Financial review

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
SUMMARISED INCOME STATEMENTS										
Revenue	10 694	8 424	10 111	9 027	8 535	13 318	12 972	12 586	12 082	10 746
Earnings before exceptional items and interest	543	421	633	386	218	294	203	545	227	575
Exceptional items	13	(16)	(5)	(2)	(3)	(697)	(76)	348	(118)	128
Earnings (loss) before interest and taxation	556	405	628	384	215	(403)	127	893	109	703
Net interest (expense) income*	(5)	10	(66)	71	(6)	(64)	(109)	(262)	(308)	(182)
Earnings (loss) before taxation	551	415	562	455	209	(467)	18	631	(199)	521
Taxation	(150)	(27)	(76)	(36)	(27)	(39)	(32)	(65)	(42)	(128)
Earnings (loss) after taxation	401	388	486	419	182	(506)	(14)	566	(241)	393
Income from associates	77	114	97	90	71	–	–	–	–	–
Minority shareholders' interest	(30)	(25)	(9)	(4)	(1)	(65)	(52)	(48)	(31)	(18)
Earnings (loss) attributable to ordinary shareholders	448	477	574	505	252	(571)	(66)	518	(272)	375
SUMMARISED BALANCE SHEETS										
Non-current assets	2 414	2 422	2 082	2 007	1 761	1 861	2 155	2 334	2 870	2 934
Current assets	4 700	3 671	4 211	4 504	3 819	3 796	4 631	5 758	4 135	4 253
Goodwill	48	5	10	15	16	–	151	269	502	708
Deferred taxation assets	38	33	–	–	–	–	–	–	–	–
Total assets	7 200	6 131	6 303	6 526	5 596	5 657	6 937	8 361	7 507	7 895
Ordinary shareholders' equity	2 967	2 603	2 485	2 648	1 982	1 717	2 410	3 003	2 693	3 326
Minority interest	92	54	13	9	8	8	329	362	215	213
Permanent capital	3 059	2 657	2 498	2 657	1 990	1 725	2 739	3 365	2 908	3 539
Non-current liabilities	905	734	713	733	700	819	896	1 146	1 359	1 476
Current liabilities	3 236	2 740	3 092	3 136	2 906	3 113	3 302	3 850	3 240	2 880
Total equity and liabilities	7 200	6 131	6 303	6 526	5 596	5 657	6 937	8 361	7 507	7 895

On 30 June 2000, the Group's holding in Unitrans Limited reduced to 43,8% and Unitrans Limited became an equity accounted associate company. The Group disposed of its remaining interest in Unitrans Limited effective 31 December 2004.

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

Ratios and statistics

for the year ended 30 June 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
EARNINGS										
Earnings (loss) per share (cents)										
Basic	141	150	181	152	74	(165)	(19)	150	(79)	109
Diluted	139	147	176	152	74	(165)	(19)	150	(79)	109
Headline earnings (loss) per share (cents)										
Basic	142	158	186	154	76	36	3	49	(44)	72
Diluted	140	155	181	154	76	36	3	49	(44)	72
Dividend per share (cents)	45,0	45,0	52,5	35,0	–	–	50,0	48,5	48,5	48,5
Dividend cover	3,1	3,3	3,3	4,3	–	–	–	3,1	–	2,2
Interest cover	8,7	8,2	7,0	37,1	10,3	4,6	1,9	2,1	0,7	3,2
PROFITABILITY										
EBIT on revenue (%)	5,1	5,0	6,3	4,3	2,6	2,2	1,6	4,3	1,9	5,4
EBIT on average total assets (%)	8,1	6,8	9,9	6,4	3,9	4,7	3,0	8,2	3,1	8,4
Attributable earnings on average ordinary shareholders' funds (%)	16,1	19,0	22,4	21,8	13,6	(27,7)	(2,4)	18,2	(9,0)	11,8
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (rand)	254	216	188	201	189	177	188	196	223	223
Total average assets (rand)	623	738	634	671	659	473	530	529	601	639
Value created (Rm)	3 658	2 606	2 913	2 609	2 174	2 156	2 807	3 737	3 030	3 353
Value ratio	1,35	1,43	1,53	1,44	1,34	0,91	1,15	1,52	1,12	1,40
FINANCE										
Relative to permanent capital:										
Interest bearing debt (%)	33	30	38	25	28	33	27	(23)	38	26
Total liabilities (%)	140	133	153	146	181	228	153	85	143	111
Current assets to current liabilities	1,45	1,34	1,36	1,44	1,31	1,22	1,40	1,50	1,28	1,48
Operating cash flow (Rm)	668	289	356	712	558	370	493	1 275	(99)	210
Operating cash flow per share (cents)	201	87	107	214	164	107	142	369	(29)	61
OTHER										
Weighted average ordinary shares in issue (millions)	331,9	331,9	331,9	331,9	340,1	346,0	346,0	346,0	346,0	344,4
Weighted average ordinary shares owned by The Murray & Roberts Trust (millions)	13,7	13,8	14,1	–	–	–	–	–	–	–
Number of employees – 30 June	23 904	13 149	15 827	15 379	16 337	26 098	32 361	43 268	48 464	49 489

DEFINITIONS

EBIT	Earnings before interest, taxation and exceptional items
EBT	Earnings before taxation
EAT	Earnings after taxation
Interest cover	EBIT divided by interest
Value ratio	Value created as a multiple of payroll cost
Permanent capital	Ordinary shareholders' equity and minority interest
Net asset value (NAV)	Ordinary shareholders' equity
Average	Arithmetic average between consecutive year-ends

Responsibilities of directors for annual financial statements

for the year ended 30 June 2005

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
- 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 to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with 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 67.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the Group for the year ended 30 June 2005, set out on pages 68 to 121, were approved by the board of directors at its meeting held on 31 August 2005 and are signed on its behalf by:

RC Andersen
Chairman

BC Bruce
Group chief executive

RW Rees
Group financial director

Certificate 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.

SF Linford
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 2005 set out on pages 68 to 121. 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
- 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 2005 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
31 August 2005

Report of the directors

This report presented by the directors is a constituent document of the group financial statements at 30 June 2005.

GROUP FINANCIAL RESULTS

Group attributable earnings for the year ended 30 June 2005 was R448,1 million (2004: R477,0 million), representing diluted earnings per share of 139 cents (2004: 147 cents). Diluted headline earnings per share was 140 cents (2004: 155 cents).

Full details of the financial position and results of the Group are set out in these financial statements.

SHARE CAPITAL

Full details of the authorised and issued capital of the company at 30 June 2005 are contained in note 10 of the financial statements. There were no changes to the authorised and issued share capital during the year under review.

Share scheme

Particulars relating to The Murray & Roberts Trust (the Trust) are set out in note 10 of the financial statements. During the year, the Trust granted an aggregate total of 2 480 000 ordinary shares (2004: 1 790 000 ordinary shares) to senior executives, including executive directors.

At June 2005, the Trust held 13 924 893 ordinary shares (2004: 13 701 427 ordinary shares) against the commitment of 12 222 315 ordinary shares (2004: 12 690 480 ordinary shares).

The total number of ordinary shares that may be utilised for purposes of the share scheme is limited to 10% of the total issued share capital of the company from time to time, currently 33 189 262 ordinary shares (2004: 33 189 262 ordinary shares).

30 000 000 unissued ordinary shares are the subject of a general authority granted to directors, in terms of section 221 of the Companies Act, 1973, as amended, which authority remains valid until the next annual general meeting to be held on 26 October 2005. At that meeting, shareholders will be asked to place 30 000 000 unissued ordinary shares under the control of the directors.

Purchase of own shares

In terms of the general authority obtained at the last annual general meeting, the company or its subsidiaries may repurchase ordinary shares in the company to a maximum of 20% of the issued ordinary shares. No shares were repurchased during the year. Approval will be sought at the forthcoming annual general meeting on 26 October 2005 to renew this general authority.

DIVIDEND

The following dividends were declared in respect of the year ended 30 June 2005:

- Interim dividend number 106 of 15 cents per ordinary share (2003: 15 cents)
- Final dividend number 107 of 30 cents per ordinary share (2004: 30 cents)

SUBSIDIARIES AND ASSOCIATE COMPANIES

Particulars of the major operating subsidiaries and associate companies of the Group are given in Annexure 1 on page 116.

Acquisition of The Cementation Company (Africa) Limited (Cementation)

It was announced on 22 July 2004 that the Group had acquired Skanska Cementation International Holdings Limited's entire interest in Cementation's issued ordinary (79,13%) and preference share (57,44%) capital for a consideration of R114 million. In terms of the Securities Regulation Code on Takeovers and Mergers, a mandatory offer was extended to the minority shareholders of Cementation for a cash consideration of 865 cents per Cementation share. To date, a further 17,1% of the issued ordinary shares and a further 6,0% of the preference share capital of Cementation have been acquired.

Acquisition of a strategic interest in Clough Limited (Clough)

Shareholders were advised on 26 August 2004 that an agreement had been concluded with McRae Investments Pty Limited to increase the Group's interest in Clough from 4,9% to 29,28%. The value of this transaction was some R380 million and the regulatory conditions were fulfilled giving effect to this transaction from 1 November 2004. A further 0,9% was acquired in June 2005, taking the shareholding on 30 June 2005 to 30,19%.

Disposal of investment in Unitrans Limited (Unitrans)

Shareholders were advised on 6 September 2004 that the Group had accepted an offer from Steinhoff International Holdings Limited (Steinhoff) for its 45% holding in Unitrans. Approval from the Competition Tribunal was obtained in January 2005 and the total consideration received from Steinhoff was R935 million.

Special resolutions

Only special resolutions relating to name changes were passed by subsidiary companies during the year under review, to reflect "Murray & Roberts" as a prefix in the name of the subsidiary company concerned.

DIRECTORATE AND SECRETARY

During the period under review the following changes took place:

As reported in last year's annual report, AJ Morgan, an independent non-executive director, resigned on 26 July 2004 to avoid a conflict of interest. Dr NM Magau and JM McMahon were appointed as independent non-executive directors and N Jorek as an executive director on 8 September 2004. SJ Flanagan was appointed as an executive director on 1 November 2004 while IN Mkhize and RT Vice were appointed as independent non-executive directors on 1 January 2005. Prof WP Esterhuyse retired as an independent non-executive director on 28 February 2005.

SF Linford was appointed as company secretary with effect from 1 November 2004.

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

Independent non-executive

RC Andersen (chairman), SE Funde, SJ Macozoma, Dr NM Magau, JM McMahon, IN Mkhize, AA Routledge, MJ Shaw, JJM van Zyl and RT Vice.

Executive

BC Bruce (group chief executive), SJ Flanagan (group executive director), N Jorek (group executive director), RW Rees (group financial director) and KE Smith (group executive director).

The company secretary's business and postal addresses appear on page 128 of the annual report.

Interests of directors

At 30 June 2005, the present directors of the company held direct and indirect beneficial and non-beneficial interests in 1 235 787 of the company's issued ordinary shares (2004: 1 235 787 ordinary shares). Details of these ordinary shareholdings are listed below. A total of 6 621 000 share options are allocated to directors in terms of the company's share scheme. Further details are set out in note 33 on page 110.

	Beneficial	
	Direct	Indirect
BC Bruce	256 079	–
KE Smith	22 555	–
JJM van Zyl	–	763 928

	Non-beneficial	
	Direct	Indirect
RW Rees	–	193 225

ACCOUNTING POLICIES

The accounting policies of the Group as set out on pages 77 to 82 of this report comply with South African Statements of Generally Accepted Accounting Practice (SA GAAP).

These accounting policies are consistent with those of the prior year except for the change in the accounting treatment of business combinations, goodwill arising on acquisition, the recognition of operating lease costs and income with fixed escalations and depreciation on the capitalised headlease properties. These restatements have resulted in modifications to the financial statement presentation. Details of the restatements are set out in note 34 on page 111.

International Financial Reporting Standards (IFRS)

In terms of the revised JSE Listings Requirements, the Group is required to prepare its annual financial statements in accordance with IFRS from 1 July 2005. The adoption of IFRS will therefore be reflected in the consolidated financial statements for the six months to 31 December 2005 and the year ending 30 June 2006. SA GAAP differs in some areas from IFRS. The Group's IFRS transition date is 1 July 2004 with an adoption date of 1 July 2005.

Entities complying with IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to the IFRS transition date. Most adjustments required on transition to IFRS will be made, retrospectively, against opening accumulated profit as at 1 July 2004. In some cases choices of accounting policies are available, including elective exceptions under IFRS 1: *First-time Adoption of IFRS*. These choices have been analysed to determine the most appropriate accounting policy for the Group.

The Group is still in the process of quantifying all the impacts of the adoption of IFRS on the financial statements. This process is continuing and will be completed during the period ending 31 December 2005.

POST-BALANCE SHEET EVENTS

Details of post-balance sheet events are set out in note 36.

31 August 2005

Consolidated balance sheet

at 30 June 2005

All monetary amounts are expressed in millions of rand	Notes	2005	2004
ASSETS			
Non-current assets			
Property, plant and equipment	1	1 194,3	1 090,6
Investment property	2	259,3	271,5
Goodwill	3	47,9	4,7
Investment in associate companies	4	504,9	652,8
Other investments	5	360,1	304,7
Deferred operating lease income accrual		95,8	103,9
Deferred taxation assets	15	37,8	32,8
Total non-current assets		2 500,1	2 461,0
Current assets			
Inventories	6	554,2	489,6
Contracts-in-progress and contract receivables	7	1 125,0	928,1
Trade and other receivables	8	1 046,2	1 077,4
Deferred operating lease income accrual		8,1	4,4
Derivative financial instruments	9	33,8	67,4
Bank balances and cash		1 932,8	1 103,6
Total current assets		4 700,1	3 670,5
TOTAL ASSETS		7 200,2	6 131,5
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	10	1 425,2	1 445,1
Non-distributable reserves		(195,4)	(273,7)
Accumulated profit		1 737,5	1 431,7
Total ordinary shareholders’ equity		2 967,3	2 603,1
Minority interest		92,1	54,0
Permanent capital		3 059,4	2 657,1
Non-current liabilities			
Long-term loans	12	339,0	139,2
Obligations under finance headleases	13	274,2	346,1
Long-term provision	14	4,5	29,3
Deferred operating lease cost accrual		85,1	101,8
Deferred taxation liabilities	15	202,1	117,9
Total non-current liabilities		904,9	734,3
Current liabilities			
Trade and other payables	16	2 160,9	1 884,8
Deferred operating lease cost accrual		16,6	17,0
Derivative financial instruments	9	7,6	17,2
Subcontractor liabilities	17	575,1	509,2
Current taxation liabilities		94,9	28,8
Bank overdrafts and short-term loans	18	380,8	283,1
Total current liabilities		3 235,9	2 740,1
TOTAL EQUITY AND LIABILITIES		7 200,2	6 131,5

Consolidated income statement

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	Notes	2005	2004
Revenue	19	10 693,8	8 424,0
Continuing operations		10 488,4	7 803,4
Discontinued operations		205,4	620,6
Earnings before interest, exceptional items and depreciation		792,9	615,1
Amortisation of goodwill	3	–	(5,5)
Depreciation		(249,7)	(188,7)
Earnings before exceptional items and interest		543,2	420,9
Continuing operations		546,3	425,8
Discontinued operations		(3,1)	(4,9)
Exceptional items	20	13,4	(16,1)
Headlease and other discontinued property activities		11,2	(7,1)
Other		2,2	(9,0)
Earnings before interest and taxation	21	556,6	404,8
Interest expense	22	(54,5)	(34,3)
Interest income	22	49,2	44,4
Earnings before taxation		551,3	414,9
Taxation	23	(150,4)	(26,8)
Earnings after taxation		400,9	388,1
Income from associates		77,5	113,7
Minority shareholders' interest		(30,3)	(24,8)
Earnings attributable to ordinary shareholders		448,1	477,0
Weighted average ordinary shares (000)		322 840	324 278
Weighted average ordinary shares in issue		331 893	331 893
Weighted average ordinary shares owned by The Murray & Roberts Trust		(13 664)	(13 788)
Dilutive adjustment for share options		4 611	6 173
Earnings per share (cents)			
– Diluted	24	139	147
– Basic	24	141	150
Headline earnings per share (cents)			
– Diluted	24	140	155
– Basic	24	142	158
Total dividend per ordinary share (cents)*	25	45,0	45,0

** Based on the years to which the dividend relates*

Consolidated cash flow statement

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	Notes	2005	2004
Cash flows from operating activities		504,9	120,6
Cash generated by operations	A	678,5	332,4
Net interest received		4,0	10,1
Taxation paid	B	(14,4)	(53,5)
Operating cash flow		668,1	289,0
Dividends paid		(143,2)	(167,0)
Dividends paid to minority shareholders		(20,0)	(1,4)
Cash flows from investing activities		107,3	(253,3)
Increase in other investments		(54,0)	(92,9)
Acquisition of associate company		(394,2)	–
Acquisition of businesses	C	(180,4)	–
Dividends received		0,7	10,2
Dividends received from associate company		34,2	31,8
Purchase of property, plant and equipment		(303,2)	(352,9)
Replacement		(134,1)	(155,9)
Additions		(169,1)	(197,0)
Proceeds on disposal of associate company		900,6	–
Net cash (outflow) inflow on disposal/closure of businesses	D	(8,7)	22,1
Proceeds on reduction in investments		29,2	58,9
Proceeds on disposal of property, plant and equipment		83,1	69,5
Net cash generated (utilised)		612,2	(132,7)
Cash flows from financing activities		102,7	(197,5)
Net increase (decrease) in borrowings	E	119,0	(154,1)
Increase in share trust holding cost		(16,3)	(43,4)
Net increase (decrease) in net bank balances and cash		714,9	(330,2)
Net bank balances and cash at beginning of year		984,9	1 475,1
Effect of foreign exchange rates on bank balances and cash		38,3	(160,0)
Net bank balances and cash at end of year	F	1 738,1	984,9

Notes to the consolidated cash flow statement

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
A. CASH GENERATED BY OPERATIONS		
Earnings before exceptional items and interest	543,2	420,9
Adjustments for:		
Fair value adjustments	(40,0)	(3,6)
Other non-cash items	4,9	7,8
Net cash outflow from exceptional items		
Discontinued headlease property activities	(67,5)	(113,7)
Other	(18,9)	–
Amortisation of goodwill	–	5,5
Depreciation	249,7	188,7
Dividends received	(0,7)	(10,2)
Profit on disposal of investments	–	(37,8)
Net profit on disposal of property, plant and equipment	(25,5)	(37,1)
Change in working capital	33,3	(88,1)
Inventories	(96,1)	47,9
Contracts-in-progress and contract receivables	(28,8)	(40,2)
Trade and other receivables	13,5	53,4
Trade and other payables	78,8	(207,4)
Subcontractor liabilities	65,9	58,2
	678,5	332,4
B. TAXATION PAID		
Taxation unpaid at beginning of year	(28,8)	(31,6)
Acquisition of businesses	6,1	–
Disposal of businesses	2,8	–
Taxation charged to the income statement, excluding deferred taxation	(89,4)	(50,7)
Taxation unpaid at end of year	94,9	28,8
	(14,4)	(53,5)

C. ACQUISITION OF BUSINESSES

On 1 July 2004 the Group acquired 96,2% of the ordinary share capital and 63,4% of the preference share capital of The Cementation Company (Africa) Limited in South Africa and 100% of the share capital of Cementation Canada Inc in Canada. The acquired businesses contributed revenue of R2 238,1 million and attributable profit of R69,3 million during this period. Details of the net assets acquired and the goodwill are as follows:

	2005	2004
Purchase consideration:		
Cash paid	(199,9)	
Direct costs relating to the acquisition	(6,7)	
Total purchase consideration	(206,6)	
Fair value of net assets acquired	144,7	
Goodwill (note 3)	(61,9)	

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the acquisition.

Notes to the consolidated cash flow statement

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

	Acquiree's carrying value	Fair value
C. ACQUISITION OF BUSINESSES *(continued)*		
The net assets acquired and the goodwill arising, are as follows:		
Property, plant and equipment and investments	(132,6)	(132,6)
Other non-current assets	(0,1)	(0,1)
Cash balances in businesses	(26,2)	(26,2)
Other current assets	(298,9)	(298,9)
Non-current liabilities	16,7	16,7
Current liabilities	283,5	283,5
Minority interest	3,6	3,6
Contingent liabilities		9,3
Net assets acquired	(154,0)	(144,7)
Goodwill		(61,9)
Total consideration		(206,6)
Net cash outflow arising on acquisition:		
Cash consideration paid		(206,6)
Cash balances acquired		26,2
		(180,4)

	2005	2004
D. NET CASH (OUTFLOW) INFLOW ON DISPOSAL/CLOSURE OF BUSINESSES		
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	32,0	89,4
Cash balances in businesses	43,0	5,9
Other current assets	212,0	56,1
Current liabilities	(86,3)	–
Loss on disposal/closure of businesses	(148,4)	(6,2)
Total proceeds	52,3	145,2
Less: Cash balances in businesses disposed	(43,0)	(5,9)
Less: Balance remaining on loan account	(18,0)	(117,2)
	(8,7)	22,1
E. NET INCREASE (DECREASE) IN BORROWINGS		
Loans raised	182,6	4,5
Loans repaid	(83,0)	(161,0)
	99,6	(156,5)
Capitalised leases raised	52,1	4,5
Capitalised leases repaid	(32,7)	(2,1)
	119,0	(154,1)
F. NET BANK BALANCES AND CASH		
Bank balances and cash	1 932,8	1 103,6
Bank overdrafts	(194,7)	(118,7)
	1 738,1	984,9

Group statement of changes in equity

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

	Share capital		Non-distributable reserves						
	Share capital	Share premium	Capital redemption reserve fund	Revaluation of immovable properties	Hedging reserve	Non-trading financial asset reserve	Foreign currency translation reserve	Accumulated profit	Total
Balance at 30 June 2003	31,8	1 456,7	2,2	38,9	(4,9)	(28,3)	(114,9)	1 103,0	2 484,5
Effects of restatement (note 34)								3,4	3,4
Balance at 30 June 2003 as restated	31,8	1 456,7	2,2	38,9	(4,9)	(28,3)	(114,9)	1 106,4	2 487,9
Foreign currency translation movements							(163,3)		(163,3)
Fair value adjustments						12,0			12,0
Cash flow hedges – reclassified and added to property, plant and equipment					1,9				1,9
Net income (expense) recognised directly in equity	–	–	–	–	1,9	12,0	(163,3)	–	(149,4)
Earnings attributable to ordinary shareholders								477,0	477,0
Total recognised income and expenses	–	–	–	–	1,9	12,0	(163,3)	477,0	327,6
Additions of treasury shares	–	(14,5)							(14,5)
Exercise of share options	–	(28,9)							(28,9)
Movement for the year				(17,3)				15,3	(2,0)
Dividends declared and paid								(167,0)	(167,0)
Balance at 30 June 2004	31,8	1 413,3	2,2	21,6	(3,0)	(16,3)	(278,2)	1 431,7	2 603,1
Foreign currency translation movements							59,9		59,9
Cash flow hedges – reclassified and added to property, plant and equipment					3,0				3,0
Net income recognised directly in equity	–	–	–	–	3,0	–	59,9	–	62,9
Earnings attributable to ordinary shareholders								448,1	448,1
Total recognised income and expenses	–	–	–	–	3,0	–	59,9	448,1	511,0
Additions of treasury shares	–	(6,7)							(6,7)
Exercise of share options	–	(13,2)							(13,2)
Movement for the year				(0,9)		16,3		0,9	16,3
Dividends declared and paid								(143,2)	(143,2)
Balance at 30 June 2005	31,8	1 393,4	2,2	20,7	–	–	(218,3)	1 737,5	2 967,3

Statement of value created

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005		2004	
Revenue	10 693,8		8 424,0	
Less: Cost of materials, services and subcontractors	(7 049,6)		(5 802,0)	
	3 644,2		2 622,0	
Exceptional items	13,4		(16,1)	
Value created	3 657,6		2 605,9	
Distributed as follows:		%		%
To employees				
Payroll cost	2 713,4	74,2	1 817,5	69,8
To providers of finance				
Lease costs and net interest on loans	96,0	2,6	95,9	3,7
To government				
Company taxation	150,4	4,1	26,8	1,0
To maintain and expand the Group				
Reserves retained	448,1		477,0	
Depreciation	249,7		188,7	
	697,8	19,1	665,7	25,5
	3 657,6	100,0	2 605,9	100,0
Number of employees	23 904		13 149	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	150,4		26,8	
Indirect taxation	194,8		92,9	
Employees' tax	279,7		196,0	
RSC levies	13,6		11,6	
Rates and taxes	12,7		18,4	
Customs and excise duty	8,2		3,4	
Government grants and subsidies	(3,1)		(0,1)	
	656,3		349,0	

Accounting policies

for the year ended 30 June 2005

BASIS OF PREPARATION

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 following (refer note 34):

- the accounting treatment of business combinations and goodwill arising on acquisition
- the recognition of fixed escalations on operating leases
- the recognition of depreciation on headlease property

The Group will be adopting International Financial Reporting Standards (IFRS) in the next financial year in line with requirements of the JSE Limited. The most significant changes from current policies are expected in:

- presentation and disclosure
- the recognition of property, plant and equipment and related depreciation
- the accounting for the effects of changes in foreign exchange rates
- the accounting for share option expenses and other share-based payments

BASIS OF CONSOLIDATION

Subsidiary companies

The group 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.

Subsidiaries are excluded from consolidation when:

- control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future
- it operates under severe long-term restrictions that significantly impair its ability to transfer funds to the parent

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 subsidiary or joint venture companies are regarded as associate 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 associate companies is carried in the balance sheet at an amount that reflects its share of the net assets and any 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 considered to be of a permanent 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.

BUSINESS COMBINATIONS AND GOODWILL

The Group uses the acquisition method to account for the acquisition of businesses.

Goodwill is recognised at the acquisition date of a business, subsidiary, associate or jointly controlled entity as an asset.

Goodwill on acquisition of businesses, subsidiaries and joint venture companies is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Initially goodwill is measured at cost, being the excess of the cost of the acquisition over the interest in the fair value of the assets, including identified intangible assets, liabilities and contingent liabilities acquired and recognised.

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicate that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

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

On disposal of a business, subsidiary, associate or jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals, ie a portion of the goodwill is expensed as part of the cost of disposal.

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.

Any exchange difference arising on an intra-group monetary item, whether short-term or long-term, continues to be recognised as income or an expense since the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. However, exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a foreign entity are classified as equity until the disposal of the net investment, at which time the cumulative amount of the exchange differences that have been deferred and relate to that foreign entity are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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 and accumulated impairment losses, if any. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges of currency purchase costs.

Subsequent costs are included in an asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group, the cost of the item can be measured reliably, and it is probable that the future economic benefits are in excess of the originally assessed standard of performance of the existing asset. All other repairs and maintenance expenditures are recognised in the income statement in the year incurred.

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 surplus 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 on a straight line basis over the lease term. In prior years, the operating lease payments were recognised in the income statement in the year incurred. Refer to note 34.

THE GROUP AS LESSOR

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight line basis over the lease term.

HEADLEASES AND OTHER DISCONTINUED PROPERTY ACTIVITIES

Finance headleases

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 property 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.

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.

Operating headleases

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 headleases and is based on the projected losses being the difference between the gross headlease commitments and the projected net revenue inflows. Operating headlease payments are recognised in the income statement on a straight line basis over the lease term. In prior years, the operating lease payments were recognised in the income statement in the year incurred. Refer to note 34.

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. Purchases and sales of financial instruments are recognised on trade date, ie the date on which the Group commits to purchase or sell the asset.

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

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

Loans and receivables

Loans and receivables 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 asset 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 designated as held-for-trade are stated at fair value.

Resulting gains or losses are recognised in the income statement.

Trading and derivative financial instruments

Trading and derivative financial 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 foreign 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.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for financial assets is the current bid price.

The fair value of investments in service concessions is determined using discounted cash flow models and market discount rates. The discounted cash flow models are based on traffic estimates, forecasted operating costs, inflation rates and other economic fundamentals.

The fair value of financial instruments not traded in active markets is determined by using valuation techniques. The Group uses a variety of methods and market assumptions that are based on market conditions existing at each balance sheet date such as estimated discounted cash flows.

The fair value of interest rate swap agreements is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

INVESTMENTS

Investments in service concessions 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. The relevant accounting policies are set out in the financial instruments policy.

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.

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 paid 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 after elimination of intra-group turnover. 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 contracts

Where the outcome of a 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 construction contract 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. When a receivable is recognised, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rates, and continues unwinding the discount as interest income.

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.

BORROWING COSTS

It is group policy that borrowing costs are not capitalised.

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.

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 include 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.

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. Options exercised are fulfilled through an issue of shares from the Trust. Options are not settled though a new issue of shares.

DIVIDENDS

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

CONTINGENT ASSETS

In the ordinary course of business the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is probable, the contingent asset is disclosed in a note.

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

	Immovable property	Owner-occupied headlease property	Plant and machinery	Other	Total
1. PROPERTY, PLANT AND EQUIPMENT					
Cost or valuation:					
At 1 July 2003	188,9	50,4	1 756,7	371,2	2 367,2
Reclassification to investment property	(10,0)	–	–	–	(10,0)
Additions	9,7	0,8	203,9	137,3	351,7
Capitalisation of hedging reserve	–	–	1,9	–	1,9
Disposals	(8,8)	–	(73,1)	(18,0)	(99,9)
Disposals of businesses	(20,4)	–	(172,2)	(7,5)	(200,1)
Reclassification	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	176,9	51,2	1 638,3	490,0	2 356,4
Additions	28,8	–	185,7	88,7	303,2
Acquisition of businesses	11,0	–	388,2	32,0	431,2
Capitalisation of hedging reserve	–	–	3,0	–	3,0
Disposals	(5,6)	–	(130,8)	(17,1)	(153,5)
Disposals of businesses	(2,1)	(1,3)	(8,3)	(17,7)	(29,4)
Reclassification	5,8	–	143,5	(149,3)	–
Scrappings	–	–	(44,6)	(13,3)	(57,9)
Transfer to investment property	–	(3,7)	–	–	(3,7)
Transfer from investment property	–	11,0	–	–	11,0
Exchange rate adjustment	0,4	–	24,5	0,4	25,3
At 30 June 2005	215,2	57,2	2 199,5	413,7	2 885,6
Accumulated depreciation and impairment:					
At 1 July 2003	43,1	1,4	1 038,6	204,3	1 287,4
Restatement (note 34.3)	–	(1,1)	–	–	(1,1)
Reclassification to investment property	(0,2)	–	–	–	(0,2)
Charge for the year	3,2	0,3	155,3	29,9	188,7
Disposals	–	–	(50,0)	(16,2)	(66,2)
Disposals of businesses	(2,6)	–	(101,4)	(6,7)	(110,7)
Reclassification	3,7	–	4,4	(8,1)	–
Scrappings	–	–	(4,5)	(4,2)	(8,7)
Exchange rate adjustment	(0,9)	–	(14,5)	(8,0)	(23,4)
At 30 June 2004	46,3	0,6	1 027,9	191,0	1 265,8

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

	Immovable property	Owner-occupied headlease property	Plant and machinery	Other	Total
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*					
Accumulated depreciation and impairment:					
At 30 June 2004	46,3	0,6	1 027,9	191,0	1 265,8
Charge for the year	3,6	0,3	212,1	33,7	249,7
Impairment loss	–	–	25,3	2,1	27,4
Acquisition of businesses	3,0	–	275,8	18,5	297,3
Disposals	(0,3)	–	(83,0)	(13,5)	(96,8)
Disposals of businesses	(0,5)	–	(6,6)	(14,2)	(21,3)
Reclassification	2,2	–	–	(2,2)	–
Scrappings	–	–	(32,6)	(13,1)	(45,7)
Transfer to investment property	–	(0,3)	–	–	(0,3)
Transfer from investment property	–	0,7	–	–	0,7
Exchange rate adjustment	0,3	–	13,8	0,4	14,5
At 30 June 2005	54,6	1,3	1 432,7	202,7	1 691,3
Net book value:					
At 30 June 2005	160,6	55,9	766,8	211,0	1 194,3
At 30 June 2004	130,6	50,6	610,4	299,0	1 090,6
Net carrying value of capitalised leased assets included in the above is:					
At 30 June 2005	3,5	55,9	29,2	14,6	103,2
At 30 June 2004	3,3	50,6	9,4	9,6	72,9

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.

The Group has pledged certain plant and machinery as security for certain interest-bearing borrowings. (Refer note 11 Secured liabilities)

All monetary amounts are expressed in millions of rand	Headlease property	Other investment property	Total
2. INVESTMENT PROPERTY			
Cost or valuation:			
At 1 July 2003	284,7	–	284,7
Reclassification from property, plant and equipment	–	10,0	10,0
Additions	–	1,2	1,2
Disposals	–	(0,8)	(0,8)
Headleases settled	(13,5)	–	(13,5)
At 30 June 2004	271,2	10,4	281,6
Additions	–	0,4	0,4
Disposals	–	(0,5)	(0,5)
Transfer to owner-occupied	(11,0)	–	(11,0)
Transfer from owner-occupied	3,7	–	3,7
At 30 June 2005	263,9	10,3	274,2
Accumulated depreciation:			
At 1 July 2003	7,2	–	7,2
Restatement (note 34.3)	(2,3)	–	(2,3)
Reclassification from property, plant and equipment	–	0,2	0,2
Charge for the year	4,9	0,2	5,1
Disposals	–	(0,1)	(0,1)
At 30 June 2004	9,8	0,3	10,1
Charge for the year	4,9	0,3	5,2
Transfer to owner-occupied	(0,7)	–	(0,7)
Transfer from owner-occupied	0,3	–	0,3
At 30 June 2005	14,3	0,6	14,9
Net book value:			
At 30 June 2005	249,6	9,7	259,3
At 30 June 2004	261,4	10,1	271,5
Fair value:			
At 30 June 2005	264,3	15,0	279,3
At 30 June 2004	271,2	15,0	286,2

Details in respect of the headlease investment property 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 2005 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.

The headlease investment property forms part of the Group's headlease and other discontinued property activities. (Refer note 13 Obligations under finance headleases)

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
3. GOODWILL		
Goodwill at beginning of year	4,7	10,2
Amortisation (note 34.1)	–	(5,5)
Acquisition of businesses	61,9	–
Disposal of equity interest	(14,3)	–
Impairment loss	(4,7)	–
Exchange rate adjustment	0,3	–
	47,9	4,7
Goodwill is allocated to the Group's cash-generating units identified according to the business segments that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:		
Engineering	–	4,7
Mining	47,9	–
	47,9	4,7

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

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2,0%. The growth rate does not exceed the long-term average growth rate for the relevant market. The discount rate used of 10,3% is pre-tax and reflects the Group's weighted average cost of capital.

The current year impairment charge arose in the engineering business segment following the adoption of AC140: *Business Combinations.* The JCI Projects business acquired in 2000 was absorbed into the business of Murray & Roberts Engineering Solutions and as such no separate cash-generating unit was identified.

	2005	2004
4. INVESTMENT IN ASSOCIATE COMPANIES		
The Group's share of associate companies included in the consolidated balance sheet is as follows:		
At 1 July	652,8	570,9
Reclassification from other investments (note 5)	56,6	–
Additions – Clough Limited	394,2	–
Disposal – Unitrans Limited	(679,8)	–
Share of post-acquisition earnings, net of dividends received	43,3	81,9
Exchange rate adjustment	37,8	–
At 30 June	504,9	652,8
The carrying value of the investment can be analysed as follows:		
Net tangible assets acquired	231,1	279,7
Fair value adjustments	(66,8)	–
Goodwill	286,5	–
Share of post-acquisition earnings, net of dividends received	16,3	373,1
Exchange rate adjustments	37,8	–
	504,9	652,8

The acquisition accounting for Clough Limited is on a provisional basis.
120 000 000 shares of the Group's investment in the shares of Clough Limited have been pledged as security for a bank loan. (Refer note 11 Secured liabilities)

All monetary amounts are expressed in millions of rand			2005	2004
4. INVESTMENT IN ASSOCIATE COMPANIES *(continued)*				
Details of the associate companies are as follows:				
Name of associate	Incorporation	Main activity	% of ownership	
Unitrans Limited	South Africa	Transport and motor	–	44,5
Clough Limited	Australia	Engineering	30,2	–
Valuation of shares				
Market value of listed Unitrans Limited (2005: nil shares) (2004: 34 216 680 shares)			–	958,1
Market value of listed Clough Limited (2005: 144 983 161 shares) (2004: nil shares)			349,6	–

Summarised financial information in respect of the Group's associates is set out below:

	Clough 2005	Unitrans 2004
Non-current assets	701,9	1 351,9
Current assets	1 565,3	1 619,9
Total assets	2 267,2	2 971,8
Non-current liabilities	81,1	170,7
Current liabilities	1 246,3	1 414,4
Total liabilities	1 327,4	1 585,1
Net assets	939,8	1 386,7
Revenue	2 380,3	9 291,0
Attributable (loss) profit for the year	(276,2)	252,1

The Group's share of the attributable loss of Clough Limited is a post-acquisition income of R16,3 million. This is derived largely from Clough's 83% listed subsidiary PT Petrosea in Indonesia, oil & gas service projects and property development activity in Australia. Clough itself has recorded an attributable loss of AUD59,6 million for the year to 30 June 2005, the majority of which relates to pre-acquisition matters. These matters relate largely to an engineer, procure, install and commision (EPIC) oil & gas project off Melbourne in the Bass Straights.

Although the Group has significant influence over the financial and operating policies of Murray & Roberts (Zimbabwe) Limited, it is not equity accounted into the group financial statements as it operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group.

Although the Group holds more than 20% of the voting power in Borbet SA (Pty) Limited, the Group does not exercise significant influence over it as the Group's holding is intended to be temporary.

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand			2005	2004
5. OTHER INVESTMENTS				
DESIGNATED HELD-FOR-TRADE FINANCIAL ASSETS				
Unlisted investments at beginning of year			108,2	106,0
Additions, disposals, repayments, investments and other movements			(19,7)	(4,8)
Fair value adjustment recognised in income statement			46,1	7,0
Fair value of unlisted designated held-for-trade investments			134,6	108,2
(Directors' valuation R134,6 million, 2004: R108,2 million)				
NON-TRADING FINANCIAL ASSETS				
Unlisted investments at beginning of year			1,9	13,8
Additions, disposals and other movements			(0,8)	(24,6)
Fair value adjustment recognised in equity			–	12,7
Fair value of unlisted non-trading investments			1,1	1,9
(Directors' valuation R1,1 million, 2004: R1,9 million)				
Listed investments at beginning of year			60,0	5,9
Reclassification to investment in associate companies (note 4)			(56,6)	–
Additions, disposals and other movements			(2,9)	54,8
Fair value adjustment recognised in equity			–	(0,7)
Fair value of listed non-trading investments			0,5	60,0
(Market value R0,5 million, 2004: R60,0 million)				
LOANS AND RECEIVABLES				
Unsecured loans			223,9	134,6
			360,1	304,7
Designated held-for-trade financial assets comprise the Group's interest in the following toll road service concessions:				
	% Interest	Remaining concession period		
N3 Toll Concessions (Pty) Limited	13,07	24 years	89,5	63,6
Bakwena Platinum Corridor Concessionaire (Pty) Limited	7,12	26 years	45,1	44,6

Details in respect of the other investments are set out in a register that may be inspected at the company's registered office. Details of loans to related parties are set out in note 33.

All monetary amounts are expressed in millions of rand	2005	2004
6. INVENTORIES		
Raw materials	181,0	220,4
Work-in-progress	70,7	53,0
Finished goods and manufactured components	174,9	124,0
Consumable stores	114,7	65,9
Property	12,9	26,3
	554,2	489,6
Inventories with a carrying value of R1,7 million (2004: R1,9 million) have been pledged as security over long-term loans. (Refer note 11 Secured liabilities)		
7. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES		
Costs incurred plus recognised profits, less recognised losses on contracts-in-progress at year-end	447,9	326,0
Amounts receivable on contracts	758,1	550,6
	1 206,0	876,6
Advances received in excess of work completed	(304,3)	(114,7)
Net amounts receivable from contracts	901,7	761,9
Retentions receivable	223,3	166,2
	1 125,0	928,1
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	824,6	836,3
Provision for doubtful debts	(44,2)	(23,8)
Other receivables	265,8	264,9
	1 046,2	1 077,4
Details in respect of the Group's credit risk management policies are set out in note 31.		
9. DERIVATIVE FINANCIAL INSTRUMENTS		
Assets		
Forward foreign exchange contracts	33,6	67,0
Interest rate swap	0,2	0,4
	33,8	67,4
Liabilities		
Forward foreign exchange contracts	4,0	11,1
Interest rate swap	3,6	6,1
	7,6	17,2
Details in respect of the derivative financial instruments and the Group's financial risk management policies are set out in note 31.		

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
10. SHARE CAPITAL AND PREMIUM		
Authorised		
500 000 000 ordinary shares of 10 cents each		
(2004: 500 000 000 of 10 cents each)	50,0	50,0
Issued and fully paid		
331 892 619 ordinary shares of 10 cents each		
(2004: 331 892 619 of 10 cents each)	33,2	33,2
Less: Treasury shares held by The Murray & Roberts Trust at par value	(1,4)	(1,4)
Net share capital	31,8	31,8
Share premium	1 639,6	1 639,6
Less: Treasury shares held by The Murray & Roberts Trust at net cost	(246,2)	(226,3)
Net share premium	1 393,4	1 413,3
	1 425,2	1 445,1
Share Trust		
The shares held by The Murray & Roberts Trust had a market value at 30 June 2005 of 1 400 cents per share (2004: 1 295 cents per share) totalling R194,9 million (2004: R177,4 million).		
	Number of shares	Number of shares
Unissued shares:		
(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	30 000 000
(iii) Other unissued shares	118 564 296	118 826 881
	168 107 381	168 107 381

10. SHARE CAPITAL AND PREMIUM *(continued)*

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. At 30 June 2005, the Trust held 13 924 893 (2004: 13 701 427) shares against the commitment of options granted by the trust totalling 12 222 315 (2004: 12 690 480) shares.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2005 are as follows:

Schemes implemented on:		Outstanding options at 30 June 2004	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2005	Option price per share (cents)
30 June 1994		23 853		(23 853)		–	1 870
29 June 1995		132 240		(132 240)		–	2 150
27 June 1996		280 039		(56 500)		223 539	1 720
07 July 1997		126 840		(5 000)	(68 840)	53 000	913
09 March 1998		854 630		(149 500)	(231 630)	473 500	805
17 March 1999		1 606 838		(67 500)	(771 025)	768 313	233
25 August 1999		50 000		(18 000)	(15 000)	17 000	440
08 May 2000		971 440		(82 500)	(440 577)	448 363	316
15 June 2000		950 000			(100 000)	850 000	316
29 August 2000		1 000 000				1 000 000	325
14 March 2001	Standard	1 222 500		(47 500)	(515 000)	660 000	460
14 March 2001	Hurdle	725 000		(25 000)		700 000	460
19 October 2001		20 000				20 000	700
13 March 2002	Standard	802 550			(64 125)	738 425	693
13 March 2002	Hurdle	718 050			(45 625)	672 425	693
29 November 2002		40 000				40 000	1 225
06 March 2003	Standard	644 000		(30 000)	(18 750)	595 250	1 100
06 March 2003	Hurdle	732 500		(10 000)		722 500	1 100
15 March 2004	Standard	990 000		(15 000)		975 000	1 304
15 March 2004	Hurdle	800 000		(15 000)		785 000	1 304
07 September 2004	Standard	–	150 000			150 000	1 200
07 September 2004	Hurdle	–	100 000			100 000	1 200
28 June 2005	Standard	–	1 230 000			1 230 000	1 400
28 June 2005	Hurdle	–	1 000 000			1 000 000	1 400
		12 690 480	2 480 000	(677 593)	(2 270 572)	12 222 315	

Notes:

1. For the 1998 and prior schemes, the options vest as to 50% at the fourth and 100% at the fifth anniversary of the grant.

2. For the 1999 and later schemes, the options vest at 25% per annum in each of the second to fifth anniversaries of the grant.

3. For the 2004 and prior schemes, termination occurs on the tenth anniversary of the grant and any unexercised options expire at that date.

4. For the 2005 and later schemes, termination occurs on the sixth anniversary of the grant and any unexercised options expire at that date.

5. For the 2001 to 2003 schemes hurdle rate is 25% per annum compound growth on option price.

6. For the 2004 and 2005 schemes hurdle rate is CPI + 4% per annum compound growth on option price.

Notes to the consolidated financial statements
for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
11. SECURED LIABILITIES		
Liabilities of the Group are secured as follows:		
Loans secured by inventories with a book value of R1,7 million (2004: R1,9 million)	7,7	9,3
Loans secured over plant and machinery with a book value of R91,2 million (2004: R54,4 million)	33,1	46,7
Loans secured by investment in associate company with a book value of R412,7 million (2004: nil)	200,1	–
	240,9	56,0
Reflected in the balance sheet under:		
Long-term loans (note 12)	217,0	27,6
Bank overdrafts and short-term loans (note 18)	23,9	28,4
	240,9	56,0
12. LONG-TERM LOANS		
Secured loans		
Current year	23,9	28,4
Next five years excluding current	16,9	27,6
After five years	200,1	–
	240,9	56,0
Less: Current portion (note 18)	(23,9)	(28,4)
	217,0	27,6
Unsecured loans		
Current year	55,0	69,2
Next five years excluding current	96,2	102,3
After five years	1,2	–
	152,4	171,5
Less: Current portion (note 18)	(55,0)	(69,2)
	97,4	102,3
Capitalised finance leases		
Current year	28,0	11,6
Next five years excluding current	24,6	9,3
	52,6	20,9
Less: Current portion (note 18)	(28,0)	(11,6)
	24,6	9,3
	339,0	139,2

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 11.

All monetary amounts are expressed in millions of rand	2005	2004
13. OBLIGATIONS UNDER FINANCE HEADLEASES		
Current year	79,2	55,2
Next five years excluding current	274,2	332,1
After five years	–	14,0
	353,4	401,3
Less: Current portion (note 18)	(79,2)	(55,2)
	274,2	346,1
Details of the repayment terms of the obligations 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.		
14. LONG-TERM PROVISION		
Headleases and other discontinued property activities		
At beginning of year	48,4	78,5
Provision released to the income statement	(15,7)	(10,1)
Trading losses	(7,6)	(20,0)
At end of year	25,1	48,4
Less: Current portion included in trade and other payables (note 16)	(20,6)	(19,1)
	4,5	29,3

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
15. DEFERRED TAXATION		
Deferred taxation assets		
The movement on the deferred taxation asset account is as follows:		
At beginning of year	32,8	–
Acquisition of businesses	0,5	–
Income statement credit	4,4	32,8
Exchange rate adjustment	0,1	–
At end of year	37,8	32,8
Comprising:		
Plant	(9,9)	(10,2)
Work-in-progress	2,0	11,8
Assessable loss	34,6	31,2
Other	11,1	–
	37,8	32,8
Deferred taxation liabilities		
The movement on the deferred taxation liability account is as follows:		
At beginning of year	117,9	109,0
Acquisition of businesses	20,2	–
Income statement charge	65,4	8,9
Exchange rate adjustment	(1,4)	–
At end of year	202,1	117,9
Comprising:		
Inventory	(4,7)	–
Uncertified work and other construction temporary differences	72,5	17,3
Plant	87,9	16,3
Financial leases	56,9	60,0
Tax losses	(7,7)	–
Provision for doubtful debts	2,0	4,2
Prepayments	5,4	–
Advance payments received	(6,1)	–
Fair value adjustments	13,5	–
Other	(17,6)	20,1
	202,1	117,9

All monetary amounts are expressed in millions of rand	2005	2004
16. TRADE AND OTHER PAYABLES		
Trade and other payables	2 046,7	1 801,7
Payroll accruals	93,6	64,0
Short-term portion of long-term provision (note 14)	20,6	19,1
	2 160,9	1 884,8
17. SUBCONTRACTOR LIABILITIES		
Contracts-in-progress and contract receivables include claims against clients in respect of subcontractor liabilities. These liabilities are only settled when payment has been received from clients.		
18. BANK OVERDRAFTS AND SHORT-TERM LOANS		
Bank overdrafts	194,7	118,7
Current portion of long-term loans (note 12)		
– secured	23,9	28,4
– unsecured	55,0	69,2
Current portion of capitalised finance leases (note 12)	28,0	11,6
Current portion of obligations under finance headleases (note 13)	79,2	55,2
	380,8	283,1
19. REVENUE		
Continuing operations		
Contracting revenue	6 582,4	4 445,7
Sale of goods	3 640,9	3 146,0
Rendering of services	173,3	190,3
Other	91,8	21,4
	10 488,4	7 803,4
Discontinued operations	205,4	620,6
	10 693,8	8 424,0
20. EXCEPTIONAL ITEMS		
Headlease and other discontinued property activities (notes 1, 2, 13, 14)	11,2	(7,1)
Provision released to income statement	15,7	10,1
Net lease income from discontinued headlease property	65,7	49,7
Depreciation of discontinued headlease property	(5,2)	(5,2)
Interest expense on obligations under finance headleases	(57,2)	(61,7)
Additional liability raised	(7,8)	–
Net profit (loss) on disposals and closures	189,2	(9,0)
Impairment loss recognised on unlisted loan investments	(159,2)	–
Impairment loss recognised on goodwill	(4,7)	–
Impairment loss recognised on property, plant and equipment	(23,1)	–
	13,4	(16,1)

Notes to the consolidated financial statements
for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
21. EARNINGS BEFORE INTEREST AND TAXATION		
Earnings before interest and taxation is arrived at after taking into account:		
Amortisation of goodwill	–	5,5
Auditors' remuneration:		
Fees for audits	14,5	12,5
Other services	2,0	2,0
Expenses	0,4	0,2
Compensation from insurance claims	(22,8)	–
Dividends received	(0,7)	(10,2)
Depreciation:		
Immovable property	3,6	3,2
Plant and machinery	212,1	155,3
Other property, plant and equipment	33,7	29,9
Other investment property	0,3	0,2
Fees paid for:		
Managerial services	14,2	18,1
Technical services	2,9	6,6
Administrative services	9,9	11,5
Secretarial services	0,7	0,7
Impairment loss recognised on property, plant and equipment	4,3	–
Impairment losses:		
Trade receivables	31,9	12,7
Contract receivables	13,1	0,5
Other receivables	10,2	1,4
Payroll cost	2 713,4	1 817,5
Profit on disposal of investments	–	(37,8)
Profit on disposal of property, plant and equipment	(25,9)	(37,5)
Loss on disposal of property, plant and equipment	0,4	0,4
Net foreign exchange gains	(7,7)	(25,9)
Net fair value gains of financial instruments	(40,0)	(3,6)
Operating lease costs:		
Immovable property	20,3	27,0
Plant and machinery	0,3	0,2
Other	12,9	18,7
Research and development costs	1,4	2,4
Operating expenses by function		
Cost of sales	9 143,6	7 187,7
Distribution and marketing costs	138,7	129,2
Administration costs	1 102,6	1 010,3
Other operating income	(234,3)	(324,1)

All monetary amounts are expressed in millions of rand	2005	2004
22. NET INTEREST (EXPENSE) INCOME		
Interest expense:		
Bank overdrafts	(16,9)	(11,2)
Capitalised finance leases	(5,2)	(4,1)
Present value expense	(12,9)	(3,9)
Loans and other liabilities	(19,5)	(15,1)
	(54,5)	(34,3)
Interest income:		
Bank balances and cash	33,6	25,3
Present value income	2,1	3,2
Unlisted loan investments and other receivables	13,5	15,9
	49,2	44,4
Net interest (expense) income	(5,3)	10,1
23. TAXATION		
South African normal taxation:		
Current year	62,4	0,9
Prior year	1,0	(0,2)
Secondary taxation on companies	0,3	3,1
Foreign taxation:		
Current year	25,7	46,9
Deferred taxation:		
Current year	61,0	(23,9)
	150,4	26,8
	%	%
Reconciliation of effective rate of taxation to the standard rate of taxation		
Effective rate of taxation	27,3	6,5
Reduction in rate of taxation due to:		
Capital and non-taxable items	23,1	3,4
Taxation losses utilised	0,2	30,5
Deferred taxation assets	2,4	7,8
Prior year adjustments	0,4	0,1
	53,4	48,3
Increase in rate of taxation due to:		
Non-deductible expenditure	(21,5)	(2,8)
Current year's losses not recognised	(0,4)	(3,7)
Taxation on foreign companies	(1,1)	(7,5)
Foreign withholding taxation	(0,3)	(1,7)
Imputed foreign income	(0,7)	(1,8)
Change in rate of taxation	(0,3)	–
Secondary taxation on companies	(0,1)	(0,8)
South African standard rate of taxation	29,0	30,0

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
24. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Reconciliation of headline earnings		
Earnings attributable to ordinary shareholders	448,1	477,0
Adjustments:		
Exceptional items (note 20), all non-headline	(13,4)	16,1
Taxation on exceptional items	16,1	–
Goodwill amortisation	–	5,5
Non-headline portion of income from associate	2,4	4,8
Headline earnings	453,2	503,4
Reconciliation of weighted average number of shares in issue (000)		
Weighted average number of ordinary shares in issue	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	(13 664)	(13 788)
Weighted average number of shares in issue used in the determination of basic per share figures	318 229	318 105
Add: Dilutive adjustment for share options	4 611	6 173
Weighted average number of shares in issue used in the determination of diluted per share figures	322 840	324 278
Earnings per share (cents)		
– Diluted	139	147
– Basic	141	150
Headline earnings per share (cents)		
– Diluted	140	155
– Basic	142	158
25. ORDINARY DIVIDENDS		
Interim dividend No 106 of 15,0 cents declared on 26 February 2005	47,7	
Final dividend No 107 of 30,0 cents declared on 31 August 2005	95,5	
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
Add: Dividends relating to treasury shares	6,2	6,2
	149,4	149,4
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.		
26. PROFIT AND LOSSES OF SUBSIDIARIES		
Aggregate profits	973,8	458,2
Aggregate losses	(144,9)	(110,5)

All monetary amounts are expressed in millions of rand	2005	2004
27. JOINT VENTURES		
A proportion of the Group's operations are performed through joint ventures.		
The Group operates through two types of joint ventures:		
Joint venture entities		
Incorporated arrangements such as jointly controlled companies.		
Joint venture operations		
Unincorporated arrangements such as partnerships and contracts.		
The Group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is as follows:		
Non-current assets	23,0	4,9
Current assets	669,9	604,6
Total assets	692,9	609,5
Non-current liabilities	15,7	1,9
Current liabilities	521,6	473,0
Total liabilities	537,3	474,9
Net assets	155,6	134,6
The Group's aggregate proportionate share of joint ventures included in the consolidated income statement is as follows:		
Revenue	1 097,6	1 125,3
Earnings after taxation	50,6	20,8

	Business segment	% ownership 2005	% ownership 2004
The Group has the following significant joint venture entities:			
SNC Lavalin-Murray & Roberts (Pty) Limited	Construction & Engineering	50,0	50,0
Alert Steel Polokwane (Pty) Limited	Construction Materials & Services	50,0	50,0
Freyssinet Posten (Pty) Limited	Construction Materials & Services	50,0	50,0
Precast Reinforcing Steel (Pty) Limited	Construction Materials & Services	50,0	50,0
Reinforcing Steel Contractors East London (Pty) Limited	Construction Materials & Services	50,0	50,0
Shisane Reinforcing Steel (Pty) Limited	Construction Materials & Services	40,0	40,0
National Metal Cape Town (Pty) Limited	Construction Materials & Services	40,0	40,0
Flaming Silver 163 (Pty) Limited	Fabrication & Manufacture	50,0	–
Falcon Aluminium Alloys (Pty) Limited	Fabrication & Manufacture	33,3	–

Notes to the consolidated financial statements
for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	Business segment	% ownership 2005	% ownership 2004
27. JOINT VENTURES *(continued)*			
The Group has the following significant joint venture operations:			
Al Habtoor – Murray & Roberts – Takenaka Joint Venture	Construction & Engineering	40,0	–
Al Habtoor – Murray & Roberts Joint Venture	Construction & Engineering	50,0	50,0
Cemdelsam Joint Venture	Construction & Engineering	50,0	–
Murray & Roberts BBMM Joint Venture	Construction & Engineering	50,0	50,0
Murray & Roberts Jolinde Joint Venture	Construction & Engineering	85,0	85,0
Nass – Murray & Roberts Joint Venture	Construction & Engineering	50,0	50,0
Platinum Joint Venture	Construction & Engineering	26,6	26,6
Rand Roads/Murray & Roberts 12/15 Joint Venture	Construction & Engineering	33,3	33,3
NTRV (Maintenance Phase) Joint Venture	Construction & Engineering	50,0	50,0

	2005	2004
28. CONTINGENT LIABILITIES		
The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The 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.		
The ascertainable contingent liabilities at 30 June being	147,9	56,4
Total financial institution guarantees given to third parties on behalf of group companies amounted to	1 787,5	1 351,7
The directors do not believe any exposure to loss is likely.		
29. CAPITAL COMMITMENTS		
Approved by the directors, contracted and not provided in the balance sheet	59,9	97,7
Approved by the directors, not yet contracted for	336,3	298,9
	396,2	396,6
Capital expenditure will be financed from internal resources and existing facilities.		

All monetary amounts are expressed in millions of rand	2005	2004
30. OPERATING LEASE ARRANGEMENTS		
General operating leases		
Operating lease payments represent rentals payable by the Group for certain of its office properties and certain items of plant and machinery, and furniture and fittings. These leases have varying terms, escalation clauses and renewal periods.		
Operating lease cost		
Operating lease costs recognised in the income statement are set out in note 21.		
Operating lease commitments		
The future minimum lease payments under non-cancelable operating leases are as follows:		
Due within one year	22,8	30,5
Due between two and five years	49,5	22,7
Due thereafter	0,3	1,7
	72,6	54,9
Operating headleases		
Operating headlease payments represent rentals payable by the Group for the headlease property in which the Group does not have a controlling interest at the end of the lease and consist of leases over commercial, industrial and retail properties. These leases have varying terms, escalation clauses and renewal periods.		
Operating headlease cost and income		
Operating lease costs and income are recognised in the income statement as exceptional items (note 20).		
The future minimum sublease payments expected to be received for the next three years under the subleases are R267,4 million (2004: R478,4 million).		
Operating headlease commitments		
The future minimum lease payments under non-cancelable operating headleases are as follows:		
Due within one year	30,5	42,3
Due between two and five years	99,2	131,3
Due thereafter	33,9	33,9
	163,6	207,5

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

31. FINANCIAL RISK MANAGEMENT

The Group does not trade in financial instruments other than designated held-for-trade financial assets 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 derivative financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, equity investments, derivatives, accounts receivable and payable and interest-bearing borrowings.

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 foreign exchange contracts except where a natural hedge against the 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 foreign exchange contracts. All such contracts are supported by underlying commitments, receivables or payables. The risk of having to close out these contracts is considered to be low.

The amounts below 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. (Refer note 9)

Details of these contracts are as follows:

	2005 Foreign amount	2005 Rand amount	2004 Foreign amount	2004 Rand amount
Related to specific balance sheet items				
Bought				
United States Dollars	17,9	117,7	4,8	33,6
Euros	5,4	45,0	5,6	43,4
British Pounds	1,0	16,0	11,9	94,0
Other	–	–	1,1	6,6
Total		178,7		177,6
Sold				
United States Dollars	5,6	35,4	30,0	189,9
Euros	8,4	68,7	13,0	99,0
British Pounds	8,5	74,9	6,2	56,3
Other	0,2	1,2	–	–
Total		180,2		345,2
Related to future commitments				
Bought				
United States Dollars	–	–	1,2	11,4
Euros	0,2	1,5	–	–
Japanese Yen	589,5	36,6	466,9	30,7
Total		38,1		42,1

All monetary amounts are expressed in millions of rand

31. FINANCIAL RISK MANAGEMENT *(continued)*

Foreign currency management *(continued)*

The carrying amount of the Group's significant financial assets is denominated in the following currencies:

	Bank balances and cash	Trade and contract receivables
Australian Dollar	13,9	19,7
Bahraini Dinar	26,3	21,4
Botswana Pula	28,1	47,0
British Pound	2,6	7,8
Canadian Dollar	41,8	110,7
Egyptian Pound	0,2	4,6
Euro	18,2	1,0
Malaysian Ringgit	23,4	8,7
Qatari Rial	29,3	85,1
South African Rand	1 328,0	1 183,5
United Arab Emirates Dirham	172,5	253,3
United States Dollar	231,7	62,2
Other	16,8	20,8
Gross receivables	1 932,8	1 825,8
Present value and other adjustments	–	(19,8)
	1 932,8	1 806,0

The carrying amount of the Group's significant financial liabilities is denominated in the following currencies:

	Bank overdrafts	Trade payables and subcontractor liabilities	Interest-bearing borrowings
Australian Dollar	–	8,5	0,9
Bahraini Dinar	–	15,1	–
Botswana Pula	–	61,4	4,1
British Pound	0,3	0,9	78,8
Canadian Dollar	–	29,9	–
Egyptian Pound	61,3	3,0	–
Euro	–	0,6	–
Malaysian Ringgit	–	10,2	–
Qatari Rial	–	77,6	–
South African Rand	27,9	740,1	483,2
United Arab Emirates Dirham	50,7	288,5	32,2
United States Dollar	54,4	14,0	200,1
Other	0,1	38,5	–
Gross liabilities	194,7	1 288,3	799,3
Present value and other adjustments	–	(4,1)	–
	194,7	1 284,2	799,3

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

31. FINANCIAL RISK MANAGEMENT *(continued)*

Interest rate risk management

The Group is exposed to interest rate risk through its bank overdrafts and other interest-bearing borrowings. 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.

Details of the financial liabilities and related interest rates are set out in Annexure 2.

As at 30 June 2005 the Group had two interest rate swap agreements outstanding as detailed below. (Refer note 9)

	Currency	Interest rate (%)	Maturity date	Fair value of asset (liability)
Pay floating rate, receive fixed rate	ZAR	13,4	02 January 2007	0,2
Pay fixed rate, receive floating rate	GBP	8,0	20 February 2007	(3,6)

Maturity profile of financial instruments

The maturity profiles of the recognised financial instruments are summarised as follows:

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	1 932,8	–	1 932,8
Contract receivables	981,4	–	981,4
Trade and other receivables	1 046,2	–	1 046,2
Derivative financial instruments	33,8	–	33,8
Other investments	–	360,1	360,1
Financial liabilities			
Bank overdrafts	194,7	–	194,7
Interest-bearing borrowings	186,1	613,2	799,3
Trade and other payables	2 046,7	–	2 046,7
Derivative financial instruments	7,6	–	7,6
Subcontractor liabilities	575,1	–	575,1

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 receivables and short-term cash investments.

Trade receivables 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 processes and enforcement of account limits. Provision is made for specific bad debts and at 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.

All monetary amounts are expressed in millions of rand	2005	2004
31. FINANCIAL RISK MANAGEMENT *(continued)*		
Liquidity risk management		
The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.		
Borrowing capacity		
The company's borrowings and guarantees are limited by its articles of association to	4 451,0	3 904,7
Total borrowings and guarantees, excluding performance guarantees	(1 208,8)	(1 042,0)
Unutilised borrowing capacity	3 242,2	2 862,7

32. 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).

Defined contribution plans – pension funds

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

Murray & Roberts Retirement Fund
Investment Solutions Pension 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 funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund	31 December 2004
Investment Solutions Pension Fund	31 December 2003

The total cost to the Group in respect of the above funds for the year ended 30 June 2005 was R32,8 million (2004: R44,4 million).

Defined contribution plans – provident funds

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

Murray & Roberts Provident Fund
The Cementation Company Provident Fund

Membership of the Murray & Roberts Provident Fund comprises mainly salaried employees. The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members. The fund was actuarially valued on 28 February 2005 and declared to be in a sound financial position.

Membership of The Cementation Company Provident Fund comprises mainly hourly paid employees. The fund was actuarially valued on 31 December 2004 and declared to be in a sound financial position.

The funds vest in the members who on exit, are entitled to the funds which have accrued to them.

The total cost to the Group in respect of the above funds for the year ended 30 June 2005 was R16,6 million (2004: R0,8 million).

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

32. RETIREMENT AND OTHER BENEFIT FUNDS *(continued)*

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
Investment Solutions Pension Fund	31 August 2005
Murray & Roberts Provident Fund	31 August 2005
The Cementation Company Provident Fund	31 December 2005

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

Defined benefit plan – pension fund

During the current year the Group disposed of its subsidiary company in the United Kingdom (Booker Tate Limited) which operates two defined benefit pension schemes for its employees. At 30 June 2004 the net unfunded position was 6,6 million sterling, determined in accordance with FRS17.

	2005	2004
Present value of funded liability	–	393,1
Fair value of fund assets	–	(318,6)
	–	74,5
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	–	5,8%
Expected return on plan assets		
– Equities	–	8,0%
– Bonds	–	5,0%
– Cash	–	4,5%
Pension increases	–	3,0%
Salary growth	–	3,0%
Defined benefit plan – post-retirement medical aid		
Employees who joined the Group prior to 1 July 1996, and who satisfy certain qualifying criteria, may have an entitlement in terms of this plan.		
Present value of funded liability	58,3	70,8
Fair value of plan assets	(82,9)	(70,8)
	(24,6)	–

The fair value of the funded liability has been calculated in accordance with the provisions of AC116: *Employee Benefits* which makes provision for calculating the liability on accrued service. The current fair value of the plan assets is sufficient to cover the total liability of the Group, including future service.

All monetary amounts are expressed in millions of rand	2005	2004
32. RETIREMENT AND OTHER BENEFIT FUNDS *(continued)*		
Defined benefit plan – post-retirement medical aid *(continued)*		
Costs for the year included in payroll cost in the income statement (note 21):		
Current service cost	13,6	15,0
Interest cost	6,8	6,7
Expected return on plan assets	(4,9)	(3,1)
Net actuarial loss recognised	–	2,7
Contributions paid	9,3	–
	24,8	21,3
Movements in the net asset were as follows:		
Present value at beginning of year	–	25,3
Amounts recognised in the income statement	24,8	21,3
Contributions paid	(24,8)	(46,6)
At 30 June	–	–
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,0%	10,0%
Expected return on plan assets	5,1%	6,5%
Long-term increase in medical subsidies	5,8%	5,8%

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

Defined benefit plan – disability benefits

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.

	2005	2004
Present value of funded liability	44,0	41,4
Fair value of plan assets	(47,4)	(43,6)
	(3,4)	(2,2)
Costs for the year included in payroll cost in the income statement (note 21):		
Current service cost	7,8	5,3
Interest cost	3,9	4,2
Expected return on plan assets	(4,0)	(4,0)
Net actuarial loss recognised	–	0,1
	7,7	5,6
Movements in the net asset were as follows:		
Present value at beginning of year	–	(4,7)
Amounts recognised in the income statement	7,7	5,6
Contributions paid	(7,7)	(0,9)
At 30 June	–	–

Notes to the consolidated financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand	2005	2004
32. RETIREMENT AND OTHER BENEFIT FUNDS *(continued)*		
Defined benefit plan – disability benefits *(continued)*		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	8,3%	10,0%
Expected return on plan assets	7,5%	9,7%
Long-term increase in disability benefits	4,8%	5,8%

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

33. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS

Transactions and balances between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions and balances with other related parties are disclosed below.

Related party transactions

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. No other material related party transactions have occurred during the year.

Amounts owed by related parties

The following unsecured loan balances are included in the unlisted loan investments in note 5:

	2005	2004
Loan to Borbet SA (Pty) Limited, net of impairment provision	72,7	90,9
Loan to Consani Engineering (Pty) Limited*, net of impairment provision	40,9	–
Loan to Flaming Silver 163 (Pty) Limited	1,7	–
Loan to Resteel Trading Limited	1,4	1,3
Loan to Falcon Aluminium Alloys (Pty) Limited	1,2	–
Loan to Freyssinet Posten (Pty) Limited	–	2,5
Loan to Alert Steel Polokwane (Pty) Limited	–	0,7
Loan to Shisane Reinforcing Steel (Pty) Limited	–	0,7
	117,9	96,1

* Consani Engineering (Pty) Limited was placed into liquidation in the current year. In the prior year, the loan was eliminated on consolidation.

Related party guarantees

A subsidiary company has provided a suretyship to a third party on behalf of Borbet SA (Pty) Limited. The contingent liability is limited to a maximum amount of R8,5 million.

Subsidiary companies

Details of the Group's major operating subsidiary companies are disclosed in Annexure 1.

Joint ventures

Details of the Group's major operating joint ventures are disclosed in note 27.

Associate companies

Details of the associate companies are disclosed in note 4.

All monetary amounts are expressed in thousands of rand

33. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

Directors' emoluments

Executive directors

The remuneration of executive directors for the year ended 30 June 2005 was as follows:

	Directors' fees	Salary	Retirement fund contributions	Allowances	Other benefits	Total guaranteed remuneration	Gain on exercise of share options	Performance related*	Total 2005	Total 2004
BC Bruce	49	2 349	280	–	295	2 973	–	2 300	5 273	6 986
SJ Flanagan **	37	815	115	133	22	1 122	–	1 100	2 222	–
N Jorek **	49	1 122	–	–	92	1 263	–	800	2 063	–
RW Rees	49	1 427	181	–	215	1 872	3 620	1 650	7 142	4 567
KE Smith	49	1 271	180	380	32	1 912	3 184	1 650	6 746	2 953
	233	6 984	756	513	656	9 142	6 804	7 500	23 446	14 506

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

** Remuneration other than performance related reflects the period since appointment during the year.

Non-executive directors

The level of fees for service as a 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 2005 was as follows:

	Directors Fees	Committee Fees	Chairman's Fees	Total 2005	Total 2004
RC Andersen	8	–	717	725	398
SE Funde	96	67	–	163	110
SJ Macozoma	58	–	–	58	95
NM Magau	74	21	–	95	–
JM McMahon	83	44	–	127	–
IN Mkhize	46	21	–	67	–
AA Routledge	104	62	–	166	121
MJ Shaw	80	73	–	153	151
JJM van Zyl	89	87	–	176	153
RT Vice	46	–	–	46	–
Other**	120	–	–	120	762
	804	375	717	1 896	1 790

** Past director emoluments: BN Bam (15), WP Esterhuyse (65), PG Joubert (15), AJ Morgan (25).

Details of service on board committees are set out on page 53.

Notes to the consolidated financial statements

for the year ended 30 June 2005

33. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS *(continued)*

Interest of directors in share capital of the company

Interest of the directors in the share capital of the company is set out in the directors' report.

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 2,0% (2004: 1,8%) 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 2005 are as follows:

	Conditions	Outstanding options at 30 June 2004	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 2005
BC Bruce	Standard	2 555 463	90 000	15 463					2 630 000
	Hurdle	650 000	90 000						740 000
SJ Flanagan	Standard	259 881	100 000	4 631					355 250
	Hurdle	253 750	100 000						353 750
N Jorek	Standard	150 000	80 000						230 000
	Hurdle	100 000	70 000						170 000
RW Rees	Standard	980 000	15 000						570 000
					100 000	12 October 2004	316	890	
					200 000	12 October 2004	460	1 492	
					125 000	11 May 2005	460	1 238	
	Hurdle	500 000	–						500 000
KE Smith	Standard	851 000	100 000	4 000					577 000
					150 000	19 October 2004	233	1 476	
					30 000	19 October 2004	316	270	
					190 000	19 October 2004	460	1 438	
	Hurdle	455 000	40 000						495 000

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

Details regarding directors' service contracts are set out on page 54.

34. RESTATEMENTS, CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES

34.1 Business combinations (AC140)

The Group adopted AC140: *Business Combinations* during the current year. The adoption of this statement resulted in a change in the accounting policy for goodwill. For all business combinations on or after 31 March 2004 goodwill is measured as 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".

Until 30 June 2004, goodwill was:
- amortised on a straight line basis over its useful life with a maximum of ten years.

In accordance with the provisions of AC140:
- the Group ceased amortisation of goodwill from 1 July 2004;
- accumulated amortisation as at 30 June 2004 has been eliminated with a corresponding decrease in the cost of goodwill; and
- from 1 July 2004 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

Adoption of this accounting policy resulted in goodwill amortisation amounting to R4,7 million being ceased and a goodwill impairment charge of R4,7 million. The impact of the restatement on earnings and headline earnings per share is set out below.

34.2 Operating lease costs and income (AC105)

In prior years, operating lease payments were recognised in the income statement in the year incurred. Interpretative guidance by the South African Institute of Chartered Accountants, Circular 7/2005 issued in August 2005, requires minimum lease payments that are subject to fixed escalations to be spread over the life of the lease instead of as incurred.

	R millions
The adjustments resulting from the restatement can be summarised as follows:	
Increase of 2003 accumulated profit opening balance	–
Recognition of deferred operating lease income accrual	108,3
Recognition of deferred operating lease cost accrual	(118,8)
Decrease of 2004 net profit	(10,5)
Increase of 2005 net profit	12,7

The impact of the restatement on earnings and headline earnings per share is set out below.

34.3 Depreciation of headlease property

In prior years, the land element of the capitalised headlease property was incorrectly depreciated together with the building element. This has been corrected by a reversal of R6,8 million in prior year accumulated depreciation.

	R millions
The adjustments resulting from the restatement can be summarised as follows:	
Increase of 2003 accumulated profit opening balance	3,4
Increase of 2004 net profit	3,4
Increase of 2005 net profit	3,4

Notes to the consolidated financial statements

for the year ended 30 June 2005

34. RESTATEMENTS, CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES *(continued)*

34.4 Impact on earnings and headline earnings per share

The impact of the restatements on earnings and headline earnings per share is set out below.

	Increase (decrease) in basic and diluted earnings per share	
	2005 Cents	2004 Cents
Non-amortisation of goodwill	2	–
Impairment of goodwill	(2)	–
Recognition of operating lease payments and income on a straight line basis*	4	(3)
Adjustments to the depreciation of headlease property*	1	1
Total impact	5	(2)

These adjustments had no impact on basic and diluted headline earnings per share.

* Relates to the headlease and other discontinued property activities.

34.5 Comparatives

The comparative information presented has been restated for the following:

- reclassification of investment property from property, plant and equipment to investment property;
- reclassification of an impairment provision from other accruals to other investments;
- separate disclosure of derivative financial instruments on the balance sheet;
- restatement of operating lease costs and income on a straight line basis; and
- restatement of the depreciation on headlease property.

35. SUBSIDIARY COMPANIES

Although the Group does not own more than half of the equity shares of the following companies, it has the power to govern the financial and operating policies via *inter alia* shareholder agreements and therefore has control. Consequently these companies are consolidated as subsidiaries.

	% direct ownership	
	2005	2004
Murray & Roberts Abu Dhabi LLC	49	49
Murray & Roberts Contractors (Middle East) LLC	49	49
Johnson Arabia LLC	49	49

The financial year-end of Johnson Arabia LLC is 31 December each year. For the purpose of consolidation, financial statements are prepared for the 12 months ended 30 June each year.

36. POST-BALANCE SHEET EVENTS

The following significant events have occured subsequent to 30 June 2005:

Empowerment

The directors have approved a proposal to repurchase 10% of the issued share capital of the Group for use in the broad-based empowerment and employee ownership of equity in the Group. Details of this proposal are included in a separate circular to shareholders for consideration at a special general meeting.

Business combinations – Clough

The Group has reached agreement with McRae Investments and the Board of Clough, subject to regulatory approvals, to increase its shareholding in Clough through an issue of new shares and options by the company and an equivalent sell-down by McRae. Murray & Roberts will thereafter hold the right to 49% of Clough.

Business combinations – Oconbrick

The Group has acquired an initial 80% shareholding in Oconbrick (Pty) Limited for a consideration of approximately R96 million.

Disposals – Criterion Equipment

The sale of Criterion Equipment to J&J Group from 1 September 2005 has been approved.

Other

No other events have occurred between the year-end and the date of the approval of the financial statements that would materially affect the disclosure of the financial statements.

Murray & Roberts Holdings Limited financial statements

All monetary amounts are expressed in millions of rand	Notes	2005	2004
BALANCE SHEET			
at 30 June 2005			
ASSETS			
Interest in subsidiary company	2	1 635,9	1 769,5
Loan to The Murray & Roberts Trust		230,0	212,7
Total assets		1 865,9	1 982,2
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	3	1,672,8	1 672,8
Non-distributable reserve		0,9	0,9
Accumulated profit	4	191,0	307,1
Total ordinary shareholders' equity		1 864,7	1 980,8
Current liabilities			
Accounts payable		1,2	1,4
Total equity and liabilities		1 865,9	1 982,2
INCOME STATEMENT			
for the year ended 30 June 2005			
Income			
Interest income		–	2,0
Interest income from subsidiary company		–	0,7
Dividend received from subsidiary company		34,2	124,5
Fees received from subsidiary company		2,3	2,2
Total income		36,5	129,4
Total expenses		2,6	2,8
Interest expense		0,3	0,7
JSE fees		0,1	0,1
Other		2,2	2,0
Earnings before taxation		33,9	126,6
Taxation (charge) credit	5	(0,6)	5,0
Ordinary shareholders' earnings		33,3	131,6

These financial statements should be read together with the group financial statements set out on page 68 to 121.

Notes to the Murray & Roberts Holdings Limited financial statements

for the year ended 30 June 2005

All monetary amounts are expressed in millions of rand

1. CASH FLOW AND STATEMENT OF CHANGES IN EQUITY

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. 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.

	2005	2004
2. INTEREST IN SUBSIDIARY COMPANY		
Shares at cost	0,4	0,4
Net amounts due	1 635,5	1 769,1
	1 635,9	1 769,5
3. SHARE CAPITAL AND PREMIUM		
– refer to note 10 of the consolidated financial statements		
4. ACCUMULATED PROFIT		
Accumulated profit		
Opening balance	189,6	182,5
Ordinary shareholders' earnings	33,3	131,6
Dividend declared and paid	(31,9)	(124,5)
	191,0	189,6
Accumulated profit (previously transferred from share premium account not subjected to STC)		
Opening balance	117,5	167,2
Dividend declared and paid	(117,5)	(49,7)
	–	117,5
Closing balance	191,0	307,1
5. TAXATION (CHARGE) CREDIT		
Normal taxation		
– prior year under provision	(0,6)	–
Secondary taxation on companies		
– prior year overprovision	–	5,0
	(0,6)	5,0
6. EMOLUMENTS OF DIRECTORS (paid by company or subsidiary companies)		
Executive directors	23,4	14,5
Non-executive directors	1,9	1,8
	25,3	16,3
Included in the above are fees paid for services as directors of the company	1,1	1,3
Number of directors at year-end	15	11
Details of individual director emoluments are disclosed in note 33 on the consolidated financial statements.		
7. CONTINGENT LIABILITIES		
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 contingent liabilities at 30 June covered by such guarantees being	214,8	214,8

Annexure 1 – Major operating subsidiaries and associate companies

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	
		2005 %	2004 %	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Murray & Roberts Investments Limited	68 000	100	100	0,4	0,4	1 635,5	1 769,1

(b) Indirect

		Issued share capital (in rand except where indicated otherwise)	Interest in capital	
			2005 %	2004 %
Murray & Roberts Limited		59	100	100
Construction & engineering				
Cementation Canada Inc.	CAD	2 700 010	100	–
Clough Limited (Associate company)	AUD	115 512 000	30	–
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 Cementation (Pty) Limited		1 750 000	74	–
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
Construction materials & services				
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
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-Lehumo (Pty) Limited		100	74	74
Toll Road Concessionaires (Pty) Limited		12 000	100	100

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

(b) Indirect *(continued)*

		Issued share capital (in rand except where indicated otherwise)	Interest in capital 2005 %	2004 %
Fabrication & manufacture				
Consani Engineering (Pty) Limited		40 000	–	100
Murray & Roberts Foundries Group (Pty) Limited		2	100	100
Pefco (Pty) Limited		200	100	100
Union Carriage and Wagon Company (Pty) Limited		8 160 000	100	100
Corporate				
Interbuild Insurance Limited (BVI)	USD	170 000	100	100
Murray & Roberts (Malaysia) Sdn. Bhd.	MYR	250 000	100	100
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 (Indonesia)	USD	250 000	100	100
Unitrans Limited (Associate company)		7 609 100	–	44

Annexure 2 – Interest-bearing borrowings

	Financial years of redemption	Closing interest rate (effective NACM) 2005 %	2004 %	Amount 2005 Rm	2004 Rm
SECURED					
Equal monthly instalments with one balloon payment at the end	2007	6,85	4,59	21,2	28,7
No fixed terms of repayment		4,30	–	200,1	–
Various loans each under R10 million at varying rates of interest and on varying terms of repayment				19,6	27,3
				240,9	56,0
UNSECURED					
Bi-annual instalments	2007	5,57	4,38	78,8	111,5
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				73,6	60,0
Bank overdrafts				194,7	118,7
				347,1	290,2
CAPITALISED FINANCE LEASES					
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment				52,6	20,9
				52,6	20,9
OBLIGATIONS UNDER FINANCE HEADLEASES					
Bi-annual instalments	2008	11,85	11,85	174,6	209,7
Bi-annual instalments	2009	13,18	13,18	47,7	54,0
Monthly instalments	2011	17,90	17,90	17,9	18,1
Monthly instalments	2007	18,38	18,38	30,2	34,4
Monthly instalments	2010	18,90	18,90	17,9	18,8
Monthly instalments	2012	18,72	18,72	32,9	33,8
Monthly instalments	2011	18,50	18,50	32,2	32,5
				353,4	401,3
Total				994,0	768,4
Reflected in the notes under:					
Long-term loans (note 12)					
Secured loans				217,0	27,6
Unsecured loans				97,4	102,3
Capitalised finance leases				24,6	9,3
Obligations under finance headleases (note 13)				274,2	346,1
Overdrafts and short-term loans (note 18)					
Bank overdrafts				194,7	118,7
Current portion of long-term borrowings				78,9	97,6
Current portion of capitalised finance leases				28,0	11,6
Current portion of obligations under finance headleases				79,2	55,2
				994,0	768,4

Annexure 3 – Group segmental report

All monetary amounts are expressed in millions of rand

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 segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

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. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

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

PRIMARY REPORTING – BUSINESS SEGMENTS

For management purposes, the Group is organised on a world wide basis into four main business segments. The composition of these segments is set out in Annexure 1 and are further elaborated on in the operations reports on page 28 to 42.

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate	Group
2005					
Revenue	6,237	3,432	1,024	1	10,694
Continuing operations	6,237	3,381	870	1	10,489
Discontinued operations	–	51	154	–	205
Results					
Earnings before exceptional items and interest	226	340	92	(115)	543
Continuing operations	226	337	98	(115)	546
Discontinued operations	–	3	(6)	–	(3)
Exceptional items	(12)	–	(184)	209	13
Earnings before interest and taxation	214	340	(92)	94	556
Net interest income (expense)	5	(23)	(23)	36	(5)
Earnings before taxation	219	317	(115)	130	551
Taxation	(92)	(101)	2	41	(150)
Earnings after taxation	127	216	(113)	171	401
Income from associates	16	–	–	61	77
Minority shareholders' interest	(5)	(19)	(6)	–	(30)
Earnings attributable to ordinary shareholders	138	197	(119)	232	448
2004					
Revenue	4,153	3,011	1,259	1	8,424
Continuing operations	4,153	2,886	763	1	7,803
Discontinued operations	–	125	496	–	621
Results					
Earnings before exceptional items and interest	177	274	70	(100)	421
Continuing operations	177	274	75	(100)	426
Discontinued operations	–	–	(5)	–	(5)
Exceptional items	–	–	(6)	(10)	(16)
Earnings before interest and taxation	177	274	64	(110)	405
Net interest income (expense)	5	(2)	(39)	46	10
Earnings before taxation	182	272	25	(64)	415
Taxation	(30)	(12)	23	(8)	(27)
Earnings after taxation	152	260	48	(72)	388
Income from associate	–	–	–	114	114
Minority shareholders' interest	–	(15)	(10)	–	(25)
Earnings attributable to ordinary shareholders	152	245	38	42	477

Annexure 3 – Group segmental report

All monetary amounts are expressed in millions of rand

	Construction & engineering	Construction materials & services	Fabrication & manufacture	Corporate	Group
PRIMARY REPORTING – BUSINESS SEGMENTS					
2005					
Balance sheet					
Segmental assets	2 427	1 571	602	667	5 267
Segmental liabilities	(1 916)	(1 123)	(360)	(250)	(3 649)
Investment in associate company	505	–	–	–	505
Other information					
Capital expenditure	136	93	67	7	303
Depreciation	134	59	51	6	250
Impairment of goodwill	5	–	–	–	5
Impairment of property, plant and equipment	–	4	23	–	27
Provision for doubtful debts	1	42	–	1	44
Number of employees	18 056	4 025	1 740	83	23 904
2004					
Balance sheet					
Segmental assets	1 408	1 439	849	1 332	5 028
Segmental liabilities	(1 209)	(823)	(261)	(916)	(3 209)
Investment in associate company	–	–	–	653	653
Other information					
Capital expenditure	97	152	96	8	353
Depreciation	71	54	61	3	189
Amortisation of goodwill	5	–	–	–	5
Provision for doubtful debts	2	16	6	–	24
Number of employees	6 622	3 880	2 566	81	13 149

All monetary amounts are expressed in millions of rand

SECONDARY REPORTING – GEOGRAPHICAL SEGMENTS

The Group operates in the following geographic areas:

	South Africa	Africa – other	Europe	The Americas	Pacific Rim/ Southeast Asia	Middle East	Group
2005							
Revenue	8 116	725	5	547	206	1 095	10 694
Percentage	76	7	–	5	2	10	
Segmental assets	3 830	275	620	61	73	408	5 267
Percentage	72	5	12	1	2	8	
Capital expenditure	280	5	1	4	5	8	303
Percentage	92	1	–	2	2	3	
Number of employees	19 030	3 708	5	632	80	449	23 904
Percentage	80	16	–	3	–	1	
2004							
Revenue	6 321	823	148	8	80	1 044	8 424
Percentage	75	10	2	–	1	12	
Segmental assets	3 979	300	122	4	64	559	5 028
Percentage	79	6	3	–	1	11	
Capital expenditure	273	30	–	–	39	11	353
Percentage	77	9	–	–	11	3	
Number of employees	11 281	1 436	37	–	46	349	13 149
Percentage	86	11	–	–	–	3	

Group directorate and executive committee

Non-executive directors

Roy Cecil Andersen (57)

CA(SA) CPA (Texas), independent non-executive chairman

Appointed to the Board in 2003. Appointed chairman in 2004. Chairman of the nomination committee. Member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust and the International Accounting Standards Committee Foundation. Chairman of Sanlam Limited and Virgin Active (South Africa) (Pty) Limited. Member of the King Committee on Corporate Governance. Former chief executive and chairman of the Liberty Group.

Roy served as executive president of JSE Limited from 1992 to 1997 where he was responsible for overseeing its restructuring, including the introduction of electronic equity trading. Roy was with Ernst & Young from 1971 to 1992 where his last position was executive chairman. He holds the rank of Major General and is Chief of Defence Reserves of the SANDF, Honorary Colonel of the Transvaal Horse Artillery as well as a member of the Council for the Support of National Defence.

Sonwabo Edwin Funde (62)

MSc Eng (Elec), independent non-executive director

Appointed to the Board in 2000. Member of the nomination and health, safety & environment committees. Trustee of the Independent Development Trust, Fundani Trust and TW Kambule Education, Training and Development Trust. President of South African Communications Forum. Chairman of SABC, Sizanani Knowledge Management Services and Shaya Technologies. Director of National Institute for Economic Policy, Khuselo Holdings, Kemlinks International, Petzetakis Africa, Tiyende Holdings, Tiyende Technologies, One Tel, Beco Holdings and Impi Linux.

Sakumzi Justice Macozoma (48)

BA, independent non-executive director

Appointed to the Board in 2001. Member of the remuneration & human resources committee. Trustee of The Murray & Roberts Trust. Chairman of Stanlib Limited, the Council of Higher Education, Grassroots (Pty) Limited, Andisa Capital Limited, Ilso Consulting (Pty) Limited and Nail Outdoor Natanya (Pty) Limited. Co-Chairman of the Business Trust. Deputy chairman of Standard Bank and Safika Holdings Limited. CEO of New Africa Investments Limited. Director of Safika Resources (Pty) Limited, VW South Africa (Pty) Limited, Liberty Holdings Limited, Standard Bank of South Africa (Pty) Limited, Liberty Group Limited and Emblesi (Pty) Limited. Former managing director of Transnet.

Saki is a member of the ANC's National Executive Committee, co-chair of the Business Trust and a council member of the University of the Witwatersrand, Rhodes University and Unisa.

Namane Milcah Magau (53)

BA EdD (Harvard) MEd BEd, independent non-executive director

Appointed to the Board in 2004. Member of the remuneration & human resources committee. Member of the health, safety & environment committee. Trustee of the Murray & Roberts Trust. President of the Businesswomen's Association. Director of Santam Limited, Thebe Investment (Pty) Limited and FastComm (Pty) Limited. Member of the Advisory Board UCT Business School.

Dr Magau is currently director of her own consulting company and was formerly the director for group human capital services at the SABC. She came to SABC from CSIR where she was vice president for human resources.

John Michael McMahon (59)

PrEng BSc Eng (Glasgow), independent non-executive director

Appointed to the Board in 2004. Chairman of the health, safety & environment committee. Director of GoldFields Limited and Impala Platinum Holdings Limited. Former chairman of Gencor Limited and Impala Platinum Holdings Limited. Michael was a project manager in EMS during the 1970's and worked with Murray & Roberts as a client in the 1980's.

Imogen Nonhlanhla Mkhize (42)

BSc Information Systems (Rhodes) MBA (Harvard), independent non-executive director

Appointed to the Board in 2005. Member of the audit & risk management committee. CEO of the World Petroleum Congress 2005. Director of Sasol Limited, Datacentrix Holdings Limited and CSIR. Member of Financial Markets Advisory Board, Rhodes University Board of Governors and Rhodes Investec Business School Advisory Board.

Imogen has extensive leadership and management experience in both the corporate and non-profit sectors. She was the MD of Lucent Technologies South Africa before venturing into the Zitek Group, a management and development consultancy she founded in 2000. Her career history also includes Anglo American, Andersen Consulting, Nedcor and the Association of Black Accountants. In 2001, she was recognised by the World Economic Forum as a Global Leader for Tomorrow.

Anthony Adrian Routledge (58)

BCom CA(SA), independent non-executive director

Appointed to the Board in 1994. Member of the audit & risk management and remuneration & human resources committees. Trustee of the Murray & Roberts Trust. Former executive director of Nedcor Limited, Nedbank Limited and Sankorp Limited.

Martin John Shaw (66)

CA(SA), independent non-executive director

Appointed to the Board in 2003. Chairman of the audit & risk management committee. Chairman of Reunert Limited. Director of Illovo Sugar Limited, JD Group Limited, Liberty Group Limited, Liberty Holdings Limited, Pretoria Portland Cement Company Limited, Standard Bank of South Africa Limited and Standard Bank Group Limited. Martin was chief executive of Deloitte & Touche from 1991 to 1999 and chairman in South Africa until his retirement in 2001.

Johannes Jacobus Marthinus (Boetie) van Zyl (65)

PrEng BSc Eng (Mech), independent non-executive director

Appointed to the Board in 1998. Chairman of the remuneration & human resources committee. Member of the nomination committee. Trustee of the Murray & Roberts Trust. Director of Naspers Limited, Sanlam Limited, Peace Parks Foundation and Atlas Properties Limited.

Royden Thomas Vice (58)

BCom CA(SA), independent non-executive director

Appointed to the Board in 2005. CE of Waco International, the largest LBO in South Africa, with subsidiaries in the UK, Australia, USA, New Zealand, Chile and Southern Africa. Chairman of Consol Limited. Prior to this, Royden was CEO of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of R25 billion. He was also chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which was successfully listed in 1999.

Executive directors

Brian Cameron Bruce (56)

PrEng BSc Eng (Civil) DEng (hc), group chief executive

Appointed to the board and group CE in 2000. Director of Clough Limited. Member of the Construction Industry Development Board (CIDB). Brian's business philosophy derives from his interest in history and philosophy combined with his engineering and management training and experience. Brian built his career through the strategic and project management of a range of world class contracting projects. He has transformed many operating business units in Murray & Roberts and played a key role in the development of the Group's strategic future. As former chairperson of South Africa's CIDB and past president of the South African Institution of Civil Engineering, Brian is also an active participant in the development of the strategic future of the regional construction and engineering sector. He is chairman of the University of the Witwatersrand engineering & the built environment faculty advisory board and a member of the same faculty's advisory board at the University of Cape Town.

Sean Joseph Flanagan (46)
BSc (Building), group executive director

Joined the Group in 1991 and appointed to the Board in 2004. Sean's core competency is project development and management, having established his expertise within some of the leading property development, construction and engineering companies in the United Kingdom and South Africa. Previously the MD of Murray & Roberts Properties (Gauteng), Sean was appointed MD of Murray & Roberts Engineering Solutions in 1997. Within a short period, the company returned to profitability and became recognised as the leading engineering contractor in South Africa. Sean is responsible for the Group's construction, mining and development activities in South Africa and the rest of SADC.

Norbert Jorek (40)
Dipl – Kfm MBA, group executive director

Joined the Group and appointed to the Board in 2004. Director of Clough Limited. Previously vice president and officer of global management consulting firm AT Kearney Inc and the head of its South African practice, Norbert brings to Murray & Roberts thirteen years of international top management experience. He plays a key role in our Group leadership team with a personal focus on guiding Murray & Roberts in the identification of growth opportunities, particularly in the international arena.

Roger William Rees (52)
BSc (Econ) Hons FCA, group financial director

Joined the Group and appointed to the Board in 2000. Roger developed his early career with Arthur Andersen in Johannesburg and London, followed by financial leadership positions in the food, tobacco and media sectors. Roger has developed extensive international experience in corporate finance activities such as due diligence studies, mergers, acquisitions and disposals of companies.

Keith Edward Smith (55)
BCom, group executive director

Joined the Group in 1980 and appointed to the Board in 2001. Keith joined Murray & Roberts as a financial director in the Group's UK-based building and engineering subsidiary. After a period working for the Group in the United States, Keith returned to Africa where he played a key role in building sustainable operations in Botswana and Zimbabwe. In 1995, he was appointed MD of Johnson Crane Hire. Keith moved to the corporate office in July 2000 and has played a key leadership role in Rebuilding Murray & Roberts.

MURRAY & ROBERTS LIMITED

Millard Walter Arnold (58)
BA (Political Science) Juris Doctorate, executive director and legal counsel

Appointed to the Board in 2003. Previously executive chairman of Black & Veatch Africa and the first United States minister counsellor for commercial affairs for the Southern Africa region. Millard is the legal counsel in the office of the group CE.

Brian Cameron Bruce (56)
PrEng BSc Eng (Civil) DEng (hc), chairman and managing director

Appointed to the board in 1998 and group chief executive in 2000. Director of Clough Limited. Member of the CIDB.

Malose Phillip Chaba (45)
PrEng BSc MSc Eng (Elec), executive director – operations

Appointed to the board in 2004. Malose was previously chairman of his own electrical engineering company, Karabo Engineering. His career history also includes Eskom, Anglo Alpha and AECI. Malose is MD of Murray & Roberts Engineering Solutions.

Sean Joseph Flanagan (46)
BSc (Building), group executive director

Appointed to the board in 2001.

Edwin Hewitt (39)
MDip Tech Eng (Metallurgical) MDP, executive director – operations

Appointed to the board in 2005. Since he joined the Group in 2000, Edwin has played a key role in the turnaround of Main Industries and Murray & Roberts Foundries Group. He has been tasked with the role of building engineering leadership and project implementation capacity in the energy, oil and gas sectors.

Norbert Jorek (40)
Dipl – Kfm MBA, group executive director

Appointed to the board in 2004.

Craig Vaughn Lawrence (46)
BCom (Industrial Psychology), executive director – human capital

Appointed to the Board in 2004. Previously group human resources executive of JCI and Liberty Life, Craig built his career in the mining, industrial and financial sectors. He plays a key role guiding the Group's human capital strategy.

Stephen David Pell (47)
BSc (Building Management), executive director – operations

Appointed to the Board in 2002. Stephen was previously MD of Murray & Roberts Gillis Mason and Murray & Roberts Namibia. As MD of Murray & Roberts Construction, he has been involved in the repositioning of the business.

Roger William Rees (52)
BSc (Econ) Hons FCA, group financial director

Appointed to the board in 2000.

Terence William Rensen (58)
FCA CA(SA) FCMA, executive director – corporate services

Appointed to the Board in 2004. Formerly Chairman of Union Carriage and Wagon Company (Pty) Limited and closely involved in the formation and development of UCW Partnership, Terry is now responsible for enterprise wide risk management, internal audit, insurance and group benefits.

Keith Edward Smith (55)
BCom, executive director – operations

Appointed to the board in 2000.

International

Peter Richard Adams (57)
FRICS, executive director – Murray & Roberts International Limited

Appointed in 2004.

Peter was previously executive director of Costain plc in the United Kingdom.

Company Secretary

Sandra Felicity Linford (44)
ACIBM MDP (Cape Town), group secretary

Appointed in 2004. Sandi is the former group secretary of Allied Electronics Corporation Limited.

Sandi developed her early career as company secretary with Frame Group Holdings Limited.

Notice to members

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1948/029826/06)
(Share code: MUR) (ISIN: ZAE00008983)
("the company")

Notice is hereby given that the fifty-seventh annual general meeting of the company will be held in the EG Pringle Conference Room, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Wednesday 26 October 2005 at 12:00 to conduct the following business:

1. To receive and consider the annual financial statements for the year ended 30 June 2005.

2. To elect:

   IN Mkhize, SJ Flanagan and RT Vice as directors, who were appointed since the last annual general meeting, and in accordance with the provisions of the company's articles of association retire at this annual general meeting.

   BC Bruce, RW Rees and KE Smith as directors who in terms of the articles of association retire by rotation.

   All the retiring directors are eligible and available for re-election.

   The profiles of the directors up for re-election appear on pages 122 to 123.

3. To reappoint the auditors, Deloitte & Touche.

4. To approve the proposed fees payable quarterly in arrears to non-executive directors with effect from the quarter commencing 1 October 2005 as follows:

		Proposed	Previous
Chairman fee	Includes director and committee fees	R735 000	R735 000 pa[1]
Director fees	Per annum	R30 000	R27 000
	Per meeting	R10 000	R8 000
Committee fees:			
Audit & risk management	Chairman Member	R77 000 pa R44 000 pa	R73 500 pa R42 000 pa
Remuneration & human resources	Chairman Member	R66 000 pa R44 000 pa	R63 000 pa R42 000 pa
Nomination	Chairman Member	R42 000 pa R25 000 pa	R42 000 pa* R25 000 pa
Health, safety & environment	Chairman Member	R60 000 pa R44 000 pa	R45 000 pa R42 000 pa

[1] *Effective from 1 January 2006*

5. To renew the general authority granted to directors to allot and issue 30 000 000 unissued ordinary shares of the company (including, but not limited to any allotment to ordinary shareholders as capitalisation shares) at such prices and upon such terms and conditions as they in their sole discretion may determine, subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of JSE Limited.

Special business

To consider and if deemed fit, passing, with or without modification the following special resolutions:

6. SPECIAL RESOLUTION NUMBER 1

   "RESOLVED 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 ordinary shares subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of JSE Limited (JSE) provided that:

a) the general authority granted to the directors shall be valid only until the company's next annual general meeting 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 ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;

d) the repurchase of the ordinary 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 ordinary shares during a prohibited period;

g) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting 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 ordinary 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."

Having considered the effect on the company of the maximum repurchase under this general authority, the directors are of the opinion that:

i) the company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;

ii) the assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited financial statements of the Group for the year ended 30 June 2005;

iii) the share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and

iv) the working capital of the company and the Group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

Reason for and effect of the special resolution number 1:

The reason for special resolution number 1 is to grant the company's directors a renewable general authority or permit a subsidiary company to acquire ordinary shares of the company. The effect of this special resolution is to confer a general authority on the directors of the company to repurchase ordinary shares of the company which are in issue from time to time.

The Board has no immediate intention to use this authority to repurchase shares in the company, but is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the next 12 months.

The directors however have approved a proposal to repurchase 10% of the issued share capital of the Group for use in the broad-based empowerment and employee ownership of equity in the Group. Details of this proposal are included in a separate circular to shareholders for consideration at a special general meeting.

Directors' responsibility statement

The directors, whose names appear on page 13, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify 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 this special resolution contains all information required by the Listings Requirements of the JSE.

Litigation statement

The directors, whose names appear on page 13, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the previous 12 months a material effect on the Group's financial position.

Material change

Other than the facts and developments reported on in the annual report of which this notice of meeting forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice of meeting.

7. SPECIAL RESOLUTION NUMBER 2

"RESOLVED THAT the existing articles of association of the company be hereby substituted by the adoption of new articles of association, which have been initialled by the chairman for purposes of identification."

Reasons for and effect of special resolution number 2:

The company's existing articles of association were adopted in October 1988. Since then, there have been a number of changes in law and regulations including but not limited to the Companies Act, 1973, the introduction of the Electronic Communication Act, revised JSE Listings Requirements and the publication of King II in respect of the Code on Corporate Governance. As a result of these and others, it was considered appropriate to adopt new articles of association that incorporate a number of these regulatory changes. The effect of special resolution number 2 is that the company adopts new articles of association.

The key changes relating to the proposed new articles of association include the following:

- In line with international trends and global markets, electronic communication by companies with their shareholders has become an important medium of communication. In terms of company law, a company may, if authorised by its articles of association, communicate with its shareholders by way of electronic means. This will, *inter alia,* enable shareholders to vote by way of electronic proxy. The adoption of new articles of association will permit the directors of the company to establish guidelines and procedures to implement such medium of communication as they consider appropriate.

- The addition of further articles concerning certificated and uncertificated shares to update the company's articles of association in line with developments concerning dematerialised shares, electronic trading and the recently promulgated Securities Services Act.

- An executive director shall cease to continue holding office once his employment contract with the company is terminated.

- The quorum for the proceedings of directors shall be a majority of the directors appointed; of which one half shall be non-executive directors.

- The ability for directors to conduct their proceedings through the medium of telephone or video conference providing that a quorum is met.

- Dividends unclaimed for five years are forfeited and may be dealt with by the directors as they deem fit. In the existing articles of association, the period is 12 years.

- A new article dealing with odd-lot offers has been inserted to provide a mechanism to facilitate the reduction, in an equitable manner, of the number of Murray & Roberts shareholders who hold less than 100 ordinary shares in the company.

- Automatic retirement of a director from the Board on reaching 70 years of age.

Copies of the proposed new articles of association may be inspected during normal business hours at the company's registered office, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg.

Voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depositary Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy should be forwarded to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited by no later than 12:00 on Monday 24 October 2005.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the Board

Sandi Linford
Group secretary

30 September 2005

Shareholders' diary

Financial year-end	30 June 2005
Mailing of annual report	30 September 2005
Annual general meeting	26 October 2005
Publication of half-year results 2005/6	2 March 2006
Publication of preliminary report 2005/6	30 August 2006

Dividend

Interim dividend	
• SA cents per share	15
• Date declared	28 February 2005
• Last date traded cum dividend	8 April 2005
• Date paid	18 April 2005
Final dividend	
• SA cents per share	30
• Date declared	31 August 2005
• Last day to trade cum dividend	7 October 2005
• Date payable	17 October 2005

Administration

Company registration number
1948/029826/06

Business address and registered office
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview 2007
Republic of South Africa

Postal and electronic addresses and telecommunications numbers
PO Box 1000
Bedfordview 2008
Republic of South Africa
Telephone: +27 11 456 6200
Fax: +27 11 455 2222
Email: clientservice@murrob.com
Internet: www.murrob.com

Share code: MUR

ISIN: ZAE00008983

Registrars
Computershare Investor Services 2004 (Pty) Limited
PO Box 61051
Marshalltown 2107
Republic of South Africa
Telephone: +27 11 370 5000
Fax: +27 11 370 5271

Auditors
Deloitte & Touche

Sponsor
Merrill Lynch South Africa (Pty) Limited

Form of proxy

MURRAY & ROBERTS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(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 shareholders 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

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting which will be held at 12:00 on Wednesday, 26 October 2005 in the EG Pringle Conference Room, Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg 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 resolution 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. Annual financial statements			
2. Election of directors 2.1 IN Mkhize			
2.2 SJ Flanagan			
2.3 RT Vice			
2.4 BC Bruce			
2.5 RW Rees			
2.6 KE Smith			
3. Re-appointment of auditors			
4. Fees payable to non-executive directors			
5. 30 000 000 unissued ordinary shares under control of directors			
6. Special resolution number 1 General authority to repurchase shares			
7. Special resolution number 2 The adoption of new articles of association			

Signed at on 2005

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 annual general meeting.

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; and

d) brokers with nominee accounts.

2. Certificated members wishing to attend the annual general meeting have to ensure beforehand with the Registrar 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 annual general meeting.

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 annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

6. Please insert 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 annual general meeting 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 Registrar, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Marshalltown, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) by no later than 12:00 South African time on Monday, 24 October 2005.

8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

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 annual general meeting 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.