

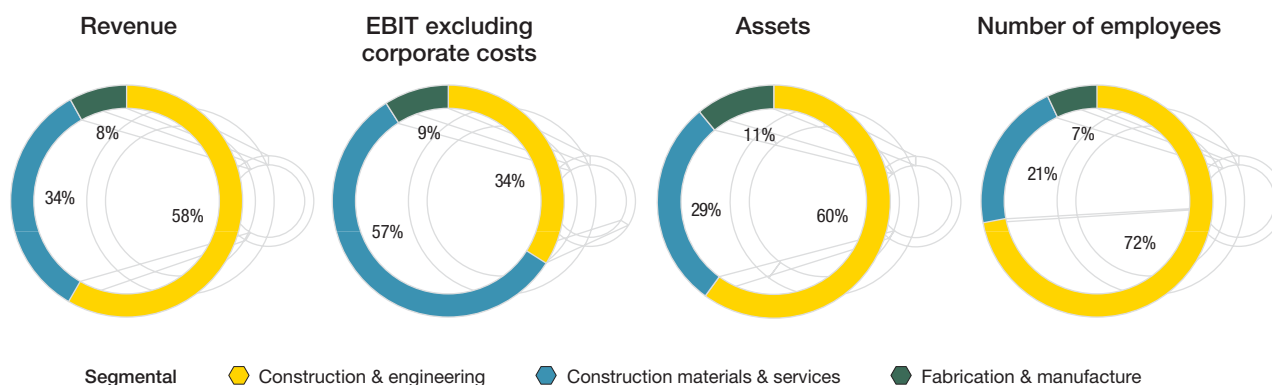
Murray & Roberts is a South African-based construction and engineering group focused on selected regional economies and specialist global markets.

From the platform created by Rebuilding Murray & Roberts, we serve these markets in Southern Africa, Middle East, Southeast Asia, Australasia and North America.

Murray & Roberts 2010 is our short term strategy to deliver sustainable value from increased activity in all our regional and sectoral markets, including growth opportunities associated with the 2010 Soccer World Cup in South Africa.

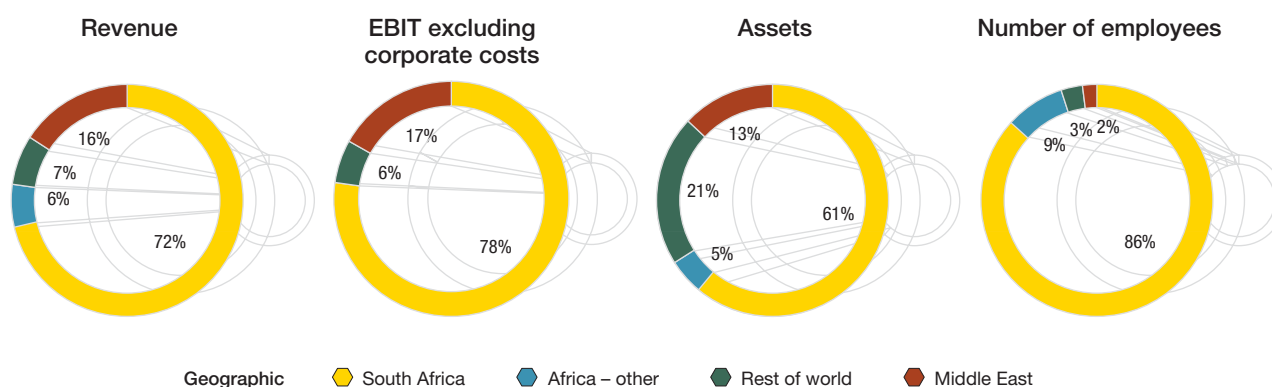
Financial highlights

	2006	2005
GROUP SUMMARY (R millions)		
Revenue	11 920	10 272
Earnings before exceptional items, interest, taxation, depreciation and amortisation	1 045	769
Earnings before exceptional items, interest and taxation	800	544
Income from associates	1	78
Attributable earnings before minority interest	561	493
Total assets	10 385	8 104
Operating cash flow	598	663
Value created	4 202	3 582
Payroll cost	3 162	2 671
Total number of employees – 30 June*	23 867	23 904
* Varies dependent on project status		
ORDINARY SHARE PERFORMANCE (cents)		
Diluted headline earnings per share (excluding BBBEE expense)	184	146
Diluted headline earnings per share	162	146
Diluted earnings per share	165	143
Operating cash flow per share	180	200
Net asset value per share – 30 June	1 031	980
Market price per share – 30 June	2 540	1 400
Total dividend per share*	60	45
* Based on the year to which the dividend relates		
FINANCIAL STATISTICS		
Operating margin (%)	6,7	5,2
Attributable earnings on average shareholder funds (%)	16,7	16,0
Interest cover (times)	10,4	9,6
RATIOS (times)		
Debt/equity	0,40	0,32
Current	1,10	1,35



Segmental highlights

	Revenue		EBIT before exceptional items	
	2006	2005	2006	2005
GROUP (R millions)	11 920	10 272	800	544
CONSTRUCTION ECONOMY	10 952	9 402	861	565
Construction & engineering	6 966	6 230	324	239
Construction	3 674	3 121	112	83
Engineering	611	603	48	26
Mining	2 681	2 506	164	130
Construction materials & services	3 986	3 172	537	345
Steel	2 447	2 085	185	147
Infrastructure	980	743	218	130
Building	324	174	63	11
Services	235	170	71	38
FABRICATION & MANUFACTURE	968	869	86	101
Automotive	822	660	82	70
Transport	146	209	4	31
Corporate	-	1	(147)	(122)



Segmental analysis

	Discontinued operations*		Corporate	
All monetary amounts are expressed in millions of Rand	2006	2005	2006	2005
SUMMARISED INCOME STATEMENTS				
Revenue	(46)	(402)	–	1
Earnings before exceptional items and interest	(1)	(12)	(147)	(122)
Exceptional items	–	–	1	223
Earnings before interest and taxation	(1)	(12)	(146)	101
Net interest income/(expense)	1	2	33	37
Earnings before taxation	–	(10)	(113)	138
Taxation	5	3	50	79
Earnings after taxation	5	(8)	(63)	217
Income from associates	–	–	(1)	61
Profit/(loss) from discontinued operations	–	–	–	–
Minority shareholders' interest	–	–	–	–
Earnings attributable to ordinary shareholders	5	(8)	(64)	278
SUMMARISED BALANCE SHEETS				
Non-current assets	41	103	688	959
Current assets	87	125	2 093	2 282
Goodwill	–	–	–	–
Deferred taxation asset	–	–	1	–
Total assets	127	227	2 782	3 241
Equity	49	80	143	1 301
Minority interest	–	–	43	39
Permanent capital	49	80	186	1 340
Non-current liabilities	41	58	490	494
Current liabilities	37	90	2 106	1 407
Total equity and liabilities	127	227	2 782	3 241
SUMMARISED CASH FLOW STATEMENTS				
Cash generated by operations before working capital changes	5	(8)	(216)	(82)
Change in working capital	(6)	(5)	50	(92)
Cash generated by operations	(1)	(13)	(166)	(174)
Interest and taxation	7	5	(10)	10
Operating cash flow	6	(8)	(176)	(164)
FINANCIAL STATISTICS				
Operating margin (%)			–	–
Return on equity (%)			–	–

* 2005 includes Consani Engineering and Booker Tate; 2006 includes Criterion

	Construction & engineering		Construction materials & services		Fabrication & manufacture		Group	
	2006	2005	2006	2005	2006	2005	2006	2005
	6 966	6 230	3 986	3 172	968	869	11 920	10 272
	324	239	537	345	86	101	800	544
	(60)	(3)	(15)	-	(11)	(146)	(85)	74
	264	236	522	345	75	(45)	715	618
	13	5	(11)	(23)	(13)	(23)	22	(2)
	277	241	511	322	62	(68)	737	616
	(78)	(104)	(141)	(133)	(19)	-	(188)	(155)
	199	137	370	189	43	(68)	549	461
	1	16	1	-	-	-	1	77
	-	-	-	-	12	(46)	12	(46)
	(10)	(5)	(39)	(19)	-	(6)	(49)	(30)
	190	148	332	170	55	(120)	512	463
	1 528	542	733	608	400	333	3 390	2 547
	2 914	1 843	1 496	1 152	208	74	6 797	5 475
	86	48	61	-	-	-	147	48
	23	2	2	3	25	30	51	34
	4 551	2 435	2 292	1 763	632	437	10 385	8 104
	1 701	716	842	689	351	282	3 086	3 067
	25	21	33	25	7	12	108	97
	1 726	737	875	714	358	294	3 194	3 164
	328	225	138	100	30	13	1 027	890
	2 497	1 473	1 279	949	245	130	6 164	4 050
	4 551	2 435	2 292	1 763	632	437	10 385	8 104
	368	283	636	392	115	132	908	717
	(168)	108	(175)	(19)	105	26	(194)	18
	200	391	461	373	220	158	714	735
	(66)	(8)	(43)	(14)	(6)	(3)	(118)	(10)
	134	383	418	359	214	155	596	725
	4,7	3,8	13,5	10,1	8,9	11,6	6,7	5,3
	15,7	20,7	43,4	24,7	17,3	(42,5)	16,7	16,0

Capabilities



CONSTRUCTION ECONOMY

Murray & Roberts directs its attention into the construction economies of South and Southern Africa, Middle East, Southeast Asia and Australasia.

The construction economy is a well defined element of every national economic framework and is identified as a component of gross fixed capital formation (GFCF) within gross domestic product (GDP).

An established benchmark for developing countries is that GFCF should average between 20% and 30% of GDP and that construction investment should represent between 20% and 30% of GFCF.

The construction economy is represented by all expenditure associated with fixed investment into physical infrastructure, production and commercial facilities, and accommodation, as performed by general and specialist contractors, engineers, materials suppliers and service providers. It generally excludes the supply of generic machinery and equipment.

Market sectors:

- Mining & industrial
- Building & infrastructure
- Energy, power & environmental

 **Construction & engineering**

Murray & Roberts offers a unique combination of multiple disciplinary capabilities in design, engineering and various construction skills, and has a proven track record in major project implementation. The Group is positioned as a primary contractor in the delivery of mining and general infrastructure, commercial buildings and industrial facilities.

The Group's primary market focus is the extraction, beneficiation and industrialisation of natural resources.

The acquisition of Cementation in South Africa and Canada and a strategic shareholding in Clough in Australia has extended this focus in the global marketplace. The acquisition of Concor in South Africa has enhanced the Group's domestic capability.

Murray & Roberts values innovation and is able to adapt to complex environments which positions it as a leading contractor in the southern hemisphere and developing world.

Capabilities:

- Construction
- Mining
- Engineering



INDUSTRIAL MANUFACTURE

Construction materials & services

Murray & Roberts supplies the construction markets of Southern Africa with quality service, materials and products through its technical capabilities in concrete, asphalt and steel. The recent acquisition of Oconbrick has extended the Group's capability into clay products.

This is underpinned by operational presence throughout the SADC region, appropriate technology, uncompromising quality and service excellence.

Murray & Roberts converts about one million tons of primary steel, a quarter of a million tons of concrete, a million tons of asphalt and a million tons of clay into construction products annually.

Toll road management in South Africa and lifting services in Middle East form the basis of a small sector of the Group's service offering.

Murray & Roberts has established a new presence in building materials and engages the domestic affordable housing market from this platform.

Capabilities:

- Steel
- Infrastructure
- Services

Fabrication & manufacture

Industrial manufacturing has formed an important anchor for the Group into the South African economy, leveraging domestic competitiveness into selected global markets.

'We are South African' is a strategic commitment that has focused the Group's profile in industrial manufacturing. We operate exclusively from South Africa, serving selected domestic and global markets.

Murray & Roberts has limited its involvement in this sector to selected areas of the market that support the supply of world class specialist engineered products.

Investment in manufacturing capacity leverages the Group's skills in engineering, contracting and industrial design.

The operations in this sector of the business are important in the short term but not core to Globalising Murray & Roberts.

Capabilities:

- Fabrication
- Manufacture
- Services

Broad based black economic empowerment

Murray & Roberts has launched the first truly broad based black economic empowerment initiative in the construction industry with the transfer of 10% of its issued share capital to employees and community organisations.



Murray & Roberts has engaged a comprehensive broad based black economic empowerment (BBBEE) strategy which aims to achieve:

- appropriate broad based empowerment ownership at the level of Murray & Roberts operating subsidiaries through a three-tiered approach at Murray & Roberts Holdings Limited, Murray & Roberts Limited and the operating subsidiaries
- a meaningful number of black senior executives in the Group
- an employee complement that reflects the diversity of South Africa's demographic profile
- the development of a core complement of black professionals
- preferential procurement policies that recognise the broad based principles of black economic empowerment
- enterprise and social development programmes aimed at accelerating the development, empowerment and access to the economy of previously disadvantaged individuals

The Letsema BBBEE shareholding transaction in which Murray & Roberts purchased 10% of its issued share capital on

19 December 2005, offers previously disadvantaged employees, their families and the communities in which Murray & Roberts operates, a stake in the company and its future.

The shareholding initiative comprises four trusts:

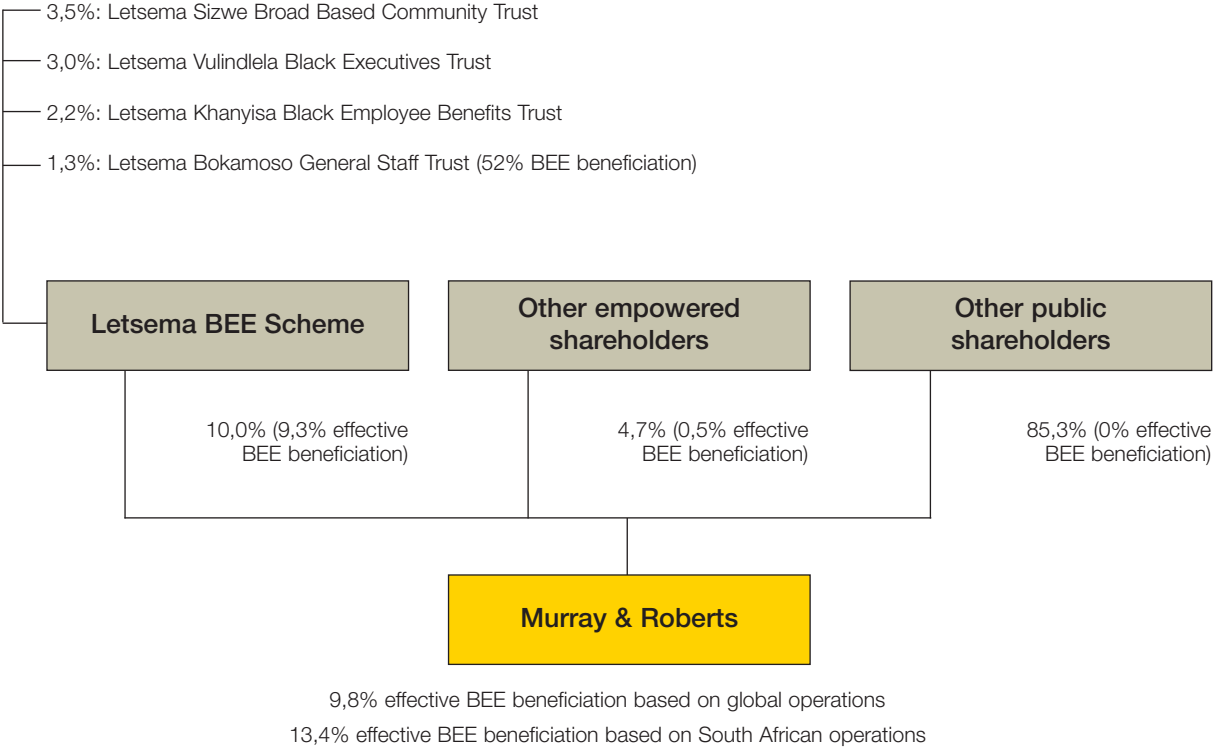
- Letsema Sizwe Broad Based Community Trust to benefit disadvantaged community groupings
- Letsema Khanyisa Black Employee Benefits Trust to benefit current and future qualifying black employees and their immediate families
- Letsema Vulindlela Black Executives Trust to benefit qualifying current and future black executives
- Letsema Bokamoso General Staff Trust to assist qualifying employees to acquire shares in Murray & Roberts

Since the initiative was launched, the Murray & Roberts share price has appreciated by more than 100%, creating wealth of R600 million for the participants, with more than R125 million attributable to the 14 000 participants in the General Staff Trust.

Letsema

Letsema is derived from the Sotho word which describes the concept of team work, where it is the tradition of communities to come together at the time of ploughing and harvesting to work on the communal fields together.

Murray & Roberts BBBEE shareholding



Murray & Roberts has five black managing directors in its major operations in the SADC region (19 companies) and although there remains much to be done, we have an increasing number of black and women executives within our system. The Group has a comprehensive recruitment process in place that has focused on undergraduate and young qualified talent.

At operating level, the Group has engaged selected black economic empowerment partners who have taken up equity in the following businesses:

- AKA Capital has a 20% share in Murray & Roberts Cementation
- Jay & Jayendra Group has a 30% share in The UCW Partnership
- Lehumo Women’s Investment Trust has a 26% share in the Group’s KwaZulu Natal toll road operations business

In our construction businesses, joint venture or subcontracting arrangements are entered into with BEE partners to pursue and deliver projects.

Following the BBBEE transaction, Murray & Roberts conducted a comprehensive external review of its empowerment status relative to various industry charters, current legislation and proposed regulation.

The review has shown that the Group meets current empowerment criteria appropriate for procurement policy in South Africa and has identified key agenda items for further development of this status over the 10 year time frame as stipulated in the legislation, to meet future development criteria.

Human capital

As South Africa's leading engineering and construction group, Murray & Roberts is strengthening its human capacity to meet the challenges of 2010 and beyond.



For South Africa, the 2010 Soccer World Cup coincides with a global trend of increased investment in infrastructure – a trend that many analysts predict as being the most dramatic increase in construction activity in our country's history. Following more than two decades of decline, this will raise the profile of the engineering and construction industry and drive demand for human capital and leadership talent.

The greatest human capital challenge lies not so much in basic skills, as in strategic and professional leadership. This is a global challenge. The United Kingdom, preparing for the 2012 London Olympics, faces similar challenges of leadership and capacity.

Infrastructure development will be characterised by larger and more complex projects requiring more sophisticated leadership talent with the ability to manage an increasingly complex and dynamic environment.

It is not the first time the South African construction industry has had to undergo a rapid transformation to meet significant new expectations. A similar challenge loomed in the 1960s and 1970s when the country experienced the last cyclical construction upturn. A new generation of leaders seized the opportunity and met the challenges posed at that time.

Murray & Roberts views its leadership teams as a key source of competitive advantage and has implemented a strategy to uncover fresh solutions to prepare them for a period of sustainable growth.

Many of the challenges facing Murray & Roberts are industry-wide. This limits the scope for external recruitment within South Africa. Murray & Roberts has an active recruitment programme underway to attract expatriate South African construction executives from the international community and build



domestic implementation capacity. Employing expatriates themselves (as opposed to recovering South African expatriates) is a sensitive issue in a country beset with high unemployment, but the country has to recognise that throughout its history it has been unable to deliver challenges of high growth from internal resources alone.

In the longer term, sustainable growth depends on the organic development of leadership talent.

To this end Murray & Roberts is adopting a strategy to develop and retain its own leadership talent through a comprehensive leadership succession and development process, based on a common understanding of the roles of leadership at all levels of the organisation. This defines a long term succession planning process ensuring a full and flowing pipeline of leadership talent.

A key premise for Murray & Roberts leadership succession and development is performance delivery. Murray & Roberts can only achieve its objectives if its leadership teams perform fully, and structured leadership development is required in order to sustain organisational performance in the future.

Murray & Roberts has identified the industry leadership challenge early and is prepared for 2010 and beyond.

The Murray & Roberts recruitment centre is accessible at www.careers.murrob.com. The recruitment centre is used to communicate with potential candidates for advertised vacancies or allow them to submit unsolicited CV's.

Major project capability

Gautrain, PBMR, VRESAP, the CoalLink locomotives and Eskom's expansion programme are major projects in which Murray & Roberts is contracted to play a key role. These projects alone represent R100 billion of gross fixed capital formation in the years ahead.

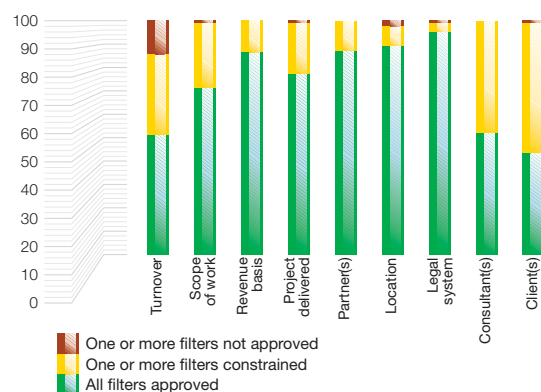


Murray & Roberts has a long and proud record of major project delivery. Our Group has been responsible for constructing much of the built environment in Southern Africa and we have been involved in some of the world's great engineering challenges.

Projects such as the Mozal aluminium smelter in Mozambique, where we have established a global benchmark for sophisticated industrial facilities, and the Burj al Arab in Dubai, bear testimony to our ability to deliver the most complex and unique of world class projects. We have learned from the historic challenges posed by projects such as the Carlton Hotel in the 1970s and DORTS in the 1990s that the opportunity of major projects can bring significant risk.

In recent years we have developed the capacity to better assess and manage a new era of major projects. Our bespoke opportunity management system controls the project approval process such that all opportunities entered into the tender process are evaluated against a selection of pre-determined criteria which flag them as red, green or amber. A scorecard approach allows management to determine the potential risk profile in a project, which projects can proceed normally, which must be declined and which can proceed only under more

Project pipeline status by number of projects



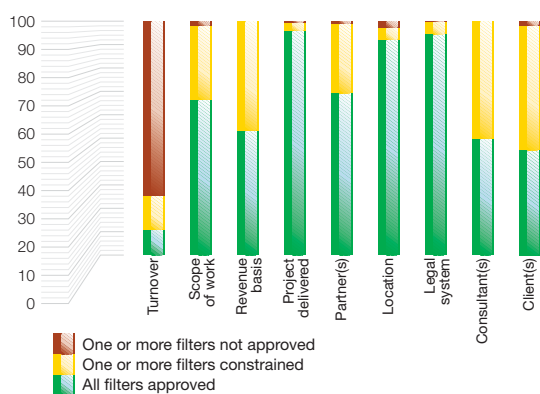
rigorous conditions. In this latter circumstance, a steering committee monitors each project through to final account.

In June last year, we appointed a group international projects director based in Dubai to bring world class experience to the risk management of major projects.

A fundamental principle of Rebuilding Murray & Roberts is the concept of a unitary organisation enabling us to exploit the



Project pipeline status by turnover



unique synergies in our various operations to engage major projects with the collective strength of our Group. This approach has leveraged our ability to compete for some of the world's most challenging mega projects.

Globalising Murray & Roberts benchmarks our leadership and systems capacity against the status of best-in-class from the global engineering and construction sector. We continue to

transform our operations, positioning them to offer superior propositions to their markets. Our leadership capacity is being strengthened to capitalise on the robust construction economy we anticipate in the years ahead.

We are implementing an enterprise resource planning financial management and consolidation system across the Group's project cluster to leverage the synergies of Unitary Murray & Roberts and ensure consistent project delivery.

The accepted international definition of a major project is one which exceeds the inherent capacity of any organisation to manage it within its own resource and capacity. Partnership is a strategic imperative for our Group and we select our partners against characteristics such as knowledge of a market or technological expertise. The building and maintenance of strong relationships with major clients in key growth sectors is reflected in our order book, where much of the work secured is repeat business.

Additional information on major projects undertaken by Murray & Roberts is available on the project portfolio at www.murrob.com.

Charter

We are South African

We believe implicitly in the competitiveness of South African enterprise and the platform that our domestic environment creates for us to be world class.

As a business and corporate citizen we are committed to the national agenda of South Africa, including the pursuit of employment equity throughout our organisation, the economic empowerment of all sectors of society and facilitation of the growth of direct investment into the economy.

As a global enterprise we strive to meet the expectations of our international markets, benchmarking our performance against best-in-class industry standards and our delivery against world class precedent, at all times conducting our business in terms of best practice governance standards.

Value & growth

Rebuilding Murray & Roberts is a change process that commenced on 1 July 2000 and at the heart of which is a non-negotiable commitment to sustainable earnings growth and value creation. Through this process we have committed to world class fulfilment in the construction economy as our core market, enhanced our core skill in engineering and our core capability in contracting, and leveraged our value proposition through our core competence in industrial design.

Globalising Murray & Roberts is a growth strategy that seeks new opportunity and value from the platform created over the past six years. We have identified global best-in-class benchmarks against which we measure our performance in engaging our chosen natural resources and regional markets.

We are Murray & Roberts

A federal structure of world class companies serving the construction economies of the less developed world and leveraging our contracting and manufacturing competitiveness into global markets. To ensure our legitimacy in terms of our strategic commitments, we value:

- Leadership**  Applying the vision, experience and energy of a strong leadership team to the pursuit of profitable growth
- Business conduct**  Professionalism and integrity in the conduct of our business
 -  Open and honest disclosure of information
 -  Resolution of disputes by direct personal discussion
- Innovation**  Encouraging new ideas and better solutions to maintain a competitive edge
- Customers**  Gaining preferred status by delivering the projects, products and services that fulfil customer requirements
- Employees**  Enhancing diversity in our workforce
 -  Working in partnership to create a better future for all our people
- Shareholders**  Delivering real growth and returns that maximise shareholder value
- Partnership**  Building trust with our partners, suppliers, financiers and advisors
- Health, safety and environment**  Integrating sound health, safety and environmental management into all aspects of our business activities
- Corporate citizenship**  Supporting a socially responsive, free market economy
 -  Participating in the economic development and sustainable growth of communities in which we operate

Group directorate and executive committee



1. Roy Andersen 2. Brian Bruce 3. Sean Flanagan 4. Eddie Funde 5. Norbert Jorek 6. Saki Macozoma
 7. Namane Magau 8. Michael McMahon 9. Imogen Mkhize 10. Roger Rees 11. Tony Routledge 12. Martin Shaw
 13. Keith Smith 14. Boetie van Zyl 15. Royden Vice 16. Millard Arnold 17. Malose Chaba 18. Edwin Hewitt
 19. Craig Lawrence 20. Terry Rensen

Non-executive directors

Roy Cecil Andersen (58)

CA(SA) CPA (Texas), independent chairman

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

Sonwabo Eddie Funde (63)

MSc Eng (Elec), independent

Appointed to the Board in 2000. Member of nomination committee and health, safety & environment committee. Chairman of SABC. Director of companies, including Petzetakis Africa. Director of National Institute for Economic Policy. President of South African Communications Forum.

Sakumzi Justice Macozoma (49)

BA, independent

Appointed to the Board in 2001. Member of remuneration & human resources committee. Trustee of The Murray & Roberts Trust. Chairman of Stanlib Limited. CEO of New Africa Investments Limited. Co-Chairman of the Business Trust. Director of companies.

Namane Milcah Magau (54)

BA EdD (Harvard) MEd BEd, independent

Appointed to the Board in 2004. Member of remuneration & human resources committee and health, safety & environment committee. President of the Businesswomen's Association. Director of companies, including Santam Limited. Member of the Advisory Board UCT Business School.

John Michael McMahon (60)

PrEng BSc Eng (Glasgow), independent

Appointed to the Board in 2004. Chairman of health, safety & environment committee. Director of GoldFields Limited and Impala Platinum Holdings Limited.

Imogen Nonhlanhla Mkhize (43)

BSc Information Systems MBA (Harvard), independent

Appointed to the Board in 2005. Member of audit and risk committees. Former CEO of the World Petroleum Congress 2005. Director of companies, including Sasol Limited. Member of the Financial Markets Advisory Board and Rhodes University Board of Governors.

Anthony Adrian Routledge (59)

BCom CA(SA), independent

Appointed to the Board in 1994. Member of audit committee and remuneration & human resources committee. Trustee of The Murray & Roberts Trust.

Martin John Shaw (67)

CA(SA), independent

Appointed to the Board in 2003. Chairman of audit committee and member of risk 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.

Johannes Jacobus Marthinus

(Boetie) van Zyl (66)

PrEng BSc Eng (Mech), independent

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

Royden Thomas Vice (59)

BCom CA(SA), independent

Appointed to the Board in 2005. Chairman of risk committee and member of remuneration & human resources committee. Chairman of Consol Limited. CEO of Waco International Limited. Chairman of Nelson Mandela Metropolitan University Development Trust. Governor of Rhodes University.

Executive directors

Brian Cameron Bruce (57)

PrEng BSc Eng (Civil) DEng (hc), group CE

Appointed to the Board and group CE in 2000. Director of Clough Limited. Member of Construction Industry Development Board and Council of the University of the Witwatersrand.

Sean Joseph Flanagan (47)

BSc (Building), group executive director

Joined the Group in 1991 and appointed to the Board in 2004. Responsible for domestic mining contracting and major projects for 2010 World Cup.

Norbert Jorek (41)

Dipl – Kfm MBA, group executive director

Joined the Group and appointed to the Board in 2004. Director of Clough Limited. Previously vice president of global management consulting firm AT Kearney.

Roger William Rees (53)

BSc (Econ) Hons FCA, group financial director

Joined the Group and appointed to the Board in 2000. Previously held financial leadership positions in the food, tobacco and media sectors.

Keith Edward Smith (56)

BCom, group executive director

Joined the Group in 1980 and appointed to the Board in 2001. Responsible for domestic and regional construction and materials & services.

Murray & Roberts Limited

(main operating company of the Group)

Millard Walter Arnold (59)

BA (Political Science) Juris Doctorate, executive director – legal counsel

Appointed to the board in 2003.

Brian Cameron Bruce (57)

PrEng BSc Eng (Civil) DEng (hc), chairman and MD

Appointed to the board in 1998.

Malose Phillip Chaba (46)

PrEng BSc Eng (Elec) MSc, executive director – operations

Appointed to the board in 2004.

Sean Joseph Flanagan (47)

BSc (Building), group executive director

Appointed to the board in 2001.

Edwin Hewitt (40)

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

Appointed to the board in 2005.

Norbert Jorek (41)

Dipl – Kfm MBA, group executive director

Appointed to the board in 2004.

Craig Vaughn Lawrence (47)

BCom (Industrial Psychology), executive director – human capital

Appointed to the board in 2004.

Roger William Rees (53)

BSc (Econ) Hons FCA, group financial director

Appointed to the board in 2000.

Terence William Rensen (59)

FCA CA(SA) FCMA, executive director – corporate services

Appointed to the board in 2004.

Keith Edward Smith (56)

BCom, group executive director

Appointed to the board in 2000.

International

Peter Richard Adams (58)

FRICS, executive director
Murray & Roberts International Limited

Appointed in 2004.

John Cooper (56)

BSc (Building) (Hons) FIEAus FAIM FAICD, Deputy chairman, Clough Limited
Appointed in 2006.

Company secretary

Sandra Felicity Linford (45)

ACIBM MDP,

Appointed in 2004.

Additional information on the directors is available on pages 170 and 171 of this report.

Chairman statement



2006 has been a watershed year for Murray & Roberts, confirming with certainty that we have created a new performance platform for the company as we enter an era of growth up to and beyond 2010.

The financial results for the year to 30 June 2006 reflect increased activity in all of the markets we serve and offer an early indication of significant opportunities in the domestic market in the period leading up to the 2010 Soccer World Cup.

Operating profits, calculated in terms of International Financial Reporting Standards, grew by 47% to R800 million, in spite of difficulties in our domestic and regional construction business. A turnaround in the performance of our business in the Middle East and another strong performance by the construction materials & services businesses contributed significantly to the overall improvement in operating profits. Earnings from associates were adversely affected by the disposal of Unitrans in the previous year and losses from two projects undertaken by Clough in India. Diluted headline earnings per share, excluding the broad based black economic empowerment (BBBEE) transaction, grew by 26% to 184 cents per share.

These results exceeded our forecasts in the 2005 annual report and the 2006 interim report to shareholders and are consistent with the advice offered to the market prior to the release of the preliminary results. I am pleased to report that the Board has declared a dividend of 60 cents for the full year, an increase of 33% over the 2005 dividend.

On 30 March 2006, the Bahrain dhow tragedy claimed the lives of 58 people (10 from Murray & Roberts) associated with our joint venture City Gardens project. We express our condolences to the families and colleagues of the people lost in this most unfortunate incident.

Business environment

The global economy remained strong during the year, recording growth of 5%, and our mining and minerals markets in Canada and Australia benefited as unabated demand for natural resources exceeded installed delivery capacity. High oil prices continued to drive growth in the Middle East, as growing fiscal surpluses created increased capacity for government spending. Plans to limit the reliance on oil by diversifying economic activity in the region, contributed to growth in commercial and infrastructure projects.

The domestic economy remained robust, recording GDP growth of 4,3%. The construction and materials markets

contributed significantly to this growth, while a moderate weakening of the SA Rand in the second half of the year prompted new investment in the mining and industrial markets.

Although many economists forecast a moderate downturn in the global and domestic economies during the year ahead, we anticipate further increases in investment in infrastructure projects as major capacity expansion programmes commence in the power, water and transportation sectors. In this regard, I am pleased to confirm that Murray & Roberts has secured a leading role in the implementation of major programmes such as Gautrain, Eskom's capacity expansion, the Pebble Bed Modular Reactor, the VRESAP emergency water transfer scheme and the CoalLink locomotives. These projects alone represent R100 billion of gross fixed capital formation over the years ahead and will contribute to the maintenance of a satisfactory order book.

Strategic positioning

The Group has achieved significant progress in the implementation of new strategies to focus on selected market segments and efficiently deploy capital and cash resources realised by the disposals of its interest in Unitrans in 2004 and other businesses.

We have identified our key future growth markets as the construction economies of Southern Africa, the Middle East and Southeast Asia and the specialist mining and energy natural resource markets of South Africa, Australia and Canada. While Globalising Murray & Roberts continues to benchmark our performance against best-in-class global engineering and construction companies, Murray & Roberts 2010 focuses on the delivery of sustainable value from increased opportunity in our targeted markets, and particularly in South Africa as our country prepares for the 2010 Soccer World Cup.

During the past two years, we have acquired significant capacity to position the Group for these opportunities. The acquisitions of Concor with effect from 14 June 2006 and 80% of Oconbrick with effect from 1 September 2005, have expanded our capacity in the domestic construction sector, while the earlier acquisition of Cementation and a strategic shareholding in Clough strengthened our position in the global mining and oil and gas markets. We increased our shareholding

Conditions in our key regional and sectoral markets in Southern Africa, Middle East, Canada and Australia show signs of ongoing growth, with significant increases in infrastructure investment in South Africa forecast for the period leading up to 2010.

in Clough during the year in order to reinforce our original investment and we will participate in a further recapitalisation of the company to bring our shareholding close to 50%. Management is focusing on assisting Clough with its challenge to return to appropriate levels of profitability.

We have strengthened our operational leadership capacity considerably during the year and implemented measures to ensure that our human capital, operating and risk management systems are benchmarked against global best practice and capable of achieving our strategic objectives.

Black economic empowerment

Broad based empowerment is essential for the long term economic and social stability of South Africa as well as for the development of the construction, mining and engineering sectors.

Murray & Roberts has made important progress in the implementation of a comprehensive strategy to address the full range of empowerment requirements across its diverse operations serving the domestic construction economy. We have contributed to the development of the Construction Charter, which has now been adopted by industry role players, and engaged in many initiatives to meet the requirements of the Mining Charter.

The Murray & Roberts Letsema BBBEE initiative represents one of the most important ownership changes in the history of our Group and contributes substantially to the strategic target of empowerment compliance over the years ahead.

An external review conducted during the year shows that Murray & Roberts meets current criteria for the procurement of goods and services in South Africa, and sets an agenda for BEE development in the future.

Sustainability

Murray & Roberts is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. We recognise that we have a duty to create value for our current stakeholders and future generations.

Murray & Roberts has adopted the Global Reporting Initiative (GRI) guidelines to measure and report performance against economic, environmental and social parameters.

The Board has noted with regret and concern the fatalities of 10 employees and subcontractors on Murray & Roberts work sites in South Africa during the year and we express our condolences to their families.

With the guidance of the health, safety & environment committee and management, the Board is committing additional resources to ensure that our operations are safe and, to the fullest extent possible, injury-free. A key initiative in this regard is the Stop.Think campaign which is being implemented in all South African operations to improve safety awareness and strive for zero harm.

The wellbeing of our employees and their families is important. The nature of our business means that our people may be exposed to a variety of health challenges ranging from environmental (malaria) and occupational (respiratory) hazards to the lifestyle consequences of work related stress, as well as HIV infection.

More than 90% of our employees reside in the SADC region and are impacted in various ways by HIV/Aids. Our fixed location manufacturing operations have introduced a high level of awareness training and a variety of treatment programmes. We work with our clients on project operations to create greater health and safety awareness through training and development initiatives.

Corporate governance

Your Board places high priority on compliance with the Listings Requirements of the JSE Limited and the Code of Corporate Practices and Conduct embodied in the King Report on Corporate Governance for South Africa 2002 (King II). All policy documents and committee terms of reference have been reviewed and revised, where necessary, during the year.

An internal review of the effectiveness of the Board, the directors and the chairman was completed in November 2005. The review, which was benchmarked against the strategic requirements of our business, addressed issues raised in the independent review completed in 2004. The outcome of the internal review was favourable.

Risk management oversight has become an important priority for the Board. During the year, the Board oversight of audit and risk was separated and a risk committee was established in February 2006 to strengthen the focus on risk.

At the annual general meeting on 26 October 2005, shareholders approved amendments to the company's articles of association which were updated to take into account changes to the Companies Act, the JSE Listings Requirements and the requirements of King II, as well as the Electronic Communications Act.

Board of directors

Saki Macozoma has informed the Board that he will not be available for re-election at the annual general meeting on 25 October 2006. Saki was appointed to the Board in 2001 and has served as a member of the remuneration & human resources committee and a trustee of The Murray & Roberts Trust. I wish to thank Saki for the valuable experience and insight he has brought to the Board, particularly with regard to South Africa's social, economic and political development.

International advisory board

The international advisory board (IAB) was established in 2005 to advise the Board on its oversight responsibilities for the development of the Group's international activities. The IAB's mandate is to advise the Board on:

- regional, geo-political and legislative development
- industry specific matters
- global industry partnerships
- international finance and banking
- competitive and competitor dynamics

The IAB met twice during the year to comment on and contribute to the international strategies approved by the Board.

Appreciation

I wish to thank my colleagues on the Board for their dedication and support during a challenging year in which we formally convened five meetings. I would also like to thank the boards of the subsidiary and associate companies for their untiring efforts.

I record my appreciation for the performance achieved by Brian Bruce, his executives and staff. Their commitment to the ongoing development of our Group remains exemplary and I am confident that we have the strength and depth of leadership required for the significant opportunities that lie ahead.

My thanks also go to our clients and our empowerment and commercial partners for their ongoing support.

Annual general meeting

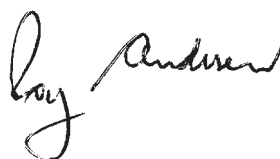
Shareholders are reminded that the annual general meeting of the company will be held on 25 October 2006. The order of business is set out on pages 172 to 173 of this report.

Prospects

Conditions in our key regional and sectoral markets in Southern Africa, Middle East, Canada and Australia show signs of ongoing growth, with significant increases in infrastructure investment in South Africa forecast for the period leading up to 2010. Acceptable levels of performance from our SADC construction activities and Clough will contribute significantly to an improvement in financial results.

The directors remain of the view that the next few years will be positive for the Group and that including the consolidation of its acquisitions, revenues could be at substantially higher levels by 2010 at the target operating margin of between 5,0% and 7,5%.

The overall positive performance of Murray & Roberts is expected to continue in the year ahead.



Roy Andersen
Chairman

Strategy

The fundamentals of Rebuilding Murray & Roberts that have guided the development of the Group over the past six years were established by a board mandate to the new leadership team appointed in July 2000.

- Our commitment to sustainable earnings growth and value creation is not negotiable
- Our consolidated margin target is 5,0% to 7,5%
- Our target return on shareholder funds is 20%

Engineering is our expertise. We use our expertise to leverage technology. Contracting is our business. We contract to deliver major projects, engineered products and managed facilities. Industrial Design is our core competence. We use our competence to develop complete solutions for construction, production, management and services. World Class Fulfilment is our mission. We deliver capital projects and engineered products to customer requirements.

Murray & Roberts has identified the fundamental characteristics that define best-in-class companies in the global engineering & construction sector. Appropriate resources have been allocated to ensure their introduction into the Group.

- Balance sheet consistency
- Order book procurement system
- Risk management framework
- Project management systems
- Financial consolidation systems
- Human capital management
- Health & safety focus
- Community involvement process

The discipline of performance delivery is enhanced throughout Murray & Roberts and Clough, as this forms a critical element underpinning investor and customer confidence in the Group and its value proposition.

Organisation

Murray & Roberts is considering a strategy to structure the business profile of the Group in two primary sectors:

- A regional business model characterised by a multiplicity of clients and competitors
- A global business model characterised by a concentration of clients and competitors

Understanding the nature and characteristic of customers or clients, and establishing the business systems necessary to deal with the consequence of their behaviour characteristics, forms the essence of risk management. The two models require fundamentally different business models which will be developed during the year ahead.

Johannesburg is the Group's head office and primary base for operations in Southern Africa

Dubai is the centre of Middle East operations and primary base for management of the Group's international activities. The office in Dubai engages the potential of Middle East and the south Asia region, with a new focus on the oil & gas market.

Perth is the point of access for the markets of Australia and Southeast Asia.

A representative corporate office in London services our northern hemisphere operations and oversees international treasury activity. This increases our risk management capacity and offers better access to the resources necessary for international growth.

Murray & Roberts has contracted internationally for more than four decades and currently records 29% of its revenues from international markets.

Murray & Roberts is now positioned as one of the world's leading underground mining services contractors with a strong presence in the key markets of Africa, Australasia and North America.

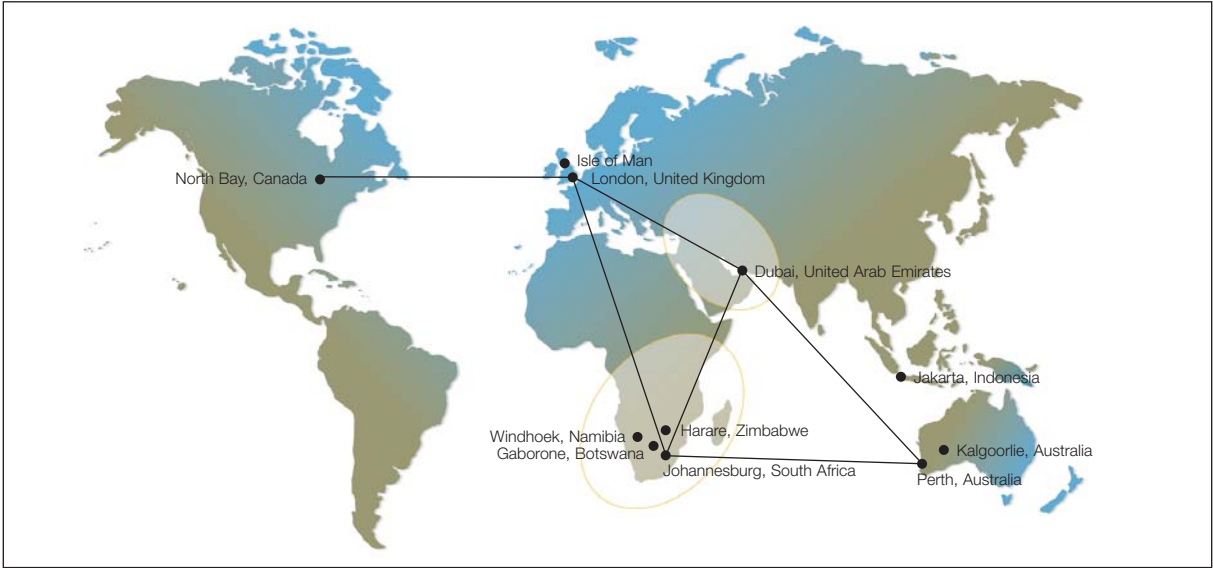
The relationship with Clough provides the Group with an operational presence in Southeast Asia and access to the engineering and contracting oil & gas sector.

Murray & Roberts has substantially enhanced its international executive capacity and has established an international advisory board to guide the expansion of its global activities.

The centre of activity for Murray & Roberts is South Africa within a framework that incorporates the markets of Australia and Middle East and coordination of North America through London.

Regional Construction Economy

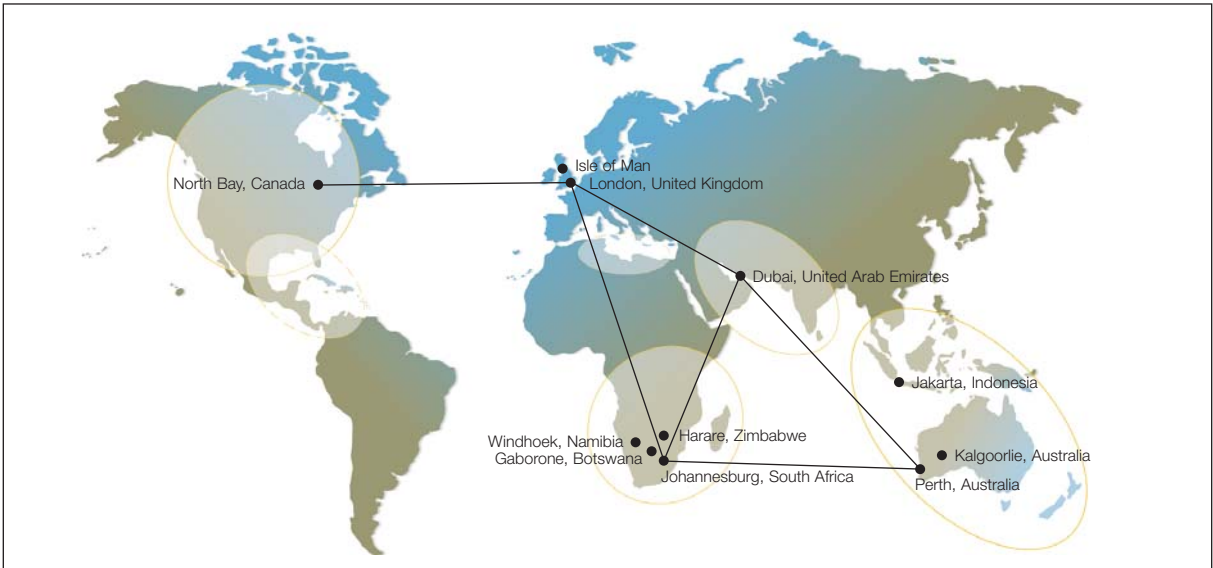
Operations include construction SADC and Middle East, engineering fabrication and construction materials & services.



The primary centre of activity is the South African construction economy from Johannesburg within a framework that incorporates the Middle East market from Dubai and international coordination through London.

Global Resources Economy

Operations include Murray & Roberts Cementation, Cementation Canada, RUC Australia, engineering contracting and Clough Limited.



Primary activities are directed at the underground mining markets of North America, Southern Africa and Southeast Asia/Australasia and the offshore oil & gas markets of Middle East and Southeast Asia/Australasia.

Group chief executive report to shareholders



Brian Bruce, *group chief executive*

Murray & Roberts and its associates employ more than 30 000 people directly and a further 20 000 employees of our many business partners work daily on more than 150 active worksites throughout Southern Africa, Middle East, Australasia, Southeast Asia and North America. This collective capacity is focused on selected markets in the global construction economy and has been assembled through Rebuilding Murray & Roberts over the six years since July 2000.

Murray & Roberts 2010 is our short term strategy focused on the delivery of sustainable value from increased market activity in all the Group's regional and sectoral markets, including the impact of increased domestic activity associated with the 2010 Soccer World Cup, and the integration of our new business acquisitions into the Group's strategic value proposition.

Globalising Murray & Roberts is an ongoing strategic initiative that benchmarks the future performance potential of the Group against best-in-class characteristics drawn from the global engineering & construction sector.

Our commitment to sustainable earnings growth and value creation is non-negotiable.

We are experiencing a period of global socio-economic development that is defined increasingly by the will of society rather than just by decision of leadership. Two thirds of the global population live in the eastern hemisphere and we sense this to be the driver of growth for infrastructure development and resource extraction over the years ahead.

We have introduced a number of strategic initiatives through the past year that have focused attention on building better relationships between Murray & Roberts and its people and supporting the role they will play in shaping our future potential. This has been embodied in the concept of Letsema, which is the brand name for our broad based black economic empowerment (BBBEE) initiative.

Health, safety and environmental (HSE) issues have demanded increased attention over recent years and in South Africa we are faced with special challenges in this respect. Our Board has committed to a target of zero harm consequence from our activities on our company and clients, all people and the environment. We have benchmarked fatalities and permanent disablement at zero and set our lost time injury frequency rate (LTIFR) target below a benchmark of 3,0 with a long term objective of 1,0. Our performance this year was a LTIFR of 4,6 but regrettably at a price of 10 fatalities.

Stop.Think is a corporate intervention designed to stimulate a sustainable culture change in the organisation such that responsibility for personal health & safety is primarily devolved to the individual at the workplace. Accountability remains with management.

The Group has committed significant funding and resources to this important initiative.

We have established a number of communication forums in the Group that encourage interaction between the company and our stakeholders, including employees. The increasing success of these initiatives is testimony to the integrity of engagement. The Letsema BBBEE and Stop.Think initiatives are expected to increase the volume of internal interaction and engagement within the company.

We established ClientService initially as an interactive facility to improve the response quality of communication between Murray & Roberts and its external stakeholder community, who sought increased levels of information and management access. This facility is currently processing on average 2 000 calls a month and is now being extended to cater for an increase in activity expected from our internal communication initiatives.

Facilities such as Ask Brian on our internal website, CE discussion forum on the external website and Tip-Offs Anonymous through an independent service provider, offer additional and well utilised communication channels with our internal and external community.

Performance

I am pleased to report that our performance for the year to 30 June 2006 has exceeded expectations, as the markets we serve have started to deliver the increased opportunity predicted in previous years. I am also pleased with the performance platform serving these markets and established through Rebuilding Murray & Roberts over the past six years.

Operating profit increased 47% to R800 million off a 16% increase in revenue to R11,9 billion at a margin of 6,7%. This is the highest margin recorded by Murray & Roberts since its previous peak performance as an industrial holding group through the five years 1991 to 1995. Excluding an R87 million charge to the income statement relating to the granting of shares to almost 14 000 employees in terms of the Group's BBBEE transaction in the year, headline earnings increased 26% to 184 cents per share.

The prospects statement included in the 2005 annual report was written with some caution following the disposal of the Group's 44% interest in Unitrans in the previous year and the loss of its associate contribution to headline earnings. We were uncertain at that stage whether the Cementation businesses in South Africa and Canada and Clough in Australia would overcome this deficit, coupled with the turnaround risk in Construction Middle East.

At the half year we disclosed problems experienced on some projects in Construction SADC and an interim loss from associate Clough. We maintained our cautious outlook for the year although at that stage we were experiencing early signs of improved performance from our construction materials, industrial and remaining contracting operations.

While we are disappointed by the underperformance of Construction SADC and Clough in India, the remainder of the business has delivered ahead of expectation. We have taken decisive measures to resolve our problems, including the appointment of new leadership capacity that is geared for future performance.

We provide in some detail in the accompanying operational review, the performance characteristic of each business segment in Murray & Roberts.

Government investment into primary infrastructure is set to form the foundation for future growth, with power generation and transport logistics a primary focus, followed by water and sanitation.

Market

The year in review has been characterised by growing levels of activity in all the Group's regional and sectoral markets. Of particular note is that conditions in the South African construction market continued to improve through the second half year. This brought increased efficiency throughout the Group's operations resulting in improved utilisation of people and resources. Higher demand in the final quarter boosted all sectors of the Group's construction materials activities.

There is increasing evidence of shortages of capacity in some areas and in all sectors there is a reduction in the levels of price cutting that had become characteristic of the industry.

In South Africa, gross fixed capital formation (GFCF) has extended its growth trajectory, although increasing interest rates could dampen consumer related growth. Government investment into primary infrastructure is set to form the foundation for future growth, with power generation and transport logistics a primary focus, followed by water and sanitation.

Middle East countries forming the Gulf Cooperative Council (GCC) continue to benefit from strong oil revenues and have extended the diversification of their regional economy. The United Arab Emirates in particular offers ongoing business potential to the Group.

Global growth, particularly in and from the eastern hemisphere, continues to place heavy demand into the natural resources sector. Indications are that this will continue for at least the next five to seven years before reaching a new level of sustainable demand. This bodes well for further development of a global resources focus in the Group.

Our international markets have been positive overall, with improved performances coming from Cementation Canada and the turnaround of Construction Middle East. The construction market in the rest of Africa remains difficult and

patchy, challenged by governance concerns, a generally hostile business and working environment and poor human resource skills. The oil & gas sector is buoyant, but associate Clough has yet to overcome performance problems.

Murray & Roberts Construction

The Group's South African regional construction activities have experienced a difficult year resulting in a significant reversal in profitability and a comprehensive change in leadership. A contracting loss was identified in four projects in Tanzania, Botswana and South Africa and notified to shareholders in the Group's interim report.

These problem contracts have been addressed through the second half year and where contract terms have permitted, recovery has been pursued. In addition, claims have been lodged in terms of the Group's liability insurance policies where possible. Reporting of these contracts has been conservative as only committed recoveries are included in the results for the year under review, with further recoveries expected in the year ahead.

Over the past six to eight years, construction leadership in South Africa has become more building oriented as civil and industrial engineering opportunities waned in the market. At the same time, risk in the construction industry increased significantly for a variety of reasons, not least of which has been a reduced level of capacity and experience in client organisations and the built environment professional consultants on which they depend.

There has been an extended process in finalising award of the Gautrain Rapid Rail Link project to the Bombela Consortium, of which Murray & Roberts is a major participant. Bombela was selected preferred bidder on 2 July 2005 with an expectation that financial close and project award would occur in January 2006. The complexities involved in the process were clearly underestimated and an increasing number of key construction resources were allocated to the negotiating and early

preparation process. These resources have delivered no financial performance value to the Group in the year and the delay in award has resulted in additional operating cost plus a noticeable under-recovery of overhead.

There is a commitment by all the parties to commission the section between Johannesburg International Airport and Sandton Station in time for the 2010 World Cup. This is a project modification that has required extensive negotiation and is still subject to various regulatory clearances. We are confident that the conditions precedent for this phased approach will be cleared in time for a challenging but possible programme.

In recognition of this challenge and others that will arise from the infrastructure requirements for South Africa to effectively host the 2010 Soccer World Cup, we have created a more focused leadership structure over our SADC construction operations. Executive director Sean Flanagan has been appointed to lead the Group's implementation involvement in the above project, as well as other critical and time constrained projects associated with the 2010 Soccer World Cup.

Executive director Keith Smith will oversee the SADC construction businesses, with a new executive team in our South African construction operations comprising Gordon Taylor (managing director) and Charles Henwood (financial director) with operations directors Dave Monro (Civils), Dave Ashkar (Building North) and Andrew Fanton (Western Cape).

Keith also chairs new acquisition Concor Limited, led by managing director Cobus Bester, and our Botswana, Namibia and Zimbabwe construction operations, led by Piet Martins.

We are confident that Keith and Sean bring the highest level of experience and leadership to this important aspect of the Group's business platform.

Clough Limited

Murray & Roberts has recorded a break-even result from its 46,1% investment in Australian associate Clough Limited. This arises as a result of pre-acquisition accounting of a portion of the losses incurred and provisions raised on two EPC projects in India.

Clough recorded a loss of A\$15,1 million (2005: A\$57,6 million loss) in the year, enhanced by profitable performances from activities servicing the oil & gas sector, its Indonesian subsidiary and the property division. We are confident that the embedded value of the business remains intact and have agreed a number of strategic initiatives with the board of Clough that we believe are necessary to ensure its future value proposition.

Murray & Roberts will underwrite a further recapitalisation of Clough through a convertible note priced at the net asset value (NAV) of the balance sheet at 30 June 2006. This issue will be available for subscription by minority shareholders. As a result, the Group's investment in Clough will increase to approximately R1,0 billion, representing an effective shareholding just below 50% at a premium of 50% to NAV. This remains within the pre-acquisition mandate of management.

The shareholder agreement between Murray & Roberts and McRae Investments (representing the Clough family) will be terminated by agreement between the parties.

Murray & Roberts has appointed experienced Australian construction and engineering executive John Cooper as chief executive of its Australian activities and as a nominee to the board of Clough. He has been appointed by the directors of Clough as deputy chairman and will work closely with Clough management over the year ahead to review the company's strategy and ensure its return to sustainable profitability in the oil & gas market.

To accommodate the nomination of John Cooper to the board of Clough, Roger Rees resigned as a director with effect from 23 August 2006. Michael Harding, an experienced Australian oil & gas executive, joined the Clough board recently and will assume the role of independent chairman at the annual general meeting in November 2006.

Order book

During the year Murray & Roberts secured a leading partnership position in a number of major public sector programmes.

- VRESAP Pipeline for TCTA
- Pebble Bed Modular Reactor Demonstration Plant for PBMR
- CoalLink Locomotive Program for Spoornet
- Gautrain Rapid Rail Link for Gauteng Province
- Generation Expansion Engineering Services for ESKOM

This positions the Group at the forefront of the domestic engineering & construction market and complements its major project involvement in the Middle East. Whereas some of these projects have exposed the difficult processes involved between project approval and implementation, they clearly underpin a commitment to invest in primary infrastructure.

The Group's project order book stood at R10,0 billion at 30 June 2006, an 18% increase on the previous year. This amount includes R1,5 billion acquired through Concor Limited. The Group's involvement in the Gautrain project of approximately

R4,5 billion is not yet included. The order book indicates a significant swing towards the domestic economy, which will be enhanced by the inclusion of Gautrain.

Overall, the level of work on hand available to Murray & Roberts amounts to approximately R20 billion for execution primarily within the next three years. In this respect, Clough ended the year with an order book of A\$809 million (R4,0 billion) followed by a further A\$150 million (R800 million) secured since year end.

Committed long term orders in the Group's industrial fabrication & manufacturing businesses stand at an estimated R12 billion. This is a significant proportion of the workload requirement for these operations extending more than five years ahead, and includes both foundry engine programmes and the Spoornet locomotive recapitalisation programme.

Acquisition and disposal

The Group acquired 80% of Oconbrick Manufacturing effective 1 September 2005 for a consideration of R96 million. The company has quickly integrated into the Group and has delivered its expected performance for the year. We have approved an expansion to its production capability that will see its output increase by 30%.

In November 2005, the Group increased its shareholding in Clough Limited to 46,1% through a combination of new share issue and purchase from the Clough family. The cost of approximately R300 million included a convertible loan facility of A\$15 million which will result in a further 3,0% of the shares accruing to Murray & Roberts later in 2007.

The Group has indicated it will raise its shareholding above 50% once Clough is delivering acceptable financial performance, which is now expected by mid-2007.

Criterion Equipment was sold effective 1 October 2005 to Jay & Jayendra Group (J&J) in an empowerment transaction valued at R92,7 million, of which R45 million was supported through a vendor financing structure.

The Competition Tribunal approved the acquisition of 100% of Concor on 14 June 2006 and its delisting from the JSE Limited was effected on 3 July 2006. The cost of the transaction is R340 million including accrued interest to shareholders. This represents a premium of 13% on the NAV of the business which includes R220 million cash in hand.

Concor Limited

The acquisition of 100% of Concor Limited marks another important milestone in the creation of a new performance platform for the Group. Highly regarded in the domestic construction market for its ability to take on complex engineering projects, Concor has been through some difficult times at the tail-end of a long period of decline in the industry.

Concor closed the year with revenues of R1,8 billion (2005: R1,6 billion), delivering a net profit before tax of R46 million (2005: R43 million) at a margin of 2,6% (2005: 2,6%). We are confident that within Murray & Roberts and under the leadership of managing director Cobus Bester, the company will grow from strength to strength in its market.

Concor has negotiated the R150 million contract to refurbish our Murray & Roberts corporate office in Bedfordview, including the construction of a new multi-story car park. It has also secured preferred bidder status for the Department of Foreign Affairs precinct as a public private partnership.

Health safety & environment

A total of 10 people (2005: 12 people) were fatally injured on Murray & Roberts worksites in a year where 116 million hours were recorded as worked; 50% of the fatalities were employees of business partners. The declared objective of the directors is to achieve zero fatalities and disabling injuries in the work sites and facilities under control of the Group.

The Group is confident that the Stop.Think campaign initiated during the year will create the impetus needed to breach the inertia of health & safety consciousness. Many group operations already operate within the performance targets and significant management attention is being applied to the cultural challenges that influence the change in attitude needed for sustainable HSE success.

Prospects

A key focus in the year ahead will be to support the executive leadership teams appointed to deliver acceptable levels of performance in SADC Construction and Clough. We expect that our actions will lead to a significant financial turnaround in the fortunes of these businesses.

We expect that the Gautrain project should commence construction in September 2006 with a clear objective to commission the link between Johannesburg International Airport and Sandton Station in time for the 2010 Soccer World Cup. The many other major projects required for this global

event must also commence construction during the year ahead, and there will be little if no room for time extension. The minimum time required to build a specification stadium without a roof is 36 months.

New opportunities in Middle East have demanded increased resource allocations and new executive appointments in the region. We are well advanced towards finalising an agreement with a major regional client to manage a special purpose construction business established to implement its own property investment programme. This will be managed alongside our existing business in Middle East.

The Group's global mining contracting operations face increased opportunity and a higher level of international leadership coordination is being planned, linking these operations with the Group's increasing global oil & gas capability. Capital expenditure by mining houses in our largest market South Africa has firmed appreciably, but still without the expected growth.

Appreciation

Murray & Roberts is a complex group of companies bound by a common purpose serving the construction economies in selected regional and sectoral markets. Our federal structure offers high levels of responsibility and accountability to operations leadership, but within a performance framework and value system established by group leadership.

I wish to extend my appreciation firstly to all the people of Murray & Roberts who through the year have worked diligently to advance their personal and our group objectives. I am encouraged by the increased levels of interest and interaction within the Group and I sincerely believe that initiatives such as Letsema and Stop.Think will lead to a substantial improvement in our environment.

Murray & Roberts secures the majority of its revenues through our contracting activities across many project sites. We have launched a project web page that increases our disclosure in this respect and I extend my appreciation to our project managers, site agents and their teams who work so hard under often difficult and challenging circumstances to deliver value to our clients and shareholders. I spent almost twenty years of my early career in this environment.

The managing directors of our more than twenty operating companies and their executive teams in South Africa and around the world have worked diligently through the year to bring their operations to new levels of performance. We have

entered a period of relentless pressure for sustainable growth and performance and I extend my appreciation to these important executive teams for what has been done this year and their preparation for the years ahead.

My corporate colleagues and fellow directors under the board leadership of our chairman Roy Andersen engaged many strategic and challenging issues through the year and I thank them for their ongoing support and commitment to the strategic purpose of Murray & Roberts.

Finally, I would like to acknowledge the work of some of our younger executives who have taken significant responsibility through this year to drive important transformation initiatives throughout the Group. Carien Botha (enterprise resource planning), Andrew Skudder (Letsema), Tyron Botha (Stop.Think) and Greg Ker-Fox (opportunity management system) in particular have brought new dimensions of leadership into our group.



Brian Bruce

Group chief executive