

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed in millions of Rand	Immovable property	Owner- occupied headlease property	Plant and machinery	Other equipment	Total
1. PROPERTY, PLANT AND EQUIPMENT					
Cost or deemed cost:					
As previously reported under SAGAAP	176,9	51,2	1 638,3	490,0	2 356,4
Restatement (note 51.2)	11,5	–	(277,5)	(394,1)	(660,1)
As reported under IFRS	188,4	51,2	1 360,8	95,9	1 696,3
Additions	28,8	–	196,9	73,2	298,9
Acquisition of businesses	11,0	–	397,4	32,0	440,4
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)
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	220,9	57,2	1 798,9	153,4	2 230,4
Additions	10,5	–	268,2	90,3	369,0
Acquisition of businesses	47,8	–	462,8	25,2	535,8
Disposals	(1,7)	–	(92,8)	(10,1)	(104,6)
Disposals of businesses	–	–	(51,5)	(2,6)	(54,1)
Reclassification	(9,0)	–	13,0	(21,9)	(17,9)
Reclassification to other intangible assets	–	–	–	(1,4)	(1,4)
Scrappings	–	–	(8,1)	(1,8)	(9,9)
Transfer to assets classified as held-for-sale	(3,2)	–	–	–	(3,2)
Transfer to investment property	–	(13,8)	–	–	(13,8)
Exchange rate adjustment	1,3	–	33,8	1,2	36,3
At 30 June 2006	266,6	43,4	2 424,3	232,3	2 966,6
Accumulated depreciation and impairment:					
As previously reported under SAGAAP	46,3	0,6	1 027,9	191,0	1 265,8
Restatement (note 51.2)	(40,1)	–	(658,2)	(118,1)	(816,4)
As reported under IFRS	6,2	0,6	369,7	72,9	449,4
Charge for the year	4,4	0,3	212,4	12,5	229,6
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)
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	13,1	1,3	774,8	65,6	854,8

Notes to the consolidated financial statements

for the year ended 30 June 2006

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 2005	13,1	1,3	774,8	65,6	854,8
Charge for the year	4,7	0,5	204,2	20,4	229,8
Impairment loss	4,3	–	–	–	4,3
Reversal of impairment loss	–	–	(2,6)	–	(2,6)
Acquisition of businesses	8,9	–	246,1	19,0	274,0
Disposals	–	–	(74,2)	(8,1)	(82,3)
Disposals of businesses	–	–	(18,6)	(2,1)	(20,7)
Reclassification	(1,8)	–	(16,5)	0,4	(17,9)
Reclassification to other intangible assets	–	–	–	(1,2)	(1,2)
Scrappings	–	–	(6,2)	(1,6)	(7,8)
Transfer to assets classified as held-for-sale	(0,6)	–	–	–	(0,6)
Exchange rate adjustment	0,6	–	20,8	1,0	22,4
At 30 June 2006	29,2	1,8	1 127,8	93,4	1 252,2
Carrying amount:					
At 30 June 2006	237,4	41,6	1 296,5	138,9	1 714,4
At 30 June 2005	207,8	55,9	1 024,1	87,8	1 375,6
Net carrying amount of capitalised leased assets included in the above is:					
At 30 June 2006	4,6	41,6	171,8	10,5	228,5
At 30 June 2005	3,5	55,9	37,8	5,6	102,8

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

The Group has pledged certain plant and machinery as security for certain interest-bearing borrowings. (Refer note 16 Secured liabilities)

During the year, a subsidiary company discontinued the use of certain plant and equipment. This led to an impairment charge of R4,3 million that has been recognised in earnings before interest and taxation (note 27). In addition, an amount of R2,6 million raised as an impairment provision against plant and equipment in the prior year, was released.

During the prior year, a subsidiary company, Consani Engineering (Pty) Limited (Consani) was placed into liquidation. This led to a review of the recoverable amount of the Group's assets utilised by Consani, being their fair value less costs to sell, and to the resultant recognition of an impairment charge of R23,1 million that has been recognised in exceptional items (note 26). Fair value less costs to sell was based on the best estimate available from the liquidator. Certain group companies carried out a review of the recoverable amount of their plant and equipment. This led to an impairment charge of R4,3 million for 2005 that has been recognised in earnings before interest and taxation (note 27).

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

– immovable property	20 to 40 years	on a straight-line basis
– owner-occupied headlease property	30 to 40 years	on a straight-line basis
– plant and machinery	3 to 30 years	on a straight-line basis
– other	3 to 10 years	on a straight-line basis

All monetary amounts are expressed in millions of Rand

	Headlease property	Other investment property	Total investment property
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2. INVESTMENT PROPERTY

Cost or deemed cost:

At 1 July 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
Additions of businesses	–	17,6	17,6
Transfer to assets classified as held-for-sale	–	(8,6)	(8,6)
Transfer from owner-occupied	13,8	–	13,8
Disposals	–	(0,3)	(0,3)

At 30 June 2006	277,7	19,0	296,7
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Accumulated depreciation:

At 1 July 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
Charge for the year	4,8	0,2	5,0
Disposals	–	(0,1)	(0,1)

At 30 June 2006	19,1	0,7	19,8
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Carrying amount:

At 30 June 2006	258,6	18,3	276,9
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At 30 June 2005	249,6	9,7	259,3
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Fair value:

At 30 June 2006	428,5	18,3	446,8
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At 30 June 2005	264,3	15,0	279,3
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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 2006 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 property activities and cannot be realised until the headleases are settled. (Refer note 18 Obligations under finance headleases).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to R143,7 million (2005: R161,1 million). Direct operating expenses arising on the investment property in the period amounted to R93,0 million (2005: R113,7 million).

The following average depreciation period is used for the depreciation of investment property:

– investment property	40 years	on a straight-line basis
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Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

	2006	Restated 2005
3. GOODWILL		
3.1 Cost		
As previously reported under SAGAAP		4,7
Restatement (note 51.2)		(4,7)
As reported under IFRS	47,8	–
Acquisition of businesses (note 35)	98,7	61,9
Disposal of equity interest	–	(14,2)
Exchange rate adjustment	0,1	0,1
	146,6	47,8
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 to the following business segments:		
Construction*	38,2	–
Mining	47,9	47,8
Construction materials & supplies*	60,5	–
	146,6	47,8

* The acquisition accounting for Concor Limited and Oconbrick Manufacturing (Pty) Limited is still on a provisional basis.

3.2 Impairment testing

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

Construction

Impairment testing was not performed for the goodwill as it arose on 30 June 2006 and there were no impairment indicators at that date.

Mining

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 14,3% is pre-tax and reflects the acquiree's weighted average cost of capital adjusted for relevant risk factors.

Construction materials & supplies

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 10,8% is pre-tax and reflects the acquiree's weighted average cost of capital adjusted for relevant risk factors.

All monetary amounts are expressed
in millions of Rand

Computer
software

Mineral
rights

Other intangible
assets

Total

4. OTHER INTANGIBLE ASSETS

Cost:

As previously reported under SAGAAP

Restatement (note 51.2)

As reported under IFRS

Additions

Exchange rate adjustment

At 30 June 2005

Additions

Acquisition of businesses

Reclassification from plant and equipment

Exchange rate adjustment

At 30 June 2006

Accumulated amortisation:

As previously reported under SAGAAP

Restatement (note 51.2)

As reported under IFRS

Charge for the year

At 30 June 2005

Charge for the year

Acquisition of businesses

Reclassification from plant and equipment

Exchange rate adjustment

At 30 June 2006

Carrying amount:

At 30 June 2006

At 30 June 2005

–	–	–	–
6,7	–	2,9	9,6
6,7	–	2,9	9,6
14,1	–	0,9	15,0
–	–	0,1	0,1
20,8	–	3,9	24,7
42,9	–	0,9	43,8
23,3	19,9	–	43,2
1,4	–	–	1,4
0,2	–	0,2	0,4
88,6	19,9	5,0	113,5
–	–	–	–
3,4	–	0,5	3,9
3,4	–	0,5	3,9
1,4	–	0,5	1,9
4,8	–	1,0	5,8
13,4	1,5	0,8	15,7
22,3	–	–	22,3
1,2	–	–	1,2
0,2	–	–	0,2
41,9	1,5	1,8	45,2
46,7	18,4	3,2	68,3
16,0	–	2,9	18,9

The majority of intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below. Intangible assets with indefinite lives are tested annually for impairment.

Other intangible assets include a technology agreement in Canada that has an indefinite useful life, and the N2 and N3 CTROM contracts.

The following amortisation periods are used for the amortisation of other intangible assets:

– computer software	2 to 10 years	on a straight-line basis
– mineral rights	7 years	per usage of clay
– other intangible assets	3 to 5 years	on a straight-line basis
– other intangible assets	indefinite	

The largest component of the computer software relates to an ERP system that had an estimated remaining useful life of three years at 30 June 2006.

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

5. INVESTMENT IN ASSOCIATE COMPANIES

5.1 Investment in associate companies

The Group's share of associate companies included in the consolidated balance sheet is as follows:

Construction & engineering

As previously reported under SAGAAP

Restatement (note 51.2)

–

0,5

As reported under IFRS

505,4

0,5

Reclassification from other investments (note 6)

–

56,6

Additions – Clough Limited

224,1

394,2

Share of post-acquisition earnings

0,6

16,3

Exchange rate adjustment

36,1

37,8

766,2

505,4

The carrying value of the investment can be analysed as follows:

Net tangible assets acquired

328,7

232,8

Impairment provision – Murray & Roberts (Zimbabwe) Limited

(48,0)

(58,2)

Fair value adjustments

–

(9,8)

Goodwill

448,8

286,5

Share of post-acquisition earnings

0,6

16,3

Exchange rate adjustments

36,1

37,8

766,2

505,4

Loan to associate company, Clough Limited

79,4

–

The loan to the associate company is unsecured and bears interest at 10% per annum. The repayment date is the earlier of two years from the share placement referred to in note 41, or 61 days after announcement of the resolution of the BassGas dispute, but in any event no later than 10 November 2007.

845,6

505,4

The acquisition accounting for the additional 16% acquired in Clough Limited, is still 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 16 Secured liabilities)

Other associates

As at beginning of year

–

652,8

Acquisition of businesses

19,3

–

Disposals and partial disposals

(2,4)

(679,8)

Share of post-acquisition earnings

0,6

27,0

17,5

–

The carrying value of the investment can be analysed as follows:

Net tangible assets acquired

16,9

–

Share of post-acquisition earnings, net of dividends received

0,6

–

17,5

–

Loans to other associate companies, net of impairment provisions

The loans to the associate companies are unsecured, interest free and have no fixed repayment terms.

14,2

–

31,7

–

Total investment in associate companies

877,3

505,4

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

5. INVESTMENT IN ASSOCIATE COMPANIES *(continued)*

5.2 Valuation of shares

Construction & engineering

Market value of listed Clough Limited

(2006: 235 351 010 shares)

(2005: 144 983 161 shares)

435,8

349,6

Market value of listed Murray & Roberts (Zimbabwe) Limited

(2006: 99 632 311 shares)

(2005: 99 632 311 shares)

84,2

30,2

Other associates

Directors valuation of unlisted associates

17,5

–

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

Construction & engineering

Non-current assets

1 040,9

826,5

Current assets

2 215,3

1 546,5

Total assets

3 256,3

2 373,0

Non-current liabilities

365,1

128,7

Current liabilities

1 799,4

1 234,1

Total liabilities

2 164,5

1 362,8

Net assets

1 091,7

1 010,2

Group's share of associates' net assets

505,9

468,8

Revenue

3 419,5

2 573,5

Attributable loss for the year

(94,0)

(286,0)

Group's share of associates' profit for the year

0,6

16,3

The Group's share of the attributable loss of Clough Limited is a post-acquisition income from associate of R1,1 million (2005: 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 A\$15,1 million (2005: A\$57,6 million) for the year to 30 June 2006, the majority of which relates to pre-acquisition matters.

Other associates

Non-current assets

182,4

–

Current assets

71,2

–

Total assets

253,6

–

Non-current liabilities

140,7

–

Current liabilities

93,1

–

Total liabilities

233,8

–

Net assets

19,8

–

Group's share of associates' net assets

8,4

–

Revenue

241,3

–

Attributable profit for the year

13,6

–

Group's share of associates' profits for the period

0,6

–

Notes to the consolidated financial statements

for the year ended 30 June 2006

Name of significant associates	Place of incorporation	% of ownership and votes		Main activity
		2006	2005	
5. INVESTMENT IN ASSOCIATE COMPANIES (continued)				
5.4 Details of associate companies				
Clough Limited	Australia	46,1	30,2	Engineering
Murray & Roberts (Zimbabwe) Limited ¹	Zimbabwe	48,7	48,7	Construction
Gryphon Logistics (Pty) Limited	South Africa	30,0	–	Transport

¹ Murray & Roberts (Zimbabwe) Limited operates in a hyperinflationary environment and is restricted from transferring funds out of Zimbabwe.

All monetary amounts are expressed in millions of Rand

Restated
in millions of Rand

	2006	2005
6. OTHER INVESTMENTS		
6.1 Financial assets designated as fair value through profit and loss		
<i>Investments in service concessions</i>		
At beginning of year	134,6	108,2
Acquisition of businesses	27,7	–
Additional investments, disposals and repayments received	(36,1)	(19,7)
Fair value adjustment recognised in income statement	67,6	46,1
Fair value of unlisted designated fair value through profit and loss	193,8	134,6
(Directors' valuation R193,8 million, 2005: R134,6 million)		
<i>The financial assets designated as fair value through profit and loss comprise of the Group's interest in the following toll road service concessions:</i>		
	% Interest	Concession period
N3 Toll Concessions (Pty) Limited	13,07	30 years
Bakwena Platinum Corridor Concessionaire (Pty) Limited*	10,68	30 years
	102,2	89,5
	91,6	45,1
	193,8	134,6

* Includes 3,56% acquired as part of the Concor Limited acquisition.

The fair value of the investments has been calculated 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.

6.2 Non-trading financial assets

<i>Unlisted investments</i>		
At beginning of year	1,1	1,9
Acquisition of businesses	3,5	–
Additions, disposals and other movements	(0,8)	(0,8)
Fair value of unlisted non-trading investments	3,8	1,1
(Directors' valuation R3,8 million, 2005: R1,1 million)		
<i>Listed investments</i>		
As previously reported under SAGAAP		60,0
Restatement (note 51.2)		(0,5)
As reported under IFRS	–	59,5
Reclassification to investment in associate companies (note 5)	–	(56,6)
Additions, disposals and other movements	–	(2,9)
Fair value of listed non-trading investments	–	–

(Market value RNil, 2005: RNil)

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

6. OTHER INVESTMENTS *(continued)*

6.3 Loans and receivables

Unsecured loans and receivables

As previously reported under SAGAAP

Restatement (note 51.2)

134,6

(2,4)

As reported under IFRS

221,0

132,2

Acquisition of businesses

14,5

–

Reclassifications

–

18,5

Additional investments made

23,6

54,4

Arising on disposal of businesses

45,0

25,1

Disposals and repayments

(59,4)

(12,8)

Other movements

(7,2)

3,6

Amortised cost of unsecured loans and receivables

237,5

221,0

Total other investments

435,1

356,7

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 46.

7. INVENTORIES

At cost, net of impairment provisions

Raw materials

288,4

181,0

Work-in-progress

68,3

70,7

Finished goods and manufactured components

170,4

174,9

Consumable stores

106,6

111,7

Property

2,5

12,9

636,2

551,2

Property inventories with a carrying value of R1,2 million (2005: R1,7 million) have been pledged as security over long term loans. (Refer note 16 Secured liabilities)

8. CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES

Costs incurred plus recognised profits, less recognised losses on contracts in progress at year end

814,0

449,1

Amounts receivable on contracts, net of impairment provisions

1 260,3

757,1

2 074,3

1 206,2

Advances received in excess of work completed

(454,5)

(304,3)

Net amounts receivable from contracts

1 619,8

901,9

Retentions receivable, net of impairment provisions

297,1

215,3

1 916,9

1 117,2

These balances represent:

Gross amounts due from contract customers

2 987,3

2 005,0

Provision for doubtful debts

(24,5)

(15,3)

Provision for loss contracts

(29,1)

(12,9)

Other contract provisions

(55,5)

(61,7)

Net amounts due from contract customers

2 878,2

1 915,1

Amounts due to contract customers

(961,3)

(797,9)

1 916,9

1 117,2

Amounts of R52,6 million (2005: R25,6 million) are due for settlement after more than 12 months from balance sheet date.

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All monetary amounts are expressed
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9. TRADE AND OTHER RECEIVABLES

Trade receivables	1 189,0	820,8
Provision for doubtful debts	(59,9)	(43,7)
Operating lease receivables recognised on a straight-line basis	13,8	8,1
Amount owing by joint venture partners	56,8	24,8
Prepayments	76,9	51,9
Other receivables	177,8	181,6
	1 454,4	1 043,5

Details in respect of the Group's credit risk management policies are set out in note 44.
The directors consider that the carrying amount of the trade and other receivables approximate their fair value.

10. DERIVATIVE FINANCIAL INSTRUMENTS

10.1 Current assets

Forward foreign exchange contracts	8,4	33,6
Interest rate swap	0,1	0,2
	8,5	33,8

10.2 Non-current liabilities

Put option pertaining to minority interest in subsidiary companies	30,5	–
	30,5	–

10.3 Current liabilities

Forward foreign exchange contracts	8,2	4,0
Interest rate swap	1,2	3,6
	9,4	7,6

Details in respect of the derivative financial instruments and the Group's financial risk management policies are set out in note 44.

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

11. SHARE CAPITAL AND PREMIUM

11.1 Share capital

Authorised

500 000 000 ordinary shares of 10 cents each
(2005: 500 000 000 of 10 cents each)

50,0

50,0

Issued and fully paid

331 892 619 ordinary shares of 10 cents each
(2005: 331 892 619 of 10 cents each)

33,2

33,2

Less: Treasury shares held by The Murray & Roberts Trust at par value

(1,0)

(1,4)

Less: Treasury shares held by the Letsema BBBEE trusts and companies at par value

(2,9)

–

Less: Treasury shares held by Murray & Roberts Limited at par value

(0,1)

–

Net share capital

29,2

31,8

Unissued shares:

Number of
shares

Number of
shares

(i) Shares available for allotment by the directors in terms of
the employee share purchase scheme

–

19 264,369

(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

138 107 381

118 843,012

168 107 381

168 107,381

11.2 Share premium

Share premium

1 639,6

1 639,6

Less: Treasury shares held by The Murray & Roberts Trust at net cost

(209,4)

(246,2)

Less: Treasury shares held by the Letsema BBBEE trusts and companies at net cost

(429,4)

–

Less: Treasury shares held by Murray & Roberts Limited at net cost

(15,7)

–

Net share premium

985,1

1 393,4

Total share capital and premium

1 014,3

1 425,2

11.3 Treasury shares

Market value of treasury:

The Murray & Roberts Trust

253,1

194,9

The Letsema BBBEE trusts and companies

735,4

–

Murray & Roberts Limited

17,2

–

Reconciliation of issued shares:

Number of
shares

Number of
shares

Issued and fully paid

331 892 619

331 892 619

Less: Treasury shares held by The Murray & Roberts Trust

(9 965 386)

(13 924 893)

Less: Treasury shares held by the Letsema BBBEE trusts and companies

(28 952 803)

–

Less: Treasury shares held by Murray & Roberts Limited

(675 644)

–

Net shares issued to public

292 297 786

317 967 726

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11. SHARE CAPITAL AND PREMIUM (continued)

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust

The Murray & Roberts Holdings Limited Employee Share Incentive Scheme (the Scheme) was approved by shareholders in October 1987 to operate through the means of The Murray & Roberts Trust (the Trust). At 30 June 2006, the Trust held 9 965 386 (2005: 13 924 893) shares against the commitment of options granted by the trust totalling 11 074 000 (2005: 12 222 315) shares. If necessary, and at the Board's discretion, the company could issue new shares within the maximum of 10% of the Company's issued capital which was authorised by shareholders for this purpose.

35% of the outstanding options at 30 June 2006 was available for exercise.

The details of the movement in the outstanding options granted by the Trust during the year ended 30 June 2006 were as follows:

Schemes implemented on:		Outstanding options at 30 June 2005	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2006	Option price per share (cents)	Weighted average share price on exercise (cents)
27 June 1996		223 539	–	(78 539)	(145 000)	–	1 720	2 573
07 July 1997		53 000	–	(6 000)	(22 500)	24 500	913	2 479
09 March 1998		473 500	–	(138 000)	(207 000)	128 500	805	2 518
17 March 1999		768 313	–	(13 313)	(535 000)	220 000	233	2 339
25 August 1999		17 000	–	–	(7 000)	10 000	440	1 966
08 May 2000		448 363	–	(9 860)	(308 753)	129 750	316	2 231
15 June 2000		850 000	–	–	–	850 000	316	–
29 August 2000		1 000 000	–	–	–	1 000 000	325	–
14 March 2001	Standard	660 000	–	–	(260 000)	400 000	460	2 598
14 March 2001	Hurdle	700 000	–	–	(250 000)	450 000	460	2 598
19 October 2001		20 000	–	–	–	20 000	700	–
13 March 2002	Standard	738 425	–	(21 500)	(225 050)	491 875	693	2 533
13 March 2002	Hurdle	672 425	–	(18 000)	(180 050)	474 375	693	2 520
29 November 2002		40 000	–	–	–	40 000	1 225	–
06 March 2003	Standard	595 250	–	(62 500)	(156 500)	376 250	1 100	2 532
06 March 2003	Hurdle	722 500	–	(67 500)	(200 000)	455 000	1 100	2 582
15 March 2004	Standard	975 000	–	(57 500)	(60 000)	857 500	1 304	2 620
15 March 2004	Hurdle	785 000	–	(57 500)	(56 250)	671 250	1 304	2 617
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	–	(50 000)	–	1 180 000	1 400	–
28 June 2005	Hurdle	1 000 000	–	(90 000)	–	910 000	1 400	–
03 March 2006	Standard	–	1 625 000	–	–	1 625 000	2 353	–
03 March 2006	Hurdle	–	510 000	–	–	510 000	2 353	–
TOTAL		12 222 315	2 135 000	(670 212)	(2 613 103)	11 074 000		

Notes:

1. For the 1998 and prior schemes, the options vest at 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. Options are forfeited if the employee leaves the Group before the options vest.
6. For the 2001 to 2003 schemes the hurdle rate is 25% per annum compound growth on option price.
7. For the 2004 to 2006 schemes the hurdle rate is CPI + 4% per annum compound growth on option price.
8. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

11. SHARE CAPITAL AND PREMIUM *(continued)*

11.4 Equity-settled share incentive scheme – The Murray & Roberts Trust *(continued)*

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

Standard scheme Binomial lattice model

Hurdle scheme Monte Carlo model

The inputs into the models were as follows:

Schemes implemented on:		Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield	Estimated fair value of options granted per option (cents)
29 November 2002		1 225	42,7%	29 November 2012	10,3%	3,0%	612
06 March 2003	Standard	1 100	41,9%	06 March 2013	9,7%	3,0%	508
06 March 2003	Hurdle	1 100	41,9%	06 March 2013	9,7%	3,0%	254
15 March 2004	Standard	1 304	35,8%	15 March 2014	9,5%	4,0%	523
15 March 2004	Hurdle	1 304	35,8%	15 March 2014	9,5%	4,0%	334
07 September 2004	Standard	1 200	34,0%	07 September 2014	9,6%	4,0%	463
07 September 2004	Hurdle	1 200	34,0%	07 September 2014	9,6%	4,0%	302
28 June 2005	Standard	1 400	31,1%	28 June 2011	7,6%	3,4%	433
28 June 2005	Hurdle	1 400	31,1%	28 June 2011	7,9%	3,4%	312
03 March 2006	Standard	2 353	30,1%	03 March 2012	7,2%	2,7%	750
03 March 2006	Hurdle	2 353	30,1%	03 March 2012	7,2%	2,7%	733

Expected volatility was determined using the exponentially weighted moving average (EWMA) model to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R6,5 million (2005: R3,9 million) relating to these share options during the year.

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11. SHARE CAPITAL AND PREMIUM *(continued)*

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

The Letsema Vulindlela Share Incentive Scheme was approved by shareholders on 21 November 2005 as part of the Group's broad based black economic empowerment transaction. This transaction operates through various broad based entities of which The Letsema Vulindlela Black Executives Trust (the Vulindlela Trust) is one. The purpose of the Vulindlela Trust is to facilitate ownership in the company's ordinary share capital by black executives. At 30 June 2006, the Trust held 9 956 779 (2005: Nil) shares against the commitment of options granted by the trust totalling 664 000 (2005: Nil) shares.

The purchase of these shares was funded by an interest-free loan from the respective group employer companies. All dividends paid to the trust will be offset against the outstanding balance of the loan. Within one year after 31 December 2015, the black executives may elect to take delivery of the full benefit of the shares in accordance with their vesting rights. In the event of such an election, the black executives will be required to make a contribution to the trust in order to settle the outstanding loan amount. Should the value of the shares at 31 December 2015 be less than the outstanding loan amount, the trust must return the shares to the company and the loan will be cancelled.

The details of the movement in the outstanding options granted by the Vulindlela Trust during the year ended 30 June 2006 were as follows:

Schemes implemented on:	Outstanding options at 30 June 2005	Granted during the year	Surrendered during the year	Exercised during the year	Outstanding options at 30 June 2006	Option price per share (cents)	Estimated fair value of options granted per option (cents)
2 March 2006	–	664 000	–	–	664 000	2 353	1 253
TOTAL	–	664 000	–	–	664 000	–	–

Notes:

1. The options can only be exercised at their maturity.
2. Options are forfeited if the employee leaves the Group before the options vest.

The estimated fair values of options granted were determined using the Monte Carlo Simulation model.

The inputs into the models were as follows:

Schemes implemented on:	Option price per share (cents)	Expected volatility	Expected expiry date	Risk free rate	Expected dividend yield
2 March 2006	2 353	31,0%	31 December 2015	7,2%	2,7%

Expected volatility was determined using the exponentially weighted moving average (EWMA) model to calculate the historical volatility of the share price over the option lifetime giving more weight to recent data.

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of sub-optimal exercise behaviour of employees including exercise restrictions and closed periods.

The Group recognised total expenses of R0,7 million (2005: RNil) relating to these share options during the year.

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12. OTHER CAPITAL RESERVES

Capital redemption reserve fund

At beginning of the year

2,2

2,2

Transfer to retained earnings

(0,5)

–

1,7

2,2

Statutory reserve

As previously reported under SAGAAP

–

Restatement (note 51.2)

21,8

At 1 July as reported under IFRS

24,7

21,8

Transfer from retained earnings

0,3

2,9

25,0

24,7

Share-based payment reserve

As previously reported under SAGAAP

–

Restatement (note 51.2)

2,6

At 1 July as reported under IFRS

6,5

2,6

Recognition of share-based payments

24,1

3,9

30,6

6,5

57,3

33,4

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

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

The share-based-payment reserve represents the total cost recognised for the Group's equity-settled share-based payments.

13. REVALUATION AND FAIR VALUE RESERVES

Revaluation reserve

As previously reported under SAGAAP

21,6

Restatement (note 51.2)

(21,6)

At 1 July as reported under IFRS

–

–

Fair value reserve

At 1 July

–

(16,3)

Disposal of businesses

–

16,3

–

–

–

–

The fair value reserve represents the fair value movements on financial asset investments classified as non-trading.

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14. HEDGING AND TRANSLATION RESERVES

Hedging reserve

At 1 July	–	(3,0)
Cash flow hedges – reclassified and added to property, plant and equipment	–	3,0

– –

Foreign currency translation reserve

As previously reported under SAGAAP	17,3	(278,2)
Restatement (note 51.2)	–	278,2

At 1 July as reported under IFRS	17,3	–
Foreign currency translation movements	82,0	17,3

99,3 17,3

99,3 17,3

The hedging reserve represents the effective portion of fair value gains or losses of derivative financial instruments that have been designated as cash flow hedges.

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

15. MINORITY INTEREST

The minority interest comprises:

15.1 Interest of minority shareholders in reserves

As previously reported under SAGAAP		33,9
Restatement (note 51.2)		1,1

At 1 July as reported under IFRS	67,0	35,0
----------------------------------	------	------

Share of attributable earnings	48,6	30,2
--------------------------------	------	------

Dividends declared and paid	(28,9)	(20,0)
-----------------------------	--------	--------

Recognition of share-based payments	0,5	–
-------------------------------------	-----	---

Acquisition of businesses	11,5	21,2
---------------------------	------	------

Purchase of minorities	(14,2)	–
------------------------	--------	---

Exchange rate adjustment	1,3	0,6
--------------------------	-----	-----

85,8 67,0

15.2 Equity loans from minority shareholders

At 1 July	29,9	20,1
-----------	------	------

Additional loans raised	2,8	16,5
-------------------------	-----	------

Loan repayments	(10,4)	(8,3)
-----------------	--------	-------

Exchange rate adjustment	0,5	1,6
--------------------------	-----	-----

22,8 29,9

The loans from the minority shareholders of subsidiary companies are unsecured, have no fixed repayment terms and do not bear any interest.

Balance at year end	108,6	96,9
---------------------	-------	------

All monetary amounts are expressed
in millions of Rand

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16. SECURED LIABILITIES

Liabilities of the Group are secured as follows:

Loans secured by inventories with a book value of R1,2 million (2005: R1,7 million)	5,3	7,7
Loans secured over plant and machinery with a book value of R126,2 million (2005: R91,2 million)	53,0	33,1
Loans secured by investment in associate company with a fair value of R222,2 million (2005: R412,7 million)	213,8	200,1
	272,1	240,9
Reflected in the balance sheet under:		
Long term loans (note 17)	240,0	217,0
Bank overdrafts and short term loans (note 24)	32,1	23,9
	272,1	240,9

17. LONG TERM LOANS

17.1 Interest-bearing secured loans

Payable by		
30 June 2007	32,1	23,9
30 June 2008	13,3	14,0
between 1 July 2008 and 30 June 2012	13,0	2,9
later than 30 June 2012	213,7	200,1
	272,1	240,9
<i>Less: Current portion (note 24)</i>	(32,1)	(23,9)
	240,0	217,0

17.2 Interest-bearing unsecured loans

Payable by		
30 June 2007	196,4	74,2
30 June 2008	149,3	54,7
between 1 July 2008 and 30 June 2012	26,9	41,7
later than 30 June 2012	12,6	1,2
	385,2	171,8
<i>Less: Current portion (note 24)</i>	(196,4)	(74,2)
	188,8	97,6

17.3 Non-interest-bearing unsecured loans

Payable by		
30 June 2007	55,8	–
30 June 2008	–	0,1
	55,8	0,1
<i>Less: Current portion (note 24)</i>	(55,8)	–
	–	0,1

Notes to the consolidated financial statements

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17. LONG TERM LOANS *(continued)*

17.4 Capitalised finance leases

Minimum lease payments

within 1 year

83,0

30,7

within the year thereafter

79,3

24,3

subsequent years

17,1

1,6

179,4

56,6

Less: future finance charges

(8,7)

(4,0)

Present value of lease obligations

170,7

52,6

The present value of lease obligations can be analysed as follows:

30 June 2007

82,5

28,0

30 June 2008

71,9

23,1

between 1 July 2008 and 30 June 2012

16,3

1,5

170,7

52,6

Less: Current portion (note 24)

(82,5)

(28,0)

88,2

24,6

517,0

339,3

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 16. Details of Group's interest rate risk management policies is set out in note 44.

18. OBLIGATIONS UNDER FINANCE HEADLEASES

Payable by

30 June 2007

121,7

79,2

30 June 2008

76,7

120,8

between 1 July 2008 and 30 June 2012

78,4

153,4

276,8

353,4

Less: Current portion (note 24)

(121,7)

(79,2)

155,1

274,2

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. Details of the Group's interest rate risk management policies are set out in note 44.

The finance headlease payments represent payments by the Group for the headlease properties in which the Group has 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.

The future minimum sublease payments expected to be received for the next three years on the leased properties are R325,5 million (2005: R267,4 million).

All monetary amounts are expressed in millions of Rand	2006	Restated 2005
19. LONG TERM PROVISIONS		
19.1 Headleases and other property activities		
At beginning of year	25,1	48,4
Provision released to the income statement	(13,5)	(15,7)
Trading losses	(1,4)	(7,6)
At end of year	10,2	25,1
<i>Less: Current portion included in trade and other payables (note 21)</i>	-	(20,6)
	10,2	4,5
19.2 Decommissioning and other provisions		
At beginning of year	-	-
Additional provisions raised	11,6	-
Utilised during the year	(0,5)	-
Exchange differences	1,1	-
At end of year	12,2	-
	22,4	4,5
The decommissioning and other provisions are based on the directors' best estimate of the decommissioning cost to be incurred.		
20. DEFERRED TAXATION		
20.1 Deferred taxation assets		
The movement on the deferred taxation asset account is as follows:		
As previously reported under SAGAAP		32,8
Restatement (note 51.2)		0,9
As reported under IFRS	34,1	33,7
Transfer to deferred taxation liability	(3,8)	-
Acquisition of businesses	22,5	0,5
Charge to the income statement	(1,3)	(0,2)
Exchange rate adjustment	-	0,1
At end of year	51,5	34,1
<i>Comprising:</i>		
Inventory	2,1	2,0
Uncertified work and other construction temporary differences	1,4	-
Plant	(36,0)	(13,6)
Tax losses	43,2	34,6
Receivables	(8,8)	-
Prepayments	(0,7)	-
Provisions	48,4	9,2
Advance payments received net of tax allowances	4,4	-
Fair value adjustments	(3,5)	-
Other	1,0	1,9
	51,5	34,1

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2005

20. DEFERRED TAXATION *(continued)*

20.2 Deferred taxation liabilities

The movement on the deferred taxation liability account is as follows:

As previously reported under SAGAAP

117,9

Restatement (note 51.2)

(8,5)

As reported under IFRS

251,5

109,4

Acquisition of businesses

11,9

75,8

Transfer from deferred taxation asset

(3,8)

–

Charge to the income statement

37,2

67,7

Charge directly to equity

0,7

–

Exchange rate adjustment

(0,2)

(1,4)

At end of year

297,3

251,5

Comprising:

Inventory

3,8

(4,7)

Uncertified work and other construction temporary differences

50,5

72,5

Plant

131,9

101,9

Financial leases

48,0

56,9

Tax losses

(22,0)

(7,7)

Receivables

5,1

2,0

Prepayments

22,4

5,4

Provisions

(13,5)

(19,0)

Advance payments received net of tax allowances

(17,4)

(6,1)

Fair value adjustments

66,1

13,5

Other

22,4

36,8

297,3

251,5

20.3 Unused taxation losses

At the balance sheet date, the Group had unused taxation losses of R236 million (2005: R269 million) available for offset against future profits. A deferred taxation asset has been recognised in respect of R225 million (2005: R146 million) of such losses. No deferred taxation asset has been recognised in respect of the remaining R11 million (2005: R123 million) due to the unpredictability of future profit streams. There are no unrecognised tax losses that will expire in 2007 (2006: RNil). Other losses may be carried forward indefinitely.

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

21. TRADE AND OTHER PAYABLES

Trade payables	886,2	720,3
Accruals and other payables	2 204,8	1 149,5
Payroll accruals	278,7	181,4
Operating lease payables recognised on a straight-line basis	21,6	16,6
Short term portion of long term provision (note 19)	–	20,6
	3 391,3	2 088,4

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

22. 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.

	803,5	572,2
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23. PROVISIONS FOR OBLIGATIONS

	Payroll	Warranty	Other	Total
Balance at 30 June 2005	83,9	1,1	2,1	87,1
Amounts utilised	(80,1)	(1,0)	(2,1)	(83,2)
Amounts reversed unused	(3,8)	(0,1)	–	(3,9)
Amounts raised	136,9	0,4	–	137,3
Acquisition of businesses	52,7	–	–	52,7
Exchange rate adjustment	0,9	–	–	0,9
Balance at 30 June 2006	190,5	0,4	–	190,9

The payroll provisions relate to staff bonus and severance pay obligations.

2006

2005

24. BANK OVERDRAFTS AND SHORT TERM LOANS

Bank overdrafts	166,3	197,5
Current portion of long term loans (note 17)		
– interest-bearing secured	32,1	23,9
– interest-bearing unsecured	196,4	74,2
– non-interest-bearing unsecured	55,8	–
Current portion of capitalised finance leases (note 17)	82,5	28,0
Current portion of obligations under finance headleases (note 18)	121,7	79,2
	654,8	402,8

25. REVENUE

Continuing operations

Contracting revenue	7 396,2	6 687,0
Sale of goods	4 252,1	3 320,0
Rendering of services	210,7	148,9
Other	60,5	116,2
	11 919,5	10 272,1

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26. EXCEPTIONAL ITEMS

Headlease and other property activities (notes 1, 2, 18, 19)

Provision released to income statement	13,5	15,7
Net lease income from headlease property	44,7	65,7
Depreciation of headlease property	(5,3)	(5,2)
Interest expense on obligations under finance headleases	(49,4)	(58,4)
Profit on disposal of property	3,8	–
Additional liability	(3,4)	(7,8)

Broad based black economic empowerment expense	(87,3)	–
Net profit on disposals and closures	–	246,2
Impairment loss recognised on unlisted loan investments	–	(159,2)
Impairment loss recognised on property, plant and equipment	(1,6)	(23,1)

(85,0) 73,9

27. EARNINGS BEFORE INTEREST AND TAXATION

Earnings before interest and taxation is arrived at after taking into account:

Items by nature

Investment income other than interest

Dividends received	4,2	0,7
Fair value gain on concession investments	67,6	46,1
Rentals received	5,8	7,6

Other items

Amortisation of intangible assets (note 4)	15,7	1,9
--------------------------------------------	------	-----

Auditors' remuneration:

Fees for audits	21,2	14,0
Other services	2,8	2,0
Expenses	0,3	0,4

Compensation income from insurance claims	9,7	22,9
-------------------------------------------	-----	------

Depreciation (note 1):

Immovable property	4,7	4,4
Plant and machinery	203,3	205,9
Other property, plant and equipment	20,3	12,1
Other investment property	0,2	0,3

Employee benefit expense

Salaries and wages (including directors' remuneration note 46)	3 087,9	2 611,5
Share option expense (note 11)	7,2	3,9
Pension costs – defined contribution plans (note 45)	54,4	49,4
Other post-employment benefits (note 45)	12,8	6,6

Fees paid for:

Managerial services	30,4	14,0
Technical services	8,6	3,6
Administrative services	11,9	9,9
Secretarial services	1,3	0,7

Impairment loss recognised on property, plant and equipment	4,3	4,3
-------------------------------------------------------------	-----	-----

Impairment loss recognised on inventory	0,3	0,1
-----------------------------------------	-----	-----

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

27. EARNINGS BEFORE INTEREST AND TAXATION (continued)

Impairment charges

Trade receivables	17,3	30,5
Contract receivables	16,4	14,6
Other receivables	7,6	10,2
Reversal of impairment loss recognised on property, plant and equipment	2,6	–
Profit on disposal of property, plant and equipment	8,4	25,0
Loss on disposal of property, plant and equipment	1,9	1,7
Net foreign exchange gains	4,9	6,6
Net fair value losses of financial instruments	23,4	6,1
Operating lease costs:		
Immovable property	21,9	18,8
Plant and machinery	0,2	–
Other	11,2	12,7
Research and development costs	2,4	1,4

Items by function

Cost of sales*	10 023,3	8 712,3
Distribution and marketing costs	179,7	132,9
Administration costs	1 167,8	1 065,8
Other operating income	251,6	183,1

* Cost of sales include R3 281,1 million (2005: R2 696 million) relating to the cost of inventories sold during the year.

28. NET INTEREST INCOME/(EXPENSE)

28.1 Interest expense

Bank overdrafts	(26,4)	(16,9)
Capitalised finance leases	(5,8)	(3,8)
Present value expense	(14,0)	(13,0)
Loans and other liabilities	(30,9)	(22,9)
	(77,1)	(56,6)

28.2 Interest income

Bank balances and cash	70,7	35,8
Present value income	10,8	2,3
Unlisted loan investments and other receivables	16,7	16,0
	98,2	54,1
	21,1	(2,5)

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29. TAXATION

South African taxation

Normal tax

Current year

87,3

60,0

Prior year

(3,3)

1,0

Secondary taxation on companies

20,2

0,3

Deferred taxation

37,8

64,4

Foreign taxation

Current year

45,4

25,7

Deferred taxation

0,7

3,5

188,1

154,9

Domestic income tax is calculated at 29% (2005: 29%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

%

%

Reconciliation of effective rate of taxation to the standard rate of taxation

Effective rate of taxation

25,5

25,2

Reduction in rate of taxation due to:

Capital and non-taxable items

3,2

23,2

Taxation losses utilised

4,4

0,2

Deferred taxation assets recognised

2,4

2,4

Taxation on foreign companies

1,2

–

Prior year adjustments

0,5

–

37,2

51,0

Increase in rate of taxation due to:

Capital and non-deductible expenditure

(3,7)

(19,0)

Current year's losses not recognised

–

(0,4)

Taxation on foreign companies

–

(1,0)

Foreign withholding taxation

(1,4)

(0,3)

Imputed foreign income

(0,4)

(0,6)

Change in rate of taxation

–

(0,3)

Secondary taxation on companies

(2,7)

(0,1)

Prior year adjustments

–

(0,3)

South African standard rate of taxation

29,0

29,0

All monetary amounts are expressed
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2005

30. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD-FOR-SALE

30.1 Earnings for the year from discontinued operations

On 1 October 2005, the Group disposed of its forklift truck distribution business Criterion Equipment for R92,7 million. The comparative numbers include businesses that were closed or disposed in the prior year, being Consani Engineering, Improvair and Booker Tate.

The profit/(loss) from the discontinued operations are analysed as follows:

Profit/(loss) on disposal/closure	16,4	(53,1)
(Loss)/profit after taxation for the period	(4,6)	7,5
	11,8	(45,6)
(Loss)/profit after taxation for the period is analysed as follows:		
Revenue		
Sale of goods	46,0	402,3
	46,0	402,3
EBIT	0,5	11,7
Interest income	–	0,1
Interest expense	(0,5)	(1,7)
Profit before taxation	–	10,1
Taxation	(4,6)	(2,6)
Attributable (loss)/profit	(4,6)	7,5
EBIT comprises:		
Auditors' remuneration:		
Fees for audits	0,1	0,5
Depreciation:		
Plant and machinery	0,9	6,5
Other property, plant and equipment	0,1	0,4
Employee benefit expense		
Salaries and wages	2,9	15,9
Impairment charges		
Trade receivables	0,7	1,7
Profit on disposal of property, plant and equipment	–	0,9
Loss on disposal of property, plant and equipment	–	0,5
Net foreign exchange losses	0,2	2,8
Operating lease costs:		
Immovable property	0,1	2,8
Plant and machinery	–	0,3
Cost of sales*	39,4	375,1
Distribution and marketing costs	0,2	5,8
Administration costs	6,2	40,1
Other operating income	0,3	30,4

* Cost of sales include R39,4 million (2005: R375,1 million) relating to the cost of inventories sold during the year.

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30. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD-FOR-SALE (continued)

30.2 Assets classified as held-for-sale

The Group is in advanced stages of selling one of its properties on the open market. The disposal is expected to occur within 12 months and the property has therefore been classified as an asset held-for-sale. The proceed of the disposal is expected to exceed the net carrying amount of the asset, and accordingly no impairment loss has been recognised on the classification of this asset as held-for-sale.

The major classes of assets comprising the assets held-for-sale are as follows:

Property, plant and equipment – land and buildings	2,6	–
Investment property	8,6	–
	11,2	–

31. EARNINGS AND HEADLINE EARNINGS PER SHARE

31.1 From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to ordinary shareholders of the company is based on the following data:

Earnings

Earnings attributable to the equity holders of the company	512,7	462,4
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares in issue	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	(12 139)	(13 664)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(14 917)	–

Weighted average number of shares in issue used in the determination of basic per share figures	304 837	318 229
Add: Dilutive adjustment for share options	5 081	4 611

Weighted average number of shares in issue used in the determination of diluted per share figures	309 918	322 840
---------------------------------------------------------------------------------------------------	---------	---------

Earnings per share from continuing and discontinued operations (cents)

– Diluted	165	143
– Basic	168	145

31.2 From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the company is based on the following data:

Earnings

Earnings attributable to the equity holders of the company	512,7	462,4
Adjustments:		
(Profit)/loss from discontinued operations (note 30.1)	(11,8)	45,6

Earnings for the purposes of basic and diluted earnings per share from continuing operations	500,9	508,0
----------------------------------------------------------------------------------------------	-------	-------

Number of shares ('000)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Earnings per share from continuing operations (cents)

– Diluted	162	157
– Basic	164	160

All monetary amounts are expressed
in millions of Rand

2006

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2005

31. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)

31.3 From discontinued operations

The calculation of basic and diluted earnings per share from discontinued operations attributable to ordinary shareholders of the company is based on the following data:

Earnings

Profit/(loss) from discontinued operations (note 30.1)

11,8

(45,6)

Number of shares ('000)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Earnings/(loss) per share from discontinued operations (cents)

– Diluted

4

(14)

– Basic

4

(14)

31.4 Headline Earnings

The calculation of basic and diluted headline earnings per share attributable to ordinary shareholders of the company is based on the following data:

Earnings

Earnings attributable to the equity holders of the company

512,7

462,4

Adjustments:

Non-headline exceptional items (note 26)

1,6

(63,9)

(Loss)/profit from disposal/closure (note 30.1)

(16,4)

53,1

Taxation on exceptional items

4,0

16,1

Non-headline portion of income from associate

–

2,4

Headline earnings

501,9

470,1

Number of shares ('000)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Headline earnings per share (cents)

– Diluted

162

146

– Basic

165

148

31.5 Headline earnings excluding the broad based black economic empowerment expense

The calculation of basic and diluted headline earnings per share excluding the BBBEE expense is based on the following data:

Headline earnings

Headline earnings as above

501,9

470,1

Adjustments:

BBBEE expense

87,3

–

Taxation effect on BBBEE expense

(20,3)

–

Headline earnings excluding the BBBEE expense

568,9

470,1

Number of shares ('000)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Headline earnings per share excluding the BBBEE expense (cents)

– Diluted

184

146

– Basic

187

148

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32. ORDINARY DIVIDENDS

Final dividend No. 109 of 40,0 cents declared on 30 August 2006	132,8	
Interim dividend No. 108 of 20,0 cents declared on 2 March 2006 and paid on 18 April 2006	66,4	
Final dividend No. 107 of 30,0 cents declared on 31 August 2005 and paid on 17 October 2005		99,6
Interim dividend No. 106 of 15,0 cents declared on 28 February 2005 and paid on 18 April 2005		49,8
	199,2	149,4
Less: Dividends relating to treasury shares	23,7	(6,2)
	175,5	143,2

In respect of final dividend no. 109, the directors have declared a dividend of 40,0 cents per share which will be paid to shareholders registered in the books of the company on Friday 13 October 2006, on Monday 16 October 2006. The secondary taxation on companies payable on this dividend is estimated to be R15,7 million.

33. CASH GENERATED BY OPERATIONS

Earnings before exceptional items and interest (including discontinued operations)	800,8	555,9
Adjustments for non-cash items:		
Amortisation of intangible assets	15,7	1,9
Depreciation	229,5	229,6
Fair value adjustments on concession investments	(67,6)	(46,1)
Fair value adjustments on other financial instruments	23,4	6,1
Net provisions raised and released	144,2	61,3
Net profit on disposal of property, plant and equipment	(6,5)	(23,7)
Share-based payment expense	7,2	3,9
Other non-cash items	6,2	4,7
Adjustments for cash items:		
Adjustments for net cash outflow from exceptional items:		
Headlease and other property activities	(82,3)	(68,6)
BBBEE expense	(69,9)	–
Other	(2,0)	(18,9)
Dividends received	(4,2)	(0,7)
Provisions utilised and paid	(83,7)	(52,1)
Change in working capital	(194,6)	19,4
Inventories	(74,7)	(96,1)
Contracts in progress and contract receivables	(494,2)	(28,8)
Trade and other receivables	(288,6)	13,5
Trade and other payables	484,2	64,9
Subcontractor liabilities	178,7	65,9
	716,2	672,7

All monetary amounts are expressed
in millions of Rand

2006

Restated
2005

34. TAXATION PAID

Taxation unpaid at beginning of year	(93,6)	(27,8)
Acquisition of businesses	(45,8)	6,6
Disposal of businesses	–	2,8
Taxation charged to the income statement, excluding deferred taxation	(154,2)	(89,6)
Taxation unpaid at end of year	151,6	93,6
	(142,0)	(14,4)

35. ACQUISITION OF BUSINESSES

Oconbrick Manufacturing (Proprietary) Limited and related companies

On 1 September 2005 the Group acquired 80,0% of the ordinary share capital of Oconbrick Manufacturing (Proprietary) Limited and related companies. The acquired businesses contributed revenue of R146,5 million and attributable profit of R20,8 million during this period. If the acquisition had been completed on 1 July 2005, total group revenue for the period would have been R11 997,6 million, and attributable profit for the year would have been R518,4 million.

Details of the net assets acquired and the goodwill are as follows:

2006

Purchase consideration:	
– cash paid	(96,0)
– direct costs relating to the acquisition	(2,4)
Total purchase consideration	(98,4)
Fair value of net assets acquired	37,9
Goodwill (note 3)	(60,5)

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 financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
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Acquiree's
carrying value

Fair value

35. ACQUISITION OF BUSINESSES *(continued)*

The net assets acquired and the goodwill arising, are as follows:

Cash balances in businesses	(31,4)	(31,4)
Inventories	(13,7)	(13,7)
Accounts receivable and contracts in progress	(16,6)	(16,6)
Associates	(8,2)	(8,2)
Intangible assets	–	(19,9)
Property, plant and equipment	(41,1)	(41,1)
Accounts payable and provisions	19,5	19,5
Current and deferred taxation	23,3	23,3
Non-current liabilities	7,5	7,5
Minority interest	11,5	11,5
Contingent liabilities		31,2
Net assets acquired	(49,2)	(37,9)
Goodwill		(60,5)
Total consideration		(98,4)
Net cash outflow arising on acquisition:		
Cash consideration paid		(98,4)
Cash balances acquired		31,4
		(67,0)

Concor Limited

On 14 June 2006 the Group acquired 100,0% of the ordinary share capital of Concor Limited. The acquired businesses did not contribute any revenue or attributable profit during the year. If the acquisition had been completed on 1 July 2005, total group revenue for the period would have been R13 793,4 million, and attributable profit for the year would have been R556 million.

Details of the net assets acquired and the goodwill are as follows:

	2006
Purchase consideration:	
– cash paid	–
– cash committed for acquisition	(332,6)
– direct costs relating to the acquisition	(8,6)
Total purchase consideration	(341,2)
Fair value of net assets acquired	303,0
Goodwill (note 3)	(38,2)

The goodwill is attributable to the synergies expected to arise after the acquisition.

All monetary amounts are expressed
in millions of Rand

Acquiree's
carrying value

Fair value

35. ACQUISITION OF BUSINESSES *(continued)*

The net assets acquired and the goodwill arising, are as follows:

Cash balances in businesses	(220,2)	(220,2)
Inventories	(32,6)	(32,6)
Accounts receivable and contracts in progress	(444,3)	(444,3)
Investments	(45,7)	(45,7)
Associates	(25,3)	(25,3)
Intangible assets	(1,0)	(1,0)
Investment property	(17,6)	(17,6)
Property, plant and equipment	(220,7)	(220,7)
Accounts payable and provisions	594,3	594,3
Subcontractor liabilities	52,6	52,6
Current and deferred taxation	(13,1)	(13,1)
Non-current liabilities	70,6	70,6
Net assets acquired	(303,0)	(303,0)
Goodwill		(38,2)
Total consideration paid and to be paid		(341,2)
Net cash outflow arising on acquisition:		
Cash consideration paid and to be paid		(341,2)
Amount not yet paid at 30 June 2006*		332,6
Cash balances acquired		220,2
		211,6

* The consideration for Concor Limited was only paid on 3 July 2006.

The Cementation Company (Africa) Limited and Cementation Canada Inc

In the prior year 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.

Details of the net assets acquired and the goodwill are as follows:

		2005
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.

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All monetary amounts are expressed
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Acquiree's
carrying value

Fair value

35. ACQUISITION OF BUSINESSES *(continued)*

The fair value of net assets acquired and the goodwill arising, are as follows:

Cash balances in businesses	(26,2)	(26,2)
Inventories	(40,5)	(40,5)
Accounts receivable and contracts in progress	(258,4)	(258,4)
Investments	(0,1)	(0,1)
Property, plant and equipment	(143,1)	(143,1)
Accounts payable	295,8	295,8
Current and deferred taxation	(12,3)	(12,3)
Non-current liabilities	16,7	16,7
Minority interest	3,6	3,6
Contingent liabilities	–	19,8
Net assets acquired	(164,5)	(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)

	2006	2005
36. NET CASH INFLOW/(OUTFLOW) ON DISPOSAL/CLOSURE OF BUSINESSES		
During the year the Group disposed of/closed businesses (note 30) with a fair value of assets sold and liabilities released of:		
Cash balances in businesses	–	43,0
Inventories	35,7	75,7
Accounts receivable and contracts in progress	42,6	136,3
Investments	–	4,4
Property, plant and equipment	33,4	27,6
Current and deferred taxation	–	(1,5)
Accounts payable	(38,8)	(84,8)
Profit/(loss) on disposal/closure of businesses	19,8	(148,4)
Total proceeds	92,7	52,3
Less: Cash balances in businesses disposed	–	(43,0)
Less: Balance remaining on loan account	(45,0)	(18,0)
	47,7	(8,7)

All monetary amounts are expressed
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	2006	Restated 2005
37. NET MOVEMENT IN BORROWINGS		
Loans raised	318,3	182,6
Loans repaid	(49,9)	(83,0)
	268,4	99,6
Capitalised leases repaid	(40,7)	(32,7)
	227,7	66,9
38. NET CASH AND CASH EQUIVALENTS		
38.1 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Bank balances and cash	1 808,3	1 930,9
Bank overdrafts	(166,3)	(197,5)
	1 642,0	1 733,4
38.2 Restricted cash		
Cash and cash equivalents at the end of the year include bank balances and cash that are restricted from immediate use due to:		
– margin deposits	2,7	–
– other agreements with banks and other financial institutions	24,3	–
– held in trust accounts for sublease tenants	5,9	–
– held in joint ventures	183,8	225,7
	216,7	225,7
38.3 Non-cash items		
Excluded from the cash flow statement are additions to fixed assets amounting to R75,3 million (R52,1 million) which were funded by finance leases.		
The acquisition consideration for Concor Limited was only paid on 3 July 2006.		
39. PROFIT AND LOSSES OF SUBSIDIARIES		
Aggregate profits	825,7	1 130,6
Aggregate losses	(188,2)	(399,5)

40. JOINT VENTURES

40.1 Joint venture arrangements

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

Joint venture entities

these are incorporated arrangements such as jointly controlled companies.

Joint venture operations

these are unincorporated arrangements such as partnerships and contracts.

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40. JOINT VENTURES (continued)

The Group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is as follows:

Non-current assets	33,5	35,9
Current assets	1 358,0	542,2

Total assets	1 391,5	578,1
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Non-current liabilities	–	–
Current liabilities	1 067,5	514,3

Total liabilities	1 067,5	514,3
--------------------------	----------------	-------

Net assets	324,0	63,8
------------	-------	------

The Group's aggregate proportionate share of joint ventures included in the consolidated income statement is as follows:

Revenue	2 386,4	1 025,1
Profit after taxation	195,6	82,2

40.2 Details of significant joint ventures

Business segment	Ownership interest and voting power		
	%	%	
<i>The Group has the following significant joint venture entities:</i>			
Bombela Civils Joint Venture (Proprietary) Limited	Construction & engineering	45,0	–
SNC Lavalin-Murray & Roberts (Proprietary) Limited	Construction & engineering	50,0	50,0
Alert Steel Polokwane (Proprietary) Limited	Construction materials & services	50,0	50,0
Freyssinet Posten (Proprietary) Limited	Construction materials & services	50,0	50,0
Precast Reinforcing Steel (Proprietary) Limited	Construction materials & services	50,0	50,0
Reinforcing Steel Contractors East London (Proprietary) Limited	Construction materials & services	50,0	50,0
Shisane Reinforcing Steel (Proprietary) Limited	Construction materials & services	40,0	40,0
National Metal Cape Town (Proprietary) Limited	Construction materials & services	40,0	40,0
Flaming Silver 163 (Proprietary) Limited	Fabrication & manufacture	50,0	50,0
Falcon Aluminium Alloys (Proprietary) Limited	Fabrication & manufacture	33,3	33,3
<i>The Group has the following significant joint venture operations:</i>			
Al Habtoor – Murray & Roberts Takenaka Joint Venture	Construction & engineering	40,0	40,0
Al Habtoor – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
SEP Joint Venture	Construction & engineering	50,0	–
Cemdelsam Joint Venture	Construction & engineering	50,0	50,0
Vresap Civils Joint Venture	Construction & engineering	40,0	–
Mpumalanga Pipeline Contractors Joint Venture	Construction & engineering	25,0	–
Murray & Roberts/BBMM Joint Venture	Construction & engineering	50,0	50,0
Murray & Roberts/WBHO Joint Venture	Construction & engineering	50,0	–
Murray & Roberts/Jolinde Joint Venture	Construction & engineering	85,0	85,0
A A Nass – Murray & Roberts Joint Venture	Construction & engineering	50,0	50,0
Vulindlela Joint Venture	Construction materials & services	33,3	–

All monetary amounts are expressed
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2006

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2005

41. 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

131,4

147,9

The Group has committed to a second subscription agreement in Clough Limited of 30 million shares at a price equal to the volume weighted average price of Clough's shares for 60 days prior to the date of subscription.

Total financial institution guarantees given to third parties on behalf of group companies amounted to

1 944,8

1 787,5

The directors do not believe any exposure to loss is likely.

Contingent liabilities arising from interest in joint ventures included above amounted to

895,3

–

The directors do not believe any exposure to loss is likely.

The Group has not acquired any contingent liabilities at the date of acquisition of Concor Limited

The Group acquired contingent liabilities at the date of acquisition of Oconbrick Manufacturing (Proprietary) Limited. These were recognised as liabilities on the date of acquisition (note 35).

31,2

The Group acquired contingent liabilities at the date of acquisition of The Cementation Company (Africa) Limited. These were recognised as liabilities on the date of acquisition (note 35).

19,8

42. CAPITAL COMMITMENTS

Approved by the directors, contracted and not provided in the balance sheet

97,5

59,2

Approved by the directors, not yet contracted for

764,1

336,3

861,6

395,5

Capital expenditure will be financed from internal resources and existing facilities.

The capital commitments relate primarily to the acquisition of project related capital expenditure.

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43. OPERATING LEASE ARRANGEMENTS

43.1 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 27.

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

Due within one year	24,9	22,8
Due between two and five years	37,3	49,5
Due thereafter	4,3	0,3
	66,5	72,6

43.2 Operating headleases

Operating headlease payments represent rentals payable by the Group for the headlease properties 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

Operating headlease costs recognised in the income statement are set out in note 26.

The future minimum sublease payments expected to be received for the next three years on the leased properties are R71,9 million (2005: R114,8 million).

Operating headlease commitments

The future minimum lease payments under non-cancellable operating headleases are as follows:

Due within one year	32,5	30,5
Due between two and five years	37,1	99,2
Due thereafter	–	33,9
	69,6	163,6

All monetary amounts are expressed
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44. FINANCIAL RISK MANAGEMENT

The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.

In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, derivatives, accounts receivable and payable and interest-bearing borrowings.

44.1 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.

44.2 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 in order to hedge significant future transactions and cash flows. 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.

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

The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The majority of the contracts will be utilised during the next 12 months, and are renewed on a revolving basis as required.

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for the year ended 30 June 2006

	2006 Foreign amount million	2006 Rand amount million	2005 Foreign amount million	2005 Rand amount million
44. FINANCIAL RISK MANAGEMENT (continued)				
At the balance sheet date, the notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:				
Related to specific balance sheet items				
<i>Bought</i>				
US Dollars	0,7	5,0	5,6	35,4
Euros	3,2	29,4	8,4	68,7
British Pounds	3,6	43,3	8,5	74,9
Other	–	–	0,2	1,2
Total	–	77,7	–	180,2
<i>Sold</i>				
US Dollars	14,6	97,7	17,9	117,7
Euros	0,7	6,4	5,4	45,0
British Pounds	0,6	8,1	1,0	16,0
Other	–	–	–	–
Total	–	112,2	–	178,7
Related to future commitments				
<i>Bought</i>				
US Dollars	–	–	–	–
Euros	–	–	0,2	1,5
Japanese Yen	–	–	589,5	36,6
Total	–	–	–	38,1

At 30 June 2006, the fair value of the Group's currency derivatives is estimated to be approximately R0,2 million (2005: R29,6 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, and comprise R8,4 million assets (2005: R33,6 million) and R8,2 million liabilities (2005: R4,0 million) (note 10).

No amounts relating to currency derivatives that have been designated as cash flow hedges have been deferred in equity during the year (2005: RNil). No amounts (2005: R3,0 million) have been transferred to property, plant and equipment in respect of contracts matured during the period.

Fair value losses of non-hedging currency derivatives and those designated as cash flow hedges that were ineffective during the period amounting to R23,7 million (2005: R6,5 million gains) were recognised in the income statement in the year.

The Group does not currently designate any foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

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44. FINANCIAL RISK MANAGEMENT *(continued)*

44.2 Foreign currency management *(continued)*

The carrying amounts of the significant financial assets are denominated in the following currencies:

Bank balances and cash

Australian Dollar	21,0	13,9
Bahrain Dinar	20,7	26,3
Botswana Pula	36,4	28,1
British Pound	5,6	2,6
Canadian Dollar	18,9	41,8
Egyptian Pound	2,4	0,2
European Euro	11,7	18,2
Malaysian Ringgit	16,6	23,4
Qatari Rial	31,6	29,3
South African Rand	1 280,2	1 328,0
UAE Dirham	78,2	170,6
US Dollar	278,8	231,7
Other	6,2	16,8

1 808,3

1 930,9

Trade and contract receivables

Australian Dollar	23,3	19,7
Bahrain Dinar	79,2	21,4
Botswana Pula	47,5	47,0
British Pound	10,4	7,8
Canadian Dollar	190,4	110,7
Egyptian Pound	6,3	4,6
European Euro	4,4	1,0
Malaysian Ringgit	0,6	8,7
Qatari Rial	42,9	85,1
South African Rand	1 879,9	1 183,5
UAE Dirham	368,8	253,3
US Dollar	106,9	62,2
Other	20,1	17,1

Gross receivables

2 780,7

1 822,1

Present value and other adjustments

(34,3)

(28,9)

2 746,4

1 793,2

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44. FINANCIAL RISK MANAGEMENT (continued)

44.2 Foreign currency management (continued)

The carrying amounts of the significant financial liabilities are denominated in the following currencies:

Bank overdrafts

Botswana Pula	7,5	–
British Pound	0,7	0,3
Egyptian Pound	52,8	61,3
South African Rand	69,8	27,9
UAE Dirham	33,7	53,5
US Dollar	0,2	54,4
Other	1,6	0,1
	166,3	197,5

Trade payables and subcontractor liabilities

Australian Dollar	9,5	8,5
Bahrain Dinar	13,1	15,1
Botswana Pula	71,3	61,4
British Pound	0,3	0,9
Canadian Dollar	27,8	29,9
Egyptian Pound	1,7	3,0
European Euro	11,7	0,6
Malaysian Ringgit	1,9	10,2
Qatari Rial	19,8	77,6
South African Rand	992,2	740,1
UAE Dirham	537,0	288,5
US Dollar	8,8	14,0
Other	1,1	49,7
Gross liabilities	1 696,2	1 299,5
Present value and other adjustments	(6,5)	(7,0)
	1 689,7	1 292,5

Interest-bearing liabilities

Australian Dollar	80,3	0,9
Botswana Pula	1,0	4,1
British Pound	–	78,8
Canadian Dollar	55,5	–
South African Rand	680,3	502,6
UAE Dirham	73,8	32,2
US Dollar	213,9	200,1
Other	–	–
	1 104,8	818,7

Non-interest-bearing liabilities

South African Rand	55,8	0,1
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All monetary amounts are expressed
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44. FINANCIAL RISK MANAGEMENT *(continued)*

44.3 Interest rate risk management

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

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

As at 30 June 2006 the Group had two interest rate swap agreements outstanding as detailed below (note 10).

	Currency	Interest rate (%)	Final maturity date	Nominal outstanding amounts Rm
Pay floating rate, receive fixed rate	ZAR	13,4	02 January 2007	1,3
Pay fixed rate, receive floating rate	GBP	8,0	20 February 2007	48,7

At 30 June 2006, the fair value of the Group's interest derivatives is estimated to be liability of approximately R1,1 million (2005: R3,4 million liability). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, and comprise R0,1 million assets (2005: R0,2 million) and R1,2 million liabilities (2005: R3,6 million) (note 10).

No interest rate derivatives have been designated as cash flow hedges and hence no fair value movements have been deferred in equity during the year (2005: RNil).

Fair value gains of the non-hedging interest derivatives amounting to R0,3 million (2005: R12,6 million losses) were recognised in the income statement in the year.

	2006	2005
The financial instruments that are sensitive to interest rate risk are:		
Bank balances and cash	1 808,3	1 930,9
Bank overdrafts	166,3	197,5
Interest-bearing liabilities	1 104,8	818,7

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44. FINANCIAL RISK MANAGEMENT (continued)

44.4 Maturity profile of financial instruments

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

	<1 year	1 – 6 years	Total
Financial assets			
Bank balances and cash	1 808,3	–	1 808,3
Net amounts due from contract customers	2 825,6	52,6	2 878,2
Trade and other receivables	1 454,4	18,2	1 472,6
Derivative financial instruments	8,5	–	8,5
Other investments	–	435,1	435,1
Loans to associate companies	–	93,6	93,6
Financial liabilities			
Bank overdrafts	166,3	–	166,3
Interest-bearing liabilities	432,7	672,1	1 104,8
Non-interest-bearing liabilities	55,8	–	55,8
Amounts due to contract customers	961,3	–	961,3
Trade and other payables	3 391,3	5,6	3 396,9
Derivative financial instruments	9,4	30,5	39,9
Subcontractor liabilities	803,5	–	803,5

44.5 Credit risk management

Potential areas of credit risk consist of trade accounts receivable, short term cash investments and non-current unsecured loan receivables.

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

Group policy is to deposit short term cash investments with major financial institutions.

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44. FINANCIAL RISK MANAGEMENT (continued)

44.6 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 capacity is unlimited.

Borrowing facility

Total borrowing facility

6 637,6

6 009,7

Current utilisation

2 717,6

2 712,3

Borrowing facilities available

3 920,0

3 297,4

45. RETIREMENT AND OTHER BENEFIT PLANS

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).

45.1 Defined contribution plans – pension funds

In South Africa, the Group operates the following privately administered defined contribution pension plans for salaried employees:

Murray & Roberts Retirement Fund

Investment Solutions Pension Fund

The assets of the funds are independently controlled by a board of trustees which includes representatives elected by the members. The funds were actuarially valued on the following dates and declared to be in a sound financial position:

Murray & Roberts Retirement Fund 31 December 2005

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 2006 was R35,9 million (2005: R32,8 million).

45.2 Defined contribution plans – provident funds

In South Africa, the Group operates the following privately administered defined contribution provident plans for salaried employees:

Murray & Roberts Provident Fund

The Cementation Company Provident Fund*

The assets of the fund are independently controlled by a board of trustees which includes representatives elected by the members. The funds were actuarially valued on 28 February 2006 and on 31 December 2004 respectively and declared to be in a sound financial position.

The total cost to the Group in respect of the above funds for the year ended 30 June 2006 was R18,5 million (2005: R16,6 million).

45.3 Surplus legislation

Set out below is the current status in respect of surplus scheme submissions:

Murray & Roberts Retirement Fund Nil surplus scheme recorded by the Financial Services Board

Investment Solutions Pension Fund Surplus apportionment scheme under dispute (R12,4 million)

Murray & Roberts Provident Fund Nil surplus scheme recorded by the Financial Services Board

The Cementation Company Provident Fund Nil surplus scheme submitted to the Financial Services Board

* Includes hourly-paid employees

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45. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

45.4 Defined benefit plan – retirement benefits

The Murray & Roberts Retirement Fund is a defined contribution scheme that provides, amongst other benefits, guaranteed pensions to pensioners in payment. The latter benefits are classified as defined benefit obligations. In the valuation of the scheme surplus, all assets and liabilities of defined contribution members have been ignored. The scheme currently has 3 892 pensioners as members.

Present value of funded liability	1 735,8	1 557,1
Fair value of plan assets	(2 179,9)	(1 867,7)
Unrecognised actuarial gain	(444,1)	(310,6)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2006 by Alexander Forbes Financial Services. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

The components of the income statement pension expense is as follows:

Interest cost	125,0	–
Expected return on plan assets	(160,3)	–
Net actuarial loss recognised	25,0	–
	(10,3)	–

Movements in the net asset were as follows:

Present value at beginning of year	–	–
Amounts recognised in the income statement	(10,3)	–
Unrecognised actuarial gains	10,3	–
At 30 June	–	–

The principal actuarial assumptions used for accounting purposes were:

Discount rate	9,0%	8,5%
Inflation rate	5,8%	4,5%
Expected return on plan assets	9,5%	9,0%
Pension increase allowance	4,8%	3,3%

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

The actual return on plan assets was R484,8 million. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amounts to its retirement defined benefit plan in 2007.

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45. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

45.5 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	60,8	58,3
Fair value of plan assets	(79,1)	(82,9)
Unrecognised actuarial gain	(18,3)	(24,6)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2006 by Lekana Employee Benefit Solutions. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

Costs for the year included in payroll costs (note 27) and interest expense (note 28) in the income statement:

Current service cost	12,8	13,6
Interest cost	4,6	6,8
Expected return on plan assets	(4,8)	(4,9)
Net actuarial (gain)/loss recognised	(9,0)	15,2
Contributions	11,7	(5,9)
	15,3	24,8

Movements in the net asset were as follows:

Present value at beginning of year	–	–
Amounts recognised in the income statement	15,3	24,8
Contributions	(15,3)	(24,8)

At 30 June

–

The principal actuarial assumptions used for accounting purposes were:

Discount rate	8,8%	8,3%
Expected return on plan assets	6,0%	5,3%
Long term increase in medical subsidies	4,8%	4,8%

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

The actual return on plan assets was R5,0 million. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R9,3 million to its post-retirement medical aid defined benefit plan in 2007.

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45. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

45.6 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.

Present value of funded liability

44,0

44,0

Fair value of plan assets

(45,7)

(47,4)

Unrecognised actuarial gain

(1,7)

(3,4)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2006 by Lekana Employee Benefit Solutions. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

Costs for the year included in payroll costs (note 27) and interest expense (note 28) in the income statement:

Current service cost

8,4

7,8

Interest cost

3,2

3,9

Expected return on plan assets

(3,6)

(4,0)

Net actuarial loss/(gain) recognised

0,8

(1,0)

Contributions

(1,8)

1,0

7,0

7,7

Movements in the net asset were as follows:

Present value at beginning of year

–

–

Amounts recognised in the income statement

7,0

7,7

Contributions

(7,0)

(7,7)

At 30 June

–

–

The principal actuarial assumptions used for accounting purposes were:

Discount rate

8,8%

8,3%

Expected return on plan assets

8,0%

7,5%

Long term increase in disability benefits

5,8%

4,8%

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

The actual return on plan assets was R3,7 million. The expected rates of return on individual categories of plan assets are determined by reference to indices published by the JSE Limited. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group expects to contribute approximately R12,0 million to its disability benefit defined benefit plan in 2007.

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45. RETIREMENT AND OTHER BENEFIT PLANS *(continued)*

45.7 Defined benefit plan – pension scheme

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

Present value of funded liability

51,1

48,7

Fair value of plan assets

(56,7)

(54,6)

Unrecognised actuarial gain

(5,6)

(5,9)

The disclosure of the funded status is for accounting purposes only, and does not indicate available assets to the Group.

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2006 by Barnett Waddingham LLP. The present value of the defined benefit obligation, and the related current service costs were measured using the projected unit credit method.

The components of the income statement pension expense is as follows:

Current service cost

–

–

Interest cost

2,2

2,6

Expected return on plan assets

(2,5)

(2,4)

Net actuarial loss recognised

–

–

(0,3)

0,2

Movements in the net asset were as follows:

Present value at beginning of year

–

–

Amounts recognised in the income statement

(0,3)

0,2

Unrecognised actuarial gains

0,3

(0,2)

At 30 June

–

–

The principal actuarial assumptions used for accounting purposes were:

Discount rate

5,3%

5,0%

Expected return on scheme assets

5,0%

5,0%

Rate of increase in pension payments

3,1%

3,0%

Rate of increase in pensions in deferment

3,1%

2,7%

Rate of inflation

3,1%

2,7%

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

The actual return on plan assets was R0,7 million (2005: R6,3 million). The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The Group does not expect to contribute any amount to its pension benefit defined benefit plan in 2007.

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46. RELATED PARTY TRANSACTIONS, DIRECTORS' EMOLUMENTS AND INTERESTS

46.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (annexure 1), associate companies (note 5), joint ventures (note 40), retirement and other benefit plans (note 45) and with its directors and executive officers. In addition, the Group has a related party relationship with certain other parties. These are:

- Borbet SA (Proprietary) Limited – 50% equity ownership but no significant influence
- Consani Engineering (Proprietary) Limited – 100% equity ownership but no control (in liquidation)

46.2 Related party transactions and balances

During the year the company and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

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.

Amounts owed by related parties

Unsecured loans (note 6):

Borbet SA (Proprietary) Limited	139,5	128,6
Impairment provision	(55,9)	(55,9)

The loan amount is unsecured, interest free and has no fixed terms of repayment.	83,6	72,7
----------------------------------------------------------------------------------	------	------

Consani Engineering Proprietary Limited

Impairment provision	154,5	185,1
	(144,2)	(144,2)

The loan amount is unsecured, interest free and has no fixed terms of repayment.	10,3	40,9
----------------------------------------------------------------------------------	------	------

Amount owing by joint ventures	3,3	4,3
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The loan amounts are unsecured, interest free and have no fixed terms of repayment.	97,2	117,9
-------------------------------------------------------------------------------------	------	-------

Amounts owed to related parties

Unsecured interest-bearing borrowings (note 24):

Amounts owing to joint ventures	73,1	19,2
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	73,1	19,2
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The amounts owing to the joint ventures are unsecured, with no fixed terms of repayment and carry interest at 6,7% (2005: 6,4%) per annum.

46.3 Related party guarantees

A subsidiary company has provided a suretyship to a third party on behalf of Borbet SA (Proprietary) Limited, the relating contingent liability amount limited to R8,5 million.

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

46.4 Transactions with key management personnel

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

The key management personnel compensation, excluding the directors, are as follows:

Salary	14,0	12,8
Retirement fund contributions	1,7	1,6
Allowances	2,9	2,9
Other benefits	2,0	0,7

Total guaranteed remuneration

20,6

18,0

Gain on exercise of share options

8,9

5,5

Performance related

9,1

7,6

Total remuneration

38,6

31,1

Directors' emoluments

Executive directors

The remuneration of executive directors for the year ended 30 June 2006 was as follows:

	Directors' fees R'000	Salary R'000	Retirement fund contributions R'000	Other R'000	Other benefits R'000	Total guaranteed remuneration R'000	Performance related** R'000	Total
2006								
BC Bruce	49	2 578	332	–	426	3 385	4 000	7 385
SJ Flanagan	49	1 424	197	200	30	1 900	1 700	3 600
N Jorek	49	1 617	–	–	149	1 815	925	2 740
RW Rees	49	1 617	194	–	390	2 250	2 300	4 550
KE Smith	49	1 485	199	292	26	2 051	3 000	5 051
Total	245	8 721	922	492	1 021	11 401	11 925	23 326
2005								
BC Bruce	49	2 349	280	–	295	2 973	2 300	5 273
SJ Flanagan ¹	37	815	115	133	22	1 122	1 100	2 222
N Jorek ²	49	1 122	–	–	92	1 263	800	2 063
RW Rees	49	1 427	181	–	215	1 872	1 650	3 522
KE Smith	49	1 271	180	380	32	1 912	1 650	3 562
Total	233	6 984	756	513	656	9 142	7 500	16 642

¹ Appointed 1 November 2004

² Appointed 8 September 2004

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

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

46.4 Transactions with key management personnel *(continued)*

Non-executive directors

The level of fees for service as director, additional fees for service on the Board committees and the chairman's fee are reviewed annually and approved in advance at the annual general meeting.

The remuneration of non-executive directors for the year ended 30 June 2006 was as follows:

	Directors Fees R'000	Committee Fees R'000	Chairman's Fee R'000	Total 2006 R'000	Total 2005 R'000
RC Andersen	–	–	735	735	725
SE Funde	67	69	–	136	163
SJ Macozoma	87	86	–	173	58
N Magau	87	87	–	174	95
M McMahan	87	56	–	143	127
I Mkhize	79	55	–	134	67
AA Routledge	67	87	–	154	166
MJ Shaw	87	87	–	174	153
JJM van Zyl	87	90	–	177	176
R Vice	87	48	–	135	46
Other***	–	–	–	–	120
	735	665	735	2 135	1 896

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

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends

The chairman's fee includes attendance at committee meetings.

Details of service on board committees are set out in the corporate governance report.

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

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

The directors of the company held in aggregate, directly or indirectly, grants of option from The Murray & Roberts Trust in respect of 1,8% (2005: 2,0%) of the ordinary shares of the company. These options are subject to the terms and conditions of the employee share scheme.

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

46.4 Transactions with key management personnel (continued)

The movements in share options of directors during the year ended 30 June 2006 are as follows:

Grant date	Conditions	Out-standing options at 1 July 2005	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Out-standing options at 30 June 2006	Expiry Date
Bruce, BC									
27 June 1996	Standard	20 000	R 17,20		20 000	212	R27,90	–	27 Jun 2006
9 Mar 1998	Standard	25 000	R 8,05		25 000	493	R27,90	–	9 Mar 2008
17 Mar 1999	Standard	125 000	R 2,33		125 000	3 094	R27,15	–	17 Mar 2009
15 Jun 2000	Standard	750 000	R 3,16					750 000	15 Jun 2010
29 Aug 2000	Standard	1 000 000	R 3,25					1 000 000	29 Aug 2010
14 Mar 2001	Standard	200 000	R 4,60					200 000	14 Mar 2011
14 Mar 2001	Hurdle	250 000	R 4,60					250 000	14 Mar 2011
13 Mar 2002	Standard	200 000	R 6,93					200 000	13 Mar 2012
13 Mar 2002	Hurdle	210 000	R 6,93					210 000	13 Mar 2012
6 Mar 2003	Standard	80 000	R 11,00					80 000	6 Mar 2013
6 Mar 2003	Hurdle	120 000	R 11,00					120 000	6 Mar 2013
15 Mar 2004	Standard	140 000	R 13,04					140 000	15 Mar 2014
15 Mar 2004	Hurdle	70 000	R 13,04					70 000	15 Mar 2014
28 Jun 2005	Standard	90 000	R 14,00					90 000	28 Jun 2011
28 Jun 2005	Hurdle	90 000	R 14,00					90 000	28 Jun 2011
Total		3 370 000						3 200 000	
Rees, RW									
15 Jun 2000	Standard	100 000	R 3,16					100 000	15 Jun 2010
14 Mar 2001	Standard	200 000	R 4,60					200 000	14 Mar 2011
14 Mar 2001	Hurdle	200 000	R 4,60					200 000	14 Mar 2011
13 Mar 2002	Standard	100 000	R 6,93					100 000	13 Mar 2012
13 Mar 2002	Hurdle	110 000	R 6,93					110 000	13 Mar 2012
6 Mar 2003	Standard	65 000	R 11,00					65 000	6 Mar 2013
6 Mar 2003	Hurdle	100 000	R 11,00					100 000	6 Mar 2013
15 Mar 2004	Standard	90 000	R 13,04					90 000	15 Mar 2014
15 Mar 2004	Hurdle	90 000	R 13,04					90 000	15 Mar 2014
28 Jun 2005	Standard	15 000	R 14,00					15 000	28 Jun 2011
3 Mar 2006	Standard		R 23,53	150 000				150 000	3 Mar 2012
3 Mar 2006	Hurdle		R 23,53	100 000				100 000	3 Mar 2012
Total		1 070 000						1 320 000	

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

46.4 Transactions with key management personnel (continued)

Grant date	Conditions	Outstanding options at 1 July 2005	Strike price	Granted during the year	Exercised during the year	Net Gain (R'000)	Average Exercise price	Outstanding options at 30 June 2006	Expiry Date
Smith, KE									
27 June 1996	Standard	7 000	R 17,20		7 000	61	R 26,00	–	27 Jun 2006
9 Mar 1998	Standard	50 000	R 8,05		50 000	892	R 26,00	–	9 Mar 2008
8 May 2000	Standard	10 000	R 3,16		10 000	227	R 26,00	–	8 May 2010
14 Mar 2001	Standard	190 000	R 4,60		190 000	4 046	R 26,00	–	14 Mar 2011
14 Mar 2001	Hurdle	200 000	R 4,60		200 000	4 259	R 26,00	–	14 Mar 2011
13 Mar 2002	Standard	85 000	R 6,93		63 750	1 209	R 26,00	21 250	13 Mar 2012
13 Mar 2002	Hurdle	85 000	R 6,93		63 750	1 209	R 26,00	21 250	13 Mar 2012
6 Mar 2003	Standard	80 000	R 11,00		40 000	596	R 26,00	40 000	6 Mar 2013
6 Mar 2003	Hurdle	120 000	R 11,00		60 000	894	R 26,00	60 000	6 Mar 2013
15 Mar 2004	Standard	55 000	R 13,04		13 750	177	R 26,00	41 250	15 Mar 2014
15 Mar 2004	Hurdle	50 000	R 13,04		12 500	161	R 26,00	37 500	15 Mar 2014
28 Jun 2005	Standard	100 000	R 14,00					100 000	28 Jun 2011
28 Jun 2005	Hurdle	40 000	R 14,00					40 000	28 Jun 2011
3 Mar 2006	Standard		R 23,53	100 000				100 000	3 Mar 2012
3 Mar 2006	Hurdle		R 23,53	60 000				60 000	3 Mar 2012
Total		1 072 000						521 250	
Flanagan, SJ									
27 June 1996	Standard	4 000	R 17,20		4 000	34	R 25,92	–	27 Jun 2006
8 May 2000	Standard	12 500	R 3,16		12 500	283	R 25,92	–	8 May 2010
14 Mar 2001	Standard	70 000	R 4,60		70 000	1 485	R 25,92	–	14 Mar 2011
14 Mar 2001	Hurdle	50 000	R 4,60		50 000	1 061	R 25,92	–	14 Mar 2011
13 Mar 2002	Standard	63 750	R 6,93		42 500	803	R 25,92	21 250	13 Mar 2012
13 Mar 2002	Hurdle	63 750	R 6,93		42 500	803	R 25,92	21 250	13 Mar 2012
6 Mar 2003	Standard	60 000	R 11,00		30 000	445	R 25,92	30 000	6 Mar 2013
6 Mar 2003	Hurdle	95 000	R 11,00		47 500	704	R 25,92	47 500	6 Mar 2013
15 Mar 2004	Standard	45 000	R 13,04		11 250	144	R 25,92	33 750	15 Mar 2014
15 Mar 2004	Hurdle	45 000	R 13,04		11 250	144	R 25,92	33 750	15 Mar 2014
28 Jun 2005	Standard	100 000	R 14,00					100 000	28 Jun 2011
28 Jun 2005	Hurdle	100 000	R 14,00					100 000	28 Jun 2011
3 Mar 2006	Standard		R 23,53	60 000				60 000	3 Mar 2012
3 Mar 2006	Hurdle		R 23,53	50 000				50 000	3 Mar 2012
Total		709 000						497 500	
Jorek, N									
15 Mar 2004	Standard	150 000	R 13,04					150 000	15 Mar 2014
15 Mar 2004	Hurdle	100 000	R 13,04					100 000	15 Mar 2014
28 Jun 2005	Standard	80 000	R 14,00					80 000	28 Jun 2011
28 Jun 2005	Hurdle	70 000	R 14,00					70 000	28 Jun 2011
3 Mar 2006	Standard		R 23,53	100 000				100 000	3 Mar 2012
3 Mar 2006	Hurdle		R 23,53	70 000				70 000	3 Mar 2012
Total		400 000						570 000	

All monetary amounts are expressed
in millions of Rand

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

Interest of directors in contracts

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

Directors' service contracts

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

Directors' share transactions

During the year BC Bruce, RW Rees and JJM van Zyl reduced their shareholding as part of the company's general share buy-back to facilitate the BBBEE transaction. Furthermore, BC Bruce purchased 68 000 shares and KE Smith sold 22 555 shares.

47. SUBSIDIARY COMPANIES

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

Although the Group does not own more than half of the equity shares of the following companies, it 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	
	2006	2005
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.

48. POST BALANCE SHEET EVENTS

In order to build its capacity and strengthen its balance sheet, the Group's associate company Clough, has approved a A\$40 million capital raising by convertible note, fully underwritten by the Group. The offer will be open to all shareholders. Clough is presently finalising the terms of the convertible note issue which will end the shareholder agreement between the Group and McRae Investments Proprietary Limited. The key aspects of the note issue are as follows:

- amount of note issue – A\$40 million
- three year term at 10% pa
- option to convert after one year on a quarterly basis at the 30 June 2006 net asset value per share
- unlisted issue
- *pro rata* participation offer to all shareholders.

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.

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

49. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

Revenue recognition and contract accounting

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- the estimation of costs to completion and the determination of the percentage of completion
- the recoverability of underclaims
- the recognition of penalties and claims on contracts
- the recognition of contract incentives

Impairment testing of investments in associate companies (note 5)

The directors applied judgement in assessing the investment in Clough Limited for impairment. The value of the investment was assessed against discounted cash flows of Clough using an appropriate discount rate and other factors.

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 3.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 11.

Estimated value of employee benefit plans

Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 45.

Income taxation

The Group is subject to income taxation in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxation will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Other estimates made

The Group also makes estimates for:

- the calculation of the provision for doubtful debts
- the determination of useful lives and residual values of items of property, plant and equipment
- the calculation of the provision for obsolete inventory
- the calculation of any provision for claims, litigation and other legal matters
- the calculation of any other provisions including warrantees, guarantees and bonuses
- the assessment of impairments and the calculation of the recoverable amount of assets
- the calculation of the fair value of financial instruments including the service concessions
- the calculation of the fair value of assets, identifiable intangible assets and contingent liabilities on acquisition of businesses, specifically Oconbrick Manufacturing (Proprietary) Limited and Concor Limited during the current year

All monetary amounts are expressed
in millions of Rand

50. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED

50.1 Standards, interpretations and amendments not yet effective

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2006 or later periods but which the Group has not early adopted, are as follows:

IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for the recognition of actuarial gains and losses and does not participate in any defined benefit multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group will apply this amendment from annual periods beginning 1 July 2006.

IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)

The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transactions that would qualify as a hedged item in the consolidated financial statements as of 30 June 2006 and 2005.

IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group will apply this amendment from annual periods beginning 1 July 2006.

IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management is considering the amendment to IAS 39 and is in the process of quantifying the impact on the Group.

IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)

IFRS 6 is not relevant to the Group's operations as it is not involved in the exploration of mineral resources.

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 July 2007.

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
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50. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND STANDARDS EARLY ADOPTED *(continued)*

50.1 Standards, interpretations and amendments not yet effective (continued)

IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Group's operations.

IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)

IFRIC 5 clarifies the accounting treatment for entities that has an obligation and contributes to a decommissioning fund. IFRIC 5 is currently not relevant to the Group's operations.

IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 January 2006)

IFRIC 6 requires producers of electrical goods to recognise a liability under IAS 37 for the cost of waste management relating to the decommissioning of waste electrical and electronic equipment supplied to private households. IFRIC 6 is not relevant to the Group's operations.

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006)

IFRIC 7 provides guidance on how to apply IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period and the entity is required to restate its financials statements in accordance with IAS29. IFRIC 7 is not relevant to the Group's operations.

IFRIC 9, Reassessment of Embedded Derivatives (effective from 1 June 2006)

IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract and prohibits subsequent reassessments unless there is a change in the terms of the contract that significantly modifies the cash flows. The group has assessed the impact of IFRIC 9 and considered it not to be material.

50.2 Standards, interpretations and amendments early adopted

IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006)

The Group has early adopted IFRIC 8 during the current year. IFRIC 8 applies to transactions where an entity has granted equity instrument or incurred liabilities to transfer cash or other assets for amounts that are based on the prices (or value) of the entity's shares or other equity instruments when the identifiable consideration received (or to be received) appears to be less than the fair value of the equity instrument granted or liability incurred. This was applicable to the Group's broad based black economic transaction that as a result of IFRIC 8, falls within the scope of IFRS 2. This resulted in an expense of R87,3 million recognised in exceptional items during the current year.

All monetary amounts are expressed
in millions of Rand

51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS

51.1 Application of IFRS 1

The Group applied IFRS 1: First-time Adoption of IFRS in preparing these consolidated financial statements.

The Group's transition date is 1 July 2004. The Group prepared its opening IFRS balance sheet at that date using the accounting policies as set out in these financial statements. The Group's IFRS adoption date is 1 July 2005.

In preparing these consolidated financial statements in accordance with IFRS 1, the Group applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Optional exemptions from full retrospective application elected by the Group

Business combinations exemption

The Group applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 July 2004 transition date.

Fair value as deemed cost exemption

The Group elected to measure the majority items of property, plant and equipment at fair value as at 1 July 2004.

Employee benefits exemption

The Group elected to not recognise all unrecognised cumulative actuarial gains as at 1 July 2004 as it would have resulted in the recognition of defined benefit assets on the balance sheet.

Foreign currency translation reserve exemption

The Group elected to set the previously accumulated cumulative translation differences recorded in the foreign currency translation reserve to zero at 1 July 2004. This exemption has been applied to all subsidiaries that qualified for first-time adoption in accordance with IFRS 1.

Compound financial instruments exemption

The Group has not issued any compound instruments; this exemption is not applicable.

Assets and liabilities of subsidiaries, associates and joint ventures exemption

This exemption is not applicable, as the use of the exemption is made at the level of the subsidiary, associate or joint venture that adopts IFRS later than its parent company.

Designation of financial assets and financial liabilities exemption

The Group elected to apply this exemption. It therefore applies the IFRS rules to derivatives, financial assets and financial liabilities and to hedging relationships from 1 July 2004.

Share-based payment transaction exemption

The Group elected to apply the share-based payment exemption. It applied IFRS 2 from 1 July 2004 to those share options that were issued after 7 November 2002 but that have not vested by 1 January 2005.

Insurance contracts exemption

The Group does not issue insurance contracts; this exemption is not applicable.

Exemption from restatement of comparatives for IAS 32 and IAS 39.

The Group elected not to apply this exemption. It therefore applies the IFRS rules to derivatives, financial assets and financial liabilities and to hedging relationships from 1 July 2004.

Decommissioning liabilities included in the cost of property, plant and equipment exemption

The Group recognises a provision in respect of environmental liabilities relating to contamination caused to land from the installation of assets and from its production processes, when applicable. The exemption provided in IFRS 1 from the full retrospective application of IFRIC 1 has been applied to determine the adjustment required to property, plant and equipment in respect of the obligation to decommission existing production facilities.

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS *(continued)*

51.1 Application of IFRS 1 *(continued)*

Fair value measurement of financial assets or liabilities at initial recognition

The Group applied the exemption offered by the revision of IAS 39 on the initial recognition of the financial instruments measured at fair value through profit and loss where there is no active market.

Mandatory exceptions from full retrospective application followed by the Group

Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 July 2004 are not re-recognised under IFRS.

Hedge accounting exception

Management has claimed hedge accounting from 1 July 2004 only if the hedge relationship meets all the hedge accounting criteria under IAS 39.

Estimates exception

Estimates under IFRS at 1 July 2004 are consistent with estimates made for the same date under SAGAAP, unless there was evidence that those estimates were in error.

Assets held for sale and discontinued operations exception

Management applied IFRS 5 prospectively from 1 July 2005. Any assets held-for-sale or discontinued operations are recognised in accordance with IFRS 5 only from 1 July 2005.

All monetary amounts are expressed
in millions of Rand

	Notes	SAGAAP	Effect of transition to IFRS	IFRS
51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS <i>(continued)</i>				
51.2 Reconciliation of equity at 1 July 2004				
ASSETS				
Non-current assets				
Property, plant and equipment	a	1 090,6	156,3	1 246,9
Investment property		271,5	–	271,5
Goodwill	b	4,7	(4,7)	–
Other intangible assets	c, e	–	5,7	5,7
Investment in associate companies	d	652,8	0,5	653,3
Other investments	d, e	304,7	(2,9)	301,8
Operating lease receivables	f	103,9	(57,1)	46,8
Deferred taxation assets	m	32,8	0,9	33,7
Total non-current assets		2 461,0	98,7	2 559,7
Current assets				
Inventories	g	489,6	(3,5)	486,1
Contracts in progress and contract receivables	h	928,1	(2,7)	925,4
Trade and other receivables	h	1 081,8	(37,8)	1 044,0
Derivative financial instruments		67,4	–	67,4
Bank balances and cash	i	1 103,6	(37,0)	1 066,6
Total current assets		3 670,5	(81,0)	3 589,5
TOTAL ASSETS		6 131,5	17,7	6 149,2
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		1 445,1	–	1 445,1
Other capital reserves	j	2,2	24,4	26,6
Revaluation and fair value reserves	j	5,3	(21,6)	(16,3)
Hedging and translation reserves	k	(281,2)	278,2	(3,0)
Retained earnings	n	1 431,7	(156,9)	1 274,8
Total ordinary shareholders' equity		2 603,1	124,1	2 727,2
Minority interest	n	54,0	1,1	55,1
Total equity		2 657,1	125,2	2 782,3
Non-current liabilities				
Long term loans		139,2	0,1	139,3
Obligations under finance headleases		346,1	–	346,1
Long term provision		29,3	–	29,3
Operating lease payables	f	101,8	(57,1)	44,7
Deferred taxation liabilities	m	117,9	(8,5)	109,4
Total non-current liabilities		734,3	(65,5)	668,8
Current liabilities				
Trade and other payables	h, i	1 901,8	(60,6)	1 841,2
Derivative financial instruments		17,2	–	17,2
Subcontractor liabilities	h, i	509,2	(14,8)	494,4
Current taxation liabilities		28,8	4,8	33,6
Bank overdrafts and short term loans	h, i, l	283,1	28,6	311,7
Total current liabilities		2 740,1	(42,0)	2 698,1
TOTAL EQUITY AND LIABILITIES		6 131,5	17,7	6 149,2

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed in millions of Rand	Notes	SAGAAP	Effect of transition to IFRS	IFRS
51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS <i>(continued)</i>				
51.3 Reconciliation of equity at 30 June 2005				
ASSETS				
Non-current assets				
Property, plant and equipment	a	1 194,3	181,3	1 375,6
Investment property		259,3	–	259,3
Goodwill	b	47,9	(0,1)	47,8
Other intangible assets	c, e	–	18,9	18,9
Investment in associate companies	d	504,9	0,5	505,4
Other investments	d, e	360,1	(3,4)	356,7
Operating lease receivables	f	95,8	(64,6)	31,2
Deferred taxation assets	m	37,8	(3,7)	34,1
Total non-current assets		2 500,1	128,9	2 629,0
Current assets				
Inventories	g	554,2	(3,0)	551,2
Contracts in progress and contract receivables	h	1 125,0	(7,8)	1 117,2
Trade and other receivables	h	1 054,3	(10,8)	1 043,5
Derivative financial instruments		33,8	–	33,8
Bank balances and cash	i	1 932,8	(1,9)	1 930,9
Total current assets		4 700,1	(23,5)	4 676,6
TOTAL ASSETS		7 200,2	105,4	7 305,6
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		1 425,2	–	1 425,2
Other capital reserves	j	2,2	31,2	33,4
Revaluation and fair value reserves	j	20,7	(20,7)	–
Hedging and translation reserves	k	(218,3)	235,6	17,3
Retained earnings	n	1 737,5	(146,4)	1 591,1
Total ordinary shareholders' equity		2 967,3	99,7	3 067,0
Minority interest	n	92,1	4,8	96,9
Total equity		3 059,4	104,5	3 163,9
Non-current liabilities				
Long term loans		339,0	0,3	339,3
Obligations under finance headleases		274,2	–	274,2
Long term provision		4,5	–	4,5
Operating lease payables	f	85,1	(64,6)	20,5
Deferred taxation liabilities	m	202,1	49,4	251,5
Total non-current liabilities		904,9	(14,9)	890,0
Current liabilities				
Trade and other payables	h, i	2 177,5	(2,0)	2 175,5
Derivative financial instruments		7,6	–	7,6
Subcontractor liabilities	h, i	575,1	(2,9)	572,2
Current taxation liabilities		94,9	(1,3)	93,6
Bank overdrafts and short term loans	h, i, l	380,8	22,0	402,8
Total current liabilities		3 235,9	15,8	3 251,7
TOTAL EQUITY AND LIABILITIES		7 200,2	105,4	7 305,6

All monetary amounts are expressed
in millions of Rand

	Notes	SAGAAP	Effect of transition to IFRS	IFRS
51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS <i>(continued)</i>				
51.4 Reconciliation of profit*				
Revenue	h	10 693,8	(19,4)	10 674,4
Earnings before interest, exceptional items and depreciation				
Amortisation of intangible assets	a, c	792,9	(5,5)	787,4
Depreciation	a, c	–	(1,9)	(1,9)
		(249,7)	20,1	(229,6)
Earnings before exceptional items and interest				
Exceptional items	o	543,2	12,7	555,9
Headlease and other discontinued property activities		13,4	7,4	20,8
Other		11,2	(1,2)	10,0
		2,2	8,6	10,8
Earnings before interest and taxation				
Interest expense	o	556,6	20,1	576,7
Interest income	o	(54,5)	(3,8)	(58,3)
		49,2	5,0	54,2
Earnings before taxation				
Taxation	m	551,3	21,3	572,6
		(150,4)	(7,1)	(157,5)
Earnings after taxation				
Income from associates		400,9	14,2	415,1
		77,5	–	77,5
Attributable earnings for the year				
		478,4	14,2	492,6
<i>Attributable as follows:</i>				
Minority shareholders		30,3	(0,1)	30,2
Ordinary shareholders		448,1	14,3	462,4
Attributable earnings for the year				
		478,4	14,2	492,6

* Including discontinued operations

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for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

Notes

SAGAAP

Effect of
transition
to IFRS

IFRS

51. BASIS OF TRANSITION TO IFRS AND OTHER

ADJUSTMENTS *(continued)*

51.4 Reconciliation of profit (continued)

Earnings per share (cents)

Diluted	139	4	143
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– Depreciation and amortisation (note a)	6
– Receivables, payables, and the recognition of revenue (note h)	(1)
– Share-based payments (note j)	(1)
– Exceptional items and interest (note o)	2
– Taxation (note m)	(2)

Basic	141	4	145
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– Depreciation and amortisation (note a)	6
– Receivables, payables, and the recognition of revenue (note h)	(1)
– Share-based payments (note j)	(1)
– Exceptional items and interest (note o)	2
– Taxation (note m)	(2)

Headline earnings per share (cents)

Diluted	140	6	146
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– Depreciation and amortisation (note a)	6
– Receivables, payables, and the recognition of revenue (note h)	(1)
– Share-based payments (note j)	(1)
– Exceptional items and interest (note o)	4
– Taxation (note m)	(2)

Basic	142	6	148
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– Depreciation and amortisation (note a)	6
– Receivables, payables, and the recognition of revenue (note h)	(1)
– Share-based payments (note j)	(1)
– Exceptional items and interest (note o)	4
– Taxation (note m)	(2)

Adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under IFRS and that presented under SAGAAP, other than presentation changes and the following:

- i) R4,7 million relating to unrepresented cheques already posted on 30 June 2005 were credited back to payables (note i). Under IFRS, these payables were derecognised with the resultant decrease in the cash and cash equivalents on 30 June 2005 and a decrease in the inflow from trade and other payables.
- ii) The purchase of property, plant and equipment amounting to R52,1 million that was financed by capitalised leases, was excluded from the cash flow statement under IFRS. This decreased the inflow from borrowings and decreased the outflow from the purchase of property, plant and equipment.
- iii) The purchase of intangible assets other than goodwill amounting to R15,0 million was separated from the purchase of property, plant and equipment and disclosed separately.
- iv) The movements in provisions were previously reflected in the working capital inflow from trade and other payables, but are now separately disclosed.

All monetary amounts are expressed
in millions of Rand

51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (continued)

51.5 Notes

a) Property, plant and equipment and depreciation

Useful lives and residual values of items of property, plant and equipment were reassessed in accordance with the criteria of IAS16: *Property, Plant and Equipment (revised)*. In future, useful lives and residual values of all property, plant and equipment will be reassessed on an annual basis. Previously useful lives and residual values were only assessed on initial recognition of the specific items and were not subject to annual reassessment. The continuous reassessment typically leads to a change in depreciation charges annually.

Items of property, plant and equipment that were previously fully depreciated, were reinstated to reflect the applicable useful lives and residual values from their respective dates of acquisition. Where not practicable, the Group has elected to measure individual items of property, plant and equipment at fair value on 1 July 2004, the Group's date of transition to IFRS. In future those fair values are deemed to be cost at that date.

Where significant components of an item of property, plant and equipment have different useful lives or residual values those components are accounted for as separate items of property, plant and equipment. Previously all parts of an item of property, plant and equipment were depreciated at the same rate.

The effect of the above adjustments was to increase property, plant and equipment by R190,5 million (1 July 2004: R156,1 million) and to decrease the depreciation charge for the year ended 30 June 2005 by R18,2 million.

Computer software amounting to R12,2 million (1 July 2004: R3,3 million) and related depreciation of R1,9 million were reallocated to intangible assets and amortisation respectively.

Major spare parts of R3,0 million (1 July 2004: R3,5 million) having useful lives longer than 12 months were reallocated from inventories.

The net effect was to increase property, plant and equipment by R181,3 million (1 July 2004: R156,3 million) and decrease the depreciation charge by R20,1 million for the year ended 30 June 2005.

b) Goodwill

A recoverable amount exercised was performed on the goodwill on 1 July 2004, and found to be impaired at that date. Under SAGAAP the impairment charge of R4,7 million was recognised in the income statement for the year ended 30 June 2005 (note o). For IFRS, this amount was adjusted against the opening balance sheet at transition date.

c) Other intangible assets

Computer software was reclassified from property, plant and equipment of R12,2 million (1 July 2004: R3,3 million) and from prepaid expenditure of R3,8 million to intangible assets. The depreciation of these intangible assets is now reflected as amortisation in the income statement.

Included in other investments was an amount of R2.9 million (1 July 2004: R2,4 million) relating to intangible assets. This amount was reclassified to afford a proper disclosure.

The effect was to decrease property, plant and equipment by R12,2 million (1 July 2004: R3,3 million), other receivables by R3,8 million and other investments by R2,9 million (1 July 2004: R2,4 million), and to increase other intangible assets by R18,9 million (1 July 2004: R5,7 million). There was no effect on the income statement for the year ended 30 June 2005.

d) Investment in associate companies

Associates were previously excluded from equity accounting when significant influence was intended to be temporary because it was acquired and held exclusively with a view to its subsequent disposal in the near future; or it operated under severe long term restrictions that significantly impaired its ability to transfer funds to the parent. This was specifically relevant to the Group's 49% shareholding in Murray & Roberts (Zimbabwe) Limited. In accordance with IFRS, these exclusions from equity accounting are no longer permitted and the Group's investments were reclassified from other investments to investments in associate companies and are now equity accounted in the consolidated financial statements.

The carrying value of this investment was R0,5 million. There was no significant effect on the income statement for the year ended 30 June 2005.

Notes to the consolidated financial statements

for the year ended 30 June 2006

All monetary amounts are expressed
in millions of Rand

51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS *(continued)*

51.5 Notes *(continued)*

e) Other investments

As noted in notes (c) and (d) above, other investments included R2,9 million (1 July 2004: R2,4 million) of intangible assets and a R0,5 million investment in an associate company that was not equity accounted. Both these amounts were reclassified into the respective categories.

The effect was to decrease other investments by R3,4 million (1 July 2004: R2,9 million) and increase other intangible assets by R2,9 million (1 July 2004: R2,4 million) and investments in associate companies by R0,5 million. There was no effect on the income statement for the year ended 30 June 2005.

f) Operating lease receivables and payables

Operating lease receivables of R64,6 million (1 July 2004: R57,1 million) were offset against the corresponding payables under IFRS as it pertained to intercompany balances that were not correctly eliminated in 2005.

g) Inventories

Inventories included R3,0 million (1 July 2004: R3,5 million) of material major spare parts and consumables that had a useful life of more than 12 months. These items were reclassified to property, plant and equipment. There was no effect on the income statement for the year ended 30 June 2005.

h) Receivables, payables and the recognition of revenue

IAS 39: Financial Instruments: Recognition and Measurement requires that imputed interest be recognised on interest free receivables and purchases. IAS18: Revenue also requires that revenue be recognised at the fair value of the consideration receivable or payable. Accordingly, where the fair value of the consideration is significantly impacted by the time value of money, a portion of the revenue or purchases has been deemed to be interest income or expense and recognised on a time apportionment basis.

In addition certain debit balances previously recorded in payables were reclassified to receivables as well as reallocations to other intangible assets as mentioned in note (c).

In accordance with circular 9/2006 issued by the South African Institute of Chartered Accountants, settlement discounts allowed to customers and clients of R11,0 million were reallocated from overheads and netted off revenue.

Accounts payable included R19,2 million interest-bearing liabilities owing to joint ventures. These liabilities were reclassified to short term interest-bearing borrowings – note (l).

The net effect was to decrease contracts in progress and contract receivables by R7,8 million (1 July 2004: R2,7 million), trade and other receivables by R10,8 million, subcontractor liabilities by R2,9 million (1 July 2004: R14,8 million), revenue by R19,4 million, decrease trade and other payables by R2,0 million (1 July 2004: R43,3 million) and increase short term borrowings by R19,2 million.

i) Bank balances and overdrafts

Unpresented cheques already posted to suppliers on 30 June 2005 were previously written back to payables. These items are now deducted from bank balances and overdrafts since the financial liability has already been settled and should be derecognised.

The effect was to decrease bank balances and cash by R1,9 million (1 July 2004: R37,0 million) and increase bank overdrafts by R2,8 million (1 July 2004: R28,6 million). There was no effect on the income statement for the year ended 30 June 2005.

All monetary amounts are expressed
in millions of Rand

51. BASIS OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS *(continued)*

51.5 Notes *(continued)*

j) Capital and other reserves

Certain group companies are required by local law to keep a non-distributable reserve. This statutory reserve was previously disclosed as part of retained earnings. An amount of R21,8 million was reclassified on 1 July 2004 into this reserve and R2,9 million during the year ended 30 June 2005.

The effect was to increase the statutory reserve on 30 June 2005 by R24,7 million and decrease retained earnings accordingly. There was no effect on the income statement for the year ended 30 June 2005.

The Group applied IFRS2: Share-based Payment to its equity-settled share-based payment arrangements granted after 7 November 2002 but that had not vested by 1 January 2005.

The effect was to increase the share-based payment reserve by R6,5 million, decrease retained earnings by R2,6 million and increase the staff cost for the year ended 30 June 2005 by R3,9 million.

Property, plant and equipment are no longer periodically revalued. As a result the revaluation reserve was released to the retained earnings where the revalued carrying amount of the assets was deemed to be cost.

The effect was to decrease the revaluation reserve by R20,7 million (1 July 2004: R21,6 million) and increase retained earnings accordingly. There was no effect on the income statement for the year ended 30 June 2005.

k) Translation reserve

In accordance with IFRS1 the Group has elected to set the previously accumulated translation differences recorded in the foreign currency translation reserve to zero at 1 July 2004. This exemption has been applied to all subsidiaries that qualified for first-time adoption in accordance with IFRS 1.

The effect was to increase the foreign currency translation reserve by R278,2 million on 1 July 2004 and decrease retained earnings by the same amount. The movement for the year ended 30 June 2005 subsequently changed from R 59,9 million to R17,3 million, with a net increase of 235,6 million for the year ended 30 June 2005. There was no effect on the income statement for the year ended 30 June 2005.

l) Current borrowings

Interest-bearing amounts owing to joint ventures were previously reflected as other payables and were reclassified into current interest-bearing borrowings.

The effect was to decrease other payables by R19,2 million and increase short term loans by the same amount. There was no effect on the income statement for the year ended 30 June 2005.

m) Deferred taxation

The above changes increased the deferred taxation liability by R49,4 million (1 July 2004: R8,5 million decrease) and decreased the deferred taxation asset by R3,7 million (1 July 2004: R0,9 million increase).

The effect on the income statement for the year ended 30 June 2005 was to increase the previously recognised deferred taxation charge by R7,1 million.

n) Retained earnings and minority interest

The net effect of the restatements on retained earnings resulted in a decrease of R156,9 million on 1 July 2004 and R146,4 million on 30 June 2005.

Minority interest on 1 July 2004 increased by R1,1 million and by R4,8 million for the year ended 30 June 2005.

o) Exceptional items

Exceptional items for the year ended 30 June 2005 included R4,7 million relating to the impairment of goodwill. This balance was already impaired at 30 June 2004 and hence reallocated to that year (note b). Exceptional items also included a loss of R3,9 million on the disposal of 26% of Murray & Roberts Cementation (Proprietary) Limited to AKA Capital (Proprietary) Limited. In accordance with IFRS any change in ownership interest in subsidiary companies without a change in control is recognised as an equity transaction in the consolidated financial statements. This loss was therefore removed from the income statement and deducted from the minority interest on the balance sheet.

The headlease property activities of the Group were previously treated as a discontinued operation and excluded from headline earnings. Under IFRS this treatment is no longer allowed. Accordingly, these property activities are treated as continuing however are still disclosed as exceptional items. Net interest of R1,2 million has been reclassified into the interest lines on the income statement. These items, including the exceptional items elements are now included in the determination of headline earnings.

The net effect was to increase exceptional profit by R7,4 million and decrease the retained earnings by R4,7 million and the minority interest on the balance sheet by R3,9 million.