

## AUDITED CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2009

### HIGHLIGHTS

- Revenue up 39% to R1,4 billion
- EBITDA up 78% to R325,9 million
- Headline earnings up 35% to R155,3 million

- Headline earnings per share up 20% to 61,7 cents
- Dividend of 15 cents per share
- Patula and Shearwater acquisitions successfully completed
- Order book of R1,5 billion

### CONDENSED CONSOLIDATED BALANCE SHEET

	2009 R'000	2008 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	987 520	386 415
Property, plant and equipment	588 545	262 741
Intangible assets	113 022	94 529
Goodwill <sup>(1)</sup>	280 173	26 468
Deferred tax asset	5 780	2 677
<b>Current assets</b>	875 972	398 524
Inventories	11 379	7 224
Other investments	14 269	-
Taxation	4 699	3 527
Trade and other receivables	572 800	271 914
Cash and cash equivalents	272 825	115 859
<b>Total assets</b>	<b>1 863 492</b>	<b>784 939</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>	619 577	389 664
Share capital and premium	339 078	213 587
Equity compensation reserve	3 917	2 361
Foreign currency translation reserve	14 651	6 683
Accumulated profits	261 931	167 033
<b>Non-current liabilities</b>	470 080	133 791
Secured borrowings	370 603	85 169
Post-retirement benefits	1 587	8 106
Deferred tax liability <sup>(1)</sup>	97 890	40 516
<b>Current liabilities</b>	773 835	261 484
Current portion of secured borrowings	147 664	21 304
Taxation	84 358	26 781
Provisions	31 118	15 559
Trade and other payables	510 695	197 840
<b>Total equity and liabilities</b>	<b>1 863 492</b>	<b>784 939</b>
Number of ordinary shares in issue ('000)	289 496	247 904
Weighted average number of ordinary shares ('000)	251 780	224 560
Diluted weighted average number of shares ('000)	265 149	228 677
Net asset value per share (cents)	223,2	160,3
Net tangible asset value per share (cents) <sup>(2)</sup>	121,2	121,4

### STATEMENT OF RECOGNISED INCOME AND EXPENSES

	2009	2008
Defined benefit plan actuarial gain	155	685
Foreign currency translation differences for foreign operations	7 968	6 642
<b>Income and expenses recognised directly to equity</b>	<b>8 123</b>	<b>7 327</b>
<b>Profit for the year</b>	<b>143 382</b>	<b>116 002</b>
<b>Total recognised income and expenses for the year</b>	<b>151 505</b>	<b>123 329</b>

- Note:
- (1) A restatement was made in the comparative period for the omission to raise deferred taxation on the intangible asset amounting to R26,4 million. The directors have corrected this error in the current and comparative periods.
  - (2) Net tangible asset value is calculated by excluding from net asset value the intangible assets as well as the deferred taxation liability relating to the intangible assets.

### SEGMENTAL REPORT

Operating segments	Geotechnical		Civils		Pipelines		Corporate and eliminations		Consolidated	
	2009 R'000	2008 R'000	2009 R'000	2009 R'000	2009 R'000	2009 R'000	2009 R'000	2009 R'000	2008 R'000	2008 R'000
<b>Segment revenue</b>										
Total revenue	1 190 192	1 017 480	148 993	85 361	(9 824)	1 414 722	1 017 480			
Intersegment revenue	-	-	-	-	-	-	-			
<b>Total external revenue</b>	<b>1 190 192</b>	<b>1 017 480</b>	<b>148 993</b>	<b>85 361</b>	<b>(9 824)</b>	<b>1 414 722</b>	<b>1 017 480</b>			
<b>Segment result</b>										
Profit before interest and taxation	167 418	153 107	61 746	32 027	(27 741)	233 450	153 107			
Finance costs	(68 718)	(28 171)	(3 743)	(86)	(5 732)	(78 279)	(28 171)			
Finance income	56 539	32 883	-	1 977	(2 916)	55 600	32 883			
Taxation	(49 827)	(41 817)	(15 778)	(9 493)	7 709	(67 389)	(41 817)			
<b>Segment profit/(loss)</b>	<b>105 412</b>	<b>116 002</b>	<b>42 225</b>	<b>24 425</b>	<b>(28 680)</b>	<b>143 382</b>	<b>116 002</b>			
<b>Segment assets</b>	<b>994 471</b>	<b>784 939</b>	<b>382 169</b>	<b>197 011</b>	<b>289 841</b>	<b>1 863 492</b>	<b>784 939</b>			
<b>Segment liabilities</b>	<b>1 006 706</b>	<b>395 275</b>	<b>223 673</b>	<b>167 798</b>	<b>(154 262)</b>	<b>1 243 915</b>	<b>395 275</b>			
<b>Capital and non-cash items</b>										
Additions to property, plant and equipment	163 831	147 470	14 435	8 824	1 265	188 355	147 470			
Depreciation	46 887	30 391	17 493	384	3 853	68 617	30 291			
Impairment losses	-	-	-	-	16 590	16 590	-			
Number of employees at year-end	1 812	1 506	1 170	354	-	3 336	1 506			

Geographical information	South Africa		Other regions		Consolidated	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Total revenue	1 128 748	848 273	285 974	169 207	1 414 722	1 017 480
Property, plant and equipment	509 069	219 843	79 476	42 898	588 545	262 741

Directors: DM Thompson\* (Chairman), B Krone (CEO), W van Houten (Financial Director), EG Dube\*, JM Hlongwane\*, MB Mathabathe\*, Dr FA Sonn\* (\*independent non-executive)

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Designated Adviser: Vunani Corporate Finance, 39 1<sup>st</sup> Road, Hyde Park, 2196 (PO Box 413972, Craighall, 2024)

Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

Company secretary: ID Stephen

Auditors: KPMG Inc., KPMG Crescent, 85 Empire Road, Parktown, 2193 (Private Bag X9, Parkview, 2122)

### INTRODUCTION

The audited condensed consolidated results of Esorfranki for the year ended 28 February 2009 ("the year") reflect solid growth in revenue and profit after tax ("PAT") notwithstanding challenging economic conditions.

During the year the group successfully positioned itself alongside listed civil engineering construction groups with the acquisitions of Patula Construction (Pty) Limited ("Patula") and Shearwater Plant Hire (Pty) Limited ("Shearwater"). These acquisitions expanded the group's services from sub-surface foundation work to include above-surface civil engineering and construction services. Following the integration of the acquisitions the group is competitively advantaged by its broader product range and enhanced economies of scale.

To leverage the strong brand power of its principal operating subsidiary, Franki Africa (Pty) Limited ("Franki"), the group changed its name to Esorfranki subsequent to year-end. Esorfranki remains firmly aligned with Government's committed infrastructure spend.

The results reflect the inclusion of Patula and Shearwater for four months from the effective date of acquisition on 31 October 2008.

### BUSINESS COMBINATIONS

With effect from 1 May 2008, Franki – a wholly-owned subsidiary of Esorfranki – acquired the business of Geo Compaction Dynamics ("GCD") for R18,0 million. GCD specialises in geotechnical contracting services for the civil engineering industry including dynamic compaction, percussion piling and permanent and temporary lateral support.

With effect from 31 October 2008, Esorfranki acquired civil engineering groups Patula and Shearwater for purchase considerations of R345 million and R166 million, respectively. Civil engineering construction contractor Patula is focused on road building, mining and township infrastructure work, water reticulation contracts and concrete projects for Government, major mining houses and the private sector. Shearwater is a specialist in the construction and rehabilitation of onshore pipelines and operates mainly in the oil and gas, water, stormwater and sewerage sectors.

### FINANCIAL RESULTS

Revenue increased 39% to R1,4 billion from R1,0 billion for the previous year, generating earnings before interest, taxation, depreciation, impairments and amortisations ("EBITDA") of R325,9 million up 78%. Gross profit margins increased from 27% to 31%, mainly due to the Patula and Shearwater acquisitions which together achieved higher gross profit margins than the Geotechnical business unit. Headline earnings rose 35% to R155,3 million, which translated to 61,7 cents per share ("HEPS"). Net asset value per share increased by 39% from 160,3 cents to 223,2 cents, based on the number of shares in issue at year-end.

Cash generated by operations remained robust, amounting to R161,6 million (2008: R119,1 million).

### Borrowings

Debt levels have increased due to the expansive capital expenditure programme and the finance raised to acquire the Esor business unit in terms of an internal restructuring. Post year-end debt levels have been reduced by R112,5 million due to an early settlement.

Trade and other payables includes a deferred contingent consideration in the amount of R140,8 million, of which R26,8 million will be settled in shares subject to certain conditions.

Aggregated financing costs included a pre-tax charge of R7,8 million and a fair value adjustment of R8,7 million on an interest rate swap agreement on the term loan funding for the acquisition of the Esor business unit. This reduced growth in earnings and headline earnings per share by approximately 4,7 cents. The financial effects of the above are reflected in the Esorfranki Geotechnical segmental report.

### REVIEW OF OPERATIONS

#### Esorfranki Geotechnical

This division comprises Franki (which includes GCD for ten months of trading since acquisition in May 2008) and Esor Africa (Pty) Limited ("Esor Africa"). Revenue increased 17% to R1 190 million from the previous year's R1 017 million, of which foreign revenue accounted for 24%. The foreign operations contributed R57,1 million (2008: R33,5 million) to PAT. The operating margin of 14,1% was down on the previous year's operating margin of 15%.

As the single largest contract, the Gautrain project generated turnover of R165 million.

#### Esorfranki Civils (comprising Patula)

Accounting for the full 12 months, Patula recorded revenue up 104,4% to R609,3 million and PAT of R115,9 million. The contribution to Esorfranki PAT for the four months since acquisition amounted to R42,2 million.

As Patula's performance for the full 12 months met the profit warranty in terms of the acquisition agreement, the deferred contingent consideration is payable in September 2009 in ordinary shares and cash.

The R280 million road contract for the R55/K71, through the Gauteng Department of Transport, remains the division's flagship contract and generated R141,1 million revenue in the year. This contract is due for completion in November 2009. A R200 million infrastructure and housing contract near Medupi Power Station has given Patula good impetus going forward with the potential for two additional phases in the near future.

#### Esorfranki Pipelines (comprising Shearwater)

This division achieved PAT of R36,2 million for the full 12 months, contributing R24,4 million PAT to the group in the four months since acquisition.

Shearwater's failure to meet the profit warranty did not result in any impairment to the fair value of the goodwill paid on acquisition. The profit warranty was not achieved mainly as a result of a delayed order intake in the first eight months of the financial year due to the economic slowdown. However, orders improved in the third quarter of the financial year and should translate into growth going forward.

The KwaZulu-Natal market has remained buoyant with contracts completed at Empangeni, Dube and Richards Bay and new awards at Ngcebo and Mkwanzani. In the Gauteng region contracts at Motherwell, Steelpoort, Milton and Nebo are in various stages of completion with some projects still to be awarded. The onshore pipeline market is expected to be particularly robust over the next three to five years in light of anticipated growth in the oil and gas and infrastructure sectors.

### CAPEX AND PLANT REPLACEMENT POLICY

During the year the group continued its aggressive enhancement of plant and invested R188,3 million (2008: R147,5 million). In addition property, plant and equipment increased by R206,8 million as a result of the consolidation of the acquisitions.

The group's expansive capital expenditure programme is now complete with R66,9 million spend planned to maintain group operations for the current financial year ending February 2010. Esorfranki is satisfied that the fleet is now well-positioned to accommodate future growth and effectively service the increase in projects.

### BLACK ECONOMIC EMPOWERMENT

Esorfranki is currently rated as a "Level 6" contributor to broad-based BEE. More than 82% of the group's 3 300 strong workforce is black.

The group's commitment to transformation is evidenced by its 30,3% black shareholding (including retail shareholders on the open market). Through the Esor Broad Based Share Ownership Scheme, staff now hold a 6,48% stake in the company.

Esorfranki undertakes to be an equal opportunity employer and gives precedence to appropriately qualified black candidates.

### DIRECTORATE

With effect from 5 February 2009 Esorfranki streamlined its board to appropriately facilitate the group's recent growth and enhance compliance with King II and the DTI Transformation Codes. As a result executive directors Michael Barber, Arthur Field, Roy McLintock and Mauro Trevisani resigned from the board. They remain with the group as executive directors of their respective operational entities.

Following the acquisition of Patula, Malemadutje Briss Mathabathe was appointed to the board as a non-executive director with effect from 5 February 2009.

The reconstituted board of the company now comprises: DM Thompson\* (Chairman), B Krone (CEO), W van Houten (Financial Director), EG Dube\*, JM Hlongwane\*, MB Mathabathe\* and Dr FA Sonn\* (\*independent non-executive).

### POST BALANCE SHEET EVENTS

Post year-end a special resolution was passed by shareholders at a general meeting on 20 April 2009 to change the company name to Esorfranki Limited.

### PROSPECTS

The board remains positive regarding Esorfranki's prospects. The order book of R1,5 billion at the beginning of April 2009 positions the group favourably for the year ending February 2010.

The Gautrain project is expected to generate explosive developmental growth around the urban nodes where the stations are located. Notwithstanding the current slowdown in the commercial building sector, Esorfranki believes this is likely to result in high-rise office towers, hotels, apartment blocks and various retail and commercial buildings beyond 2010.

All operating units are expected to benefit from Government's reaffirmation of its commitment to infrastructure spend. Esorfranki Geotechnical is already reaping the benefits at Kusile Power Station and the NMPP pipeline; Esorfranki Civils at Medupi Power Station and Esorfranki Pipelines from various pipelines countrywide. Further, SANRAL, Eskom and Transnet all have major projects awaiting tender and the board is confident that Esorfranki will be awarded its share of these.

Cross-border the group's established presence in several African economies including Angola positions Esorfranki to capitalise on exciting growth prospects in the sub-Saharan region.

### DIVIDEND DECLARATION

The board has declared a final dividend of 15 cents per share for the year. The dividend policy was reviewed and adjusted in the current year. After taking cognisance of the market conditions, the current availability of credit and recent acquisitions made by the company, the directors consider it prudent to conserve cash. It remains the policy of the group to review the dividend policy annually in light of cash flow, gearing and capital requirements.

The salient dates for the dividend are as follows:

Last day to trade cum dividend	Friday, 5 June 2009
Shares trade ex dividend	Monday, 8 June 2009
Record date	Friday, 12 June 2009
Payment date	Monday, 15 June 2009

Share certificates may not be dematerialised or re-materialised between Monday, 8 June 2009 and Friday, 12 June 2009, both dates inclusive.

### BASIS OF PREPARATION

The audited condensed consolidated financial statements for the year have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards, the disclosure requirements of IAS 34: Interim Financial Reporting and in the manner required by the South African Companies Act, 1973. The accounting policies and method of measurement and recognition applied in preparation of the audited consolidated annual financial statements are consistent with those applied in the group's annual financial statements for the year ended 29 February 2008, which comply with International Financial Reporting Standards.

### AUDIT OPINION

The auditors KPMG Inc. have issued their unmodified audit opinion on the group's financial statements for the year ended 28 February 2009. The audit was conducted in accordance with International Standards on Auditing. A copy of their audit report is available for inspection at the company's registered office. These condensed financial statements have been derived from the group financial statements and are consistent in all material respects.

### APPRECIATION

We welcome all our new employees and thank our fellow directors, management and the whole team for their efforts and hard work which have helped drive the group's performance. Our appreciation is also extended to our business partners, advisors, suppliers, clients and shareholders for their ongoing support.

On behalf of the board

**Bernard Krone**  
Chief Executive Officer  
19 May 2009

**Wayne van Houten**  
Financial Director