THE AVENG GROUP

AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2007

Consolidated balance sheet

as at 30 June 2007

	2007 Rm	2006 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	2 533	2 083
Goodwill and trademarks	780	761
Investments	173	471
Deferred tax	477	344
	3 963	3 659
Current assets		
Inventories	1 719	1 374
Trade and other receivables	3 941	3 464
Cash and cash equivalents	9 886	1 585
	15 546	6 423
TOTAL ASSETS	19 509	10 082
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	10 983	3 521
Minority interests	6	4
Total shareholders' funds	10 989	3 525
Non-current liabilities		
Interest-bearing borrowings	1 128	1 252
Deferred tax	291	131
	1 419	1 383
Current liabilities		
Trade and other payables	6 421	4 573
Interest-bearing borrowings	476	467
Taxation payable	204	134
	7 101	5 174
TOTAL EQUITY AND LIABILITIES	19 509	10 082

Cash flow statement

for the year ended 30 June 2007

	2007 Rm	2006 Rm
Cash retained from operating activities		
Cash retained from operations	7 441	613
Depreciation	459	338
Non-cash and other items	(6 240)	156
Cash generated by operations	1 660	1 107
Income from investments	241	88
Decrease in working capital	1 026	379
Cash generated by operating activities	2 927	1 574
Interest paid	(155)	(162)
Taxation paid	(378)	(207)
Cash available from operating activities	2 394	1 205
Dividend paid	(148)	(90)
	2 246	1 115
Investing activities		
Fixed assets purchased – expansion	(435)	(406)
– replacement	(556)	(355)
Disposal of investments in associate companies	6 956	341
Proceeds on disposal of – fixed assets	93	205
– investments	12	10
	6 070	(205)
Financing activities		
Long-term borrowings – repaid	(150)	(225)
Net increase in cash and cash equivalents	8 166	685
Cash and cash equivalents at beginning of year	1 246	554
Foreign currency translation reserve movement	67	7
Cash and cash equivalents at beginning of year – restated	1 313	561
Cash and cash equivalents at end of year	9 479	1 246

Consolidated income statement

for the year ended 30 June 2007

	2007 Rm	2006 Rm	% change
Revenue	22 093	16 054	38
Operating profit before depreciation	1 754	966	
Depreciation	459	338	
Operating profit before non-trading items	1 295	628	106
Non-trading items	6 146	(15)	
Operating profit	7 441	613	1 114
Share of profits and losses from associates and joint ventures	426	249	
Income from investments	241	88	
Operating income	8 108	950	753
Interest paid	155	162	
Profit before taxation	7 953	788	909
Taxation	468	198	
Profit for the period	7 485	590	1 169
Attributable to:			
Equity holders of Aveng Limited	7 483	588	
Minorities	2	2	
Profit for the period	7 485	590	
Determination of headline earnings			
Profit attributable to equity holders of Aveng	7 483	588	
Net adjustment for non-trading items	(6 146)	15	
Headline earnings	1 337	603	122
EARNINGS PER SHARE (Cents)			
Earnings	1 922,5	151,0	1 173
Headline	343,5	154,9	122
Diluted earnings	1 567,1	141,5	1 108
Diluted headline earnings	289,6	144,9	100
DIVIDEND PER SHARE (Cents)	85,0	38,0	(100)

Segmental information

for the year ended 30 June 2007

	2007 Rm	%	2006 Rm	%
Revenue				
Construction – South Africa and Africa	9 533	43	7 498	47
Construction – Australasia and Pacific	5 782	26	2 956	18
Steel & Allied	6 778	31	5 600	35
	22 093	100	16 054	100
Operating profit				
Construction – South Africa and Africa	175	2	(125)	(20)
Construction – Australasia and Pacific	327	4	68	11
Steel & Allied	793	11	670	109
Non-trading items: Holcim	6 146	83		
	7 441	100	613	100
Assets				
Construction – South Africa and Africa	3 577	40	3 227	42
Construction – Australasia and Pacific	1 409	16	983	13
Steel & Allied	3 987	44	3 472	45
	8 973	100	7 682	100
Geographical revenue				
South Africa	13 209	60	10 383	65
Africa and elsewhere	3 102	14	2 715	17
Australasia and Pacific	5 782	26	2 956	18
	22 093	100	16 054	100
Holcim (South Africa) (Pty) Limited – (100%)				
	2007* Rm		2006 Rm	
Revenue	5 106		4 535	
Operating income	1 580		1 156	
Assets	2 678		2 127	
Liabilities	747		625	
Capital expenditure	352		388	
Depreciation	121		112	
Net debt to equity ratio	—		34	

* At disposal date of 31 May 2007

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

NOTES

Accounting policies

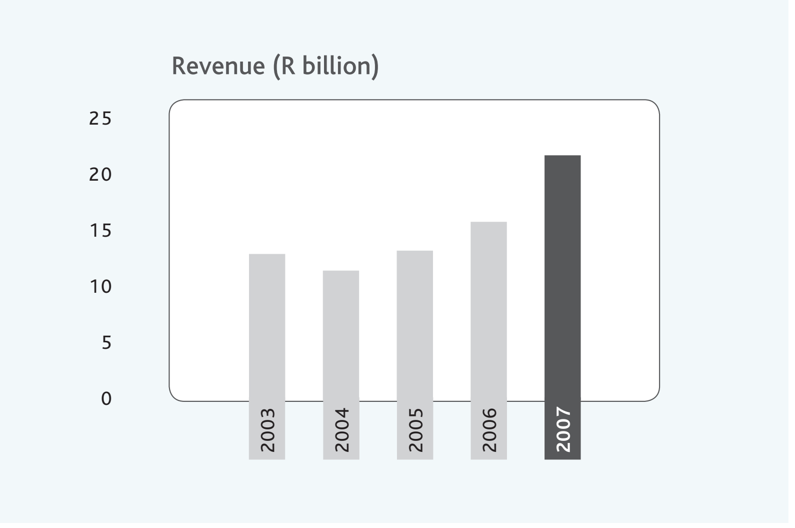
These results have been compiled in accordance with International Financial Reporting Standards.

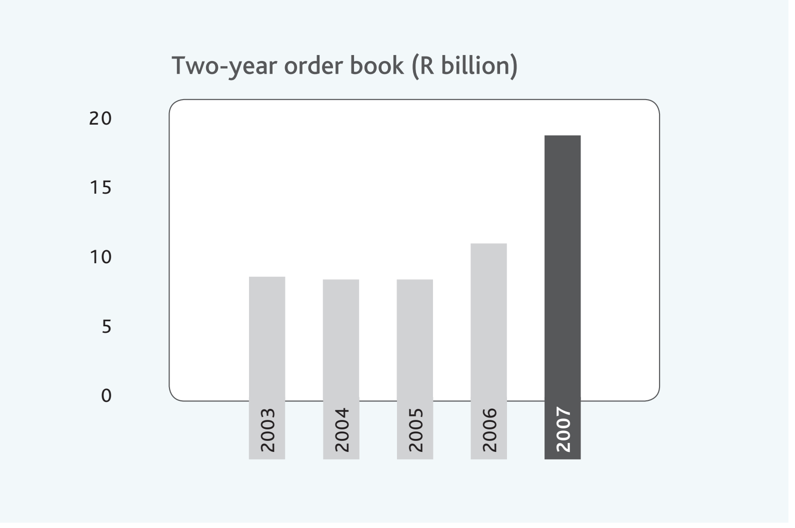
The presentation of these results also conform to the Listing Requirements of the JSE Limited and Schedule 4 of the South African Companies Act. The accounting policies used in the preparation of the results are consistent in all material respects with those adopted in the annual financial statements for the year ended 30 June 2007.

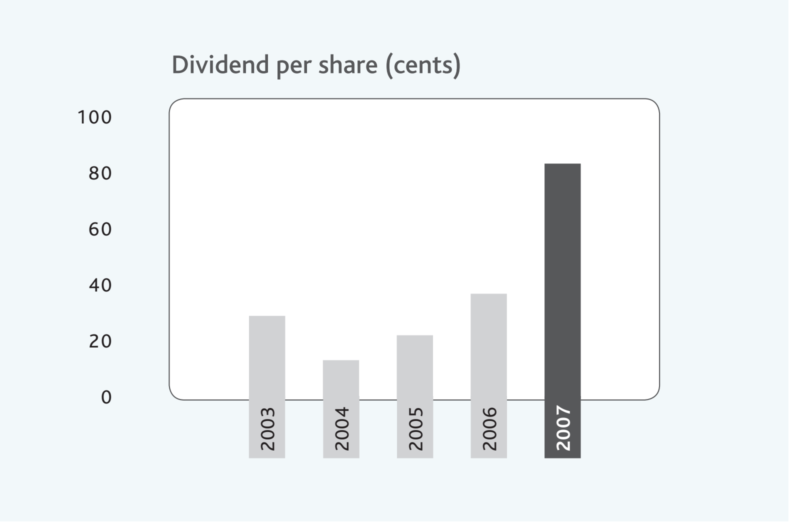
The results have been audited by Ernst & Young Inc. and the unqualified audit opinion is available on request from the company secretary at the company's registered office.

The group's annual financial report will be available by the end of September 2007.

"Aveng – a leading engineering, construction, services and processing group, providing solutions across the value chain in selected mining, energy, transportation and heavy infrastructure markets"







Dividend declaration 2007

Dividend No 8 of 85 cents per share, being the total dividend in respect of the financial year ended 30 June 2007 (2006: 38,0 cents per share) has been declared payable to shareholders recorded in the share register at close of business on Friday, 19 October 2007.

The salient dates are:

Last date to trade shares cum dividend	Friday, 12 October 2007
Shares trade ex dividend on	Monday, 15 October 2007
Record date to receive dividend	Friday, 19 October 2007
Payment date	Friday, 26 October 2007

No dematerialisation or rematerialisation of shares may take place for the period from 8 October 2007 to 12 October 2007, both days inclusive.

On Friday, 26 October 2007, the dividend will be electronically transferred to the bank accounts of all certificated shareholders unless this has not been requested by or is not available to them. If electronic funds transfer is not applicable, cheques dated 26 October 2007 will be posted on or about that date. Transfers will be made to the dematerialised shareholder accounts at their CSDP or broker on 26 October 2007.

By order of the board

Richard Savage *(Chairman)*

Carl Grim *(Chief Executive)*

Dennis Gammie *(Director: Finance)*

7 September 2007

Statement of changes in equity

for the year ended 30 June 2007

	Attributable to equity holders of the parent									
				Non-distributable reserves						
	Share capital Rm	Share premium Rm	Equity portion of compound instrument Rm	Equity-accounted investments Rm	Foreign currency translation Rm	Other non-distributable reserves Rm	Retained income Rm	Total Rm	Minority interest R m	Total equity Rm
Balance at 1 July 2005	20	930		(27)	(410)	32	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	(12)	(392)	47	2 788	3 521	4	3 525
Profit for the year							7 483	7 483	2	7 485
Dividends paid							(148)	(148)		(148)
Revaluation reserve						(20)		(20)		(20)
Equity-accounted reserve movements				12				12		12
Foreign currency translation					135			135		135
Transfers						5	(5)			
Balance at 30 June 2007	20	930	140		(257)	32	10 118	10 983	6	10 989

- Revenue: up 38% to R22 billion
- Operating margin: 5,9%
- Cash generated: R2,9 billion
- Two-year order book: up 70% to R19 billion
- Headline earnings: R1,3 billion
- HEPS: up 122%
- Dividend: up 124% to 85 cents
- Share repurchase: R3,5 billion

Commentary

Financial review

Revenue at R22,1 billion reflects a 38% increase on the previous year as the group benefited from the continued boom in all areas of the domestic and international construction markets with strong demand filtering through to the Steel and Allied businesses. Exceptional revenue growth from McConnell Dowell, resulted in a more geographically balanced construction revenue split for the group.

Operating profit before non-trading items increased by 106% to R1,3 billion. This excludes any contribution from Holcim which has been equity accounted to 31 May 2007, the effective date of disposal. The operating profit margin before non-trading items (EBIT margin) improved from 3,9% to 5,9%, which is at the upper end of the group's short term target range of between 4,5% and 6,0%.

Income from associates and joint ventures, net of tax, amounted to R426 million with the majority of the income relating to Holcim (South Africa).

The effective tax rate was 33,9%, excluding non-trading items and income from associates and joint ventures. The difference between the effective tax rate and the South African corporate tax rate was brought about mainly by the group's foreign operations and withholding taxes on revenue in territories where the average tax rates range from 37% to 40%.

Headline earnings per share increased by 122% to 343,5 cents.

The diluted weighted average number of shares includes 65,5 million shares, to allow for the conversion of the bond into equity. An additional 26,4 million Aveng shares have been included in the diluted weighted number of shares to meet Aveng's potential obligations to the BEE grouping invested in Grinaker-LTA and Trident Steel based on Aveng's share price of R49,95 at 30 June 2007.

The group received net interest of R74 million, compared to net interest paid of R82 million in the previous year. This was due to higher average cash balances over the period and one month's interest on the Holcim proceeds. The group's fixed long-term borrowings decreased by R124 million to R1 128 million at June 2007.

The focus on capacity building across the Aveng Group is illustrated by the expansion capital expenditure of R435 million (2006: R406 million) and replacement capital expenditure of R556 million (2006: R355 million). Total gross capital expenditure was R991 million with a net outflow of cash on capital expenditure amounting to R898 million compared to R555 million in 2006.

Cash generated by operating activities, excluding the cash received from the sale of Holcim, increased to R2,9 billion (2006: R1,6 billion). The focus on improving efficiencies across operating groups and business units resulted in working capital reducing from a negative R379 million in 2006 to a negative R1,0 billion at 30 June 2007. Net working capital days decreased from a negative 6 days to a negative 28 days, and cash flow earnings per share increased to 739 cents from 397 cents in the prior year.

The Aveng Group's 46% stake in Holcim (South Africa) (Pty) Limited was sold for R6,8 billion in cash and R641 million in STC credits. The transaction facilitated significant black economic empowerment in the cement industry while simultaneously ensuring that Aveng shareholders were equitably rewarded. Holcim continues to be an important cement, concrete and aggregate supplier to Aveng.

Operational review

Safety

The group's disabling frequency rate (DIFR) – lost time due to injuries per 200 000 man-hours worked – was 0,67 (2006: 0,65) against our short-term target of 0,5. McConnell Dowell recorded an excellent DIFR of 0,19 (2006: 0,41). Group companies received numerous safety and related accolades during the course of the year.

Engineering and Construction: South Africa and Africa

The cluster, comprising Grinaker-LTA (Construction), Moolmans (Opencast Mining) and E+PC (Engineering) continued its recovery with revenue increasing by 27% to R9,5 billion. The cluster which contributes 43% of group revenue, reported operating profit of R175 million compared to a comparable prior period loss of R5 million, excluding the provision for Marikana.

Grinaker-LTA delivered a 31% growth in revenue to R7,4 billion, making up 33% of the Aveng Group. The company continued to trade its way out of low-margin legacy work and has been successful in filling its order book with more profitable projects. Roads and Earthworks, the biggest contributor to underperformance in the past, is under new management and has repatriated its plant and people resources to South Africa following the completion of the final two major road projects in Africa. The business unit has broken even at the EBIT level for the first time in many years. The Mechanical and Electrical business unit, while always profitable, has not performed up it its potential in recent years. Locally, Mechanical and Electrical mining and energy clients have been very active while Nigeria moved into profit. The Building, Civil Engineering, Mining Contracting and RPP business units delivered good results and have even better future prospects. The legal processes dealing with problematic legacy issues such as Ruwais, Gabon, Angola and the African road contracts continue to grind away. We believe that downside risk has been adequately provided for.

Grinaker-LTA generated R629 million in operating cash flow during the 2007 year, a remarkable change from the past and leaving little doubt that the business has turned and that profitability is on an upward path.

Moolmans grew revenue by 18% to R1,8 billion and is making good progress towards returning to historic profitability levels. It has successfully exited Golden Pride, Tanzania, following the completion of that contract and has won a five-year opencast mining contract from African Copper at its Dukwe mine in Botswana. The Marikana claim against Aquarius Platinum is proceeding well, albeit very slowly.

E+PC, the Engineering and Project management company, returned a revenue of R287 million for the year and has continued to deliver good margins. E+PC is reviewing some interesting strategic options within selected mining, energy and industrial clients that should allow it to bulk up and contribute more significantly to the group in the future.

Engineering and Construction: Australasia and Pacific

McConnell Dowell passed the AU$1 billion revenue milestone, showing a revenue growth of 95% to R5,8 billion with its contribution to group revenue increasing from 18% in 2006 to 26% this year. Operating profit increased to R327 million (2006: R67 million), lifting operating margins to 5,7%, an Australian industry top quartile result (2006:2,3%). Exceptionally strong market demand as well as a particular emphasis on project risk management contributed to this. All of the cluster's geographies showed growth and all business units increased profitability. McConnell Dowell remains on a strong profitability growth path, with legacy contracts settled or fully provided.

Demand is driven by general public sector infrastructure expenditure, including transportation, electricity, defence and, especially the government's drive to secure long-term water supplies due to the severe drought. An insatiable appetite for commodities is driving the mining sector, resulting in the associated infrastructure investment. The backlog for committed projects in Australia suggests annual expenditure of AU$55 billion per year through to 2011.

The Asian market continues to be stable, supported by good economic growth led largely by China and India. The Singapore market has been buoyant where group companies have been particularly active building jetties and other oil-related infrastructure.

Steel and Allied

This cluster consisting of Trident Steel, Aveng Manufacturing and the Aveng Group corporate office continued to benefit from heightened activity levels in the infrastructure market, delivering a solid performance. Trident Steel grew revenue by 18% to R4,6 billion and the Aveng Manufacturing company by 19% to R2,5 billion. Growing economies of scale and a drive to boost internal efficiencies continued to benefit Steel and Allied which reported an increase of 18% in operating profit to R790 million with slightly reduced operating margins.

During the past year, Trident Steel conducted a review of each operation to identify areas where capacity could be upgraded or geared up and made several well-considered investments to enable it to capitalise on anticipated market growth. These include a cut-to-length line commissioned at the Roodekop complex, a slitting line catering for the automotive industry at Port Elizabeth, a large circular sawing line for the cutting division and an upgrade of the delivery fleet. Trident Sterling is in the process of acquiring a state-of-the art tube mill to add to current capacity. To be able to cope with its higher throughput, the company is also adding to warehousing and cranage capacity.

Aveng Manufacturing made capital investments, amounting to R126 million, including a roof tile plant which will expand the Infraset business and new automated equipment to further entrench its position as the industry's lowest-cost producer.

As is usual, the prices of steel for the manufacturing and automotive industries were influenced by international demand and pricing. During the year, mill price increases were numerous and varied significantly between product groups. Prices appeared to have peaked, with a post-year-end decrease of 8% being experienced on all flat product lines. The public sector investment programme, as well as the high levels of activity in the private sector, is creating strong demand for the rebar and mesh products in Steeledale as well as the piping, paving and landscaping products in Infraset. Investment by the mining sector has boosted demand for Duraset's products. While Lennings Rail still has considerable capacity, recent initiatives within Transnet will generate more work in the year ahead.

Share repurchase

The aggregate amount of capital to be returned to shareholders is a function of the current organic and acquisitive growth prospects as well as the balance sheet capacity of Aveng. Given the current buoyancy of the markets in which Aveng operates, a number of such growth prospects are currently under evaluation and, to the extent that these prospects progress beyond the current assessment stage, the board will inform shareholders.

The board is however confident that, irrespective of the outcome of the aforementioned prospects, R3.5 billion of capital can be returned to shareholders in the short term and, should the assessment of current prospects not result in significant incremental capital requirements, it is anticipated that as much as R5.0 billion of capital would, in aggregate, be returned to shareholders.

Prospects

The order book, based on confirmed projects to be executed in the next two years, increased by 69% to R19,2 billion compared to R11,3 billion at the end of 2006.

Grinaker-LTA's order book amounts to R8,2 billion, with R4,1 billion relating to Building and Property Development and R3,6 billion to its Civil Engineering, Roads and Earthworks and Mining Contracting activities, and the balance to the Mechanical and Electrical business. Considerable opportunities have been identified in the South African power sector which will be selectively pursued given our industry leading experience , most recently in Australia, in this sector.

Moolmans' work on hand amounts to R2,8 billion and E+PC's order book of R250 million is increasingly focused on the engineering of metallurgical plants.

McConnell Dowell's order book of R7,9 billion confirms our confidence in the continued growth of this company. Their Mechanical and Pipelines order book has increased by 71% to R2,4 billion, while Civils, Marine and Tunnelling increased by 52% to R4,7 billion, with the balance relating to the Electrix activities.

The significant cash generated by Grinaker-LTA in the past year, confirms that the business will be improving profitability in the year ahead. The three point plan aimed at accelerating Grinaker-LTA's operating margin growth, and around which most management activity is being focused, is people, operational efficiency and business development.

With all operating groups projected to perform well in the year ahead, the group is pursuing new opportunities for further growth. In the short term our strategy is to deepen our footprint in the chosen areas of operation, enabling the operating companies to provide a more comprehensive service across the value chain to the clients. We will seek to build our strategic presence in the Australasian market to fully benefit from the positive long-term prognosis for the Eastern time zone region.

Group EBIT margins have moved to the top end of our short-term target range and are set to show further growth in the year ahead, moving Aveng towards its medium-term target of 8%.

"With all operations now trading profitably, and group operating margins at the top end of the short-term target range, the twofold task for the year ahead is to continue to move margins up towards the group's medium-term target of 8% and to identify significant strategic growth opportunities"

www.aveng.co.za

McConnell Dowell | Grinaker-LTA | Moolmans | epc Engineering & Projects Company | Steeledale | Infraset | Duraset | Lennings Rail Services | Trident Steel

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AVENG LIMITED: Registration number 1944/018119/06. Share code: AEG ISIN code: ZAE 000018081. **REGISTERED OFFICE:** Block B, 204 Rivonia Road, Morningside, 2057

BASTION GRAPHICS