THE AVENG GROUP

audited group results for the year ended 30 June 2008

consolidated balance sheet

at 30 June 2008

	2008 Rm	2007 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	3 513	2 533
Goodwill and other intangibles	823	780
Investments	108	173
Deferred tax	680	477
	5 124	3 963
Current assets		
Inventories	2 047	1 719
Trade and other receivables	5 346	3 941
Cash and cash equivalents	9 491	9 886
	16 884	15 546
TOTAL ASSETS	22 008	19 509
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	10 516	10 983
Minority interests	13	6
Total shareholders' funds	10 529	10 989
Non-current liabilities		
Interest-bearing borrowings	243	1 128
Deferred tax	324	291
	567	1 419
Current liabilities		
Trade and other payables	9 772	6 421
Interest-bearing borrowings	360	476
Taxation payable	780	204
	10 912	7 101
TOTAL EQUITY AND LIABILITIES	22 008	19 509

consolidated cash flow statement

for the year ended 30 June 2008

	2008 Rm	2007 Rm
Cash retained from operating activities		
Cash retained from operations	2 435	7 441
Depreciation	653	459
Non-cash items	(19)	(6 240)
Cash generated by operations	3 069	1 660
Income from investments	946	241
Decrease in working capital	1 619	1 026
Cash generated by operating activities	5 634	2 927
Interest paid	(80)	(155)
Taxation paid	(584)	(378)
Cash available from operating activities	4 970	2 394
Dividend paid	(331)	(148)
	4 639	2 246
Investing activities		
Property, plant and equipment purchased – expansion	(924)	(435)
– replacement	(865)	(556)
Investments in associate companies	84	6 956
Proceeds on disposal of – property, plant and equipment	293	93
– investments		12
	(1 412)	6 070
Financing activities		
Long-term borrowings – repaid	(67)	(150)
Shares repurchased	(3 611)	
	(3 678)	(150)
Net (decrease)/increase in cash and cash equivalents	(451)	8 166
Cash and cash equivalents at beginning of year	9 479	1 246
Foreign currency translation reserve movement	179	67
Cash and cash equivalents at beginning of year	9 658	1 313
Cash and cash equivalents at end of year	9 207	9 479

other group information

	2008 Rm	2007 Rm
Determination of headline earnings		
Net surplus on disposal of property, plant and equipment	(1)	(5)
Net surplus on disposal of investments	(10)	(6 141)
Net adjustment for non-trading items	(11)	(6 146)
Number of shares (millions)		
In issue	398	396
Weighted average	387	389
Diluted weighted average	428	481
Goodwill and trademarks		
At beginning of year	780	761
Foreign exchange movements	43	19
	823	780

consolidated income statement

for the year ended 30 June 2008

	2008 Rm	2007 Rm	% change
Revenue	29 622	22 093	34
Operating profit before depreciation	3 077	1 754	
Depreciation	653	459	
Operating profit before non-trading items	2 424	1 295	87
Non-trading items	11	6 146	
Operating profit	2 435	7 441	
Share of profits and losses from associates and joint ventures	19	426	
Income from investments	946	241	
Operating income	3 400	8 108	
Interest paid	80	155	
Profit before taxation	3 320	7 953	
Taxation	1 011	468	
Profit for the period	2 309	7 485	
Attributable to			
Equity holders of Aveng Limited	2 301	7 483	
Minorities	8	2	
Profit for the period	2 309	7 485	
Determination of headline earnings			
Profit attributable to equity holders of Aveng	2 301	7 483	
Net adjustment for non-trading items	(11)	(6 146)	
Headline earnings	2 290	1 337	71
EARNINGS PER SHARE (cents)			
Earnings*	594,2	344,7	72
Headline earnings	591,4	343,5	72
Diluted earnings*	538,3	290,6	85
Diluted headline earnings	535,7	289,6	85
DIVIDEND PER SHARE (cents)			
– Number 9	145,0	85,0	71
– Number 10 (special)	145,0		

*Excluding Holcim.

segmental information

for the year ended 30 June 2008

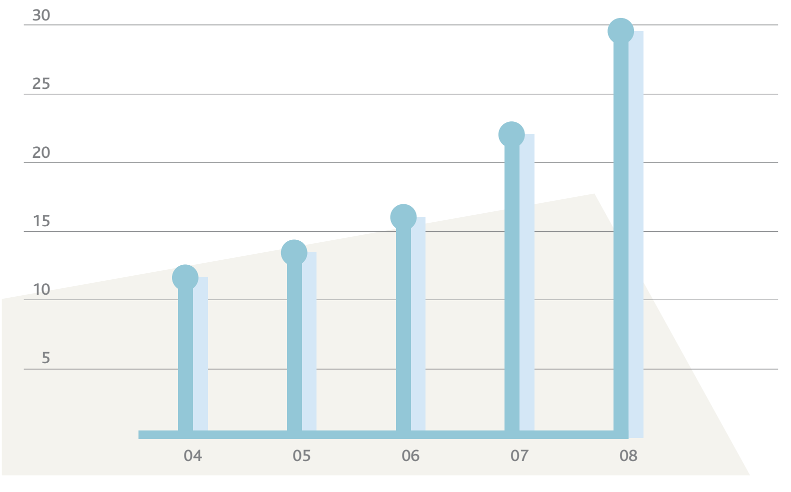
	2008 Rm	2008 %	2007 Rm	2007 %
Revenue				
Construction and Engineering – South Africa and Africa	9 259	31	7 435	34
Construction and Engineering – Australasia and Pacific	9 458	32	5 782	26
Total Construction and Engineering	18 717	63	13 217	60
Opencast Mining	2 397	8	1 765	8
Manufacturing and Processing	8 503	29	7 068	32
Administration	5		43	
	29 622	100	22 093	100
Operating profit				
Construction and Engineering – South Africa and Africa	318	3,4	103	1,4
Construction and Engineering – Australasia and Pacific	646	6,8	327	5,7
Total Construction and Engineering	964	5,2	430	3,3
Opencast Mining	190	7,9	92	5,2
Manufacturing and Processing	1 409	16,6	1 001	14,2
Administration	(128)		(228)	
	2 435	8,2	1 295	5,9
Holcim sale			6 146	
	2 435	8,2	7 441	33,7
Geographic revenue				
Republic of South Africa	16 748	57	13 206	60
Rest of Africa and Mauritius	3 397	11	3 090	14
Australasia and Pacific islands	7 677	26	4 646	21
South East Asia	1 782	6	1 139	5
Middle East and Other	18		12	
	29 622	100	22 093	100

consolidated statement of changes in equity

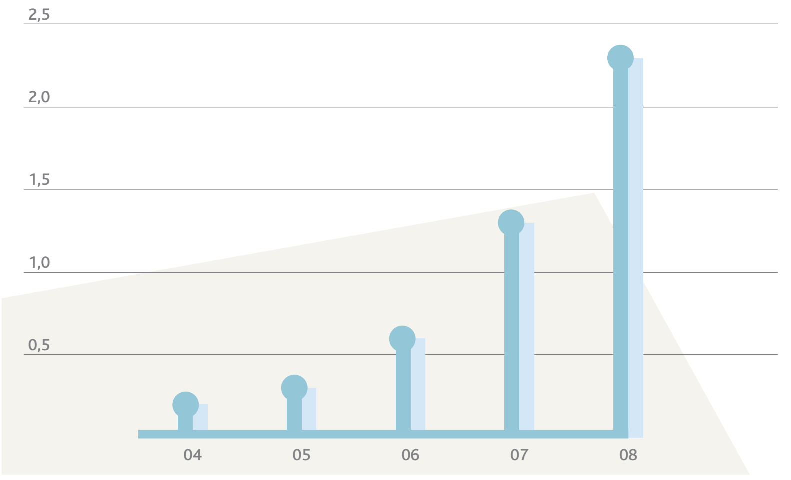
for the year ended 30 June 2008

	Attributable to equity holders of the parent									
	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 Rm	Total equity Rm
Balance 1 July 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 account reserve movements				12				12		12
Foreign currency translation					135			135		135
Transfers						5	(5)			
Balance at 1 July 2007	20	930	140		(257)	32	10 118	10 983	6	10 989
Profit for the year							2 301	2 301	8	2 309
Dividends paid							(331)	(331)		(331)
Foreign currency translation					334			334	(1)	333
Corporate bond equity transfer		129	(129)							
Corporate bond conversion	3	832						835		835
Movement in treasury shares		5						5		5
Share repurchase programme	(3)						(3 608)	(3 611)		(3 611)
Transfers						11	(11)			
Balance at 30 June 2008	20	1 896	11		77	43	8 469	10 516	13	10 529

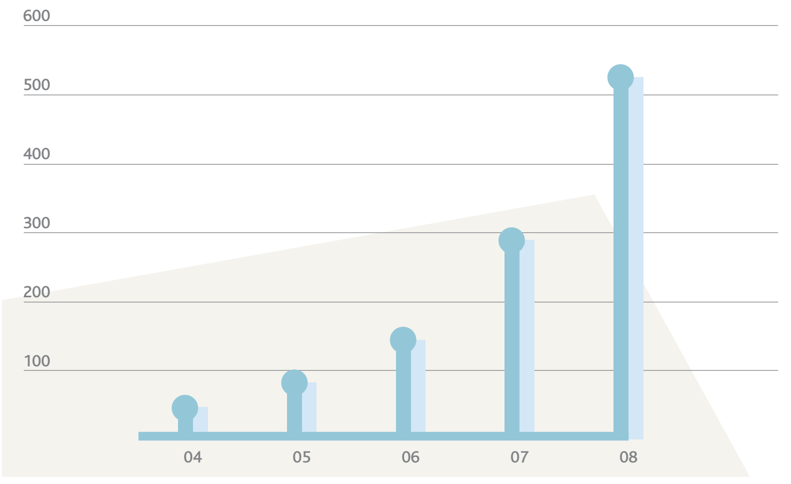
Revenue – R billion



Headline earnings – R billion



Diluted headline earnings – cents per share



NOTES

Accounting policies

These results have been compiled in accordance with IAS 34 (Interim financial reporting).

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 the prior year, apart from a change in the presentation of segment information and the adoption of IFRS7 (Financial instruments: presentation and disclosure) and the amendments to IAS 1 (Capital disclosures).

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 2008.

DIRECTORS: AWB Band* (Chairman), WR Jardine (Chief Executive Officer), DR Gammie, JR Hersov*, RL Hogben*, JJA Mashaba, VZ Mntambo*, DG Robinson (Australian), MJD Ruck*, NL Sowazi*, PK Ward* (*non-executive). **COMPANY SECRETARY:** GJ Baxter

"The Aveng Group is on track to deliver material earnings growth as our order book is strong and our operations are well tuned."

building a proud legacy

Commentary

Financial Review

In buoyant trading conditions the Aveng Group delivered a strong performance for the year ended 30 June 2008, underpinned by improved results from each of the operating groups. The 2008 financial year represents the first full reporting period since the disposal of the investment in Holcim.

The Group was able to extract operating leverage from the 34% increase in revenue to R29,6 billion, with overheads escalating by only 9%. Operating profit (excluding the profit on the Holcim sale) increased by 87% to R2,4 billion. The operating profit margin improved from 5,9% to 8,2% which exceeds the medium term target of 8% that was set two years ago.

The Group received net interest of R853 million, compared to R74 million in the previous year. This was due to higher average cash balances and higher effective interest rates over the period.

Diluted headline earnings per share rose by 85% to 535,7 cents.

Cash generated by operating activities of R5,6 billion shows a R2,7 billion improvement over 2007. Cash flow earnings per share of 1 414 cents reflected an increase of 91% compared to the 739 cents at June 2007. The Group closed the year with a net cash position of R8,9 billion, compared to R8,3 billion in 2007.

The Aveng Group maintained its intensive capital expenditure programme during the year to ensure sufficient capacity to deliver on its commitments and participate in the growth of the industry. Total capital expenditure amounted to R1,8 billion, of which R0,9 billion related to expansion capital expenditure and R0,9 billion to replacement capital expenditure.

During 2008, the company repurchased approximately 12,3% of its shares for a total consideration of R3,6 billion. A total of 59 494 871 shares were repurchased and subsequently cancelled.

The fully diluted number of shares includes 35,5 million Aveng shares to meet the Group's potential obligation to the BEE grouping in Aveng (Africa) and Trident Steel.

In February 2008, holders of R808 million of the R1 billion outstanding 6,125% Guaranteed Convertible Bonds due in 2012, gave notice to convert the principal amount of each bond into ordinary shares in the ordinary share capital of the company at a conversion price of R14.88 per share, in accordance with the terms and conditions of the bonds. As a result, Aveng issued 54 301 071 ordinary shares to the relevant bondholders to fulfil its obligations. In April 2008, holders of a further R112 million convertible bonds gave notice to convert on the same basis, giving rise to a further issue of 7 526 881 ordinary shares to the relevant bondholders.

The close-out date for the conversion of the remaining R80-million Guaranteed Convertible Bonds (seven year 6,125% convertible bond) into equity is 17 March 2012. The weighted average number of shares includes approximately 5,4 million shares in anticipation of the conversion of Aveng's convertible bond on or after 17 March 2009.

Business Environment

Despite weakening global economic growth, demand in the construction and engineering environment remained strong in the economies where Aveng primarily operates namely Southern Africa, Australasia and the Pacific. This activity has largely been driven by the ongoing infrastructure investment programmes by the public sector as well as the demand for commodities, which is driving material new investment in the mining sector. In our view these conditions are likely to continue for some years as there is a general need to deal with the infrastructure spending backlog in many of the countries in which the Group operates. In addition the demand for commodities such as coal and iron ore seems to be stable at these high levels, driven largely by the growth of China and India.

While the demand side fundamentals are in place for the industry, shortages of some raw materials are resulting in inflationary cost pressures. In addition, increasing raw material prices and, in some instances, the necessity of turning to more expensive imports to ensure reliable supply, is putting pressure on project costs. A further concern is that the global scarcity of experienced and qualified people is driving salaries and wages ever higher, thereby placing additional strain on project budgets and on capacity.

Operational Review

The Construction and Engineering cluster comprising Grinaker-LTA, E+PC and McConnell Dowell, lifted revenue by 42% to R18,7 billion. Profitability improved by 124%, with an operating profit of R964 million, reflecting an operating margin 5,2% up from 3,3% last year.

Grinaker-LTA showed solid growth underpinned by favourable trading conditions and better internal project selection processes. The company's operating profit more than doubled, supported by strong cash flow. Grinaker-LTA continued to invest heavily in plant and equipment to ensure that it has adequate capacity to deliver on its order book .

E+PC reported excellent revenue growth with a commensurate increase in profit and is managing projects with a value of more than R6,0 billion.

McConnell Dowell maintained its strong performance with the Civils, Tunnelling and Pipeline business units delivering an excellent performance but results from the Mechanical and Electrical, Electrix and DMDME in the Middle East (50% owned) were below expectations. Operating profit was up 98% and the operating cash flow was excellent.

Moolmans traded well with a 36% increase in revenue to R2,4 billion. Despite pressure on operating expenses, the company increased operating profitability by 105% to R189,5 million. It continued its recapitalisation programme, which will be completed in 2009 and is on track to meet its return on capital targets.

The infrastructure investment boom benefited the Manufacturing and Processing cluster, consisting of Trident Steel and Aveng Manufacturing with revenue increasing by 20% to R8,5 billion and operating profit 39% to R1,4 million.

Trident Steel delivered an excellent performance despite modest volume growth. Tight cost control together with the impact of higher global steel prices contributed to improved profitability. The company benefited from the material increase in the steel price since the beginning of 2008 as well as increasing its mix of sales in favour of more added value processing.

Aveng Manufacturing delivered strong volume growth in all operations as higher volumes were supported by limited increases in overhead costs. Investments were made to modernise equipment across all the factories to drive further cost efficiencies. More stringent application of safety regulations in the mining industry fed into demand for Duraset's products while Steeledale was ideally placed to participate in the large infrastructure projects. Lennings Rail Services focused on diversification into the private sector to broaden its client base. Infraset, which has some exposure to consumer-related spending, maintained its competitive edge in the market.

Safety

During the year, ten people were unfortunately fatally injured in separate incidents at our African operations. We believe every single fatality is unacceptable and avoidable and therefore investigate each incident thoroughly and implement improvements to our operating procedures where necessary.

Safety awareness has been prioritised and Aveng has strengthened its safety management structure with heightened focus on its safety slogan, "Home without Harm, Everyone Everyday". The Group's disabling frequency rate (DIFR) remained constant at 0,67. McConnell Dowell and E+PC recorded excellent DIFRs of 0,19 and 0,20 respectively.

Strategic Matters

During the year management evaluated a number of acquisition targets and completed two small but strategically important acquisitions after the year end:

- Subject to final regulatory approval, E+PC will acquire Keyplan (Pty) Limited, a specialist water management and handling solutions company in South Africa which will broaden its value proposition.
- With effect from 1 July 2008, McConnell Dowell acquired the Built Environs Group, a commercial construction and engineering company based in South Australia. The acquisition brings new capabilities in the commercial construction sector as well as increased capability in the active South Australian construction market.

In support of our strategy to be an employer of choice, we consolidated our efforts with long term interventions to ensure a strong pipeline of future leaders. We are acutely aware that inadequate skills are a real constraint to growth for the Group. In January 2008, the Aveng Leadership Development Programme was launched to provide our managers with the appropriate leadership and behavioural skills. Approximately 11 000 employees attended training at a direct cost of about R30 million during the year.

Aveng (Africa)'s BBBEE rating improved to a Level 5 and the Group continued to attract highly talented black executives with successful appointments at all levels. We also increased our focus on training and development. The Group is committed to further improving its rating going forward.

Corporate Governance

The Competition Commission has turned its attention to addressing issues of anti-competitive behaviour in the broader construction industry. During their investigations, the Commission identified issues in the building materials operations of the Group. Aveng is supportive of these initiatives and will cooperate with the Commission wherever relevant.

Board Matters

Carl Grim retired on 31 March 2008 after his ten-year tenure as Chief Executive Officer of Aveng Limited. Roger Jardine joined the board as Chief Executive Officer with effect from 7 July 2008. Juba Mashaba joined the Aveng Group board as the Human Resources Director with effect from 1 October 2007.

Richard Savage and Brian Steele reached the mandatory retirement age for non-executive directors of 65 and retired from the board on 11 July 2008 and 20 June 2008 respectively. Leah Gcabashe stepped down as a non-executive director of the board on 24 January 2008.

Angus Band returned to his role as non-executive Chairman on 11 July 2008 following Roger Jardine's appointment.

Prospects

The infrastructure investment landscape remains positive, with opportunities extending beyond 2010 in all our markets. Higher commodity prices should continue to fuel demand for mining infrastructure in particular.

The Aveng Group, in consortium with Areva NP, Alstom, Bouygues and EDF, was one of two parties which submitted bids for Eskom's Nuclear-1 project, the results of which are imminent. Notwithstanding the successful bidder, these projects will fuel substantial opportunities for the entire industry.

The Aveng Group's growth prospects are confirmed by the 36% increase in the two year order book to R25,8 billion. Grinaker-LTA's two year pipeline is valued at R9,5 billion, McConnell Dowell's R11,5 billion and E+PC's R0,5 billion. Moolmans has a two year order book of R4,3 billion and still has capacity. These operations have all made significant investments to ensure that adequate capacity exists to deliver on these opportunities.

Steel prices are expected to stabilise and demand should remain strong. As a result, Trident Steel should continue to perform well while Aveng Manufacturing is positioned to benefit from the general infrastructure surge.

The Group will utilise its cash resources to fund organic growth, while continuing to evaluate earnings enhancing acquisitions, especially given the more realistic valuations which have resulted from the tighter economic environment. The return of R3,6 billion to shareholders completed in May 2008 will have a material effect on the interest income in the 2009 financial year. Notwithstanding this, the Aveng Group is on track to deliver material earnings growth as our order book is strong and our operations are well tuned.

Declaration of ordinary and special dividend 2008

Notice is hereby given that the following dividends have been declared payable to shareholders recorded in the share register at the close of business on Friday, 17 October 2008, in respect of the year ended 30 June 2008:

– Number 9 of 145 cents per share (2007: 85 cents per share)

– Number 10 (special) of 145 cents per share.

The salient dates are:

Last date to trade shares cum dividend	Friday, 10 October 2008
Shares trade ex dividend on	Monday, 13 October 2008
Record date to receive dividend	Friday, 17 October 2008
Payment date	Friday, 24 October 2008

No dematerialisation or rematerialisation of shares may take place for the period from 13 October 2008 to 17 October 2008, both dates inclusive.

On Friday, 24 October 2008 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 24 October 2008 will be posted on or about that date. Transfers will be made to the dematerialised shareholder accounts at their CSDP or broker on 24 October 2008.

By order of the board

AWB Band	WR Jardine	DR Gammie
(Chairman)	(Chief Executive Officer)	(Director: Finance)

Sandton

5 September 2008

www.aveng.co.za

HOME WITHOUT HARM

EVERYONE EVERYDAY

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AVENG LIMITED: Registration number 1944/018119/06 Share code: AEG ISIN code: ZAE000111829 **REGISTERED OFFICE:** 204 Rivonia Road, Morningside, Sandton, 2057