

CHAIRMAN'S STATEMENT

Introduction

The first half of the financial year to June 2009 was characterized by huge difficulties that threatened business viability. Hyperinflation deteriorated to astronomical levels and barter trade and fuel coupons, among other materials, had become the formal means of exchange in place of the Zimbabwe Dollar (Z\$) monetary unit. The introduction of multiple currencies in February 2009 and the subsequent "demonetisation" of the Z\$ immediately stabilised the economy. Hyperinflation and speculative trading disappeared almost immediately, thus opening the country up to international players. Although the economy is facing liquidity challenges emanating from depressed demand, the containment of inflation, removal of exchange controls and introduction of multiple currencies has resulted in improved confidence levels that can only be positive for business.

The political environment, brought about by the Global Political Agreement between the main political parties, together with the economic policies put in place by the new government, has created an improved environment that is conducive to international trade and business in general. However, the effects of more than ten years of isolation of our country from the global community of nations present serious challenges to businesses as they quickly need to embrace new technology and best global practices. Businesses in general require recapitalising in order to compete with international players.

Group performance

Despite the challenges faced, particularly in the first half of the year, the Group results for the year were satisfactory. Trading, particularly for our manufacturing businesses in Zimbabwe that were operating at below 10% capacity utilization, improved significantly in the last quarter due to the improved economic and political environment.

Strategic positioning

The Group's thrust over the period of political and economic turbulence was to preserve value and consolidate the business by focusing on core competencies. This was successfully achieved such that we have a solid platform on which to enhance the growth of our business in a sustainable manner.

The turnaround of the economy has brought tremendous opportunities for infrastructural investment and the Group is well positioned on the infrastructure rebuild program. We welcome the Government's infrastructure rebuilding drive and particularly the pursuit of Public Private Sectors Partnerships (PPPs).

Performance benchmark

Our commitment to building relationships through delivery of world class projects and products will never be compromised. Murray & Roberts (Zimbabwe) Limited has realigned itself with the main shareholder, Murray & Roberts Holdings Limited, and is thus able to offer, through carefully selected Group partnerships, comprehensive engineering and contracting competencies to our clients. Our performance benchmark going into 2015 and beyond is premised on world class fulfillment and a non negotiable commitment to earnings growth and value creation.

Human capital

Human capital development is a key aspect of our strategy going forward and I am pleased to note that brain drain has slowed down significantly. In line with the positive change in the economy we have reorganized and strengthened our executive and operational teams so that we can deliver on our world class fulfillment value proposition.

We will place emphasis on human capital development throughout our businesses. Our strategic alliances with local tertiary education institutions will be enhanced to maintain a sustainable human capital base.

Safety, health and environment

We have made significant progress in the implementation of sound safety and health systems throughout our operations through applying the principle of zero harm to our direct and subcontractor employees. Our Polyvinylchloride (PVC) piping systems manufacturer, Proplastics, has successfully migrated to organic stabilizers based manufacturing technologies. We will continue to implement strategies that promote our safety, health and environment.

Appreciation

I extend gratitude to my colleagues on the Board, executive team and staff for steering the Group to emerge stronger from the violent economic storm and ready to take the leading role in rebuilding our Zimbabwe.



PT Zhandu
10 September 2009

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

The economic decline over the past ten years abruptly ended due to the dollarization that was introduced in February 2009. This brought about certainty and confidence in the economy such that growth, though modest, has been recorded to date. We now need to build on the momentum that has been gathered in order to put our country on a recovery path. Industrial average capacity utilization has increased to over 40% and continues to rise, which bodes well for the recovery and future of the country.

Group Performance

The political and economic turmoil that prevailed in the country adversely affected the performance of the business for the first seven months of the financial year. The cornerstone of the Group during that period was Murray & Roberts Construction Zimbabwe that had an active order book spanning from mining civils, commercial buildings and telecommunications. Our manufacturing businesses, particularly Proplastics, recovered strongly in the last quarter of the financial year.

The Group recorded Revenue of US\$12,760,321 and Profit Before Tax (PBT) of US\$1,213,854. An operating margin of 9% was achieved for the financial year under review. The post dollarisation period was marked by a significant increase in costs which had hitherto been negligible. Notwithstanding this changeover to real costs, the Group while operating at low levels, achieved a modest operating margin of 3% in the post dollarisation period in the last quarter of the financial year. The Group total asset position at end of the year was US\$27,164,587 and included in this amount were cash balances of US\$743,205. An amount of US\$1,876,065 was spent on capital expenditure during the year.

Review of Operations

Contracting

Murray & Roberts Construction Zimbabwe recorded Revenue of US\$6,201,215 and PBT of US\$1,184,541. The solid

performance is underpinned by a transformation process that started four years ago which has led to a focused and efficient operation. The order book came down significantly due to the successful completion of four major projects, the New British Embassy, Zimplats-Ngezi, Mimosa and Unki, in the last quarter of the financial year.

The world recession and low commodity prices adversely affected our traditionally strong clients resulting in a number of projects scheduled to start in the current year being postponed indefinitely.

A capital expenditure program of US\$4 million has been approved to improve on capacity and efficiencies and position the business for the infrastructure rebuild program. The implementation of this program together with the formal strategic alliances with the Murray & Roberts Holdings Limited Group companies will enable Murray & Roberts Construction Zimbabwe to offer world class engineering and contracting services that were previously not available in this market.

Manufacturing

The Manufacturing unit's overall volumes at 2,729 tons were 20% above last year and this was driven by a positive recovery at Proplastics in the fourth quarter. Production efficiencies at Proplastics were however severely compromised by ageing plant, erratic power and water supplies. The board has approved a capital expenditure budget of US\$2.5 million to replace the obsolete plant at our manufacturing businesses. Various initiatives are being pursued in order to modernise the Group's manufacturing technologies.

Performance at Caridorn was adversely affected by competition from cheap imported products and depressed activity in both heavy and light industries. Manufacturing was suspended during the year and the business was confined to trading imported products. We are re-examining the strategic fit of this business.

Volumes at Promat Malawi remained stagnant compared to prior year due to serious foreign currency shortages to import raw materials. Promat Limited contributed a loss of US\$126,000 to the Group compared to a profit of US\$160,000 in the prior year.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

This was due to extra provision of severance pay upon termination of employment of US\$225,000 which was put through the books in the current year in compliance with Malawi labour laws.

The Group property and land portfolio has been reorganized in anticipation of a property prices recovery and a surge in construction activities as Zimbabwe works towards the infrastructure rebuild program.

Human Resources

The Group is currently re-evaluating its executive leadership capacity against the anticipated opportunities. Subsequent to year end, Marsden Sibanda, previously Managing Director at Proplastics, was appointed Group Business Developments Director while Tendai Chigariro-Nyanungo was appointed Managing Director at Proplastics. Marsden's brief is to spearhead the identification and packaging of the anticipated infrastructure related opportunities covering transport, energy and water. I congratulate both Marsden and Tendai on these appointments and firmly believe that they will further strengthen the Group executive capacity.

The Group had twenty three graduate trainees in its employ at June 2009, including eight bursary students. The Murray & Roberts Graduate Development and Apprenticeship programs will be intensified in the new year in order to fill the gap left behind by a disappointing education system that is trying to find its feet once again. Murray & Roberts is committed to working with selected universities in strengthening the delivery of certain degree programs.

Safety, Health and Environment

With an average direct staff compliment of 1,426, the Group worked a total of 3,101,314 (2008:3,186,313) man hours and recorded non disabling Lost Time Injuries (LTI's) of 9. We value the safety of our employees and our objective is to achieve zero harm on all work stations. The Group has embraced safety,

health and environment as a key strategic tool and will continue to invest in the 'Stop. Think' campaign in all its operations.

Prospects

The Group has been strategically positioning itself in the past few years and nurturing a number of major opportunities. We believe that the realization of these opportunities is imminent and we anticipate major infrastructure related construction projects to take off in the next six to twelve months. Necessary plans have been put in place to ensure that our contracting business remains viable in this transitional period.

Subsequent to year end, Murray & Roberts Construction Zimbabwe was awarded a contract to refurbish the Swiss Embassy in Harare.

The cholera mitigation strategies adopted by Government will see major water and sewer reticulation projects being carried out by municipal authorities and the Group is well positioned to deliver world class products and services to this key market.

Malawi recently celebrated the export of its first shipment of uranium and we believe that this, together with sound economic policies that the Malawi government has been pushing for, will result in better trading activities in the year to June 2010.

Appreciation

I wish to thank the Board, Executive and staff for the hard work and delivering satisfactory results in a difficult period. I thank all our shareholders, suppliers and clients for the continued support and we commit to delivering value in the years ahead.



Canada Malunga
10 September 2009

ABRIDGED ANNUAL REPORT 30 JUNE 2009

AUDITORS' REPORT OF FACTUAL FINDINGS ON THE BALANCE SHEET OF MURRAY & ROBERTS (ZIMBABWE) LIMITED

We have performed agreed-upon procedures detailed below with respect to the United States dollar ("US\$") balance sheet of Murray & Roberts (Zimbabwe) Limited as at 30 June 2009 as set out on page 7.

The procedures performed do not constitute a normal audit, nor are they designed to substitute a normal audit or a review conducted in terms of International Standards on Auditing. Consequently, no assurance is expressed on the company's balance sheet as at 30 June 2009.

Our engagement was undertaken in accordance with International Standard on Related Services (ISRS) 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. These procedures were performed solely for purposes of verifying the company's balance sheet as at 30 June 2009 and are summarized below. These procedures were requested by the directors of Murray & Roberts (Zimbabwe) Limited for purposes of verifying the company's US\$ balance sheet as at 30 June 2009 following the change in the company's functional currency from Zimbabwe dollars to US\$.

AGREED UPON PROCEDURES

We obtained the company's balance sheet as at 30 June 2009 and performed the following procedures as at the year-end date:

GENERAL

- Check of the compilation of the balance sheet and agreement of the same with the general ledger.
- Test of assumptions applied, exchange rates used and estimates made, where necessary, and recomputation of balances on a sample basis.

ASSETS

1. Property, plant and equipment

- Physical inspection of the property, plant and equipment listed on the fixed assets register.
- Test of fair valuation of assets by reference to professional valuers' calculations and directors' valuations.
- Recomputation of the accumulated depreciation.

2. Investments

- Verification of equity investment prices with reference to the Zimbabwe Stock Exchange prices at 30 June 2009.

3. Inventories

- Physical verification of inventories.
- Test of inventory values with reference to supplier invoices.
- Performance of cut-off tests.

4. Accounts receivable (including contracts in progress, contract receivables and value added tax)

- Confirmation of trade and other receivables balances.
- Confirmation of contracts in progress and contract receivables with reference to work-in-progress schedules, quantity surveyor reports and work certified by customers.
- Re-computation of input value added tax with reference to supplier documentation.
- Confirmation of short-term loans availed to staff.

5. Cash and cash equivalents

- Confirmation of bank holdings with the respective financial institutions.
- Agreement of bank balances to bank statements and bank reconciliation statements.
- Verification of reconciling items included on reconciliation statements with reference to supporting documentation.

LIABILITIES

1. Deferred taxation

- Assessment of the application of accounting principles in computing the deferred taxation balance with the exception of any assets or liabilities arising from the income statement.

2. Accounts payable (including contracts in progress, contract payables and value added tax)

- Verification of trade payables with reference to supplier statements and reconciliation statements prepared thereon.
- Verification of contract payables with reference to work-in-progress schedules, quantity surveyor reports and work certified.

ABRIDGED ANNUAL REPORT 30 JUNE 2009**AUDITORS' REPORT OF FACTUAL FINDINGS ON THE
BALANCE SHEET OF MURRAY & ROBERTS (ZIMBABWE) LIMITED (CONTINUED)**

- Re-computation of other liabilities, agreement to supplier documentation, and tracing to subsequent statements.
- Test of subsequent payments, unprocessed receipts, open goods received vouchers for potential unrecorded accounts payable.
- Re-computation of output value added tax with reference to supporting documentation.

3. Interest-bearing borrowings

- Confirmation of balances owing and inspection of loan covenants.

4. Income tax liabilities

- Assessment of the underlying principles employed in determining the current taxation provision.

EQUITY AND RESERVES

- Computation of the equity and reserves amount as the net result between total assets net of total liabilities.

FINDINGS**ASSETS**

- We did not perform work to verify the assessed loss included as part of the computation of deferred tax assets. This amount is based on an income statement that was not subjected to verification.

LIABILITIES

- We did not perform substantive work on the provision for taxation balance. This amount is based on an income statement that was not subjected to verification.
- We did not perform work to verify the assessed loss included as part of the computation of deferred tax liabilities. This amount is based on an income statement that was not subjected to verification.

CONCLUSIONS REACHED

The balance sheet components enumerated above have been satisfactorily verified in line with the stated agreed-upon procedures.

Yours faithfully



DELOITTE & TOUCHE
10 September 2009
Harare, Zimbabwe

ABRIDGED ANNUAL REPORT 30 JUNE 2009

CONSOLIDATED INCOME STATEMENT

	2009 USD
Revenue	12,760,321
Cost of sales	(9,646,447)
Gross profit	<u>3,113,874</u>
Other operating income	632,822
Distribution costs	(217,507)
Administration costs	(2,324,205)
Profit before interest and tax	<u>1,204,984</u>
Interest received	73,304
Interest paid	(64,434)
Profit before tax	<u>1,213,854</u>
Income tax credit	730,406
Profit after tax	<u>1,944,260</u>
 Profit attributable to shareholders	 <u>1,944,260</u>
 Basic earnings per share (cents)	 0.92
Diluted earnings per share (cents)	0.92

ABRIDGED ANNUAL REPORT 30 JUNE 2009

CONSOLIDATED BALANCE SHEET

	Notes	2009 USD
ASSETS		
Non-current assets		
Property, plant and equipment	5	14,643,815
Investments		104,000
		<u>14,747,815</u>
Current assets		
Inventories	6	3,751,310
Contracts in progress and contract receivables	7	4,807,882
Trade and other receivables	8	3,114,375
Bank balances and cash		743,205
		<u>12,416,772</u>
Total assets		<u>27,164,587</u>
EQUITY AND LIABILITIES		
Equity and reserves	9	<u>16,607,844</u>
Non-current liabilities		
Provision for severance pay	10	359,341
Interest bearing borrowings	12	32,805
Deferred tax		2,848,380
		<u>3,240,526</u>
Current liabilities		
Trade and other payables	10	6,559,667
Sub-contractors	11	547,924
Interest bearing borrowings	12	110,611
Income tax liabilities		98,015
		<u>7,316,217</u>
Total equity and liabilities		<u>27,164,587</u>



C Malunga
Chief Executive Officer
10 September 2009



P T Zhanda
Chairman
10 September 2009

ABRIDGED ANNUAL REPORT 30 JUNE 2009

SIGNIFICANT NOTES FOR THE YEAR ENDED 30 JUNE 2009**1. Reporting Currency**

The transactions for the first seven months of the financial year were in the Zimbabwe dollar environment. It is the Directors' view that reporting in Zimbabwe dollars for the affected period of the financial year will not give the stakeholders any meaningful nor useful information because of the hyperinflation and the absence of inflation indices as well as the existence of various forms of settling transactions which did not have a reliably measurable underlying monetary value.

As such, the company changed the reporting currency from Zimbabwe Dollars (ZWD) to United States Dollars (USD) with effect from 1 February 2009 as this is now the primary currency of the country.

2. Comparatives

Due to the complications and inability to accurately translate the prior year figures, the Directors have resolved not to disclose comparatives as they are deemed unreliable and irrelevant to an understanding of the current financial position or performance of the Group.

3. Note to the Income Statement for the year ended 30 June 2009

The reported income statement includes Zimbabwe Dollar balances that were translated using exchange rates aligned to the market which approximated the fair values of these transactions.

The income statement is unaudited.

4. Significant Notes to the Balance Sheet as at 30 June 2009**Accounting Policies****4.1 Property, plant and equipment**

Plant and equipment is stated in United States Dollars determined through a Directors Valuation. Property values were determined by professional valuers in USD.

4.2 Investments

Available for sale financial assets are measured at fair value with unrealised gains and losses being recognised directly into equity.

4.3 Inventories

Inventories comprise raw material, work in progress, finished goods and manufactured components. They are valued at the lower of cost and net realisable value generally determined on a moving average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

ABRIDGED ANNUAL REPORT 30 JUNE 2009

SIGNIFICANT NOTES FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

4. Significant Notes to the Balance Sheet as at 30 June 2009

Accounting Policies (continued)

4.4 Accounts receivable

Trade receivables are measured at fair value. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

4.5 Bank balances and cash

These comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4.6 Interest bearing borrowings

Interest bearing bank loans and overdrafts are measured at fair value.

4.7 Accounts payable

These are measured at fair value.

4.8 Taxation and deferred taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

Tax for the period June 2008 to January 2009 was payable in ZWD and this liability was settled. The tax currently payable is based on taxable profit for the period from February 2009 to June 2009. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date i.e 30.9%.

Deferred taxation

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

5. Property, plant and equipment

Immovable property
Plant and machinery
Vehicles
Other assets

2009 USD
8,474,634
4,950,567
1,115,566
103,048
14,643,815

ABRIDGED ANNUAL REPORT 30 JUNE 2009

SIGNIFICANT NOTES FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

	2009 USD
6. Inventories	
Raw materials and consumable stores	1,791,968
Work in progress and other	164,300
Finished goods and manufactured components	1,795,042
	<u>3,751,310</u>
7. Contracts in progress and contract receivables	
Contract receivables - in respect of certified work	1,887,494
Contract work-in-progress	2,920,388
	<u>4,807,882</u>
Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities.	
8. Trade and other receivables	
Trade	1,109,985
Other	2,004,390
	<u>3,114,375</u>
9. Equity and reserves	
Equity and reserves includes share capital:	<u>16,607,844</u>
Authorised	
875 000 000 ordinary shares	-
Issued	
210 963 500 (2008:209 980 110) ordinary shares	-
Share capital is still shown in Zimbabwe Dollars at the Registrar of Companies as the relevant authorities are still to issue guidance on United States Dollar valuations.	
10. Trade and other payables	
Trade	493,807
Other	6,065,860
Provision for severance pay	359,341
	<u>6,919,008</u>

Provision for severance pay arises from Promat Limited (Malawi).
This provision is a statutory requirement in Malawi paid on termination of employment.

ABRIDGED ANNUAL REPORT 30 JUNE 2009

SIGNIFICANT NOTES FOR THE YEAR ENDED 30 JUNE 2009 *(CONTINUED)*

		2009 USD
11.	Sub-contractors Balance at 30 June	<u>547,924</u>
	These liabilities are only settled when payment has been received from clients.	
12.	Interest bearing borrowings Short term Long term	110,611 <u>32,805</u> <u>143,416</u>
	The long term borrowings are in respect of Promat Malawi and are secured by the Plant and Equipment purchased.	
13.	Foreign assets There are exchange control restrictions on the repatriation of assets from countries in which the Group operates. Net assets attributable to the Group of USD 656,717 are situated in those countries.	
14.	Capital commitments Capital expenditure authorised, but not contracted for, is USD 7,000,000. The expenditure is to be financed from existing resources and loan facilities.	
15.	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 effect on the financial condition or future of the Group.	

ABRIDGED ANNUAL REPORT 30 JUNE 2009**ADMINISTRATION**

Registered company number:- 278/74

Registered Office and Business Address

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Willowvale
Harare

Postal Address

P O Box CY 490
Causeway
Harare

Telephone

+263- 4- 611641-5 or 611741-7

Fax

+263- 4- 612986

Email: info@murrob.co.zw

Company Secretaries

Murray & Roberts Corporate Services (Zimbabwe) (Private) Limited

Transfer Secretaries

First Transfer Secretaries (Private) Limited
4th Floor Goldbridge, Eastgate
Sam Nujoma Street/Third Street
Harare

Auditors

Deloitte & Touche
1 Kenilworth Road, Kenilworth Gardens
Highlands
Harare

Bankers

Standard Chartered Bank Zimbabwe Limited
Africa Unity Square Branch
Nelson Mandela Avenue
Harare

FBC Banking Corporation

FBC Centre
45 Nelson Mandela Avenue
Harare

BOARD OF DIRECTORS

Chairman

Paddy Tendayi Zhandu

Executive Directors

Canada Malunga
Stewart Mangoma
Marsden Sibanda
Morris Tsoka

Non-Executive Directors

Addington Bexley Chikomborero Chinake
Roger William Rees
Keith Edward Smith

ABRIDGED ANNUAL REPORT 30 JUNE 2009

NOTICE TO SHAREHOLDERS

Notice is hereby given that the thirty-fifth Annual General Meeting of the company will be held at 12.30 pm on Tuesday, 24 November 2009 in the Mirabelle Room at the Meikles Hotel for the following purposes:-

- To receive and adopt the Annual Financial Statements and the Directors' Report thereon for the year ended 30 June 2009.
- To elect Directors in place of Messrs P. T. Zhanda, C. Malunga and M. Tsoka who retire by rotation. All, being eligible, have offered themselves for re-election.
- To determine the remuneration of the Directors in respect of their services as Directors for the year ended 30 June 2009.
- To approve the audit fee for the past audit and to appoint auditors for the ensuing year.
- To transact such other business as may be transacted at an Annual General Meeting.

As Special Business to consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution:-

"That the Directors of the Company be and they hereby are authorized and empowered to purchase the Company's own ordinary shares up to a maximum of 20 000 000 (twenty million) shares at a price not lower than the nominal value per share and not higher than a price equivalent to ten times the net asset value per share provided the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase. The authority shall expire at the date of the Company's next Annual General Meeting".

By Order of the Board
Murray & Roberts Corporate Services (Zimbabwe) (Private) Limited
(Secretaries)

10 September 2009

NOTE:- A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company not less than 48 (forty eight) hours before the time of the holding of the meeting.

ABRIDGED ANNUAL REPORT 30 JUNE 2009

The Company Secretaries
Murray & Roberts (Zimbabwe) Limited
P O Box CY 490
Causeway
Harare
Zimbabwe

PROXY FORM

I/We..... of.....
being a member of the above company hereby appoint.....
ofor failing him/her
ofor failing him/her, the Chairman of the Meeting as my/our
proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on
Tuesday 10 November 2009 at 12:30pm in and at any adjournment thereof.

Signed:Day of2009

Signature of member:

Note: A member entitled to attend and vote at the meeting may appoint a proxy to attend and speak, and on a poll, to vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company not less than 48 (forty eight) hours before the time of the holding of the meeting.

