AVENG

Audited Group Results

for the year ended 30 June 2006

Construction, steel and cement

Operating Profit up 111% **Operating Cash Flow R1,1 billion** **Headline Earnings per Share up 87%** **Construction order book R11,3 billion**

Consolidated balance sheet

as at 30 June 2006

	2006 Rm	Restated 2005 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	2 083	1 858
Goodwill and other intangibles	761	755
Investments	471	691
Deferred tax	276	169
	3 591	3 473
Current assets		
Inventories	1 374	1 345
Trade and other receivables	3 464	3 293
Cash and cash equivalents	1 585	857
	6 423	5 495
TOTAL ASSETS	10 014	8 968
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	3 521	2 849
Minority interests	4	9
Total shareholders' funds	3 525	2 858
Non-current liabilities		
Interest-bearing borrowings – long-term	1 253	1 418
Deferred tax	62	28
	1 315	1 446
Current liabilities		
Trade and other payables	4 573	3 990
Interest-bearing borrowings – short-term	467	605
Taxation payable	134	69
	5 174	4 664
TOTAL EQUITY AND LIABILITIES	10 014	8 968

Statement of changes in equity

for the year ended 30 June 2006

	Attributable to equity holders of the parent						Minority interest	Total equity
	Share capital Rm	Share premium Rm	Equity portion of compound instrument Rm	Non-distributable reserves Rm	Retained income Rm	Total Rm	Rm	Rm
Balance at 1 July 2004 as previously stated	20	930		(473)	2 019	2 496	5	2 501
Impairment adjustment – goodwill					(8)	(8)		(8)
Effect on adoption of IFRS 2					(23)	(23)		(23)
Balance at 1 July 2004 as restated	20	930		(473)	1 988	2 465	5	2 470
Profit for the year					346	346	1	347
Dividends paid					(55)	(55)		(55)
Equity-accounted reserve movements				(6)		(6)		(6)
Foreign currency translation				42		42	3	45
Effect on adoption of IFRS 3					25	25		25
Revaluation reserve				33		33		33
Transfers				(1)	1			
Balance at 30 June 2005	20	930		(405)	2 305	2 850	9	2 859
Profit for the year					588	588	2	590
Dividends paid					(90)	(90)		(90)
Equity-accounted reserve movements				15		15		15
Foreign currency translation				18		18	(7)	11
Convertible bond conversion			140			140		140
Transfers				15	(15)			
Balance at 30 June 2006	20	930	140	(357)	2 788	3 521	4	3 525

Cash flow statement

for the year ended 30 June 2006

	2006 Rm	Restated 2005 Rm
Cash retained from operating activities	1 122	288
Purchase of plant and equipment (net)	(556)	(313)
Investments (net)	351	162
Net long-term borrowings	(225)	861
Net increase in cash and cash equivalents	692	998
Cash and cash equivalents at beginning of the year	554	(444)
Cash and cash equivalents at end of the year	1 246	554

Consolidated income statement

for the year ended 30 June 2006

	2006 Rm	Restated 2005 Rm	% change
Revenue	16 054	13 535	19
Operating profit before depreciation	966	654	
Depreciation	338	384	
Operating profit before amortisation and non-trading	628	270	133
Amortisation of goodwill and other intangibles		(2)	
Non-trading items	(15)	23	
Operating profit	613	291	111
Share of profits and losses from associates and joint ventures	249	270	
Income from investments	88	82	
Operating income	950	643	48
Interest paid	162	241	
Profit before taxation	788	402	96
Taxation	198	55	
Profit for the period	590	347	70
Attributable to			
Equity holders of Aveng Limited	588	346	
Minorities	2	1	
Profit for the period	590	347	70
Determination of headline earnings			
Profit attributable to equity holders of Aveng	588	346	
Net adjustment for amortisation of goodwill and non-trading items	15	(23)	
Headline earnings	603	323	87
EARNINGS PER SHARE (cents)			
Earnings	151,0	88,9	70
Headline	154,9	83,0	87
Diluted earnings	141,5	88,9	59
Diluted headline earnings	144,9	83,0	75
DIVIDEND PER SHARE	38,0	23,0	65

Segmental information

for the year ended 30 June 2006

	2006 Rm	%	Restated 2005 Rm	%
Revenue				
Construction – South Africa and Africa	7 498	47	6 765	50
Construction – Australasia and Pacific	2 956	18	1 796	13
Steel & Allied	5 600	35	4 974	37
	16 054	100	13 535	100
Operating profit				
Construction – South Africa and Africa	(125)	(20)	(65)	(22)
Construction – Australasia and Pacific	68	11	(117)	(40)
Steel & Allied	670	109	473	162
	613	100	291	100
Geographical revenue				
South Africa	10 383	65	8 825	65
Africa and elsewhere	2 715	17	2 855	21
Australasia and Pacific	2 956	18	1 855	14
	16 054	100	13 535	100
Holcim (South Africa) (Pty) Limited – (100%)	2006 Rm		2005 Rm	
Revenue	4 535		3 967	
Operating income	1 156		1 099	
Assets	2 127		1 881	
Liabilities	625		502	
Capital expenditure	388		145	
Depreciation	112		118	
Net debt to equity ratio	34%		2%	

Note: The financial information above relates to Holcim (South Africa) (Proprietary) Limited (100%) and not the equity-accounted entity Altur (Pty) Limited. Aveng Limited holds its 45,65% stake in Holcim (South Africa) through Altur (Pty) Limited.

Other group information

for the year ended 30 June 2006

	2006 Rm	Restated 2005 Rm	% change
Determination of headline earnings:			
Net loss/(surplus) on disposal of properties and equipment	18	(24)	
Net (surplus)/loss on disposal of investments	(2)	1	
	16	(23)	
Number of shares (millions)			
In issue	396	396	
Weighted average	389	389	
Diluted weighted average	455	389	
Capital expenditure			
Expansion	406	262	55
Maintenance	355	206	72
	761	468	63
Goodwill, intangibles and amortisation (net)			
At beginning of the year	755	719	
Adjustment to opening balance		(8)	
Restated opening balance	755	711	
Charge for the year		(1)	
Effect on adoption of IFRS 3		25	
Foreign exchange movements	6	20	
	761	755	

NOTES

Accounting policies

These results have been compiled in accordance with International Financial Reporting Standards (IAS 34).

The presentation of these results also conforms to the Listing Requirements of the JSE Limited and Schedule 4 of the South African Companies Act. The accounting policies used in the preparation of the results are consistent in all material respects with those adopted in the annual financial statements for the year ended 30 June 2005, except for the the adoption of IFRS 2: Share-based Payments.

RESTATEMENTS, CHANGES IN ACCOUNTING POLICY AND COMPARATIVES

IFRS 2: Share-based Payments

The group adopted IFRS 2: Share-based Payments during the current financial period. The adoption of this statement resulted in a change in the accounting policy for share-based payments. An entity shall apply IFRS 2 retrospectively for all periods beginning on or after 1 January 2005.

The adoption of this accounting policy resulted in an increase in the liability carried in respect of cash-settled share-based payments as reflected below.

GROUP	Effect	2006 Rm	2005 Rm
Balance sheet effect (cumulative)			
Distributable reserves	Decrease	76,6	63,4
Provision for share-based payment liability	Increase	107,9	89,4
Deferred tax asset	Increase	31,3	25,9
Income statement			
Operating expenses	Increase	18,5	57,3
Taxation	Decrease	5,4	16,6

The results have been audited by Ernst & Young and the unqualified audit opinion is available on request from the company secretary at the company's registered office.

The group's annual financial report will be available by the end of September 2006.

Commentary

Financial review

The black economic empowerment transaction concluded in July 2005 is accounted for in terms of IFRS 2, at 30 June 2006. An estimate of the number of Aveng shares to be potentially issued at each reporting date will be calculated and included in the diluted weighted average number of shares.

On 28 October 2005, shareowners approved the conversion of Aveng's R1-billion bond to equity at any time at a price of R15,27. This equates to 65,5 million shares. Aveng has the option to redeem all the bonds on or after 17 March 2009 at a share price of R19,85. The close-out date for the conversion of the bond and equity is 17 March 2012. The diluted weighted average number of shares has increased by approximately 65,5 million as a result. At 30 June 2006, the dilution effect is just below 7%.

Net asset value per share increased by 24% on the prior year. Cash generated by operations of R1,1 billion was 76% above the R650 million generated to 30 June 2005. Capital expenditure at cost net of disposals was R388 million for the year, which is 15% greater than depreciation and within the group's target of restricting net capital expenditure spend to 30% above depreciation.

Aveng's balance sheet continues to strengthen with net debt down to R134 million from R1,2 billion in the prior year. The net debt to equity ratio of 4% is significantly below the group target of 35% and the 40% level of a year ago. The operating margin (earnings before interest and tax) has improved from 2,0% a year ago to 3,9% in the review period.

In the SENS announcement of 23 August 2006, Aveng updated the market on the Marikana Platinum Mine dispute between Moolmans and Aquarius Platinum (South Africa) (Pty) Limited. All amounts owing by Aquarius have been provided for at 30 June 2006. Moolmans' entitlements in terms of the contract are being vigorously pursued.

Grinaker-LTA is involved in a dispute with Nedbank in respect of a €15-million construction contract completed for the government of Gabon.

A dispute exists with BHPBilliton over the Minerva project termination. McConnell Dowell have taken action against BHPBilliton to recover costs BHPBilliton have counterclaimed for damages against McConnell Dowell.

Operational review

Revenue grew by 19% to R16 billion, largely due to improved trading conditions in domestic and international construction markets and buoyant conditions in the steel and allied businesses. Operating profit increased by 111% and headline earnings per share increased by 87% compared to restated 2005 numbers. Following the adoption of IFRS 2: Share-based Payments and assuming 2005 numbers remained as published, operating profit would have increased by 76% and headline earnings per share by 66%. The application of IAS 16 reduced the depreciation charge by R20 million. Aveng posted headline earnings per share of 154,9 cents to June 2006 compared to a restated 83,0 cents (previously 93,5 cents) in the prior year.

Aveng's South African and African construction cluster (Grinaker-LTA Construction, Moolmans and E+PC) recorded revenue of R7,5 billion for the period. Its profitability was affected by the non-payment of certified work done and an escalation claim in respect of the Marikana mine in the amount of R156 million this year. Adjustments required by the adoption of IFRS 2 and expenses incurred on the encashment of share options as a result of the increase in the Aveng share price contributed to the operating loss of R125 million compared to the restated loss of R65 million in 2005.

McConnell Dowell, Aveng's Australasian and Pacific construction business, increased revenue to R3 billion during the review period, reflecting buoyant markets. The group recorded an operating profit of R68 million compared to a R117-million loss in the prior year.

The steel and allied cluster (Trident Steel, Manufacturing and the Aveng corporate office) increased revenue by 13% to R5,6 billion and operating profit to R671 million, reflecting higher activity levels in the housing, infrastructure, civil engineering and motor sectors.

Holcim (South Africa), 46% held by Aveng, grew revenue 14% to R4,5 billion and operating income by 5% to R1,2 billion adversely affected by the price war in Namibia and the cost of imports. Aveng's interest in Holcim (South Africa) is equity accounted and therefore does not reflect in Aveng's revenue or operating profit.

Subsequent events

Subsequent to Aveng's year-end, Holcim Limited announced that it wished to sell 85% of its share in the South African business to an empowerment consortium that included management and staff, based on an enterprise value for Holcim (South Africa) of R15,5 billion. In considering its response to this proposed transaction, the board of Aveng will seek to diligently discharge its fiduciary duty to shareowners, in the context of certain pre-emptive and other rights and its commitment to sustainable black economic empowerment in the cement industry.

Shareowners are referred to the cautionary announcement released on 24 August 2006.

Prospects

With buoyant activity levels across all operational areas evident in the two-year construction order book of R11,3 billion, Aveng is well placed to continue building sustainable value for all stakeholders. Ebit margins are moving up and will move closer to our medium term target of 6% during the next year.

Dividend declaration 2006

Dividend No. 7 of 38,0 cents per share, being the total dividend in respect of the financial year ended 30 June 2006 (2005: 23,0 cents per share) has been declared payable to shareowners recorded in the share register at close of business on Friday, 20 October 2006.

The salient dates are:

Last date to trade shares cum dividend	Friday, 13 October 2006
Shares trade ex dividend from	Monday, 16 October 2006
Record date	Friday, 20 October 2006
Payment date	Monday, 23 October 2006

No dematerialisation or rematerialisation of shares may take place for the period from 16 October 2006 to 20 October 2006, both days inclusive.

On Monday, 23 October 2006, the dividend will be electronically transferred to the bank accounts of all certificated shareowners unless this has not been requested by or is not available to them. If electronic funds transfer is not applicable, cheques dated 23 October 2006 will be posted on or about that date. Transfers will be made to the dematerialised shareowner accounts at their CSDP or broker on 23 October 2006.

By order of the board

Richard Savage *(Chairman)* Carl Grim *(Chief Executive)* Dennis Gammie *(Director Finance)*

Sandton

8 September 2006

Trident Steel Steeledale

Directors: R B Savage* (Chairman), C Grim (Chief Executive), D R Gammie (Finance), A W B Band*, B P J Fourie, L Gcabashe*, J R Hersov*, V Z Mntambo*, D G Robinson (Australian), M J D Ruck*, B P Steele* (*Non-executive)

Company secretary: G J Baxter

Registrars: Computershare Investor Services 2004 (Pty) Limited. (Registration number 2004/003647/07). 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107

Telephone (011) 370-5000. Telefax (011) 688-7717

Aveng Limited: Registration number 1944/018119/06. **Share code:** AEG ISIN code: ZAE 000018081. **Registered office:** Block B, 204 Rivonia Road, Morningside, 2057

www.aveng.co.za

BASTION GRAPHICS