Soccer City – flagship soccer stadium.

THE AVENG GROUP

Audited Group results for the 12 months ended 30 June 2009

Commentary

Aveng has delivered a satisfactory performance taking account of the adverse trading conditions within its Manufacturing and Processing operations. While both the Construction and Engineering and Opencast Mining segments performed well, lifting their combined operating profit contribution by 40%, this was insufficient to offset the 54% decline experienced in the Manufacturing and Processing segment.

Financial Review

The Group reported a 14% increase in revenue to R33,8 billion (2008: R29,6 billion). The Construction and Engineering and the Opencast Mining segments delivered strong revenue growth of 21% and 26%, respectively with improved operating margins. The Manufacturing and Processing segment however, came under significant pressure in the second half of the financial year due to sharply lower volumes and a substantial reduction in the steel price. Consequently, the Group's operating profit declined by 13% to R2,1 billion (2008: R2,4 billion) with an operating margin of 6,3% (2008: 8,2%).

The Group earned net income from investments of R715,3 million (2008: R866,2 million), following a reduction in the Group's cash position due to the return of cash to shareholders in the form of a special dividend and the share repurchase programme, totalling R4,6 billion since March 2008. This contributed to the marginal decline in the Group's return on average capital employed to 26,0% from 28,6%.

Headline earnings per share decreased by 11% to 528,5 cents (2008: 591,4 cents) and earnings per share of 538,8 cents (2008: 594,2 cents) reflected a reduction of 9%.The actual number of shares in issue decreased by 2,5 million shares to 396,0 million (2008: 398,5 million), being the difference between the shares issued on conversion of the corporate bond into equity (5,6 million shares) and the share repurchase scheme (8,1 million shares). The fully diluted number of shares includes 41,3 million (2008: 35,5 million) Aveng shares to meet the Group's obligation to the BEE grouping in Aveng (Africa) and Trident Steel. The remaining R80 million of the R1,0 billion corporate bond was converted into equity concurrent with the share repurchase.

Despite the adverse operating environment and the negative effects of steel price fluctuations during the year, the Group's cash flow remains strong with cash retained by operations at R3,0 billion (2008: R3,1 billion).

The Group's balance sheet remains robust with net cash at June 2009 of R7,4 billion (2008: R8,9 billion) after funding capital expenditure of R2,7 billion and the net cash outflow of R59,3 million relating to the purchase of the Built Environs Group (Australia) and Keyplan (Pty) Limited.

Industry outlook

The fundamentals for the infrastructure industry, which were positive at the beginning of the financial year, changed markedly in the first half of the 2009 financial year.

For the first three months of fiscal 2009, the steel industry was still riding the crest of a wave, with record prices and demand. The impact of the global economic meltdown led to a 21% reduction in global volumes while internationally prices came down by as much as 60%, resulting in the industry having to take significant stock write downs. In addition, the steel markets serviced by Aveng contracted materially, with some segments down by more than 30%.

While the construction industry has not been as affected as the manufacturing and processing sector, a key impact of the liquidity crisis has been significant deferral and cancellation of projects, with Aveng experiencing cancellations of awarded work amounting to R4,2 billion during the year. Strong infrastructure investment flows, particularly from the public sector, supported activity levels but the limited availability of finance as a result of the global credit squeeze is restricting deal flow in both the public and private construction sectors. In addition, lack of funding has led to a downturn in industrial and commercial building, including retail developments. In line with the drop off in commodity prices, mining demand has slowed materially, particularly in platinum. The total value of projects that were tendered for but cancelled or deferred before being awarded amounted to R12 billion.

Notwithstanding all of these negative issues, the project pipeline in our target markets remains strong and although the exact timing of the global economic recovery remains uncertain, the long-term infrastructure investment outlook remains positive as evidenced by:

- The South African government increased its three year infrastructure investment budget to R787 billion earlier this year;
- The African infrastructure market is currently estimated at an annual value of US$22 billion, driven by investments in power, transport and water;
- In Australasia and the Pacific, major transport, utility and social infrastructure projects are expected to amount to AUS$297 billion over the next five years; and
- The five to seven year construction pipeline in the Middle Eastern market is estimated at more than US$272 billion.

The Group's total project opportunity pipeline based on the projects that are being targeted, is around R100 billion. Aveng is well positioned to take advantage of the available work and has invested in major project teams in both Australia and South Africa to focus on the larger contracts.

Strategy

Aveng aims to strengthen its position as a leading infrastructure development company providing a diverse range of construction, infrastructure and engineering products, services and solutions to customers, sustainable profitability to shareholders and a great place to work for employees.

The current business portfolio, consisting of Construction and Engineering, Manufacturing & Processing and Opencast Mining, will be managed to generate and extract more value for shareholders. This will be accomplished by focusing on margin improvement and growth in areas where significant market opportunities and competitive advantages exist.

Higher return growth generating businesses in the infrastructure value chain including Power, Environmental Services and Concessions, will be pursued. These sectors were identified for their long-term growth prospects, as a means to expand the range of construction and manufacturing sectors served by Aveng.

Operational review

Construction and Engineering

Comprising Grinaker-LTA, E+PC and McConnell Dowell, this segment showed a 21% increase in revenue to R22,7 billion. Operating profit grew by 35% to R1,3 billion, reflecting a margin improvement to 5,7% from 5,2% in 2008. The South African and African Construction and Engineering segment reported a 40% improvement in operating profit margin to 4,8% (2008: 3,4%).

Grinaker-LTA delivered revenue growth of 12% to R9,8 billion despite lower spending among its mining clients during the period. Infrastructure projects in the public sector buoyed activity levels with good performances from the Civil Engineering, Building and Earthworks Engineering business units. The Mechanical and Electrical business unit delivered an improved performance but has yet to reach its full potential. Operating margins continued to climb, as the benefits of the turnaround gained momentum. Grinaker-LTA is building a number of key infrastructure projects for 2010 and completed the Nelson Mandela Bay Multipurpose Stadium in June 2009. Construction of the Soccer City Stadium, near Soweto, is on track for handover in October 2009.

E+PC, Engineering and Projects Company, showed 98% growth in revenue to R836,8 million and good growth in operating profit. The operations of Keyplan, a water management solutions company acquired in the previous year, were integrated into E+PC. The operating group completed three significant contracts which were delivered in difficult contracting times and in some of the most remote areas of Africa. E+PC continued to strengthen its technology base and intellectual property during the year to enhance future project delivery.

McConnell Dowell, which operates in Australasia and the Pacific, continued to perform well, increasing revenue by 28% to R12,1 billion. The company delivered excellent operating cash flow and recorded operating profit of R788,8 million, up 22% in spite of challenging markets, with all business units trading profitably. Although the industry was affected by project cancellations across McConnell Dowell's operating regions, the company won significant new business during the year. McConnell Dowell has started work on the R8,2 billion Adelaide Desalination plant. The Dampier to Bunbury Natural Gas Pipeline (DBNGP) Stage 5B Looping contract in Western Australia is progressing well. Built Environs, in which McConnell Dowell owns a majority share, was affected by the decline in the property sector but has a good work load going forward.

Opencast Mining

Moolmans achieved strong revenue growth of 26% to R3,0 billion with new contracts secured in both South Africa and West Africa. Operating profit before depreciation increased by 59% to R628 million, while operating profit increased to R314,3 million, an improvement of 66%. The operating margin widened to 10,4% from 7,9% due to higher turnover and the benefit of a more balanced fleet. Capital expenditure of R1,6 billion was incurred to equip Moolmans for new contracts won during the year and to ensure that the plant fleet is balanced in terms of its age and productivity. The operating group faced some challenges associated with its rapid growth during the year as well as an exceptionally rainy summer in South Africa and consequently the performance of the South African operations was still below expectations, although the results in the last quarter were much improved.

Manufacturing and Processing

Revenue from this segment, consisting of Trident Steel and Aveng Manufacturing, contracted by 6% to R8,0 billion from R8,5 billion in 2008, as volumes across most sectors were impacted by the economic downturn, especially in the steel sector. The 54% decline in operating profit for the segment to R654 million (2008: R1,4 billion) is largely due to lower volumes and the negative impact of steel price reductions.

Aveng Manufacturing maintained its market share with revenue in line with 2008 at R3,2 billion. The operating profit margin was under pressure, predominantly due to declining steel prices and lower volumes. In tough trading conditions, Aveng Manufacturing's strategy of being a low-cost, high-quality producer positioned it well and costs were further aligned to the current reality. **Steeledale's** profits were sharply lower because of fluctuating steel prices and decreased volumes in the construction sector. Stocks which were very high early in the year were reduced materially, and steps were taken to align capacity to lower levels of demand. **Infraset's** landscaping division saw volumes under severe pressure, however large public sector projects supported volumes in the infrastructure division. **Duraset** performed well with its focus on growing market share and it maintained satisfactory throughput levels, defending its position despite lower mining sector spend. It continues to focus on new product development to ensure its long-term sustainability. **Lennings Rail Services** produced excellent results as its mechanised track maintenance and plate-laying construction divisions performed ahead of forecast in a tough market.

Trident Steel's revenues declined by almost 11% to R4,8 billion, the result of a significant decrease in average steel prices and a 29% reduction in volumes with all market segments being adversely affected. The second half of the financial year has been very badly impacted, particularly when compared to the corresponding period last year, during which demand could not be satisfied and prices were escalating sharply. The decline in demand was compounded by high stock levels built up in anticipation of sustained growth. Stock levels have since been aligned to the new lower levels of demand. Towards the end of the financial year, the steel market started showing month-on-month improvements and prices have lifted with the first price increases coming through in July 2009.

Safety

The Group has an unwavering commitment to make sure that its vision of "Home Without Harm, Everyone Everyday" becomes a way of life for every employee in moving towards shaping a world class safety culture. Safety is a core value of the Aveng Group and in 2009 it has been further entrenched with the implementation of stronger procedures and the appointment of additional senior managers to lead the journey towards a world class safety culture. The steps taken this year include:

- The formation of a Safety committee of the Aveng Limited Board;
- The creation of a dedicated Group Safety Health and Environmental (SHE) department to drive all safety initiatives;
- A Group SHE manager was appointed at Aveng and is supported at each operation by a SHE manager; and
- The revised Aveng Safety Framework was completed and is being implemented.

In spite of the heightened focus on safety, regrettably during the year under review, ten people lost their lives across the Group. Even one fatality is considered unacceptable and Aveng is dedicating extensive resources to improve its safety performance and to meet its commitment towards zero fatalities. On a positive note, the number of disabling injuries has come down by almost 30% to 278, while the DIFR, the disabling injury frequency rate per 200 000 hours, showed a marked improvement to 0,44 from 0,67 in the previous year. The reporting of near misses, a leading indicator of future performance, has increased across the Group, in line with intensive safety training and awareness campaigns.

Competition Matters

The Aveng Group took decisive action following the findings of a Competition Commission investigation into historical anti-competitive practices at Infraset. A compliance review, conducted by external legal advisors, has been implemented throughout Aveng's operations and is being entrenched with the appointment and training of compliance officers in all operations. The Aveng Anti-Corruption Framework, which was developed in 2008, leverages the compliance programme and sets the parameters for ethical and fair practices throughout the Group, including training on all competition matters across all operations. The Group has also maintained a hotline as a precautionary measure to uncover any unethical or unlawful activities.

The Board of Aveng has emphasised that it will not condone any breaches of the Group's Code of Business Conduct and will continue to take all the necessary steps to ensure that good corporate governance is practised across all operations.

Aveng will co-operate fully with the Competition Commission in its recently announced investigations into the construction industry.

Dividend

The Board has declared a dividend of 145 cents per share which is in line with the ordinary dividend declared last year. Notwithstanding the decline in earnings, the Board is satisfied that, taking into account the Groups' lack of gearing and cash generation capability, there is no need to cut the dividend. The Board remains committed to the dividend cover policy of four times headline earnings.

Board of Directors

The Aveng Group appointed Simon Scott as the Financial Director with effect from 1 August 2009. Dennis Gammie remains as Executive Director responsible for business development and strategic projects.

Prospects

The Group anticipates that public works programmes in the markets it serves will be sustainable, but could be affected by delays. Private sector demand should start to increase on the back of improving commodity prices combined with a more positive outlook in the emerging markets of China and India, as well as the anticipated availability of bank funding as markets return to stability.

The Aveng Group will continue to focus on increasing overall margins through ongoing continuous improvement and optimising its internal value chain to offer complete solutions to clients.

The Group's confirmed two-year Construction and Engineering order book has increased to R30,4 billion (2008: R25,8 billion), an increase of 18%, showing that, despite the tight environment, the Group maintained its ability to secure new projects. Grinaker-LTA has a two year order book of R10,1 billion, McConnell Dowell has two year work on hand of R13,1 billion and Moolmans has secured two year orders amounting to R6,4 billion.

Trading conditions for the Manufacturing and Processing segment are expected to be more stable with steel prices expected to be less volatile as evidenced by a cumulative increase of some 10% in July and August 2009 with a further price increase expected in October 2009. In addition the stock levels are now balanced with current demand levels. Demand for the products served by these businesses is still muted but should improve as infrastructural spending recovers.

With its strong balance sheet and positive cash balances, the Group is well positioned both defensively and for growth.

Declaration of dividend 2009

Dividend No 11 of 145 cents per share in respect of the financial year ended 30 June 2009 (2008 : Ordinary 145 cents per share and Special 145 cents per share) has been declared payable to shareholders recorded in the share register at close of business on Friday 16 October 2009.

The salient dates are:

Last date to trade shares *cum* dividend	Friday, 9 October 2009
Shares trade *ex* dividend on	Monday, 12 October 2009
Record date to receive dividend	Friday, 16 October 2009
Payment date	Monday, 19 October 2009

No dematerialisation or rematerialisation of shares may take place for the period from 12 October 2009 to 16 October 2009, both days inclusive.

On Monday, 19 October 2009, 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 19 October 2009 will be posted on or about that date. Transfers will be made to the dematerialised shareholder accounts at their CSDP or broker on 19 October 2009.

By order of the Board

AWB Band	**WR Jardine**	**SJ Scott**
(Chairman)	(Chief Executive)	(Financial Director)

7 September 2009

THE AVENG GROUP

HOME WITHOUT HARM

EVERYONE EVERYDAY

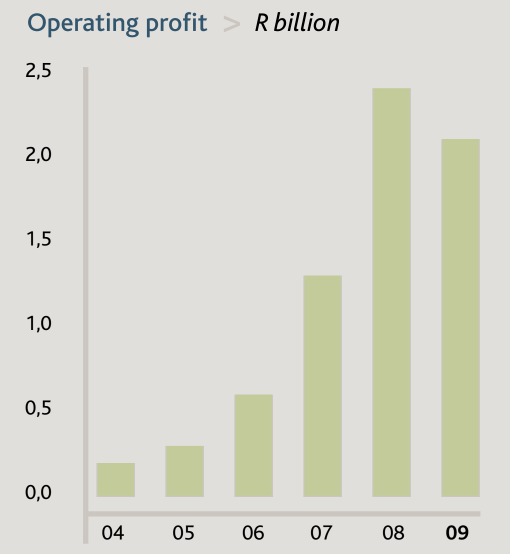
Revenue up 14%

Operating profit down 13%

Headline earnings down 10%

Dividend maintained at 145 cents

Two year order book up 18%



consolidated balance sheet

at 30 June 2009	2009 Rm	2008 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	5 062	3 513
Goodwill and other intangibles	1 093	823
Investments	119	108
Deferred tax	612	680
	6 886	5 124
Current assets		
Inventories	1 598	2 047
Trade and other receivables	6 321	5 346
Cash and cash equivalents	7 910	9 491
	15 829	16 884
TOTAL ASSETS	22 715	22 008
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	10 865	10 516
Minority interests	21	13
Total shareholders' funds	10 886	10 529
Non-current liabilities		
Interest-bearing borrowings	118	243
Deferred tax	240	324
	358	567
Current liabilities		
Trade and other payables	10 768	9 772
Interest-bearing borrowings	361	360
Taxation payable	342	780
	11 471	10 912
TOTAL EQUITY AND LIABILITIES	22 715	22 008

consolidated income statement

for the year ended 30 June 2009	2009 Rm	2008 Rm	% change
Revenue	33 772	29 622	14
Operating profit before depreciation and amortisation	3 032	3 077	
Depreciation	936	653	
Amortisation of intangibles	17		
Operating profit before non-trading items	2 079	2 424	
Non-trading items	49	11	
Operating profit	2 128	2 435	(13)
Share of profits and losses from associates and joint ventures	67	19	
Income from investments	757	946	
Operating income	2 952	3 400	
Finance cost	42	80	
Profit before taxation	2 910	3 320	
Taxation	809	1 011	
Profit for the period	2 101	2 309	
Attributable to			
Equity holders of Aveng Limited	2 091	2 301	
Minority interests	10	8	
Profit for the period	2 101	2 309	
Determination of headline earnings			
Profit attributable to equity holders of Aveng	2 091	2 301	
Net adjustment for non-trading items	(40)	(11)	
Headline earnings	2 051	2 290	(10)
EARNINGS PER SHARE (cents)			
Earnings	538,8	594,2	(9)
Headline earnings	528,5	591,4	(11)
Diluted earnings	487,0	538,3	(10)
Diluted headline earnings	477,6	535,7	(11)
DIVIDEND PER SHARE	145,0	145,0	
DIVIDEND PER SHARE – SPECIAL	—	145,0	

consolidated cash flow statement

for the year ended 30 June 2009	2009 Rm	2008 Rm
Cash retained from operating activities		
Cash retained from operations	2 128	2 435
Depreciation and amortisation	952	653
Non-cash items	(78)	(19)
Cash generated by operations	3 002	3 069
Income from investments	757	946
Decrease in working capital	204	1 619
Cash generated by operating activities	3 963	5 634
Interest paid	(42)	(80)
Taxation paid	(1 286)	(584)
Cash available from operating activities	2 635	4 970
Dividend paid	(1 138)	(331)
	1 497	4 639
Investing activities		
Property, plant and equipment purchased – expansion	(1 695)	(924)
– replacement	(1 019)	(865)
Investments in associate companies	83	84
Proceeds on disposal of property, plant and equipment	199	293
Purchase of subsidiaries	(59)	
	(2 491)	(1 412)
Financing activities		
Long-term borrowings repaid	(67)	(67)
Shares repurchased	(415)	(3 611)
	(482)	(3 678)
Net decrease in cash and cash equivalents	(1 476)	(451)
Cash and cash equivalents at beginning of year	9 207	9 479
Foreign currency translation reserve movement	(130)	179
Cash and cash equivalents at beginning of year	9 077	9 658
Cash and cash equivalents at end of year	7 601	9 207

segmental information

for the year ended 30 June 2009	2009 Rm	2009 %	2008 Rm	2008 %
Business segmentation				
Revenue				
Construction and Engineering – South Africa and Africa	10 601	31	9 259	31
Construction and Engineering – Australasia and Pacific	12 081	36	9 458	32
Opencast Mining	3 016	9	2 397	8
Manufacturing and Processing	8 009	24	8 503	29
Administration	65		5	
	33 772	100	29 622	100
Operating Profit				
Construction and Engineering – South Africa and Africa	511	5	318	3
Construction and Engineering – Australasia and Pacific	789	7	646	7
Opencast Mining	314	10	190	8
Manufacturing and Processing	654	8	1 409	17
Administration	(140)		(128)	
	2 128	6	2 435	8
Assets				
Construction and Engineering – South Africa and Africa	3 390	24	3 829	33
Construction and Engineering – Australasia and Pacific	3 301	23	2 325	20
Opencast Mining	2 925	21	2 086	18
Manufacturing and Processing	4 372	31	4 407	38
Administration	86	1	(918)	(9)
	14 074	100	11 729	100
Liabilities				
Construction and Engineering – South Africa and Africa	4 281	40	4 034	41
Construction and Engineering – Australasia and Pacific	3 660	34	2 414	25
Opencast Mining	858	8	955	10
Manufacturing and Processing	1 333	12	2 127	22
Administration	636	6	242	2
	10 768	100	9 772	100
Capital expenditure				
Construction and Engineering – South Africa and Africa	352	13	260	14
Construction and Engineering – Australasia and Pacific	506	18	495	28
Opencast Mining	1 579	58	783	44
Manufacturing and Processing	249	9	231	13
Administration	54	2	20	1
	2 740	100	1 789	100

segmental information (continued)

for the year ended 30 June 2009	2009 Rm	2009 %	2008 Rm	2008 %
Depreciation				
Construction and Engineering – South Africa and Africa	114	12	80	12
Construction and Engineering – Australasia and Pacific	389	41	246	38
Opencast Mining	314	34	206	31
Manufacturing and Processing	109	12	96	15
Administration	9	1	25	4
	935	100	653	100
Geographical segmentation				
Revenue				
Republic of South Africa	18 342	54	16 748	57
Rest of Africa and Mauritius	3 331	10	3 397	11
Australasia and Pacific	10 021	30	7 677	26
South East Asia	2 060	6	1 782	6
Middle East and Other	18		18	
	33 772	100	29 622	100
Assets				
Republic of South Africa	8 905	63	7 549	64
Rest of Africa and Mauritius	1 867	13	1 855	16
Australasia and Pacific	2 195	16	1 854	16
South East Asia	945	7	471	4
Middle East and Other	162	1		
	14 074	100	11 729	100
Capital expenditure				
Republic of South Africa	1 451	53	745	42
Rest of Africa and Mauritius	784	29	550	31
Australasia and Pacific	478	17	404	22
South East Asia	27	1	90	5
Middle East and Other				
	2 740	100	1 789	100

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.

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 report will be available by the end of September 2009.

other group information

	2009 Rm	2008 Rm
Non-trading items		
Net surplus on disposal of properties, plant and equipment	(24)	(1)
Net surplus on disposal of investments	(25)	(10)
	(49)	(11)
Number of shares (millions)		
In issue	396	398
Weighted average	388	387
Diluted weighted average	429	428
Goodwill and other intangibles		
At beginning of year	823	780
Acquired in business combination	322	
Amortisation of intangibles	(17)	
Foreign exchange movements	(35)	43
Total goodwill and other intangibles	1 093	823

consolidated statement of changes in equity

for the year ended 30 June 2009

	Share capital Rm	Share premium Rm	Equity portion of compound instrument Rm	Foreign currency translation Rm	Other non-distributable reserves Rm	Retained income Rm	Total Rm	Minority interest Rm	Total equity Rm
	Attributable to equity holders of the parent								
			Non-distributable reserves						
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 1 July 2008	20	1 896	11	77	43	8 469	10 516	13	10 529
Profit for the year						2 091	2 091	11	2 102
Dividends paid						(1 138)	(1 138)		(1 138)
Foreign currency translation				(264)			(264)	(2)	(266)
Corporate bond conversion	*	74					74		74
Corporate bond equity transfer		11	(11)						
Movement in treasury shares	*	*					*		*
Share repurchase programme	*					(414)	(414)		(414)
Transfers					18	(18)			
Balance at 30 June 2009	20	1 981	—	(187)	61	8 990	10 865	22	10 887

*Amounts are less than R1 million.

DIRECTORS

AWB Band* (Chairman), WR Jardine (Chief Executive Officer), SJ Scott (Financial Director), DR Gammie, JJA Mashaba, DG Robinson (Australian), RL Hogben*, VZ Mntambo*, MJD Ruck*, NL Sowazi*, PK Ward*

(*non-executive)

COMPANY SECRETARY

GJ Baxter

AVENG LIMITED

Incorporated in the Republic of South Africa

Registration number 1944/018119/06

Share code: AEG ISIN code: ZAE000111829

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THE AVENG GROUP

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