Esor Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1994/000732/06)
(JSE code: ESR ISIN: ZAE000078408)
("Esor" or "the company")

HIGHLIGHTS

- Results ahead of pre-listing forecasts
- Attributable earnings up by 119,8% to R13,3 million
- HEPS up by 111,7%
- Net tangible asset value per share up by 114,4%
- Successful listing on Alt[x]

AUDITED FINANCIAL RESULTS

for the year ended 28 February 2006

CONSOLIDATED INCOME STATEMENT

	Year ended 28 February 2006 Audited R	Year ended 28 February 2005 Audited* R
Revenue	**125 393 423**	100 062 308
Cost of sales	**(98 771 669)**	(82 643 143)
Gross profit	**26 621 754**	17 419 165
Other operating income	**1 057 065**	275 880
Operating expenses	**(7 060 394)**	(7 876 195)
Earnings before interest, tax, depreciation and amortisation	**20 618 425**	9 818 850
Depreciation	**(2 649 992)**	(1 480 752)
Profit before interest and taxation	**17 968 433**	8 338 098
Net interest received	**492 506**	362 928
Profit before taxation	**18 460 939**	8 701 026
Taxation	**(5 122 332)**	(2 633 247)
Profit for the year	**13 338 607**	6 067 779
Reconciliation of headline earnings:		
Profit attributable to ordinary shareholders	**13 338 607**	6 067 779
Adjusted for profit on disposal of property, plant and equipment	**(653 358)**	(95 592)
Headline earnings	**12 685 249**	5 972 187
Weighted average shares in issue on which earnings are based	**99 992 667**	99 992 000
Basic earnings per share (cents)	**13,3**	6,1
Adjusted for –		
Profit on disposal of property, plant and equipment (after tax) (cents)	**(0,6)**	(0,1)
Headline earnings per share (cents)	**12,7**	6,0
Dividend per share (cents)		

** Restated under IFRS*

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 28 February 2006 Audited R	Year ended 28 February 2005 Audited* R
Cash flows from operating activities	**4 779 987**	1 911 012
Cash receipts from customers	**120 826 600**	90 489 500
Cash paid to suppliers and employees	**(114 131 058)**	(85 423 563)
Cash generated from operations	**6 695 542**	5 065 937
Interest received	**981 761**	908 654
Interest paid	**(489 255)**	(545 726)
Taxation paid	**(2 408 061)**	(3 517 853)
Cash flows from investing activities	**(806 908)**	(1 830 720)
Acquisition of property, plant and equipment	**(2 229 109)**	(2 514 568)
Proceeds on disposal of property, plant and equipment	**572 201**	683 848
Proceeds on disposal of investment property	**850 000**	–

CONSOLIDATED BALANCE SHEET

	28 February 2006 Audited R	28 February 2005 Audited* R
ASSETS		
Non-current assets	**20 463 031**	10 030 757
Property, plant and equipment	**20 463 031**	9 973 735
Investment property	**–**	57 022
Current assets	**40 722 483**	35 496 172
Inventories	**35 618**	42 791
Unsecured loans	**4 776**	5 246 189
Trade and other receivables	**28 045 688**	23 310 593
Bank and cash	**12 636 401**	6 896 599
Total assets	**61 185 514**	45 526 929
EQUITY AND LIABILITIES		
Share capital and reserves	**36 939 884**	17 229 399
Share capital and premium	**6 371 980**	102
Accumulated profits	**30 567 904**	17 229 297
Non-current liabilities	**4 797 144**	5 304 214
Secured borrowings	**2 836 914**	3 048 569
Deferred taxation	**1 960 230**	2 255 645
Current liabilities	**19 448 486**	22 993 316
Trade and other payables	**9 546 132**	17 585 892
Current portion of secured borrowings	**1 908 798**	2 009 043
Taxation owing	**3 570 056**	532 763
Unsecured loans	**4 423 500**	2 752 372
Bank overdraft	**–**	113 246
Total equity and liabilities	**61 185 514**	45 526 929
Shares in issue	**100 000 000**	100 000 000
Net asset value per share (cents)	**36,94**	17,23
Net tangible asset value per share (cents)	**36,94**	17,23

** Restated under IFRS*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R	Share premium R	Accumulated profits* R	Total R
Balance at 1 March 2004	102	–	11 161 518	11 161 620
As previously reported	102	–	8 493 593	8 493 695
IFRS adjustment	–	–	2 667 925	2 667 925
Net profit for the year	–	–	6 067 779	6 067 779
Balance at 1 March 2005	**102**	**–**	**17 229 297**	**17 229 399**
As previously				

activities	**[illegible]**	[illegible]
Acquisition of property, plant and equipment	**(2 229 109)**	(2 514 568)
Proceeds on disposal of property, plant and equipment	**572 201**	683 848
Proceeds on disposal of investment property	**850 000**	–
Cash flows from financing activities	**1 879 969**	213 845
Increase/(decrease) in unsecured loans	**2 191 869**	(146 732)
(Decrease)/increase in secured borrowings	**(311 900)**	360 577
Net increase in cash and cash equivalents	**5 853 048**	294 137
Cash and cash equivalents at beginning of year	**6 783 353**	6 489 216
Cash and cash equivalents at end of year	**12 636 401**	6 783 353

** Restated under IFRS*

Net profit for the year	–	–	6 067 779	6 067 779
Balance at 1 March 2005	**102**	**–**	**17 229 297**	**17 229 399**
As previously reported	**102**	**–**	**14 181 882**	**14 181 984**
IFRS adjustment	**–**	**–**	**3 047 415**	**3 047 415**
Share issue	**8**	**6 855 065**	**–**	**6 855 073**
Share issue expenses	**–**	**(483 195)**	**–**	**(483 195)**
Capitalisation issue	**99 890**	**(99 890)**	**–**	**–**
Net profit for the year	**–**	**–**	**13 338 607**	**13 338 607**
Balance at 28 February 2006	**100 000**	**6 271 980**	**30 567 904**	**36 939 884**

** Restated under IFRS*

COMMENTS

INTRODUCTION

The directors are pleased to present the maiden annual financial results of the company for the year to 28 February 2006 ("the year"), which exceed the forecasts set out in the pre-listing prospectus in all material respects. The annual financial results mark Esor's 30th year of profitability. Post year-end on 14 March 2006 the company listed successfully on the Alternative Exchange (Alt^x) of the JSE Limited.

REVIEW OF OPERATIONS

Esor's performance improved substantially. Thriving trading conditions in the construction industry helped drive demand for Esor's services. Management's strict cost control and focus on operational efficiencies were reflected in significantly higher operating margins.

SEGMENTAL ANALYSIS OF GROUP OPERATIONS

No segmental analysis is presented as the group operates mainly in a single business and geographical segment. Minor operations are undertaken outside the borders of South Africa which account for less than 2% of revenue and expenses.

BLACK ECONOMIC EMPOWERMENT ("BEE")

The conclusion of an appropriate BEE transaction is a primary objective for the new financial year. The company is currently evaluating structures that can accommodate both an independent empowered equity partner and employee equity participation. More than 70% of Esor's 220-strong workforce is made up of Historically Disadvantaged South Africans.

FINANCIAL RESULTS

Group revenue increased by 25,3% to R125,4 million for the year, off which EBITDA grew by 110,0% to R20,6 million. Operating margins improved dramatically by 115,0%, reflecting the underlying strength of Esor's operations.

During the year the group invested in organic growth through the purchase of capital equipment to the value of R2,2 million and the acquisition of operating premises with an aggregate cost of R11,6 million.

PROSPECTS

Esor intends to use the monies raised pre-listing to continue increasing capacity at its current operations to accommodate rising demand for its services.

The construction industry remains robust at present and is expected to maintain, if not exceed, current levels of activity over the short to medium term. The order book for Esor's new financial year already stands in excess of R70 million. The directors are accordingly confident that the group will show real growth in headline earnings per share for the year ending 28 February 2007.

DIVIDEND POLICY

In line with strategy to reinvest in the group in order to sustain Esor's growth, no dividend has been declared for the year. Esor's dividend policy will be reviewed annually in light of the group's cash flow, gearing and capital requirements.

BASIS OF PREPARATION, ACCOUNTING POLICIES AND NOTES

Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the group's first IFRS-compliant consolidated annual financial statements and the provisions of IFRS 1 *First Time Adoption of IFRS* have been accordingly applied.

Comparative information

The previous year's comparative information has been restated to take account of the effects of correctly providing for the depreciation and valuation of property, plant and equipment as required by the relevant authorities and IAS 16, which was not previously provided for.

Post balance sheet events

Subsequent to year-end, on 14 March 2006, the company has allotted 20 million ordinary shares at a premium of R0,999 per share as part of the private placement for the purpose of listing on Alt^x. Subsequent to the listing on Alt^x, the company has issued and allotted 3 000 000 shares to the share incentive scheme at the listing price of R1,00 per share.

Auditors' report

The group's auditors, RSM Betty & Dickson (Durban), have audited the group annual financial statements. A copy of their unqualified audit opinion is available for inspection at the company's registered office.

Appreciation

We thank our loyal staff, the majority of whom have remained with the group for more than 15 years, for their commitment and hard work which have helped Esor to achieve its listing on Alt^x. We also thank our business partners, advisors, suppliers and most importantly our shareholders for their ongoing support and faith in the group.

By order of the Board

Bernard Krone
Chief Executive Officer

Mauro L Trevisani
Financial Director

24 May 2006

Warning: The listing of ordinary shares in the company is on Alt^x. Investors are advised of the risks of investing in a company listed on Alt^x. Investors are advised that the JSE does not guarantee the viability or the success of a company listed on Alt^x. In terms of the Listings Requirements, the company is obliged to appoint and retain a Designated Advisor, which is required to, *inter alia*, attend all board meetings held by the company to ensure that all the Listings Requirements and applicable regulations are complied with, approve the Financial Director of the company and guide the company in a competent, professional and impartial manner. If the company fails to retain a Designated Advisor, it must make arrangements to appoint a new Designated Advisor within 10 business days, failing which the company faces suspension of trading of its securities. If a Designated Advisor is not appointed within 30 days of its suspension, the company faces the termination of its listing without the prospect of an appropriate offer to minority shareholders.

CORPORATE INFORMATION

Non-executive directors: I G Jefferiss; D M Thompson. **Executive directors:** M L Barber; A M Field; B Krone *(CEO)*; M L Trevisani *(Financial Director)*.
Registration number: 1994/000732/06. **Registered address:** 130 Aberdare Drive, Phoenix Industrial Park, Durban, 4051.
Postal address: PO Box 40096, Red Hill, 4071. **Company secretary:** M L Trevisani.
Telephone: 031 507 1051. **Facsimile:** 031 507 5709
Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited. **Designated Advisor:** Exchange Sponsors (Pty) Limited