AVENG

Leaders in infrastructure

NOTICE OF ANNUAL GENERAL MEETING 2016

Contents

Corporate information

Directors

MI Seedat*# (Chairman), EK Diack*#, HJ Verster (Chief Executive Officer), PJ Erasmus*#, SJ Flanagan*#, MA Hermanus*#, PA Hourquebie*#, MJ Kilbride*#, AH Macartney (Group CFO), JJA Mashaba (Group Executive Director), TM Mokgosi-Mwantembe*#, KW Mzondeki*#
(*non-executive) (#independent)

Company secretary

Michelle Nana

Business address and registered office

Aveng Park
1 Jurgens Street, Jet Park
Boksburg, 1459
South Africa
Telephone +27 (0) 11 779 2800
Telefax +27 (0) 11 784 5030

Company registration number

1944/018119/06

Share codes

JSE: AEG
ISIN: ZAE 000111829

Website

www.aveng.co.za

Auditors

Ernst & Young Inc.
Registration number: 2005/002308/21
102 Rivonia Road
Sandton, Johannesburg, 2194
Private Bag X14
Northlands, 2116
South Africa
Telephone +27 (0) 11 772 3000
Telefax +27 (0) 11 772 4000

Principal bankers

Absa Bank Limited
Australia and New Zealand Banking Group Limited
Barclays Bank plc
Commonwealth Bank of Australia Limited
FirstRand Bank Limited
HSBC Bank plc
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Corporate legal advisers

Baker & McKenzie
Cliffe Dekker Hofmeyr
Norton Rose Fulbright
Webber Wentzel

Sponsor

J.P. Morgan Equities South Africa Proprietary Limited
Registration number: 1995/011815/07
1 Fricker Road, cnr Hurlingham Road
Illovo, 2196
South Africa
Telephone +27 (0) 11 537 0300
Telefax +27 (0) 11 507 0351/2/3

Registrars

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
South Africa
Telephone +27 (0) 11 370 5000
Telefax +27 (0) 11 688 5200

BASTION GRAPHICS

Our code of business conduct

The law will not be violated when conducting business for or on behalf of the Group.

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

The Aveng Group is committed to compliance with the provisions of the Competition Act 89 of 1998. Any effort to manipulate the markets, in which the Group is active, including collusion with competitors, will result in disciplinary action.

The Aveng Group has a zero-tolerance policy on bribery and any unethical payments to clients or business associates will result in disciplinary action.

Any possible conflict of interest in handling group affairs will be avoided and employees will perform their duties conscientiously, honestly and in accordance with the best interests of the Group and its shareholders.

Employees will not derive personal advantage from their position in the Group, nor will they acquire any business interest which could divert their energy from group responsibilities. They will not participate in an activity that is potentially in conflict with group interests or which could be perceived to impair their independence. Employees will not accept gifts, hospitality, or other favours from suppliers or potential suppliers of goods or services which, in the view of their immediate line superior or colleagues would be unwise, potentially sending the wrong message to subordinates and / or placing the recipient or the Group under a perceived obligation.

Group funds, property and assets will be used only for legitimate business purposes. Strict internal controls and governance procedures of the highest order will be introduced and enforced to discourage fraud and safeguard the Group.

Accurate and reliable records will be kept which fairly reflect all business transactions in terms of statements of International Financial Reporting Standards, for the Group to properly manage its affairs and meet its legal, financial and reporting obligations. Personal and business information gained in the course of business dealings will be safeguarded and its privacy respected.

The Aveng Group will uphold its employment equity policy which requires that equal opportunity be offered to all employees. The individuality of each person, their right to freedom of association and to absolute privacy in this regard will be respected. Harassment of any form, including sexual harassment, will be viewed in a very serious light and appropriate disciplinary action taken.

The Aveng Group's people are unquestionably its most important asset. Through careful selection, ongoing development, performance-based management and fair reward, every person in our Group will be encouraged to realise their full potential. Exceptional commitment to the Group's core values of integrity, quality and entrepreneurship will be appropriately rewarded.

The Aveng Group will strive to be a leading corporate citizen, working with employees, their families, local communities and society at large to improve the overall quality of life and to achieve sustainable economic development at all levels.

The Aveng Group will promote policies and operating procedures that conserve resources and minimise the environmental impact of its business activities.

Finally, the Aveng Group, its subsidiaries and officers will seek to build an atmosphere of openness and trust through regular, timeous and courteous communication with all stakeholders.

Dear Shareholder

We present to you our 2016 results through an extract from our summarised financial results.

In addition to the extract of the summary of our audited financial statements, this document contains the detailed notice to our 72nd Annual General Meeting to be held at 10h00 on Friday, 21 October 2016 in the boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg.

If you are unable to attend the Annual General Meeting, you may vote by proxy in accordance with the instruction on the Annual General Meeting notice and the form of proxy. The enclosed form of proxy, which is also available on our website at www.aveng.co.za, includes comprehensive instructions on how to complete it. Should you have any questions, please contact our offices.

As we have previously indicated, the changing financial reporting requirements and corporate governance demands over the past few years have resulted in voluminous annual reports. In order to promote sustainability, we will not be posting the integrated report to our shareholders.

Our comprehensive integrated report will be on the Company's website for viewing and may be downloaded from www.aveng.co.za on 19 September 2016. Printed copies of the integrated report will be made available to shareholders on request. If you would prefer to receive a printed copy, please contact Sorita van Tonder, the Communications and Marketing Manager, on +27 (11) 779 2800 or at soritavt@aveng.co.za.

Yours sincerely

Michelle Nana
Company Secretary
19 September 2016

Salient features – financial performance

Revenue
R33,8 billion
Decrease of 23% from R43,9 billion at June 2015

Net assets held for sale
R1 237 million

Headline loss
R299 million
Improvement of 48% from R578 million at June 2015

Loss per share
25,4 cents
Improvement of 78% from 114,8 cents at June 2015

Headline loss per share
75,2 cents
Improvement of 48% from 144,3 cents at June 2015

Two-year order book
R28,0 billion
June 2015: R28,9 billion

Gain on property transaction
R577 million

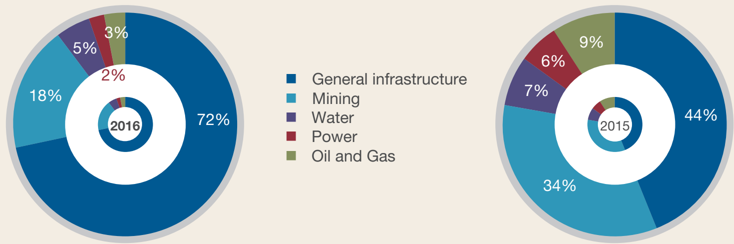
Net operating earnings / (loss)
R146 million
Improvement from R(288) million at June 2015

Operating free cash flow
R1 125 million outflow
June 2015: R1 027 million outflow

Revenue per operating group

Two-year order book per operating group

Two-year order book by sector



Net operating earnings / (loss) – segmental analysis

	FY2016 Rm	FY2015 Rm	Change %
South Africa and rest of Africa	**(187)**	(697)	73
Aveng Grinaker-LTA	**(69)**	(575)	(88)
Africa Construction	**(39)**	(12)	>(100)
Aveng Engineering	**(273)**	(291)	(6)
Aveng Capital Partners	**194**	181	7
Australasia and Asia	**14**	112	(88)
Total Construction and Engineering	**(173)**	(585)	70
Mining	**276**	413	(33)
Manufacturing and Processing	**(70)**	54	>(100)
Aveng Steel	**(166)**	(174)	(5)
Aveng Manufacturing	**96**	228	(58)
Other and eliminations	**113**	(170)	>(100)
Total	**146**	(288)	>(100)
Loss attributable to equity-holders of the parent	**(101)**	(460)	78
Headline loss	**(299)**	(578)	48

Overview

Salient features

- **Strong improvement in safety performance**
- **Revenue declined by 23% to R33,8 billion (2015: R43,9 billion)**
- **Net operating earnings improved to a profit of R146 million (2015: loss of R288 million) with an improved gross margin**
- **Overheads reset for lower activity levels**
- **Headline loss per share improved by 48% to a loss of 75cps**
- **Substantial improvement in the performance of Aveng Grinaker-LTA, with strong cash generation**
- **Sale of property portfolio, infrastructure investments and Aveng Steeledale business concluded**

Despite the fact that all the markets in which we operate remained subdued, Aveng was able to deliver improved results.

Aveng reported a substantially reduced headline loss of R299 million or 75,2 cents per share for the year ended 30 June 2016, compared to a headline loss of R578 million or 144,3 cents per share for the preceding year.

Group revenue declined by 23% to R33,8 billion (2015: R43,9 billion), in line with expectations, due to a weak macro-economic climate, with McConnell Dowell being most significantly impacted. Net operating earnings increased to a profit of R146 million from a loss of R288 million in 2015, driven primarily by a marked improvement in Aveng Grinaker-LTA and an 8% reduction in Group overheads, despite incurring once-off restructuring costs of R189 million. This improved performance was partially offset by contract underperformance at McConnell Dowell and once-off costs linked to a problematic water contract.

The Group generated a basic loss of R101 million (2015: R460 million), which included a gain on the property transaction of R577 million, offset by impairments of R333 million predominantly relating to Aveng Steel.

Safety

Safety remains a core value of Aveng and is integral to the way the Group conducts its business. The Group remains fully committed to driving its safety vision *"Home without harm, Everyone, Everyday"*.

During the year, the all injury frequency rate ("AIFR") improved by 23% to 2,7 from 3,5. This indicator includes all types of injuries and principally indicates broad personal injury trends. Aveng continues to see a strong year-on-year improvement in its safety performance.

Our Board and management are concerned with current levels of road traffic safety and believe that extreme vigilance is required across our South African operations given that we work on various public road projects. For this reason the Group has extended its reporting to include "monitored incidents" so as to ensure that the fatal risks associated with circumstances outside the control of Aveng, such as on public roads, are recognised and examined. Efforts to address such risks include increasing controls on road closures, employee vigilance during work activities inside a road closure or non-work activities near a road closure.

Regrettably, eight lives were lost in monitored incidents this year. The Aveng Board and management extend sincere condolences to the families and friends who have suffered such a painful loss. We will continue our efforts to avert such tragedies.

Strategy update

Recover and stabilise

Aveng continues to execute its strategy in three distinct phases. The initial "**recover and stabilise**" phase is mostly complete with the following outcomes:

Aveng Grinaker-LTA

Performance has improved at Aveng Grinaker-LTA in a number of areas. Loss-making contracts have been closed out, including the Grootgeluk Cyclic Pond project, while the Mokolo Pipeline project is in the process of being handed over. The ratio of projects executed at tender margin has substantially improved. While not at optimal levels, the achieved margin has improved significantly. The embedded margin in the Aveng Grinaker-LTA order book, continues to recover through robust tendering and project selection processes.

Strong cash generation in the year has benefited from the resolution of significant claims and receivables, most notably in the power sector. The overhead reduction programme has been completed, resulting in a lower overall cost base but incurring once-off restructuring costs during the year.

Aveng Water is now under the management of Aveng Grinaker-LTA, while the remaining components of Aveng Engineering were closed during the year. All previous construction contracts have been completed with the exception of one remaining water purification project. This project has received attention and the outcome is now more certain. The estimated loss for this contract has been accounted for in the current year, while the associated cash flows will impact the coming year as rectification and commissioning are completed.

These outcomes have largely been a result of a stable management team and considerable improvements in the core skills base within the business.

McConnell Dowell

During the year, McConnell Dowell underwent a comprehensive resetting of its business under new leadership. This process has positioned the operating group to more effectively manage project delivery and reduce its fixed cost base to align with lower revenue levels. Enhancing client relationships and more selective tendering in order to win quality work has been a focus. Under the new organisational structure, lines of accountability and project performance measurement have been significantly improved.

The order book has increased by 22% to AUD1,5 billion, benefiting from several large project awards in the last six months, including the Solid Products Jetty in Malaysia, Tuas Bridges in Singapore, Amrun Export facility in Australia, and Auckland's City Rail Link in New Zealand.

While McConnell Dowell made good progress in finalising various large projects and underperforming contracts, its financial performance remains disappointing. McConnell Dowell's operating free cash flow was impacted primarily by cash consumptive projects, where advance payments were received in the prior year.

Given the complexities of the QCLNG claims, the arbitrators have indicated the final outcome is likely to be delayed to the first half of the 2017 calendar year, while the claims relating to the GCRT project remain on track with conclusion anticipated in 2018. While claims settlements in the future will be cash accretive, they remain a material risk to earnings.

Aveng Mining
The claims relating to the Chile shaft sinking contract have been resolved and the project has closed out earlier and more favourably than anticipated. Contractual and commercial discussions continue regarding Wesizwe's Bakubung Platinum Mine. The Aveng Shafts & Underground business has been fully integrated with Aveng Moolmans and has returned to profitability. This integration has already brought about cost savings, while additional reductions are expected in the coming year.

Aveng Manufacturing
Aveng Manufacturing, like other operating groups, has been impacted by the economic downturn in southern Africa. Rail maintenance spend has been significantly curtailed in South Africa, while the depressed mining sector has impacted most business units. This prompted a fixed cost restructuring process to align to lower activity levels. This process will be completed in the first quarter of the new financial year.

Aveng Steel
Aveng Steel contributed positively to the Group's liquidity through improved working capital management. The operating loss reflects the impact of global steel price volatility during the first half of the financial year as well as lower local demand throughout the year, with an improved performance seen during the second half. In Aveng Steel, substantial effort resulted in the alignment of the fixed cost base with future business needs.

The following strategic transactions have been or are being implemented:

Sale of the Group's South African property portfolio
In the first half of the year the Group concluded the sale of its non-core properties to the Collins Group and retained a 30% share and joint control of these assets. This transaction resulted in a profit of R577 million and cash inflow of R1,1 billion.

Aveng Capital Partners' infrastructure investments
As announced on 10 August 2016 the Group has concluded a binding agreement with Royal Bafokeng Holdings Proprietary Limited, for the sale of all its interests in four major infrastructure investments for a cash consideration of R860 million. Conditions precedent to the disposal transaction include the waiver of the pre-emptive rights by current shareholders, and compliance, regulatory, lender and shareholder approvals.

Aveng Steeledale
The Group has concluded a binding agreement with Kutana Steel Proprietary Limited ("Kutana") whereby Kutana will effectively acquire a 70% interest in the Steeledale business, for approximately R252 million. The Group will have the option to divest from the remaining 30% of its shareholding in the Steeledale business at any time after three years for the fair value of its equity interest and loans at that time. The Kutana group of companies is a black women-owned investment group, with Thoko Mokgosi-Mwantembe being the CEO. She is also an independent non-executive director of Aveng Limited and other major South African listed companies. The sale to an affiliate of a director is a related party transaction and hence shareholder approval is required to complete this transaction.

Aveng Grinaker-LTA and Aveng Trident Steel
Further to the renewal of the cautionary announcement on 10 August 2016 regarding Aveng Grinaker-LTA and Aveng Trident Steel, the Group is still in discussions with parties on both of these transactions, and has not yet reached a stage where an announcement can be made on either the value or the prospective buyers. The market will be kept informed once there are material developments to report.

Position for profitable growth

The second phase of the strategy "position for profitable growth" has commenced and the Group has made some progress on this phase. This is evidenced by the strengthening of its businesses in key domestic markets of both South Africa and Australia. Aveng has continued to right size its business to align with current market conditions and has implemented further substantial reductions in overheads, which will be fully realised in 2017.

In optimising the Group's portfolio, the following actions have been implemented in addition to others mentioned in this report:

- Aveng Engineering and Aveng Facades have been closed
- The business of Aveng Steel Fabrication has been rationalised and amalgamated with the operations of Aveng Trident Steel
- Aveng Water has been repositioned and is set to leverage the advantage that Aveng has built in this market
- The Group's Africa strategy has been reprioritised and will focus on specific sectors for select clients in the rest of Africa.

Market review

Aveng's key markets, being South Africa, SADC and Australia, remained weak. During the last 12 months the construction industries in South Africa and Australia have faced slow growth in revenues, in line with lower economic growth in both markets.

The South African construction industry has been influenced by the downturn in the market, however, growth opportunities exist in the Building market in commercial, residential and healthcare. Continued low levels of public sector expenditure on major projects as well as the impact of depressed commodity prices in the resource markets have impacted the Civils, Mechanical & Electrical, Rail and Mining businesses.

The end of the decade-long resources boom in Australia was further evidenced in the completion of major Oil & Gas projects. The reduced investment environment was only partially offset by increases in government expenditure in transport, power and water infrastructure, leading to an overall construction market decline. The New Zealand construction market has remained steady, with road and water project opportunities. Urbanisation and population growth continued to underpin an improvement in the Southeast Asian infrastructure market. Stronger competition across all geographies and sectors continued to make winning work difficult and negatively impacted on margins. Despite this, McConnell Dowell has been successful in growing its order book by 22% and improving its embedded margin.

The manufacturing environment was impacted by weakness in traditional markets, slow demand from the construction and mining sectors, and reduced maintenance spend on rail. Aveng Manufacturing added new product lines and restructured to drive efficiency and optimisation within all operations.

The mining industry in South Africa and globally is under considerable pressure which has resulted in numerous mining contract cancellations, scope reductions and client requests for price discounts. This decline appears to have stabilised over the last quarter.

The South African domestic steel market was adversely impacted by lower priced imports from China, coupled with poor domestic demand and excess capacity in international markets. Volumes stabilised in the second half of the year and some recovery has been noted while an increase in domestic prices was announced during the second half of the financial year.

Financial performance

Statement of comprehensive earnings

Revenue decreased by 23% to R33,8 billion (2015: R43,9 billion). Revenue reduced in all segments in line with difficult market conditions, partially offset by some growth in activity levels in Aveng Grinaker-LTA Building and Coastal, New Zealand and Pacific and certain lower margin manufacturing products. The full impact of contract cancellations on Aveng Mining's revenue was not yet apparent in the current year and will further reduce the operating group's revenue in the coming year. The **gross margin** for the Group improved to a credible 7,4% compared to 5,4% in the prior year with significantly more contracts meeting their tendered margins. This resulted in an improved operational performance at Aveng Grinaker-LTA, but was partially offset by pricing pressures from clients in Aveng Mining.

Net operating earnings improved to a R146 million profit, from a R288 million loss in 2015, as a result of:

- An improved financial performance from Aveng Grinaker-LTA on completion of loss-making and non-contributing contracts, an improvement in the ratio of contracts operating at tendered margins, strong performance in the Building business, the resolution of some major commercial claims and a further reduction in fixed operating expenses
- Realisation of cost savings initiatives previously implemented throughout the Group
- An improved financial performance from Aveng Steel in the second half of the year
- Fair value gains on the infrastructure investments.

Though partially offset by:

- Restructuring expenses incurred to further right-size the Group's overhead structure in response to market conditions
- Underperformance on certain contracts in McConnell Dowell
- Additional expenses on a problematic water contract in Aveng Water
- Contract cancellations and volume reductions in Aveng Mining; and
- Continued difficult trading conditions in most of the markets in which the Group operates.

EBITDA increased by 46% to R969 million from R662 million in 2015.

The gain on sale of property, plant and equipment of R592 million relates predominantly to the sale and leaseback of the Group's South African property portfolio.

An **impairment charge** of R295 million was recognised against underutilised niche assets in Aveng Steel. The remaining R38 million relates to abandoned contract assets in Aveng Mining.

Net **finance charges** of R341 million (2015: R306 million) increased by 11% compared to the preceding year due to lower convertible bond costs in the comparative period.

The **taxation expense** amounts to R129 million (2015: R80 million). The current year's expense includes withholding tax of R103 million payable on profit expatriated from Guinea following the completion of a project.

The **headline loss** improved to a loss of R299 million from R578 million in the comparative period. Items excluded from the calculation of headline earnings include impairment charges and the gain on the property transaction.

The **basic loss per share** of 25,4 cents (2015: 114,8 cents) improved by 78% and a **headline loss per share** of 75,2 cents was 48% lower than the 144,3 cents in the comparative year.

Statement of financial position

The Group reduced its **capital expenditure** to R510 million (2015: R876 million): applying R323 million (2015: R649 million) to replace and R187 million (2015: R175 million) to expand property, plant and equipment. Net capital expenditure for the year was R364 million (2015: R534 million). The majority of the amount was spent as follows:

- R150 million at McConnell Dowell, relating to specific projects in Australia and Southeast Asia;
- R126 million at Aveng Manufacturing to increase capacity and optimise efficiencies of its factories; and
- R151 million at Aveng Mining, mostly in Shafts & Underground relating to specific projects.

The reduced capital expenditure is in line with the Group's current requirements.

Equity-accounted investments decreased by 34% to R100 million (2015: R151 million). This was primarily due to penalties on the Gouda renewable energy project and underperformance in the McConnell Dowell Middle East business reducing the carrying values.

Infrastructure investments decreased by 77% to R177 million (2015: R778 million) compared to 30 June 2015, after reclassifying four of the investments as held-for-sale at year-end. Subsequent to year-end these investments were sold subject to conditions precedent.

Amounts due from contract customers (non-current and current) decreased by 8% to R9,5 billion (2015: R10,3 billion). There was an underlying decrease in this balance of R1,9 billion which was offset by a R1,1 billion foreign exchange translation increase. Operationally, the receivables at McConnell Dowell and Aveng Mining decreased in line with contracting revenue and settlements, while uncertified claims, variations and receivables decreased at Aveng Grinaker-LTA as a result of various settlements.

Amounts due to contract customers decreased by 48% to R1,3 billion (2015: R2,6 billion), as a result of the utilisation of advance payments at McConnell Dowell.

Inventories decreased by 12% to R2,2 billion (2015: R2,5 billion) as a result of inventory management to align to the current market demand predominantly at Aveng Steel.

Trade and other receivables of R2,1 billion decreased by 17%, from R2,4 billion, as a result of reduced activity levels throughout the Group.

Borrowings and other liabilities of R3,0 billion (2015: R2,5 billion) increased by R521 million against the comparative period due to a AUD60 million facility drawn down to repay the QCLNG advance.

Trade and other payables decreased by 26% to R5,9 billion (2015: R8,0 billion). Excluding the foreign exchange impact, the underlying reduction of R2,6 billion was primarily due to the repayment of the QCLNG advance payment of AUD112,5 million as well as lower activity levels throughout the Group.

Operating free cash flow for the period amounted to a R1,1 billion outflow after including:

- The repayment of the AUD112,5 million on the QCLNG contract
- Offset by R1,1 billion proceeds on the disposal of the properties portfolio
- Significant cash outflows for McConnell Dowell associated with the utilisation of advance payments, the completion of large projects and remedial work on the GCRT contract
- Strong cash generation in Aveng Steel, Aveng Mining and Aveng Grinaker-LTA
- Net capital expenditure of R364 million
- The third and last payment of R102 million relating to the Competition Commission settlement in June 2013.

Cash and bank balances decreased to R2,4 billion (2015: R2,9 billion), resulting in a net debt position of R534 million compared to R393 million net cash at 30 June 2015. Foreign currency translations impacted cash favourably by R315 million at year-end.

Operating review

Construction and Engineering: South Africa and rest of Africa

This operating segment comprises Aveng Grinaker-LTA, Aveng Engineering and Aveng Capital Partners. Aveng Engineering was discontinued during the year while Aveng Water, including the associated operate & maintain operations, will now form part of Aveng Grinaker-LTA.

Revenue decreased by 12% to R7,3 billion (2015: R8,4 billion) primarily due to lower work volumes in the Civils, Engineering and Mechanical & Electrical businesses.

Net operating losses for Aveng Grinaker-LTA decreased significantly by 88% to R69 million (2015: R575 million). After adjusting for restructuring and holding costs incurred, Aveng Grinaker-LTA achieved a breakeven for the year.

Civil Engineering

Revenue decreased by 26% to R2,3 billion (2015: R3,1 billion) reflecting lower activity in the civil infrastructure market. The business made an operating profit of R16 million compared to the operating loss of R367 million in 2015.

Significant progress was made on delivering contract margins as tendered. The Majuba Rail contract is in the final stages of construction. Claims negotiations are ongoing on both the Mokolo Pipeline and Majuba Rail contracts.

Mechanical & Electrical

Revenue decreased by 17% to R1,5 billion (June 2015: R1,8 billion) due to lower activity in the various commodity and resource markets. Higher revenues were achieved on the power projects compared to 2015, as a result of acceleration measures taken in order to meet the power utility's revised milestone dates. The operating margin was negatively affected by losses incurred in closing out certain projects. The operating loss increased to R143 million (June 2015: R108 million).

Buildings & Coastal

Revenue increased by 15% to R3,1 billion (2015: R2,7 billion) with the net operating earnings reflecting a significant improvement to R83 million, from R24 million in the comparative year. The improvement in revenue is due to a growing order book, the successful completion of the Mall of the South project in September 2015 and peak production on the Sasol Corporate Head Office as it nears completion. A number of new high rise projects in Sandton and the Hilton Hotel in Swaziland were started.

The activity level in the Coastal operations is on target with major contracts, such as the Dr Pixley Ka Isaka Seme Memorial Hospital in KwaZulu-Natal and extensions to the Cape Town International Convention Centre, in progress.

Aveng Water (and remaining work of Aveng Engineering)

Revenue decreased by 56% to R309 million (2015: R705 million) largely due to the completion of the construction works on the water and power plants and the move to commissioning and operations. After encountering technical integration issues and unfavourable weather conditions, the Gouda Wind Farm has now been commissioned and handed over. During the early stages of commissioning, issues on the eMalahleni project were identified, arising out of work carried out by external sub-contractors who have since been declared insolvent. As a result, remedial work was required and a loss on this contract was recorded in the year. Additional costs on these two contracts impacted the operating earnings negatively, resulting in a net operating loss of R273 million.

The focus of this business is now on leveraging the significant advantage held within the Aveng Water business in acid mine drainage, water treatment processes and operational maintenance. The South African mining and municipal water sectors offer attractive opportunities for growth.

Aveng Capital Partners

Aveng Capital Partners is responsible for managing the Group's investments in South African toll roads, real estate and renewable energy concessions and investments.

Net operating earnings increased by 7% to R194 million, from R183 million in 2015, as a result of higher revaluation gains recognised compared to the prior year. Subsequent to year-end, four infrastructure investments were sold, at carrying value, subject to conditions precedent.

Construction and Engineering: Australasia and Asia

During the year this operating segment was restructured into four new business units: Australia, New Zealand and Pacific, Southeast Asia and Built Environs. The Middle East business remains a joint venture operated in partnership with Dutco. The comparatives have been restated.

Revenue decreased by 41% to AUD1,3 billion (2015: AUD2,2 billion) or R12,8 billion (2015: R20,9 billion), reflecting lower levels of investment in infrastructure development, combined with the completion of multi-year pipelines and infrastructure contracts. Net operating earnings decreased by 84% to AUD1,4 million (2015: AUD9,0 million) due to the weak Australian construction market, the underperformance on some Australian contracts, and restructuring and tendering expenses on tenders not awarded. New contracts were awarded in the transport, resources and Oil & Gas infrastructure sectors during the second half of the year.

Australia

The revenue of the Australian business unit declined by 57% to AUD525 million (2015: AUD1,2 billion). The Webb Dock, Melbourne Airport PUGs taxi lane reconstruction and Brisbane City Council Ferries and Boardwalk projects continued to produce results exceeding expectations. Operating earnings were adversely impacted by cost overruns on a number of projects and the impact of restructuring costs, legacy projects and high tendering costs.

Southeast Asia

Southeast Asian operations continued to perform strongly in all major regions, contributing a healthy profit and cash contribution which offset disappointing results in Australia. This result was despite a revenue decline of 34% to AUD371 million (2015: AUD560 million). The decline in revenue was mainly due to the successful completion of major projects in the prior year. Recent project awards in Singapore, Malaysia and Thailand have contributed to an improved order book.

New Zealand and Pacific

Revenue increased by 6% to AUD323 million (2015: AUD305 million).

The New Zealand & Pacific business experienced a mixed year. The New Zealand operations reported strong results from most projects, partially offset by losses on two underperforming contracts. The Waterview Tunnel contract is progressing well.

In the Pacific, the Tonga and Tuvalu runway projects were completed and a significant improvement was achieved in McConnell Dowell's position for the final outcome of the Kiribati project.

Built Environs

Revenue decreased by 65% to AUD45 million (2015: AUD132 million).

During the year, Built Environs secured and commenced work on two significant projects in South Australia, the Modbury Hospital Redevelopment and the Urbanest Student Accommodation project. Work was completed on Perth Airport Terminal 1 which is now operational.

Aveng Mining

This operating segment comprises the merged businesses of Aveng Moolmans and Aveng Shafts & Underground.

The segment reported a decrease in revenue to R5,0 billion (2015: R6,0 billion). Net operating earnings decreased by 33% to R276 million (2015: R413 million). The operating margin declined to 6% (2015: 7%) largely due to discounts awarded on various contracts and the unexpected cancellation of some contracts during the year as clients sought to reduce operating costs in mines that became increasingly marginal in a falling commodity cycle. Despite this, most contracts performed well operationally. Aveng Mining is working closely with clients to assist in reducing overall mining costs and to regain some of the margins lost due to discounts through various productivity improvement and efficiency initiatives.

Aveng Mining will pursue opportunities to add to the geographic and commodity mix in its client portfolio in order to strengthen its order book and improve shareholder returns. Given the project lead times, Aveng Mining does not expect a material change in the next 12 to 18 months.

Following the merger of both the open cut and underground mining businesses, there has been extensive restructuring of the overhead costs, the results of which will be realised in the next financial year.

Aveng Moolmans

The revenue of **Aveng Moolmans** decreased to R3,5 billion (2015: R4,6 billion). The pressures experienced by clients due to the downturn in the commodity cycle is evident in this year's results. The full effect of this decline will materialise in 2017. The percentage of idle fleet has increased during the year. However, this offers us opportunities for quick mobilisation in the future for new projects and capital replacement alternatives for existing contracts.

Contract extensions were granted at Klipbankfontein and Sadiola while contracts were awarded fairly late in the year with Norgold (Burkina Faso and Guinea). Subsequent to year-end, the Khutala project for South 32 in South Africa was awarded. These recent wins are in line with the operating group's strategy to diversify geographically as well as within commodities.

Aveng Shafts & Underground

The revenue of Aveng Shafts & Underground increased by 9% to R1,5 billion (2015: R1,4 billion) due to development work on the new Black Rock contract. Although the Styldrift and Eland contracts were cancelled, revenue was generated prior to these contract cancellations.

In comparison to the previous period, Aveng Shafts & Underground moved into a net operating profit position. This is attributable to cost saving initiatives as a result of the consolidation of the Aveng Mining business units and improved discipline in the commercial processes.

The Chuquicamata contract has progressed well with claims being resolved and the shaft bottom being reached in mid-July 2016. The project is expected to be completed by October 2016. Despite rigorous efforts to improve productivity and labour relationships at Wesizwe's Bakubung Platinum Mine, the financial performance of this contract remained unsatisfactory and an additional loss has been recorded. Extensive commercial discussions continue with the client in parallel with the pursuit of contractual claims.

Manufacturing and Processing

This operating segment comprises Aveng Manufacturing and Aveng Steel.

Revenue decreased by 11% to R8,8 billion (2015: R9,9 billion). Net operating earnings decreased significantly to a loss of R70 million (2015: R54 million profit).

Aveng Manufacturing

This operating group consists of Aveng Automation Control Solutions ("ACS"), Aveng Dynamic Fluid Control ("DFC"), Aveng Duraset, Aveng Infraset and Aveng Rail.

Revenue decreased by 9% to R3,0 billion (2015: R3,3 billion). Net operating earnings decreased by 58% to R96 million (2015: R226 million), reflecting the impact from the slowdown in the mining and Oil & Gas sector and materially reduced rail maintenance activity in South Africa.

Aveng ACS performed well despite lower activity in the traditional Oil & Gas market. Revenue increased by 4% to R441 million (2015: R425 million), due to increased product sales and diversification into non-traditional sectors.

Aveng DFC revenue decreased by 3% to R469 million (2015: R485 million) following low demand in the local market, particularly from the mining sector. This was offset by growth in Europe and Australia.

Aveng Duraset revenue decreased by 9% to R487 million (2015: R535 million), driven by lower demand from the local mining sector.

Aveng Infraset revenue decreased by 31% to R851 million (2015: R1,2 billion) due to a reduction in sleeper sales in both the local and SADC markets. The decline in commodity prices has resulted in a slowdown in sleeper revenue and new rail construction projects. Building products continue to enjoy solid demand locally and are performing as expected with additional investment in capacity to be added in 2017.

Aveng Rail revenue increased by 14% to R770 million (2015: R676 million), mainly due to the Majuba, Rosmead and Black Rock rail construction projects. Net operating earnings decreased to R40 million from R58 million due to materially reduced rail maintenance-related revenue streams during the year.

Aveng Steel

This operating group consists of Aveng Trident Steel, Aveng Steeledale and Aveng Steel Fabrication.

Revenue decreased by 12% to R5,8 billion (2015: R6,7 billion) severely impacted by reduced international steel prices and lower domestic demand. A loss of R166 million was incurred, compared to a loss of R172 million in the previous year. The current year includes the impact of restructuring costs.

During the second half of the year, volumes stabilised, and higher selling prices were achieved. Post the restructuring, the focus is on achieving a positive result in difficult trading conditions. This resulted in an improved performance in the second half of the year.

The Vanderbijlpark site of the Aveng Steel Fabrication business was mothballed at the end of the financial year with the capabilities and resources transferred to the Roodekop site. Despite challenging trading conditions the operating group, contributed significant positive operating free cash flow.

Two-year order book

The Group's two-year order book amounted to R28,1 billion at 30 June 2016, remaining relatively unchanged from the R28,9 billion reported at 30 June 2015. This, however, includes a 42% (22% in dollars) or R4,9 billion increase in McConnell Dowell's book as a result of its increased success rate in the second half of this year and the weakening of the Rand. The Aveng Mining order book reduced by R3,0 billion in line with a weak commodities sector. Aveng Grinaker-LTA's order book reduced primarily due to lower available projects in the local market for civil and mechanical & electrical work. The focus remains on securing quality work at targeted margins.

The geographic split of the order book at 30 June 2016 was 59% Australasia and Asia (June 2015: 40%), 37% South Africa (June 2015: 56%) and 4% other (June 2015: 4%).

Recent significant project awards include 129 Rivonia Road, Shelley Beach Hospital and a Virgin Active (Windhoek) for Aveng Grinaker-LTA. A pipeline (Thailand), Rapid 12B Solid Project Jetty (SPJ) (Malaysia), the Christchurch Southern Motorway Stage 2 (New Zealand), Amrun (Australia), as well as the Tuas Bridges (Singapore) for McConnell Dowell.

Outlook and prospects

Challenging economic conditions are expected to continue in the short term, although with more positive medium term opportunities in Australia. Aveng is a more focused business and well positioned for improved performance. We expect the benefits of business optimisation to further contribute to this improved performance in the next financial year. This allows the business to position itself for profitable growth within the second phase of our strategy.

The claims settlement process on QCLNG is expected to be concluded in 2017 and on Gold Coast in 2018.

The Group continues to investigate and pursue transformational alternatives for Aveng Grinaker-LTA. The divestment of Aveng Trident Steel remains an objective; however, the achievement of acceptable value under current market conditions is likely to be challenging.

Directors

Mr Peter Ward retired from the Board on 30 June 2016 and Mr Angus Band retired from the Board on 19 August 2016. The Board extends its appreciation to Mr Band and Mr Ward for their contributions over the many years and wishes them well in their retirement.

Disclaimer

The financial information on which any outlook statements are based has not been reviewed or reported on by the external auditors. These forward looking statements are based on management's current belief and expectations and are subject to uncertainty and changes in circumstances. The forward looking statements involve risks that may affect the Group's operations, markets, products, services and prices.

By order of the Board

M Seedat
Chairman

HJ Verster
Chief executive officer

Summarised statement of financial position
as at 30 June 2016

	2016 Rm	2015 Rm
ASSETS		
Non-current assets		
Goodwill arising on consolidation	**342**	342
Intangible assets	**325**	339
Property, plant and equipment	**4 843**	5 626
Equity-accounted investments	**100**	151
Infrastructure investments	**177**	778
Deferred taxation	**1 858**	1 580
Derivative instruments	**–**	6
Amounts due from contract customers	**1 417**	900
	9 062	9 722
Current assets		
Inventories	**2 211**	2 529
Derivative instruments	**20**	35
Amounts due from contract customers	**8 047**	9 394
Trade and other receivables	**2 058**	2 424
Cash and bank balances	**2 450**	2 856
	14 786	17 238
Non-current assets held-for-sale	**1 484**	559
TOTAL ASSETS	**25 332**	27 519
EQUITY AND LIABILITIES		
Equity		
Share capital and share premium	**2 009**	2 023
Other reserves	**1 821**	1 162
Retained earnings	**9 689**	9 790
Equity attributable to equity-holders of parent	**13 519**	12 975
Non-controlling interest	**37**	23
TOTAL EQUITY	**13 556**	12 998
Liabilities		
Non-current liabilities		
Deferred taxation	**266**	221
Borrowings and other liabilities	**1 770**	2 037
Employee-related payables	**379**	468
	2 415	2 726
Current liabilities		
Amounts due to contract customers	**1 322**	2 562
Borrowings and other liabilities	**1 214**	426
Payables other than contract-related	**–**	102
Employee-related payables	**559**	648
Derivative instruments	**27**	2
Trade and other payables	**5 886**	7 961
Taxation payable	**106**	94
	9 114	11 795
Non-current liabilities held-for-sale	**247**	–
TOTAL LIABILITIES	**11 776**	14 521
TOTAL EQUITY AND LIABILITIES	**25 332**	27 519

Summarised statement of comprehensive earnings

for the year ended 30 June 2016

	2016 Rm	2015 Rm
Revenue	**33 755**	43 930
Cost of sales	**(31 260)**	(41 566)
Gross earnings	**2 495**	2 364
Other earnings	**591**	471
Operating expenses	**(2 808)**	(3 063)
Loss from equity-accounted investments	**(132)**	(60)
Net operating earnings / (loss)	**146**	(288)
Impairment / loss on derecognition of property, plant and equipment and intangible assets	**(333)**	(330)
Impairment of goodwill arising on consolidation	**–**	(291)
Profit on sale of subsidiary	**–**	777
Profit on sale of property, plant and equipment	**592**	–
Earnings / (loss) before financing transactions	**405**	(132)
Finance earnings	**211**	177
Interest on convertible bonds	**(225)**	(167)
Other finance expenses	**(327)**	(316)
Earnings / (loss) before taxation	**64**	(438)
Taxation	**(129)**	(80)
Loss for the period	**(65)**	(518)
Other comprehensive earnings		
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):		
Exchange differences on translating foreign operations	**786**	(372)
Other comprehensive loss released / (recognised) from equity-accounted investments	**–**	28
Other comprehensive earnings / (loss) for the period, net of taxation	**786**	(344)
Total comprehensive earnings / (loss) for the period	**721**	(862)
Total comprehensive earnings / (loss) for the period attributable to:		
Equity-holders of the parent	**676**	(804)
Non-controlling interest	**45**	(58)
	721	(862)
Loss for the period attributable to:		
Equity-holders of the parent	**(101)**	(460)
Non-controlling interest	**36**	(58)
	(65)	(518)
Other comprehensive earnings for the period, net of taxation		
Equity-holders of the parent	**777**	(344)
Non-controlling interest	**9**	–
	786	(344)
Results per share (cents)		
Loss – basic	**(25,4)**	(114,8)
Loss – diluted	**(25,1)**	(114,4)
Headline loss – basic	**(75,2)**	(144,3)
Headline loss – diluted	**(74,4)**	(143,8)
Number of shares (millions)		
In issue	**416,7**	416,7
Weighted average	**397,4**	400,6
Diluted weighted average	**402,1**	402,1

Summarised statement of changes in equity

as at 30 June 2016

	Share capital Rm	Share premium Rm	Total share capital and premium Rm	Foreign currency trans-lation reserve Rm
Balance at 1 July 2014	20	1 988	2 008	1 129
Loss for the period	–	–	–	–
Other comprehensive loss for the period (net of taxation)	–	–	–	(372)
Total comprehensive loss for the period	–	–	–	(372)
Purchase of treasury shares	–	(7)	(7)	–
Equity-settled share-based payment release	–	22	22	–
Equity-settled share-based payment charge	–	–	–	–
Transfer of convertible bond option to convertible bond equity reserve	–	–	–	–
Deferred transaction costs allocated to convertible bond equity reserve	–	–	–	–
Increase in equity investment	–	–	–	–
Foreign currency translation movement	–	–	–	–
Dividends paid	–	–	–	–
Total contributions and distributions recognised	–	15	15	–
Balance at 1 July 2015	**20**	**2 003**	**2 023**	**757**
(Loss) / earnings for the period	**–**	**–**	**–**	**–**
Other comprehensive earnings for the period (net of taxation)	**–**	**–**	**–**	**777**
Total comprehensive loss for the period	**–**	**–**	**–**	**777**
Purchase of treasury shares	**–**	**(23)**	**(23)**	**–**
Equity-settled share-based payment release	**–**	**9**	**9**	**–**
Equity-settled share-based payment charge	**–**	**–**	**–**	**–**
Recognition of deferred tax on convertible bond	**–**	**–**	**–**	**–**
Decrease in equity investment	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**
Total contribution and distributions recognised	**–**	**(14)**	**(14)**	**–**
Balance at 30 June 2016	**20**	**1 989**	**2 009**	**1 534**

Equity-accounted investments reserve Rm	Equity-settled share-based payment reserve Rm	Convertible bond equity reserve Rm	Total other reserves Rm	Retained earnings Rm	Total attributable to equity-holders of the parent Rm	Non-controlling interest Rm	Total equity Rm
(28)	26	–	1 127	10 250	13 385	11	13 396
–	–	–	–	(460)	(460)	(58)	(518)
28	–	–	(344)	–	(344)	–	(344)
28	–	–	(344)	(460)	(804)	(58)	(862)
–	–	–	–	–	(7)	–	(7)
–	(22)	–	(22)	–	–	–	–
–	11	–	11	–	11	–	11
–	–	402	402	–	402	–	402
–	–	(12)	(12)	–	(12)	–	(12)
–	–	–	–	–	–	76	76
–	–	–	–	–	–	1	1
–	–	–	–	–	–	(7)	(7)
–	(11)	390	379	–	394	70	464
–	**15**	**390**	**1 162**	**9 790**	**12 975**	**23**	**12 998**
–	**–**	**–**	**–**	**(101)**	**(101)**	**36**	**(65)**
–	**–**	**–**	**777**	**–**	**777**	**9**	**786**
–	**–**	**–**	**777**	**(101)**	**676**	**45**	**721**
–	**–**	**–**	**–**	**–**	**(23)**	**–**	**(23)**
–	**(9)**	**–**	**(9)**	**–**	**–**	**–**	**–**
–	**13**	**–**	**13**	**–**	**13**	**–**	**13**
–	**–**	**(122)**	**(122)**	**–**	**(122)**	**–**	**(122)**
–	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**
–	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
–	**4**	**(122)**	**(118)**	**–**	**(132)**	**(31)**	**(163)**
–	**19**	**268**	**1 821**	**9 689**	**13 519**	**37**	**13 556**

Summarised statement of cash flows

for the year ended 30 June 2016

	2016 Rm	2015 Rm
Operating activities		
Cash retained / (utilised) from operations	**529**	(92)
Depreciation	**793**	929
Amortisation	**30**	21
Non-cash and other movements	**(403)**	(457)
Cash generated by operations	**949**	401
Changes in working capital:		
Decrease in inventories	**150**	201
Decrease in amounts due from contract customers	**825**	547
Decrease in trade and other receivables	**206**	357
Decrease in amounts due to contract customers	**(1 240)**	(43)
Decrease in trade and other payables	**(782)**	(1 953)
QCLNG repayment	**(1 072)**	–
Decrease / (increase) in derivative instruments	**46**	(101)
Decrease in payables other than contract-related	**(102)**	(102)
Decrease in employee-related payables	**(254)**	(258)
Total changes in working capital	**(2 223)**	(1 352)
Cash utilised by operating activities	**(1 274)**	(951)
Finance expenses paid	**(458)**	(361)
Finance earnings received	**214**	174
Taxation paid	**(316)**	(397)
Cash outflow from operating activities	**(1 834)**	(1 535)
Investing activities		
Property, plant and equipment purchased		
– expansion	**(175)**	(175)
– replacement	**(319)**	(649)
Proceeds on disposal of property, plant and equipment	**161**	245
Proceeds on disposal of investment property	**–**	97
Proceeds on disposal of properties	**1 127**	–
Acquisition of intangible assets		
– expansion	**(12)**	(52)
– replacement	**(4)**	–
Capital expenditure net of proceeds on disposal	**778**	(534)
Loans advanced to equity-accounted investments net of dividends received	**(63)**	(68)
Proceeds on disposal of equity-accounted investments	**–**	5
Net loans advanced to infrastructure investment companies	**(13)**	(208)
Acquisition of subsidiary (net of cash acquired)	**–**	(23)
Net proceeds on disposal of subsidiary	**–**	1 314
Dividend earnings	**7**	22
Cash inflow from investing activities	**709**	508
Operating free cash outflow	**(1 125)**	(1 027)
Financing activities with equity-holders		
Shares repurchased	**(23)**	(7)
Loans (repaid) / advanced by non-controlling interest	**(20)**	76
Dividends paid	**(2)**	(7)
Proceeds from convertible bonds issued	**–**	1 947
Net proceeds from / (repayment of) borrowings	**429**	(2 066)
Net decrease in cash and bank balances before foreign exchange movements	**(741)**	(1 084)
Foreign exchange movements on cash and bank balances	**315**	(196)
Cash and bank balances at the beginning of the period	**2 856**	4 136
Cash related to assets held-for-sale	**20**	–
Total cash and bank balances at the end of the period	**2 450**	2 856
Borrowings excluding bank overdrafts	**2 984**	2 463
Net cash position	**(534)**	393

Notice of Annual General Meeting
for the year ended 30 June 2016

Aveng Limited
(Incorporated in the Republic of South Africa) (Registration number: 1944/018119/06)
ISIN: ZAE000111829
Share code: AEG
(Aveng or Company)

Notice is hereby given to shareholders recorded in the Company's securities register on Friday, 9 September 2016 that the seventy-second Annual General Meeting (the AGM) of the shareholders of Aveng Limited will be held in the boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg, on Friday, 21 October 2016 at 10h00 to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out hereunder in the manner required by the Companies Act 71 of 2008 (the Act), as read with the Listings Requirements of the JSE Limited (JSE Listings Requirements), which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 14 October 2016. Kindly note that in terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

In terms of the provisions of the Act and the Company's memorandum of incorporation, ordinary resolutions require the approval of more than 50% of the votes cast by shareholders present or represented by proxy at the AGM while special resolutions require approval by at least 75% of such votes.

Shareholders are also referred to the explanatory notes on the AGM on pages 19 and 20.

Presentation of annual financial statements
The consolidated audited annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the audit committee and the directors for the year ended 30 June 2016 have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Act.

Report of the social, ethics and transformation committee
In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the chairman of the social, ethics and transformation committee or, in his absence, any member of the committee, will present a report to shareholders at the AGM.

Resolutions for consideration and approval
Ordinary resolution 1: Election of director
To elect, by way of a separate resolution, directors who were appointed subsequent to the previous AGM. The director eligible for election is:
– Mr Sean Flanagan

Ordinary resolutions 2.1 to 2.4: Re-election of directors
To re-elect, by way of separate resolutions, directors who are retiring by rotation in terms of the provisions of the Company's memorandum of incorporation. The directors retiring by rotation are:
– Ms May Hermanus
– Mr Kobus Verster
– Ms Thoko Mokgosi-Mwantembe
– Mr Eric Diack

Ordinary resolutions 3.1 to 3.3: Appointment of audit committee
To elect, by way of separate resolutions, the following independent non-executive directors as members of the audit committee from the end of this AGM until the conclusion of the next AGM in terms of section 94(2) of the Act:
– Mr Eric Diack
– Mr Philip Hourquebie
– Ms Kholeka Mzondeki

Ordinary resolution 4: Reappointment of auditors
To reappoint, on recommendation of the current audit committee, Ernst & Young Inc. as independent auditors of the Company, the auditor meeting the requirements of section 90(2) of the Act, until conclusion of the next AGM.

Ordinary resolution 5: Approval of remuneration policy
To approve, through a non-binding advisory vote, the remuneration policy of the Company as set out on pages 88 to 107 of the integrated report www.aveng.co.za/financials/annual_reports.

Special resolution 1: General authority to repurchase shares
To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, by way of a special resolution, that the mandate given to the Company in terms of its memorandum of incorporation (or one of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide subject to the JSE Listings Requirements, be extended, subject to the following:
- This general authority be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter)
- The repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty
- Repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected
- An announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares

repurchased thereafter, containing full details of such repurchases

- The number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company
- The Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period
- At any point in time the Company only appointing one agent to effect any repurchases on its behalf
- The Board of directors passing a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test set out in section 4 of the Companies Act of 2008 and that since the test was done there have been no material changes to the financial position of the Group."

The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the AGM and at the actual date of the repurchase:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts
- the working capital of the Company and the Group will be adequate for ordinary business purposes
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group
- the Company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes.

Special resolution 2: Non-executive directors' remuneration

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, as a special resolution:

- that the Company be and is hereby authorised to pay remuneration to its non-executive directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act of 2008
- that the remuneration structure and amounts as set out below, be and are hereby approved, for implementation from the period commencing 1 January 2017 until such time as rescinded or amended by shareholders by way of a special resolution."

Entity	Position	2015 / 2016 Fees (R)	Increase (%)	2017 Proposed fees (R)
Main board	Chairman	920 800	6	976 000
	Director	303 200	6	321 400
	Ad hoc meetings**	26 600	6	28 200
Subsidiary boards	Director	161 100	6	170 800
	McConnell Dowell travel allowance*	73 600	6	78 000
Remuneration and nomination committee	Chairman	204 300	6	216 600
	Member	81 200	6	86 100
Safety, health and environmental committee	Chairman	176 400	6	187 000
	Member*****	67 300	20	80 800
Tender risk committee	Member*	10 600	6	11 200
Social, ethics and transformation committee	Chairman	176 400	6	187 000
	Member*****	67 300	20	80 800
Risk committee	Chairman	204 300	6	216 600
	Member	81 200	6	86 100
Audit committee	Chairman	270 200	6	286 400
	Member	152 100	6	161 200
	Subsidiaries	82 400	6	87 300
Investment committee	Chairman*	10 800	6	11 400
	Member*	8 200	6	8 700
Ad hoc committee meetings	Member***	17 300	6	18 300
Extraordinary services rendered****		4 250	6	4 500

* *Per meeting attended.*

** *Per meeting attended in excess of the five scheduled meetings per year.*

*** *Directors who are not members of a board committee are sometimes requested on an ad hoc basis to attend meetings of certain committees. The proposed fee structure as set out above includes a fee payable under these circumstances. The meeting attendance fee to directors who are not members of the relevant committee will only be paid if attendance is based on a formal invitation from the committee chairman.*

**** *Per hour, not exceeding eight hours per day.*

***** *Following a thorough benchmarking exercise of this fee against the comparator group, our fees significantly lag the market. In order to closer align the fee in respect of the SET and SHE committee member, a 20% increase is recommended.*

NON-RESIDENT UK-BASED NON-EXECUTIVE DIRECTOR

Fee type	2015 / 2016 Fees	Increase (%)	2017 Proposed fees
Composite fee*	£50 000	2	£51 000
Ad hoc meeting fee**	£2 500	2	£2 550

* *Fee paid for attendance of Aveng Board meetings and attendance as a member of two board committees.*
** *Fee paid for any additional ad hoc board or committee meetings attended.*

Special resolution 3: Financial assistance to related and inter-related companies

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, by way of a special resolution, that the authority of the directors of the Company as previously approved by shareholders as required in terms of sections 44 and/or 45(2) of the Companies Act of 2008 and the Company's memorandum of incorporation to provide financial assistance to all related and inter-related companies within the Aveng Group of companies, at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, be and is hereby renewed, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted AGM of the Company."

Ordinary resolution 6: Signing authority

To authorise any one director or the secretary of the Company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the AGM at which this ordinary resolution will be considered and approved at such meeting.

Additional information

The following additional information, some of which may appear in the integrated report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the Company's shares set out in special resolution 1 above:

- Directors and management – pages 23 and 24
- Major shareholders – pages 23 and 24
- Directors' interests in ordinary shares – www.aveng.co.za/financials/annual_reports
- Share capital of the Company – www.aveng.co.za/financials/annual_reports
- Material change – there were no material changes in the annual financial statements
- Directors' report – www.aveng.co.za/financials/annual_ reports.

Litigation statement

The directors in office, whose names appear on pages 14 and 15 of the integrated report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this integrated report, a material effect on the Group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on pages 14 and 15 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of signature of the integrated report.

Directors' intention regarding the general authority to repurchase the Company's shares

The directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

Electronic participation

Should any shareholder of the Company wish to participate in the AGM by way of electronic participation, such shareholder shall make application in writing (including details as to how the shareholder or its representative can be contacted) to participate, to the transfer secretaries at the applicable address set out below at least 5 (five) business days prior to the AGM in order for the transfer secretaries to arrange for the shareholder (or its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Notice of Annual General Meeting continued

for the year ended 30 June 2016

Proxies and voting

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries, Computershare Investor Services Proprietary Limited (70 Marshall Street, Corner Sauer Street, Johannesburg; PO Box 61051, Marshalltown, 2107), by no later than 48 (forty-eight) hours before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM do not deliver forms of proxy to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the chairman of the meeting.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker to:

- furnish them with their voting instructions or
- in the event that they wish to attend the AGM, obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

Shareholders or proxies are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the AGM as required in terms of section 63(1) of the Act. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

By order of the Board

Michelle Nana
Company secretary

Jet Park

19 September 2016

Explanatory notes: Annual General Meeting

for the year ended 30 June 2016

Presentation of annual financial statements

At the Annual General Meeting (AGM), the directors must present the annual financial statements for the year ended 30 June 2016 to shareholders, together with the reports of the directors, the audit committee and the auditors. These are contained at www.aveng.co.za/financials/annual_reports.

Presentation of report by social, ethics and transformation committee

In terms of Regulation 43(5)(c), one of the statutory functions of a social and ethics committee constituted in terms of the Act is to report, through one of its members, to shareholders at the Company's AGM on the matters within the committee's mandate. The chairman of the social, ethics and transformation committee, or in his absence one of the members of the committee, shall provide a report to shareholders at the AGM on the statutory matters within the committee's mandate in compliance with this requirement.

Resolutions

Ordinary resolution 1: Election of director

In accordance with the Company's memorandum of incorporation, a director appointed as such following the conclusion of the previous AGM shall stand down and, if eligible and willing to do so, offer themselves for election by shareholders at the first AGM of shareholders following their appointment. Mr Sean Flanagan, a newly appointed director, being eligible, has offered himself for election by shareholders.

The profiles of the directors up for election are contained at www.aveng.co.za/group/directors/board_of_directors.

Ordinary resolutions 2.1 to 2.4: Re-election of directors

In accordance with the Company's memorandum of incorporation, one-third of the directors are required to retire at each AGM and may, if eligible, offer themselves for re-election.

The following directors, retiring by rotation and being eligible, have offered themselves for re-election:

- Ms May Hermanus
- Mr Kobus Verster
- Ms Thoko Mokgosi-Mwantembe
- Mr Eric Diack

The profiles of the directors up for re-election are contained at www.aveng.co.za/group/directors/board_of_directors.

Ordinary resolutions 3.1 to 3.3: Appointment of audit committee

In terms of section 94(2) of the Act, a public company must at each AGM elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Act. Regulation 42 to the Act specifies that one-third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The Board of directors of the Company is satisfied that the proposed members of the audit committee meet all relevant requirements.

Ordinary resolution 4: Reappointment of auditors

Ernst & Young Inc. external auditor of the Company, has indicated its willingness to continue in office and ordinary resolution 4, based on the recommendation of the audit committee, proposes the reappointment of that firm as the Company's auditors until conclusion of the next AGM.

Ordinary resolution 5: Approval of remuneration policy

The King Report on Corporate Governance for South Africa, 2009, recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company.

Special resolution 1: General authority to repurchase shares

Section 48 of the Act authorises the Board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The JSE Listings Requirements require the shareholders of the Company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for special resolution 1 to become effective.

Special resolution 2: Non-executive directors' remuneration

In terms of section 66(8) and section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the memorandum of incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the Company.

Explanatory notes: Annual General Meeting continued

for the year ended 30 June 2016

Special resolution 3 – Financial assistance to related and inter-related companies

Section 45(2) of the Act authorises the Board to provide direct or indirect financial assistance to a related or inter-related company, subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the Company's memorandum of incorporation. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-company loans, a recognised and well-known practice, details of which are also set out in the notes to the annual financial statements.

Ordinary resolution 6: Signing authority

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the AGM. It is proposed that the company secretary and/or directors be authorised accordingly.

General

Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

Form of proxy

Aveng Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06) (Aveng or Company)

For use by the registered holders of certificated Aveng shares and the holders of dematerialised Aveng shares in their own name at the Annual General Meeting (AGM) of the Company to be held in the boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg, on Friday, 21 October 2016 at 10h00.

Holders of Aveng shares (whether certificated or dematerialised) through a nominee must not complete this form of proxy, but should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant or broker, to enable them to attend and vote at the AGM or to enable their votes in respect of their Aveng shares to be cast at the AGM by that nominee or a proxy or a representative.

I/We

(please print)

of (address)

being the registered

holder(s) of ordinary shares in the capital of the Company do hereby appoint:

1. or failing him / her,

2. or failing him / her,

the chairman of the AGM, as my / our proxy to vote on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed at the AGM and at each adjournment of the AGM and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the shares in the issued share capital of the Company registered in my / our name / s, in accordance with the following instructions (see note 2):

Proposed resolutions	For	Against	Abstain
1. Ordinary resolution 1: Election of director – Mr Sean Flanagan			
2. Ordinary resolution 2.1: Re-election of director – Ms May Hermanus			
Ordinary resolution 2.2: Re-election of director – Mr Kobus Verster			
Ordinary resolution 2.3: Re-election of director – Ms Thoko Mokgosi-Mwantembe			
Ordinary resolution 2.4: Re-election of director – Mr Eric Diack			
3. Ordinary resolution 3.1: Election of audit committee member – Mr Eric Diack			
Ordinary resolution 3.2: Election of audit committee member – Mr Philip Hourquebie			
Ordinary resolution 3.3: Election of audit committee member – Ms Kholeka Mzondeki			
4. Ordinary resolution 4: Reappointment of external auditors			
5. Ordinary resolution 5: Approval of remuneration policy			
6. Special resolution 1: General authority to repurchase shares			
7. Special resolution 2: Non-executive directors' remuneration			
8. Special resolution 3: Financial assistance to related and inter-related companies			
9. Ordinary resolution 6: Signing authority			

Signed at on 2016

Signature

Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in place of that member at the AGM.

Please read the notes on the reverse side hereof.

Notes to the form of proxy

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the AGM" but any such deletion must be initialled by the member. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit. A member may instruct the proxy to vote fewer than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the AGM.

3. Forms of proxy must be lodged with or posted to the Company's share registrar, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10h00 on Wednesday, 19 October 2016. Alternatively, such forms of proxy may be handed to the company secretary or chairman of the AGM not later than 30 minutes prior to the commencement of the AGM.

4. The completion and lodging of this form of proxy will not preclude the member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointment in terms thereof, should each member wish to do so.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the Company's share registrar or waived by the chairman of the AGM.

6. An alteration or correction made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrar of the Company.

8. Where there are joint holders of shares in the Company, any one of such persons may, alone, sign this form of proxy in respect of such shares as if such person was the sole holder but, if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairman of the AGM, submitted by the holder whose name appears first in the Company's share register will be accepted to the exclusion of any other forms of proxy submitted by any other joint holder(s).

9. The chairman of the AGM may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the AGM is satisfied as to the manner in which the member wishes to vote.

10. A proxy need not be a member of the Company.

11. On a show of hands every shareholder present in person or every proxy or duly authorised representative representing shareholders shall have only one vote, irrespective of the number of shareholders or shares he/she represents or holds.

12. On a poll, every shareholder present in person or represented by proxy or a duly authorised representative shall have one vote for every share held by such shareholder.

13. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the AGM. If a poll is demanded, the resolution put to the vote shall be decided on a poll.

Shareholders' analysis

as at 24 June 2016

Registered shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	1 904	46,80	661 731	0,16
1 001 – 10 000 shares	1 316	32,35	4 944 354	1,19
10 001 – 100 000 shares	485	11,92	17 514 621	4,20
100 001 – 1 000 000 shares	287	7,06	96 632 432	23,19
1 000 001 shares and above	76	1,87	296 917 793	71,26
Total	4 068	100,00	416 670 931	100,00

Beneficial shareholder categories	Total shareholding	% of issued capital
Unit trusts/mutual fund	152 444 210	36,59
Pension funds	123 997 575	29,76
Other	25 449 027	6,11
Private investor	18 658 867	4,48
Insurance companies	18 450 173	4,43
Black economic empowerment total	18 246 510	4,38
Aveng Trusts	14 604 979	3,51
Sovereign wealth	9 579 413	2,30
Aveng LTIP	5 299 854	1,27
University	3 100 513	0,74
Investment trust	2 990 442	0,72
Medical aid scheme	1 659 045	0,40
Custodians	1 347 450	0,32
Local authority	880 403	0,21
Charity	676 737	0,16
Venture capital	626 532	0,15
Hedge fund	558 574	0,13
Remainder	18 100 627	4,34
Total	416 670 931	100,00

Public and non-public shareholding	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	9	0,22	29 195 017	7,01
Directors	5	0,12	703 591	0,17
Aveng Limited Share Purchase Trust	1	0,02	6 018 386	1,44
Community Investment Trust	1	0,02	8 586 593	2,06
Aveng Management Company Pty Ltd	1	0,02	8 586 593	2,06
Aveng LTIP	1	0,02	5 299 854	1,27
Public shareholders	4 059	99,78	387 475 914	92,99
Total	4 068	100 ,00	416 670 931	100,00

Shareholders' analysis continued

Beneficial shareholders holding more than 3%	Total shareholding	%
Allan Gray Balanced Fund	26 260 930	6,30
Investment solutions	17 389 736	4,17
Government Employees Pension Fund (PIC)	15 202 789	3,65
PSG Flexible Fund	13 362 892	3,21
Total	72 216 347	17,33

Investment management shareholdings more than 3%	Total shareholding	%
Allan Gray Investment Council	102 765 038	24,66
Visio Capital Management	39 718 016	9,53
Kagiso Asset Management (Pty) Ltd	21 396 047	5,13
Investec Asset Management	19 927 391	4,78
Dimensional Fund Advisers	18 604 024	4,46
Coronation Asset Management (Pty) Ltd	16 004 302	3,84
Government Employees Pension Fund (PIC)	13 863 771	3,33
PSG Asset Management	13 362 892	3,21
Total	245 641 481	58,96

Geographic split of investment managers and company-related holdings	Total shareholding	% of issued capital
South Africa	355 721 340	85,37
United States of America and Canada	46 688 556	11,21
United Kingdom	1 625 285	0,39
Rest of Europe	5 589 030	1,34
Rest of World[1]	7 046 720	1,69
Total	416 670 931	100,00

Geographic split of beneficial shareholders	Total shareholding	% of issued capital
South Africa	339 386 958	81,45
United States of America and Canada	45 223 607	10,85
United Kingdom	1 539 724	0,37
Rest of Europe	19 415 573	4,66
Rest of World[1]	11 105 069	2,67
Total	416 670 931	100,00

[1] *Represents all shareholding except those in the above regions.*

Shareholders' diary

Financial year-end	30 June
Annual General Meeting	21 October 2016
Publication of results	
– Half-year ended 31 December 2016	21 February 2017
– Year ended 30 June 2017	22 August 2017

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