

# Notes to the Murray & Roberts Holdings Limited financial statements

for the year ended 30 June 2006

All monetary amounts are expressed in millions of Rand	2006	Restated 2005
<b>1. ACCOUNTING POLICIES</b>		
The accounting policies are set out on pages 81 to 92.		
<b>2. INTEREST IN SUBSIDIARY COMPANY</b>		
Shares at cost	0,4	0,4
Net amount due	1 639,2	1 635,5
	<b>1 639,6</b>	1 635,9
The amount due from the subsidiary company is unsecured, interest free and does not have any fixed repayment terms. (Refer annexure 1 for details)		
<b>3. AMOUNT OWING FROM THE MURRAY &amp; ROBERTS TRUST</b>		
Net amount due	186,9	230,0
	<b>186,9</b>	230,0
The amount due from The Murray & Roberts Trust is unsecured, interest free and does not have any fixed repayment terms.		
<b>4. SHARE CAPITAL AND PREMIUM</b>		
<b>Share capital</b>		
<i>Authorised</i>		
500 000 000 ordinary shares of 10 cents each (2004: 500 000 000 of 10 cents each)	50,0	50,0
<i>Issued and fully paid</i>		
331 892 619 ordinary shares of 10 cents each (2004: 331 892 619 of 10 cents each)	33,2	33,2
<b>Share premium</b>	1 639,6	1 639,6
	<b>1 672,8</b>	1 672,8
<b>5. RETAINED EARNINGS</b>		
<i>Retained earnings</i>		
Opening balance	191,0	189,6
Ordinary shareholders' earnings	126,0	33,3
Dividend declared and paid	(166,0)	(31,9)
	<b>151,0</b>	191,0
<i>Retained earnings (previously transferred from share premium account not subjected to STC)</i>		
Opening balance	-	117,5
Dividend declared and paid	-	(117,5)
	<b>151,0</b>	191,0

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in millions of Rand

	2006	Restated 2005
<b>6. TAXATION</b>		
Normal taxation		
– current year	(0,3)	–
– prior year under provision	–	(0,6)
Deferred taxation	0,9	–
Secondary taxation on companies		
– current year	(4,3)	–
	(3,7)	(0,6)
Reconciliation of effective rate of taxation to the standard rate of taxation		
	%	%
<i>Effective rate of taxation</i>	2,9	1,8
Reduction in rate of taxation due to:		
Capital and non-taxable items	29,0	29,3
Deferred taxation assets recognised	0,7	–
	32,6	31,1
Increase in rate of taxation due to:		
Capital and non-deductable expenditure	(0,3)	(0,3)
Secondary taxation on companies	(3,3)	–
Prior year adjustments	–	(1,8)
South African standard rate of taxation	29,0	29,0
<b>7. EMOLUMENTS OF DIRECTORS</b>		
Executive directors (paid by subsidiary companies)	23,3	16,6
Non-executive directors (paid by the company)	2,1	1,9
	25,5	18,5
Included in the above are fees paid for services as directors of the company	1,0	1,1
Number of directors at year end	16	15
Details of individual director emoluments are disclosed in note 46 on the consolidated financial statements.		
<b>8. CONTINGENT LIABILITIES</b>		
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint venture and subsidiary companies and other persons; the ascertainable contingent liabilities at 30 June covered by such guarantees being	214,8	214,8
<b>9. DERIVATIVE FINANCIAL INSTRUMENTS: CALL OPTIONS</b>		

In terms of the broad based black economic empowerment transaction approved by shareholders on 21 November 2005, the company has two call options to repurchase the shares in Murray & Roberts Letsema Khanyisa (Proprietary) Limited and Murray & Roberts Letsema Sizwe (Proprietary) Limited (the BBBEE subco's) at market value and on the following conditions:

**a) 31 December 2010 call option**

On 31 December 2010, if after review, all parties agree in writing that it is not economically viable to continue with the structure, and

**b) 31 December 2015 call option**

On 31 December 2015, being the date on which the lock-in period expires, if the value of the shares owned by the BBBEE subco's is less than the aggregate redemption amount of the funding.

No value has been placed on these call options as they give the company an option to repurchase the shares at market value and therefore do not expose the company to any potential loss or gain.