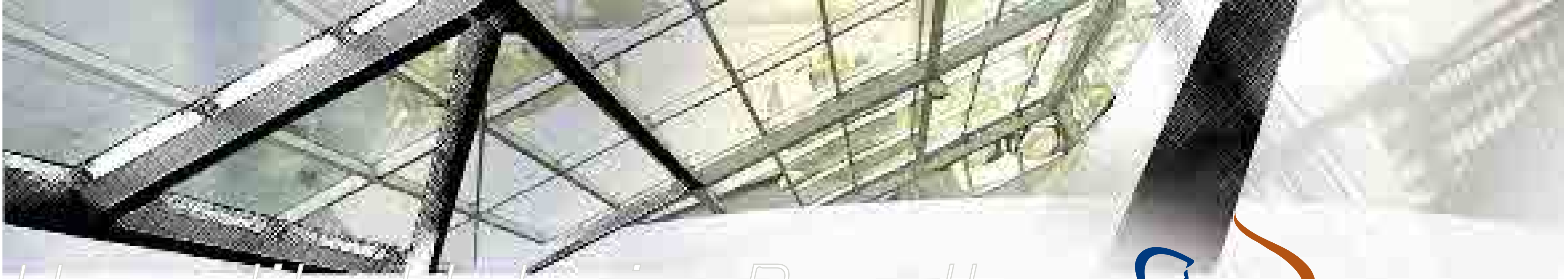

Unaudited Interim Results

for the six months ended 31 December 2004

AVENG

"Targeting consistent long-term value"

Consolidated balance sheet

Rm	31 December 2004	31 December 2003	30 June 2004
ASSETS			
Property, plant and equipment	**1 817,9**	1 946,5	1 851,0
Goodwill	**707,8**	868,1	718,5
Investments	**624,6**	558,4	554,8
Deferred taxation	**66,2**	2,5	65,8
Inventories	**1 305,6**	898,0	1 017,7
Trade and other receivables	**2 302,0**	2 709,9	2 496,1
Cash and cash equivalents	**592,1**	566,6	746,1
Total assets	**7 416,2**	7 550,0	7 450,0
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	**2 565,6**	2 603,8	2 519,1
Minority interests	**5,5**	5,7	5,1
Interest-bearing borrowings – long-term	**586,9**	747,7	643,4
Deferred taxation	**17,4**		27,8
Trade and other payables	**2 730,8**	3 026,0	2 848,9
Interest-bearing borrowings – short-term	**1 507,2**	1 126,2	1 405,7
Taxation	**2,8**	40,6	
Total equity and liabilities	**7 416,2**	7 550,0	7 450,0
Net debt to equity ratio (%)	**58**	50	52
Net asset value per ordinary share (cents)	**648**	657	636

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 2004	Six months ended 31 December 2003	Year ended 30 June 2004
Shareholder's funds at the beginning of the period	**2 519,1**	2 823,2	2 823,2
Net movement in treasury shares			(0,1)
Dividends paid	**(54,5)**	(124,4)	(124,4)
Earnings for the period	**133,3**	68,0	193,2
Equity accounted reserve movements		(6,8)	(14,7)
Foreign currency translation	**(32,3)**	(156,2)	(358,1)
	2 565,6	2 603,8	2 519,1

Consolidated cash flow

Rm	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004
Cash generated by operations	**309,6**	265,3	614,5
Working capital movements	**(217,8)**	419,5	142,3
Cash generated by operations	**91,8**	684,8	756,8
Net financing costs	**(83,5)**	(133,9)	(208,9)
Taxation paid	**(24,9)**	(62,4)	(112,7)
	(16,6)	488,5	435,2
Dividends paid	**(54,5)**	(124,4)	(124,4)
Cash retained from operating activities	**(71,1)**	364,1	310,8
Net fixed assets purchased	**(145,8)**	(195,1)	(298,2)
Minorities acquired			(136,3)
Investments	**33,9**	(159,2)	135,3
Net long-term borrowings	**(76,0)**	26,4	(54,9)
Net (decrease)/increase in cash and cash equivalents	**(259,0)**	36,2	(43,3)
Cash and cash equivalents at beginning of period	**(443,6)**	(400,3)	(400,3)
Cash and cash equivalents at end of period	**(702,6)**	(364,1)	(443,6)

Consolidated income statement

Rm	Six months ended 31 December 2004	Six months ended 31 December 2003	% change	Year ended 30 June 2004
Revenue	**6 664,0**	5 948,8	12	11 739,7
Operating income before depreciation	**305,9**	322,4	(5)	617,5
Depreciation	**184,6**	195,4		392,5
Operating income	**121,3**	127,0	(4)	225,0
Income from associates and joint ventures	**122,7**	89,1		184,4
Income from investments	**48,1**	34,7		65,7
Income before interest paid	**292,1**	250,8		475,1
Interest paid	**131,6**	168,7		274,6
Income before exceptional items	**160,5**	82,1	95	200,5
Amortisation of goodwill	**(24,5)**	(26,6)		(46,4)
Non-trading items	**10,7**	10,0		19,6
Income before taxation	**146,7**	65,5	123	173,7
Taxation	**10,8**	(2,5)		(18,7)
Income after taxation	**135,9**	68,0	100	192,4
Minority interests	**2,6**			(0,8)
Earnings	**133,3**	68,0	96	193,2
Determination of headline earnings				
Earnings	**133,3**	68,0		193,2
Amortisation of goodwill	**24,5**	26,6		46,4
Disposal of properties (surplus)				(4,2)
Disposal of investments (surplus)	**(25,3)**	(10,0)		(15,4)
Taxation		1,1		
Headline earnings	**132,5**	85,7	55	220,0
EARNINGS PER SHARE (CENTS)				
Headline	**34,0**	22,0	55	56,5
Earnings	**34,2**	17,5	96	49,6
NUMBER OF SHARES (MILLIONS)				
In issue	**396,1**	396.1		396.1
Weighted average	**389,2**	389.3		389.2
DIVIDEND PER SHARE (CENTS)	**Nil**	Nil		14.0

Capital expenditure

Rm	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004
Expansion	**123,6**	164,2	244,6
Maintenance	**56,1**	82,7	168,5
	179,7	246,9	413,1
Commitments for future capital expenditure:			
Contracted	**43,1**	33,1	48,4
Authorised, but not contracted for	**202,7**	186,7	70,6
	245,8	219,8	119,0

Contingent liabilities

Claims which may result from guarantees issued amount to R63,0 million compared to R38,0 million at 30 June 2004.

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 2004.

Segmental analysis

	Six months ended 31 December 2004 Rm	Six months ended 31 December 2003 Rm	Year ended 30 June 2004 Rm	Six months ended 31 December 2004 Rm	Six months ended 31 December 2003 Rm	Year ended 30 June 2004 Rm
BUSINESS SEGMENTATION		Revenue			Operating income	
Construction	**4 330,9**	3 910,0	7 585,1	**(17,9)**	6,9	(179,4)
Steel and Allied	**2 333,1**	2 038,8	4 154,6	**139,2**	120,1	404,4
	6 664,0	5 948,8	11 739,7	**121,3**	127,0	225,0
GEOGRAPHICAL SEGMENTATION		Revenue			Assets	
South Africa	**4 649,0**	3 784,1	7 547,4	**3 389,3**	3 854,2	3 228,1
Africa and Middle East	**1 140,0**	1 270,5	2 414,5	**1 790,7**	1 880,6	2 182,7
Australasia and South East Asia	**875,0**	894,2	1 777,8	**953,3**	687,7	672,1
	6 664,0	5 948,8	11 739,7	**6 133,3**	6 422,5	6 082,9

Commentary

Financial review

Headline earnings increased by 55% to R133 million and revenue by 12% to R6,7 billion for the six months to December 2004. During the same period the rand appreciated by 10% on both the closing and average US dollar exchange rate. The indirect impact on our mining and manufacturing customers has been more severe.

Since June 2004 working capital has increased by R218 million. The principal reason for this was the R288 million spent on buying steel prior to price increases. As a consequence, the group's net debt levels increased by R199 million to R1 502 million resulting in a net debt to equity ratio of 58%, up from 52% in June 2004.

Operational review

The **Construction** cluster comprising the engineering, construction and mining operations of Grinaker-LTA (Africa and Middle East) and McConnell Dowell Corporation (Australasia and Pacific) continued to experience difficult trading conditions. Grinaker-LTA has had to deal with the tail end of work previously priced at more competitive rand/dollar exchange rates but significant progress has been made in resolving outstanding contract claims. McConnell Dowell continues to have to dedicate significant financial and management resources to resolving outstanding claims on completed contracts. The cluster has, however, turned the corner, delivering an operating loss of R18 million for the period compared to a loss of R186 million during the six months January to June 2004. Losses of R17 million were made by the construction joint venture operations, during this reporting period.

In the past, construction has earned more than half of its revenue, principally in US and Australian dollars, with a large portion of its remaining business directed at southern African customers in the mining, energy and export sectors. These have been particularly hard hit by the strong rand, bringing into question the economic viability of many new projects. A number of mining houses have stated that capital expansion will be deferred. In addition, as marginal and loss-making operations become threatened, maintenance is being curtailed.

In the context of Grinaker-LTA's business its involvement in the South African residential market has been relatively small.

The group has two road contracts remaining in the rest of Africa, one in Tanzania and one in Zambia, both of which will return a profit. Some resources are being diverted to South Africa in preparation for increased infrastructure expenditure on both government and quasi-government projects. The Africa and Middle East regional contribution to Aveng revenue has declined by 10% since December 2003 and is set to decline further. The company's order book for secured contracts over the next two years has reduced to 86% of revenue, compared to 100% in June 2004, further freeing up construction resources.

McConnell Dowell Corporation continues to make good progress in growing its order book, having secured work for the next two years of AUD316 million which is equal to 75% of annual revenue. A headline earnings loss of AUD1,4 million was reported for the period.

The **Steel & Allied** cluster, comprising Trident Steel, Grinaker-LTA Manufacturing and the Aveng corporate office performed well, registering a 14% growth in revenue and a 16% increase in operating income for the six months. Higher levels of activity in the housing and infrastructure markets has benefitted this cluster of business. Recent well timed capital investment in both these businesses have borne fruit, allowing Aveng to capitalise on current activity levels. Demand for mining products continues to be poor.

Cement, Aveng's 46% interest in Holcim (South Africa) (Pty) Limited, has performed well, benefiting from the 13,9% industry growth on the prior six-month period. However, while this is an excellent level of growth it is below the 17,3% growth experienced in the prior six month period, indicating a levelling off in the market. An additional 500 000 tons of capacity resulting from the recent upgrading of Dudfield Kiln No 3 has enabled Holcim (South Africa) to meet customer requirements with some capacity still in hand. The buoyant market is also reflected in a good performance by the quarrying and ready mixed concrete businesses.

The disposal by Holcim (South Africa) of its 24,5% interest in Nova Cimangolo gave rise to a capital profit of R14,6 million for Aveng.

Contractual disputes

As previously disclosed, Grinaker-LTA is involved in a dispute with Aquarius Platinum South Africa (Proprietary) Limited, in respect of the Marikana opencast mining contract. Aquarius disputes its obligation to pay certain amounts in respect of the escalation of costs which Grinaker-LTA considers to be due and payable. The amount in dispute at 31 December 2004 is R100 million and this claim is expected to increase by approximately R6 million per month until resolution. Arbitration is due to commence during April 2005.

Convertible bond

In January 2005 Aveng informed the market that it had provisionally secured a R1 billion, seven-year convertible bond with an interest rate coupon of 6,125% per annum. The issue price of R15,27 was at a 22% premium to the group's share price prior to the announcement. When all outstanding issues have been resolved, final documentation will be posted to subscribers.

BEE transaction

The final suspensive conditions relating to the BEE transaction with TisoGroup and a number of broadly based empowerment partners were met early in February 2005. The structure of this transaction includes broad-based beneficiaries with significant opportunities for partnership with the TisoGroup, women's groups, community groups and black business partners. Aveng's South African subsidiaries, Grinaker-LTA and Trident Steel, are now working with these groups to generate maximum value from this transaction.

Dividend

It is group policy to consider paying a single annual dividend after its 30 June year-end.

Corporate governance

The group, at all levels, subscribes to the values of good corporate governance and is committed to applying the principles of the second King Report and complying with the JSE requirements. It continues to ensure that business is conducted with discipline, integrity, transparency and in a socially responsible manner.

Prospects

The January 2005 trading update stated that headline earnings for the full year to June 2005 were expected to be up by between 40% and 60%. This statement assumed an exchange rate of R6 to the US dollar and no significant extraordinary events. Subsequent to the half year-end publication of this statement, the German construction company, Walter Bau AG, was placed in liquidation. At the time McConnell Dowell Corporation was subcontracting to this group on two contracts for Sydney Water Corporation. Initial estimates are that AUD8 million (R35 million) will need to be written off in respect of services rendered, but not paid for. Despite this event the group is confident of achieving this target.

In accordance with the JSE Listings Requirements 3.4(b) (V1) (2) attention is drawn to the fact that this estimate has not been reviewed or reported on by the group's external auditors.

Looking beyond June 2005, prospects are bullish. Aveng companies are particularly well placed to benefit from the high levels of infrastructure spend expected on 2010 World Cup projects (including Gautrain), capacity upgrading by Eskom and Transnet as well as broader infrastructure investment by government.

For and on behalf of the board

RB Savage *(Chairman)*, **C Grim** *(Chief executive)*, **DR Gammie** *(Director Finance)*

7 March 2005

GRAPHICOR 32433

McConnell Dowell | Grinaker-LTA | Trident Steel | Holcim

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

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Aveng Limited: Registration number 1944/018119/06 **Share code:** AEG **ISIN code:** ZAE 000018081 **Registered office:** Block B, 204 Rivonia Road, Morningside, Sandton, 2057

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www.aveng.co.za