	22,4	–	–	22,4
– reallocation from other investments	–	3,2	–	–	3,2
At 30 June 2003 as restated	188,9	50,4	1 756,7	371,2	2 367,2
Additions	10,9	0,8	203,9	137,3	352,9
Capitalisation of hedging reserve	–	–	1,9	–	1,9
Disposals	(9,6)	–	(73,1)	(18,0)	(100,7)
Disposals of businesses	(20,4)	–	(172,2)	(7,5)	(200,1)
Reclassifications	19,2	–	(40,3)	21,1	–
Scrappings	–	–	(4,8)	(4,3)	(9,1)
Exchange rate adjustment	(1,7)	–	(33,8)	(9,8)	(45,3)
At 30 June 2004	187,3	51,2	1 638,3	490,0	2 366,8
<b>Accumulated depreciation:</b>					
At 30 June 2003 as previously reported	43,1	–	1 038,6	204,3	1 286,0
Restatement (note 29)					
– depreciation of owner-occupied headlease properties	–	1,4	–	–	1,4
At 30 June 2003 as restated	43,1	1,4	1 038,6	204,3	1 287,4
Charge for the year	3,5	1,4	155,3	29,9	190,1
Disposals	(0,1)	–	(50,0)	(16,2)	(66,3)
Disposals of businesses	(2,6)	–	(101,4)	(6,7)	(110,7)
Reclassifications	3,7	–	4,4	(8,1)	–
Scrappings	–	–	(4,5)	(4,2)	(8,7)
Exchange rate adjustment	(1,0)	–	(14,5)	(8,0)	(23,5)
At 30 June 2004	46,6	2,8	1 027,9	191,0	1 268,3
<b>Net book value:</b>					
At 30 June 2004	140,7	48,4	610,4	299,0	1 098,5
At 30 June 2003	145,8	49,0	718,1	166,9	1 079,8

Details in respect of immovable property are set out in a register which may be inspected at the company's registered office.

Freehold immovable properties were valued in October 2001. The valuation was carried out by Murray & Roberts Properties Group, a related party, and the fair value approximates the carrying value.

Net book value of capitalised leased plant and machinery, motor vehicles, equipment and office furniture included in total property, plant and equipment amounted to R19,0 million (2003: R15,1 million). (Refer to note 11 Long-term loans)

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	Headlease property
<b>2. DISCONTINUED HEADLEASE INVESTMENT PROPERTIES</b>	
At 30 June 2003 as previously reported	–
Restatement (note 29)	
– capitalisation of headlease investment properties	137,9
– reallocation from property, plant and equipment	123,2
– reallocation from other investments	2,4
– reallocation from property inventory	21,2
At 30 June 2003 as restated	284,7
Headleases settled	(13,5)
At 30 June 2004	271,2
<b>Accumulated depreciation:</b>	
At 30 June 2003 as previously reported	–
Restatement (note 29)	
– depreciation	7,2
At 30 June 2003 as restated	7,2
Charge for the year	7,2
Headleases settled	–
At 30 June 2004	14,4
<b>Net book value:</b>	
<b>At 30 June 2004</b>	<b>256,8</b>
At 30 June 2003	277,5
<b>Fair value:</b>	
<b>At 30 June 2004</b>	<b>271,2</b>
At 30 June 2003	284,7

Details in respect of the discontinued headlease investment properties are set out in a register which may be inspected at the company's registered office.

The fair value of the investment properties at 30 June 2004 has been arrived at on the basis of a valuation carried out by Murray & Roberts Properties Group, a related party, on an open market basis.

All of the above investment properties form part of the Group's discontinued headlease portfolio. (Refer to note 12 Discontinued finance headlease liabilities).

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

				2004	2003
<b>3. GOODWILL</b>					
Goodwill at beginning of year				10,2	15,3
Amortisation				(5,5)	(5,1)
				4,7	10,2
<b>4. INVESTMENT IN ASSOCIATE COMPANY</b>					
The Group's share of the associate company included in the consolidated balance sheet is as follows:					
Cost of investment				279,7	279,7
Share of retained earnings, net of dividends received				373,1	291,2
				652,8	570,9
<b>Valuation of shares</b>					
Market value of listed associate company (34 216 680 shares at R28,00 each)				958,1	730,5
<b>Aggregate of associate company's net assets, revenue and earnings</b>					
Property, plant and equipment				1 138,7	934,9
Total borrowings				385,0	321,8
Working capital				582,6	497,4
Revenue				9 291,0	7 577,9
Earnings after taxation				261,0	225,6
Details of the associate company are as follows:					
Name of associate	Incorporation	% of ownership and votes 2004	% of ownership and votes 2003	Main activity	
Unitrans Limited	South Africa	44,5	44,9	Transport and motor	
				2004	2003
<b>5. OTHER INVESTMENTS</b>					
<b>DESIGNATED HELD-FOR-TRADE FINANCIAL INVESTMENTS</b>					
Unlisted investments				106,0	71,8
Prior period fair value adjustment to reflect adoption of AC133					9,8
Additions, disposals and other movements				(4,8)	11,9
Fair value adjustment recognised in income statement				7,0	12,5
<b>Fair value of unlisted designated held-for-trade investments</b> (Directors' valuation R108,2 million, 2003: R106,0 million)				108,2	106,0
<b>NON-TRADING FINANCIAL INVESTMENTS</b>					
Unlisted investments				13,8	25,5
Prior period fair value adjustment to reflect adoption of AC133					(4,3)
Restatement (note 29)					(2,4)
– reallocation to headlease investment properties					(3,2)
– reallocation to property, plant and equipment					(1,8)
Additions, disposals and other movements				(24,6)	(1,8)
Fair value adjustment transfer to equity				12,7	-
<b>Fair value of unlisted non-trading investments</b> (Directors' valuation R1,9 million, 2003: R13,8 million)				1,9	13,8
Listed investments				5,9	46,1
Prior period fair value adjustment to reflect adoption of AC133					(24,0)
Additions, disposals and other movements				54,8	(16,2)
Fair value adjustment transfer to equity				(0,7)	-
<b>Fair value of listed non-trading investments</b> (Market value R60,0 million, 2003: R5,9 million)				60,0	5,9
<b>LOANS AND RECEIVABLES ORIGINATED</b>					
Unsecured loans				175,5	28,1
				345,6	153,8
Details in respect of investments are set out in a register that may be inspected at the company's registered office. Detail of loans to related parties is set out in note 32.					

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>6. INVENTORIES</b>		
At cost:		
Raw materials	220,4	194,5
Work-in-progress	53,0	86,9
Finished goods and manufactured components	124,0	187,2
Consumable stores	65,9	67,9
Property	26,3	60,7
Property reallocated to headlease investment properties		(21,2)
	<b>489,6</b>	<b>576,0</b>
Inventories with a carrying value of R1,9 million (2003: R2,1 million) have been pledged as security over long-term loans.		
<b>7. CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES</b>		
Costs incurred plus recognised profits, less recognised losses on contracts in progress at year-end	326,0	323,3
Amounts receivable on contracts	550,6	567,7
	<b>876,6</b>	<b>891,0</b>
Advances received in excess of work completed	(114,7)	(132,0)
Net amounts receivable from contracts	761,9	759,0
Retentions receivable	166,2	128,9
	<b>928,1</b>	<b>887,9</b>
<b>8. ACCOUNTS RECEIVABLE</b>		
Trade receivables	836,3	885,0
Provision for doubtful debts	(23,8)	(47,8)
Other receivables	332,3	365,9
	<b>1 144,8</b>	<b>1 203,1</b>
<b>9. SHARE CAPITAL AND PREMIUM</b>		
<i>Authorised</i>		
500 000 000 ordinary shares of 10 cents each (2003: 500 000 000 of 10 cents each)	50,0	50,0
<i>Issued and fully paid</i>		
331 892 619 ordinary shares of 10 cents each (2003: 331 892 619 of 10 cents each)	33,2	33,2
Less: Treasury shares held by the Murray & Roberts Trust	(1,4)	(1,4)
Net share capital	31,8	31,8
<i>Share premium</i>	1 639,6	1 639,6
Less: Treasury shares held by the Murray & Roberts Trust at net cost	(226,3)	(182,9)
Net share premium	1 413,3	1 456,7
	<b>1 445,1</b>	<b>1 488,5</b>

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>9. SHARE CAPITAL AND PREMIUM (continued)</b>		
<b>Share Trust</b>		
The shares held by the Trust had a market value at 30 June 2004 of 1295 cents per share (2003: 1110 cents per share) totaling R177,4 million (2003: R154,4 million)		
<b>Unissued shares:</b>		
(i) Shares available for allotment by the directors in terms of the employee share purchase scheme	19 543 085	19 280 500
(ii) Shares which the directors may allot, grant options over or otherwise deal with at their own discretion	30 000 000	50 000 000
(iii) Other unissued shares	118 564 296	98 826 881
	<b>168 107 381</b>	<b>168 107 381</b>

### Share incentive scheme

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("the Scheme") was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust ("the Trust"). At 30 June 2004, the Trust held 13 701 427 (2003: 13 908 762) shares against the commitment of options granted by the trust totaling 12 690 480 (2003: 17 955 124) shares. If necessary, and at the Board's discretion, the company could issue new shares within the maximum of 10% of the Company's issued capital which was authorised by shareholders for this purpose.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2004 were as follows:

Schemes implemented on:		Outstanding options at 30 June 2003	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2004	Option price per share (cents)
23 June 1993		34 859			(34 859)	-	980
30 June 1994		233 401		(209 548)		23 853	1 870
29 June 1995		192 824		(60 584)		132 240	2 150
27 June 1996		357 039		(77 000)		280 039	1 720
07 July 1997		297 000		(8 585)	(161 575)	126 840	913
06 January 1998		1 000 000			(1 000 000)	-	770
09 March 1998		1 319 500		(20 895)	(443 975)	854 630	805
17 March 1999		4 312 562		(390 699)	(2 315 025)	1 606 838	233
25 August 1999		99 000		(40 000)	(9 000)	50 000	440
08 May 2000		2 051 839		(426 786)	(653 613)	971 440	316
15 June 2000		1 050 000			(100 000)	950 000	316
29 August 2000		1 000 000				1 000 000	325
14 March 2001	Standard	1 711 250		(172 500)	(316 250)	1 222 500	460
14 March 2001	Hurdle	987 500		(100 000)	(162 500)	725 000	460
19 October 2001		20 000				20 000	700
13 March 2002	Standard	961 925		(92 500)	(66 875)	802 550	693
13 March 2002	Hurdle	824 925		(55 000)	(51 875)	718 050	693
29 November 2002		40 000				40 000	1 225
06 March 2003	Standard	694 000		(50 000)		644 000	1 100
06 March 2003	Hurdle	767 500		(35 000)		732 500	1 100
15 March 2004	Standard	-	990 000			990 000	1 304
15 March 2004	Hurdle	-	800 000			800 000	1 304
<b>TOTAL</b>		<b>17 955 124</b>	<b>1 790 000</b>	<b>(1 739 097)</b>	<b>(5 315 547)</b>	<b>12 690 480</b>	

### Notes:

- For the 1998 and prior schemes, the options vest as to 50% at the fourth and 100% at the fifth anniversary of the grant.
- For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.
- Each of the schemes terminate on the tenth anniversary of the grant and any unexercised options expire at that date.
- Hurdle rate of 25% per annum compound growth on option price.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>10. SECURED LIABILITIES</b>		
Liabilities of the Group are secured as follows:		
Loans secured by inventories with a book value of R1,9 million (2003: R2,1 million)	9,3	10,3
Amounts due on loans and overdrafts secured over movable property with a book value of R54,4 million (2003: R84,2 million)	46,7	61,2
	56,0	71,5
Included in the balance sheet under:		
Long-term loans (note 11)	27,6	37,0
Bank overdrafts and short-term loans (note 17)	28,4	34,5
	56,0	71,5
<b>11. LONG-TERM LOANS</b>		
<b>Secured loans</b>		
Current year	28,4	34,5
Next five years excluding current	27,6	37,0
After five years as previously stated		21,2
Reallocated to discontinued finance headlease liabilities		(21,2)
	56,0	71,5
<i>Less: Current portion (note 17)</i>	(28,4)	(34,5)
<b>Long-term secured loans</b>	27,6	37,0
<b>Unsecured loans</b>		
Current year	69,2	150,1
Next five years excluding current	102,3	152,6
	171,5	302,7
<i>Less: Current portion (note 17)</i>	(69,2)	(150,1)
<b>Long-term unsecured loans</b>	102,3	152,6
<b>Capitalised finance leases</b>		
Current year	11,6	4,6
Next five years excluding current	9,3	6,9
	20,9	11,5
<i>Less: Current portion (note 17)</i>	(11,6)	(4,6)
<b>Long-term capitalised finance leases</b>	9,3	6,9
<b>Total long-term loans</b>	139,2	196,5
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 notes 1, 6 and 10.		

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003	
<b>12. DISCONTINUED FINANCE HEADLEASE LIABILITIES</b>			
<b>Capitalised finance headleases</b>			
At 30 June 2003 as previously reported		-	
Restatement (note 29)			
– recognition of capitalised finance headlease liabilities		513,2	
– reallocation from long-term loans		21,2	
– capital repayments		(27,4)	
At 30 June 2003 as restated		507,0	
Current year	55,2	105,7	
Next five years excluding current	332,1	348,2	
After five years	14,0	53,1	
	401,3	507,0	
<i>Less: Current portion (note 17)</i>	(55,2)	(105,7)	
	346,1	401,3	
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 notes 1 and 2.			
<b>13. LONG-TERM PROVISION</b>			
<b>Headleases and other discontinued property activities</b>			
At beginning of year	78,5	363,3	
Restatement (note 29)			
– release of the long-term provision relating to finance headleases		(280,6)	
As restated	78,5	82,7	
Additional provision (released) charged to the income statement	(10,1)	21,4	
	68,4	104,1	
Trading losses	(20,0)	(25,6)	
	48,4	78,5	
<i>Less: Current portion (note 15)</i>	(19,1)	(20,0)	
	29,3	58,5	

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003	
<b>14. DEFERRED TAXATION</b>			
<i>Deferred taxation assets</i>			
The movement on the deferred taxation asset account is as follows:			
At beginning of year	–	–	
Income statement charge	32,8	–	
	32,8	–	
<i>Comprising:</i>			
Uncertified work and other construction temporary differences	11,8	–	
Assessable loss	31,2	–	
Plant	(10,2)	–	
	32,8	–	
<i>Deferred taxation liabilities</i>			
The movement on the deferred taxation liability account is as follows:			
At beginning of year	56,9	53,0	
Income statement charge	8,9	3,9	
	65,8	56,9	
<i>Comprising:</i>			
Other	29,7	29,7	
Plant	14,1	8,6	
Uncertified work and other construction temporary differences	22,0	18,6	
	65,8	56,9	
Calculated taxation losses available for set-off against future taxable income	–	493,0	
<b>15. ACCOUNTS PAYABLE</b>			
Trade and other payables	1 906,8	2 147,4	
Payroll accruals	64,0	73,2	
Short-term portion of long-term provision (note 13)	19,1	20,0	
	1 989,9	2 240,6	
<b>16. SUB-CONTRACTORS</b>			
Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.			
<b>17. BANK OVERDRAFTS AND SHORT-TERM LOANS</b>			
Bank overdrafts	118,7	68,5	
Current portion of long-term loans (note 11 )			
– secured	28,4	34,5	
– unsecured	69,2	150,1	
Current portion of capitalised finance leases (note 11)	11,6	4,6	
Current portion of discontinued finance headlease liabilities (note 12)	55,2	105,7	
	283,1	363,4	

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>18. REVENUE</b>		
<b>Continuing operations</b>		
Sale of goods	3 615,0	4 099,8
Rendering of services	190,3	539,9
Contracting revenue	4 548,2	5 108,0
Other	21,4	21,8
	8 374,9	9 769,5
<b>Discontinued operations</b>	49,1	341,8
	8 424,0	10 111,3
<b>19. EXCEPTIONAL ITEMS</b>		
Headlease and other discontinued property activities (notes 1,2,12,13)	-	(53,6)
Additional provision released (charged) to income statement	10,1	(21,4)
Net lease income from discontinued headlease properties	60,2	56,6
Depreciation of discontinued headlease properties	(8,6)	(8,6)
Interest expense on discontinued finance headlease liabilities	(61,7)	(74,5)
Other headlease related costs	-	(5,7)
Net (loss) profit on disposals and closures	(9,0)	49,0
	(9,0)	(4,6)
<b>20. EARNINGS BEFORE INTEREST AND TAXATION</b>		
Earnings before interest and taxation of the holding company and subsidiary companies is arrived at after taking into account:		
Amortisation of goodwill	5,5	5,1
Auditors' remuneration:		
Fees for audits	12,5	10,6
Other services	2,2	3,2
Dividend received	(10,2)	(3,1)
Depreciation:		
Immovable property	3,5	3,3
Plant and machinery	155,3	181,1
Other	29,9	33,9
Fees paid for:		
Managerial services	18,1	22,1
Technical services	6,6	7,4
Administrative services	11,5	9,7
Secretarial services	0,7	1,8
Payroll costs	1 817,5	1 899,0
Profit on disposal of investments	(37,8)	-
Profit on disposal of property, plant and equipment	(37,5)	(17,9)
Loss on disposal of property, plant and equipment	0,4	0,5
Net foreign exchange (gains) losses	(25,9)	4,2
Net fair value gains of financial instruments	(3,6)	(21,1)
Operating lease charges:		
Land and buildings	22,7	28,5
Plant, machinery and motor vehicles	6,4	14,0
Other assets	14,5	11,1
Research and development costs	2,4	3,1
<b>Operating expenses by function</b>		
Cost of sales	7 187,7	8 575,5
Distribution and marketing costs	129,2	21,1
Administration costs	1 010,3	1 025,3
Other operating income	(324,1)	(143,9)
	8 003,1	9 478,0

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>21. NET INTEREST INCOME (EXPENSE)</b>		
Interest expense		
Banks	(11,2)	(17,8)
Loans	(19,2)	(49,2)
Other	(3,9)	(14,8)
	(34,3)	(81,8)
Interest income		
Banks	25,3	52,2
Loans	–	1,9
Other	19,1	11,4
	44,4	65,5
<b>Net interest income (expense)</b>	<b>10,1</b>	<b>(16,3)</b>
<b>22. TAXATION</b>		
South African normal taxation		
Current year	0,9	3,3
Prior year	(0,2)	–
Secondary taxation on companies	3,1	11,8
Foreign taxation		
Current year	46,9	62,7
Prior year	–	(4,9)
Deferred taxation	(23,9)	3,9
	26,8	76,8
	%	%
<b>Reconciliation of effective rate of taxation to the standard rate of taxation</b>		
Effective rate of taxation	6,4	13,6
Reduction in rate of taxation due to:		
Capital and non-taxable items	3,4	0,3
Taxation on foreign companies	–	3,4
Taxation losses utilised	30,6	19,9
Deferred taxation asset	7,8	–
Prior year adjustments	0,1	0,9
	48,3	38,1
Increase in rate of taxation due to:		
Non-deductible expenditure	(2,8)	(0,8)
Current year's losses not recognised	(3,7)	(3,3)
Taxation on foreign companies	(7,5)	–
Foreign withholding taxation	(1,7)	(0,3)
Imputed foreign income	(1,8)	(1,6)
Secondary taxation on companies	(0,8)	(2,1)
South African normal taxation rate	30,0	30,0

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003	
<b>23. EARNINGS AND HEADLINE EARNINGS PER SHARE</b>			
<b>Reconciliation of headline earnings</b>			
Earnings attributable to ordinary shareholders	484,1	574,5	
Adjustments:			
Exceptional items (note 19), all non-headline	9,0	4,6	
Goodwill amortisation	5,5	5,1	
Non-headline portion of income from associate	4,8	8,1	
Headline earnings	503,4	592,3	
<b>Reconciliation of weighted average number of shares in issue ('000)</b>			
Weighted average number of ordinary shares in issue	331 893	331 893	
Less: Weighted average number of shares held by the Murray & Roberts Trust	(13 788)	(14 077)	
Weighted average number of shares in issue used in the determination of basic per share figures	318 105	317 816	
Add: Adjustment for share options	6 173	9 291	
Weighted average number of shares in issue used in the determination of diluted per share figures	324 278	327 107	
<b>Earnings per share (cents)</b>			
– Excluding treasury shares	146	173	
– Diluted	149	176	
– Basic	152	181	
<b>Headline earnings per share (cents)</b>			
– Excluding treasury shares	152	178	
– Diluted	155	181	
– Basic	158	186	
<b>24. ORDINARY DIVIDENDS</b>			
Interim dividend No. 104 of 15,0 cents declared on 26 February 2004	47,7		
Final dividend No. 105 of 30,0 cents declared on 25 August 2004	95,5		
Interim dividend No. 102 of 15,0 cents declared on 26 February 2003		47,7	
Final dividend No. 103 of 37,5 cents declared on 27 August 2003		119,3	
Add: Dividends relating to treasury shares	6,2	7,2	
	149,4	174,2	
Dividends are accounted for on the date of declaration in accordance with AC107 and are not accrued as a liability in the financial statements until declared.			
<b>25. PROFIT AND LOSSES OF SUBSIDIARIES</b>			
Aggregate profits	594,6	752,8	
Aggregate losses	(110,5)	(178,3)	
<b>26. CONTINGENT LIABILITIES</b>			
There are contingent liabilities in respect of limited guarantees covering loans, banking facilities and other obligations of third parties, the ascertainable outstanding liabilities at 30 June covered by such guarantees being:			
	56,4	15,5	
The Group is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material adverse effect on the financial condition or future of the Group.			

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>27. CAPITAL COMMITMENTS</b>		
Approved by the directors, contracted and not provided in the balance sheet	97,7	51,4
Approved by the directors, not yet contracted for	298,9	353,4
	396,6	404,8
Capital expenditure will be financed from internal resources and existing facilities.		
<b>28. OPERATING LEASE COMMITMENTS</b>		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Due within one year	30,5	60,2
Due thereafter	24,4	115,6
	54,9	175,8
<b>29. RESTATEMENT AND COMPARATIVES</b>		
<b>Discontinued headlease and other property activities</b>		
All headleases where the Group has a controlling interest in the property at the end of the lease term are more appropriately accounted for as separate finance lease obligations and the underlying leased assets are accounted for as investment properties. The opening balance on accumulated profit at 1 July 2002 and the balance sheet at 30 June 2003 have been restated on this basis and there has been no impact on the income statement in 2003.		
The adjustments resulting from the restatement can be summarised as follows:		
<b>Increase (decrease) of 2003 accumulated profit opening balance</b>		
Capitalisation of headlease properties		160,3
Recognition of capitalised finance headlease liabilities		(513,2)
Release of long-term provision relating to finance headleases		280,6
		(72,3)
The restatement has no impact on the prior year earnings and headline earnings. The income statement impact of the headleases and other discontinued property activities classified as both operating and finance leases will continue to be disclosed as exceptional items and excluded from headline earnings.		
<b>Concession investments</b>		
Concession investments, which constitute a separate business unit and will be traded in the relative short-term, have been more appropriately classified as designated held-for-trade financial investments. Consequently, the 2003 income statement has been restated to reflect the fair value adjustment to the concession investments.		
<b>Increase (decrease) of 2003 net profit</b>		
Increase in earnings before interest, exceptional items and depreciation		12,5
Increase in deferred taxation expense		(2,5)
		10,0
<b>Increase (decrease) of 2003 opening balance reserves</b>		
Increase in accumulated profit for fair value adjustments recognised		9,8
Decrease in non-trading financial asset reserve		(9,8)
		-
The restatement increased prior year basic and diluted earnings and headline earnings per share, excluding treasury shares, by 3 cents.		

## Notes to the Consolidated Financial Statements (continued)

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### 29. RESTATEMENT AND COMPARATIVES (continued)

#### The Murray & Roberts Trust

The Murray & Roberts Trust is consolidated in line with the ruling of the JSE's GAAP Monitoring Panel. Where the Trust has purchased the company's equity share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold, or reissued, any consideration received is included in shareholders' equity. The weighted average number of shares held by the trust is deducted from the average number of shares in issue and used in the determination of earnings and headline earnings per share.

#### Restatements

The table below provides a detailed breakdown of the effect of the restatements referred to above on the 2003 financial statements

	As Restated	As previously reported
<b>Effect on the consolidated income statement</b>		
Earnings before interest, exceptional items and depreciation	856,7	844,2
Taxation	76,8	74,3
Earnings per share (cents)		
Excluding treasury shares	173	170
Diluted	176	170
Basic	181	170
Headline earnings per share (cents)		
Excluding treasury shares	178	175
Diluted	181	175
Basic	186	175
<b>Effect on the consolidated balance sheet</b>		
Non-current assets		
Property, plant and equipment	1 079,8	1 178,8
Discontinued headlease investment properties	277,5	–
Other investments	153,8	159,4
Current assets		
Inventories	576,0	597,2
Permanent capital		
Share capital and premium	1 488,5	1 495,6
Non-distributable reserves	(107,0)	(84,7)
Accumulated profit	1 103,0	1 148,5
Non-current liabilities		
Long-term loans	196,5	217,7
Discontinued finance headlease liabilities	401,3	–
Long-term provision	58,5	242,7
Deferred taxation	56,9	54,4
Current liabilities		
Accounts payable	2 240,6	2 318,1
Bank overdrafts and short-term loans	363,4	257,7
<b>Effect on the consolidated cash flow statement</b>		
Dividends paid	(158,9)	(165,9)

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### 30. FINANCIAL RISK MANAGEMENT

The Group does not trade in financial instruments other than in designated held-for-trade concession investments 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, investments, derivatives, accounts receivable and payable and loans to and from subsidiaries.

#### Treasury risk management

The Group's treasury operations provide the Group with access to local and foreign money markets and provide group subsidiaries with the benefits of bulk financing and depositing.

#### Foreign currency management

##### Loans

All material foreign loans are covered, in terms of group policy, by forward exchange contracts except where a natural hedge against underlying assets exists.

##### Trade exposure

The Group's policy is to cover forward all trade commitments. Each division manages its own trade exposure. In this regard the Group has entered into certain forward exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

All forward exchange contracts are valued at fair value on the balance sheet with the resultant gain or loss, with the exception of effective cash flow hedges, included in the income statement. The gains or losses on effective cash flow hedges are recorded directly in equity and either transferred to income when the hedged transaction affects income or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

The amounts represent the net rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months. Certain British Pound contracts mature bi-annually up to August 2005.

Details of these contracts are as follows:

	2004 Foreign amount million	2004 Rand amount million	2003 Foreign amount million	2003 Rand amount million
<b>Related to specific balance sheet items</b>				
<b>Bought</b>				
US Dollars	4,8	33,6	6,1	48,4
Euros	5,6	43,4	4,8	44,9
British Pounds	11,9	94,0	17,3	145,3
Other	1,1	6,6	–	–
Total		177,6		238,6
<b>Sold</b>				
US Dollars	30,0	189,9	26,2	215,9
Euros	13,0	99,0	11,7	100,5
British Pounds	6,2	56,3	3,5	47,8
Total		345,2		364,2
<b>Related to future commitments</b>				
<b>Bought</b>				
US Dollars	1,2	11,4	0,8	5,7
Euros	–	–	8,1	79,8
British Pounds	–	–	0,1	1,0
Japanese Yen	466,9	30,7	–	–
Total		42,1		86,5
<b>Sold</b>				
Euros	–	–	1,3	11,9
Total		–		11,9

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### 30. FINANCIAL RISK MANAGEMENT (continued)

#### Interest rate risk management

The Group is exposed to interest rate risk through its bank overdrafts and other interest bearing liabilities. The Group does not normally hedge its exposure. Group companies generally adopt a policy of ensuring that their borrowings are at market related rates to address their interest rate risk. The directors are of the opinion that the current process works effectively and is therefore sufficient.

Interest rate swap agreements are valued at fair value on the balance sheet with the resultant gain or loss included in the income statement.

As at 30 June 2004 the Group had two interest rate swap agreements outstanding as detailed below.

	Currency	Interest rate (%)	Maturity date	Fair value Rm
Pay fixed rate, receive floating rate	GBP	8,0	20 Feb 2007	6,1
Pay floating rate, receive fixed rate	ZAR	13,4	02 Jan 2007	0,4

#### Maturity profile of financial instruments

The maturity profile of the recognised financial instruments is summarised as follows:

	<1 year	1 - 6 years	Total
<b>Financial assets</b>			
Bank balances and cash	1 103,6	–	1 103,6
Trade and other receivables	1 933,0	139,9	2 072,9
<b>Financial liabilities</b>			
Bank overdrafts	118,7	–	118,7
Interest bearing liabilities	164,4	485,3	649,7
Trade and other payables	2 368,8	47,2	2 416,0

#### Fair value of financial assets and liabilities

The book value of the above financial assets and liabilities approximates fair value.

#### Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments.

Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for both specific and general bad debts and at the year-end management believed that any material credit risk exposure was covered by credit guarantee or a bad debt provision. Group policy is to deposit short-term cash investments with major financial institutions.

#### Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	2004	2003
<i>Borrowing capacity</i>		
The company's borrowings and guarantees are limited by its articles of association to:		
Total borrowings and guarantees	3 910,2	3 726,8
Unutilised borrowing capacity	2 868,2	2 535,3

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### 31. RETIREMENT AND OTHER BENEFIT FUNDS

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Funds Act No 24 of 1956 (as amended), and the newly promulgated Pension Funds Second Amendment Act 2001.

#### Defined contribution plans - pension funds

In South Africa, the Group operates the privately administered defined contribution pension plans listed below:

Murray & Roberts Retirement Fund  
RSH Retirement Fund

Membership comprises mainly salaried employees. The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds vest in the members who, on exit, are entitled to the funds which have accrued to them. The Group also participates in the Investment Solutions Pension Fund, an umbrella fund for its executives who are also members of the Murray & Roberts Retirement Fund. The funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund	31 December 2003
RSH Retirement Fund	30 June 2003
Investment Solutions Pension Fund	31 December 2002

The total cost to the Group in respect of the above funds for the year ended 30 June 2004 was R44,4 million (2003: R53,5 million).

#### Defined contribution plan - provident fund

In South Africa, the Group operates one privately administered defined contribution provident plan, the Murray & Roberts Provident Fund.

Membership comprises mainly executives. The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds vest in the members who, on exit, are entitled to the funds which have accrued to them. The fund was actuarially valued on 29 February 2004 and declared to be in a sound financial position. The total cost to the Group in respect of the above fund for the year ended 30 June 2004 was R0,8 million (2003: R1,1 million).

#### Surplus legislation

Each of the above funds needs to comply with the process as prescribed in the Pension Funds Second Amendment Act 2001. The envisaged date of finalisation of the process for each fund is set out below. These are estimates as revised dates may be arranged by each fund in consultation with the Financial Services Board.

Murray & Roberts Retirement Fund	Completed
RSH Retirement Fund	31 December 2005
Investment Solutions Pension Fund	30 June 2005
Murray & Roberts Provident Fund	31 August 2005

Although a number of investigations still need to be finalised, indications are that this legislation will not have a significant financial impact on the Group.

#### Defined benefit plans - pension funds

The Group does not have any defined benefit pension schemes in South Africa.

The Group's subsidiary company in the United Kingdom (Booker Tate Limited) operates two defined benefit pension schemes for its employees, one for the UK workforce and one for the non-UK (generally referred to as "overseas") workforce.

At 30 June 2004 the net unfunded position was 6,6 million sterling (2003: 8,0 million sterling), determined in accordance with FRS 17.

A full actuarial valuation was carried out at 31 March 2004 and updated to 30 June 2004 by a qualified independent actuary. This position has not been accounted for in the group annual financial statements. Booker Tate Limited is making special payments to the pension funds, thereby complying with the minimum funding requirements in the UK.

	2004	2003
Present value of funded liability	393,1	420,5
Fair value of fund assets	(318,6)	(321,5)
Unrecognised actuarial deficit	74,5	99,0
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	5,8%	5,3%
Expected return on plan assets		
- Equities	8,0%	8,5%
- Bonds	5,0%	5,0%
- Cash	4,5%	3,5%
Pension increases	3,0%	2,5%
Salary growth	3,0%	2,5%

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### 31. RETIREMENT AND OTHER BENEFIT FUNDS (continued)

#### Defined benefit plan – post-retirement medical aid

##### Current pensioners

Certain pensioners have an entitlement to a medical aid subsidy in terms of the conditions of employment at the time of their retirement. This entitlement has been funded by the establishment of independent policies of insurance. These policies have been certified as being financially sound by independent actuaries. Consequently the subsidies do not represent a liability to the Group as they are sourced from the policies into the future.

##### Current employees

Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.

	2004	2003
Present value of funded liability	70,8	73,1
Fair value of plan assets	(70,8)	(47,8)
	–	25,3
Costs for the year included in the income statement:		
Current service cost	15,0	20,5
Interest cost	6,7	8,1
Expected return on plan assets	(3,1)	(4,6)
Net actuarial gain recognised	2,7	(4,8)
	21,3	19,2
Movements in the net liability were as follows:		
Present value at beginning of year	25,3	38,4
Debtor to be included at beginning of year	–	(5,0)
Transfer of liabilities	–	(214,7)
Transfer of assets	–	214,0
Amounts recognised in the income statement	21,3	19,2
Contributions	(46,6)	(26,6)
At 30 June	–	25,3
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,0%	10,8%
Expected return on plan assets	6,5%	5,5%
Long-term increase in medical subsidies	5,8%	6,3%
<b>Defined benefit plan - disability benefits</b>		
Disability benefits for mainly salaried employees are provided via the Murray & Roberts Group Employee Benefits Policy No 107385. The defined benefit entitlement is equal to 75% of pensionable salary, potentially payable up to the normal retirement age of 63. When an employee is entitled to benefits in terms of the policy, the benefits may be reviewed annually and increases are discretionary and not guaranteed.		
Present value of funded liability	41,4	42,6
Fair value of plan assets	(43,6)	(47,3)
	(2,2)	(4,7)
Costs for the year included in the income statement:		
Current service cost	5,3	8,6
Interest cost	4,2	4,5
Expected return on plan assets	(4,0)	(5,0)
Net actuarial gain recognised	(2,1)	(2,6)
	3,4	5,5
Movements in the net asset were as follows:		
Present value at beginning of year	(4,7)	(18,0)
Contingent liability to be included at beginning of year	–	17,0
Transfer of liabilities	–	(24,9)
Transfer of assets	–	24,9
Amounts recognised in the income statement	3,4	5,5
Contributions	(0,9)	(9,2)
At 30 June	(2,2)	(4,7)
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,0%	10,8%
Expected return on plan assets	9,7%	9,3%
Long-term increase in disability benefits	5,8%	6,3%

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

	2004	2003
<b>32. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS</b>		
<b>Related party transactions</b>		
During the year the company and its subsidiaries, 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.		
<b>Loans to related parties (R millions)</b>		
The following loan balances are included in the unlisted loan investments (note 5)		
Loan to Borbet South Africa (Pty) Ltd	131,8	-
Loan to Freyssinet Posten (Pty) Ltd	2,5	-
Loan to Resteel Trading Limited	1,3	-
Loan to Alert Steel Polokwane (Pty) Ltd	0,7	-
Loan to Shisane Reinforcing Steel (Pty) Ltd	0,7	-
	137,0	-

### Associate company

Details of the investment in the associate company are disclosed in note 4, including details of net assets and revenue relating to the associate.

### Directors' emoluments

#### Executive directors

The remuneration of executive directors for the year ended 30 June 2004 was as follows:

R'000	Directors' fees	Salary	Retirement fund contributions	Other benefits	Total guaranteed remuneration	Leave pay†	Gain on exercise of share options	Performance related*	Total 2004	Total 2003
BC Bruce	49	2 144	262	336	2 791	2 595	-	1 600	6 986	4 167
RW Rees	49	1 401	181	203	1 834	-	1 608	1 125	4 567	2 961
KE Smith	49	1 185	166	336	1 736	-	17	1 200	2 953	2 761
Other <sup>Δ</sup>	-	-	-	-	-	-	-	-	-	1 657
	147	4 730	609	875	6 361	2 595	1 625	3 925	14 506	11 546

\* Performance bonuses are accounted for on an accrual basis, to match the amount payable to the applicable financial year-end

<sup>Δ</sup> Past director emoluments, including termination payments

<sup>†</sup> Payment of accrued leave in order to reduce accrued leave to the level permitted by the new Group leave policy.

#### Non-executive directors

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

The remuneration of non-executive directors for the year ended 30 June 2004 was as follows:

R'000	Directors Fees	Committee Fees	Chairman's Fees	Total 2004	Total 2003
RC Andersen	28	20	350	398	14
DC Brink	-	-	150	150	300
BN Bam	71	40	-	111	54
WP Esterhuyse	71	40	-	111	111
SE Funde	55	55	-	110	107
PG Joubert	71	131	-	202	208
SJ Macozoma	55	40	-	95	52
AJ Morgan	78	110	-	188	124
AA Routledge	71	50	-	121	96
MJ Shaw	78	73	-	151	45
JJM van Zyl	78	75	-	153	129
	656	634	500	1 790	1 240

Details of service on board committees are set out in the Corporate Governance Statement.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### 32. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

#### Interest of directors in share capital of the company

At 30 June 2004, directors of the company held in aggregate, directly or indirectly 0,5% (2003: 0,7%) of the ordinary shares of the company. The aggregate direct and indirect beneficial holdings per director are detailed below.

	2004 Number of shares	2003 Number of shares
<i>Executive directors</i>		
BC Bruce	256 079	256 079
RW Rees	193 225	193 225
KE Smith	22 578	17 520
	471 882	466 824
<i>Non-executive directors</i>		
RC Andersen	-	-
DC Brink	-	734 775
BN Bam	-	-
WP Esterhuyse	110 000	110 000
SE Funde	-	-
PG Joubert	100 000	100 000
SJ Macozoma	-	-
AJ Morgan	125 000	125 000
AA Routledge	-	-
MJ Shaw	-	-
JJM van Zyl	750 000	750 000
	1 085 000	1 819 775
Total	1 556 882	2 286 599

#### Subsequent changes in directors' shareholdings

At the date of signature of the group annual financial statements there had been no changes to the above shareholdings.

#### Interest of directors in share options

The directors of the company held in aggregate, directly or indirectly, grants of option from The Murray & Roberts Trust in respect of 1,8% (2003: 2,0%) of the ordinary shares of the company. These options are subject to the terms and conditions of the employee share scheme. The movements in share options of directors during the year ended 30 June 2004 are as follows:

	Conditions	Outstanding options at 30 June 2003	Granted during the year	Forfeited during the year	Exercised during the year	Exercise date	Exercise price (cents)	Gain (R'000)	Outstanding options at 30 June 2004
DC Brink*	Standard	1 000 000			1 000 000				-
BC Bruce	Standard	2 415 463	140 000						2 555 463
	Hurdle	580 000	70 000						650 000
RW Rees	Standard	1 065 000	90 000		100 000	14/10/2003	316	981	
	Standard				75 000	14/10/2003	460	627	980 000
	Hurdle	410 000	90 000						500 000
KE Smith	Standard	803 550	55 000	2 515	5 035	12/09/2003	980	17	851 000
	Hurdle	405 000	50 000						455 000

\* Options granted during service as an executive director

#### Interest of directors in contracts

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

#### Directors' service contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of twelve months. The retirement date of executive directors is at age 63 while non-executive directors are required to retire at age 70 unless decided otherwise by the Board in its sole discretion.

# Murray & Roberts Holdings Limited Financial Statements

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

## BALANCE SHEET

At 30 June 2004

	Notes	2004	2003
<b>ASSETS</b>			
Interest in subsidiary company	2	1 769,5	1 961,9
Loan to The Murray & Roberts Trust		212,7	177,3
<b>TOTAL ASSETS</b>		<b>1 982,2</b>	<b>2 139,2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital and premium	3	1 672,8	1 672,8
Non-distributable reserve		0,9	0,9
Accumulated profit	4	307,1	349,7
<b>Total ordinary shareholders' equity</b>		<b>1 980,8</b>	<b>2 023,4</b>
Long-term loan	5	–	100,0
<b>Current liabilities</b>			
Accounts payable		1,4	8,4
Taxation		–	7,4
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 982,2</b>	<b>2 139,2</b>

## INCOME STATEMENT

For the year ended 30 June 2004

	Notes	2004	2003
<b>Income</b>			
Interest income		2,0	–
Interest income from subsidiary company		0,7	16,0
Dividend received from subsidiary company		124,5	106,8
Fees received from subsidiary company		2,2	1,4
<b>Total income</b>		<b>129,4</b>	<b>124,2</b>
<b>Total expenses</b>		<b>2,8</b>	<b>19,4</b>
Interest expense		0,7	18,0
JSE Fees		0,1	0,1
Other		2,0	1,3
Earnings before taxation		126,6	104,8
Taxation	6	(5,0)	8,0
<b>Ordinary shareholders' earnings</b>		<b>131,6</b>	<b>96,8</b>

## Notes to the Murray & Roberts Holdings Limited Financial Statements

For the year ended 30 June 2004

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

	2004	2003
<b>1. CASH FLOW AND STATEMENT OF CHANGES IN EQUITY</b>		
The operations of Murray & Roberts Holdings Limited consist mainly of the receipt of dividends and interest from its wholly-owned subsidiary, Murray & Roberts Investments Limited, and the payment of dividends to the members of the company and interest on long-term loans. Consequently a cash flow statement and statement of changes in equity for the company have not been presented since they would provide no meaningful additional information.		
<b>2. INTEREST IN SUBSIDIARY COMPANY</b>		
Shares at cost	0,4	0,4
Net amounts due	1 769,1	1 961,5
	1 769,5	1 961,9
<b>3. SHARE CAPITAL AND PREMIUM</b>		
- refer to note 9 of the consolidated financial statements		
<b>4. ACCUMULATED PROFIT</b>		
<i>Accumulated profit</i>		
Opening balance	76,1	145,2
Ordinary shareholders' earnings	131,6	96,8
Dividend declared and paid	(124,5)	(165,9)
	83,2	76,1
<i>Accumulated profit (previously transferred from share premium account)</i>		
Opening balance	273,6	273,6
Dividend declared and paid	(49,7)	-
	223,9	273,6
Closing balance	307,1	349,7
<b>5. LONG-TERM LOAN</b>		
Unsecured	-	100,0
Details of the repayment of the loan and the rate at which it bears interest is set out in Annexure 2.		
<b>6. TAXATION</b>		
Secondary taxation on companies		
- current year	-	8,0
- prior year overprovision	(5,0)	-
	(5,0)	8,0
<b>7. EMOLUMENTS OF DIRECTORS</b>		
(paid by company or subsidiary companies)		
Executive directors		
- in office at year-end	14,5	9,9
- retired and resigned during the year, including termination payments	-	1,7
	14,5	11,6
Non-executive directors	1,8	1,2
	16,3	12,8
Included in the above are fees paid for services as directors of the company	1,3	0,7
Number of directors at year-end	11	14
Details of individual directors' emoluments are disclosed in note 32 on the consolidated financial statements.		
<b>8. CONTINGENT LIABILITIES</b>		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the ascertainable outstanding liabilities at 30 June covered by such guarantees being:	214,8	214,8

## Annexure 1 – Major Operating Subsidiaries and Associate Company

(All companies shown are registered in South Africa except where indicated otherwise)

### (a) Direct

	Issued share capital amount in rand	Interest in issued share capital		Cost of investment		Loan account	
		2004	2003	2004	2003	2004	2003
		%	%	Rm	Rm	Rm	Rm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	1 769,1	1 961,5

### (b) Indirect

	Issued share capital (in rand except where indicated otherwise)	Interest in capital		
		2004	2003	
		%	%	
<b>Murray &amp; Roberts Limited</b>	59	100	100	
<b>Construction &amp; engineering</b>				
Murray & Roberts (Botswana) Limited	BWP	2	100	100
Murray & Roberts (Namibia) Limited	NAD	80 000	100	100
Murray & Roberts Abu Dhabi LLC	AED	2 000 000	49	49
Murray & Roberts Concessions (Pty) Limited		100	100	100
Murray & Roberts Construction (Pty) Limited		100	100	100
Murray & Roberts Contractors (Middle East) LLC	AED	2 000 000	49	49
Murray & Roberts Contractors (Nigeria) Limited	NGN	20 000 000	60	60
Murray & Roberts Contractors (Tanzania) Limited	TZS	2	100	100
Murray & Roberts Contractors (Uganda) Limited	UGS	5 000 000	100	100
Murray & Roberts Contractors (Zambia) Limited	ZMK	22 000 000	100	100
Murray & Roberts Engineering Solutions Limited		2	100	100
Murray & Roberts MEI (Pty) Limited		1	100	100
Murray & Roberts Roads and Earthworks (Pty) Limited 100			2	100
Murray & Roberts RUC Limited		2 950 000	100	100
SNC Lavalin-Murray & Roberts (Pty) Limited		1 000	50	50
<b>Construction materials &amp; services</b>				
Criterion Equipment (Pty) Limited		1 000	100	100
Genrec Engineering (Pty) Limited		200	100	100
Hall Longmore (Pty) Limited		100	100	100
Harvey Roofing Products (Pty) Limited		100	100	100
Improvair Environmental Solutions (Pty) Limited		800 000	100	100
Johnson Arabia LLC	AED	300 000	49	49
Much Asphalt (Pty) Limited		100	100	100
Murray & Roberts Steel (Pty) Limited		100	100	100
Rocla (Pty) Limited		250 000	100	100
Tolcon (Pty) Limited		100	74	100
Toll Road Concessionaires (Pty) Limited		12 000	100	100

## Annexure 1 – Major Operating Subsidiaries and Associate Company

(All companies shown are registered in South Africa except where indicated otherwise)

### (b) Indirect

		Issued share capital (in rand except where indicated otherwise)	Interest in capital	
			2004	2003
			%	%
<b>Fabrication &amp; manufacture</b>				
Booker Tate Limited	GBP	1 000	100	100
Consani Engineering (Pty) Limited		40 000	100	100
Elgin Engineering (Pty) Limited		800	–	100
Murray & Roberts Foundries Group (Pty) Limited		2	100	100
Pefco (Pty) Limited		200	100	100
Union Carriage and Wagon Co (Pty) Limited		8 160 000	100	100
The UCW Partnership			70	70
<b>Corporate</b>				
Interbuild Insurance Limited	USD	170 000	100	100
Murray & Roberts (Malaysia) Sdn. Bhd.	MYR	250 000	49	49
Murray & Roberts (Zimbabwe) Limited	ZWD	4 087 742	48	48
Murray & Roberts International Limited (BVI)	USD	5 000 000	100	100
Murray & Roberts Properties Services (Pty) Limited		2	100	100
P.T. Murray & Roberts Indonesia	USD	250 000	100	100
<b>UNITRANS LIMITED (Associate company)</b>		7 609 100	44	45

## Annexure 2 – Long and Short-term Loans

	Financial years of redemption	Closing interest rate (effective NACM)		Amount	
		2004	2003	2004	2003
		%	%	Rm	Rm
<b>Subsidiary companies</b>					
<b>Secured</b>					
Equal monthly instalments with one balloon payment at the end	2007	4,59	4,92	28,7	32,6
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				27,3	38,9
				56,0	71,5
<b>Unsecured</b>					
Bi-annual instalments	2007	4,38	15,53	111,5	180,7
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				60,0	22,0
Bank overdrafts				118,7	68,5
				290,2	271,2
<b>Capitalised finance leases</b>					
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				20,9	11,5
				20,9	11,5
<b>Capitalised finance headleases</b>					
Bi-annual instalments	2008	11,85	11,85	209,7	239,6
Bi-annual instalments	2009	13,18	13,18	54,0	58,6
Bi-annual instalments	–	–	13,60	–	68,0
Monthly instalments	2011	17,90	17,90	18,1	18,2
Monthly instalments	2007	18,38	18,38	34,4	36,9
Monthly instalments	2010	18,90	18,90	18,8	19,2
Monthly instalments	2012	18,72	18,72	33,8	33,9
Monthly instalments	2011	18,50	18,50	32,5	32,6
				401,3	507,0
<b>Total subsidiary companies</b>				<b>768,4</b>	<b>861,2</b>
<b>Company</b>					
<b>Unsecured</b>					
Single instalment	–	–	15,95	–	100,0
<b>Total company</b>				<b>–</b>	<b>100,0</b>
<b>Total Group</b>				<b>768,4</b>	<b>961,2</b>
Reflected in the notes under:					
<b>Long-term loans (note 11)</b>					
Secured loans				27,6	37,0
Unsecured loans				102,3	152,6
Capitalised finance leases				9,3	6,9
<b>Discontinued finance headlease liabilities (note 12)</b>				<b>346,1</b>	<b>401,3</b>
<b>Bank overdrafts and short-term loans (note 17)</b>					
Bank overdrafts				118,7	68,5
Current portion of long-term borrowings				97,6	184,6
Current portion of capitalised finance leases				11,6	4,6
Current portion of capitalised finance headleases				55,2	105,7
				768,4	961,2

## Annexure 3 – Group Segmental Report

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### Primary reporting format - business segments

The Group is organised on a world-wide basis into four main business segments	Note	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate	Group
<b>2004</b>						
Revenue	1	4 153	3 011	1 259	1	8 424
<b>Results</b>						
Earnings before exceptional items and interest		177	274	70	(100)	421
Exceptional items						(9)
Earnings before interest and taxation						412
Net interest		5	(2)	(39)	46	10
Earnings before taxation						422
Taxation						(27)
Earnings after taxation						395
Income from associate					114	114
Minority shareholders' interest						(25)
Earnings attributable to ordinary shareholders						484
<b>2003</b>						
Revenue	1	4 936	3 383	1 762	30	10 111
<b>Results</b>						
Earnings before exceptional items and interest		315	288	125	(95)	633
Exceptional items						(5)
Earnings before interest and taxation						628
Net interest		18	(17)	(40)	22	(17)
Currency loss on offshore treasury funds					(49)	(49)
Earnings before taxation						562
Taxation						(76)
Earnings after taxation						486
Income from associate					97	97
Minority shareholders' interest						(9)
Earnings attributable to ordinary shareholders						574

#### Note

- Composition of segments is set out in Annexure 1.

## Annexure 3 – Group Segmental Report (continued)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RAND

### Primary reporting format – business segments

The Group is organised on a world-wide basis into four main business segments	Note	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate	Group
<b>2004</b>						
<b>Balance Sheet</b>						
Segmental assets	2	1 400	1 436	851	1 267	4 954
Segmental liabilities		(1 209)	(823)	(261)	(885)	(3 178)
<b>Other information</b>						
Capital expenditure		97	152	96	8	353
Depreciation		71	54	61	3	189
Amortisation of goodwill		5	-	-	-	5
Number of employees		6 622	3 880	2 566	81	13 149
<b>2003</b>						
<b>Balance Sheet</b>						
Segmental assets	2	1 298	1 263	1 049	1 149	4 759
Segmental liabilities		(1 198)	(719)	(338)	(1 388)	(3 643)
<b>Other information</b>						
Capital expenditure		64	57	116	1	238
Depreciation		88	63	66	1	218
Amortisation of goodwill		5	-	-	-	5
Number of employees		8 394	4 147	3 195	91	15 827

### Secondary reporting format – geographical segments

The group operates in the following geographic areas:	South Africa	Africa – other	Europe	Pacific Rim / Southeast Asia	Middle East	Group
<b>2004</b>						
Revenue	6 321	823	156	80	1 044	8 424
Percentage	75	10	2	1	12	
Segmental assets	3 905	300	126	64	559	4 954
Percentage	79	6	3	1	11	
Capital expenditure	273	30	-	39	11	353
Percentage	77	9	-	11	3	
<b>2003</b>						
Revenue	5 622	1 867	750	402	1 470	10 111
Percentage	56	18	7	4	15	
Segmental assets	3 480	459	134	184	502	4 759
Percentage	72	10	3	4	11	
Capital expenditure	206	8	3	4	17	238
Percentage	87	3	1	2	7	

#### Note

2. Assets exclude cash balances.

## Notice to Members

### MURRAY & ROBERTS HOLDINGS LIMITED

(Company registration number 1948/029826/06)

Share code: MUR ISIN: ZAE00008983

("the Company")

Notice is hereby given that the 56th annual general meeting ("AGM") of members of Murray & Roberts Holdings Limited ("company") will be held for the purposes reflected below:

**Date and time:** Wednesday 27 October 2004 at 12:00.

**Venue:** EG Pringle Conference Room, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview.

### Agenda

1. to receive and consider the annual financial statements of the company for the year ended 30 June 2004 together with the reports of the directors and auditors;
2. to elect the following directors retiring in terms of article 89 of the company's articles of association<sup>1</sup> and who are eligible and offer themselves for re-election:

N Jorek, NM Magau and JM McMahon

Brief biographies of the directors seeking re-election follow:

#### Norbert Jorek (39) Dipl-Kfm MBA

Norbert Jorek joined the Group in March 2004 as a member of the executive leadership team. He was previously a vice president at AT Kearney, one of the world's foremost business consultants. It is in this respect that he had worked with the Group over the previous three years on various assignments relating to the turnaround and future direction of Murray & Roberts.

Norbert has played a key leadership role in concluding the proposed transaction in respect of Clough Limited and will hold executive responsibility for this investment. He is currently engaged in a number of initiatives that support Globalising Murray & Roberts as the new strategic initiative of the Group.

#### Dr Namane Milcah Magau (52) DEd

Namane Magau is currently the director of group human capital services at the SABC. She was previously vice president of human resources at the CSIR. Namane earned her doctorate in education at Harvard University. She is president of the Businesswomen's Association of South Africa, a non-executive director of Santam Bank and of Thebe Investments.

#### John Michael McMahon (57) BSc (Eng) (Mech)

Michael McMahon is currently non-executive director of Impala Platinum Holdings Limited, where he was previously chairman and prior to that, managing director. He is also a non-executive director of Goldfields Limited and was previously chairman and chief executive of Gencor Limited. Michael is not unfamiliar to Murray & Roberts, having been a project manager in EMS during the 1970s.

3. SE Funde, SJ Macozoma and AA Routledge are required in terms of article 83 of the company's articles of association<sup>2</sup> to retire as directors and being available and eligible, have offered themselves for re-election.

Brief biographies of the directors seeking re-election follow:

#### Sonwabe Eddie Funde (61) MSc (Eng) (Elec)

Eddie Funde is chairman of the SABC board, a director of Eskom Holdings Limited and the National Institute for Economic Policy and president of the South African Communications Forum. He was appointed a non-executive director of the Group in 2000. He has a long and distinguished career serving the ANC in exile, including as its chief representative for Australia and New Zealand between 1983 and 1991. Since returning from exile, Eddie has been tasked with many key developmental leadership roles and in recent years has focused on the telecommunications sector. He serves on the nomination committee of the Board.

#### Sakumzi (Saki) Justice Macozoma (47) BA

Saki Macozoma played a key role as student activist through the 1970s, was imprisoned on Robben Island for five years and later filled many leadership roles in the internal struggle. He has been a member of the National Executive Committee of the ANC since 1991. He was appointed a non-executive director of the Group in 2000 and is a member of the remuneration & human resources committee. He entered the private sector on leaving Transnet as managing director, where he was the first black person to hold the position. Saki is a significant shareholder and deputy chairman of Safika Holdings Limited, chairman of Stanlib Limited, deputy chairman of Standard Bank Group Limited, a non-executive director of Liberty Group Limited and Volkswagen South Africa Limited.

#### Anthony (Tony) Adrian Routledge (57) BCom CA (SA)

Tony Routledge joined the Board as a non-executive director in 1994. He was an executive director of then principle shareholder Sankorp Limited and in 1998 he joined Nedcor Limited as an executive director. Tony plays a key role as member of the audit & risk management committee and is also a member of the

<sup>1</sup> In terms of article 89 of the company's articles of association, the directors have the power to appoint any person to be a director. Any directors so appointed shall hold office only until the next following AGM and shall be eligible for re-election, but shall not be taken into account in determining the directors who retire by rotation at such meetings.

<sup>2</sup> In terms of article 83 of the company's articles of association, one third of the directors shall retire from office at the AGM. The directors so to retire shall be those longest in office since their last election. Directors appointed by the Board to fill a vacancy or as additional director shall not be taken into account in determining the directors who are to retire by rotation at the AGM.

## Notice to Members (continued)

remuneration & human resources committee. He retired in December 2003 and devotes his time to his interests in sport, wild life and eco-tourism.

4. to re-appoint the auditors Deloitte & Touche;
5. to consider and if approved to pass with or without modification the following special resolution:

### Special resolution number 1:

"That the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's shares (including the conclusion of derivative transactions which may result in the purchase of shares) subject to the provisions of the Companies Act, 1973, as amended ("Act") and to the rules and requirements of the JSE Securities Exchange South Africa ("JSE"), provided that:

- (a) the general authority granted to the directors shall be valid only until the company's next AGM and shall not extend beyond 15 (fifteen) months from the date of this resolution;
- (b) any general purchase by the company and/or any of its subsidiaries of the company's ordinary shares in issue shall not in aggregate in any one financial year exceed 20% (twenty percent) of the company's issued ordinary share capital at the time that the authority is granted;
- (c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market value of the share for the 5 (five) business days immediately preceding the date of such acquisitions;
- (d) the repurchase of the shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
- (e) the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;
- (f) the company or its subsidiary may not repurchase shares during a prohibited period;
- (g) the general authority may be varied or revoked by special resolution of the members prior to the next AGM of the company; and
- (h) should the company or any subsidiary cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the company's shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class acquired

thereafter in terms of this general authority, an announcement shall be made in terms of the listings requirements of the JSE".

This authority is subject to such repurchase not resulting in:

- (i) the company in the ordinary course of business being unable to pay its debts for a period of 12 (twelve) months after the date of this notice of AGM;
- (ii) the liabilities of the company exceeding or being equal to the assets of the company and the Group for a period of 12 (twelve) months after the date of this notice of AGM calculated in accordance with the accounting policies used in the audited financial statements of the Group for the year ended 30 June 2004;
- (iii) the share capital and reserves of the company for a period of 12 (twelve) months after the date of this notice of AGM being insufficient for ordinary business purposes; and
- (iv) the working capital of the company for a period of 12 (twelve) months after the date of this notice of AGM being insufficient for ordinary business purposes.

### Reason for and effect of the special resolution number 1:

The reason for special resolution number 1 is to grant the company or a subsidiary, a general authority in terms of the Act for the acquisition of shares of the company. Such general authority will provide the Board with the flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interest of the company at any time while the general authority exists. This general authority shall be valid until the earlier of the next AGM of the company or the variation or revocation of such general authority by special resolution by any subsequent AGM of the company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing of this special resolution.

The Board has considered the impact of a repurchase of up to 20% (twenty percent) of the company's shares, being the maximum permissible under a general authority in terms of the JSE listings requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares.

The effect of special resolution number 1 will be that a general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor in respect of the directors' working capital statement.

## Notice to Members (continued)

Furthermore, the company will consult the sponsor before:

- (a) it repurchases more than 10% (ten percent) in terms of its general authority;
- (b) it executes a repurchase which will result in the accumulated SA Rand value of the repurchases from the date of the last authority being greater than 10% (ten percent) of the members' equity at the date that the authority was obtained; or
- (c) it repurchases shares and the financial position of the Group has changed materially from the date when the sponsor first issued its written confirmation.

The company will only transact in derivative transactions relating to the repurchase of shares if, with regard to the price of the derivative, the strike price of any:

- (d) put option written by the company less the value of the premium received by the company for that put option is not greater than the fair value of a forward agreement based on a spot price not greater than 10% (ten percent) above the volume weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- (e) call option is greater than 10% (ten percent) above the volume weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% (ten percent) "out of the money".
- (f) forward agreement is greater than 10% (ten percent) above the volume weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected but limited to the fair value of a forward agreement calculated from a spot price not greater than 10% (ten percent) above the volume weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected.

### General Information

Information relating to:

- the directors and management of the company can be found on page 13 of this report.
- the major members of the company can be found on page 42 of this report.
- material changes of the company can be found on page 48 of this report.

- the director's interest in the company can be found on page 79 of this report.
- the share capital of the company can be found on pages 64 and 65 of this report.
- any litigation can be found on page 71 of this report.

### Directors' responsibility statement

The directors whose names are given on page 13 of this annual financial report collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 contains all information required in terms of the listings requirements of the JSE.

6. to consider and if approved to pass with or without modification the following ordinary resolutions:

### Ordinary resolution number 1:

"To place 19 543 085 ordinary shares of the company not allotted nor issued as at 27 October 2004 under the control of the directors for the purpose of the continued implementation of the Employee Share Purchase Scheme with general authorisation to allot and issue these shares at such prices and upon such terms and conditions as they deem fit subject to the provisions of the Act and the rules and requirements of the JSE and of the Securities Regulation Panel."

### Reason for and effect of ordinary resolution number 1:

This ordinary resolution is required to be passed in order to obtain the approval of the company in general meeting in the form of a general authority for the directors to allot or issue these shares in terms of the Employee Share Purchase Scheme on such terms and conditions as they think fit. This ordinary resolution is in compliance with the provisions of section 221 (3) of the Act, in terms of which the general authority granted to the directors in terms of ordinary resolution number 1 shall be valid until the next AGM of the company.

### Ordinary resolution number 2:

"To place 30 000 000 ordinary shares of the company not allotted nor issued as at 27 October 2004 under the control of the directors with general authorisation to allot and issue these shares (including but not limited to any allotment to ordinary shareholders as capitalisation shares) at such prices and upon such terms and conditions as they deem fit subject to the provisions of the Act and the rules and requirements of the JSE and of the Securities Regulation Panel."

## Notice to Members (continued)

### Reason for and effect of ordinary resolution number 2:

This ordinary resolution is required to be passed in order to obtain the approval of the company in general meeting in the form of a general authority for the directors to allot or issue these shares (including but not limited to any allotment to ordinary members as capitalisation shares) on such terms and conditions as they think fit. This ordinary resolution shall be valid until the next AGM of the company.

### Ordinary resolution number 3:

"That the directors be authorised until this general authority lapses at the next AGM of the company, provided that the authority shall not extend beyond 15 (fifteen) months of the approval, to allot and issue any ordinary shares or any options or convertible securities that are convertible into ordinary shares for cash, subject to the listings requirements of the JSE and to any other restrictions set out in the mandate on the following basis:

- (a) the allotment and issue of the ordinary shares or options or convertible securities must be made to persons qualifying as public members as defined in the listings requirements of the JSE;
- (b) the number of ordinary shares issued for cash shall not in the aggregate in any one financial year (including the number to be issued in the future as a result of the exercise of options or the conversion of convertible securities issued in that same financial year) exceed 10% (ten percent) of the company's issued ordinary share capital;
- (c) the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company;
- (d) after the company has issued ordinary shares for cash which represent on a cumulative basis within a financial year 5% (five percent) or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue including the effect of the issue on net asset value and earnings per share;
- (e) in respect of options and convertible securities granted or issued for cash, if the discount to the market price at the time of exercise of the option or conversion of the convertible security is not known at the time of the grant or issue of the option or convertible security, or if it is known that the discount will exceed 10% (ten percent) of the 30 (thirty) day volume weighted average traded price of the security at the date of exercise, the grant or issue will be subject to the issuer providing its holders of securities with a fair and reasonable statement complying

with Schedule 5 of the Act from an independent professional expert acceptable to the JSE indicating whether or not the issue is fair and reasonable to the company's holders of securities."

A 75% majority of the votes cast by members present or represented by proxy at the AGM is required for this resolution to become effective.

### Reason for and effect of ordinary resolution number 3:

This ordinary resolution is required to be passed in order to provide the directors with the flexibility to issue un-issued shares for cash as and when suitable situations arise.

The effect of the ordinary resolution will be that it will enable the company to take advantage of any business opportunity that may arise to issue ordinary shares or options or convertible securities for cash within the requirements being set by the listings requirements of the JSE.

### Ordinary resolution number 4:

"To amend the option period contained in the Employee Share Incentive Scheme which is governed by the Murray & Roberts Trust such that the grant of option shall lapse on the sixth anniversary of the option date and any grants of option which have not been exercised by such sixth anniversary shall be cancelled, subject to the following:

- a) In the event that the sixth anniversary of the option date falls within a period which is designated by the company to be a period during which directors and named officers of the company may not deal in shares of the company ("closed period") then the option period in respect of those participants who are precluded from dealing shall be extended.
- b) Such extension shall be for the same number of business days after the end of the closed period as the number of business days between the beginning of the closed period and the sixth anniversary of the option date."

### Reason for and effect of ordinary resolution number 4:

The current option period contained in the Employee Share Incentive Scheme which is governed by The Murray & Roberts Trust, expires after a period of ten years. The options are granted to senior executives and should they remain employees of the company throughout a five year period, options can be exercised on the basis of a sliding scale from the end of the second year to the end of the fifth year, with expiration of the option at the end of the tenth year. It is now deemed more appropriate for the expiration period to be reduced from ten years to six years.

7. to approve changes in fees payable quarterly in arrears to non-executive directors with effect from the quarter commencing 1 October 2004 as follows:

## Notice to Members (continued)

		Proposed	Previous
Chairman Fee	Includes director and committee fees	R735 000 pa <sup>1</sup>	R300 000 pa <sup>2</sup> R700 000 pa <sup>3</sup>
Director Fees	Per annum (pa)	R27 000	R25 000
	Per meeting	R8 000	R7 600
<b>Committee Fees</b>			
Audit & Risk Management	Chairman	R73 500 pa	R70 000 pa
	Member	R42 000 pa	R40 000 pa
Remuneration & Human Resources	Chairman	R63 000 pa	R60 000 pa
	Member	R42 000 pa	R40 000 pa
Nomination	Chairman	R42 000 pa <sup>4</sup>	R40 000 pa
	Member	R25 000 pa	R25 000 pa
Health, Safety, Environment & CSI	Chairman	R45 000 pa	R42 000pa
	Member	N/A	

<sup>1</sup> Effective from 1 January 2005

<sup>2</sup> Approved on 28 October 2002

<sup>3</sup> Contracted from 1 January 2004

<sup>4</sup> Included in chairman fee

N/A = Not applicable

8. to transact such other business as may be transacted at an AGM of members.

### Proxy and voting procedure

Members entitled to attend and vote at the meeting may in terms of section 189 of the Act appoint a proxy or proxies to attend the meeting, speak and on a poll, vote in their stead. A proxy need not be a member of the company. A proxy form is enclosed but is also obtainable from the acting company secretary or Computershare Investor Services 2004 (Proprietary) Limited.

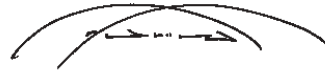
Forms of proxy in which are set out the relevant instructions for their completion, are enclosed for the use of certificated members and dematerialised members with "own" name registration who wish to be represented at the AGM. Completion of the relevant forms of proxy will not preclude such member from attending and voting (in preference to those members' proxies) at the AGM.

Dematerialised members, other than those with "own name" registration who wish to attend the AGM must inform the CSDP or broker of their intention to attend the AGM and obtain the necessary authorisation from their CSDP or broker.

Should they be unable to attend the AGM, dematerialised members other than those with "own name" registration and who wish to be represented thereat, must contact their CSDP or broker as to how they wish to vote. This must be done in a manner and time stipulated in terms of the agreement entered into between such member and the CSDP or broker.

Proxies must be received by Computershare Investor Services 2004 (Proprietary) Limited at or before 12:00 South African time, on Thursday 21 October 2004.

By order of the Board



**MW Arnold**  
Acting Company Secretary

30 September 2004

### Important notes about the AGM

- Time**  
The AGM will start promptly at 12:00. Members wishing to attend are advised to be at the venue by no later than 11:45.
- Admission**  
Members, representatives of members and proxies attending the AGM must register at the registration desk and may be required to provide proof of identity.
- Form of Proxy**  
The form of proxy for the AGM which sets out the relevant instructions for its completion and lodging is enclosed herein and additional forms may be obtained on request from the Registrars of the company or from the acting company secretary.  
  
Duly completed forms of proxy must be received at the office of the Registrars of the company by no later than 12:00 South African time on Thursday, 21 October 2004.
- Enquiries**  
Any members having difficulties or with queries in regard to the AGM may contact the acting company secretary, Millard Arnold, on (011) 456 6200.

## Form of Proxy

**MURRAY & ROBERTS HOLDINGS LIMITED**  
 (Company registration number 1948/029826/06)  
 Share code: MUR ISIN: ZAE00008983  
 ("the Company")

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, instructions should be provided to their appointed CSDP or broker in the form stipulated in the custody agreement entered into between the shareholder and the CSDP or broker.

I/We  
 (please print)

of  
 do hereby appoint (see note 2)

1.

2.

3. the chairman of the annual general meeting ("AGM"),

as my/our proxy to vote for me/us on my/our behalf at the AGM which will be held at 12:00 on Wednesday, 27 October 2004 at the EG Pringle Conference Room, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 3):

	Number of votes (insert)		
	In favour	Against	Abstain
1. To receive and consider the financial statements			
2. Re-election of directors retiring in terms of Article 89			
N Jorek			
JM McMahon			
NM Magau			
3. Re-election of directors, retiring in terms of Article 83			
SE Funde			
AA Routledge			
SJ Macozoma			
4. to re-appoint the auditors, Deloitte & Touche			
5. Special resolution number 1 – general authority for re-purchase of shares			
6. Ordinary resolution number 1 – placing of 19 543 085 ordinary un-issued shares under control of the directors for the purposes of the continued implementation of the Employee Share Purchase Scheme			
Ordinary resolution number 2 – placing of 30 000 000 ordinary un-issued shares under the control of the directors to allot and issue (including but not limited to allotment to ordinary shareholders as capitalisation shares)			
Ordinary resolution number 3 – authority to directors to allot and issue ordinary shares or any options or convertible securities into ordinary shares for cash, but not exceeding 10% of the issued share capital of the company			
Ordinary resolution number 4 – to amend the option period contained in the Employee Share Incentive Scheme, from 10 years to 6 years			
7. Remuneration of non-executive directors			
8. Any other business			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2004

Signature \_\_\_\_\_

Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the AGM.

PLEASE READ THE IMPORTANT NOTES ON THE REVERSE SIDE

## Notes to Proxy

### Instructions on signing and lodging the annual general meeting proxy form

1. The following categories of members are entitled to complete a proxy form:
  - a) certificated members whose names appear on the company's register;
  - b) own name electronic members whose names appear on the sub-register of a Central Securities Depository Participant ("CSDP");
  - c) CSDPs with nominee accounts;
  - d) brokers with nominee accounts.
2. Certificated members wishing to attend the AGM have to ensure beforehand with the Registrars of the company that their shares are registered in their name.
3. Beneficial members whose shares are not registered in their own name but in the name of another, for example, a nominee, may not complete a proxy form, unless a proxy is issued to them by the registered member and they should contact the registered member for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend the AGM.
4. All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in "own name", must provide the CSDP or broker with their voting instruction. Alternatively, should such a member wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such member may request the CSDP or broker to provide the member with a letter of representation.
5. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
6. Please insert the number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the member's votes exercisable thereat. Where the proxy is the chairman, failure to comply, will be deemed to authorise the chairman to vote in favour of the resolution. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
7. Forms of proxy must be received at the office of the company's Registrars, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Marshalltown, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) by not later than 12:00 South African time on Thursday, 21 October 2004.
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced.
12. The chairman of the AGM may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes, if he is satisfied as to the manner in which the member wishes to vote.

## Members' Diary

Financial year-end	30 June 2004
Mailing of annual report	30 September 2004
Annual general meeting	27 October 2004
Publication of half-year results 2004/2005	28 February 2005
Publication of preliminary report 2004/2005	31 August 2005

### Dividends

Interim dividend	
• SA cents per share	15,0
• date declared	25 February 2004
• last date traded cum dividend	16 April 2004
• date paid	19 April 2004
Final dividend	
• SA cents per share	30,0
• date declared	25 August 2004
• last day to trade cum dividend	8 October 2004
• date payable	18 October 2004

## Administration

### Company registration number

1948/029826/06

**Share code:** MUR

**ISIN:** ZAE00008983

### Business address and registered office

Douglas Roberts Centre  
22 Skeen Boulevard  
Bedfordview, 2007  
Republic of South Africa

### Registrars

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2004 (Proprietary) Limited  
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Republic of South Africa  
Telephone +27 11 370 5000  
Fax + 27 11 370 5271

### Postal and electronic addresses and telecommunications numbers

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Republic of South Africa  
Telephone +27 11 456 6200  
Fax +27 11 455 2222  
e-mail [info@murrob.com](mailto:info@murrob.com)  
Internet [www.murrob.com](http://www.murrob.com)

### Auditors

Deloitte & Touche

### Sponsor

Merrill Lynch South Africa (Pty) Ltd

# Murray & Roberts International Offices

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