AVENG GROUP
Leaders in infrastructure development

Unaudited Interim Group results
for the six months ended 31 December 2012


AVENG GROUP
Unaudited group results for the six months ended December 2012

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ROGER JARDINE	KOBUS VERSTER	ROGER JARDINE	ROGER JARDINE

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Market conditions

- Modest improvement in global economic conditions, mainly driven by emerging markets
- The South African construction industry remains depressed, with margins subdued
- Growth opportunities in rest of Africa
- Steel production volumes slightly down, with supply constraints in South African market
- Australian economy continues to shows signs of a slowdown
- Australian Dollar remains strong, while the South African Rand has weakened
- Competition Commission probe into construction sector

Notes

Salient features

- Revenue up 30% on comparative period last year
- Headline earnings up 43% and headline earnings per share up 48%
- Despite considerable head winds, the recovery in operational performance post FY12 continues to gain momentum
- Significant progress in the resolution of problematic Australian contracts
- Focus on cash flow continues to permeate through the organisation
- Two-year order book has declined by 15% since June 2012 to ZAR40bn, but has improved in 2013
- Balance sheet still strong, but net cash down 16% since June 2012 to ZAR3.3bn
- Loss of EBIT due to strike action is estimated at ZAR120mn

Notes

Aveng Group Achievements

Aveng Grinaker LTA

- Restructuring complete and new management team settled down
- Participating in public-sector projects, but roll-out slow
- Reduced overhead costs
- Winning contracts in Africa
- Benefits of restructuring slower than expected

Cash Preservation

- Cost management interventions on-going
- Strict application of capital allocation within the Group
- Conservative approach towards acquisitions

Project Delivery

- Adelaide Desal/Komo problem contracts resolved
- Progress in resolving Hay Point and QCLNG problem contracts
- Underlying margin Australian operations at top end of target range
- Improved efficiencies within Moolmans

Profitable Growth

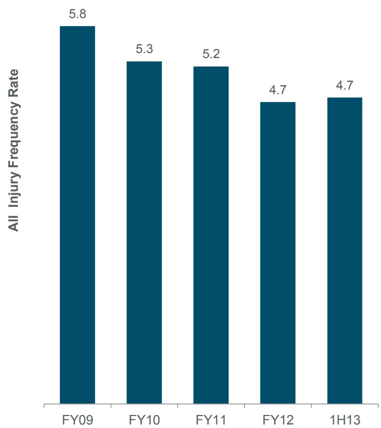
- Africa expansion
  - Mozambique
  - Mauritius
- Growth of RE portfolio – progress to financially close the 2nd round bids
- Tender strategy

Notes

Safety Performance

HOME WITHOUT HARM
EVERYONE EVERYDAY

- The safety of our employees and contractors is paramount; we strive for fatality free operations
- Regrettably 3 fatalities at South African operations, one an Aveng employee
- All Injury Frequency Rate (AIFR) stable
- Continued focus on management and control of high consequence activities
- Safety achievements include:
  - AG-LTA - M & E Sapref Mechanical Core contract completed 5 Million LTI free hours
  - Komo Airfield project in Papua New Guinea completed 5 million LTI free hours
  - Huntly North Shaft project received award for safety innovation at the Construction Health and Safety Awards 2012



Notes

Ongoing commitment to sustainable development

- R21mn invested in training in H1 2013
- Sponsored 104 graduate engineers, 125 bursaries, 157 apprentices and 155 learnerships in 2013
- "Lead the way, know your status campaign"
  - 5592 employees and community members tested for HIV and
  - 4990 employees and community members had wellness screening tests
- 23% increase in the 2012 carbon disclosure project (CDP) score to 81% (2011: 66%)

Aveng Water awarded the prestigious **Achievers' Award** at Technology Top 100 (TT100)

Notes

Competition Commission

- In 2011 the Commission published details of a "Fast Track Settlement Process" where construction firms were encouraged to fully disclose historical collusive conduct. Eighteen companies made representations
- Aveng (Africa) Limited submitted a comprehensive application to the Commission in terms of this fast track process and submitted a settlement offer to the Commission in June 2012
- The matter has not been finalised, and Aveng Group's view remains that the investigation must be completed as soon as possible in order for the industry to move forward
- The provision remains unchanged as the settlement discussions with the Commission have not been concluded
- Aveng Group has taken rigorous action to root out historical anti-competitive conduct, and provided channels for employees and former employees to come forward and make full disclosure regarding any unlawful conduct
- All relevant information was forwarded to the appropriate authorities

Notes

Notes

Financial Review

	H1 2013 ZARmn	H1 2012 ZARmn	Change
Revenue	**24 987**	19 149	30%
Operating profit	**518**	332	56%
Income from equity-accounted and other investments	**26**	55	(53%)
Net finance income	**12**	65	(82%)
Taxation	**159**	182	(13%)
Profit for the period	**397**	270	47%
Headline earnings	**392**	274	43%
Earnings per share (cents)	**105.0**	70.8	48%
Headline earnings per share (cents)	**104.5**	70.6	48%
Operating free cash flow	**(521)**	(754)	31%
Capital expenditure	**782**	844	(7%)
Net cash	**3 305**	4 798	(31%)

Notes

Revenue: segmental analysis

	H1 2013 ZARmn	H1 2012 ZARmn	Change
South Africa and rest of Africa	**3 973**	4 080*	(3%)
Australasia and Pacific	**12 761**	7 641	67%
Total Construction and Engineering	**16 734**	11 721	43%
Mining	**3 793**	3 138*	21%
Manufacturing and Processing	**4 458**	4 290	4%
Administration	**2**		
Total	**24 987**	**19 149**	**30%**

* Restated as underground mining now included in Mining

Notes

Construction and Engineering revenue: South Africa and rest of Africa

	H1 2013 ZARmn	H1 2012 ZARmn	Change
Aveng GLTA - Construction	**2 979**	3 116	(4%)
Aveng GLTA - Specialised products	**669**	597	12%
Aveng E+PC & Water	**325**	367	(11%)
Total	**3 973**	**4 080**	**(3%)**

Notes

Construction revenue: Australasia and Pacific

	H1 2013 ZARmn	H1 2012 ZARmn	Change
Construction – Australia	**5 801**	3 473	67%
Construction – Offshore	**1 802**	1 643	10%
Pipelines	**3 584**	1 283	179%
Electrical	**1 218**	852	43%
Tunnelling	**431**	511	(16%)
Intergroup	**(75)**	(121)	na
Total	**12 761**	**7 641**	**67%**

Notes

Manufacturing and Processing revenue

	H1 2013 ZARmn	H1 2012 ZARmn	Change
Aveng Manufacturing Lennings Rail Services	**338**	196	72%
Aveng Manufacturing Infraset	**376**	338	11%
Aveng Manufacturing Duraset	**299**	333	(10%)
Aveng Manufacturing Steeledale	**538**	443	21%
DFC	**177**	188	(6%)
Aveng Trident Steel	**2 730**	2 792	(2%)
Total	**4 458**	**4 290**	**4%**

Notes

Operating profit - Segmental Analysis

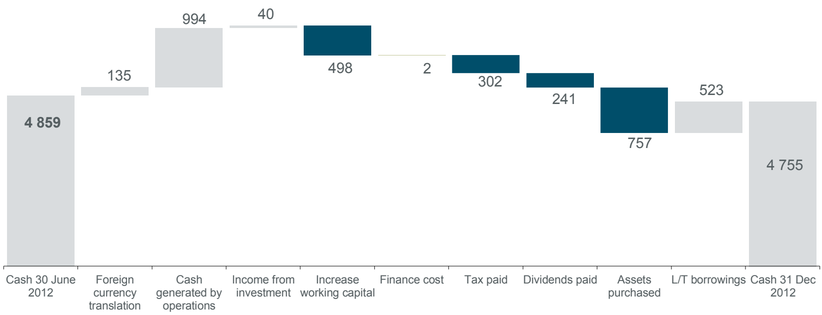
	H1 2013 ZARmn	H1 2012 ZARmn	Change
South Africa and rest of Africa	**(39)**	(123)*	na
Australasia and Pacific	**195**	128	52%
Total Construction and Engineering	**156**	5	
Mining	**390**	296*	32%
Manufacturing and Processing	**86**	277	(69%)
Administration	**(114)**	(246)	na
Total	**518**	**332**	**56%**

* Restated as underground mining now included in Mining

Notes

Movement in cash and cash equivalents (ZAR m)

		FY12 (ZARbn)	1H13 (ZARbn)
Cash	South Africa	1.7	1.4
	Australia and other	3.5	3.9
Debt	South Africa	0.9	0.9
	Australia and other	0.4	1.1



Notes

Capital expenditure

	H1 2013 ZARmn	H1 2012 ZARmn
Replacement	**560**	640
Expansion	**222**	204
Total	**782**	844
Depreciation	**668**	719
Multiple of depreciation spent	**1.2**	1.2

Notes

Working capital

	H1 2013 ZARmn	H2 2012 ZARmn
Inventory	**2 625**	2 550
Receivables	**11 116**	9 515
Payables	**13 022**	11 937
Net Working Capital	**719**	**128**

Notes

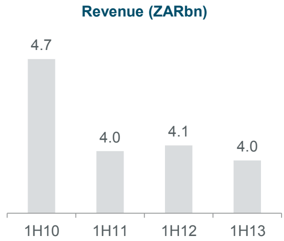
Construction and Engineering – South Africa and rest of Africa

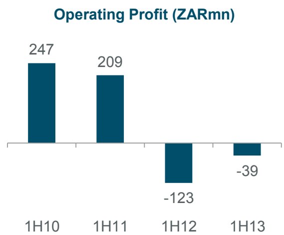
Notes

Construction and Engineering – South Africa and rest of Africa

Performance

- Operating environment in South Africa remains tough, with revenue and margins under pressure
- Revenue declined by 3% to ZAR4bn, mainly a consequence of project delays
- Although loss-making, the operational performance improved on last year
- Margin pressure remains a function of increased competition, the cost of maintaining skills in anticipation of contract awards and the impact of labour unrest
- Specialised business units continue to underperform relative to expectations





Notes

Construction and Engineering – South Africa and rest of Africa

- Benefits of last year's restructuring beginning to come through, both in terms of cost savings and strategic alignment
- Although South Africa remains slow, opportunities in Africa are looking more encouraging (Mozambique and Mauritius)
- Higher margin work has been secured in FY13, but labour issues and problematic contracts have diluted expected benefits
- Not yet managed to break-even
- Contractual claims still outstanding
- Lack of sizeable projects impacting negatively on current results
- Acid mine drainage projects slow in coming to market
- Impact of strike action was ZAR67mn on EBIT

Notes

Construction and Engineering – South Africa and rest of Africa
Major Projects

AMD Plant - eMalahleni

Medupi Power Station - Limpopo

Mokolo Water Augmentation Project - Limpopo

Moma Heavy Mineral Sands Project - Mozambique

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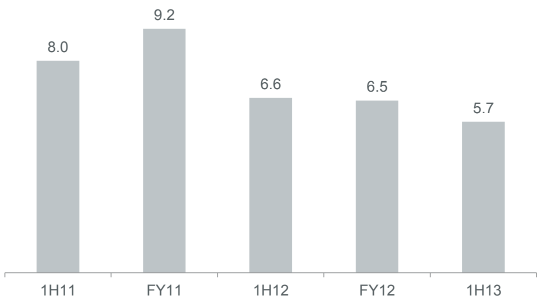
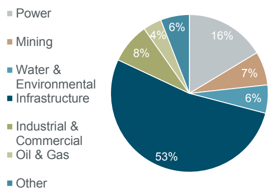
Notes

Construction – South Africa and rest of Africa : Outlook

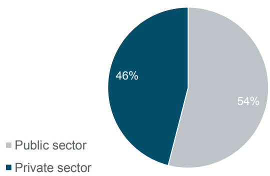
2 year order book (ZARbn)



Order book by discipline



Order book by sector



- Market conditions remain soft
- Important contract wins post December 2012 include Sandton City, Kalagadi Manganese, Majuba Rail Link, Vodacom data centre
- Geographical diversification (Mozambique and Mauritius), focus on profitable growth

Notes

Construction – Australasia and Pacific

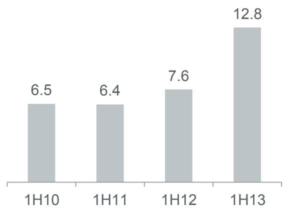
Notes

Construction – Australasia and Pacific

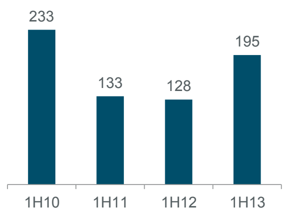
Performance

- Despite some softening of key markets, activity levels remained high during the period
- Revenue increased 67% to ZAR12.8bn, helped by strong growth in the Australia construction and pipelines operations. Over 24% of revenue came from QCLNG and Hay Point
- Strong performance in rand terms was supported by the currency that depreciated on average 13% against the Australian dollar to ZAR8.86
- Operating margin declined slightly to 1.5% compared to 1.7% last year. The underlying operating margin was 5.0%

Revenue (ZARbn)



Operating Profit (ZARmn)



Notes

Construction – Australasia and Pacific

- QCLNG now 80% completed, but project execution risks still remain high
- Adelaide Desalination handed over and number of industry awards received
- Komo Airport project has progressed well and is profitable
- Project execution and commercial resolution for both QCLNG and Hay Point Berth remains the immediate goal for management
- Important contract wins post December 2012 include Perth Airport Terminal, Sydney Container Terminal and Ocean Keys Shopping Centre
- Remains well positioned due to geographic spread and diversity of offerings
- Commercial issues continue to impact working capital requirements on QCLNG and Hay Point Berth
- Extreme weather events in Queensland continues to effect projects in that region
- Increased competition and a slowing Australian economy has impacted tender margins, with bid conversion rates dropping
- Order book replenishment remains a key imperative for the business

Notes

Construction – Australasia and Pacific Major Projects

QCLNG Natural Gas Project - Australia

Hay Point Coal Terminal Expansion Project - Australia

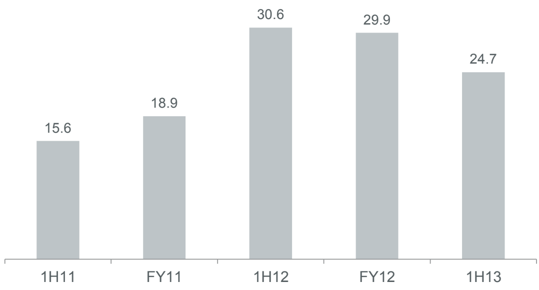
Jurong Jetty Works - Singapore

Beauty World Station - Singapore

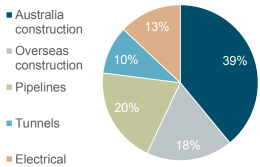
Notes

Construction – Australasia and Pacific : Outlook

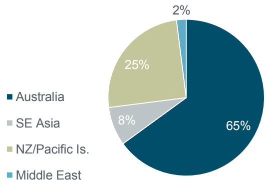
2 year order book (ZARbn)



Order book by business unit



Order book by region



- Order book replenishment a key focus
- New projects secured in 2H13
- Offshore market remains very competitive
- Revenue in 2H13 likely to decline due to reduced order book

Notes

Aveng Mining

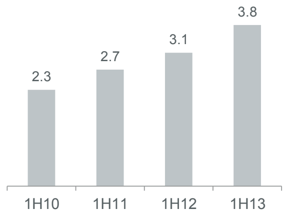
Notes

Aveng Mining

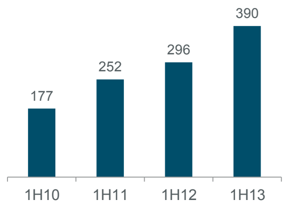
Performance

- Strong performance by open-cut mining (Aveng Moolmans), driven by solid demand in South and West Africa
- Revenue increased by 21% to ZAR3.8bn, with over 70% of this attributable to Aveng Moolmans and the remainder to Shafts & Underground
- The operating margin increased to 10.3% from 9.4%, with Aveng Moolmans achieving a margin of 13.1%
- Without the impact of strike action, Shafts & Underground's operating margin would have reached 10% (achieved 2.1%)
- Aveng Moolmans was relatively unaffected by industrial action

Revenue (ZARbn)



Operating Profit (ZARmn)



Notes

Aveng Mining

- Well diversified order book, both by commodity and geography
- Further improvements in efficiencies and better asset utilisation should yield further improvements in margins and returns over the medium term
- Aveng Mining continues to focus on growth opportunities in Africa, in particular West Africa
- Strike action continues to negatively impact the business, in particular underground mining
- Good progress towards achieving targeted returns

Notes

Aveng Mining

Wesizwe Platinum Mine - Rustenburg

Chuquicamata Mine - Chile

Iduapriem Gold Mine - Ghana

Star Comet Mine - Tanzania

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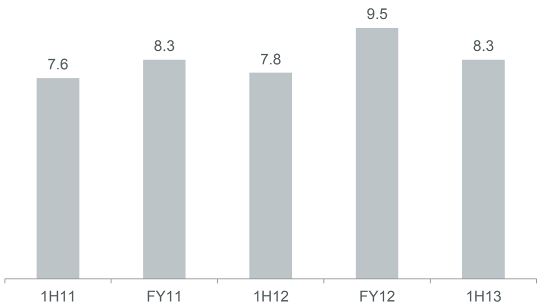
Notes

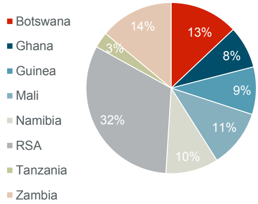
Aveng Mining

2 year order book (ZARbn)

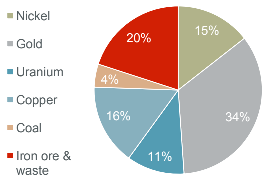


- Order book has declined by 13% due to timing of contract renewals
- 75% of the current order book relates to open cut Mining, 65% is outside SA

Aveng Moolmans' revenue by geography



Aveng Moolmans' revenue by commodity



Notes

Manufacturing and Processing

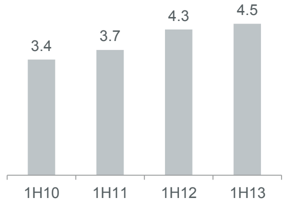
Notes

Manufacturing and Processing

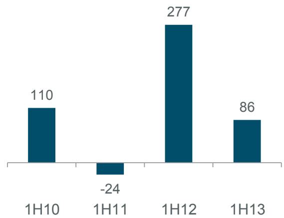
Performance

- Operating environment negatively affected by reduced demand for steel, pricing pressure, increased competition and the impact of transport and mining strikes
- Revenue increased by 4% to ZAR4.5bn. Aveng Trident Steel's revenue declined 2% to ZAR2.7bn, but Aveng Manufacturing's revenue increased by 15% to ZAR1.7bn
- The operating margin declined to 1.9% compared to 6.4% last year, with most of this decline related to Aveng Trident Steel
- Apart from Aveng Manufacturing Steeledale, all of the business units were profitable
- On the back of expected price increases during 2H13, better performances are expected from Aveng Trident Steel and Aveng Manufacturing Steeledale
- The decision by Aveng Trident Steel to increase levels of imported steel will help to offset much of the disruption caused by industry suppliers

Revenue (ZARbn)



Operating Profit (ZARmn)



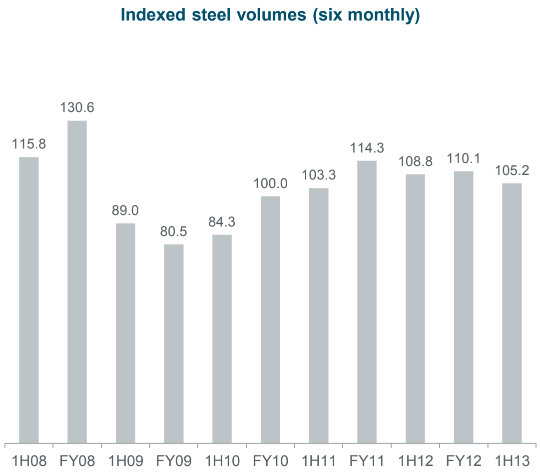
Notes

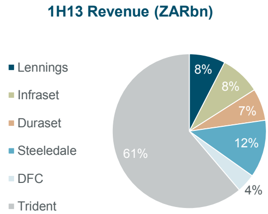
Manufacturing and Processing

- Higher steel prices and better volumes suggest an improved performance by both Aveng Manufacturing Steeledale and Aveng Trident Steel in 2H13
- High inventory levels held by Aveng Trident Steel should return to normal during 2H13
- The commencement of local rail construction projects is expected in 2H13
- Establishment of a sleeper manufacturing facility in Tete (Mozambique)
- Good demand for affordable housing products
- Although not our base case, prolonged disruptions in local steel production will negatively impact this division
- The impact of strike action will temper the recovery of this business. To date, disruptions have impacted revenue and operating profit by ZAR140mn and ZAR23mn respectively
- The closure of some gold and platinum mines may negatively impact Aveng Manufacturing Duraset's performance in 2H13

Notes

Manufacturing and Processing





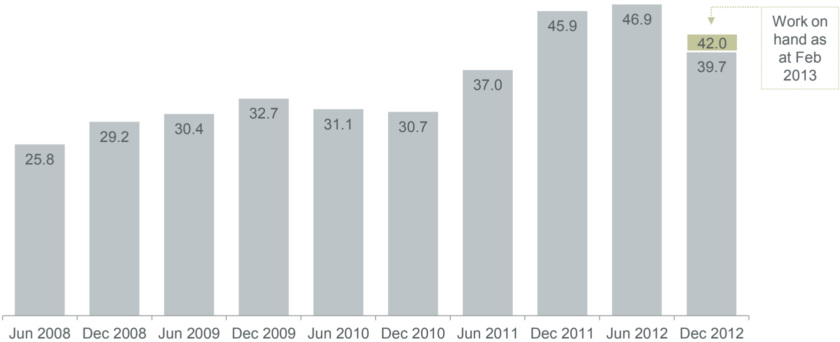
Notes

Notes

Growing construction order book

Total opportunity pipeline in market: > ZAR110bn

Year on year decrease of 14%
Six month decrease of 15%

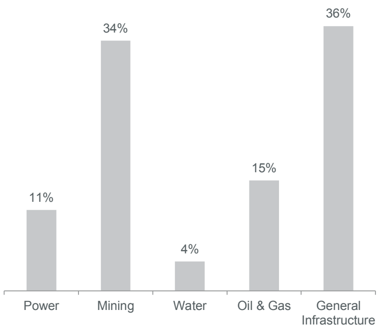


Confirmed two year order book includes only that portion of revenue accruing to the Aveng Group

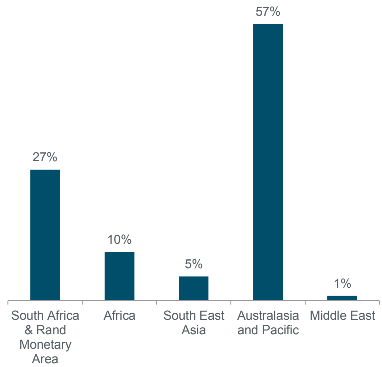
Notes

Two year Aveng Group work on hand: Sector and regional splits

Two year order book by sector



Two year order book by region



Total two year order book; ZAR39.7bn at Dec 2012

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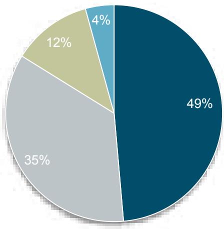
Notes

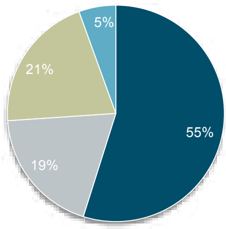
Project pipeline by operating group and business sector

Pipeline by operating group



- McConnell Dowell
- Aveng GLTA
- Aveng Mining
- Aveng Manufacturing

Pipeline by business sector



- Private Sector
- State Owned
- Central Government
- Provincial and Local government

Total pipeline >ZAR110bn at Dec 2012

Notes

Where we are going

Construction and Engineering – South Africa and rest of Africa

- Restore profitability
- Improve project delivery
- Continue to expand footprint into rest of Africa
- Exploring strategic partnerships for Aveng Water
- Grow energy offering
- Recently secured projects at higher margins

Construction: Australasia and Pacific

- Finalise challenging contracts (Hay Point / QCLNG)
- Improve and diversify order book
- Expand footprint in South East Asia
- Deliver operating margins in excess of 4%

Aveng Mining

- Continue to optimise open cast mining divisions returns and profitability
- Optimise Shafts & Underground division
- Achieve and maintain targeted returns
- Resolve less profitable contracts

Manufacturing & Processing

- Continue expansion in Mozambique in rail, steel and concrete products
- Expand rail offering
- Review and optimise steel offering

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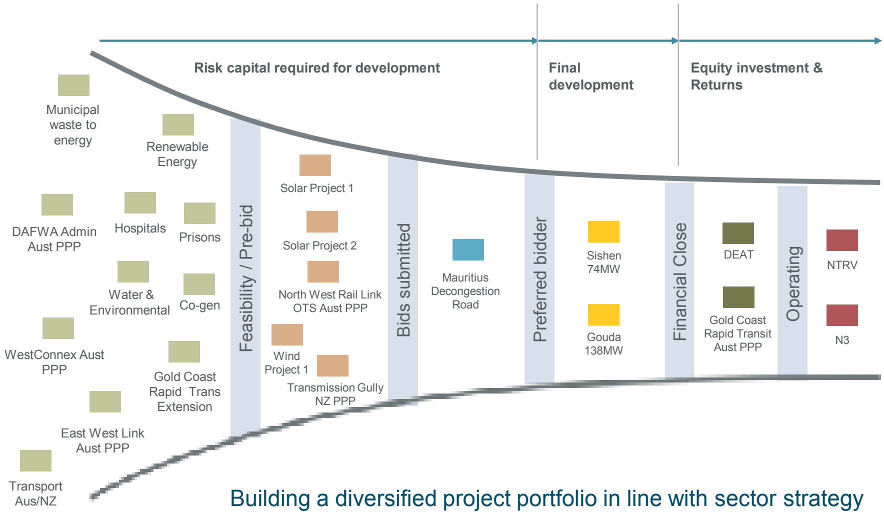
Notes

Growth outside Aveng core markets focused on Africa and SE Asia

Aveng Group's focus is on continued growth in Africa and SE Asia

Notes

Medium Term Strategy



Building a diversified project portfolio in line with sector strategy

Notes

Key Group Priorities

- Continued focus on safety
- Improve Aveng Grinaker-LTA performance
- Project delivery
- Turnaround of challenging contracts / projects
- Profitable growth
- Capital allocation
- Targeted returns

Notes

Conclusion

- Well positioned to compete successfully in what is likely to be a tight market over the next year
  - balanced business portfolio
  - geographical diversity
  - capability to deliver complex multi-disciplinary projects across the infrastructure value chain
  - strong balance sheet
- We anticipate an improved contribution from Construction and Engineering cluster in South Africa and Australasia and improved returns from Aveng Mining

Aveng Group prospects remain strong given our geographic diversity, strong order book and robust balance sheet

Notes

Appendix

Notes

Selected major contract awards to Jan 2013

Contract/Project	Location	Client	Start date	Duration Months
Kusile Power Station M&P Works	South Africa	Eskom and Alstom	Jul-12	60
Shondoni Mine - Boxcut	South Africa	SASOL	Aug-12	9
Vaal River and Malanskraal: Rehabilitation	South Africa	N3 Toll Concession (Pty) Ltd	Aug-12	9
Hazelmere Water Treatment Works	South Africa	Umgeni Water	Sep-12	18
Bridgeway at Century City	South Africa	Rabie Property Developers	Sep-12	9
Fire damage: Mossel Bay Refinery	South Africa	PetroSA	Sep-12	1
Training Centre at Brackenfell	South Africa	City of Cape Town	Sep-12	14
Dept. of Environmental Affairs - Glazed Aluminium Facades	South Africa	Imvelo Concessions Company (Pty) Ltd	Sep-12	11

Notes

Selected major contract awards to Jan 2013

Contract/Project	Location	Client	Start date	Duration Months
Engen Site Establishment for NMPP	South Africa	Engen Petroleum	Oct-12	17
Curtain walling to Ernst & Young's new corporate office	South Africa	Eris Properties	Oct-12	15
Kalagadi Manganese Mine	South Africa	Kalagadi Manganese	Oct-12	14
Rehau Facility extension - Nelson Mandela Bay Logistics Park	South Africa	Coega Development Corporation	Oct-12	8
Vodacom Data Centre	South Africa	Coffey Projects	Nov-12	16
Daveyton to Delmas Construction of an asphalt overlay on N12	South Africa	SANRAL	Nov-12	18

Notes

Selected major contract awards to Jan 2013 – McConnell Dowell

Contract/Project	Location	Client	Start date	Duration Months
Outer Harbour Early Works	Australia (WA)	BHP Billiton	Jul-12	4
PUG Slab Replacement	Australia (Vic)	Australia Pacific Airport Corp	Jan-13	25
Riverbank Pedestrian Bridge	Australia (SA)	DPTI	Jan-13	18
Coles Beeliar	Australia (WA)	Coles Group	Jan-13	10
Ocean Keys Shopping Centre	Australia (WA)	AMP Royal Randwick P/L	Jan-13	23
Qatar Pot Relining Works	Qatar	Qatar Aluminium ltd	Jan-13	16
Bakan Gold Development	Indonesia	PT Resources	Jan-13	6
Perth Airport	Australia (WA)	Perth Airport P/L	Jan-13	16
Mt Gambier Hospital	Australia (WA)	Department of Planning Transport & Infrastructure	Jan-13	18
Waitaki River Bridge Replacement	New Zealand	NZ Transport Agency	Jan-13	24

Notes

Disclaimer

This presentation 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 financial results.

Notes

AVENG GROUP

Leaders in infrastructure development

Unaudited Interim Group results

for the six months ended 31 December 2012

Revenue

R25 billion

Increase of 30% from comparative period[1]

Operating profit

R518 million

Increase of 56% from comparative period[1]

Headline earnings

R392 million

Increase of 43% from comparative period[1]

Headline earnings per share

104,5 cents

Increase of 48% from comparative period[1]

Net asset value per share

R33,91

increase of 4,5% from June 2012[2]

Two Year Order book

R39,7 billion

decrease of 15,3% from June 2012[2]

[1]From the six month period ending 31 December 2011 (1 July 2011 – 31 December 2011)

[2]From the period ended 30 June 2012.

Interim condensed consolidated statement of financial position

	31 December 2012 (Unaudited) Rm	31 December 2011 (Unaudited) Rm	30 June 2012 (Audited) Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**6 822**	6 252	6 664
Goodwill and other intangibles	**1 553**	1 530	1 549
Equity-accounted investments	**91**	110	108
Available-for-sale investments	**147**	149	143
Deferred tax assets	**1 011**	445	1 373
	9 624	8 486	9 837
Current assets			
Inventories	**2 625**	2 550	2 467
Trade and other receivables	**11 116**	9 515	10 442
Cash and bank balances	**5 263**	5 260	5 202
	19 004	17 325	18 111
TOTAL ASSETS	**28 628**	25 811	27 948
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	**1 435**	1 883	1 435
Foreign currency translation reserve	**710**	577	546
Insurance and other reserves	**57**	72	57
Distributable reserves	**11 017**	10 613	10 864
Non-controlling interests	**13**	(6)	10
	13 232	13 139	12 912
Non-current liabilities			
Borrowings	**1 289**	53	748
Deferred tax liabilities	**255**	163	674
	1 544	216	1 422
Current liabilities			
Trade and other payables	**10 982**	10 476	10 648
Provisions	**2 040**	1 461	2 201
Borrowings	**161**	41	180
Bank overdrafts	**508**	368	343
Taxation payable	**161**	110	242
	13 852	12 456	13 614
TOTAL EQUITY AND LIABILITIES	**28 628**	25 811	27 948
Net cash position to equity ratio (%)	**(25)**	(37)	(30)
Net asset value per ordinary share (cents)	**3 391**	3 273	3 310

2 Interim condensed consolidated statement of comprehensive income

	Six months ended 31 December 2012 (Unaudited) Rm	Six months ended 31 December 2011 (Unaudited) Rm	% change	Year ended 30 June 2012 (Audited) Rm
Revenue	**24 987**	19 149	30	40 886
Operating profit before depreciation and amortisation	**1 202**	1 066	13	2 020
Depreciation	**668**	719		1 479
Amortisation of intangibles	**18**	15		37
Operating profit	**516**	332	55	504
Other gains and losses	**2**	*		31
Operating profit after other gains and losses	**518**	332	56	535
Share of profits and losses from equity-accounted investments	**(16)**	15		41
Income from available-for-sale investments	**42**	40		37
Operating income	**544**	387	41	613
Finance income	**66**	93		189
Finance and transaction costs	**54**	28		76
Profit before taxation	**556**	452	23	726
Taxation	**159**	182		203
Profit for the period	**397**	270	47	523
Other comprehensive income for the period				
Exchange differences on translation of foreign operations	**164**	515		484
Fair value movement	*****	*		(11)
Total comprehensive income for the period	**561**	785	(29)	996
Profit attributable to:				
Equity holders of Aveng Limited	**394**	274		521
Non-controlling interests	**3**	(4)		2
Profit for the period	**397**	270	47	523
Total comprehensive income attributable to:				
Equity holders of Aveng Limited	**561**	789		994
Non-controlling interests	*****	(4)		2
Total comprehensive income for the period	**561**	785	(29)	996
Determination of headline earnings				
Profit for the year attributable to equity holders of Aveng Limited	**394**	274		521
Adjusted for (net of tax)				
Profit on sale of property, plant and equipment	**(2)**	*		*
Profit on sale with change in ownership holding in subsidiary				(26)
Headline earnings	**392**	274	43	495

Amounts are less than R1 million.

Interim condensed consolidated statement of cash flows

	Six months ended 31 December 2012 (Unaudited) Rm	Six months ended 31 December 2011 (Unaudited) Rm	Year ended 30 June 2012 (Audited) Rm
Cash retained from operating activities			
Cash retained from operations	**518**	332	535
Depreciation	**668**	719	1 479
Amortisation	**18**	15	37
Non-cash and other movements	**(210)**	(147)	173
Cash generated by operations	**994**	919	2 224
Changes in working capital			
Increase in inventories	**(160)**	(543)	(398)
(Increase)/decrease in receivables	**(687)**	340	1 769
Increase/(decrease) in payables	**349**	(483)	(2 170)
Cash generated by operating activities	**496**	233	1 425
Finance income	**59**	93	189
Finance and transaction costs paid	**(57)**	(28)	(76)
Taxation paid	**(302)**	(284)	(567)
Cash inflow from operating activities	**196**	14	971
Investing activities			
Property, plant and equipment purchased – expansion	**(222)**	(204)	(1 220)
– replacement	**(560)**	(640)	(867)
Changes in equity-accounted and available-for-sale investments	**(2)**	26	30
Proceeds on disposal of property, plant and equipment	**25**	46	149
Purchase of subsidiaries		(18)	
Disposal/(acquisition) of other investments		(18)	
Dividends received	**42**	40	37
Cash outflow from investing activities	**(717)**	(768)	(1 871)
Operating free cash outflow	**(521)**	(754)	(900)
Financing activities with equity holders			
Shares repurchased			(449)
Increase in shares by non-controlling interests in subsidiary company			10
Dividends paid	**(241)**	(561)	(561)
Financing activities with debt holders			
Long-term borrowings raised	**523**	11	845
Net decrease in cash and cash equivalents before foreign exchange movements on cash	**(239)**	(1 304)	(1 055)
Foreign exchange movements on cash	**135**	796	514
Cash and cash equivalents at beginning of year	**4 859**	5 400	5 400
Cash and cash equivalents at end of year	**4 755**	4 892	4 859
Borrowings, excluding Bank overdrafts	**(1 450)**	(94)	(928)
Net cash position	**3 305**	4 798	3 931

Interim condensed consolidated statement of changes in equity

	Share capital and share premium Rm	Foreign currency translation reserve Rm
Six months ended 31 December 2011 (Unaudited)		
Balance at 1 July 2011	**1 883**	62
Profit for the year		
Other comprehensive income		
– Foreign currency translation		515
– Fair value movement		
Total comprehensive income	**–**	515
Dividends paid		
Balance at 31 December 2011	**1 883**	577
Year ended 30 June 2012 (Audited)		
Balance at 1 July 2011	**1 883**	62
Profit for the year		
Other comprehensive income/(loss)		
– Foreign currency translation		484
– Fair value movement		
Total comprehensive income		484
Dividends paid		
Shares issued	**327**	
Share repurchased programme	**(448)**	
Movement in treasury shares	**(327)**	
Transfers		
Balance at 30 June 2012	**1 435**	546
Six months ended 31 December 2012 (Unaudited)		
Balance at 1 July 2012	**1 435**	546
Profit for the year		
Other comprehensive income		
– Foreign currency translation		164
– Fair value movement		
Total comprehensive income		164
Dividends paid		
Balance at 31 December 2012	**1 435**	710

**Amounts are less than R1 million.*

Insurance and other reserves Rm	Distributable reserves Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
72	10 900	12 917	(2)	12 915
	274	274	(4)	270
		515		515
*		*		*
*	274	789	(4)	785
	(561)	(561)	*	(561)
72	10 613	13 145	(6)	13 139
72	10 900	12 917	(2)	12 915
	521	521	2	523
		484	*	484
(11)		(11)		(11)
(11)	521	994	2	996
	(561)	(561)	*	(561)
		327	10	337
		(448)		(448)
		(327)		(327)
(4)	4			
57	10 864	12 902	10	12 912
57	10 864	12 902	10	12 912
	394	394	3	397
		164	*	164
*		*		*
*	394	558	3	561
	(241)	(241)	*	(241)
57	11 017	13 219	13	13 232

6 Other information

	Six months ended 31 December 2012 Rm	Six months ended 31 December 2011 Rm	Year ended 30 June 2012 Rm
Capital expenditure			
Expansion	**222**	204	1 220
Replacement	**560**	640	867
	782	844	2 087
Commitments for future capital expenditure:			
Contracted	**242**	362	269
Authorised, but not contracted for	**181**	69	474
	423	431	743
Earnings per share (cents)			
Earnings	**105,0**	70,8	134,9
Earnings – Diluted	**98,0**	67,6	126,1
Headline	**104,5**	70,6	128,1
Headline – Diluted	**97,5**	67,5	119,8
Number of shares (millions)			
In issue	**389,8**	401,6	389,8
Weighted average	**375,2**	387,0	386,0
Diluted weighted average	**402,1**	405,2	412,8
Dividend per share (cents)	**Nil**	Nil	60,0

1. Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 31 December 2012 ("interim results") were authorised for issue in accordance with a resolution of the directors on 13 March 2012.

Aveng Limited is a limited liability company incorporated and domiciled in the Republic of South Africa whose shares are publicly traded. The Group operates in the construction, engineering and mining environment and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress.

Refer to commentary for a more detailed report on the performance of the different operating units within the Group.

2. Statement of compliance

The interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act, 2008 as amended, and the Listings Requirements of the JSE Stock Exchange South Africa.

3. Basis of preparation and accounting policies

The interim results have been prepared on the historical cost basis, except for certain financial instruments, which includes listed investments, that are fairly valued by marking to market. The accounting policies used in the preparation of the interim results are in accordance with IFRS and are consistent in all material respects with those used in the Group's audited annual financial statements as at 30 June 2012.

The interim results comply with IAS 34 Interim Financial Reporting and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited annual financial statements as at 30 June 2012.

The interim results have been prepared under the supervision of the Chief Financial Officer, Mr HJ Verster.

The Group has adopted the following new and revised Standards and Interpretations (issued by the International Financial Reporting Interpretation Committee) of the IASB that became effective before or on 1 July 2012:

Standard	Subject
IAS 1	Presentation of Other Comprehensive Income (Improvement)
IAS 12	Income Taxes – Deferred Tax, Recovery of Underlying Assets (Amendment)

The adoption of these improvements and amendments did not have a material effect on the Group's interim results.

In addition the following Standards and Interpretations have been issued but are not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated:

Standard	Subject	Effective date
IFRS 9	Financial instruments: Classification and Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Financial Statements (Amendment)	1 January 2013
IAS 16	Property, Plant and Equipment (Improvement)	1 January 2013
IAS 19	Employee Benefits (Amendment)	1 January 2013
IAS 27	Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28	Investment in Associate and Joint Ventures (as revised in 2011)	1 January 2013
IAS 32	Financial Instruments: Presentation (Improvement)	1 January 2014
IAS 34	Interim Financial Reporting (Improvement)	1 January 2013

The Group does not intend early adopting any of the above Standards and Interpretations.

4. Segment information

The Group has determined five reportable segments that are largely organised and managed separately according to the nature of products and services provided. These include the following operating segments: Construction and Engineering: South Africa and rest of Africa; Construction and Engineering: Australasia and Pacific; Mining; Manufacturing and Processsing; and Administration.

These operating segments are components of the Group:

a) that engage in business activities from which they earn revenues and incur expenses; and

b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments have consistently adopted the consolidated basis of accounting and there are no differences in measurement applied.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as Operating Profit.

5. Income tax

The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

	Six months ended 31 December 2012 Rm	Six months ended 31 December 2011 Rm	Year ended 30 June 2012 Rm
Current income tax			
Current income tax charge	**216**	173	582
Secondary Tax on Companies		57	57
Deferred tax			
Relating to origination and reversal of temporary differences	**(57)**	(48)	(442)
Capital gains tax			4
Tax charge related to equity-accounted investments			2
Income tax expense	**159**	182	203

6. Property, plant and equipment

During the six months ended 31 December 2012, the Group acquired assets at a cost of R782 million (December 2011: R844 million).

7. Cash and cash equivalents

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	Six months ended 31 December 2012 Rm	Six months ended 31 December 2011 Rm	Year ended 30 June 2012 Rm
Cash and bank balances	**5 263**	5 260	5 202
Bank overdrafts	**(508)**	(368)	(343)
	4 755	4 892	4 859

8. Contingent liabilities – Competition Commission

Beyond the Performance Bonds and Guarantees as well as Other Contract claims the major contingent liability relate to the Competition Commission. As previously reported the Aveng board supports and has cooperated with the Competition Commission in its investigation into historic anti-competitive practices in the South African construction industry in terms of the fast-track settlement process. The Aveng Group has submitted a settlement offer to the Competition Commission and feedback is awaited. There has been no subsequent increase in the provision raised as at 30 June 2012.

9. Related party transactions

During the year the Company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with equity-accounted investments. There has been no significant changes to the nature of related party transactions since 30 June 2012.

There were no related party transactions with directors or entities in which the directors have a material interest.

10. Dividend policy

There has been no changes to the dividend policy of the Group since 30 June 2012.

11. Events after reporting date

The directors are not aware of any matters or circumstances arising after the period ended 31 December 2012, not otherwise dealt with in the Group's interim results, which could have a material effect on the financial statements.

10 Segmental analysis

Business segmentation	Six months ended 31 December 2012 (Unaudited) Rm	Six months ended 31 December 2011 (Unaudited) Rm	Year ended 30 June 2012 (Audited) Rm
Revenue			
Construction and Engineering			
South Africa and rest of Africa[1]	**3 973**	4 080	7 931
Australasia and Pacific	**12 761**	7 641	17 122
Total Construction and Engineering	**16 734**	11 721	25 053
Mining[2]	**3 793**	3 138	6 680
Manufacturing and Processing	**4 458**	4 290	9 148
Administration	**2**	*	5
	24 987	19 149	40 886
Operating profit			
Construction and Engineering			
South Africa and rest of Africa[1]	**(39)**	(123)	(757)
Australasia and Pacific	**195**	128	360
Total Construction and Engineering	**156**	5	(397)
Mining[2]	**390**	296	579
Manufacturing and Processing	**86**	277	585
Administration	**(114)**	(246)	(232)
	518	332	535

**Amount is less than R1 million.*

[1]*Aveng Shafts and Underground Mining has been reclassified from Construction and Engineering: South Africa and rest of Africa to Mining for periods ending June 2012 and December 2011.*

[2]*Includes Aveng Shafts and Underground Mining from 1 July 2012.*

Overview

Despite difficult trading conditions in the South African and Australian construction and engineering markets, the Group improved its operating performance with operating profit increasing by 56% to R518 million after absorbing costs from the labour disruptions that were prevalent in the second quarter of some R120 million. In addition to mitigating key risks from challenging contracts in Australia, other McConnell Dowell ("MacDow") projects delivered strong results. The performance of Aveng Grinaker-LTA also improved in spite of the impact of labour disruptions while Aveng Mining generated a strong performance.

Whilst the Group's order book declined by 15% to R39.7 billion between June and December 2012, mainly as a result of the softening infrastructure market in Australia, the order book nevertheless remains strong. Generally, projects are taking much longer to conclude, are more expensive and are more resource intensive. The decline comes off a high base as in the comparative six month period ended 31 December 2011 ("the comparative period" or "2011"), the order book grew by 24%. Aveng Grinaker-LTA's order book also declined during the period but since January 2013, a number of significant new projects have been won. This includes work at Nacala Section 2 Rail Project in Tete, Mozambique for Vale and the Majuba Rail Link for Eskom Holdings. MacDow has also been awarded a number of significant projects since the 8 November 2012 business update, such as the Airport Terminal for Perth Airport and the Ocean Keys Shopping Centre for AMP in Perth.

The Group is pleased to announce that Aveng Concessions, together with its consortium partners, has been identified as the preferred bidder in the Mauritius Road Decongestion Project. Aveng Grinaker-LTA has a significant interest in the design and construct subcontract.

Safety

The Group's safety vision, *'Home Without Harm, Everyone Everyday'* remains integral to the manner in which the Group conducts business. Aveng's six month All Injury Frequency Rate (AIFR) remained stable at 4.7 against the performance reported at 30 June 2012.

However, the Group regrettably suffered three fatalities during the period, two of whom were subcontractors. The Aveng Board and Management extend their sincere condolences to the families of their deceased colleagues.

The Group is focusing attention on improving the management and control of high consequence activities in particular subcontractors and transport.

Operating environment

The South African construction and engineering market remained subdued, with limited infrastructure spend taking place in the local market. However, it was pleasing that some of the large infrastructure projects in Africa have now reached implementation stage.

The South African Government's renewable energy programme aimed to create 3 725 MW of renewable energy to ensure the continued uninterrupted supply of electricity in the country, has provided a considerable market opportunity for the local construction and engineering sector. The Group is involved in the programme as a sponsor, developer, investor, engineering, procurement and construction contractor, and operator. Together with its investment partners, Aveng was awarded preferred bidder status for a wind farm project and a solar photovoltaic facility in the second bid window of the programme during 2012. Both projects are expected to reach financial close in April 2013 and construction work should commence shortly thereafter.

Mining activities in Africa within the Group's focus area remains strong, while the Group's *Manufacturing and Processing* operating segment is experiencing lower demand in a highly competitive trading environment.

The Australian economy, although sound, has experienced a period of consolidation. The construction and engineering operating environment in Australasia and the Pacific is slowing, with large mining and gas projects unlikely to continue at the same pace and scale as experienced over the last few years. Good road and rail opportunities do exist, though generally government spending in the region is constraining the development of the opportunities.

Financial performance

Revenue increased by 30% to R24 987 million compared to R19 149 million in the comparative period, mainly due to the high levels of activity within MacDow and Aveng Mining.

Operating profit improved by 56% to R518 million (2011: R332 million) due to:

- improved profitability by MacDow, despite additional risk provisioning for the Queensland Curtis Liquid Natural Gas Pipeline ("QCLNG") and Hay Point Berth ("Hay Point") projects;
- an improved, albeit still a loss-making, performance by Aveng Grinaker-LTA;

- a substantial improvement in the operating performance of Aveng Mining; and
- an enhancement of the Rand-denominated performance due to the weakening of the currency against the US and Australian Dollar for non-Rand functional foreign operations.

These positive contributions were partially offset by a material decline in the *Manufacturing and Processing* operating segment which was affected by slower demand, marginally lower steel prices and steel supply constraints.

The operating profit was also adversely affected by R120 million in the second quarter of the half year by the impact of the labour disruptions in the mining and transport sectors as well as at the Medupi power station site, with Aveng Grinaker-LTA being the worst affected. The Medupi disruptions have not yet been resolved and will have some additional impact in the second half of the financial year. Claims will be lodged for the cost of the labour disruptions.

Headline earnings for the period increased by 43% to R392 million (2011: R274 million) due to the following:

- the higher operating profit as described above; and
- the effective tax rate realised was lower due to the substitution of Secondary Tax on Companies with Dividend Withholding Tax, combined with a shift in the geographical profit mix for the period.

The increase was partly offset by:

- lower equity-accounted income due to weaker performances out of the Aveng Grinaker-LTA's Mauritian investment and MacDow's Middle East investments; and
- lower net interest income received when compared to the comparative period due to lower average cash balances.

Undiluted and diluted headline earnings per share increased by 48% and 44% respectively against the comparative period, benefitting from the share buy-back programme undertaken in the previous financial year.

Operating Free Cash Flow amounted to an outflow of R521 million for the period (2011: outflow of R754 million) reflecting:

- higher inventory levels within the *Manufacturing and Processing* operating segment to compensate for supply disruptions, especially from domestic steel suppliers;
- greater receivables due to the higher level of activity and unsettled claims within MacDow; and
- capital expenditure by Aveng Mining, Aveng Manufacturing and MacDow of R782 million.

Consequently, the Group's net cash position has declined by R626 million on the 30 June 2012 position of R3 931 million to R3 305 million.

The following key initiatives drove the capital expenditure for the period:

- equipment in support of Aveng Moolman's Northern Cape activities following contract extensions particularly at Sishen;
- Aveng Manufacturing's construction of a concrete pipe, culverts and sleeper factory in Tete Mozambique, in order to take advantage of the infrastructural development opportunities in the region. This includes Malawi, South-Eastern Zambia and Northern Zimbabwe. Investments were also made in South Africa for machinery supporting train rail construction; and
- plant and equipment replacement at MacDow in support of its revenue growth.

Operating review

The *Construction and Engineering* operating segments generated revenue growth of 43% to R16 734 million primarily driven by the major contracts in MacDow. Operating profit was R156 million, which has been adversely effected by the provisioning made on the QCLNG and Hay Point projects and the impact of labour disruptions on Aveng Grinaker-LTA as well as interruptions at Medupi.

Construction and Engineering: Australasia and Pacific

This operating segment comprises MacDow Construction, Tunneling, Electrical and Pipeline business units.

Revenue increased by 67% (in Rand terms) to R12 761 million (49% increase to AUD1 459 million) against the comparative period, being reflective of the strong work on hand position entering the financial year and the high level of activity on a number of large projects particularly on the QCLNG, Australia Pacific Liquid Natural Gas Pipeline ("APLNG") and Hay Point projects. There has been a marginal slow-down in the South East Asia business resulting from the tough competitive environments in those markets.

Performance in Rand terms was supported by a strong Australian Dollar, which averaged R8.80 compared to R7.85 in the comparative period.

Underlying operating profitability has been pleasing for the business increasing by 52%, despite continued uncertainty on the QCLNG and Hay Point projects impacting profit recognition within the Australia operations. The QCLNG project however will remain a material risk to both profit and cash flow through to completion later in the 2013 calendar year.

Performance of the divisions may be summarised as follows:

The ***Australian Construction*** business unit maintained strong growth, reporting revenue growth of 67% over the comparative period from R3 473 million to R5 801 million.

The Adelaide Desalination Plant, the largest of its type in the world, which was initially delayed by geotechnical and weather challenges, achieved full capacity of 100 gigaliters of desalinated water per annum. The plant was officially handed over to the client, South Australian Water, in December 2012. The commercial issues have been finalised with the client. The desalination plant has been short-listed for the Global Water Intelligence Desalination Plant award of 2013 as one of the most technically accomplished plants.

The Hay Point project in Queensland has been affected by significant changes to scope, difficult ground conditions and inclement weather. MacDow is working with the client to mitigate the delays with an accelerated work programme and to resolve the commercial position to eliminate further downside exposure on this project, which is expected to be resolved shortly.

The Komo Airfield project which entails the construction of approximately 3 km of runway and apron areas in a very remote and challenging environment has been subject to further construction delays following a landslide on the southern end of the runway, these events are not expected to have an adverse impact. MacDow expects to successfully complete this challenging project in the second half of the 2013 calendar year.

Work has progressed well on FMG Berth 4 in the Pilbara and the FMG Rail project in a joint venture partnership with the Lennings Rail Services business unit within Aveng Manufacturing. The Seaford Rail overpass was completed on time, while good progress continued to be made on the Gold Coast Light Rail Public Private Partnership ("PPP") project. Built Environs successfully completed the Single Leap 2 Defence Housing PPP project and Walkerville Marketplace.

Overseas Construction performed well, with New Zealand, the Pacific Islands and the Middle East recording revenue growth, while South East Asia's revenue has slowed which is reflective of the competitive markets. Overall, the business unit experienced revenue growth of 10% to R1 802 million however this was mainly due to the fact that a number of large contracts are only in the early stages of completion. The business operates in New Zealand, the Pacific Islands, Singapore, Indonesia, Thailand, Philippines, Malaysia, Hong Kong, UAE, Qatar, and Saudi Arabia. Significant projects include the Te Mihi Geothermal Power Station and Christchurch Rehabilitation Projects in New Zealand, the Vale Jetty in Malaysia, and the Donggi Liquid Natural Gas Terminal in Indonesia.

The ***Pipelines*** business unit reported a 179% increase in revenue to R3 584 million for the period. Work on a number of significant contracts on coal seam methane projects secured in Queensland in the previous financial year is in progress.

Work on the APLNG and Gladstone Liquid Natural Gas Pipeline (GLNG) projects has progressed well; the projects are on schedule, just over a third complete and achieving acceptable overall performance.

However, overall profitability continues to be impacted by the QCLNG project which is now 80% complete. Further risk provisions have been taken on the project, which is being undertaken with a joint venture partner and involves detailed design and construction work for a 540 km 42 inch underground gas pipeline network. The recent extreme weather events in Queensland will extend the programme beyond the current 31 August 2013 schedule which represents additional commercial risks for which provision has been made.

The ***Electrical*** business unit achieved significant growth across all of its key business sectors in Australia and New Zealand increasing revenue by 43% to R1 218 million for the period. This business unit continued to win long-term maintenance contracts whilst diversifying its business into other utilities such as gas network maintenance.

The ***Tunneling*** business unit is currently performing below revenue expectations, which is a reflection of the current shortage of work. Revenue declined by 16% to R431 million on the comparative period, due primarily to the absence of new work secured during the 2012 financial year. This division is currently executing the Waterview Project in New Zealand, the Beauty World Mass Rapid Transit Station in Singapore which is 80% complete and the Cable Tunnels in Abu Dhabi.

Order Book

Major contracts awarded since the 8 November 2012 business update, with a cumulative value of R4 713 million include:

- Apron Replacement at Melbourne Airport for Australia Pacific Airport Corporation;
- Riverbank Pedestrian Bridge for the Department of Planning Transport and Infrastructure in South Australia;
- Supermarket for the Coles Group in Western Australia;
- Ocean Keys Shopping Centre for AMP in Perth;
- Qatar Pot Relining Works for Qatar Aluminum;

- Bakan Gold Development for PT Resources;
- Airport Terminal for Perth Airport;
- Mt Gambier Hospital for the Department of Planning Transport and Infrastructure;
- Waitaki River Bridge Replacement in New Zealand;
- Kiribati Roads Rehabilitation Project for the Government of Kiribati; and
- Powercor Network Services Program to undertake the Armour Rod and Vibration Damper Retrofit Program across the Powercor electricity network.

Construction and Engineering: South Africa and rest of Africa

This operating segment comprises Aveng Grinaker-LTA, Aveng Water and Aveng E+PC business units. The Aveng Shafts and Underground Mining activities of the Group, previously reported under this operating segment, are now reported under the Mining operating segment. Comparatives have been restated.

Revenue for the operating segment declined by 3% to R3 973 million from R4 080 million in the comparative period. The operating segment reported an operating loss of R39 million (2011: R123 million) after absorbing the impact of labour disruptions.

Aveng Grinaker-LTA

Revenue declined by 2% to R3 648 million from R3 713 million. Operating profit remained marginally negative for the period, though an improvement against the comparative period's result.

This business generated a loss due to the following:

- slower realisation of the restructuring benefits;
- work performed on Medupi without recognising any margin;
- the impact of the labour disruptions; and
- the cost of retaining skills and related capacity in anticipation of improved market conditions.

Aveng Grinaker-LTA is of the view that it should be compensated for the significant costs associated with the labour disruptions relating to the Medupi power station. The disruptions started in the latter part of the period, but escalated into the 2013 calendar year. Together with its joint venture partners, the Group intends to robustly protect its rights in this matter.

The **Construction** business unit, which now includes the Building, Civils and Earthworks, and Mechanical and Electrical businesses, reported a decrease in revenue of 4% to R2 979 million. The operating loss declined compared to the comparative period and was attributable to the partial realisation of benefits from the internal restructuring process which only impacted the last quarter. In addition, the Coastal division performed well, benefitting from the integration of the building operations with the civil operations. Certain higher margin large contracts were awarded during the period and should have a positive impact on results, however, the impact is primarily expected to be felt for the new financial year.

The **Specialised** business unit, comprising Rand Roads, Ground Engineering (GEL), Karenna, Automotive and Control Systems (ACS), Facades and DSE structural steel fabrication ("DSE"), continued to under-perform relative to expectations. Rand Roads largely performs most of its work with the Construction business unit, which is generally at lower margins. DSE's productivity and utilisation levels remain below capacity whilst the labour disruptions at Medupi delayed the delivery of DSE's contract work to the site. The steel contract concluded directly with Hitachi for structural work is progressing very well and is unrelated to the pipe welding difficulties recently reported in the national press. The contractual claims against Genrec relating to the DSE steel fabrication contract for Medupi continue to be pursued through legal and contractual channels.

Order book

Aveng Concessions together with its consortium partners has been identified as the preferred bidder in the Mauritius Road Decongestion Project. Aveng Grinaker-LTA is a joint venture partner in the design and construct subcontract that will have a material and positive impact on Aveng Grinaker-LTA's order book. This PPP encompasses design, construction, financing, operation and maintenance.

Major contracts awarded since the 8 November 2012 business update, with a combined contract value of R2 960 million, include:

- Majuba Rail Link for Eskom Holdings;
- Nacala Section 2 Rail Project in Tete, Mozambique for Vale;
- construction of an extension to the Rehau Polymer Facility for the Nelson Mandela Bay Logistics Park for the Coega Development Corporation;

• construction and electrification of a 20 km new railway line for the Kalagadi Resources' manganese mine;
• Vodacom Data Centre for Coffey Projects; and
• Sandton City Atrium Repositioning for Liberty Group Properties.

Aveng E+PC and Aveng Water

The tapering off of work on large contracts in the current year and delays in the start of new contracts adversely impacted the first six months of the financial year. The extension of certain existing contracts served to partially offset the impact of the delays.

Both Aveng E+PC and Aveng Water experienced a shortage of work, and were thus adversely affected by the cost of retaining skills and related capacity in anticipation of improved market conditions. Revenue decreased by 11% to R325 million in relation to the comparative period. Aveng Water's HiPro Water Recovery Process serves to strengthen the Group's offering to the mine water treatment market but projects are very slow in being developed.

Mining

This operating segment with effect from 1 July 2012 comprises Aveng Moolmans and Aveng Shafts and Underground Mining business units, collectively known as Aveng Mining.

On a comparable basis, revenue for this operating segment increased by 21% to R3 793 million driven by strong growth from Aveng Moolmans.

Aveng Moolmans' revenue growth is attributable to growth in West Africa and South Africa, as well as extensions to existing contracts at Smaldeel, Kansanshi and additional work at Sishen. A heightened focus on operating efficiencies as well as the completion of some lower margin projects has driven the improved results within Aveng Moolmans. The depreciation in the Rand/US Dollar exchange rate from an average R7.54 in the comparative period to R8.48 enhanced Aveng Moolmans' operating profit.

The performance of the Aveng Shafts and Underground Mining business unit was hampered by project commencement delays on three new contracts and the impact of the labour disruptions, which all contributed to margin slippage.

Operating profit grew by 32% to R390 million with the improved efficiencies and new business offsetting the impact of labour disruptions in the mining industry.

Manufacturing and Processing

This operating segment comprises Aveng Manufacturing and Aveng Trident Steel.

Segmental revenue increased by 4% from R4 290 million in the comparative period to R4 458 million, with operating profit of R86 million (2011: R277 million), reflecting a very difficult trading environment.

Revenue growth of 15% by Aveng Manufacturing over the comparative period was largely attributable to additional Australian rail construction revenue as well as an increase in infrastructure products, which was at an all-time low during the prior year. Aveng Manufacturing's business units with high exposure to the mining industry, namely DFC and Duraset, were notably affected by the labour disruptions that impacted the platinum and gold mines in particular. Lennings Rail Services experienced a far greater percentage of lower margin maintenance contracts than planned and the impact of the holding cost associated with the pursuit of growth prospects. DFC was adversely impacted by the mine sector disruptions and lower demand by its platinum mining clients. Viewed as a capital investment by clients, demand for DFC's products was subject to the current growth constraints in the mining sector. Sales volumes for Steeledale increased materially by 35%. However, higher inventory levels entering the current financial year and price decreases in the first quarter of the year, culminated in lower profitability for this unit.

Revenue performance by Aveng Trident Steel was consistent with the comparative period. Contributing factors to its lack of growth include a marginal reduction in sales volume of 3%, due to lower industry demand, though mitigated by a more favourable sales mixture. Similar to Steeledale, given the high inventory levels and the aforementioned price decreases in the first quarter of the financial year, the adverse impact on profitability was significant. Periodic supply interruptions from domestic steel mills necessitated the need to increase inventory levels. The impact of the labour disruptions in the transport sector also adversely affected the performance of the business.

Administration

The administrative operating expense of R114 million is in respect of the costs associated with the Group's central administrative function. The comparative expense of R246 million included a non-recurring unrealised foreign exchange loss on the translation of inter-group loans for the period of R99 million.

Order book

The Group's two year order book decreased by 15% from R46.9 billion at 30 June 2012 to R39.7 billion at 31 December 2012. This decrease emanated primarily from the operating segment, *Construction and Engineering: Australasia and Pacific*. This operating segment's order book decreased by 17% from R29.9 billion to R24.7 billion. In Australian Dollar terms the order book decreased by 22% from AUD3.6 billion in June 2012 to AUD2.8 billion at 31 December 2012. The lower order book reflected the softening infrastructure market as well as the timing of securing new work. The expectation is that some large projects are likely to be secured in the first half of the 2013 calendar year.

At 31 December 2012, the order book for the operating segment, *Construction and Engineering: South Africa and rest of Africa* had declined by 14% from R7.2 billion at 30 June 2012 to R6.5 billion at 31 December 2012. The start of the 2013 calendar year has seen a notable improvement in the health of the order book with the winning of a number of significant new contracts.

Following further project awards since the start of the new calendar year (January 2013), the Group's current two year order book improved by 5% to R41.7 billion from the R39.7 billion at 31 December 2012.

Competition Commission

Aveng has proactively engaged and cooperated with the Competition Commission in its investigation into historic anti-competitive practices in the South African construction industry. The matter has not been finalised and Aveng's view remains that the investigation must be completed as soon as possible in order for the industry to move forward. As the settlement process has not been concluded the provision for a potential penalty, which was announced by Aveng in its SENS announcement of September 2012, remains unchanged at this time.

Outlook and prospects

The Group anticipates that public sector infrastructure spend in South Africa will remain somewhat muted in the coming year due to the slow rollout of infrastructure spend. However, positive signs of progress are evident in Government's support for the National Development Plan and the Draft Infrastructure Development Bill.

Growth in other key African markets is a priority. Infrastructure development in Africa remains an important focus area for the Group, specifically targeting opportunities in Mauritius and Mozambique. As this strategy gains traction the mix of projects will shift to higher margin work, resulting in further improvement in the performance of Aveng Grinaker-LTA.

Although the Australian economy is expected to weaken in the transition from the peak of the mining boom to growth in non-mining sectors which will impact negatively on infrastructure spend, MacDow is tendering on a number of large PPP opportunities and social infrastructure.

Following further project awards since the start of the new calendar year (February 2013), the Group's current two year order book improved by 6% to R42.0 billion from the R39.7 billion at 31 December 2012.

The *Manufacturing and Processing* operating segment has seen some positive steel price increases since the beginning of the year and restocking of inventories. The Aveng Manufacturing business unit continues to pursue growth opportunities in the rest of Africa, particularly in Mozambique, where Aveng is constructing a plant for the manufacture of concrete pipes and sleepers.

The *Mining* operating segment continues to be well placed to participate in the growth of the African mining industry as well as seeking shaft sinking projects in other regions.

Following the operating profit impact of R120 million in the period due to labour disruptions and given the continued disruptions specifically affecting the Medupi project, earnings may be impacted in the second half of the 2013 financial year.

Having won bids for two projects in the second round of the Renewable Energy Independent Power Procurement Programme as an Engineering, Procure and Construct, and concessions player, Aveng continues to focus on the Renewable Energy market and is planning to bid for additional projects in subsequent rounds. Further wind and solar projects are being developed for future bid windows to ensure that the Group continues to play a significant role in the renewable energy value chain over the medium to longer term.

The Group has a well balanced portfolio, geographical diversity and multi-disciplinary capabilities across the infrastructure value chain. It will continue to focus on project delivery and to reduce the financial impact of challenging contracts to improve its operational performance.

By order of the Board

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

15 March 2013

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JJA Mashaba (Group Human Resources Director), TM Mokgosi-Mwantembe*#,
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Michelle Nana

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ISIN: ZAE000111829
SHARE CODE: AEG

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Safety is paramount, never to be compromised
in the pursuit of any objective

AVENG GROUP