AVENG

"Building sustainable value"

Unaudited Interim Results for the six months ended 31 December 2005

Consolidated balance sheet

Rm	Six months ended 31 December 2005	Six months ended 31 December 2004	30 June 2005
ASSETS			
Non-current assets			
Property, plant and equipment	**1 852**	1 818	1 858
Goodwill and other intangibles	**763**	708	763
Investments	**651**	624	691
Deferred taxation	**164**	66	143
Current assets			
Inventories	**1 326**	1 306	1 345
Trade and other receivables	**2 676**	2 302	3 293
Cash and cash equivalents	**1 197**	592	857
TOTAL ASSETS	**8 629**	7 416	8 950
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	**3 180**	2 566	2 921
Minority interests	**5**	5	9
Non-current liabilities			
Interest-bearing borrowings – long-term	**1 206**	587	1 418
Deferred taxation	**28**	17	28
Current liabilities			
Trade and other payables	**3 500**	2 731	3 900
Interest-bearing borrowings – short-term	**659**	1 507	605
Taxation	**51**	3	69
TOTAL EQUITY AND LIABILITIES	**8 629**	7 416	8 950
Net debt to equity ratio (%)	**21**	58	40
Net asset value per ordinary share (cents)	**803**	648	737

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 2005	Six months ended 31 December 2004	Year ended 30 June 2005
Shareholders' funds at the beginning of the period	**2 921**	2 519	2 495
Dividends paid	**(90)**	(55)	(55)
Profit attributable to Aveng equity holders	**198**	133	387
Equity portion of convertible bond	**140**		
Equity accounted reserve movements			(6)
Foreign currency translation	**11**	(31)	42
Adjustment in respect of IFRS 3			25
Revaluation reserve			33
Shareholders' funds at the end of the period	**3 180**	2 566	2 921

Consolidated cash flow statement

Rm	Six months ended 31 December 2005	Six months ended 31 December 2004	Year ended 30 June 2005
Cash retained from operating activities			
Cash retained from operations	**356**	310	650
Working capital movements	**236**	(218)	(73)
Cash generated by operations	**592**	92	577
Interest paid	**(105)**	(132)	(240)
Income from investments	**34**	48	82
Taxation paid	**(85)**	(24)	(76)
Cash available from operations	**436**	(16)	343
Dividends paid	**(90)**	(55)	(55)
	346	(71)	288
Investing activities			
Net fixed assets purchased	**(181)**	(146)	(313)
Investments	**192**	34	162
	11	(112)	(151)
Financing activities			
Net long-term borrowings	**(111)**	(76)	861
Net (decrease)/increase in cash and cash equivalents	**246**	(259)	998
Cash and cash equivalents at the beginning of the period	**554**	(444)	(444)
Cash and cash equivalents at the end of the period	**800**	(703)	554

Capital expenditure

Rm	Six months ended 31 December 2005	Six months ended 31 December 2004	Year ended 30 June 2005
Expansion	**82**	124	262
Maintenance	**157**	56	207
	239	180	469
Commitments for future capital expenditure			
Contracted	**114**	43	19
Authorised, but not contracted for	**66**	203	170
	180	246	189

Contingent liabilities

Moolmans, an operating group within Grinaker-LTA Limited, is currently engaged in a dispute with Aquarius Platinum (South Africa) (Proprietary) Limited in respect of contractual claims and early termination of contract.

Consolidated income statement

Rm	Six months ended 31 December 2005	Six months ended 31 December 2004	Percentage change	Year ended 30 June 2005
Revenue	**7 625**	6 664	14	13 535
Operating profit before depreciation	**351**	306	15	711
Depreciation	**(181)**	(185)		(384)
Operating profit before amortisation and non-trading	**170**	121	40	327
Amortisation of goodwill and intangibles		(24)		(2)
Non-trading items	**(5)**	11		23
Operating profit	**165**	108	53	348
Share of profits and losses from associates and joint ventures	**147**	123		270
Income from investments	**34**	48		82
Operating income	**346**	279	24	700
Interest paid	**105**	132		240
Profit before taxation	**241**	147	64	460
Taxation	**43**	11		72
Profit for the period	**198**	136	45	388
Attributable to				
Equity holders of Aveng Limited	**198**	133		387
Minorities		3		1
Profit for the period	**198**	136	45	388
Determination of headline earnings				
Profit attributable to Aveng equity holders	**198**	133		387
Amortisation of trademarks		24		
Disposal of properties and equipment (surplus)				(24)
Disposal of investments loss/(surplus)	**4**	(25)		2
Headline earnings	**202**	132	52	364
EARNINGS PER SHARE (CENTS)				
Headline	**51,8**	34,0	52	93,5
Diluted headline	**50,4**			
Earnings	**51,0**	34,2	49	99,3
Diluted earnings	**49,5**			
NUMBER OF SHARES (MILLIONS)				
In issue	**396,1**	396,1		396,1
Weighted average	**389,2**	389,3		389,2
Diluted weighted average	**454,7**			
DIVIDEND PER SHARE (CENTS)	**Nil**	Nil		23

Segmental analysis

BUSINESS SEGMENTATION

Rm	Revenue: Six months ended 31 December 2005	Revenue: Six months ended 31 December 2004	Revenue: Year ended 30 June 2005	Operating profit: Six months ended 31 December 2005	Operating profit: Six months ended 31 December 2004	Operating profit: Year ended 30 June 2005
Construction						
Grinaker-LTA	**3 606**	3 444	6 765	**(93)**	(12)	3
McConnell Dowell	**1 200**	887	1 796	**29**	(6)	(117)
Steel and Allied	**2 819**	2 333	4 974	**229**	126	462
	7 625	6 664	13 535	**165**	108	348

GEOGRAPHICAL SEGMENTATION

Rm	Revenue: Six months ended 31 December 2005	Revenue: Six months ended 31 December 2004	Revenue: Year ended 30 June 2005	Assets: Six months ended 31 December 2005	Assets: Six months ended 31 December 2004	Assets: Year ended 30 June 2005
South Africa	**5 042**	4 649	8 825	**4 742**	3 389	5 481
Africa and Middle East	**1 383**	1 140	2 855	**1 116**	1 791	1 008
Australasia and South East Asia	**1 200**	875	1 855	**759**	954	770
	7 625	6 664	13 535	**6 617**	6 134	7 259

Holcim (South Africa) Limited – (100%)

Rm	Six months ended 31 December 2005	Six months ended 31 December 2004	Percentage change	Year ended 30 June 2005
Revenue	**2 293**	1 988	15	3 967
Operating profit	**603**	542	11	1 099
Assets	**2 020**	1 711		1 881
Liabilities	**1 443**	1 187		502
Capital expenditure	**222**	47		145
Depreciation	**60**	62		118
Net debt to equity ratio (%)	**13**	4		2

NOTES

Accounting policies

The interim financial statements have been prepared in accordance with IAS 34: Interim Financial Statements, and the listing requirements of the JSE Limited. 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 2005.

As Aveng has prepared its financial statements in compliance with IFRS since June 2004, the only effects on accounting policies were as a result of adopting the IFRS improvement project statements:

- In terms of IAS 16: Property, Plant and Equipment where separate component parts of an item of property, plant and equipment have different useful lives, they are accounted for and amortised separately. Residual values and useful lives of all assets are reassessed annually. Depreciation ceases when the carrying value of an asset equals its residual value. These changes have resulted in a reduction in the depreciation charge to December of R10,8 million.
- Under the previous version of IAS 21: The Effects of Changes in Foreign Exchange Rates, certain entities in the group were classified as integrated foreign operations and translated accordingly. In accordance with IAS 21 revised, these entities have now been classified as foreign operations. Foreign exchange differences arising on translation of all foreign operations are recognised directly in a separate component of equity – foreign currency translation reserve.
- Aveng Limited and its subsidiaries operate a cash settled share-based compensation plan. The fair value of share-based payment transactions has always been recognised in the financial statements and the cost accounted for against net income and headline earnings. The liability is revalued to fair value using an option pricing model annually. This treatment is consistent with IFRS 2: Share-based Payments.

Commentary

Financial review

Revenue grew by 14% to R7,6 billion compared to a 12% growth in the comparable period. Operating profit increased by 53%, profit before tax by 64% and headline earnings by 52% to R202 million or 52 cents per share. The depreciation charge was reduced by R11 million during this period due to the reassessment of the useful lives of property, plant and equipment. The expense for outstanding Aveng share options was R25 million for the six month period.

At December 2005, the effect of exchanging the convertible bond into Aveng ordinary shares results in reducing headline earnings per share by 1,4 cents per share.

In the SENS announcement of 20 December 2005, Aveng provided an update on the Marikana Platinum Mine dispute between Moolmans and Aquarius Platinum (South Africa) (Proprietary) Limited. Based on the work done by independent auditors, KPMG, the underpayment to Moolmans at December 2005 was R219 million made up of R51 million in escalation claims with the balance of R168 million being deductions from certificates. In addition, substantial claims relating to standing time and other matters have been lodged and continue to be lodged following what Aveng believes to be the unlawful repudiation of the contract. Moolmans has withdrawn from site. The group has provided for all costs relating to the closure of this operation and the underpayment, referred to above, which monies the company will seek to recover from Aquarius Platinum (South Africa) (Proprietary) Limited.

Net asset value per share is 24% up on the corresponding reporting period. Cash generated by operations of R592 million has improved by R500 million compared to December 2004. Net capital expenditure, after disposals, of R181 million is equal to depreciation and within the group's target of restricting net capex spend to 130% of depreciation.

The group's balance sheet continues to strengthen with net debt down to R668 million from R1,2 billion six months back and R1,5 billion at December 2004. The net debt to equity ratio of 21% is below the group target of 35% and compares favourably to the 58% of a year ago.

Operational review

Grinaker-LTA Construction, including Moolmans, the opencast mining contracting business and E+PC, the engineering and projects company, increased revenue to R3,6 billion for the period. Its profitability was negatively affected by the decision to provide for the Marikana escalation claim. Before providing for this claim Grinaker-LTA Construction, Moolmans and E+PC together made an operating profit of R12 million compared to the prior period loss of R12 million.

McConnell Dowell increased its revenue by 35% to R1,2 billion during the six-month period, a reflection of the buoyant Australasian and South East Asian markets. The group has returned to profitability with an operating profit of R29 million compared to the R6 million loss in the prior comparable period.

The Steel and Allied cluster, consisting of Trident Steel, Grinaker-LTA Manufacturing and the Aveng corporate office, grew revenue by 21% to R2,8 billion and operating profit to R229 million, reflecting encouraging levels of activity in the housing infrastructure, civil engineering and motor sectors.

Cement continued to benefit from a very active housing market although capacity constraints muted profitability growth. Holcim (South Africa), 46% held by Aveng, grew revenue by 15% to R2,3 billion and operating income by 11% to R603 million for the period.

Prospects

The South African building and civil engineering markets will continue to perform well. Grinaker-LTA Construction margins are expected to improve.

The remainder of the businesses will continue to perform well for the balance of the year.

Dividend

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

For and on behalf of the board

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

6 March 2006

McCONNELL DOWELL   GRINAKER-LTA   TRIDENT STEEL   Holcim

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

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Directors: RB Savage* *(Chairman)*, WE Lucas-Bull* *(Deputy chairman)*, C Grim *(Chief executive)*, BPJ Fourie, DR Gammie, L Gcabashe*, JR Hersov*, HDK Jones, KW Meissner-Roloff**, VZ Mntambo*, DG Robinson, BP Steele*   **Independent non-executive*   ***Non-executive*

Company secretary: GJ Baxter

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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

For more information visit www.aveng.co.za