Reviewed interim condensed consolidated financial statements

for the six months ended 31 December 2022

SALIENT FEATURES – FINANCIAL PERFORMANCE

for the six months ended 31 December 2022

Group earnings

R15,0 billion

(December 2021: R13,0 billion)

Earnings before non-recurring items ("operating earnings") of

R181 million

(December 2021: R215 million)

Earnings for the period of

R48,0 million

(December 2021: R53,0 billion)

Headline earnings of

R77 million

(December 2021: R17 million)

Net cash including IFRS 16 of

R2,1 billion

(June 2022: R2,1 billion)

Work in hand of

R53,3 billion*

(June 2022: R30,8 billion)

** at 31 January 2023*

External South African legacy debt reduced to

R353 million

(June 2022: R478 million)

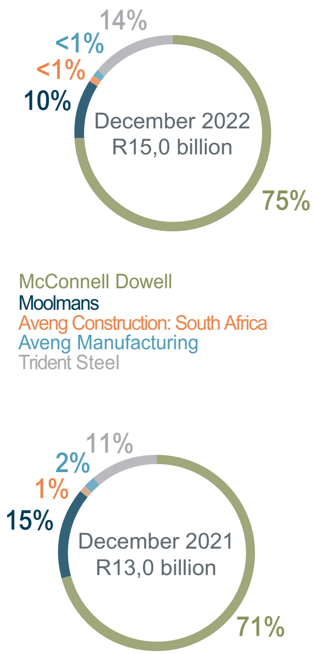
SALIENT FEATURES – OPERATING GROUP ANALYSIS

for the six months ended 31 December 2022

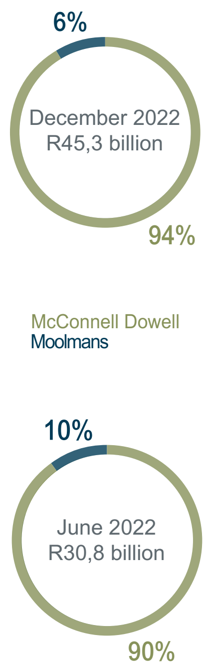
Earnings before non-recurring items – operating group analysis

	December 2022 Rm	December 2021 Rm	June 2022 Rm
McConnell Dowell	**175**	144	385
Moolmans	**20**	99	207
Aveng Construction: South Africa	**(24)**	(36)	(67)
Trident Steel	**91**	76	220
Aveng Manufacturing	**(1)**	13	(5)
Other	**(80)**	(81)	(164)
Earnings before non-recurring items	**181**	215	576
Earnings for the period	**48**	53	130
Headline earnings	**77**	17	308

Revenue per operating group



Work in hand per operating group



SALIENT FEATURES

AVENG LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06) ISIN: ZAE000302618
SHARE CODE: AEG (Aveng, the Company or the Group)

- **Group revenue at R15,0 billion (December 2021: R13,0 billion)**
- **Earnings before non-recurring items (operating earnings) of R181 million (December 2021: R215 million)**
- **Earnings for the period of R48 million (December 2021: R53 million)**
- **Headline earnings of R77 million (December 2021: R17 million)**
- **Net cash excluding IFRS 16 of R2,1 billion (June 2022: R2,1 billion)**
- **External South African legacy debt reduced to R353 million (June 2022: R478 million)**
- **Work in hand of R53,3 billion* (June 2022: R30,8 billion)**

* *At 31 January 2023.*

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Aveng has reported another profitable period in its journey from a loss-making, over-geared business that was under-invested in equipment, systems and people to a cash supportive, profit-making Company with a strong balance sheet capable of investment for sustainable profitable growth.

The global business environment remained challenging with the ongoing war in Ukraine, adverse weather events and the lagging effects of COVID-19. This was characterised by a rapid rise in inflation, increases in interest rates, labour, energy, raw material and shipping costs, supply chain disruptions leading to logistics constraints and increasing costs. Business specific challenges were experienced in the form of the lagging effects of COVID-19 disruptions, particularly in Southeast Asia, a continuing shortage of semi-conductors, load shedding and a shortage of skilled artisans in South Africa and a skills shortage in Australia and New Zealand due to low levels of unemployment.

While the Group had no immediate control over these factors, we proactively responded in our approach to winning new work and delivering on our customer contracts, introducing measures to soften their impact and mitigate risk.

Strong balance sheet

Aveng's objective of ensuring a sustainable capital structure is premised on the settlement of South African legacy debt. This remains on target with a further R125 million repaid during the period. A short-term Trade Finance Facility of R450 million was raised in support of organic growth and two new contracts at Trident Steel, of which R390 million was utilised at 31 December 2022. The remaining R353 million of the South African legacy debt as well as the Trade Finance Facility will be extinguished on receipt of the proceeds from the disposal of Trident Steel. Aveng anticipates implementing the transaction during the remaining months of the 2023 financial year.

The extinguishment of South African legacy debt, which at its height amounted to R3,3 billion in 2018, will mark a pivotal moment in ensuring a sustainable capital structure and a platform for growth for Aveng.

Disposal of Trident Steel

On 4 October 2022, the Group announced the disposal of Trident Steel, a division of Aveng Africa Proprietary Limited as a "locked box" transaction, subject to a ticking fee (an amount of R7,45 million per month from 30 June 2022 to closing date). The disposal has significantly progressed with an envisaged implementation date during the remaining months of the 2023 financial year. The purchase consideration of R691 million is due on closing date. In addition, an amount of R273 million, representing the net cash portion from the business on "lock box" date together with the accrued ticking fee, becomes due.

As part of the transaction, an investment in a special purpose empowerment vehicle that includes a loan of R207 million from Aveng, will be used to facilitate a future BEE transaction that will be repaid by the purchaser within a maximum period of one year from closing date.

Settlement of legacy claims and contingent liabilities close-out

In the current period, the Group continued to de-risk the balance sheet through the reduction of the South African guarantee exposure from R3,8 billion in 2017 to R156 million. In addition, the Group continued to settle major litigation, historical claims and contingent liabilities.

Work in hand

McConnell Dowell continued to win work within its areas of specialist capability. The business won AUD2,5 billion of new work and grew work in hand by 56%, from AUD2,5 billion at 30 June 2022 to AUD3,9 billion at 31 January 2023. McConnell Dowell has secured 100% of its FY23 planned revenue and 98% of its FY24 planned revenue.

Moolmans grew its work in hand significantly to R7,8 billion at 31 January 2023 after the award of several contracts, including the Tshipi é Ntle award announced subsequent to period end, the Klipspruit rehabilitation contract and a 12-month extension at Gamsberg. Moolmans continues to pursue other opportunities in SADC and West Africa.

Aveng continued on the implementation of its ESG framework, which is premised on its purpose and core values. Baseline metrics continue to be measured against the targets for FY23 and the achievement of ESG KPIs form part of management's short-term incentive.

OPERATIONAL PERFORMANCE

Our commitment to ensuring the success of our two businesses, McConnell Dowell and Moolmans, post the disposal of Trident Steel, remains unwavering and in line with the objective of ensuring a sustainable future as an international engineering-led contractor focused on infrastructure, resources and contract mining in selected markets.

McConnell Dowell

McConnell Dowell has built a trusted reputation as a highly skilled, engineering-led contractor in its areas of operation.

The business has continued its profitable growth trajectory and continues to focus on specialised projects in Australia, New Zealand and Pacific Islands, and Southeast Asia, offering engineering and infrastructure solutions in the transport, water and wastewater, ports and coastal, energy, resources, and commercial building sectors.

McConnell Dowell achieved a 16% growth in revenue to AUD979 million. Operating earnings increased by 15% to AUD15 million led by an excellent performance in the Australian business unit and above planned performance in New Zealand and Pacific Islands, offset by underperformance in Southeast Asia as a result of the Batangas LNG terminal project in the Philippines, which is nearing completion. This project was awarded at the start of the COVID-19 pandemic and at that stage the project design had to be done remotely. The performance on the project was adversely affected by the inability to get resources to site. In-person senior management oversight required for jobs of this magnitude was not possible for an extended period of time due to travel restrictions. Delays in supply chain, further exacerbated by the outbreak of war in Ukraine all had an adverse effect on the performance of the contract. The contract is in its final stages with expected completion in the current financial year. We continue to negotiate with the client for relief.

Across McConnell Dowell, the risk of increasing costs is driven by close to full employment in Australia and New Zealand, rising commodity prices and interest rates, ongoing supply chain disruption and sub-contractor availability. The business continues to implement robust mitigating strategies against cost pressures and disruptions at both the tender and project delivery stages.

Healthy market conditions in the Australian infrastructure sector result from all levels of government supporting infrastructure investment to drive economic growth. The Australian business unit grew revenue by 31% and achieved a 64% increase in operating earnings as the majority of projects delivered consistent operational performances. New work won of AUD2,1 billion increased the work in hand by 75% from 30 June 2022, with new contracts awarded in all states, across a range of project sizes and contract types in most of McConnell Dowell's specialist disciplines. This continues to provide a solid level of risk mitigating diversification.

Built Environs, McConnell Dowell's commercial building business unit, increased its revenue by 4% and grew work in hand by AUD437 million in the period to AUD632 million following the award of projects in its selected geographies.

New Zealand and Pacific Islands increased its revenue by 20% in comparison to the prior period due to the resumption of new contract awards which were delayed in the previous period due to COVID-19 restrictions. Operating earnings increased by more than 100% on the back of improved project execution. Work in hand remained flat, with new work won in the water/wastewater and pipeline disciplines replacing revenue recognised in the period.

Southeast Asia recorded a significant loss, mainly as a result of losses recorded on the Batangas LNG project. Revenue was significantly lower by 38% on the back of the strategic decision to halt tendering activities during the peak of COVID-19. Tendering activities have now resumed as opportunities emerge post COVID-19. A new managing director has been appointed and the leadership team strengthened and while the region remains challenging for McConnell Dowell, management remains committed to the business unit and the region and is focused on promising longer-term opportunities.

McConnell Dowell recorded a 12-month rolling lost-time injury frequency rate (LTIFR) of 0,05 (December 2021: 0,07), against a target of 0,07 and total recordable injury frequency rate (TRIFR) of 0,78 (December 2021: 0,60) against a target of 1,00. No serious environmental incidents were recorded.

Moolmans

Moolmans is a tier-one contract mining business offering specialised services to the mining industry, specifically open cast mining. Moolmans continued to focus on operational performance through investment in people and systems. The business continued its investment in new equipment in line with its strategy of selecting and entering into long term and commercially viable contracts. Extensive financial and engineering skills remain invested in support of fleet renewal. Moolmans operates primarily in South Africa, with extensive experience and opportunity in the SADC region and West Africa.

Moolmans reported revenue of R1,4 billion for the period ended 31 December 2022 (2021: R1,9 billion). The decrease in revenue is due to the completion of the Lefa contract and the reduced scope of work on the Gamsberg project.

Operating earnings declined to R20 million compared to the R99 million in the prior comparative period. Gross earnings and operating earnings on four out of five contracts achieved a margin in line with our aspirations, however, operating earnings were negatively impacted by significant losses incurred on the terminated Tshipi contract. Following protracted negotiations between Moolmans and Tshipi é Ntle, a new five-year contract to the value of R7 billion has been concluded on commercially viable terms in January 2023. The new contract has facilitated an investment in new plant and equipment to the value of approximately R900 million. Heavy Mining Equipment is not readily available and lead times have extended in line with global supply chain issues. Moolmans, working with its OEM suppliers and financiers, have secured shorter lead times on available equipment and expect this equipment to be fully delivered and commissioned in the next six to nine months. Following this mobilisation, together with strengthened leadership and project management capability on site, a significant improvement in production and performance is anticipated.

Moolmans continued with the optimisation of existing fleet in order to improve availabilities, save on component spend and dispose of redundant assets. Cash savings of approximately R60 million have been realised to date as a result of this optimisation project.

Moolmans recorded a 12-month rolling LTIFR of 0,20 (31 December 2021: 0,19), against a target of 0,19 and TRIFR of 0,36 (31 December 2021: 0,62), against a target of 0,59. No major environmental issues were recorded.

Trident Steel

Trident Steel delivered on its growth aspirations as a steel service centre business, primarily focused on the automotive sector. Revenue growth of 58% was driven by higher volumes to OEMs and higher average selling prices, with operating earnings increasing by 20% to R91 million (31 December 2021: R76 million). This improvement in earnings was softened by foreign exchange losses and increased steel purchase prices. The finalisation of the insurance claim following the April 2022 KwaZulu-Natal floods was delayed and only settled after the period end.

A R450 million short-term Trade Finance Facility was raised in support of organic growth and the award of the new Ford Ranger and Amarok contracts, of which R390 million was utilised at 31 December 2022. Delays experienced by OEMs as a result of supply chain disruptions, multiple semi-conductor shortages in the automotive industry, OEM maintenance stoppages and the planned start-up of new vehicle models led to an increase in working capital, specifically in inventory at 31 December 2022. This is expected to unwind in the second half of the financial year.

Aveng has made significant progress in the disposal of Trident Steel. After considering the latest facts and circumstances and the application of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* on 31 December 2022, the criteria to disclose Trident Steel as Held for Sale and as a discontinued operation were considered to have been met. Subsequent to period end, additional conditions precedent including shareholders' approval and Competition Commission approval, were fulfilled. As at 20 February 2023, 10 out of the 15 conditions precedent have been fulfilled or waivered. Significant progress has been made on the remaining outstanding conditions precedent and it is envisaged that the disposal transaction will be implemented during the remaining months of the 2023 financial year.

Project Management Office

The Project Management Office continues to complete the significant task of closing out non-core asset disposals and ensuring that the Group complies with all statutory, legal, technical, commercial and human resources obligations. This primarily relates to Aveng Construction: South Africa. The business unit recorded an operating loss of R24 million (31 December 2021: R36 million) and cash outflow of R29 million (31 December 2021: R103 million). The South African performance guarantee exposure reduced from R350 million at 30 June 2022 to R156 million.

FINANCIAL REVIEW

Aveng reported headline earnings of R77 million or 61 cents per share (31 December 2021: R17 million or 14 cents per share). Earnings for the period attributable to equity holders of the parent amounted to R48 million or 38 cents per share (31 December 2021: R53 million or 43 cents per share). Reported earnings for the period is R48 million (31 December 2021: R53 million) whereas normalised earnings decreased from R82 million in the prior comparative period to R44 million.

Statement of comprehensive earnings

Group revenue grew by 16% to R15,0 billion (31 December 2021: R13,0 billion). The revenue of the two main businesses, McConnell Dowell and Moolmans, increased by 14% to R12,8 billion (31 December 2021: R11,2 billion) and makes up 85% of total group revenue (31 December 2021: 86%).

Other earnings of R19 million (31 December 2021: R38 million) decreased primarily as a result of unrealised foreign exchange losses in the current period and a dividend received in the prior period not repeated in the current period.

Earnings before non-recurring items ("operating earnings") of R181 million (31 December 2021: R215 million), was mainly driven by:

- McConnell Dowell R175 million (31 December 2021: R144 million);
- Moolmans R20 million (31 December 2021: R99 million); and
- Trident Steel R91 million (31 December 2021: R76 million).

Normalised earnings of R44 million (31 December 2021: R82 million). Normalised earnings refers to earnings for the period excluding items that are either income or expenses which do not occur regularly as part of the normal operating activities of the Company. The normalised earnings removes the effects of the IFRS 5 fair value adjustments, non-recurring impairments on property, plant and equipment and the gains or losses on the sale of non-core businesses.

In the prior period, the IFRS 5 effects of the re-classification of Trident Steel from Held for Sale to continuing operations at 31 December 2021, included a net fair value loss of R52 million added back for purposes of normalised earnings. The classification of Trident Steel as Held for Sale on 31 December 2022 had no effect on normalised earnings for the current period as no further fair value adjustments were required.

Normalised earnings per share was 36 cents (31 December 2021: 67 cents).

Net finance charges remained flat at R123 million (31 December 2021: R125 million). Finance expenses relating to the South African legacy debt decreased but were offset by the utilisation of the new Trade Finance Facility coupled with rising interest rates in South Africa.

Basic earnings per share of 38 cents was calculated using a weighted average number of shares of 126,1 million shares. The prior period basic earnings per share of 43 cents was calculated using a weighted average number of shares of 122,5 million shares. The movement of 3,6 million shares is due to the vesting of shares in terms of the equity-settled share-based payment plans.

Headline earnings of R77 million (31 December 2021: R17 million). Prior period included the reversal of an impairment loss previously recognised of R103 million due to the reclassification of Trident Steel from Held for Sale to continuing operations at 31 December 2021. The classification of Trident Steel as Held for Sale on 31 December 2022 had no effect on headline earnings for the current period as no further fair value adjustments were required.

Headline earnings per share is 61 cents, calculated using a weighted average number of shares of 126,1 million shares. The prior period headline earnings per share of 14 cents was calculated using a weighted average number of shares of 122,5 million shares.

Statement of financial position

Property, plant and equipment (PPE) decreased by R188 million to R2,3 billion. The decrease is largely due to the classification of Trident Steel as Held for Sale (R197 million transfer), as well as depreciation for the period, offset by capital expenditure.

The Group incurred replacement **capital expenditure** of R341 million (December 2021: R349 million) and expansionary capital expenditure of R1 million (31 December 2021: Rnil).
The majority of the amount was spent as follows:

- R135 million at McConnell Dowell, relating to specific projects across the business units; and
- R166 million at Moolmans, primarily investment in components on existing fleet.

Right-of-use (ROU) assets decreased by R322 million to R284 million. The decrease is largely due to the classification of Trident Steel as Held for Sale (R322 million transfer), depreciation of R117 million and new property leases of R111 million added in the current period.

Inventories decreased by R801 million to R227 million (June 2022: R1 billion) largely due to the classification of Trident Steel as Held for Sale. Trident Steel inventories increased significantly due to a slower uptake from OEMs emanating from operational challenges experienced.

Contract assets for the Group increased by R533 million to R4,2 billion (June 2022: R3,6 billion) due to an increase in uncertified revenue relating to timing and continued commercial negotiation and settlement of variation claims or contract entitlements at McConnell Dowell.

Assets Held for Sale increased to R2,2 billion (June 2022: R144 million) due to the classification of Trident Steel as Held for Sale on 31 December 2022, coupled with the continuing disposal of remaining non-core assets.

Liabilities Held for Sale of R1,8 billion (June 2022: R16 million) increased due to the classification of Trident Steel as Held for Sale on 31 December 2022 and the continuing disposal of non-core liabilities.

The remaining assets and liabilities classified as Held for Sale comprise Trident Steel and two Infraset factories in Africa in the Manufacturing and Processing disposal group and infrastructure investments.

External borrowings and other liabilities decreased by R126 million to R355 million from June 2022 following repayments made on both South African legacy debt and ABFs. The Group entered into a new Trade Finance Facility of R450 million in October 2022 to support organic growth and a new contract at Trident Steel. R390 million of the facility was utilised at 31 December 2022 and is classified under Held for Sale.

Lease liabilities decreased by R446 million to R593 million mainly due to the classification of Trident Steel as Held for Sale.

Contract liabilities decreased by R77m to R1,6 billion (June 2022: R1,7 billion) mainly due to the unwinding of early customer receipts at McConnell Dowell.

Operating free cash flow amounted to an outflow of R20 million (31 December 2021: R490 million inflow) due to:

- McConnell Dowell – R440 million inflow (31 December 2021: R667 million inflow);Moolmans – R50 million outflow (31 December 2021: R104 million inflow);
- Trident Steel – R185 million outflow (31 December 2021: R135 million outflow);
- Construction and Engineering: South Africa – R29 million outflow (31 December 2021: R103 million outflow);
- R56 million of proceeds on disposal of non-core assets;
- Net finance expenses paid of R123 million; and
- Taxation paid of R8 million.

Cash and bank balances (net of bank overdrafts) increased to R2,8 billion (June 2022: R2,6 billion). Cash in McConnell Dowell increased by R336 million mainly due to early customer receipts. This was offset by R126 million debt repayments, debt service costs and additional working capital requirements in South Africa.

Net cash position from continuing operations increased from prior year at R1,8 billion (June 2022: net cash position of R1,1 billion). Net cash including discontinued operations remained flat at R1,0 billion.

- Cash and bank balances increased by R180 million and external borrowings and ABFs decreased by R126 million following scheduled repayment of South African legacy debt and ABFs
- IFRS 16 lease liabilities decreased by R446 million following the classification of Trident Steel as Held for Sale.

OUTLOOK

McConnell Dowell

Significant infrastructure opportunities exist as investment continues at both federal and state government levels, coupled with increasing activity in the private market in Australia. Upcoming elections in New Zealand present some uncertainty but bipartisan support exists for strategic infrastructure. Southeast Asia continues to present opportunities for our specialist capabilities. A positive market outlook supports our growth aspirations for McConnell Dowell.

The current work in hand provides a robust revenue platform, with 100% of planned revenue for FY23 and 98% of planned revenue for FY24, secured. The addressable market across McConnell Dowell's footprint provides a visible pipeline of AUD14,0 billion facilitating strategic selection of tender opportunities in support of profitable growth.

The business remains focused to convert current tenders of AUD1,6 billion in preferred bidder status to award, with a further AUD0,9 billion in tenders awaiting award and AUD2,4 billion tenders in preparation for submission.

The Southeast Asia region remains challenging for McConnell Dowell. A post COVID-19 turnaround plan is being implemented and tendering activities have resumed. A new managing director has been appointed and a strengthened leadership team is in place. Management remains committed to the business unit and the region and is focused on promising longer-term opportunities.

McConnell Dowell will continue to focus on improved operational performance and cash generation to achieve a consistent operating margin in excess of 3%. Its investment in people and systems will yield future benefits.

Disciplined project execution is fundamental to the Group's goal of being a fit-for-purpose organisation capable of sustainable and profitable long-term growth. General cost pressures remain an industry wide risk that are managed by McConnell Dowell through both tender and project delivery stages. Projects awarded pre-2022 are at greatest risk but only form 12% of current work in hand. The majority of our new work awarded post 30 June 2022 came from preferred projects where foreseeable escalation was included in contract estimates.

Moolmans

Moolmans is currently exploring opportunities across Southern and West Africa, including multiple contract extensions in South Africa. The total visible pipeline amounts to R31,7 billion.

Following the award of the new Tshipi é Ntle contract and investment in new equipment post period end, the Moolmans business is better positioned for growth. Key areas of focus for Moolmans are to improve operational performance and cash generation. The continued investment in new equipment will support its strategy of selecting and entering into long-term and commercially viable contracts. Extensive financial and engineering skills remain invested in support of fleet renewal and the continued optimisation of the existing fleet to improve availabilities and save on component spend.

Trident Steel

The disposal has significantly progressed with an envisaged implementation date during the remaining months of the 2023 financial year. Subsequent to period end, additional conditions precedent including shareholder approval and competition commission approval, were fulfilled.

As at 20 February 2023, 10 out of the 15 conditions precedent have been fulfilled or waivered. Significant progress has been made on the remaining outstanding conditions precedent.

The purchase consideration of R691 million plus an amount of R273 million, representing the net cash portion of from the business on "lock box" date plus the ticking fee, is due on closing date.

As part of the transaction, an investment in a special purpose empowerment vehicle that includes a loan of R207 million from Aveng, will be used to facilitate a future BEE transaction that will be repaid by the purchaser within a maximum period of one year from closing date.

Importantly, the proceeds of the transaction will be used to extinguish the South African legacy debt and Trade Finance Facility which will result in improved Group liquidity.

The extinguishment of South African legacy debt will mark a pivotal moment in ensuring a sustainable capital structure and a platform for growth for Aveng.

Aveng continues to explore appropriate options for a long-term capital base.

Key messages

- Reported a fifth consecutive profitable period – focus on improving margin performance
- Sale of Trident Steel is significantly advanced – legacy debt to be extinguished and surplus used to prioritise returns
- McConnell Dowell improved work in hand to AUD3,9 billion – strong revenue base for profitable growth
- Moolmans secured a new five-year contract – investment in equipment and anticipated improved performance
- Short-term earnings remain flat – building a longer term sustainable Company

DISCLAIMER

The financial information on which any outlook statements are based has not been reviewed or reported on by the external auditor. 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the six months ended 31 December 2022

	Notes	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
ASSETS				
Non-current assets				
Goodwill arising on consolidation		**100**	100	100
Intangible assets		**–**	11	1
Property, plant and equipment		**2 291**	2 617	2 479
Right-of-use assets		**284**	707	606
Infrastructure investments		**148**	147	148
Deferred taxation		**746**	781	738
Lease receivables		**68**	36	73
Other non-current assets		**5**	2	9
		3 642	4 401	4 154
Current assets				
Inventories		**227**	1 141	1 028
Contract assets	8	**4 159**	3 043	3 626
Trade and other receivables		**552**	558	837
Taxation receivable		**52**	28	60
Lease receivables		**10**	4	9
Cash and bank balances		**2 797**	3 044	2 617
		7 797	7 818	8 177
Assets Held for Sale	9	**2 151**	240	144
TOTAL ASSETS		**13 590**	12 459	12 475
EQUITY AND LIABILITIES				
Equity				
Stated capital		**4 776**	4 747	4 747
Other reserves		**1 049**	1 042	989
Accumulated losses		**(1 975)**	(2 100)	(2 023)
Equity attributable to equity-holders of parent		**3 850**	3 689	3 713
Non-controlling interest		**7**	8	7
TOTAL EQUITY		**3 857**	3 697	3 720
Liabilities				
Non-current liabilities				
Deferred taxation		**117**	128	121
External borrowings and other liabilities	10	**1**	356	229
Lease liabilities		**403**	809	773
Provisions		**84**	81	94
Employee-related payables		**433**	433	377
		1 038	1 807	1 594
Current liabilities				
Contract liabilities	8	**1 622**	1 365	1 699
External borrowings and other liabilities	10	**354**	458	252
Lease liabilities		**190**	279	266
Provisions		**452**	382	451
Employee-related payables		**174**	301	318
Trade and other payables		**4 112**	4 085	4 149
Taxation payable		**–**	–	10
		6 904	6 870	7 145
Liabilities Held for Sale	9	**1 791**	85	16
TOTAL LIABILITIES		**9 733**	8 762	8 755
TOTAL EQUITY AND LIABILITIES		**13 590**	12 459	12 475

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS

for the six months ended 31 December 2022

	Note	Six months ended 31 December 2022 (Reviewed) Rm	(Re-presented)* Six months ended 31 December 2021 (Reviewed) Rm	(Re-presented)* Year ended 30 June 2022 (Audited) Rm
Revenue		**15 035**	12 958	26 178
Continuing operations		**12 793**	11 291	22 527
Discontinued operations	5	**2 242**	1 667	3 651
Cost of sales		**(14 032)**	(11 979)	(24 066)
Continuing operations		**(11 954)**	(10 482)	(20 749)
Discontinued operations	5	**(2 078)**	(1 497)	(3 317)
Gross earnings		**1 003**	979	2 112
Other earnings		**19**	38	140
Continuing operations		**(6)**	7	27
Discontinued operations	5	**25**	31	113
Operating expenses		**(840)**	(800)	(1 671)
Continuing operations		**(741)**	(689)	(1 440)
Discontinued operations	5	**(99)**	(111)	(231)
Loss from equity-accounted investments		**(1)**	(2)	(5)
Earnings before non-recurring items		**181**	215	576
Non-recurring items		**4**	(29)	(180)
Continuing operations		**(1)**	(37)	(168)
Discontinued operations	5	**5**	8	(12)
Earnings before financing transactions		**185**	186	396
Finance earnings		**23**	11	20
Finance expenses		**(146)**	(136)	(257)
Earnings before taxation		**62**	61	159
Taxation		**(14)**	(8)	(29)
Earnings for the period		**48**	53	130
Earnings / (loss) from continuing operations		**5**	(1)	19
Earnings from discontinued operations	5	**43**	54	111

* *Refer to note 5. Discontinued operations for the classification of Trident Steel as a discontinued operation and further information about the re-presentation of discontinued operations in previous periods.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS continued

for the six months ended 31 December 2022

	Note	Six months ended 31 December 2022 (Reviewed) Rm	(Re-presented) Six months ended 31 December 2021 (Reviewed) Rm	(Re-presented) Year ended 30 June 2022 (Audited) Rm
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):				
Exchange differences on translating foreign operations		**77**	180	107
Other comprehensive earnings for the period, net of taxation		**77**	180	107
Total comprehensive earnings for the period attributable to:				
Equity-holders of the parent		**125**	232	237
Non-controlling interest		**–**	1	–
Total comprehensive earnings for the period, net of taxation		**125**	233	237
Earnings for the period attributable to:				
Equity-holders of the parent		**48**	53	130
		48	53	130
Other comprehensive earnings for the period, net of taxation				
Equity-holders of the parent		**77**	179	107
Non-controlling interest		**–**	1	–
		77	180	107
Results per share (cents)				
From continuing and discontinued operations				
Earnings - basic		**38**	43	106
Earnings - diluted		**37**	41	100
From continuing operations				
Earnings / (loss) - basic		**4**	(1)	15
Earnings / (loss) - diluted		**4**	(1)	14
From discontinued operations				
Earnings - basic		**34**	44	91
Earnings - diluted		**33**	42	86
Number of shares (millions)				
In issue	7	**129,5**	129,5	129,5
Weighted average	7	**126,1**	122,5	122,5
Diluted weighted average	7	**129,5**	129,5	129,4

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2022

	Stated capital Rm	Foreign currency translation reserve Rm
Six months ended 31 December 2021 (Reviewed)		
Balance at 1 July 2021	4 747	795
Earnings for the period	–	–
Other comprehensive earnings for the period (net of taxation)	–	179
Equity-settled share-based payment – shares granted	–	
Total comprehensive earnings for the period	–	179
Balance at 31 December 2021	4 747	974
Year ended 30 June 2022 (Audited)		
Balance at 1 July 2021	4 747	795
Earnings for the period	–	–
Other comprehensive earnings for the period (net of taxation)	–	107
Equity settled share-based payment - shares granted	–	–
Total comprehensive earnings for the period	–	107
Balance at 30 June 2022	4 747	902
Six months ended 31 December 2022 (Reviewed)		
Balance at 1 July 2022	4 747	902
Earnings for the period	–	–
Other comprehensive earnings for the period (net of taxation)	–	77
Equity settled share-based payment - shares granted	–	–
Equity settled share-based payment- shares vested	29	–
Total comprehensive earnings for the period	29	77
Balance at 31 December 2022	4 776	979

Equity-settled share-based payment reserve Rm	Total other reserves Rm	Accumulated losses Rm	Total attributable to equity holders of the parent Rm	Non-controlling interest Rm	Total equity Rm
52	**847**	(2 153)	**3 441**	7	**3 448**
–	**–**	53	**53**	–	**53**
–	**179**	–	**179**	1	**180**
16	**16**		**16**		**16**
16	**195**	53	**248**	1	**249**
68	**1 042**	(2 100)	**3 689**	8	**3 697**
52	**847**	(2 153)	**3 441**	7	**3 448**
–	**–**	130	**130**	–	**130**
–	**107**	–	**107**	–	**107**
35	**35**		**35**	–	**35**
35	**142**	130	**272**	–	**272**
87	**989**	(2 023)	**3 713**	7	**3 720**
87	**989**	(2 023)	**3 713**	7	**3 720**
–	**–**	48	**48**	–	**48**
–	**77**	–	**77**	–	**77**
12	**12**	–	**12**	–	**12**
(29)	**(29)**	–	**–**	–	**–**
(17)	**60**	48	**137**	–	**137**
70	**1 049**	(1 975)	**3 850**	7	**3 857**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2022

	Note	**31 December 2022 (Reviewed) Rm**	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Operating activities				
Cash generated from operating activities	12	**349**	805	1 468
Finance expenses paid		**(146)**	(145)	(288)
Finance earnings received		**23**	12	14
Taxation paid		**(8)**	(10)	(47)
Cash inflow from operating activities		**218**	662	1 147
Investing activities				
Acquisition of property, plant and equipment – expansion		**(1)**	–	–
Acquisition of property, plant and equipment – replacement		**(341)**	(349)	(834)
Proceeds on disposal of property, plant and equipment		**48**	35	168
Proceeds on disposal of assets Held for Sale		**56**	99	106
Capital expenditure net of proceeds on disposal		**(238)**	(215)	(560)
Advances in respect of other non-current assets		**–**	–	(9)
Dividends received		**–**	2	21
Movement in property, plant and equipment, intangible assets and investments classified as Held for Sale		**–**	41	1
Cash outflow from investing activities		**(238)**	(172)	(547)
Financing activities				
Repayment of external borrowings		**(126)**	(65)	(399)
Proceeds from Trade Finance Facility classified as Held for Sale		**390**	–	–
Payment of capital portion of lease liabilities		**(122)**	(90)	(240)
Payment of capital portion of lease liabilities-Held for Sale		**–**	(30)	(4)
Cash inflow / (outflow) from financing activities		**142**	(185)	(643)
Net increase / (decrease) in cash and bank balances before foreign exchange movements		**122**	305	(43)
Foreign exchange movements on cash and bank balances		**58**	220	141
Cash and bank balances at the beginning of the period		**2 617**	2 519	2 519
Total cash and bank balances at the end of the period		**2 797**	3 044	2 617

1. CORPORATE INFORMATION

The reviewed interim condensed consolidated financial statements (interim results) of Aveng Limited (the Company) and its subsidiaries (the Group) for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 20 February 2023.

Nature of business

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 contract mining environments and as a result the revenue is not seasonal in nature but is influenced by the nature, execution and delivery of contracts.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICY

2.1 Basis of preparation

The interim results have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

These interim results are presented in South Africa Rand (ZAR) and all values are rounded to the nearest million (Rm) except when otherwise indicated. The interim results are prepared in accordance with IAS 34 *Interim Financial Statements* (IAS 34) and the Listings Requirements of the Johannesburg Stock Exchange as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies adopted are consistent with those of the Group's audited financial statements as at 30 June 2022.

The interim results have been prepared by Gregory Beevers CA (SA) under the supervision of the Group finance director and chief financial officer, Adrian Macartney CA (SA).

The interim results for the six-month period ended 31 December 2022, set out on pages 11 to 44, have been reviewed by the Company's external auditors KPMG Incorporated, who expressed an unmodified review conclusion, in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditors of the Entity* (ISRE 2410). A copy of the auditor's review report is available for inspection at the Company's registered office.

2.2 Supplementary information

The Group's presentation currency is South African Rand (ZAR). The supplementary information provided in Australian Dollars (AUD) is translated at the closing rate for the interim condensed consolidated statement of financial position and at the average rate for the interim condensed consolidated statement of comprehensive earnings.

Disclaimer:

Australian Dollar translations included in these interim condensed financial statements constitutes pro forma financial information in terms of the JSE Guidance Letter: *Presentation of pro forma financial information dated 4 March 2010*. The pro forma financial information is the responsibility of the Board of directors and is presented for illustrative purposes only. The directors believe the pro forma information can assist stakeholders in interpreting the financial performance of the Group in a universally measured currency. Because of its nature, the pro forma financial information may not fairly present Aveng's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the pro forma financial information, has been prepared using accounting policies which comply with IFRS and are consistent with those applied in the published Group consolidated interim condensed consolidated financial statements for the period ended 31 December 2022. This information has not been reviewed by the auditors. Refer to Annexure 1 on pages 45 to 47 for the supplementary information.

2.3 Changes to the Group accounting policies

A number of standards and interpretations are effective from 1 July 2022, but they do not have a material effect on the Group's interim results.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim results requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimation assumptions

In the process of applying the Group's accounting policies, the Group has made judgements relating to certain items recognised, which have the most significant effect on the amounts recognised, in the interim results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

The Group based its assumptions and estimates on parameters available when the interim results were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant accounting judgements and estimates were consistent with those applied in the 30 June 2022 audited consolidated annual financial statements. The following accounting judgements and estimates require further disclosure:

3.1 Held for Sale classification

Trident Steel

At 31 December 2022, a binding sale of business agreement is in place, with a credible buyer, to dispose of Trident Steel, a division of Aveng Africa (Proprietary) Limited, as a going concern. The transaction is subject to conditions precedent usual for transactions of this nature, including shareholder approval and competition commission approval. Management applies judgement when determining if there is sufficient evidence that the sale of Trident Steel is highly probable and will be finalised within the next 12 months. Given the certainty around the likelihood of finalisation of the sale within the next 12 months, management has concluded that the Trident Steel CGU meets the criteria of Held for Sale under IFRS 5 *Non-current assets Held for Sale and Discontinued operations* and will be classified as Held for Sale at 31 December 2022. The Group will continue to reassess the classification.

Refer to note 14. Events after the reporting period for further details.

3.2 Impairment indicators

The Group performed an annual impairment test as at 30 June 2022. The test involved the assessment of internal and external qualitative factors for each cash generating unit (CGU) that may constitute an indicator of impairment. The test was extended to individual assets in instances of underutilisation, obsolescence, physical damage, or material decline in the economic performance of the assets

As at 31 December 2022, management was not aware of any additional impairment indicators to those already identified as at 30 June 2022.

No impairment was required for CGU or individual assets.

4. GOING CONCERN AND LIQUIDITY

As detailed in *note 2: Basis of preparation and changes to the group accounting policy and note 14: Events after the reporting period* to the interim condensed consolidated financial statements, in determining the appropriate basis of preparation of the interim condensed consolidated financial statements, the Board is required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group is dependent on the wider economic environment in which the Group operates.

In concluding this assessment, the Board has taken the following considerations into account:

Execution of plans

- Continued profitability in the operating performance of McConnell Dowell, Moolmans and Trident Steel resulted in further creation of underlying value and sustainability;
- Nearing completion of the non-core asset disposal plan:
  - The conclusion of the sale of the remaining Infraset factories, in the process of being implemented;
  - The conclusion of the sale of the Oakleaf and Firefly investments; and
  - A binding sale of business agreement for Trident Steel, with a credible buyer, and continued fulfilment of the conditions precedent post period end.
- Sensitivity testing of key inputs included in the operating and liquidity forecasts to ascertain the effect of non-achievement of one or more key inputs (operational performance of core assets, non-core asset disposal timing), including any effect on the ongoing compliance with covenant requirements in place with the SA Banking group, Australian banks and other financing arrangements within the Group;
- The continued monitoring of the South African short-term liquidity forecast management process;
- Updated Group forecast and business plans post period-end up to 30 June 2024, incorporating the benefits already realised and expected from actions taken and planned, as well as future expected benefits from improved liquidity to be achieved;
- The Group entered into a Trade Finance Facility of R450 million, for its Trident Steel division, with two South African banks. The facility enables planned growth of the Trident Steel business, matures on 1 October 2023 and was approved in terms of the Common Terms Agreement with the South African Banking Group;
- The Group continued to reduce external debt in line with its obligations, having repaid R125 million and the South African guarantees were reduced in the current period by 58% to R137 million; and
- The Sixth Amended and Restated Common Terms Agreement was implemented on 17 October 2022 to give effect to the Trade Finance Facility. The repayment profile of external debt and amended covenants are in line with the Group's current forecasts.

  At the end of the interim period, the Group reported a profit after tax of R48 million and an operating free cash outflow of R20 million. Despite continued difficult trading conditions, the Group's available cash resources were positively impacted. The Group continues to focus on improving operational performance, reducing overhead and improving working capital efficiencies. To this end, a number of Group initiatives have been concluded, implemented or are in progress.

  The Group has cash (net of bank overdraft facilities) of R2,8 billion (30 June 2022: R2,6 billion) at 31 December 2022 of which R 741 million (30 June 2022: R605 million) is held in joint arrangements. Unutilised facilities amounted to R265 million (30 June 2022: R205 million).

4. GOING CONCERN AND LIQUIDITY continued

Liquidity, solvency, and ongoing funding

The Group continues to actively manage the liquidity and cash flow in two distinct liquidity pools, namely the McConnell Dowell liquidity pool and the South African liquidity pool. McConnell Dowell's liquidity benefited from early customer receipts, the cash receipt of a long-outstanding claim and a growing order book. As a result, McConnell Dowell reported a strong cash balance with sufficient cash and liquidity to support the growing order book and the growth opportunities that this market continues to present. The South African liquidity pool remains tightly managed and continues to demonstrate significant improvement compared to the prior period. The Group continued to reduce external debt, having repaid R125 million and the South African guarantees were reduced in the current period by 58% to R137 million.

Management updated the forecast for the 2023 and 2024 financial year end, as well as preparing cash flow forecasts covering a minimum of 12 months from the date of these interim condensed consolidated financial statements. These forecasts have been prepared and reviewed by management to ensure that they have been accurately compiled using appropriate assumptions. The budgets, plans and forecasts have, together with the assumptions used, been interrogated, and approved by the Board.

The Group's current assets of R7,8 billion exceeded its current liabilities of R6,9 billion at 31 December 2022.

The forecasts indicate that the Group will have sufficient cash resources for the foreseeable future. All businesses are profitable with opportunity for improved performance and growth and are therefore expected to generate sufficient cash to meet their obligations. It is likely that the Trident Steel disposal will be completed in the 2023 financial year, generate further cash to settle the remaining external senior debt and improve available liquidity .

The directors have considered all of the above, including detailed consideration of the current position of all businesses, all business plans and forecasts, including all available information, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the interim condensed consolidated financial statements, and that sufficient liquidity will be available to support the ongoing operations of the Group, and that the realisation of assets and the settlement of liabilities, including contingent liabilities and commitments, will occur in the ordinary course of business. *Refer to note 14: Events after the reporting period*.

5. DISCONTINUED OPERATIONS

Identification and classification of discontinued operations

The Group structure comprises of McConnell Dowell and Moolmans forming the core business of the Group with Aveng Construction: *South Africa, Aveng Manufacturing and Trident Steel* being deemed the non-core businesses.

In the preceding six months, there have been numerous expressions of interest and the conclusion of the sale of the remaining Infraset factories, subject to regulatory approval. At 31 December 2022, a binding sale of business agreement is in place, with a credible buyer, to dispose of Trident Steel, a division of Aveng Africa (Proprietary) Limited, as a going concern. Given the high probability around the likelihood of finalisation of the sale within the next 12 months, management has concluded that the Trident Steel business meets the criteria of Held for Sale under IFRS 5 *Non-current assets Held for Sale and Discontinued operations* and will be classified as Held for Sale at 31 December 2022.

The earnings from discontinued operations comprise of Manufacturing and Processing segment, which includes Trident Steel and the remaining Infraset factories. Despite being a non-core business, Aveng Construction: South Africa does not meet the discontinued operations criteria in IFRS 5 and is not included in the discontinued operations figures presented on the following page.

5. DISCONTINUED OPERATIONS continued

Identification and classification of discontinued operations continued

The earnings from discontinued operations are analysed as follows:

	31 December 2022 (Reviewed) Rm	(Re-presented)* 31 December 2021 (Reviewed) Rm	(Re-presented)* 30 June 2022 (Audited) Rm
Revenue	**2 242**	1 667	3 651
Cost of sales	**(2 078)**	(1 497)	(3 317)
Gross earnings	**164**	170	334
Other earnings	**25**	31	113
Operating expenses	**(99)**	(111)	(231)
Earnings before non-recurring items	**90**	90	216
Non-recurring items	**5**	8	(12)
Gain on disposal of property, plant and equipment	**5**	–	3
Fair value gain / (loss) on disposal groups classified as Held for Sale	**–**	8	(15)
Earnings before financing transactions	**95**	98	204
Net finance expenses	**(52)**	(44)	(93)
Earnings before taxation	**43**	54	111
Taxation	**–**	–	–
Earnings for the period	**43**	54	111
Attributable to:			
Equity-holders of the parent	**43**	54	111
Items by nature			
Capital expenditure	**40**	5	34
Results per share (cents)			
Earnings – basic	**34**	44	91
Earnings – diluted	**33**	42	86

* *The earnings from discontinued operations have been re-presented and include the earnings from Trident Steel which were previously included in the continuing operations of the Group for all comparative periods presented.*

Cash flow from discontinued operations

	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Cash (outflow) / inflow from operating activities	**(8)**	3	(29)
Cash inflow/(outflow) from investing activities	**–**	41	(1)
Cash outflow from financing activities	**–**	(30)	(4)

6. SEGMENTAL REPORT

The reportable segments of the Group are components:

- that engage in business activities from which they earn revenues and incur expenses; and
- have operating results that are regularly reviewed by the Group's chief operating decision-makers to make decisions about resources to be allocated to the segments and in the assessment of their performance as required per IFRS 8 *Operating Segments.*

Prior to the outcome of the strategic review and management's implementation of a robust plan to reshape and refocus the operating structure of the Group, the following five reportable segments were presented which were largely organised and managed separately according to the nature of products and services provided:

- Construction and Engineering: Australasia and Asia;
- Mining;
- Construction and Engineering: South Africa;
- Manufacturing and Processing; and
- Other.

The reportable segments are presented per their classification in the disclosure of the segmental statement of comprehensive earnings and segmental assets and liabilities in this note.

Details on the reportable segments are as follows:

6.1.1 Construction and Engineering: Australasia and Asia

This segment comprises McConnell Dowell and is divided into the following business units: Australia, New Zealand and Pacific Islands, Built Environs and Southeast Asia.

6.1.2 Mining

This segment comprises Moolmans.

6.1.3 Construction and Engineering: South Africa

This segment comprises Aveng Construction: South Africa.

6.1.4 Manufacturing and Processing

This segment comprises Aveng Manufacturing and Trident Steel.

6.1.5 Other

This segment comprises corporate services and the balance of corporate held investments and properties.

6. SEGMENTAL REPORT continued

Six months ended December 2022 (Reviewed)	Construction and Engineering: Australasia and Asia Rm	Mining Rm
Revenue	11 356	1 424
Construction contract revenue	11 356	1 422
Sale of goods	–	–
Other revenue	–	2
Cost of sales	(10 615)	(1 311)
Gross earnings / (loss)	741	113
Other earnings	(7)	(5)
Operating expenses	(558)	(88)
Loss from equity-accounted investments	(1)	–
Earnings/ (loss) before non-recurring items	175	20
Non-recurring items	–	(1)
(Loss) / gain on disposal of property, plant and equipment	–	(1)
Loss on disposal of assets Held for Sale	–	–
Earnings / (loss) before financing transactions	175	19
Net finance expenses	(1)	(9)
Earnings / (loss) before taxation	174	10
Taxation	(28)	14
Earnings / (loss) for the period	146	24
Capital expenditure	135	166
Earnings/ (loss) before non-recurring items	175	20
Depreciation	125	218
Amortisation	–	–
Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)	300	238
Normalised earnings / (loss) for the period	146	25
Total assets	8 345	2 816
Total liabilities	6 028	746

Construction and Engineering: South Africa Rm	Manufacturing and Processing Rm	Other Rm	Total Rm
13	2 242	–	15 035
13	–	–	12 791
–	2 234	–	2 234
–	8	–	10
(28)	(2 078)	–	(14 032)
(15)	164	–	1003
–	25	6	19
(9)	(99)	(86)	(840)
–	–	–	(1)
(24)	90	(80)	181
1	5	(1)	4
1	5	–	5
–	–	(1)	(1)
(23)	95	(81)	185
(1)	(52)	(60)	(123)
(24)	43	(141)	62
–	–	–	(14)
(24)	43	(141)	48
–	40	1	342
(24)	90	(80)	181
–	44	2	389
–	1	–	1
(24)	135	(78)	571
(25)	38	(140)	44
51	2 171	207	13 590
166	1 793	1 000	9 733

6. SEGMENTAL REPORT continued

Six months ended December 2021 (Reviewed)	Construction and Engineering: Australasia and Asia Rm	Mining Rm
Revenue	9 272	1 919
Construction contract revenue	9 272	1 909
Sale of goods	–	1
Other revenue	–	9
Transport revenue	–	–
Cost of sales	(8 649)	(1 716)
Gross earnings / (loss)	623	203
Other earnings / (loss)	(5)	(11)
Operating expenses	(473)	(93)
Loss from equity-accounted investments	(1)	–
Earnings/ (loss) before non-recurring items	144	99
Non-recurring items	16	–
Loss on disposal of assets Held for Sale	–	–
Reversal of impairment of long-term receivables		
Gain on sale of property, plant and equipment	16	–
Fair value adjustments on disposal groups classified as Held for Sale	–	–
Earnings / (loss) before financing transactions	160	99
Net finance (expenses)/ income	(16)	(12)
Earnings / (loss) before taxation	144	87
Taxation	(8)	–
Earnings / (loss) for the period	136	87
Capital expenditure	58	286
Earnings/ (loss) before non-recurring items	144	99
Depreciation	133	253
Amortisation	–	2
Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)	277	354
Normalised earnings/ (loss) for the period	120	87
Total assets	6 951	3 052
Total liabilities	4 834	987

Construction and Engineering: South Africa Rm	Manufacturing and Processing Rm	Other Rm	Total Rm
104	1 666	(3)	12 958
104	–	–	11 285
–	1 624	(3)	1 622
–	27	–	36
–	15	–	15
(120)	(1 497)	3	(11 979)
(16)	169	–	979
–	31	23	38
(20)	(111)	(103)	(800)
–	–	(1)	(2)
(36)	89	(81)	215
–	(52)	7	(29)
–	–	(3)	(3)
		13	13
–	–	(3)	13
–	(52)	–	(52)
(36)	37	(74)	186
–	(36)	(61)	(125)
(36)	1	(135)	61
–	–	–	(8)
(36)	1	(135)	53
–	5	–	349
(36)	89	(81)	215
–	38	1	425
–	1	–	3
(36)	128	(80)	643
(36)	53	(142)	82
58	2 056	342	12 459
224	1 373	1 344	8 762

6. SEGMENTAL REPORT continued

Year ended June 2022 (Audited)	Construction and Engineering: Australasia and Asia Rm	Mining Rm
Revenue	19 034	3 349
Construction contract revenue	19 034	3 339
Sale of goods	–	1
Other revenue	–	9
Transport revenue	–	–
Cost of sales	(17 656)	(2 940)
Gross earnings	1 378	409
Other earnings	7	(13)
Operating expenses	(995)	(189)
Loss from equity-accounted investments	(5)	–
Earnings/ (loss) before non-recurring items	385	207
Non-recurring items	16	(148)
Impairment loss on plant and equipment		(106)
Impairment loss on intangible assets	–	(8)
Reversal of long-term receivables		
Loss on disposal of assets Held for Sale	–	–
Gain / (loss) on sale of property, plant and equipment	16	(34)
Fair value adjustments on disposal groups classified as Held for Sale	–	–
Earnings / (loss) before financing transactions	401	59
Net finance (expenses)/ income	(28)	(18)
Earnings / (loss) before taxation	373	41
Taxation	(26)	4
Earnings / (loss) for the period	347	45
Capital expenditure	187	622
Operating earnings / (loss)	385	207
Depreciation	278	450
Amortisation	–	3
Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)	663	660
Normalised earnings/ (loss) for the period	331	87
Total assets	7 401	2 856
Total liabilities	5 205	812

Construction and Engineering: South Africa Rm	Manufacturing and Processing Rm	Other Rm	Total Rm
150	3 651	(6)	26 178
150	–	–	22 523
–	3 585	(6)	3 580
–	42	–	51
–	24	–	24
(162)	(3 317)	9	(24 066)
(12)	334	3	2 112
–	113	33	140
(55)	(232)	(200)	(1 671)
–	–	–	(5)
(67)	215	(164)	576
–	(71)	23	(180)
			(106)
–	–	–	(8)
		26	26
–	–	(22)	(22)
–	3	19	4
–	(74)	–	(74)
(67)	144	(141)	396
–	(92)	(99)	(237)
(67)	52	(240)	159
–	(18)	11	(29)
(67)	34	(229)	130
–	24	1	834
(67)	215	(164)	576
–	95	3	826
–	1	–	4
(67)	311	(161)	1 406
(67)	105	(252)	204
78	2 059	71	12 465
215	1 437	1 075	8 744

6. SEGMENTAL REPORT continued

The Group operates in the following principal geographical areas:

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Revenue			
South Africa	**3 660**	3 526	6 944
Rest of Africa including Mauritius	**19**	160	200
Australia	**9 112**	6 787	13 695
New Zealand and Pacific Islands	**1 304**	1 035	2 598
Southeast Asia	**940**	1 450	2 741
	15 035	12 958	26 178
Segment assets			
South Africa	**5 065**	5 360	4 955
Rest of Africa including Mauritius	**150**	113	89
Australia	**5 618**	4 173	4 852
New Zealand and Pacific Islands	**1 217**	1 318	1 216
Southeast Asia	**1 510**	1 460	1 333
Other regions	**30**	35	20
	13 590	12 459	12 465

6. SEGMENTAL REPORT continued

Normalised performance measures

The term normalised refers to performance measures (earnings for the period and earnings per share) excluding the effects of specific non-recurring items relating to the capital restructure of the Group, IFRS 5 adjustments, and adjustments in respect of non-core assets.

Normalised measures are used by management to assess the underlying sustainable performance of the Group and do not replace the measures determined in accordance with IFRS as an indicator of the Group performance, but rather should be used in conjunction with the mostly comparable IFRS measures.

Detailed reconciliations of IFRS to normalised results are provided below:

	Notes	**Six months ended 31 December 2022 (Reviewed) Rm**	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Earnings for the period		**48**	53	130
Excluding non-recurring items				
Impairment loss on intangible assets		**–**	–	8
Reversal of impairment loss on long-term receivables		**–**	(13)	(26)
Loss on disposal of Held for Sale		**1**	3	22
Gain on disposal of property, plant and equipment		**(5)**	(13)	(4)
Fair value adjustment of disposal groups classified as Held for Sale	9	**–**	52	74
Normalised earnings for the period[1]		**44**	82	204
Normalised earnings per share – basic (cents)[2]		**36**	67	167
Normalised earnings per share – diluted (cents)[3]		**34**	63	158

[1] *Normalised earnings for the period adjusts the earnings for the period for the impact of non-recurring items such as impairment losses on intangible assets, reversal of impairment losses, fair value adjustments of disposal groups classified as Held for Sale and gains or losses recognised on the sale of Held for Sale CGUs. The adjustment for non-recurring items are not expected to re-occur on a continuing basis.*

[2] *Normalised earnings per share – basic is calculated by dividing the normalised earnings for the period by the weighted average number of shares. Refer to note 7: Headline earnings for the determination of the weighted average number of shares.*

[3] *Normalised earnings per share – diluted is calculated by dividing the normalised earnings for the period by the diluted weighted average number of shares. Refer to note 7: Headline earnings for the determination of the weighted average number of shares.*

7. HEADLINE EARNINGS

	31 December 2022 (Reviewed)		31 December 2021 (Reviewed)		30 June 2022 (Audited)	
	Gross of taxation Rm	Net of taxation Rm	Gross of taxation Rm	Net of taxation Rm	Gross of taxation Rm	Net of taxation Rm
Determination of headline earnings						
Earnings for the period attributable to equity holders of parent		**48**		53		130
Impairment of intangible assets	**–**	**–**	–	–	8	8
Impairment of property, plant and equipment	**–**	**–**	–	–	106	81
Loss on disposal of assets Held for Sale	**1**	**1**	3	3	22	22
Derecognition of components included in property, plant and equipment	**45**	**33**	77	77	161	152
Gain on disposal of property, plant and equipment	**(5)**	**(5)**	(13)	(13)	(4)	(4)
Fair value adjustment on disposal groups classified as Held for Sale	**–**	**–**	(103)*	(103)*	(81)*	(81)*
Headline earnings		**77**		17		308
Diluted headline earnings		**77**		17		308
HEPS from continuing and discontinued operations						
Headline earnings per share – basic (cents)		**61**		14		252
Headline earnings per share – diluted (cents)		**59**		13		238
Issued shares		**129,5**		129,5		129,5
Weighted average shares		**126,1**		122,5		122,5
Diluted shares		**129,5**		129,5		129,4
Reconciliation of diluted shares						
Weighted average number of shares		**126,1**		122,5		122,5
Add: Shares issuable in terms of the equity settled share-based payment plan		**3,4**		7,0		7,0
Diluted weighted average number of shares		**129,5**		129,5		129,5

* *Excludes R155 million of depreciation released on reclassification of Trident Steel to continuing operations for headline earnings. Refer to note 9: Assets and liabilities classified as Held for Sale.*

8. CONTRACT ASSETS / (LIABILITIES)*

	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Uncertified claims and variations (underclaims)[1]	**2 024**	980	1 225
Contract contingencies	**(129)**	(75)	(81)
Progress billings received (including overclaims and early customer receipts)[2,5]	**(1 622)**	(1 365)	(1 699)
Uncertified claims and variations less progress billings received	**273**	(460)	(555)
Contract receivables[3]	**2 182**	2 093	2 427
Provision for expected credit losses	**(5)**	(3)	(3)
Retention receivables[4]	**87**	48	58
Net contract assets	**2 537**	1 678	1 927
Disclosed on the statement of financial position as follows:			
Uncertified claims and variations[1]	**2 024**	980	1 225
Contract contingencies	**(129)**	(75)	(81)
Contract receivables	**2 182**	2 093	2 427
Provision for expected credit losses	**(5)**	(3)	(3)
Retention receivables	**87**	48	58
Contract assets	**4 159**	3 043	3 626
Progress billings received	**(1 622)**	(1 365)	(1 699)
Contract liabilities	**(1 622)**	(1 365)	(1 699)
Net contract assets	**2 537**	1 678	1 927

* *This note was previously called amounts due from/ (to) contract customers but was changed at 30 June 2022 in order to enhance disclosure.*

1 *Includes revenue not yet certified – recognised over time / measurement and agreed variations, less deferred contract costs.*

2 *Progress billings are amounts billed for work performed above revenue recognised.*

3 *Amounts invoiced still due from customers.*

4 *Retentions are amounts invoiced but not paid for until the conditions specified in the contract are fulfilled or until defects have been rectified. These conditions are anticipated to be fulfilled within the following 12 months.*

5 *Early customer receipts are amounts received from the customer before the related work is performed.*

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The outcome of a strategic review led to the Board's decision to exclude the following segments from the Group's long-term strategy:

- Construction and Engineering: South Africa; and
- Manufacturing and Processing.

These non-core segments were initially recognised and presented as separately identifiable disposal groups and were disclosed as discontinued operations in the Group's statement of comprehensive earnings.

Sales finalised in the current period

Construction and Engineering: South Africa and the rest of Africa

Infrastructure assets and equity-accounted investments

The disposal of investments in Firefly Investments 238 Proprietary Limited and Oakleaf Investment Holdings 86 Proprietary Limited have been completed in the current period. The disposals do not require separate disclosure in terms of the JSE listing requirements.

Assets and liabilities transferred into assets Held for Sale

Manufacturing and Processing

Trident Steel

At 31 December 2022, a binding sale of business agreement is in place, with a credible buyer, to dispose of Trident Steel, a division of Aveng Africa (Proprietary) Limited, as a going concern. Given the high probability around the likelihood of finalisation of the sale within the next 12 months, management concluded that the Trident Steel business meets the criteria of Held for Sale under IFRS 5 *Non-current assets Held for Sale and Discontinued operations* and was classified as Held for Sale at 31 December 2022.

At this date, the Group measured the Trident Steel business at the lower of fair value less costs of disposal and the carrying amount. The fair value less costs of disposal exceeded the carrying amount. No fair value adjustment was required.

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

	Note	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Assets Held for Sale		**2 151**	240	144
Liabilities Held for Sale		**(1 791)**	(85)	(16)
		360	155	128
Movement during the period				
Opening Balance		**128**	414	414
Movements in:				
Non-current assets		**–**	(73)	(110)
Current assets		**(11)**	119	110
Non-current liabilities		**–**	43	86
Current liabilities		**15**	84	108
Sale of assets Held for Sale		**(57)**	(66)	(92)
Adjustment to fair value less cost of disposal*	9.1	**–**	(52)	(74)
Transferred to / from:				
Transfer to assets and liabilities classified as Held for Sale		**285**	136	136
Transfer from assets and liabilities classified as Held for Sale		**–**	(450)	(450)
Net assets Held for Sale		**360**	155	128
9.1 Adjustment to fair value less cost of disposal				
Trident Steel				
Depreciation and amortisation previously not expensed under IFRS 5 – released on reclassification to continuing operations		**–**	(155)	(155)
Reversal of impairment loss previously recognised		**–**	103	103
Total Trident Steel		**–**	(52)	(52)
Other adjustments				
Fair value loss on investments classified as Held for Sale		**–**	(16)	(16)
Fair value gain / (loss) on disposal groups classified as Held for Sale		**–**	16	(6)
Total other adjustments		**–**	–	(22)
		–	(52)	(74)

** No impact on other comprehensive earnings in the current period.*

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

As at 31 December 2022, the disposal groups and individual assets classified as Held for Sale were stated at fair value less costs to dispose and comprised the following:

31 December 2022	Infrastructure investments Rm	Manufacturing and Processing – Disposal group Rm	Total Rm
ASSETS			
Non-current assets			
Property, plant and equipment	–	197	197
Right-of-use assets	–	322	322
Investments	63	–	63
Other non-current assets	–	4	4
	63	523	586
Current assets			
Inventories	–	1 222	1 222
Trade and other receivables	–	343	343
	–	1 565	1 565
TOTAL ASSETS	63	2 088	2 151
LIABILITIES			
Non-current liabilities			
Lease liabilities	–	336	336
Employee-related payables	–	4	4
	–	340	340
Current liabilities			
Lease liabilities	–	104	104
Trade finance facility	–	390	390
Employee-related payables	–	15	15
Trade and other payables	–	939	939
Provisions	–	3	3
	–	1 451	1 451
TOTAL LIABILITIES	–	1 791	1 791
Net assets Held for Sale	63	297	360

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

As at 31 December 2021, the disposal groups and individual assets classified as Held for Sale were stated at fair value less costs to dispose and comprised the following:

31 December 2021	Equity-accounted and Infrastructure Investments Rm	Manufacturing and Processing - Disposal group Rm	Total Rm
ASSETS			
Non-current assets			
Property, plant and equipment	–	59	59
Investments	120	–	120
	120	59	179
Current assets			
Inventories	–	26	26
Trade and other receivables	–	35	35
	–	61	61
TOTAL ASSETS	120	120	240
LIABILITIES			
Non-current liabilities			
External borrowings and other liabilities	–	43	43
	–	43	43
Current liabilities			
External borrowings and other liabilities	–	3	3
Employee-related payables	–	4	4
Trade and other payables	–	35	35
	–	42	42
TOTAL LIABILITIES	–	85	85
Net assets Held for Sale	120	35	155

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

As at 30 June 2022, the disposal groups and individual assets classified as Held for Sale were stated at fair value less costs to dispose and comprised the following:

30 June 2022	Equity-accounted and Infrastructure Investments Rm	Manufacturing and Processing-Disposal group Rm	Total Rm
ASSETS			
Non-current assets			
Investments	120	–	120
	120	–	120
Current assets			
Inventories	–	5	5
Trade and other receivables	–	19	19
	–	24	24
TOTAL ASSETS	120	24	144
LIABILITIES			
Current liabilities			
Employee-related payables	–	1	1
Trade and other payables	–	15	15
	–	16	16
TOTAL LIABILITIES	–	16	16
Net assets Held for Sale	120	8	128

10. EXTERNAL BORROWINGS AND OTHER LIABILITIES

	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Borrowings and other liabilities comprise:			
Credit and term facilities	**353**	803	478
Asset-backed financing arrangements	**2**	11	3
Total borrowings held at amortised cost	**355**	814	481
Payment profile			
– within one year	**354**	458	252
– between two and five years	**1**	356	229
	355	814	481
Interest rate structure			
Fixed and variable (interest rates)			
Fixed – short-term	**–**	4	2
Fixed – long-term	**1**	3	1
Variable – short-term	**354**	454	250
Variable – long-term	**–**	353	228
	355	814	481
External borrowings classified as Held for Sale			
Trade Finance Facility*#	**390**	–	–
	390	–	–
Payment profile			
– within one year	**390**	–	–
	390	–	–

* *The Group entered into a new Trade Finance Facility of R450 million with two South African banks. The facility enables planned growth at its Trident Steel business and supports the additional working capital required, matures on 1 October 2023 and was approved in terms of the existing Common Terms Agreement with the South African Banking Group. At 31 December, the Group has utilised R390 million of the facility.*

\# *The Group transferred the Trade Finance Facility to liabilities Held for Sale at 31 December 2022.*

Unutilised borrowing facilities

At 31 December 2022, the Group had available R265 million (includes bank overdraft facilities of R205 million) (30 June 2022: R205 million; and 31 December 2021: R364 million (includes bank overdraft facilities of R205 million)) of unutilised borrowing facilities.

11. CONTINGENT LIABILITIES

Contingent liabilities at the reporting date, not otherwise provided for in interim results, arise from performance bonds and guarantees issued in:

	31 December 2022 (Reviewed)	31 December 2021 (Reviewed)	30 June 2022 (Audited)
South Africa and rest of Africa			
Guarantees and bonds (ZARm)	**137**	364	325
Parent company guarantees (ZARm)	**82**	82	87
	219	446	412
Australasia and Asia			
Guarantees and bonds (AUDm)	**446**	303	346
Parent company guarantees (AUDm)	**2**	2	2
	448	305	348

Claims and legal disputes in the ordinary course of business

The Group is, from time to time, involved in various legal disputes arising in the ordinary course of business. Depending on the merits, legal disputes can translate into future claims and legal proceedings which will be vigorously defended or pursued by the Group. Exposures may arise from the normal course of business including contractual penalties associated with ongoing projects.

Where required, adequate provision is made for all liabilities which are expected to materialise, however if the outcome of claims or legal disputes are possible but not probable, they are not disclosed as a provision.

The Board believes that where there is significant uncertainty as to whether a future exposure or liability will arise in respect of claims or legal disputes then such claims or legal disputes are considered remote. The Board believes that Aveng has strong defences for such claims and legal disputes and any adverse decisions in relation to such claims or legal disputes are considered remote. The Board does not expect these claims to have a material adverse effect on the financial position of the Group.

Update on specific claims and legal disputes

There have been no material changes to the specific claims and legal disputes since 30 June 2022 other than the following:

On the 21 December 2022, the Equity Division of the Supreme Court of New South Wales delivered its judgement in relation to the claims brought by a plant leasing company and its liquidator against McConnell Dowell. The court dismissed the plaintiff's claim and ruled that the plaintiff had failed to establish its case. The directors are of the opinion that all known liabilities have been recognised and that adequate provisions have been recognised.

12. CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Earnings before taxation from continuing operations		**19**	7	48
Earnings before taxation from discontinued operations		**43**	54*	111*
Earnings before taxation		**62**	61	159
Finance earnings		**(23)**	(11)	(20)
Finance expenses		**146**	136	257
Dividend earnings		**–**	(17)	(21)
Share of loss from equity-accounted investment		**1**	2	5
Cash retained from operations		**186**	171	380
Non-cash and other movements	12.1	**19**	(63)	262
Cash retained from operations after non-cash movements		**205**	108	642
Depreciation		**389**	425	826
Amortisation		**1**	3	4
Cash generated from operations		**595**	536	1 472
Movements in working capital	12.2	**(246)**	269	(4)
		349	805	1 468

12.1 Non-cash and other movements

	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
Equity-settled share-based payment expense	**12**	16	34
Impairment loss on property, plant and equipment	**–**	–	106
Impairment loss on intangible assets	**–**	–	8
Reversal of impairment loss on long-term receivable	**–**	(13)	(26)
Loss on disposal of assets Held for Sale	**1**	3	22
Gain on disposal of property, plant and equipment	**(15)**	(13)	(4)
Fair value adjustment on properties and disposal groups classified as Held for Sale	**–**	52	74
Unrealised foreign exchange gains on borrowings and other liabilities	**5**	20	14
Movement in provisions	**(9)**	–	27
Derecognition of components included in property, plant and equipment	**45**	77	161
Movements in foreign currency translation	**(20)**	(205)	(154)
	19	(63)	262

* *The earnings from discontinued operations have been re-presented and include the earnings from Trident Steel which were previously included in the continuing operations of the Group.*

12. CASH GENERATED FROM OPERATING ACTIVITIES continued

12.2 Movements in working capital

	Notes	31 December 2022 (Reviewed) Rm	31 December 2021 (Reviewed) Rm	30 June 2022 (Audited) Rm
(Increase) / decrease in inventories		**(415)**	5	142
(Increase) / decrease in contract assets		**(533)**	360	(223)
Decrease in lease receivables		**5**	–	5
(Increase) / decrease in trade and other receivables		**(51)**	86	(189)
(Decrease) / increase in contract liabilities		**(77)**	(294)	40
Increase in trade and other payables		**918**	213	376
Increase in payables other than contract related		**–**	6	–
(Decrease) / increase in employee-related payables		**(69)**	100	54
Decrease in working capital Held for Sale		**(24)**	(207)	(209)
		(246)	269	(4)

13. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures the following financial instruments at fair value:

- Infrastructure investments
- Forward exchange contracts

The infrastructure investments comprise the following investment:

- Dimopoint Proprietary Limited (Dimopoint)

Infrastructure investments classified as Held for Sale comprise the following:

- Imvelo Concession Company Proprietary Limited (Imvelo)

The methodology, valuation parameters and assumptions for infrastructure investments have remained unchanged since 30 June 2022. For more detail, refer to the Aveng Group audited consolidated annual financial statements 2022 available on the Group's website.

Fair value hierarchy

The table below shows the Group's fair value hierarchy and carrying amounts of assets and liabilities.

	Carrying amounts Rm	Fair value Rm	Valuation reference to observable prices Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm
31 December 2022 (Reviewed)					
Assets recognised at fair value					
Infrastructure investments	**142**	**142**	**–**	**–**	**142**
Infrastructure investments (Held for sale)	**63**	**63**	**–**	**63**	**–**
31 December 2021 (Reviewed)					
Assets recognised at fair value					
Infrastructure investments	142	142	–	–	142
Infrastructure investments (Held for Sale)	120	120	–	–	120
FECs (Held for Sale)	4	4	–	4	–
30 June 2022 (Audited)					
Assets recognised at fair value					
Infrastructure investments	142	142	–	–	142
Infrastructure investments (Held for Sale)	120	120	120	–	–

14. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant matter or circumstance arising after the reporting date up to the date of this report except as stated below:

14.1 Disposal of Trident Steel

Subsequent to the period end, the following conditions precedent to the sale of Trident Steel were fulfilled:

- Shareholder approval was obtained on 18 January 2023
- Competition commission approval was obtained on 2 February 2023

As at 20 February 2023, ten of the fifteen conditions precedent have been fulfilled or waived. In relation to the outstanding conditions, substantial progress has been made, and it is envisaged that the transaction will be implemented in the 2023 financial year.

14.2 Tshipi contract awarded

On 29 January 2023, Moolmans entered into a new five year contract with Tshipi é Ntle to the value of R7 billion.

Moolmans, with support of Tshipi é Ntle, has placed an order for 16 new Cat 785D trucks, five of which are already on site and awaiting commissioning. The remaining 11 trucks are expected to be fully operational by June 2023. Additionally, two new Liebherr excavators and four new bulldozers are on back order, together with an existing Liebherr excavator undergoing a full OEM refurbishment.

As a result of the contract being signed Moolmans is expected to enter into capital commitments of:

- R650 million to be financed by an asset-based finance agreement
- R222 million to be financed as an IFRS 16 lease

ANNEXURE 1 – SUPPLEMENTARY INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the six months ended 31 December 2022

	31 December 2022 (Unaudited) AUDm*	31 December 2021 (Unaudited) AUDm*	30 June 2022 (Unaudited) AUDm*
ASSETS			
Non-current assets			
Goodwill arising on consolidation	**8,7**	8,6	8,9
Intangible assets	**–**	0,9	0,1
Property, plant and equipment	**198,6**	225,6	220,0
Right-of-use assets	**24,6**	60,9	53,8
Infrastructure investments	**12,8**	12,6	13,1
Deferred taxation	**64,7**	67,3	65,5
Lease receivables	**5,9**	3,1	6,5
Other non-current assets	**0,4**	0,2	0,8
	315,7	379,2	368,7
Current assets			
Inventories	**19,7**	98,4	91,2
Contract assets	**360,5**	262,3	321,8
Trade and other receivables	**47,8**	48,1	74,3
Taxation receivable	**4,5**	2,4	5,3
Lease receivables	**0,9**	0,3	0,8
Cash and bank balances	**242,4**	262,4	232,2
	675,8	673,9	725,6
Assets Held for Sale	**186,4**	20,7	12,8
TOTAL ASSETS	**1 177,9**	1 073,8	1 107,1
EQUITY AND LIABILITIES			
Equity			
Stated capital	**414,0**	409,2	421,3
Other reserves	**90,9**	89,8	87,8
Accumulated losses	**(171,2)**	(181,0)	(179,5)
Equity attributable to equity-holders of parent	**333,7**	318,0	329,6
Non-controlling interest	**0,6**	0,7	0,6
TOTAL EQUITY	**334,3**	318,7	330,2

ANNEXURE 1 – SUPPLEMENTARY INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

for the six months ended 31 December 2022

	31 December 2022 (Unaudited) AUDm*	31 December 2021 (Unaudited) AUDm*	30 June 2022 (Unaudited) AUDm*
Liabilities			
Non-current liabilities			
Deferred taxation	**10,1**	11,0	10,7
External borrowings and other liabilities	**0,1**	30,7	20,3
Lease liabilities	**34,9**	69,7	68,6
Provisions	**7,3**	7,0	8,3
Employee-related payables	**37,5**	37,3	33,5
	89,9	155,7	141,4
Current liabilities			
Contract liabilities	**140,6**	117,7	150,8
External borrowings and other liabilities	**30,7**	39,5	22,4
Lease liabilities	**16,5**	24,0	23,6
Provisions	**39,2**	32,9	40,0
Employee-related payables	**15,1**	25,9	28,2
Trade and other payables	**356,4**	352,1	368,2
Taxation payable	**–**	–	0,9
	598,5	592,1	634,1
Liabilities Held for Sale	**155,2**	7,3	1,4
TOTAL LIABILITIES	**843,6**	755,1	776,9
TOTAL EQUITY AND LIABILITIES	**1 177,9**	1 073,8	1 107,1

* *The statement of financial position has been translated from Rand to Australian Dollar at a closing rate of R11,54/AUD1 (December 2021: R11,60/ AUD1; June 2022: R11,27/AUD1).*

ANNEXURE 1 – SUPPLEMENTARY INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS

for the six months ended 31 December 2022

	Six months ended 31 December 2022 (Unaudited) AUDm*	Six months ended 31 December 2021 (Unaudited) AUDm*	Year ended 30 June 2022 (Unaudited) AUDm*
Revenue	**1 289,0**	1 139,6	2 356,9
Continuing operations	**1 096,8**	993,0	2 028,2
Discontinued operations	**192,2**	146,6	328,7
Cost of sales	**(1 203,0)**	(1 053,5)	(2 166,7)
Continuing operations	**(1 024,8)**	(921,8)	(1 868,1)
Discontinued operations	**(178,2)**	(131,7)	(298,6)
Gross earnings	**86,0**	86,1	190,2
Other earnings	**1,6**	3,3	12,6
Continuing operations	**(0,5)**	0,6	2,4
Discontinued operations	**2,1**	2,7	10,2
Operating expenses	**(72,0)**	(70,4)	(150,4)
Continuing operations	**(63,5)**	(60,5)	(129,6)
Discontinued operations	**(8,5)**	(9,9)	(20,8)
Loss from equity-accounted investments	**(0,1)**	(0,2)	(0,5)
Earnings before non-recurring items	**15,5**	18,8	51,9
Non-recurring items	**0,3**	(2,6)	(16,1)
Continuing operations	**(0,1)**	(3,3)	(15,1)
Discontinued operations	**0,4**	0,7	(1,0)
Earnings before financing transactions	**15,8**	16,2	35,8
Finance earnings	**2,0**	1,0	1,8
Finance expenses	**(12,5)**	(12,0)	(23,1)
Earnings before taxation	**5,3**	5,2	14,5
Taxation	**(1,2)**	(0,7)	(2,6)
Earnings for the period	**4,1**	4,5	11,9
Earnings / (loss) from continuing operations	**0,4**	(0,2)	1,8
Earnings from discontinued operations	**3,7**	4,7	10,1

* *The statement of comprehensive income has been translated from Rand to Australian Dollar at an average of R11,66/AUD1 (December 2021: 11,37/ AUD1; June 2022: R11,11/AUD1).*

CORPORATE INFORMATION

Directors

PA Hourquebie*# (Chair),
SJ Flanagan (Group CEO),
AH Macartney (Group FD),
MA Hermanus (Lead independent director)*#,
MJ Kilbride*#, B Modise*#, BC Meyer*#,
ZB Swanepoel*#

**Non-executive #Independent*

Company secretary

Edinah Mandizha

Business address and registered office

3rd Floor, 10 The High Street, Melrose Arch,
Johannesburg, 2076, South Africa
Telephone +27 (0) 11 779 2800

Company registration number

1944/018119/06

Share codes

Share code: AEG
Share ISIN: ZAE 000302618

Website

www.aveng.co.za

Auditor

KPMG Incorporated
Registration number: 1999/021543/21
KPMG Crescent
85 Empire Road Parktown,
Johannesburg 2193
Private Bag 9, Parkview, 2122
Telephone +27 (0) 11 647 7111

Principal bankers

Absa Bank Limited
FirstRand Bank Limited
HSBC Bank plc
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited
United Overseas Bank Limited

Corporate legal advisers

Alchemy Law Africa (Pty) Ltd
Pinsent Masons

Sponsor

Investec Bank Ltd
Registration number: 1925/002833/06
100 Grayston Drive, Sandown
Sandton, 2146
Telephone +27 (0) 11 286 7000

Registrars

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank 2196, South Africa
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