



Preliminary Report for the year ended 30 June 2005

Murray & Roberts Holdings Limited
(Registration number: 1948/029826/06)
("Murray & Roberts" or "Group")
Share Code: MUR ISIN code: ZAE00008983

SALIENT POINTS

Operating Cash	up 131% to	R668 million
Order Book	up 70% to	R 8,5 billion
Revenues	up 27% to	R10,7 billion
Operating profit	up 29% to	R543 million
Taxation	up 456% to	R150 million

Headline Earnings down 10% to 140 cents per share
Dividend maintained at 45 cents per share for full year

EXECUTIVE SUMMARY

This final year of Rebuilding Murray & Roberts was characterised by intense transformation and change as all the preparation through the previous five years crystallised into a new performance platform for the Group. Operating profits increased by 29% to R543 million (2004: R421 million) off a 27% increase in revenues to R10,7 billion (2004: R8,4 billion).

This underpinned a performance consistent with the prospects statement included in the 2004 annual report and ahead of the half-year interim report. Unitrans Limited contributed only to the first half-year and with a return to normal levels of taxation, fully diluted headline earnings per share ended 10% down at 140 cents (2004: 155 cents).

Disposal of the Group's 44% shareholding in non-core investment Unitrans freed the Group for the acquisition of 100% of Cementation and a control shareholding over time in Clough Limited. Both companies operate within the strategic focus of the Group and are expected to deliver attributable earnings from the 2007 financial year in line with what could have been expected had the Group remained invested in Unitrans.

The operating margin is steady at 5,1% (2004: 5,0%). This incorporates a disappointing result in Middle East and a fair value increase in concession investments. The Group has remained within its sustainable operating margin range of 5,0% to 7,5% which reflects both the opportunity and risk profile of the Group's target market.

The year-end net cash position improved to R1,7 billion (2004: R1,0 billion) following capital expenditure of R303 million (2004: R353 million) and a net acquisition inflow of R350 million (2004: R35 million outflow). Working capital peaked during the year, fuelled by delayed funding of previous-year losses and intra-year stock build-up primarily in the steel sector. Interest-bearing long term liabilities increased to R339 million (2004: R139 million). This primarily relates to a loan facility arranged to fund a portion of the acquisition of the Group's shares in Clough Limited.

The Group returned 16,1% on average shareholders' funds (2004: 19,0%). This is below the historic Group target of 20%, and is expected to improve in the future once surplus cash has been invested into productive capacity.

Three areas of concern are noted that have impacted on performance in the year.

- A loss of R40 million (12 cents per share) has been recorded on the Khalifa Sports Hall project in Qatar which has been recognised in full. Whereas some financial recovery is possible, it is the Group's experience over recent years that this will require significant corporate resolve and may take more than the current reporting period to finalise.
- A total of 12 fatalities (2004: 7 fatalities) were recorded in the year on work sites under control of the Group, highlighting the need for greater awareness amongst all employees and subcontractors of the inherent dangers associated with construction activity. The Group has committed the necessary resources to ensure that operations will become safer and that all people entering and working in the Group's many operations are appropriately prepared and protected against possible danger.
- The liquidation of Consani Engineering (Pty) Limited in January 2005 after it became evident that the company was not sustainable under current and projected economic and market conditions. This has been a major setback after the effort that went into transforming the company over the preceding years. An exceptional write-down of R144 million has been recognised in the accounts, paving the way for settlement of the majority of employee and creditor claims against Consani.

International Financial Reporting Standards (IFRS)

The Group is required in terms of revised JSE Listings Requirements, to prepare its annual financial statements in accordance with IFRS with effect from 1 July 2005. SA GAAP differs in some areas from IFRS and the Group will restate its comparative financial statements appropriately and adjustments on transition to IFRS will be made retrospectively against the opening accumulated profit as at 1 July 2004.

Where choice of accounting policies is available, including elective exceptions under IFRS 1: First-time Adoption of IFRS, these have been determined as appropriate for the Group.

Market

All markets targeted by the Group are showing signs of sustainable growth potential, although sustained levels of increased value will depend in the short-term on how clients, contractors and suppliers adjust to changed dynamics and temporary shortages of capacity.

In South Africa, gross fixed capital formation (GFCF) looks set for an extended period of sustainable growth, in contrast to significant investment decline over the previous 30 years. Middle East countries in general are diversifying their regional economy, supported by a strong oil price and for them, challenging global alternatives. China in particular and Asia in general are placing increased demand into the global natural resources sector. Globalisation has brought greater awareness of human development needs, highlighting a global deficit in the supply of power, energy and water as well as education and employment opportunity.

Globalising Murray & Roberts recognises the influence of these trends on the fortunes of the Group. More specifically, the competitive landscape is increasingly influenced by those companies who have benchmarked global best practice for sustainable earnings growth and value creation. The board and executive leadership of Murray & Roberts has committed the Group to this level of achievement.

Order book

The Group's project order book stood at R8,5 billion at 30 June 2005 (2004: R5,0 billion including Cementation), an increase of 70% in the year. More than 67% of the order book is repeat business with known clients. The most significant award in the year was Dubai International Airport where the Group's 40% share amounts to R2,4 billion within three years.

The Bombela Consortium was selected preferred bidder for the Gautrain Rapid Rail Link subsequent to year-end. The Murray & Roberts share of this project will be disclosed on contract finalisation and is significant. The Group is also preferred bidder for the Pebble Bed Modular Reactor nuclear power programme together with long-term partner SNC Lavalin. This project is planned for construction starting in 2007 and over a three year period will offer significant new opportunity to a number of companies in the Group. Thereafter and subject to licensing, the multi-unit rollout programme is expected to extend for up to 20 years.

New projects have been secured since year-end in the domestic mining and construction markets and in Middle East. The Directors are further encouraged by major prospects being pursued by the Group across all its principle domestic and international markets.

The long-term order book for foundry work is stable, although there is some volatility in off-take demand by customers. As preferred bidder, the Group still awaits commencement of the Spoornet locomotive replacement programme in South Africa.

This final year of Rebuilding Murray & Roberts has seen a fundamental reshaping of our Group in line with a strategic engagement of the global construction economy. The acquisition of Cementation and a strategic partnership with Clough has established a global engineering and contracting platform serving key natural resource markets in Southern Africa, Middle East, Southeast Asia and North America.

Our domestic market leadership is enhanced through the acquisition of new business capacity in the construction economy and our preferred bidder status on both the Gautrain Rapid Rail Link project and the PBMR Nuclear Power Programme.

Commercial fixed investment has improved in Middle East and new project awards such as Dubai International Airport offer Murray & Roberts a platform for sustainable expansion following two years of market realignment.

Finally, a major benefit of Rebuilding Murray & Roberts has materialised in the form of an empowerment strategy that will see broad-based community and staff participation in the equity of the Group into the future combined with value-based empowerment partnerships in the Group's various operating markets.

BRIAN C BRUCE, GROUP CHIEF EXECUTIVE

Operations

The Group's South African regional construction activities recorded revenues of R2,21 billion (2004: R2,13 billion) and operating profits of R127 million (2004: R93 million) at a margin of 5,7% (2004: 4,4%). This result includes R37 million in contribution from concession investments (2004: R35 million) and accommodates a poor performance in the overtraded Western Cape market.

Integration between Cementation and Murray & Roberts in Southern Africa is well advanced with empowerment partner AKA Capital introduced from January 2005. The combined business recorded revenues of R1,85 billion (2004: R400 million for RUC only) and an operating profit of R69 million (2004: R4 million for RUC only) at a margin of 3,7%. Revenues from mining contracting in Canada and Australia are R655 million with operating profits of R42 million at a margin of 6,4%.

Middle East construction activities posted revenues of R914 million (2004: R889 million) at an operating loss of R38 million (2004: R10 million loss including San Stefano). The major contributor to the loss is Khalifa Sports Hall, with a further R10 million provided against the ADNOC office project and San Stefano in Egypt. There has been good progress in bringing these and other problem contracts to commercial finality.

The engineering contracting and services operations experienced a difficult year with a low order book leading to under-recovery of overheads. Combined operating profits were down to R26 million (2004: R81 million) on revenues of R603million (2004: R651 million) at a margin of 4,3% (2004: 12,4%).

The general level of construction investment has remained buoyant in Southern Africa and Middle East, offering stable market conditions for the supply of construction materials and services. Steel products and services activities saw revenues increase to R1,64 billion (2004: R1,53 billion) at an operating profit of R95 million (2004: R84 million). Steel fabrication operations are more dependent on major project activity, but recorded growth in revenues to R626 million (2004: R428 million) at an operating profit of R61 million (2004: R29 million).

The infrastructure materials and services businesses continue to underpin this sector with revenues of R833 million (2004: R737 million) delivering operating profits of R144 million (2004: R134 million).

The Group's industrial interests comprising Murray & Roberts Foundries Group, UCW and Consani (for the half year prior to liquidation) generated lower revenues of R1,02 billion (2004: R1,26 billion) but improved operating profits to R92 million (2004: R70 million) at a margin of 9,0% (2004: 5,6%).

Corporate overheads for the year are R115 million (2004: R100 million) and reflect the increased cost of higher levels of domestic and international leadership to ensure the capacity for growth and risk management across the Group's diverse activities.

Associates

The Group's 44% shareholding in Unitrans was sold effective 31 December 2004 and its final contribution to associate headline earnings in the Group is R64 million for the year.

The Murray & Roberts share of post-acquisition earnings in Clough Limited is R16 million for the year, which derives largely from its 83% listed subsidiary PT Petrosea in Indonesia, various oil & gas services projects and property development activity in Australia.

Clough itself has recorded an attributable loss of AUD60 million for the year to 30 June 2005, the majority of which relate to pre-acquisition matters identified by the Group in due diligence. This relates largely to an engineering, procurement, install and commission (EPIIC) oil & gas project off Melbourne in the Bass Straights where the client has drawn down two on-demand performance bonds to the value of AUD39,8 million against alleged damages. Clough has taken its disputes to arbitration in terms of the contract, but in the meantime suffers a cash flow deficit. The share acquisition proceeds from Murray & Roberts has been useful in stabilising the company, allowing other operations to continue and an appropriate legal response to be mounted.

Further details on Clough are available on www.clough.com.au

Exceptional items

The disposal of Unitrans produced an exceptional profit of R214 million. This has been partially offset in the period against a provisional loss on liquidation of Consani amounting to R144 million and an exceptional loss on sale of Booker Tate of R47 million.

Exceptional charges have been raised against the Group's remaining interest in Borbet South Africa (R15 million) and in the write down of outstanding goodwill relating to the purchase of JCI Projects in 2000 (R5 million). Straight-lining of lease commitments in the property head lease portfolio resulted in a credit of R13 million in the year.

Acquisition and disposal

The Cementation Company Africa Limited was acquired with effect from 1 July 2004, delisted from the JSE Limited and all but 3,8% of minorities bought-out. A series of transactions thereafter resulted in the merger of its main subsidiary with Murray & Roberts RUC. With effect from January 2005 and in terms of broad-based black economic empowerment criteria and the Mining Charter, AKA Capital acquired 26% of Murray & Roberts Cementation.

Cementation Canada was acquired at the same time and has been fully incorporated into the Group's international structure.

On 10 November 2004 minority shareholders in Clough Limited based in Perth Australia approved a transaction that allowed Murray & Roberts to increase its ownership in the company to 29,3% and in terms of a shareholder agreement with McRae Investments (representing the Clough Family), move to control over time as allowed by the rules of the Australian Stock Exchange (ASX). The Group has since acquired further shares in Clough through ASX and its interest in the company now stands at 30,2%.

The Group has reached agreement with McRae Investments and the Board of Clough Limited, subject to regulatory approvals, to increase its shareholding in Clough through an issue and subscription for new shares and an equivalent sell-down by McRae. Murray & Roberts will thereafter hold the right to 49% of Clough and McRae will reduce to below 20%. This arrangement will free Clough of much of its debt and with its increased shareholding Murray & Roberts will engage a more intense partnership with Clough across a broader market spectrum.

The sale of Criterion Equipment to J&J Group on 1 September 2005 is an empowerment transaction valued at R75 million, including an element of vendor financing. Managing director Graham Callanan and his team have served the Group with distinction over the past five years and the directors wish them well into the future.

The Group has acquired an initial 80% shareholding in Oconbrick (Pty) Limited with effect from 1 July 2005 for a consideration of R96 million. It is planned that this company together with Harvey Roofing will form the core of the Group's strategy to serve the developing affordable housing market in South Africa.

Murray & Roberts has sought to acquire the entire shareholding of Concor Limited in terms of Section 311 (alternatively Section 440 k) of the Companies Act. Negotiations are continuing and shareholders will be kept informed of progress.

Black Economic Empowerment

Further to the cautionary published through SENS on 28 July 2005, the directors have approved a proposal for submission to shareholders in general meeting, to repurchase 10% of the Group's shares using its own resources, with the specific intent to create the basis for broad-based black economic empowerment ownership in the equity of the Group. Details of this proposal are included in a separate announcement to shareholders of today's date.

Prospects

The Group's primary leadership focus over the past year has been to stabilise and resource existing operations in preparation for a period of sustainable market growth; to build a quality major project order book across all business sectors; and to convert surplus balance sheet cash and gearing capacity into new areas of business potential within the core strategic focus of the group.

The Group continues to seek involvement in numerous major project opportunities available in Middle East, Southeast Asia and Southern Africa. These include mining and construction projects, power generation facilities, transport systems and minerals processing investments.

The demand for construction materials in South Africa is expected to remain steady through the year ahead, with some growth expected as new major projects get started. It is encouraging that cement producers are well advanced with increased production plans.

Further expansion is planned for power generation capacity in South Africa and the regional transport infrastructure remains in need of significant upgrade to meet economic development targets. These offer increased public private partnership opportunity.

With a lower interest rate regime seemingly well established and inflation under control, in spite of higher energy prices, the Group is positive that domestic market conditions will continue to improve during the year ahead. Growth will primarily be driven by government investment into infrastructure and by direct investment into industry, commercial and residential accommodation.

International and natural resources markets of interest to the Group are expected to grow in line with continued economic activity in South and Southeast Asia and demand from China. Investment in Middle East is driven primarily by energy, with increasing attention to the benefits of economic diversification as the region seeks to eradicate its high levels of unemployment through the creation of an estimated 80 million jobs over the next 20 years.

The Directors are of the view that the next few years will be positive to the Group and that there will be real growth in headline earnings in the year to 30 June 2006.

Dividend

The directors have declared a final dividend of 30,0 cents per share in respect of the year ended 30 June 2005 (2004: 30,0 cents per share) making the total dividend 45,0 cents per share for the year (2004: 45,0 cents per share).

Attention is drawn to the formal dividend announcement contained herein.

On behalf of the directors

Roy Andersen	<i>Chairman of the Board</i>
Brian Bruce	<i>Group Chief Executive</i>
Roger Rees	<i>Group Financial Director</i>

Bedfordview
31 August 2005

Notice to shareholders

Declaration of final ordinary dividend (No. 107)

Notice is hereby given that the final dividend, dividend No. 107 of 30,0 cents per share in respect of the financial year ended 30 June 2005 has been declared payable to shareholders recorded in the register at the close of business on Friday 14 October 2005.

The salient dates for the final ordinary dividend are as follows:

Last day to trade <i>cum</i> the dividend	Friday 7 October 2005
Shares commence trading ex dividend	Monday 10 October 2005
Record date	Friday 14 October 2005
Payment date	Monday 17 October 2005

Share certificates may not be dematerialised or re-materialised between Monday 10 October 2005 and Friday 14 October 2005, both days inclusive.

On Monday 17 October 2005, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 17 October 2005 will be posted on that date.

Dematerialised shareholder accounts will be credited at their CSDP or broker on Monday 17 October 2005.

By order of the Board

SF Linford
Group Secretary

Bedfordview
31 August 2005

Directors: RC Andersen* (Chairman) BC Bruce (Managing & Group Chief Executive) SJ Flanagan SE Funde* N Jorek³ SJ Macozzoma* NM Magau* JM McMahon* IN Mkhize* RW Rees¹ AA Routledge* MJ Shaw* KE Smith² JJM Van Zyl* RT Vice*

Secretary: SF Linford

¹ British ² Irish ³ German *Non executive

“Our commitment to sustainable earnings growth and value creation is not negotiable”

Globalising Murray & Roberts

Summarised consolidated income statement

R millions	Audited 30.6.05	Restated Audited 30.6.04
Revenue	10,694	8,424
Earnings before interest, exceptional items, depreciation and amortisation (EBITDA)	793	615
Amortisation of goodwill (note 2)	-	(5)
Depreciation	(250)	(189)
Earnings before interest and exceptional items	543	421
Exceptional items	13	(16)
Headlease and other discontinued property activities	11	(7)
Other	2	(9)
Earnings before interest and taxation (EBIT)	556	405
Net interest (expense) income	(5)	10
Earnings before taxation	551	415
Taxation	(150)	(27)
Earnings after taxation	401	388
Income from associates	77	114
Minority shareholders' interest	(30)	(25)
Earnings attributable to ordinary shareholders	448	477
Reconciliation of headline earnings		
Attributable earnings	448	477
Exceptional items as above	(13)	16
Taxation on exceptional items	16	-
Amortisation of goodwill	-	5
Non-headline portion of income from associate	2	5
Headline earnings	453	503
Reconciliation of weighted average number of shares in issue (000)		
Weighted average number of ordinary shares in issue	331,893	331,893
Less: weighted average number of shares held by The Murray & Roberts Trust	(13,664)	(13,788)
Weighted average number of shares in issue used in the determination of basic per share figures	318,229	318,105
Add: adjustment for share options	4,611	6,173
Weighted average number of shares in issue used in the determination of diluted per share figures	322,840	324,278
Earnings per share (cents)		
- Diluted	139	147
- Basic	141	150
Headline earnings per share (cents)		
- Diluted	140	155
- Basic	142	158
Total dividend per ordinary share (cents)*	45.0	45.0
Operating cash flow per share (cents)	201	87

* Based on the year to which the dividend relate.

Summarised consolidated balance sheet

R millions	Audited 30.6.05	Restated Audited 30.6.04
ASSETS		
Non-current assets	2,318	2,319
Property, plant and equipment	1,194	1,090
Investment property	259	271
Associate company - Unitrans Limited	-	653
Associate company - Clough Limited	505	-
Other investments	360	305
Current assets	4,796	3,775
Accounts receivable and other	2,863	2,671
Bank balances and cash	1,933	1,104
Total tangible assets	7,114	6,094
Goodwill	48	5
Deferred taxation assets	38	33
TOTAL ASSETS	7,200	6,132
EQUITY AND LIABILITIES		
Permanent capital	3,059	2,657
Ordinary shareholders' funds	2,967	2,603
Minority shareholders' interest	92	54
Non-current liabilities	820	632
Long-term provision	5	29
Obligations under finance headleases*	274	346
Other long-term liabilities*	339	139
Deferred taxation liabilities	202	118
Current liabilities	3,321	2,843
Accounts payable and other	2,940	2,560
Bank overdrafts and short-term loans*	381	283
TOTAL EQUITY AND LIABILITIES	7,200	6,132
Net asset value per share (cents)	932	818
* Interest-bearing borrowings		
SUPPLEMENTARY INFORMATION (R millions)		
Commitments		
Capital expenditure		
- spent	303	353
- authorised but unspent	396	397
Operating lease commitments	236	262
Contingent liabilities	157	56

Summarised consolidated cash flow statement

R millions	Audited 30.6.05	Restated Audited 30.6.04
Cash generated by operations before working capital changes	714	534
Cash outflow from discontinued headlease property activities	(68)	(114)
Decrease (increase) in working capital	33	(88)
Cash generated by operations	679	332
Interest and taxation	(11)	(43)
Operating cash flow	668	289
Dividends paid	(143)	(167)
Dividends paid to minority shareholders	(20)	(1)
Cash retained in operations	505	121
Net investment activities	107	(253)
Net funds flow	612	(132)

Summarised statement of changes in equity

R millions	Audited 30.6.05	Restated Audited 30.6.04
Opening balance	2,603	2,484
Restatement (note 2)	-	3
Earnings attributable to ordinary shareholders	448	477
Movement in revaluation reserve	(1)	(2)
Movement in non-trading financial asset reserve	16	12
Movement in hedging reserve	3	2
Foreign currency translation movement on investments	61	(163)
Movement in treasury shares	(20)	(43)
Dividend declared and paid	(143)	(167)
	2,967	2,603

Segmental analysis

R millions	Audited 30.6.05	Restated Audited 30.6.04
REVENUE		
Construction & engineering	6,237	4,153
Construction materials & services	3,381	2,886
Fabrication & manufacture	870	763
Corporate	1	1
Ongoing operations	10,489	7,803
Discontinued operations	205	621
Revenue as reported	10,694	8,424
EBIT		
Construction & engineering	226	177
Construction materials & services	337	274
Fabrication & manufacture	98	75
Corporate	(115)	(100)
Ongoing operations	546	426
Discontinued operations	(3)	(5)
EBIT as reported	543	421

Notes:

- These consolidated summarised preliminary financial statements are prepared in accordance with AC127: Interim Financial Reporting. The accounting policies and methods of computation for the financial statements for the year ended 30 June 2005 are consistent with those applied in the prior year except as described in note 2 below and are in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act in South Africa.

- Restatements, changes in accounting policy and comparatives.

2.1 AC140: Business Combinations

The Group adopted AC140: Business Combinations during the current year. The adoption of this statement resulted in a change in the accounting policy for goodwill. For all business combinations on or after 31 March 2004 goodwill is measured as the excess of the "cost of the acquisition" over the "interest in the fair value of the assets, liabilities and contingent liabilities acquired and recognised".

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

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

Adoption of this accounting policy resulted in goodwill amortisation amounting to R5 million being ceased, and in a goodwill impairment charge of R5 million. The impact of the restatement on earnings and headline earnings per share is set out below.

The acquisition accounting for Clough Limited is still on a provisional basis.

2.2 AC105: Leases

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

R millions

The adjustments resulting from the restatement can be summarised as follows:	
Increase of 2003 accumulated profit opening balance	-
Recognition of deferred operating lease income accrual	108
Recognition of deferred operating lease cost accrual	(119)
Decrease of 2004 net profit	(11)
Increase of 2005 net profit	13

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

2.3 Depreciation of headlease investment property

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

R millions

The adjustments resulting from the restatement can be summarised as follows:	
Increase in 2003 accumulated profit opening balance	3
Increase in 2004 net profit	3
Increase in 2005 net profit	3

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

2.4 Impact on earnings and headline earnings per share

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

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

* Relates to the headlease and other discontinued property activities

2.5 Comparatives

The comparative information presented has been restated for the following:
- reclassification of investment property from property, plant and equipment to investment property;
- reclassification of an impairment provision from other accruals to other investments;
- restatement of operating lease costs and income on a straight-line basis; and
- restatement of the depreciation on headlease investment property.

- Total financial institution guarantees given to third parties on behalf of group companies amounted to R1 788 million (2004: R1 352 million). The directors do not believe any exposure to loss is likely.

- These summarised financial statements and the annual financial statements from which they have been extracted have been audited by the company's auditors, Deloitte & Touche. Their unqualified audit opinions are available for inspection at the company's registered office.