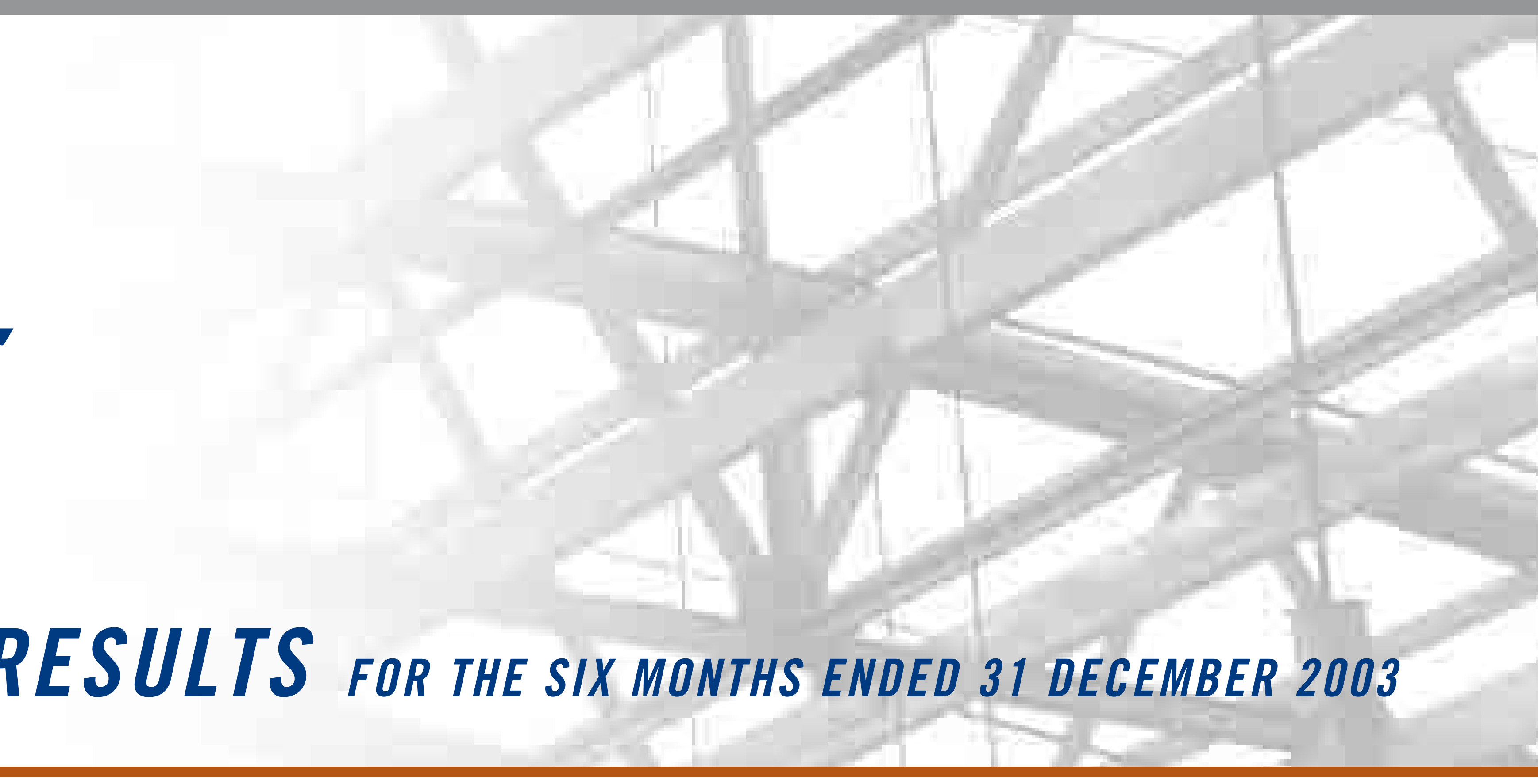

“Targeting consistent long-term value”

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

Consolidated balance sheet

Rm	31 December 2003	31 December 2002	Percentage change	30 June 2003
ASSETS				
Property, plant and equipment	**1 946,5**	1 804,8		1 922,9
Goodwill	**868,1**	1 017,1		959,2
Investments	**558,4**	490,9		526,1
Deferred taxation	**2,5**			29,8
Inventories	**898,0**	1 388,0		1 121,4
Trade and other receivables	**2 709,9**	2 865,1		3 122,5
Cash and cash equivalents	**566,6**	709,8		673,8
Total assets	**7 550,0**	8 275,7		8 355,7
EQUITY AND LIABILITIES				
Ordinary shareholders' funds	**2 603,8**	2 540,5		2 823,2
Minority interests	**5,7**	199,5		173,9
Interest-bearing borrowings – Long term	**747,7**	551,6		732,1
Deferred taxation		86,0		53,2
Trade and other payables	**3 026,0**	3 533,5		3 242,7
Interest-bearing borrowings – Short term	**1 126,2**	1 318,7		1 256,2
Taxation	**40,6**	45,9		74,4
Total equity and liabilities	**7 550,0**	8 275,7		8 355,7
Net debt-to-equity ratio (%)	**50,1**	42,4	18	43,9
Net asset value per ordinary share (cents)	**657**	641	2	713

Included in investments are associated and joint venture companies comprising unlisted investments valued by the directors at not less than their carrying value.

Statement of changes in equity

Rm	Six months ended 31 December 2003	Six months ended 31 December 2002	Year ended 30 June 2003
Ordinary shareholders' funds at the beginning of the period	**2 823,2**	2 555,0	2 555,0
Dividends paid	**(124,4)**	(105,2)	(105,2)
Earnings for the period	**68,0**	307,3	587,3
Equity accounted reserve movements	**(6,8)**		(42,6)
Foreign currency translation	**(156,2)**	(215,3)	(169,2)
Repurchase of shares by the Share Trust		(1,3)	(2,1)
	2 603,8	2 540,5	2 823,2

Consolidated cash flow

Rm	Six months ended 31 December 2003	Six months ended 31 December 2002	Year ended 30 June 2003
Cash generated from operations	**265,3**	470,6	1 016,0
Working capital movements	**419,5**	(107,1)	(334,1)
Cash generated by operations	**684,8**	363,5	681,9
Net financing costs	**(133,9)**	(119,1)	(261,5)
Taxation paid	**(62,4)**	(43,5)	(118,5)
Cash flow from operations	**488,5**	200,9	301,9
Dividends paid	**(124,4)**	(105,2)	(111,0)
Cash retained from operating activities	**364,1**	95,7	190,9
Net fixed assets purchased	**(195,1)**	(272,2)	(551,7)
Acquisitions net of disposals			(2,4)
Investments – other	**(159,2)**	205,5	240,9
Net long-term borrowings	**26,4**	(51,4)	152,9
Net increase/(decrease) in cash and cash equivalents	**36,2**	(22,4)	30,6
Cash and cash equivalents at beginning of period	**(400,3)**	(430,9)	(430,9)
Cash and cash equivalents at end of period	**(364,1)**	(453,3)	(400,3)

Capital expenditure

Rm	Six months ended 31 December 2003	Six months ended 31 December 2002	Year ended 30 June 2003
Expansion	**164,2**	129,1	403,8
Maintenance	**82,7**	169,1	423,8
	246,9	298,2	827,6
Commitments for future capital expenditure:			
Contracted	**33,1**	117,7	120,1
Authorised, but not contracted for	**186,7**	201,7	38,6
	219,8	319,4	158,7

Contingent liabilities

Claims which may result from pending litigation and guarantees issued amount to R287,1 million compared to R154,6 million at 30 June 2003.

Consolidated income statement

Rm	Six months ended 31 December 2003	Six months ended 31 December 2002	Percentage change	Year ended 30 June 2003
Revenue	**5 948,8**	6 968,9	(15)	13 244,2
Operating income before depreciation	**322,4**	467,2	(31)	1 047,1
Depreciation	**195,4**	195,9		375,4
Operating income	**127,0**	271,3	(53)	671,7
Income from associates and joint ventures	**89,1**	90,8		155,1
Income from investments	**34,7**	20,4		53,9
Income before interest paid	**250,8**	382,5		880,7
Interest paid	**168,7**	139,5		315,4
Income before exceptional items	**82,1**	243,0	(66)	565,3
Amortisation of goodwill	**(26,6)**	(27,7)		(59,9)
Non-trading items	**10,0**	145,3		192,4
Income before taxation	**65,5**	360,6	(83)	697,8
Taxation	**(2,5)**	45,8		100,6
Income after taxation	**68,0**	314,8	(78)	597,2
Minority interests		7,5		9,9
Earnings	**68,0**	307,3	(78)	587,3
Net adjustments for amortisation of goodwill and non-trading items	**17,7**	(117,6)		(125,6)
Headline earnings	**85,7**	189,7	(55)	461,7
EARNINGS PER SHARE (CENTS)				
Diluted headline	**22,0**	48,7	(55)	118,6
Diluted earnings	**17,5**	78,9	(78)	150,9
Headline	**22,0**	48,7	(55)	118,6
Earnings	**17,5**	78,9	(78)	150,9
NUMBER OF SHARES (MILLIONS)				
In issue	**396,1**	396,1		396,1
Weighted average	**389,3**	389,5		389,3
Diluted weighted average	**389,3**	389,5		389,3
DIVIDEND PER SHARE (CENTS)	**Nil**	Nil		30,0
ANALYSIS OF NET ADJUSTMENTS				
Net loss/(surplus) on disposal of investments	**(10,0)**	(145,9)		(191,7)
Net (surplus)/loss on disposal of properties		0,6		(0,7)
Non-trading items	**(10,0)**	(145,3)		(192,4)
Goodwill	**26,6**	27,7		59,9
Taxation	**1,1**			6,9
	17,7	(117,6)		(125,6)

Segmental analysis

	Revenue: Six months ended 31 Dec 2003 Rm	Revenue: Six months ended 31 Dec 2002 Rm	Revenue: Year ended 30 June 2003 Rm	Operating income: Six months ended 31 Dec 2003 Rm	Operating income: Six months ended 31 Dec 2002 Rm	Operating income: Year ended 30 June 2003 Rm
BUSINESS SEGMENTATION						
Construction	**3 910,0**	4 895,2	9 832,4	**6,9**	142,6	342,9
Steel and Allied	**2 038,8**	2 073,7	3 411,8	**120,1**	128,7	328,8
	5 948,8	6 968,9	13 244,2	**127,0**	271,3	671,7

	Revenue: Six months ended 31 Dec 2003 Rm	Revenue: Six months ended 31 Dec 2002 Rm	Revenue: Year ended 30 June 2003 Rm	Assets: Six months ended 31 Dec 2003 Rm	Assets: Six months ended 31 Dec 2002 Rm	Assets: Year ended 30 June 2003 Rm
GEOGRAPHICAL SEGMENTATION						
Republic of South Africa (CMA)*	**3 784,1**	4 119,0	7 871,5	**3 854,2**	3 975,8	3 105,1
Africa and Middle East	**1 270,5**	1 846,0	3 398,3	**1 880,6**	1 985,0	3 233,9
Australasia and South East Asia	**894,2**	1 003,9	1 974,4	**687,7**	1 114,2	787,0
	5 948,8	6 968,9	13 244,2	**6 422,5**	7 075,0	7 126,0

** Common monetary area of South Africa, Namibia, Lesotho and Swaziland.*

Notes

ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and the listing requirements of the JSE Securities Exchange South Africa. The accounting policies adopted are consistent with those of the previous year. The external auditors have not reviewed the financial results for the half-year ended 31 December 2003.

COMMENTARY

Financial review

In line with the profit warning of 2 February 2004, Aveng reports a difficult first half where revenues and headline earnings declined by 15% and 55% respectively.

There were three reasons for this downturn in performance:

- The negative impact of foreign currency translation, with the average rand/dollar exchange rate strengthening by 29% and the closing rate by 23% compared to the prior period.
- The indirect “knock-on” impact of the strong rand on investment in the mining, steel-based exports and other South African industry sectors serviced by Aveng companies.
- Substantial losses on three non-rand denominated southern African road contracts.

Negative taxation of R3 million resulted from the reversal of deferred tax.

Working capital was well managed, contributing to a marginal reduction in debt levels despite some significant demands on cash. These included a capex programme of R247 million, the purchase of the McConnell Dowell Corporation minorities for R123 million, the payment for additional opencast mining equipment at R165 million and dividends paid of R124 million.

Shareholders funds reduced by R388 million as a result of a negative foreign exchange translation of R156 million, a R168 million reduction in minority shareholders, and dividends paid. Consequently, inspite of a decline in group's net debt, the net debt to equity ratio increased to 50,1% compared to 43,9% at 30 June 2003.

Operational review

Construction, comprising Grinaker-LTA (Africa/Middle East) and McConnell Dowell Corporation (Australia/SE Asia), had a difficult six months reflected in a revenue decline of 20% and an operating profit being little better than break even.

Traditionally, Construction has earned more than half of its revenue in hard currencies, principally the US$, with a large portion of its remaining business directed at South African clients in the mining, energy and export sectors. The latter have themselves been particularly hard hit by the strong rand. As Grinaker-LTA has no significant involvement in the South African residential sector, it has benefited little from the buoyant conditions currently being experienced in this market.

A detailed review of current contracts conducted in January this year indicated that further losses needed to be accounted for in respect of three non-rand denominated southern African road contracts. These and other similar jobs had been tendered for around the time of the merging of Grinaker and LTA, when the rand was weakening and both companies were aggressively seeking to grow their hard-currency earning capacity by securing aid-funded US$ denominated road contracts in Africa. After being delayed by between twelve to twenty four months, a number of these jobs were awarded simultaneously, resulting in the then recently merged group's order book jumping to 129% of annual revenue in December 2000. Grinaker-LTA's resources were stretched and, a host of other issues such as security, cross-border logistics and inflexibility in funding mechanisms used by the aid agencies served to further exacerbate the problems being experienced.

Management has accordingly taken the decision not to bid for further road construction work outside of South Africa, and its neighbouring countries and will downscale the Roads & Earthworks business unit accordingly.

The international construction market is becoming increasingly challenging, with clients attempting to pass more risk on to contractors through larger engineer, procure, contract (EPC) type contracts. Litigation has escalated, and the traditionally cordial relationship between client, engineer and contractor is under strain. These developments do of course also bring opportunity as all parties actively seek a more progressive approach. Those construction companies able to adapt quickly and capitalise on the changing environment, will benefit.

Steel and Allied, consisting of Trident Steel, Grinaker-LTA Infrastructure and Mining Services and the Aveng corporate office performed satisfactorily despite a difficult steel market, which contracted by 19% over the period. Precast concrete products some of which are linked to consumer demand patterns, did reasonably well. Motor industry demand was steady and overall cost control excellent. Revenues declined by only 2% and operating income by 9% compared with the prior period.

The Saldanha Bay coil processing facility is presently being commissioned. The new warehouse in Blackheath, Cape Town has been completed, enabling Trident to integrate its two existing local operations.

Cement has benefited from strong consumer driven demand for residential building. Industry sales in the second half of 2003 were a significant 6,6% above the prior period. This buoyant level of activity is also reflected in an excellent performance from the quarrying and concrete businesses.

The R300 million upgrade of the Dudfield cement factory has been successfully completed, allowing the company to realise significant operational cost savings by being able to service its national cement market from just two kilns for the foreseeable future.

Following current practice in the international cement industry, Holcim (Switzerland) is in the process of introducing a common branding into their subsidiaries around the world. Aveng believes that this offers long-term value for the company and has accordingly supported the adoption of the Holcim brand in South Africa. Effective 1 February 2004 Alpha (Pty) Limited changed its name to Holcim (SA) (Pty) Limited.

Dividend

It is the group's policy to consider paying a single annual dividend after its 30 June financial year end.

Prospects

In its profit warning on 2 February this year, Aveng stated that “profits for the year ending June 2004 may be in the region of 50% lower than that of the corresponding period”. This statement assumed an exchange rate of R7 to the US$.

While the absolute size of the construction order book for execution in the next two years has declined by 15%, it currently stands at 85% of last year's revenue, which is very close to the middle of the 70% – 100% desirable range. As the business is in the process of contracting revenue, this level of order book is acceptable.

In addition to the substantial downsizing of its Roads & Earthworks business unit, Grinaker-LTA is conducting a fundamental review of its market focus, organisational structure and overhead costs in the light of recent developments both locally and in the international construction environment. McConnell Dowell Corporation has done better than the planned profit breakeven for the period and is getting stronger. The level of complementary capability, cross-learning and co-operation between Grinaker-LTA and McConnell Dowell Corporation operating in different parts of the world is particularly gratifying. The successfully completed R1,8 billion Sasol pipeline project, handed over to the client last month, bears testimony to this.

The steel and cement businesses continue to perform well and provide a solid base for the Aveng group's future growth.

By June 2004 Grinaker-LTA will have been re-engineered and dealt with all current known problems, enabling the Aveng group to enter the new financial year with an organisational and overhead structure best suited to meeting its future challenges. The directors remain committed to the group's corporate objectives and believe them to be achievable in the medium term.

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

Sandton, 8 March 2004

Trident

Holcim

Targeting construction in the developing world supported locally by steel and cement

Directors: RB Savage* *(Chairman)*, PL Erasmus* *(Deputy chairman)*, C Grim *(Chief executive)*, CV Campbell*, PF Crowley, BPJ Fourie, DR Gammie, L Gcabashe*, JR Hersov*, HDK Jones, KK Meissner-Roloff**, V Mntambo* A Mpungwe*, BP Steele*, M Taback** **Company Secretary:** CM Bishop **Independent **Non-executive*

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