AVENG GROUP
Leaders in infrastructure development

Audited Group results

for the twelve months ended 30 June 2012

Revenue

R41 billion

up 19% on June 2011

Headline earnings

R495 million

decrease of 58% on June 2011

Order book

R47 billion

increase of 27% on June 2011

Dividends per share (cents)

60 cents

decrease of 58% on June 2011
R3,9 billion net cash on hand at year end (2011: R5,4 billion)

Diverse operational capability: Group structure

Consolidated statement of financial position

at 30 June	**2012 Audited Rm**	2011 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**6 664**	6 021
Goodwill and other intangibles	**1 549**	1 481
Investments	**251**	223
Deferred tax	**1 373**	1 019
	9 837	8 744
Current assets		
Inventories	**2 467**	2 066
Trade and other receivables	**10 442**	8 132
Cash and cash equivalents	**5 203**	5 611
	18 112	15 809
TOTAL ASSETS	**27 949**	24 553
EQUITY AND LIABILITIES		
Capital and reserves		
Equity attributable to ordinary shareholders of Aveng Limited	**12 902**	12 918
Non-controlling interests	**10**	(3)
Total equity	**12 912**	12 915
Non-current liabilities		
Borrowings	**748**	48
Deferred tax	**674**	832
	1 422	880
Current liabilities		
Trade and other payables	**12 850**	10 348
Borrowings	**523**	246
Taxation payable	**242**	164
	13 615	10 758
TOTAL EQUITY AND LIABILITIES	**27 949**	24 553

Consolidated statement of comprehensive income

for the year ended 30 June	2012 Audited Rm	2011 Audited Rm	% change
Revenue	**40 885**	34 324	19
Operating profit before depreciation and amortisation	**2 020**	2 615	
Depreciation	**1 479**	1 101	
Amortisation of intangibles	**37**	24	
Operating profit before non-trading items	**504**	1 490	(66)
Non-trading items	**31**	(14)	
Operating profit	**535**	1 476	(64)
Share of profits and losses from associates and joint ventures	**41**	(7)	
Income from investments	**226**	347	
Operating income	**802**	1 816	
Finance cost	**76**	59	
Profit before taxation	**726**	1 757	
Taxation	**203**	584	
Profit for the year	**523**	1 173	(55)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations	**472**	209	
Total comprehensive income for the year	**995**	1 382	
Profit for the year attributable to:			
Equity holders of Aveng Limited	**521**	1 177	
Non-controlling interests	**2**	(4)	
Profit for the year	**523**	1 173	
Total comprehensive income attributable to:			
Equity holders of Aveng Limited	**992**	1 386	
Non-controlling interests	**3**	(4)	
	995	1 382	
Determination of headline earnings			
Profit attributable to equity holders of Aveng Limited	**521**	1 177	
Non-trading items net of taxation	**(26)**	14	
Headline earnings	**495**	1 191	(58)
EARNINGS PER SHARE (cents)			
Earnings	**134,9**	302,9	(55)
Headline earnings	**128,1**	306,4	(58)
Diluted earnings	**126,2**	283,3	(55)
Diluted headline earnings	**119,8**	286,6	(58)
DIVIDEND PER SHARE (cents)	**60,0**	145,0	(58)

Consolidated statement of cash flows

for the year ended 30 June	**2012 Audited Rm**	2011 Audited Rm
Cash retained from operating activities		
Cash retained from operations	**535**	1 476
Depreciation and amortisation	**1 516**	1 125
Non-cash items	**172**	(171)
Cash generated by operations	**2 223**	2 430
Income from investments	**226**	347
(Increase) in working capital	**(799)**	(1 873)
Cash generated by operating activities	**1 650**	904
Finance cost	**(76)**	(59)
Taxation paid	**(567)**	(455)
Cash available from operating activities	**1 007**	390
Dividend paid	**(561)**	(565)
	446	(175)
Investing activities		
Property, plant and equipment purchased – expansion	**(1 220)**	(1 141)
– replacement	**(867)**	(678)
Investment in associate companies	**30**	15
Proceeds on disposal of property, plant and equipment	**149**	89
Purchase of subsidiaries		(285)
	(1 908)	(2 000)
Operating free cash utilised before foreign exchange rate impact	**(1 462)**	(2 175)
Foreign exchange rate impact	**515**	315
Operating free cash utilised	**(947)**	(1 860)
Financing activities with equity holders		
Shares repurchased	**(449)**	(117)
Increase in shares by minorities in subsidiary company	**10**	
Movement in net cash position (net cash outflow)	**(1 386)**	(1 977)
Financing activities with debt holders		
Long-term borrowings raised	**869**	47
Long-term borrowings (repaid)	**(23)**	(300)
Net decrease in cash and cash equivalents	**(540)**	(2 230)
Cash and cash equivalents at beginning of year	**5 400**	7 631
Cash and cash equivalents at end of year	**4 860**	5 400

NOTES

Accounting policies

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

The presentation of these results also conform to the Listings Requirements of the JSE Limited and the South African Companies Act, 2008.

The accounting policies used in the preparation of the results are consistent in all material respects with the prior year.

New, revised and adopted standards effective for the current year, have had no impact on the financial position and the financial results.

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 2012 integrated report will be available by the end of September 2012.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to estimates are recognised in the period in which the estimate is revised.

Contracting revenue and profit/loss recognition

Given the complexity of many of the contracts undertaken by the Group, the knowledge and experience of the Group's project managers, engineers, and executive management is used in assessing the financial risks pertained to individual projects and the associated judgments and estimates employed. Cost and revenue estimates and judgments are reviewed and updated monthly, and more frequently as determined by events or circumstances. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Material changes in one or more of these judgments and/or estimates, whilst not anticipated, would affect the profitability of individual contracts and the Group’s overall results. The impact of a change in judgments or estimates has and will be influenced by the size and complexity of individual contracts within the portfolio at any point in time.

Preparation of financial statements

These condensed consolidated financial statements have been prepared under the supervision of HJ Verster, Financial Director.

Segmental information

for the year ended 30 June	**2012 Audited Rm**	%	2011 Audited Rm	%
Operational segmentation				
Revenue				
Construction and Engineering South Africa and Africa	**9 934**	24	9 575	28
Construction and Engineering Australasia and Pacific	**17 123**	42	13 281	39
Open cut mining	**4 677**	11	3 656	11
Manufacturing and Processing	**9 147**	23	7 807	22
Administration	**4**		5	
	40 885	100	34 324	100
Operating profit				
Construction and Engineering South Africa and Africa	**(733)**	(137)	443	30
Construction and Engineering Australasia and Pacific	**360**	67	291	20
Open cut mining	**478**	89	413	27
Manufacturing and Processing	**585**	109	321	22
Administration	**(155)**	(29)	8	
	535	100	1 476	100
Assets				
Construction and Engineering South Africa and Africa	**4 972**	25	4 130*	23
Construction and Engineering Australasia and Pacific	**5 610**	29	4 531	26
Open cut mining	**3 647**	19	3 036	17
Manufacturing and Processing	**5 280**	27	5 740	32
Administration	**65**		263*	2
	19 574	100	17 700	100
			*Restated	
Current liabilities				
Construction and Engineering South Africa and Africa	**2 923**	23	2 771	27
Construction and Engineering Australasia and Pacific	**5 961**	47	4 446	44
Open cut mining	**1 604**	12	1 075	10
Manufacturing and Processing	**1 407**	11	1 487	14
Administration	**955**	7	569	5
	12 850	100	10 348	100
Capital expenditure				
Construction and Engineering South Africa and Africa	**329**	16	232	13
Construction and Engineering Australasia and Pacific	**611**	29	473	26
Open cut mining	**934**	45	711	39
Manufacturing and Processing	**198**	9	438	24
Administration	**15**	1	(35)	(2)
	2 087	100	1 819	100
Depreciation				
Construction and Engineering South Africa and Africa	**180**	12	170	15
Construction and Engineering Australasia and Pacific	**618**	41	320	30
Open cut mining	**526**	36	468	42
Manufacturing and Processing	**127**	9	123	11
Administration	**28**	2	20	2
	1 479	100	1 101	100
Geographical segmentation				
Revenue				
Republic of South Africa	**18 485**	45	17 503	51
Rest of Africa and Mauritius	**4 971**	12	3 415	10
Australasia and Pacific islands	**14 738**	37	10 656	31
South East Asia	**2 581**	6	2 680	8
Middle East and other	**88**		69	
South America	**22**			
	40 885	100	34 323	100
Assets				
Republic of South Africa	**10 412**	53	10 833	61
Rest of Africa and Mauritius	**3 485**	18	2 294	13
Australasia and Pacific islands	**4 748**	24	3 537	20
South East Asia	**891**	5	1 013	6
Middle East and other	**38**		23	
	19 574	100	17 700	100
Capital expenditure				
Republic of South Africa	**976**	47	967	53
Rest of Africa and Mauritius	**499**	24	378	21
Australasia and Pacific islands	**565**	27	452	25
South East Asia	**46**	2	22	1
Middle East and other	**1**			
	2 087	100	1 819	100

Consolidated statement of changes in equity

	Share capital Rm	Share premium Rm
Balance at 1 July 2010	**20**	**1 981**
Profit for the year		
Other comprehensive income/(loss)		
Total comprehensive income		
Dividends paid		
Acquisition of non-controlling interest		
Share repurchase programme	*	(117)
Transfers		
Balance at 30 June 2011	**20**	**1 864**
Profit for the year		
Other comprehensive income/(loss)		
Total comprehensive income		
Dividends paid		
Shares issued	*	327
Share repurchase programme	(1)	(448)
Movement in treasury shares	*	(327)
Transfers		
Balance at 30 June 2012	**19**	**1 416**

**Amounts less than R1 million.*

Attributable to equity holders of Aveng Limited					
Non-distributable reserves					
Foreign currency translation Rm	Other non-distributable reserves Rm	Retained income Rm	Total Rm	Non-controlling interest Rm	Total equity Rm
(145)	**69**	**10 291**	**12 216**	**5**	**12 221**
		1 177	1 177	(4)	1 173
207	2		209		209
207	2	1 177	1 386	(4)	1 382
		(565)	(565)	*	(565)
				(4)	(4)
			(117)		(117)
	2	(2)			
62	**73**	**10 901**	**12 920**	**(3)**	**12 917**
		521	521	2	523
484	(12)		472	1	473
484	(12)	521	993	3	996
		(561)	(561)	*	(561)
			327	10	337
			(449)		(449)
			(327)		(327)
	(4)	4			
546	**57**	**10 865**	**12 902**	**10**	**12 912**

Other Group information

for the year ended 30 June	**2012 Audited Rm**	2011 Audited Rm
Non-trading items:		
Profit on disposal of land and buildings	*	1
Impairment of investment		(15)
Profit on sale of investment in subsidiary	**31**	
Profit/(Loss) on non-trading items	**31**	(14)
Number of shares (millions)		
In issue	**390**	393
Weighted average	**386**	389
Diluted weighted average	**413**	416
Goodwill and other intangibles		
At beginning of year	**1 481**	1 086
Acquired	**36**	382
Amortisation of intangibles	**(37)**	(24)
Foreign exchange movements	**69**	38
Total goodwill and other intangibles	**1 549**	1 481

OVERVIEW

Safety

The Aveng Group's safety vision, *'Home Without Harm, Everyone Everyday'* remains integral to the manner in which the business operates. On a positive note, the Recordable Injury Frequency Rate (RIFR) declined by a further 3% to 1,19 by 30 June 2012 against 1,22 for the comparative period ended 30 June 2011 ("the comparative period").

In spite of the improving trend the Group regrettably suffered twelve fatalities, six of whom were subcontractors. Three of the fatalities occurred as a result of accidents in company vehicles on public roads. The Aveng Group Board and Management extend their sincere condolences to the families of our deceased colleagues.

Aveng is giving greater attention to improving the management and control of high consequence activities including subcontractor and transport safety management.

Operational overview

The impact of the ongoing economic downturn in the South African construction and engineering sector, was compounded by execution problems on a number of key projects in the construction and engineering operations in both South Africa and Australia.

Although McConnell Dowell was able to offset the impact of two problematic contracts by means of good performance on other contracts, this was not the case in South Africa where the *Construction and Engineering: South Africa* segment incurred substantial losses which were attributable to:

- losses and loss provisions on the previously reported DSE steel fabrication contract;
- losses on a number of other contracts within the South African construction segment;
- the cost of restructuring the business;
- the cost of maintaining skills and related capacity in anticipation of improved market conditions; and
- provision for a potential Competition Commission fast-track settlement.

With the exception of the South African construction segment all the other operations improved their operating profit contributions. Revenue growth and profitability of *Construction and Engineering: Australasia and Pacific* improved substantially in the current financial year, with a strong performance from its offshore construction and electrical businesses and the Open cut mining and Manufacturing and Processing generated a much improved result.

Encouraging progress was made on previously reported problem contracts in both the Australasian and South African construction businesses but further additional provisions to de-risk some new loss making construction contracts were considered necessary.

Strategic interventions implemented in recent years to reposition and strengthen many of our operations, including McConnell Dowell, the manufacturing and processing operations and the mining business, have resulted in sustainable improvements in their operational performances. Aveng Grinaker-LTA has undergone a significant and particularly challenging restructuring process during the year to address systemic problems that have impeded its performance. Critical measures have been implemented to rationalise the business and strengthen its multi-disciplinary offering to position it for growth. The investments in new growth areas such as renewable energy and water are also starting to look positive.

The Group's two year order book grew by 2% from R46,0 billion at 31 December 2011 to R47,0 billion at 30 June 2012. This increase emanates primarily from the Group's South African mining and construction business. The Australian order book decreased by 2% from R30,6 billion to R29,9 billion. In Australian dollar terms the order book decreased by 3% to AU$3,6 billion.

On a year on year basis, the Group's order book has grown by 27% from R37 billion in June 2011 to the current R47,0 billion. This includes a 58% growth in orders secured by the Group's Australian based operations. In Australian dollar terms, the Australian based order book has grown by 20% from AU$3,0 billion to AU$3,6 billion.

FINANCIAL REVIEW

Financial performance

Revenue for the year increased by 19% to R40,9 billion from R34,3 billion in 2011. Other than for Aveng E+PC and Aveng Grinaker-LTA, all other divisions realised solid real growth in their top-line performances.

Substantial losses in the *Construction and Engineering: South Africa* segment (consisting of Aveng Grinaker-LTA, Aveng E+PC and Aveng Water) were the primary contributors to the 64% fall in operating profit from R1,476 million to R535 million, representing a decline in operating margin from 4,3% to 1,3%.

The effective tax rate of the Group declined from 33% to 28% in the comparative period largely due to foreign rate tax differentials.

Headline earnings declined by 58% to R495 million (2011: R1,191 million), amounting to a headline earnings per share of 128,1 cents (2011: 306,4 cents).

Financial position and cash flow

In the first phase of optimising the capital structure of the business, external funding of R657 million was introduced into the Aveng Moolmans business during June 2012, which in turn allowed for its partial repayment of Group funding by 30 June 2012. Given the corporate reorganisation resulting in the formal creation of Aveng Mining, bringing together Aveng Moolmans and Aveng Grinaker-LTA's Underground Mining unit from July 2012, further capital optimisation opportunities will be sought for this new business segment.

In May 2012 the Group continued with its share repurchase programme acquiring 11,75 million shares for a total consideration of R449 million.

The operating free cash utilised before the impact of foreign exchange was an outflow of R1,462 million against an outflow of R2,175 million in the comparative period. The current year's outflow was characterised primarily by:

- an increase in the net working capital investment of R799 million (2011: R1,873 million outflow) due to increases in trade payables and receivables throughout the business as well as higher inventory levels within the Manufacturing and Processing segments given the slower market conditions;
- financing cost of R76 million (2011: R59 million);
- taxation paid of R567 million (2011: R455 million);
- dividends paid of R561 million (2011: R565 million);
- capital investment of R2,087 million (2011: R1,819 million) primarily relating to:
  - new and existing contracts in the mining business (Tshipi Borwa open pit manganese mine in the Northern Cape, the Kansanshi Copper Mine and the Chimiwungo open pit in north western Zambia, as well as the extension and increase volume of the contract for Kumba Iron Ore's Sishen mine);
  - construction camps and related equipment for numerous new contracts within the Australasian and Pacific construction business;
  - capacity maintenance and expansion in the Manufacturing and Processing segment; and
  - capacity maintenance in Aveng-Grinaker-LTA; and
- share repurchases of R449 million (2011: R117 million).

The net cash position of R3,931 million at 30 June 2012 (2011: R5,317 million) continues to anchor a strong balance sheet, which, with a conservative liquidity management policy, positions the Group to withstand the present difficult economic conditions, whilst serving as a sound staging platform for future growth.

OPERATIONAL REVIEW

Construction and Engineering: South Africa and Africa

This business segment comprises Aveng Grinaker LTA Building, Civil Engineering, Earthworks Engineering, Mechanical & Electrical, Underground Mining, Aveng Water and Aveng E+PC divisions.

Revenue for this segment increased by 4% from R9,6 billion to R9,9 billion. The segment however reported a substantial net operating loss for the period of R733 million (2011: R443 million profit).

Aveng Grinaker-LTA's revenue grew by 4% to R9,2 billion, in spite of difficult market conditions, but the business reported a substantial net operating loss of R763 million, which includes a provision for a potential Competition Commission fast-track settlement, and a loss in the DSE steel fabrication sub-contract for the Medupi and Kusile power stations (as described more completely in the divisional review which follows). Furthermore, the disappointing divisional performance also reflects the impact of project delays and cancellations, severe margin erosion, smaller project execution challenges against which a further loss provision was required, the cost of maintaining skills and related capacity in anticipation of improved market conditions, and the cost of restructuring the business.

In overview, the performance of Aveng Grinaker-LTA's divisions may be summarised as follows:

- The **Building division** increased its revenue by 21% to R2,6 billion, but the net operating margin declined as a result of margin erosion and cost of maintaining skills and related capacity associated with work that did not materialise.
- The **Civil Engineering division,** amidst a competitive market with limited new opportunities, was negatively impacted by the suspension in July 2011 of a significant civils contract for the KCM Konkola CRO plant in Zambia. Underperformance on two mining projects also contributed to an unchanged revenue of R1,5 billion. The risk to the Aveng Group posed by the Medupi civils contract was largely alleviated during the year by a renegotiation of the completion programme. The contract was approximately 65% complete at year end and is on schedule to meet Eskom's revised deadline. Medupi will be the largest dry-cooled coal fired power station in the world.
- The **Earthworks division** was affected by the suspension of phase 2 of the Government Freeway Improvement Programme and on-going uncertainty in the mining sector, which contributed to a 19% decline in revenue to R1,0 billion. The operating unit sought to mitigate these impacts by diversifying into the water infrastructure and asphalt products sectors.
- The **Mechanical and Electrical division** increased revenue by 5% to R2,2 billion but profitability was severely impacted by difficulties experienced in the sub-contract to deliver fabricated steel to Medupi and Kusile. The division has negotiated a new contract with the ultimate client, Hitachi, to supply a specified quantity of steel directly, and submitted a claim for losses incurred on the initial sub-contract with Genrec. Additional loss provisions have taken place in the current year relating to this matter. A second project in alliance with Alstom to install mechanical and electrical equipment at Kusile was awarded during the year.
- The **Underground Mining division** maintained its revenue and operating margins at R2 billion and 5% respectively, and won new shaft-sinking and mine access and development projects in Chile and South Africa. This operation has been combined with Aveng Moolmans with effect from 1 July 2012 to form Aveng Mining.
- The revenue of **Aveng E+PC** declined to R390 million, while **Aveng Water** increased its revenue by 37% to R328 million in spite of a competitive environment with limited work opportunities and delays or downscaling of the scope of many projects that were awarded. Higher levels of activity in coal mining and the award of preferred bidder status on two renewable energy contracts bode well for Aveng E+PC in 2013, while existing operate and manage contracts provide a base load of work for Aveng Water as it pursues growth in the domestic and Australian acid mine drainage markets.

Construction and Engineering: Australasia and Pacific

This business segment comprises McConnell Dowell construction, tunnelling, electrical and pipeline division in Australia, South East Asia, New Zealand and the Pacific Islands and the Middle East.

McConnell Dowell's revenue grew by 29% to R17,1 billion and operating profit also improved substantially, supported by a strong Australian dollar, which averaged R8,01 compared to R6,95 in the prior year, and solid performances by the offshore construction and electrical businesses. Although good progress has been made in resolving previously reported problematic contracts, this business segment was impacted by significant provisions that were raised against project execution challenges at the Queensland Curtis LNG (QCLNG) large diameter export pipeline project and the Hay Point Berth project.

In overview, the performance of the divisions may be summarised as follows:

- The **Australian Construction division** maintained steady growth, reporting revenue of R7,9 billion in a project environment that continued to be driven by investment in general domestic infrastructure as well as infrastructure for the mining and oil and gas markets. The Adelaide Desalination Plant, the largest of its type in the world, which was initially delayed by geotechnical and weather challenges, reached an important milestone in October 2011 with the successful commissioning of the first of two 50 gigalitre plants. Since then the pump station and transfer pipeline have been distributing drinking quality water to water storage facilities in South Australia and the project is on schedule to achieve full capacity of 100 gigalitres of desalinated water per annum in December 2012.

The Adelaide Desalination and Komo Airfield projects which were identified as problem contracts in June 2011, have both made good progress and contributed positively to earnings in 2012. The Pinkenba malting facility in Queensland was successfully completed during the year.

The Hay Point Berth project in Queensland experienced delays as a result of design changes, start-up delays and difficult ground conditions. Although the project is at an early stage, these delays increase its risk profile. McConnell Dowell is working with the client to mitigate the delays with an accelerated work programme.

- The **Overseas Construction division** continued to perform well in competitive markets, with ongoing growth in South East Asia and the Middle East contributing to revenue growth of 65% to R3,7 billion. The operation was awarded a jetty design and construct contract for Vale SA in Malaysia and strengthened its position in New Zealand with the award of major new contracts in the Christchurch rebuild programme and the transport and power infrastructure sectors.
- The **Pipelines division** reported revenue of R2,8 billion. Work on a number of significant contracts on coal seam methane projects secured in Queensland in the previous financial year gained momentum during the year, but profits were impacted by slower than expected initial progress on the QCLNG project. Good progress was achieved in the welding, trenching and pipe lowering productivities during the second half of the year and the project was 55% complete at year-end and on schedule to achieve full completion by September 2013. The project, which is being undertaken with a joint venture partner, involves detailed design and construction work for a 540 kilometer 42 inch underground gas pipeline network that will transport coal seam gas from QGC's gas fields in the Surat Basin of Southern Queensland to a LNG export facility at Curtis Island near Gladstone.
- The **Tunnelling division** reported a decline in revenue to R1,0 billion and lower profits due to a shortage of new work secured in 2011 and the late start of projects secured in 2012. The award of major projects in New Zealand is expected to have a positive impact on revenue and profits in 2013.
- The **Electrical division** achieved significant growth across all of its key business sectors in Australia and New Zealand, increasing revenue by 36% to R1,9 billion. The business renewed maintenance contracts with most of its long-term customers in the electrical sector and has continued to diversify successfully into the gas maintenance sector as gas-related infrastructure investment continues to grow.

Aveng Moolmans

Aveng Moolmans delivered a strong financial performance with revenue growing by 28% to R4,7 billion in a generally busy environment, and the operating margin improved from 8,9% to 10,2%, with the Marikana settlement stripped out of the 2011 results. The key factors that contributed to this performance were a steady workload, no significantly underperforming contracts, and improved utilisation rates and efficiencies, all supported by dedicated people. In the South African market, Aveng Moolmans secured a new contract on the Tshipi Borwa open pit manganese mine in the Northern Cape in November 2011. In Africa, the business was awarded a contract at the Kansanshi Copper Mine and commenced work on the Chimiwungo open pit for the Lumwana Mining Company (Barrick) in north western Zambia.

Manufacturing and Processing

This business segment comprises Aveng Manufacturing and Aveng Trident Steel.

Aveng Manufacturing and Processing performed strongly in a generally depressed market, reporting revenue growth of 17% to R9,1 billion and an improvement in operating profit of R585 million (2011: R321 million) as all operating units, with the exception of Infraset, delivered growth in revenue and profit. A number of factors contributed to the improved performance, including the Competition Commission settlement in 2011 and a significant contribution from Dynamic Fluid Control (DFC) which was acquired in 2011 and is reporting its first full year as part of the Aveng Group, and considerable cost reduction and efficiency gains from the ongoing operational improvement programme.

In a challenging market characterised by unreliable supply from domestic steel mills in the first half of the financial year and a slowdown in public sector demand in the second half, Aveng Trident Steel was able to increase revenue by 12% to R5,7 billion, due largely to increasing demand from the automotive industry and an 11% increase in average steel prices.

The strong focus on operational efficiencies, together with the benefits of improved stock optimisation and a broader product offering helped to offset the impacts on the profit margin of ongoing competition in the market.

Administration

The operating loss of R155 million within the administrative segment for 2012 is comprised of a non-reoccurring exchange profit of R50 million in the 2011 financial year, new business activities and a reversal of provisions in respect of employee share incentives.

Awarding of preferred bidder status for wind and solar renewable energy projects

The Aveng Group has positioned itself for opportunities in the power and energy sector and has been awarded preferred bidder status on wind and solar renewable energy projects in the second round of the South African Government's renewable energy procurement programme. Aveng E+PC commenced work late in the year on front-end engineering and preparation for the start-up of the two projects once they reach financial close, expected by February 2013.

COMPETITION COMMISSION

While the Aveng Board supports and has co-operated with the Competition Commission ("the Commission") in its investigation into historic anti-competitive practices in the South African construction industry, the impact has been disruptive and divisive and Aveng seeks a rapid closure to the Commission's fast-track investigation process.

Aveng is in discussions with the Competition Commission and has submitted a settlement offer for which a provision has been raised.

The Group is of the view that it is now time to move forward, but in doing so it is hopeful that Government will assist the role-players in developing a sustainable future for the industry.

The Aveng Group remains committed to conduct business ethically.

OUTLOOK AND PROSPECTS

The Aveng Group anticipates that the investment by the public sector in South Africa will remain under pressure over the medium term given the continued uncertainty within the global economic environment. Private sector growth, which is primarily driven by the demand for commodities and energy, will continue to be impacted by the level and resilience of growth from China. The Australian infrastructure market which has continued to remain strong in the global economic slowdown now appears to be losing some momentum. Despite the cautious construction outlook, with our strong two year order book, improved operational performance and project execution, the Group is confident of an improved contribution from its construction businesses.

Indications are that the global steel industry will remain under pressure with no significant improvement in prices anticipated in 2013 and will continue to present challenges for our Manufacturing and Processing segment. This segment will pursue growth in new markets, a wider product range and geographical expansions with a specific focus on significant opportunities in the local and African rail infrastructure and mining sectors. Underlying the strategy will be an ongoing focus on driving efficiencies, reduction in costs and providing value added products and services to our customers.

Aveng Mining, which consists of the merger of the Group's Open cut mining operations, shaft-sinking capabilities, underground development and contract mining, is well placed to participate in the continued growth in mining activities on the African continent. This division will continue to benefit from long-term relationships with clients, a diversified commodity and geographical mix and continued focus on operational efficiencies.

The Aveng Group has a well balanced portfolio, geographical diversity and multi-disciplinary capability across the infrastructure value chain. The Group will continue to focus on project execution and to reduce the financial impact of challenging contracts. Special attention will be given to improve the overall performance of the local construction segment, the QCLNG Export Pipeline and Hay Point Berth projects.

DIVIDEND DECLARATION

The Board has revised the group's dividend practice from a payout ratio of 25% to 30% of headline earnings. Although not all shareholders are equally affected, a higher dividend payout ratio for 2012 is deemed appropriate in order to compensate the affected shareholders for the change in South African dividend tax regime.

Notwithstanding the foregoing and in consideration of the group's current level of profitability, cash requirements and order book prospects, the Board has declared a final gross dividend of 60 cents per share in respect of the financial year ended 30 June 2012. This constitutes a dividend payment ratio of 47% of the group's headline earnings per share for the period, which is consistent with the payout ratio for 2011.

The salient dates for the payment of the dividend are as follows:

Last date to trade cum dividend	Friday, 5 October 2012
Commence trading ex-dividend	Monday, 8 October 2012
Record date	Friday, 12 October 2012
Payment date	Monday, 15 October 2012

Share certificates may not be dematerialised or rematerialised between Monday, 8 October and Friday, 12 October 2012, both dates inclusive.

The dividend will be payable in South African Rand on Monday, 15 October 2012.

This is a dividend as defined in the Income Tax Act, 1962. Dividends will be paid net of dividends tax to be withheld and paid to the South African Revenue Service on behalf of affected shareholders. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the Company's regulated intermediary (Computershare Investor Services) that they are exempt therefrom, or entitled to a reduced rate as a result of a double taxation agreement between South Africa and the country of tax domicile of such owner. The withholding tax, if applicable at the standard rate of 15%, will result in a net cash dividend per share of 51 cents. No STC credits were utilised when determining the net dividend.

The Company's income tax number is 9756252715.

The Company has issued share capital of 389 838 097 ordinary shares in issue on 30 June 2012, of which 375 233 118 shares are in issue in public hands.

By order of the Board

AWB Band	**WR Jardine**	**HJ Verster**
(Chairman)	(Chief Executive)	(Financial Director)

3 September 2012

DIRECTORS

AWB Band* (Chairman), WR Jardine (Chief Executive Officer),
HJ Verster (Financial Director), JJA Mashaba, DG Robinson (Australian),
SD Pell, P Erasmus*#, MA Hermanus*#, MJ Kilbride*#, RL Hogben*#,
TM Mokgosi-Mwantembe*#, MJD Ruck*#, MI Seedat*#,
NL Sowazi*, PK Ward*# (*non-executive) (#independent)

COMPANY SECRETARY

M Nana

AVENG LIMITED

Incorporated in the Republic of South Africa
Registration number 1944/018119/06
Share code: AEG
ISIN code: ZAE000111829

REGISTERED OFFICE

204 Rivonia Road, Morningside, Sandton, 2057

REGISTRARS

Computershare Investor Services (Pty) Limited
(Registration number 2000/006082/06)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

DISCLAIMER

This commentary contains forward looking statements about the Company's operations and financial conditions. They are based on Aveng Limited's best estimates and information at the time of writing. They are nonetheless subject to significant uncertainties and contingencies many of which are beyond the control of the Company. Unanticipated events will occur and actual future events may differ materially from current expectations due to new business opportunities, changes in priorities by the Company or its joint ventures as well as other factors. Any of these factors may materially affect the Company's future business activities and its ongoing results.

This document is printed on Power Matt paper which is of a certified recyclable grade, contains no chlorine or acid chemicals and is harvested using accredited forestry techniques.

BASTION GRAPHICS

REGISTERED OFFICE

204 Rivonia Road, Morningside,
Sandton, 2057

HOME WITHOUT HARM
EVERYONE EVERYDAY

www.aveng.co.za