

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and abbreviations commencing on page 7 of this circular apply *mutatis mutandis* throughout this circular including this cover page.

If you are in any doubt as to the action you should take, please consult your CSDP, broker, attorney, accountant or other professional adviser.

Action required:

1. This circular is important and should be read with particular attention to page 3 entitled "Action required by Esorfranki shareholders" which sets out the action required of them with regard to the rights offer.
2. If you have disposed of all your ordinary shares in Esorfranki, then this circular, together with the accompanying form of instruction, should be forwarded to the purchaser to whom, or the broker, agent or CSDP through whom, you disposed of your shares.
3. The form of instruction enclosed with this circular is negotiable and may be traded on the JSE.
4. Letters of allocation may only be traded in dematerialised form and, accordingly, Esorfranki has issued all letters of allocation in dematerialised form.
5. The electronic record of letters of allocation for holders of certificated shares is being maintained by the transfer secretaries, making it possible for the holders of certificated shares to enjoy similar rights and opportunities as holders of dematerialised shares.
6. Instructions on how to accept, renounce or sell all or some of the rights represented by the letters of allocation are set out in paragraph 4 of this circular.

Esorfranki does not accept any responsibility and will not be held liable for any failure on the part of CSDPs or brokers of dematerialised shareholders to notify such shareholders of the information set out in this circular.

The distribution of this circular and the accompanying form of instruction and the granting of the right to subscribe for rights shares in certain jurisdictions other than South Africa may be restricted by law and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. The rights offer does not constitute an offer in any area of jurisdiction in which it is illegal to make such an offer and in such circumstances, this circular, if sent, is sent for information purposes only.



(formerly Esor Limited)

(Incorporated in the Republic of South Africa)

(Registration number 1994/000732/06)

JSE code: ESR ISIN: ZAE000133369

JSE code for LA's: ESRN ISIN for LA's: ZAE000153318

CIRCULAR TO ESORFRANKI SHAREHOLDERS

relating to:

a fully underwritten rights offer to Esorfranki shareholders of 93 023 256 ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per rights share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of trade on Friday, 11 February 2011;

and incorporating:

the information required for Revised Listing Particulars for the purposes of providing information to the public on Esorfranki, which complies with the Listing Requirements of the JSE;

and enclosing:

a form of instruction in respect of a renounceable (nil paid) letter of allocation in respect of the rights offer (for use by certificated shareholders only).

Rights offer opens at the commencement of trade on

Monday, 14 February 2011

Rights offer closes at 12:00 on

Friday, 4 March 2011

Shareholders are referred to paragraph 42 of this circular, which outlines the directors' responsibility in regard to this circular. Each of the company's advisers, whose names are set out in the "Corporate information" page of this circular, have consented in writing to act in the capacity stated and to their names being stated and, where applicable, their reports being included, in the form and context in which they appear in this circular and have not withdrawn such consent prior to the publication hereof.

An English copy of this circular, together with the form of instruction and the documents referred to in section 145A of the Act have been lodged with CIPRO and the form of instruction has been registered by CIPRO in terms of section 146A of the Act.

Corporate Adviser and Sponsor



Legal adviser



**Independent reporting
accountants and auditors**



Date of issue: 14 February 2011

Copies of this circular are available in English only and may be obtained during normal business hours between Monday, 14 February 2011 and Friday, 4 March 2011 from the registered office of the company and the offices of the Corporate Adviser and Sponsor and the transfer secretaries, the addresses of which are set out in the "Corporate information" section hereof.

CORPORATE INFORMATION

Directors

D M Thompson* (*Chairman*)
B Krone (*CEO*)
W van Houten (*Financial Director*)
E G Dube*
M B Mathabathe*
Dr F A Sonn*

* *Independent non-executive*

Company secretary

iThemba Governance and Statutory Solutions
(Proprietary) Limited, represented by
Ms Annamarie van der Merwe
(Registration number 2008/008745/07)
Monument Office Park
Suite 5 – 102
79 Steenbok Avenue
Monument Park, 0181
(PO Box 25160, Monument Park, 0105)

Registered office

30 Activia Road
Activia Park
Germiston, 1429
(PO Box 6478, Dunswart, 1508)

Corporate Adviser and Sponsor

Vunani Corporate Finance
(trading as a division of Vunani Capital
(Proprietary) Limited)
(Registration number 1998/001469/07)
Vunani House Block C
Athol Ridge Office Park
151 Katherine Street
Sandown, Sandton, 2196
(PO Box 652419, Benmore, 2010)

Underwriters

Coronation Asset Management
(Proprietary) Limited
(Registration number 1993/002807/06)
7th Floor, MontClare Place
Corner Campground and Main Roads
Claremont, 7708
(PO Box 993, Cape Town, 8000)

Sanlam Investment Management, a division
of Sanlam Life Insurance Limited
(Registration number 1998/021121/06); and

Sanlam Investment Management
(Proprietary) Limited
(Registration number 1967/011973/07)
55 Willie van Schoor Avenue
Bellville, 7530
(PO Box 1, Sanlamhof, 7532)

Website

<http://www.esorfranki.co.za>

Date and place of incorporation

8 February 1994
RSA

Independent reporting accountants and auditors

KPMG Inc
(Registration number 1999/021543/21)
Registered Accountants and Auditors
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Legal adviser

Thomson Wilks Inc
23 Impala Road
Chislehurst
Sandton, 2196
(PO Box 3242, Parklands, 2121)

Transfer secretaries

Computershare Investor Services
(Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Commercial bank

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
Standard Bank Centre
3 Simmonds Street
Johannesburg, 2001
(PO Box 7725, Johannesburg, 2000)

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ACTION REQUIRED BY ESORFRANKI SHAREHOLDERS

This circular is important and requires your immediate attention. The enclosed form of instruction applies to certificated shareholders only. The letter of allocation to which the form of instruction relates is negotiable and can be dealt in on the JSE.

Shareholders are referred to paragraph 4 of this circular, which sets out in detail the procedures to be followed by them in relation to the rights offer.

Shareholders should not construe anything in this circular as legal, business or tax advice. Shareholders who are in any doubt as to what action to take or who require advice as to whether it is legally permissible for them to accept the rights offer should consult their broker, CSDP, accountant, attorney or other professional adviser immediately.

1. IF YOU HAVE DEMATERIALIZED YOUR ESORFRANKI SHARES:

1.1 You will **not** receive a printed form of instruction.

1.2 Your CSDP or broker will credit your account with the number of rights to which you are entitled.

1.3 Your CSDP or broker will contact you to ascertain:

- whether or not you wish to follow your rights in terms of the rights offer and in respect of how many rights shares; or
- if you do not wish to follow all or any of your rights:
 - whether you wish to sell your rights and how many rights are to be sold; or
 - whether you wish to renounce your rights and the details of the renouncee.

1.4 If you are not contacted by your CSDP or broker, you should contact your CSDP or broker and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the agreement entered into between you and your CSDP or broker.

Esorfranki does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify shareholders of the rights offer and/or to obtain instructions from shareholders as to whether to subscribe for the rights shares and/or to sell and/or renounce the rights allocated and any and all such liability is hereby expressly excluded.

2. IF YOU HAVE NOT DEMATERIALIZED YOUR ESORFRANKI SHARES:

If you wish to subscribe for the rights shares to which you are entitled in terms of the rights offer, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with payment of the amount due, with the transfer secretaries by 12:00 on Friday, 4 March 2011.

If you do not wish to subscribe for all or some of the rights shares to which you are entitled in terms of the rights offer, as reflected in the form of instruction, you may sell or renounce or lapse your rights. In such event, you must complete the relevant section of the form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 25 February 2011 if you wish to sell your rights or by 12:00 on Friday, 4 March 2011 if you wish to renounce your rights.

3. IF YOU HAVE DISPOSED OF YOUR SHARES:

If you have disposed of all your Esorfranki shares, please forward this circular to the purchaser of such shares or to the broker, CSDP or agent through whom the disposal was effected.

If you are in any doubt as to what action to take, consult your CSDP, broker, attorney or other professional adviser immediately.

SALIENT DATES AND TIMES

2011

Last day to trade in Esorfranki shares in order to qualify to participate in the rights offer (<i>cum</i> entitlement)	Friday, 4 February
Listing of letters of allocation on the JSE under the JSE code ESRN and ISIN: ZAE000153318 at commencement of trading on	Monday, 7 February
Esorfranki shares commence trading ex-rights on the JSE at commencement of trading on	Monday, 7 February
Record date for participation in the rights offer at the close of trade on	Friday, 11 February
Rights offer circular and form of instruction posted to shareholders, where applicable	Monday, 14 February
Rights offer opens at commencement of trading on	Monday, 14 February
Dematerialised shareholders' accounts at their CSDP or broker automatically credited with their entitlement	Monday, 14 February
Certificated shareholders' entitlements will be credited to an account held with the transfer secretaries	Monday, 14 February
Last day to trade in letters of allocation on the JSE on	Friday, 25 February
Listing of Esorfranki rights offer shares at commencement of trading on	Monday, 28 February
Rights offer closes – payments to be made and form of instruction in respect of letters of allocation lodged by certificated shareholders by 12:00 on (see notes 1 and 5 for dematerialised shareholders)	Friday, 4 March
Record date for letters of allocation	Friday, 4 March
Dematerialised shareholders' accounts updated with rights shares to the extent accepted and debited with the relevant costs by their CSDP or broker and new Esorfranki share certificates posted to certificated shareholders (see notes 4 and 5)	Monday, 7 March
Results of rights offer announcement released on SENS on or about	Monday, 7 March
Results of rights offer announcement published in the press on or about	Tuesday, 8 March
Share certificates posted to certificated shareholders on or about	Wednesday, 9 March

Notes:

1. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their acceptance or otherwise of the rights offer in the manner and time stipulated in the agreement governing the relationship between such shareholder and their CSDP or broker.
2. All times indicated are South African times unless otherwise stated.
3. Share certificates may not be dematerialised or rematerialised between Monday, 7 February 2011 and Friday, 11 February 2011, both days inclusive.
4. The CSDP or broker accounts of dematerialised shareholders will be automatically credited with Esorfranki rights offer shares to the extent to which they have accepted the rights offer. Esorfranki share certificates will be posted, by registered post at the shareholders' risk, to certificated shareholders in respect of the rights offer shares which have been accepted.
5. CSDPs or brokers effect payment in respect of dematerialised shareholders on a delivery versus payment method.

SALIENT FEATURES OF THE RIGHTS OFFER

1. THE RIGHTS OFFER

1.1 Introduction and terms of the rights offer

Shareholders were notified by way of an announcement dated 9 December 2010 released on SENS and published in the press on 10 December 2010 that the directors had resolved to raise R200 million by way of a fully underwritten renounceable rights offer. Accordingly, in terms of the rights offer, Esorfranki shareholders are offered the right to acquire 93 023 256 ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per rights share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of trade on the record date.

In terms of an ordinary resolution passed at the company's annual general meeting held on 25 June 2010, shareholders, in terms of sections 221 and 222 of the Act, placed the company's unissued shares under the control of the directors.

The enclosed form of instruction in respect of the letter of allocation contains details of the rights to which certificated shareholders are entitled, as well as the procedures for acceptance, sale or renunciation of those rights. Dematerialised shareholders will be advised by their CSDP or broker of the rights to which they are entitled as well as the procedure for acceptance, sale or renunciation of those rights.

The JSE has approved listings of the:

- letters of allocation from the commencement of trade on Monday, 7 February 2011 until the close of trade on Friday, 25 February 2011;
- rights shares from the commencement of trade on Monday, 28 February 2011.

Upon allotment and issue, the rights shares will rank *pari passu* in all respects with the ordinary shares currently in issue.

In terms of the rights offer, shareholders recorded in the register on the record date will receive rights to subscribe for rights shares in the ratio of 30.786 rights shares for every 100 ordinary shares held at that date at a subscription price of R2.15 per rights share.

1.2 Purpose of the rights offer

The proceeds of the rights offer (i.e. R200 million) will be used to expand the activities of the company and to repay acquisition debt.

1.3 Underwriting Agreements and irrevocable undertaking

In terms of the Underwriting Agreements, the underwriters have agreed as follows:

Coronation:

To underwrite up to 68 100 000 rights shares, which equates to a maximum underwriting commitment of up to R146 415 000. The underwriting fee will be R2 713 848 (1.86% of the underwriting commitment) and will be settled in cash.

Sanlam:

To underwrite rights shares up to a maximum amount of R35 million (i.e. 16 279 070 rights shares). The underwriting fee will be R1 050 000 (3% of the underwriting commitment) and will be settled in cash.

Sanlam Investment Management has irrevocably undertaken to subscribe for the rights shares to be allocated to the 29 million shares (i.e. 8 929 940 rights shares) of which Sanlam Investment Management is the registered holder and/or beneficial owner or manager.

1.4 Excess applications in respect of rights shares

Esorfranki shareholders will not be permitted to apply for Esorfranki shares in excess of their entitlement.

2. FINANCIAL EFFECTS OF THE RIGHTS OFFER

The unaudited *pro forma* financial effects of the rights offer are set out in paragraph 6 of this circular.

3. REVISED LISTING PARTICULARS

As required in terms of paragraph 6.19(g) of the JSE Listings Requirements, this circular contains information required for Revised Listing Particulars.

4. COPIES OF THIS CIRCULAR

Copies of this circular, in English, may be obtained during business hours between Monday, 14 February 2011 and Friday, 4 March 2011 at the addresses set out in the "Corporate information" section of this circular from:

- the company;
- the Corporate Adviser and Sponsor; and
- the transfer secretaries.

In addition, this circular is available in electronic form on the company's website (www.esorfranki.co.za).

5. DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this circular is provided at the last practicable date.

DEFINITIONS AND ABBREVIATIONS

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*. Words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	Companies Act, 1973 (Act 61 of 1973), as amended, by the Corporate Laws Amendment Act, 2006 (Act 24 of 2006);
“BBBEE Act”	the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
“BEE”	Black Economic Empowerment as defined in the BBBEE Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	holders of certificated shares;
“certificated shares”	shares which are not dematerialised, title to which is represented by physical documents of title;
“CIPRO”	Companies and Intellectual Property Registration Office (formerly the Registrar of Companies);
“circular”	this circular, dated 14 February 2011, including the form of instruction and the annexures;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Coronation”	Coronation Asset Management (Proprietary) Limited (Registration number 1993/002807/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and underwriters to the rights offer;
“CSDP”	Central Securities Depository Participant as defined in section 1 of the SSA appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for the purposes of incorporation into Strate;
“dematerialisation”	process by which certificated shares and/or documents of title are converted to an electronic form and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shareholders”	holders of dematerialised shares;
“dematerialised shares”	shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“directors”	board of directors of Esorfranki, whose names are set out in the “Corporate information” section of this circular;
“documents of title”	share certificates and/or certificated transfer deeds and/or balance receipts or any other documents of title in respect of Esorfranki shares in certificated form;
“emigrants”	former residents of the common monetary area;
“entitlement”	shareholders’ entitlements to rights;

“Esorfranki” or “the company”	Esorfranki Limited (Registration number 1994/000732/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and whose shares are listed on the JSE;
“Esorfranki group” or “the group”	collectively, Esorfranki, its subsidiaries and any other company which is controlled or jointly controlled by it;
“Exchange Control Regulations”	Exchange Control Regulations of 1961, as amended, in terms of section 9 of the Currency and Exchange Act, 1933 (Act 9 of 1933), as amended;
“form of instruction”	form of instruction (enclosed in this circular in the case of certificated shareholders) in respect of the letter of allocation reflecting the entitlement of certificated shareholders and on which certificated shareholders are required to indicate whether they wish to take up, sell or renounce their rights;
“GDP”	Gross Domestic Product;
“independent reporting accountants” and/or “auditors”	KPMG Inc (Registration number 1999/021543/21), Registered Auditors; Chartered Accountants (SA);
“IFRS”	International Financial Reporting Standards;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated and registered with limited liability under the company laws of South Africa and licensed as an exchange under the SSA;
“last practicable date”	last practicable date prior to the finalisation of this circular, being Tuesday, 18 January 2011;
“letter/s of allocation” or “LA’s”	renounceable (nil paid) letters of allocation to be issued to Esorfranki shareholders pursuant to the rights offer, conferring a right on the holder to subscribe for rights shares in terms of the rights offer;
“own name registration”	dematerialised shareholders who have registered their shares in their own name with a CSDP in terms of the SSA;
“record date”	last date for Esorfranki shareholders to be recorded in the register in order to participate in the rights offer, being the close of trade on Friday, 11 February 2011;
“register”	Esorfranki’s share register, including sub-registers;
“rights offer”	a fully underwritten renounceable rights offer to Esorfranki shareholders of 93 023 256 ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per rights share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of trade on the record date;
“rights participant”	shareholder entitled to participate in the rights offer;
“rights shares” or “rights offer shares”	93 023 256 rights shares which are the subject of the rights offer;
“right”	renounceable right of Esorfranki shareholders to subscribe for rights shares in terms of the rights offer;
“Sanlam”	collectively, Sanlam Investment Management and Sanlam Investment Management (Proprietary) Limited (Registration number 1967/011973/07), a public company and a private company, respectively, duly registered and incorporated with limited liability in accordance with the laws of South Africa and underwriters to the rights offer;
“Sanlam Investment Management”	Sanlam Investment Management, a division of Sanlam Life Insurance Limited (Registration number 1998/021121/06);

“SARS”	South African Revenue Services;
“SENS”	Securities Exchange News Service of the JSE;
“Share Incentive Scheme”	The Esorfranki Share Incentive Trust;
“South Africa” or “RSA”	the Republic of South Africa;
“SSA”	Securities Services Act, 2004 (Act 36 of 2004), as amended;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and the CSDP registered in terms of the SSA;
“subscription price”	subscription price of R2.15 per rights share;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
“underwriters”	Coronation and Sanlam, details of which are set out in Annexure 2 to this circular;
“Underwriting Agreements”	the Underwriting Agreement entered into between Esorfranki and Coronation and between Esorfranki and Sanlam; and
“ZAR” or “Rand” or “R”	South African Rand.



(formerly Esor Limited)

(Incorporated in the Republic of South Africa)

(Registration number 1994/000732/06)

JSE code: ESR ISIN: ZAE000133369

JSE code for LA's: ESRN ISIN for LA's: ZAE000153318

CIRCULAR TO SHAREHOLDERS

PART A: PURPOSE OF THIS CIRCULAR

Shareholders were notified by way of an announcement dated 9 December 2010 released on SENS and published in the press on 10 December 2010 that the directors had resolved to raise R200 million by way of a fully underwritten renounceable rights offer. Accordingly, in terms of the rights offer, Esorfranki shareholders are offered the right to acquire 93 023 256 ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per rights share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of trade on the record date.

The purpose of this circular is to provide Esorfranki shareholders with all the relevant information relating to the rights offer and the implications thereof in accordance with the JSE Listings Requirements and the Act.

The circular contains information required for Revised Listing Particulars, which information is required in terms of paragraph 6.19(g) of the JSE Listings Requirements as a result of the company issuing shares in terms of the rights offer in excess of 25% of its current shares in issue.

PART B: THE RIGHTS OFFER

1. INTRODUCTION

- 1.1** Shareholders were notified by way of an announcement dated 9 December 2010 released on SENS and published in the press on 10 December 2010 that the directors had resolved to raise R200 million by way of a fully underwritten renounceable rights offer. Accordingly, in terms of the rights offer, Esorfranki shareholders are offered the right to acquire 93 023 256 ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per rights share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of trade on the record date.
- 1.2** The enclosed form of instruction in respect of the letter of allocation contains details of the rights to which certificated shareholders are entitled, as well as the procedures for acceptance, sale or renunciation of those shares. Dematerialised shareholders will be advised by their CSDP or broker of the rights to which they are entitled as well as the procedure for acceptance, sale or renunciation of those rights.
- 1.3** The JSE has approved the listings of the:
- letters of allocation from the commencement of trade on Monday, 7 February 2011 until the close of trade on Friday, 25 February 2011;
 - rights shares from the commencement of trade on Monday, 28 February 2011.
- 1.4** In terms of the rights offer, shareholders recorded in the register at the record date will receive rights to subscribe for rights shares in the ratio of 30.786 rights shares for every 100 Esorfranki shares held on the record date at a subscription price of R2.15 per rights share.
- 1.5** Upon their allotment and issue, the rights shares will rank *pari passu* in all respects with the ordinary shares that are currently in issue.

2. PURPOSE OF THE RIGHTS OFFER

The proceeds of the rights offer will be used to expand the operations of the company as considered appropriate by the board and to settle debt of approximately R175 million.

3. TERMS OF THE RIGHTS OFFER

3.1 Particulars of the rights offer

Esorfranki shareholders and/or their renounees are hereby offered for subscription, by way of a renounceable rights offer, a total of 93 023 256 rights shares at a subscription price of R2.15 per rights share in the ratio of 30.786 rights shares for every 100 Esorfranki shares held at the close of trade on the record date, upon the terms and conditions set out in this circular in order to raise R200 million.

The subscription price is payable in ZAR and in full upon acceptance by certificated shareholders, or on a delivery versus payment basis by the CSDP or broker of dematerialised shareholders who have accepted the rights offer. Holders of dematerialised shares who wish to accept the rights offer should ensure that the necessary funds are deposited with the relevant CSDP or broker.

The subscription price represents a premium of 6% to the 30-day volume weighted average price of R2.03 of Esorfranki shares on 25 November 2010, the date of the cautionary announcement relating to the rights offer.

Esorfranki shareholders recorded in the register at the close of trade on the record date or renounees in terms of the rights offer will be entitled to participate in the rights offer.

The letters of allocation may only be traded in dematerialised form and, accordingly, Esorfranki has issued all letters of allocation in dematerialised form.

3.2 Opening and closing dates of the rights offer

The rights offer will open at the commencement of trade on Monday, 14 February 2011 and will close at 12:00 on Friday, 4 March 2011.

3.3 Entitlement

Esorfranki shareholders are entitled to subscribe for 30.786 rights shares for every 100 Esorfranki shares held by them at the close of trade on the record date and are referred to the table of entitlement set out in Annexure 1 to this circular in order to calculate their entitlements. The allocation of rights shares will be such that only whole numbers of rights shares will be issued and shareholders will be entitled to rounded numbers of rights shares. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

3.3.1 The rights of certificated shareholders will be credited to an account in electronic form, which will be administered by the transfer secretaries on their behalf. The enclosed form of instruction reflects the number of rights shares for which the certificated shareholder concerned is entitled to subscribe. The procedure that the certificated shareholders should follow for the acceptance, sale or renunciation of their rights is set out in the form of instruction and in paragraph 4 below.

3.3.2 The rights of dematerialised shareholders will be credited to their custody accounts by their appointed CSDP or broker in electronic form. Dematerialised shareholders should contact their CSDP or broker in order to ascertain the procedures they need to follow for the acceptance, sale or renunciation of such rights.

3.3.3 The letters of allocation to which the form of instruction relates are negotiable and can be traded on the JSE.

3.4 Excess applications

Esorfranki shareholders will not be permitted to apply for Esorfranki shares in excess of their entitlement.

3.5 JSE listings

The JSE has granted listings for the rights shares and letters of allocation as follows:

- letters of allocation from the commencement of trade on Monday, 7 February 2011 until the close of trade on Friday, 25 February 2011;
- rights shares from the commencement of trade on Monday, 28 February 2011.

4. PROCEDURE FOR ACCEPTANCE, RENUNCIATION AND SALE OF RIGHTS

4.1 Certificated shareholders

The rights of certificated shareholders will be credited to an account in electronic form, which will be administered by the transfer secretaries on their behalf. The enclosed form of instruction reflects the number of rights shares for which the certificated shareholder is entitled to subscribe. Any instruction by certificated shareholders to accept, sell or renounce all or part of the rights offer shares allocated to them may only be made by means of the form of instruction.

4.1.1 Acceptance

Full details of the procedure for acceptance of the rights offer by certificated shareholders are contained in the form of instruction enclosed with this circular. It should be noted that:

- 4.1.1.1 acceptances are irrevocable and may not be withdrawn;
- 4.1.1.2 acceptances may be made only by means of the form of instruction;
- 4.1.1.3 any instruction to sell or renounce all or part of the rights shares may only be made by means of the form of instruction;
- 4.1.1.4 the properly completed form of instruction and a banker's draft or cheque in ZAR crossed "not transferable" and "or bearer" deleted in payment of the subscription

price payable for the relevant rights shares must be received by the transfer secretaries at either of the addresses referred to in paragraph 4.1.3.2 below by not later than 12:00 on Friday, 4 March 2011. No late postal acceptances will be accepted;

- 4.1.1.5 the form of instruction to take up the rights in question will be regarded as complete only when the cheque or banker's draft has been cleared for payment;
- 4.1.1.6 such payment will constitute an irrevocable acceptance of the rights offer upon the terms and conditions set out in this circular and in the form of instruction once the banker's draft or cheque has been cleared for payment;
- 4.1.1.7 if any form of instruction is not received as set out above, the rights offer will be deemed to have been declined and the right to subscribe for the rights shares in terms of the form of instruction will lapse regardless of who holds it;
- 4.1.1.8 no acknowledgement of receipt will be given for a cheque or banker's draft received in respect of the rights offer.

4.1.2 Renunciation or sale of rights

- 4.1.2.1 Esorfranki has issued the LA's in dematerialised form and the electronic record for certificated shareholders is being maintained by the transfer secretaries.
- 4.1.2.2 The letters of allocation to which the form of instruction relates are negotiable and can be traded on the JSE.
- 4.1.2.3 Certificated shareholders who do not wish to subscribe for all, or some of the rights shares allocated to them as reflected in the form of instruction, may sell or renounce or lapse their rights.
- 4.1.2.4 In addition, certificated shareholders who wish to sell the rights allocated to them as reflected in the form of instruction must complete the relevant section of the form of instruction and return it to the transfer secretaries in accordance with the instructions contained therein, to be received by not later than 12:00 on Friday, 25 February 2011.
- 4.1.2.5 The transfer secretaries will endeavour to procure the sale of the rights on the JSE on behalf of such certificated shareholders and will remit the proceeds in accordance with the payment instructions reflected in the form of instruction, net of brokerage charges and associated expenses. Neither the transfer secretaries nor the company nor any broker appointed by either of them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such rights. References in this paragraph to a certificated shareholder include references to the person or persons executing the form of instruction and any person or persons on whose behalf such person or persons executing the form of instruction is/are acting and in the event of more than one person executing the form of instruction, the provisions of this paragraph shall apply to them, jointly and severally.
- 4.1.2.6 Certificated shareholders who do not wish to sell the rights allocated to them as reflected in the form of instruction, and who do not wish to subscribe for the rights shares offered in terms of the form of instruction but who wish to renounce their rights, should complete the relevant section of the form of instruction and return it to the transfer secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 on Friday, 4 March 2011.
- 4.1.2.7 Certificated shareholders who wish to subscribe for only a portion of the rights allocated to them must indicate on the form of instruction the number of rights shares for which they wish to subscribe.
- 4.1.2.8 Certificated shareholders wishing to sell their rights will be liable to pay the transfer secretaries an amount of R131.10 (all inclusive) for trades of less than or equal to R40 000 and R115 plus 0.25% of the value of trades plus VAT for amounts greater than R40 000.

4.1.3 Payment

4.1.3.1 Currency

The amount due on acceptance of the rights offer is payable in ZAR.

4.1.3.2 Payment terms

A banker's draft drawn on a registered bank or a cheque drawn on a South African bank (either of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted) in favour of "**Esorfranki Limited – Rights Offer**" in respect of the amount due, together with a properly completed form of instruction, must be lodged by certificated shareholders and/or their renounees by no later than 12:00 on Friday, 4 March 2011 in accordance with the instructions contained in the form of instruction and clearly marked "**Esorfranki Limited – Rights Offer**" Esorfranki shareholders wishing to use electronic payment methods must contact the transfer secretaries (telephone number 0861 546572) in order to obtain the relevant details.

By hand to:

Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

or sent by post, at the risk of the shareholder or renounee concerned, to:

Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown, 2107

All cheques or banker's drafts received by the transfer secretaries will be deposited immediately for payment. In the event that any cheque or banker's draft is dishonoured, Esorfranki, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights shares to which it relates against payment in cash of the subscription price for such rights shares. Payments received in respect of an application which is rejected or otherwise treated as void by Esorfranki, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be posted by ordinary mail (without interest) by way of a cheque drawn in ZAR to the applicant concerned, at the applicant's risk on or about Wednesday, 9 March 2011. If the applicant concerned is not an Esorfranki shareholder and gives no address in the form of instruction, then the relevant refund will be held by Esorfranki with no interest payable to the shareholder until collected by the applicant.

4.1.3.3 Share certificates

Where applicable, share certificates in respect of rights shares will be posted, by registered post, by the transfer secretaries, at the risk of the certificated shareholders concerned, on or about Wednesday, 9 March 2011. As Esorfranki uses the "certificated transfer deeds and other temporary documents of title" procedure approved by the JSE, only "block" certificates will be issued in respect of rights shares.

Certificated shareholders receiving rights shares in certificated format must note that such shares cannot trade on the JSE until they have been dematerialised. This could take between one and ten days.

4.2 Dematerialised shareholders

4.2.1 Acceptance, renunciation or sale of rights

The CSDPs or brokers appointed by dematerialised shareholders should contact them to ascertain:

- whether the shareholder concerned wishes to follow their rights in terms of the rights offer (in which case CSDPs effect payment on a delivery versus payment basis) and if so, in respect of how many rights shares;

- whether the shareholder concerned wishes to renounce their rights and if so, in respect of how many rights shares;
- whether the shareholder concerned wishes to sell those rights which he/she does not wish to follow or renounce and if so, how many rights are to be sold.

Shareholders not contacted by their CSDPs or brokers should contact them and furnish them with their instruction. Should a CSDP or broker not obtain instructions from a dematerialised shareholder, they are obliged to act in terms of the mandate entered into between them and the dematerialised shareholder, or if the mandate is silent in this regard, not to accept the rights on behalf of such shareholder.

4.2.2 Payment

The CSDP or broker will effect payment directly on behalf of dematerialised shareholders in respect of rights followed, in ZAR, on Monday, 7 March 2011 on a delivery versus payment basis. Holders of dematerialised shares who wish to accept the rights offer should ensure that the necessary funds are deposited with the relevant CSDP or broker.

4.2.3 Rights shares

Dematerialised shareholders' accounts will be credited with the rights shares subscribed for in terms of the rights offer, on Monday, 7 March 2011.

5. UNDERWRITING AGREEMENTS AND IRREVOCABLE UNDERTAKING

5.1 Underwriting agreements

In terms of the Underwriting Agreements, the underwriters have agreed as follows:

5.1.1 Coronation

To underwrite up to 68 100 000 rights shares, which equates to a maximum underwriting commitment of up to R146 415 000. The underwriting fee will be R2 713 848 (1.86% of the underwriting commitment) and will be settled in cash.

5.1.2 Sanlam

To underwrite rights shares up to a maximum amount of R35 million (excluding VAT) (i.e. 16 279 070 rights shares). The underwriting fee will be R1 050 000 (3% of the underwriting commitment) and will be settled in cash.

5.1.3 General

The underwriting agreements will become irrevocable by no later than 16:30 on the business day prior to the date upon which the "finalisation announcement" relating to the rights offer is released on SENS, which date is expected to be Friday, 28 January 2011.

The underwriting commitments, together with the irrevocable undertaking, exceed the actual number of rights shares. However, if necessary, the excess underwriting commitments will be dealt with on an equitable basis in relation to the percentage underwriting (i.e. Coronation 80%, Sanlam 20%) applied to the number of rights shares not taken up by shareholders.

The board has received Sworn Declarations from the underwriters that they will be able to meet their underwriting commitments.

The underwriting fees are only payable on fulfilment of the underwriting commitments by the underwriters.

Full particulars of the underwriters are set out in Annexure 2 to this circular.

In the opinion of the directors, the underwriting commissions are not out of line with the current market rate charged by independent underwriters.

5.2 Irrevocable undertaking

Sanlam Investment Management, the registered holder and/or beneficial owner or manager of 29 million ordinary shares in the capital of Esorfranki has irrevocably undertaken to subscribe for all of the rights shares to be allocated to it on the record date (i.e. 8 927 940 rights shares). A copy of the irrevocable undertaking is available for inspection as set out in paragraph 43 below.

5.3 Minimum subscription

As the rights offer is fully subscribed, no minimum subscription is required.

6. FINANCIAL EFFECTS OF THE RIGHTS OFFER

The unaudited *pro forma* financial effects of the rights offer, for which the directors are responsible, are provided for illustrative purposes only to show the effect of the rights offer on the earnings per share ("EPS"), diluted earnings per share ("DEPS"), headline earnings per share ("HEPS") and diluted headline earnings per share ("DHEPS") as if the rights offer had taken effect on 1 March 2010 and on net asset value per share ("NAVPS") and net tangible asset value per share ("NTAVPS") as if the rights offer had taken effect on 31 August 2010. Because of their nature, the unaudited *pro forma* financial effects may not give a fair presentation of the group's financial position and performance. The unaudited *pro forma* financial effects have been compiled from the reviewed consolidated financial statements of Esorfranki for the six months ended 31 August 2010 and are presented in a manner consistent with the format and accounting policies adopted by Esorfranki and have been adjusted as described in the notes set out in Annexure 3 to this circular:

	Unaudited Before the rights offer	<i>Pro forma</i> After the rights offer	Percentage change
EPS (cents)	4.2	4.7	11.7
DEPS (cents)	4.2	4.7	11.9
HEPS (cents)	4.1	4.6	12.6
DHEPS (cents)	4.1	4.6	12.8
NAVPS (cents)	258.4	246.3	(4.7)
NTAVPS (cents)	161.1	172.5	7.0
Number of ordinary shares in issue at period-end ('000) (net of treasury shares)	293 651	386 674	
Weighted average number of shares in issue at period-end ('000)	293 403	386 426	
Diluted weighted average number of shares in issue at period-end ('000)	295 628	388 651	

Esorfranki's *pro forma* consolidated financial information, before and after the rights offer, is set out in Annexure 3 to this circular.

The independent reporting accountants' report on the *pro forma* financial information is set out in Annexure 4 to this circular.

7. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is therefore not comprehensive. Esorfranki shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisers.

The rights shares to be issued pursuant to the rights offer are not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

Esorfranki shareholders who are not resident in the common monetary area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their rights in terms of the rights offer.

Non-residents of the common monetary area

In terms of the Exchange Control Regulations, non-residents, excluding former residents of the common monetary area, will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for rights shares arising from letters of allocation purchased on the JSE;

provided payment is received through normal banking channels or from a non-resident account.

In respect of Esorfranki shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

All applications by non-residents for the above purposes must be made through a South African authorised dealer in foreign exchange. Shares subsequently rematerialised and issued in dematerialised form will be endorsed “non-resident”.

Where rights are sold on the JSE on behalf of non-residents, the proceeds of such sale are freely remittable through an authorised dealer in foreign exchange.

Former residents of the common monetary area (“emigrants”)

Where a right in terms of the rights offer falls due to an emigrant, which right is based on shares blocked in terms of Exchange Control Regulations, then only blocked funds may be used to:

- take up rights allocated to such emigrant in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for rights shares arising from letters of allocation purchased on the JSE.

All applications by emigrants using blocked Rand for the above purposes must be made through a South African authorised dealer controlling their blocked assets. Esorfranki share certificates issued pursuant to blocked Rand transactions must be endorsed “non-resident” and placed under the control of the authorised dealer through whom the payment was made.

In respect of Esorfranki shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

Where rights are sold on the JSE on behalf of emigrants, which rights are based on an investment which is blocked in terms of Exchange Control Regulations, the proceeds of such sales will be credited to the blocked Rand accounts of the Esorfranki shareholders concerned.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to Exchange Control managed by their CSDP or broker.

8. TAX CONSEQUENCES

Esorfranki shareholders are advised to consult their professional advisers regarding the tax consequences of the rights offer.

9. JURISDICTION

The rights offer is being made in accordance with the Act and is only addressed to persons to whom it may lawfully be made and accordingly, in terms of section 142(2) of the Act, CIPRO has granted permission to exclude from the rights offer all registered shareholders of Esorfranki not resident in the RSA to whom this rights offer and the exercising of such rights in terms thereof would be unlawful in the jurisdiction in which the shareholder resides.

The distribution of this circular and/or accompanying documents and/or the transfer of the rights shares and/or the rights to subscribe for rights shares in jurisdictions, other than South Africa, may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. Neither this circular nor any form of instruction may be regarded as an offer in any jurisdiction in which it is illegal to make such an offer. In those circumstances, this circular and any form of instruction are sent for information purposes only.

Shareholders in such jurisdictions are responsible for providing any evidence required that they are permitted to take up their rights in accordance with the relevant procedures sent out in paragraph 4 above. If such evidence is not provided, then the entitlement will be deemed to have been declined.

10. REGISTRATION OF DOCUMENTS

A copy, in English, of the form of instruction *in lieu* of a letter of allocation to be issued in relation to the rights offer has been lodged with and registered by CIPRO in terms of section 146A of the Act. The following documents have been lodged with CIPRO in terms of sections 145A and 146A of the Act:

- a signed copy of this circular;
- copies of the Underwriting Agreements and the irrevocable undertaking;
- copies of the material agreements referred to in paragraph 15 below;
- the written consents of the Corporate Adviser and Sponsor, legal adviser, transfer secretaries, commercial bankers and independent reporting accountants to act in the capacities stated and to their names being stated and, where applicable, their reports, being included in the form and context in which they appear in this circular;
- a signed copy of the independent reporting accountants' report on the *pro forma* financial information relating to the rights offer;
- copies of all documents required and approved by the JSE, including a copy of the letter from the JSE confirming its approval of such documents; and
- where applicable, powers of attorney granted by the directors of Esorfranki.

PART C: INFORMATION RELATING TO ESORFRANKI

11. INCORPORATION AND HISTORY

Esorfranki was incorporated on 8 February 1994. The company was founded in 1976 by its predecessor, Esor Ground Engineering (Pty) Limited, to undertake jacked tunnelling contracts. In 1994, certain of the original shareholders purchased the business and the company's name was changed to Esor (Pty) Limited. The company converted to a public company on 22 December 2005 and its name changed to Esor Limited. On 15 May 2009, the company name was changed to Esorfranki Limited in order to leverage the strong brand power of its principal operating subsidiary, Franki Africa (Pty) Limited ("Franki"). Franki was acquired in the latter half of 2006 and, at the same time a BEE consortium subscribed for shares constituting a 26% interest in the company. In May 2008, Franki acquired the business conducted by Geo Compaction Dynamics (Pty) Limited, which business specialises in geotechnical contracting services to the civil engineering industry, including dynamic compaction, percussion piling and permanent and temporary lateral support. In October 2008, the company diversified into the civil engineering construction sector through its acquisition of the entire issued share capitals of Patula Construction (Pty) Limited ("Patula") and Shearwater Plant Hire (Pty) Limited ("Shearwater"). These acquisitions aligned Esorfranki with other major JSE-listed civil construction groups and expanded the group's services from purely sub-surface foundation work to include above-surface civil engineering and construction services.

The company's securities were listed on the Alternative Exchange of the JSE on 14 March 2006 and, on 25 June 2009, its listing was transferred to the "Heavy Construction" sector of the Main Board of the JSE.

BEE

The group is committed to transformation and currently has a Level 5 contributor rating; 85.00% of the workforce is Black and 29.07% of the shareholding is Black-owned, of which 5.87% comprises Black female representation.

12. NATURE OF BUSINESS AND PROSPECTS

12.1 Nature of business

Esorfranki operates throughout South Africa, sub-Saharan Africa and the Indian Ocean Islands providing specialist geotechnical services, roads, earthworks and pipeline construction. Boasting the highest possible "9CE" rating from the Construction Industry Development Board, the group is able to tender for construction projects of unlimited size and value. The operations of the group are as follows:

- Esor Africa (Pty) Limited ("Esor Africa") – provides services to the mining, civil engineering and construction industries. Services include:

Pipe jacking	Bridge jacking	Culvert jacking
Auger boring	Piled foundations	Lateral support
Marine structures		

- Franki – provides services to the mining, civil engineering and construction industries on a full "design and construct" or "construct-only" basis. Services include:

Geotechnical investigation	Technical design and expertise	Marine works
Lateral support	Jet grouting	Laboratory testing
Soil improvement	Piled foundations	Underpinning

- Esorfranki Civils (Pty) Limited (“Esorfranki Civils”, formerly Patula) – has provided civil engineering construction services for the past nine years specifically focused on road building, mining and township infrastructure work, water and sewerage reticulation contracts and concrete projects for Government, major mining houses and the private sector. Products and services include:

Road building	Road rehabilitation	Construction of bridges and culverts
Building of reservoirs	Infrastructure	Installation of pipelines
General building	House building	
Building of oxidation ponds and waste water treatment plants		

- Esorfranki Pipelines (Pty) Limited (“Esorfranki Pipelines”, formerly Shearwater) – for the past six years has focused on the construction and rehabilitation of onshore pipelines and operates mainly in the gas and petrochemical, water, storm water and sewerage sectors. With specialist expertise in laying and welding pipelines (including those made from steel, glass fibre reinforced polyester, concrete, PVC, ductile iron, HDPE and fibre cement) as well as in pipeline refurbishment including mechanical and linings and coatings, this business unit services both public and private sector clients. Products and services include:

Pipeline earthworks	Construction of pump stations
Wrapping and coating of completed pipeline sections	Installation of piping
Chambers and other pipeline associated works	Valves and specials
Testing and pigging of completed pipeline sections	
<i>In-situ</i> and stack yard lining of pipelines or pipe lengths	
Control over environmental and safety	

Further details of Esorfranki’s subsidiaries are set out in notes 7, 34 and 37 of Annexure 8 to this circular.

Business segments

Segment revenue and results are set out in note 36 of Annexure 8 to this circular which demonstrates the relative contributions to the company by the subsidiaries.

Other than as detailed in paragraph 11 above, there have been no material changes in the underlying businesses of the group during the past five years.

The group does not benefit from any Government incentives or from any Government protection.

12.2 Prospects

The board is positive of the group’s growth prospects, notwithstanding prevailing market conditions, clients experiencing liquidity constraints and decline in demand continuing to result in project cancellations and postponements. Esorfranki’s order book stood at R1 billion at 31 August 2010, which includes R300 million worth of orders to be completed in the 2012 financial year.

The group is shortlisted for the award of a further R1 billion of potential projects in the short term.

However, a number of adverse factors outside of Esorfranki management’s control may continue to impact on these and other future opportunities. The factors include the non-award of tenders, ongoing funding constraints hampering client activity and increasingly tight competition.

In the long term, the directors believe that the general prospects are more positive. The economy is slowly recovering and projects are likely to go ahead as spending is inevitable to facilitate positive annual GDP growth. This optimistic outlook is underpinned by Government’s reiterated commitment to infrastructure. The need for considerable spending in certain sectors should drive work despite tough economic conditions, such as in water and sanitation, road infrastructure and power (the current infrastructure will reach the end of its efficient life cycle by 2020 – 2025).

The group will maintain its established presence across sub-Saharan Africa to capitalise on growth opportunities in this region. Conditions in certain areas such as Mauritius and Mozambique are showing sustainable buoyancy, and while only comprising a small portion of Esorfranki’s offshore revenue, these areas are currently growing healthily in contribution.

13. CAPITAL STRUCTURE

13.1 Summary of alterations to the share capital and shares issued in the past three years by Esorfranki and its subsidiaries

Esorfranki – information relating to share capital and shares issued

Share capital after listing:

	R'000
Authorised	
500 000 000 ordinary shares of 0.1 cent each	500
Issued	
123 000 000 ordinary shares of 0.1 cent each	123
Share premium	24 484
	24 607

During the financial year ended 28 February 2007, the company issued a total of 120 370 510 ordinary shares, as follows:

- on 30 November 2006 – as part of a capital raising and payment for the acquisition of Franki – the company issued 115 837 177 ordinary shares at an issue price of R1.60 per share, as follows:

Exchange Sponsors (Pty) Limited <i>in lieu</i> of fees	3 187 500
BEE consortium	65 625 000
Institutional investors	22 500 000
Franki vendors	21 524 677
Share Incentive Scheme	3 000 000

- on 31 January 2007 – as settlement of the additional purchase price for the acquisition of Franki – the company issued 4 533 333 ordinary shares at an issue price of R1.60 per share, resulting in a share capital, as follows:

Authorised	
500 000 000 ordinary shares of 0.1 cent each	500
Issued	
243 370 510 ordinary shares of 0.1 cent each	243
Share premium	175 352
	175 595

On 31 January 2008, the company issued 4 533 330 ordinary shares to the Franki vendors at an issue price of R1.60 as settlement of the additional purchase price for the acquisition of Franki, resulting in a share capital, as follows:

Authorised	
500 000 000 ordinary shares of 0.1 cent each	500
Issued	
247 903 840 ordinary shares of 0.1 cent each	248
Share premium	213 344
	213 592

On 31 December 2008, the company issued a total of 33 341 667 ordinary shares, as follows:

Vunani Corporate Finance – 675 000 shares at R2.50 per share for services rendered in respect of various acquisitions in terms of a specific issue of shares for cash.

Shares, as follows at R3.75 per share to the Patula and Shearwater vendors (refer paragraph 26 below) as partial settlement of the purchase price for the following entities:

Entity	Number of shares
Patula	15 570 000
Brookmay	430 000
Shearwater	16 666 667

A further 8 250 000 ordinary shares were issued to the Share Incentive Scheme at R2.50 per share.

The share capital at 28 February 2009 was as follows:

	R'000
Authorised	
500 000 000 ordinary shares of 0.1 cent each	500
Issued	
289 495 507 ordinary shares of 0.1 cent each	289
Share premium	338 800
	339 089

On 17 August 2009, the company issued 12 666 667 to the Patula vendors (refer paragraph 26 below) at R4.15 per share as partial settlement of the purchase price for Esorfranki Civils (Patula), resulting in a share capital, as follows:

	R'000
Authorised	
500 000 000 ordinary shares of 0.1 cent each	500
Issued	
302 162 174 ordinary shares of 0.1 cent each	302
Share premium	396 664
	396 966

Save as set out above, there have been no consolidations or sub-divisions or any other alterations to the authorised share capital of the group during the three years preceding the last practicable date.

Securities offered

Save for the shares detailed above and the subscription for the 93 023 256 shares to be issued in terms of the rights offer set out in this circular, no other offer has been made for the subscription or sale of shares by Esorfranki during the three year period preceding the last practicable date.

Repurchase of shares

The company has not repurchased any of its shares during the past three years.

Subsidiaries – information relating to share capital and shares issued

The issued ordinary share capital of the subsidiaries is set out in note 34 of Annexure 8 to this circular and has not changed during the last three years.

13.2 Information relating to the share capital and shares

The entire issued ordinary share capital of the company is listed on the JSE and the JSE has confirmed its continued listing subsequent to the rights offer.

All the authorised and issued shares are of the same class and rank *pari passu* as to rights to dividends, profits and capital, including rights on liquidation and distribution of capital assets.

Rights to dividends are set out in paragraph 23 below. There are no preferential rights as to profits or capital or any other rights, including rights on liquidation or distribution of capital assets.

In terms of the Articles of Association, the company is prohibited from issuing fractions of its shares.

Other than as disclosed in paragraph 5 above, no commission has been paid or is payable in respect of any underwriters or subscribers. No commissions, discounts, brokerage or other special terms have been granted during the past three years pursuant to the issue or sale of any of the company's securities where this has not been disclosed in any audited annual financial statements.

The company may amend the provisions of its Articles of Association relating to the authorised share structure (including a share consolidation, conversion or a share split) by means of a special resolution.

Esorfranki's shares are not listed on any other stock exchange nor has any application been made for a listing on any stock exchange other than the JSE.

13.3 Variation of rights attaching to shares

In accordance with the company's Articles of Association, any variation of rights attaching to its ordinary shares will require:

- authorisation in writing by the holders of at least three-quarters of the nominal amount of the issued shares of that class; or
- sanction by resolution passed at a separate general meeting of the holders of the shares of that class, to which the provisions of section 199 of the Act (requirements for special resolutions) shall apply.

13.4 Voting rights

Subject to the provisions of section 195 of the Act and in accordance with the company's Articles of Association, on a show of hands, every member present in person or by proxy (or, if a body corporate, duly represented by an authorised representative) and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every share held.

13.5 Authorisations relating to shares

Shareholders, at the annual general meeting held on 25 June 2010, authorised the directors, as follows:

- as a general authority, to allot and issue all of the authorised but unissued ordinary shares upon such terms and conditions and to such persons as they in their discretion may determine, subject to the provisions of sections 221 and 222 of the Act and the JSE Listings Requirements;
- by way of a general authority, to repurchase the company's shares subject to the provisions of the Act and the JSE Listings Requirements.

13.6 Authorised and issued share capital

The authorised and issued share capital of the company, before and after the rights offer of 93 023 256 shares, is set out below:

	R'000
Authorised before and after the rights offer	
500 000 000 ordinary shares of 0.1 cent each	500
Issued before the rights offer	
302 162 174 ordinary shares of 0.1 cent each	302
Less: 9 002 924 treasury shares	(10)
Share premium	396 666
	396 958
Issued after the rights offer	
395 185 430 ordinary shares of 0.1 cent each	395
Less: 9 002 924 treasury shares	(10)
Share premium	590 310
	590 695

14. CONTROLLING AND MAJOR SHAREHOLDERS

Esorfranki does not have a controlling shareholder and there has been no change in this situation during the past five years. At the last practicable date, shareholders, other than directors, who are beneficially interested, directly and indirectly, in 5% or more of the company's shares and their holdings, after the rights offer (assuming all rights are taken up), are set out below:

Shareholder	Before the rights offer		After the rights offer	
	Number of shares ('000)	Percentage holding	Number of shares ('000)	Percentage holding
Investec Asset Management (Pty) Limited (Registration number 1984/011235/07)	32 253 087	10.7	42 182 522	10.7
Sanlam Investment Management (Pty) Limited (Registration number 1967/011973/07)	29 000 000	9.6	37 927 940	9.6
Abax Investments (Pty) Limited (Registration number 2 000/0008606/07)	20 225 000	6.7	26 451 468	6.7

15. MATERIAL CONTRACTS, PROMOTERS, SERVICE AND OTHER AGREEMENTS

Other than the agreements in respect of the acquisition of assets (detailed in paragraph 26 below), the Loan Agreement entered into between The Standard Bank of South Africa Limited, ABSA Bank Limited, Esorfranki and the relevant group companies relating to the overall banking facilities and borrowing capacity and the Underwriting Agreements, no other material contracts have been entered into (either verbally or in writing) by the group, other than in the ordinary course of business, during the two years preceding the last practicable date. These agreements are available for inspection as set out in paragraph 43 below.

At the last practicable date, the company:

- had not entered into any promoters' agreements during the preceding three years;
- is not subject to any management agreements;
- had not entered into any agreements relating to the payment of technical, administration or secretarial fees nor is it a party to any material restraint of trade agreements, other than set out in paragraph 26 below, or any agreements in terms of the payment of royalties;
- had not entered into any material contracts at any time which contain an obligation or settlement that is material to the group.

16. LITIGATION

Esorfranki is currently named in a Competition Commission enquiry into the construction industry. Esorfranki has engaged with the Competition Commission and remains committed to full and transparent co-operation with this authority in the interests of a speedy and beneficial conclusion of the matter. Save for the aforesaid, there are no other legal or arbitration proceedings that are pending or threatened, of which Esorfranki is aware and there is no litigation which to the knowledge of Esorfranki may have or has had, in the 12-month period preceding the date of this circular, a material effect on the financial position of Esorfranki or its subsidiaries

17. PROVISIONS OF THE ARTICLES OF ASSOCIATION

The relevant provisions of the Articles of Association of the company relating to:

- the appointment, term of office and qualification of the directors;
- remuneration of the directors, including any powers enabling directors, in the absence of an independent quorum, to vote remuneration (including pension and other benefits) to themselves or any members of their board;

- the power of the directors to vote on a proposal, arrangement or contract in which he is materially interested;
- borrowing powers of the company and its subsidiaries exercisable by the directors and variation of such borrowing powers,

are set out in Annexure 5 to this circular.

The company's Articles of Association do not provide for the retirement or non-retirement of directors under an age limit.

18. SHARE INCENTIVE SCHEME

Other than in respect of the current Share Incentive Scheme, there is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the group.

The current Share Incentive Scheme no longer complies with the JSE Listings Requirements and the JSE has granted the company an extension until 31 March 2011 to comply therewith. During this extension period, the company will not issue any further shares under the existing scheme.

19. CORPORATE GOVERNANCE

The group's corporate governance policy is set out in Annexure 6 to this circular.

20. SUBSIDIARY COMPANIES

Details of the subsidiary companies are set out in notes 7, 34 and 37 of Annexure 8 to this circular.

21. SHARE PRICE HISTORY

The trading history of the company's shares on the JSE from January 2008 is set out in Annexure 7 to this circular.

PART D: FINANCIAL INFORMATION

22. HISTORICAL FINANCIAL INFORMATION

The financial information set out in this circular is the responsibility of the directors.

The historical financial information of the company in respect of the six months ended 31 August 2010 and the years ended 28 February 2010, 28 February 2009 and 29 February 2008 (as previously published), which is the responsibility of the directors, is set out in Annexure 8 to this circular. RSM Betty & Dickson (Durban) resigned as auditors of the company with effect from 15 November 2008 and KPMG Inc were appointed in their stead. Unqualified audit reports in respect of the financial results for the years ended 28 February 2010, 28 February 2009 and 29 February 2008 were issued.

The independent reporting accountants have provided confirmation to the JSE that they have reviewed this circular and that the content hereof is not contradictory to any of the information contained in the report of historical information relating to Esorfranki.

23. DIVIDENDS

There is no arrangement under which future dividends will be waived or agreed to be waived, other than as described in note 13 of Annexure 8 to this circular. There are no fixed dates on which entitlement to dividends arise.

In terms of the Articles of Association of the company:

- all shares rank equally for dividends;
- all unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the company until claimed; provided that dividends unclaimed for a period of three years may be forfeited by the directors for the benefit of the company;
- any dividend may be paid wholly or in part by:
 - the distribution of specific assets; or
 - by the issue of paid-up shares; or
 - debentures of the company or of any other company; or
 - in cash; or
 - in any other way which the directors or the company in general meeting may at the time of declaring the dividends determine.

24. ADVANCES, BORROWINGS AND OTHER FINANCIAL LIABILITIES

At the last practicable date, the group had no authorised or issued loan capital.

The company's borrowings at the last practicable date are set out in notes 13 and 17 of Annexure 8 to this circular.

The group does not have any material loans receivable outstanding at the last practicable date.

The borrowing powers of the company, exercisable by the directors, are set out in Annexure 5 to this circular. There are no restrictions on the company's current borrowing powers.

A subordination agreement has been entered into by Esorfranki and its subsidiaries, subordinating any intra-group debt claims the group companies may have against each other to the preferential debts owed to The Standard Bank of South Africa Limited and ABSA Bank Limited for the duration of the funding arrangements entered into as set out in notes 13 and 17 of Annexure 8 to this circular.

25. MATERIAL COMMITMENTS, LEASES AND CONTINGENT LIABILITIES

25.1 Material commitments

Information relating to capital commitments is set out in note 35 of Annexure 8 to this circular..

25.2 Leases

Information relating to the company's leases is set out in note 35 of Annexure 8 to this circular.

25.3 Contingent liabilities

Information relating to the company's contingent liabilities is set out in note 38 of Annexure 8 to this circular.

26. FIXED ASSETS ACQUIRED DURING THE PAST THREE YEARS

During the three years preceding the last practicable date, the group established certain material subsidiaries and/or acquired material assets, as follows:

- in terms of an agreement dated 19 September 2008 acquired the entire issued share capital of and shareholders' claims in the Patula Group (comprising Patula Construction (Pty) Limited, Patula Plant Hire (Pty) Limited, Balekane Construction (Pty) Limited and Brookmay Properties (Pty) Limited) from Andrew Charles Brookstein, Malemadutje Briss Mathabathe, Richard Maynard and Mark Gavin Rippon for R145.7 million in cash and R58.4 million in Esorfranki shares. The transaction was subject to a contingent consideration clause, which required an additional payment of R114.0 million in cash and R26.9 million in Esorfranki shares.

Vendor address: 33 Setter Road, Commercia Park, Midrand.

- in terms of an agreement dated 26 September 2008 acquired the entire issued share capital in Shearwater and its business operations for R103.7 million in cash and R62.5 million in Esorfranki shares from Shearwater Group Holdings (Pty) Limited, the directors and shareholders of which were Andrew Toy and Patrick Delamere.

Vendor address: Portion 402, Shady Road, Muldersdrift.

None of the above assets were purchased by the vendors in the last three years as the companies concerned were business newly established by the vendors.

Guarantees, warranties, restrictions and income tax considerations relating to the acquisitions

No guarantees were given by any of the vendors pursuant to the book debts and/or other assets of the companies concerned.

Where appropriate, the agreements contained warranties as are normal in respect of transactions of this nature.

Key employees of the Patula group entered into standard service agreements with Esorfranki and the vendors (other than Mr B Mathabathe) entered into restraint of trade agreements in favour of Esorfranki for a period of 24 months from the effective date of a "no fault" termination of service. To ensure the retention of second tier management, Esorfranki made available 3.5 million Esorfranki shares to certain Patula employees in terms of the Share Incentive Scheme.

The directors of Shearwater, Andrew Toy and Patrick Delamere, who resigned as such with effect from 31 August 2010, entered into standard service agreements at the time of the transaction, which incorporated a restraint of trade undertaking for a period of 24 months from the effective date of a "no fault" termination of service. To ensure the retention of second tier management, Esorfranki made available 1.75 million Esorfranki shares to certain Shearwater employees in terms of the Share Incentive Scheme.

No cash payments were made in respect of the restraints of trade. The Patula and Shearwater agreements both contained restrictions on the disposal of the Esorfranki shares issued in partial settlement of the purchase consideration.

Taxation liabilities were accrued at date of acquisition.

Goodwill

Information relating to goodwill is set out in note 6 of Annexure 8 to this circular.

Share transfers

Pursuant to the acquisitions, the various share transfers have taken place and the shares acquired and/or issued have been appropriately registered into the names of the relevant holders.

Promoters/Directors' beneficial interests in the acquisitions

None of the directors of Esorfranki had any beneficial interests, direct or indirect, in the acquisitions. No promoter has been involved in the abovementioned acquisitions.

27. FIXED ASSETS DISPOSED OF DURING THE PAST THREE YEARS

Information relating to the disposal of a business is set out in note 27 of Annexure 8 to this circular.

28. ADEQUACY OF CAPITAL

The directors are of the opinion that, pursuant to the rights offer, the working capital available to the company and the group will be sufficient for the group's present requirements, i.e. for at least the next twelve months from the date of issue of this circular, and that the:

- company and the group will be able, in the ordinary course of business, to pay their debts;
- assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- share capital and reserves of the company and the group will be adequate for the ordinary business purposes;
- working capital of the company and the group will be adequate for ordinary business purposes.

29. MATERIAL CHANGES

The directors report that, other than in the ordinary course of business and in terms of this circular, there have been no material changes in the financial or trading position or the assets and liabilities of the group between 31 August 2010 the date of the latest reviewed interim report, and the last practicable date.

30. FINANCIAL DIRECTOR

As required in terms of the JSE Listings Requirements, there is an incumbent Executive Financial Director and the company's Audit Committee has, in terms of the JSE Listings Requirements and as set out in the company's 2010 annual report, satisfied itself of the appropriateness of the expertise and experience of such financial director.

PART E: INFORMATION RELATING TO THE DIRECTORS

31. DETAILS RELATING TO THE DIRECTORS AND SENIOR MANAGEMENT

The directors:

- have been appointed in terms of the Articles of Association of the company (refer Annexure 5 to this circular);
- have confirmed that they are free of any conflict of interest between their duties as directors of the company and their private interests;
- have confirmed that they have the appropriate expertise and experience to manage the company.

All the Esorfranki directors are South African citizens.

Executive directors:

Bernard Krone (“Bernie”) (b. 1953) – Chief Executive Officer, B.Sc Eng (Civil), Pr. Eng FSAICE

Business address: 30 Activia Road, Activia Park, Germiston

Bernie was born in Halstead, England and moved to South Africa as a child. After attaining Professional Engineer status, he gained experience in the employ of major geotechnical engineering companies before joining Esor (Pty) Limited. He has over 32 years’ experience across all aspects of geotechnical engineering.

Wayne van Houten (b. 1965) – Financial Director, B.Com, BAcc, CA(SA)

Business address: 30 Activia Road, Activia Park, Germiston

Wayne qualified as a Chartered Accountant in 1990 after serving articles with KPMG. He left the auditing professional shortly thereafter and has since been involved in the construction industry. He joined Franki (Pty) Limited in early 2005 and has been an executive director since November 2006. Wayne was appointed as group CFO in June 2008.

Non-executive directors:

David Murray Thompson (b. 1936) – Independent Non-Executive Chairman, CA(SA)

Dave qualified as a Chartered Accountant in South Africa and is also a member of the Association of Accountants and Auditors in the United Kingdom. He studied for the Advanced Management Programme at Harvard in the United States. He has vast experience, having served on a multitude of boards.

Ethan Gilbert Dube (b. 1959) – Independent Non-Executive Director, MSc (Statistics)

Business address: Athol Ridge Office Park, 151 Katherine Street, Sandown

Ethan worked at Standard Chartered Merchant Bank for several years in the Corporate Finance division and then spent six years in asset management, split between Southern Asset Managers and Infinity Asset Management. In 1998 he formed an investment banking division at African Harvest Limited and in 2002 concluded the management buy-out of the operating subsidiaries and strategic assets. Ethan is currently CEO of Vunani Limited and is also a member of a number of other boards.

Malemadutje (Briss) Mathabathe (b. 1942) – Independent Non-Executive Director

Business address: 18 Grace Road, Observatory, Johannesburg

Briss has extensive experience in all aspects of the initiation, structuring, implementation and operation of capital investment projects. He is well-known to Government, parastatals, development agencies, export bodies, contractors and financiers and is currently the managing director of Imbani Coal (Pty) Limited and serves as a director on a number of boards.

Dr Franklin Abraham Sonn (b. 1939) – Independent Non-Executive Director, BA (Hons), STD FIAC

Democratic South Africa’s first Ambassador to the United States, Franklin is the recipient of thirteen honorary doctorates and has held many distinguished positions. He currently serves on a number of boards of JSE-listed and other companies. He is a trustee of The Legal Resources Worldwide Fund for Nature SA and has been the Chancellor of the University of the Free State since 2002.

Senior management:

Roy McLintock (b. 1953), Managing Director of Esor Africa and Franki, BSc Eng (Civil) Natal, PrEng, MSAICE

Business address: 688 Pretoria Main Road, Wynberg

Roy has worked in both the consulting and contracting realms of the industry for over 30 years. The majority of his experience was gained in his 15 years at Murray & Roberts where he was managing director of the B&S Group (the KwaZulu-Natal civil engineering entity). Roy joined Franki Africa (Pty) Limited in 1999 and has held the position of Managing Director for the last seven years. In May 2009 he was appointed Managing Director of Esor Africa (Pty) Limited as well and now represents the full Geotechnical division on the company's Executive Committee. His dual appointment strategically aligns the group's two geotechnical companies.

Arthur Field (b. 1952), Director and Manager of Esor Africa, NDT (ES) (TN)

Business address: 130 Aberdare Drive, Phoenix Industrial Park, Durban

Arthur worked for premier civil engineering company, Christiani Nielsen, before joining Esorfranki in 1981. He has gained extensive experience in all aspects of geotechnical engineering in his 30 years' service with the company and is currently a director and manager of the KwaZulu-Natal branch of Esor Africa.

Richard Maynard (b. 1964), Managing Director of Esorfranki Civils, Dip QS Wits Tech

Business address: 30 Activia Road, Activia Park, Germiston

Richard joined Grinaker as a quantity surveyor in 1984. He gained further experience when contracting with WBHO. In 1995 he formed Patula Construction with Andy Brookstein, where he worked as Contracts Director. He was appointed Managing Director of Esorfranki Civils in May 2009.

Andy Brookstein (b. 1951), Director of Esorfranki Civils and Esorfranki Pipelines, HND Civils Natal

Business address: 30 Activia Road, Activia Park, Germiston

Andy worked for WBHO for 17 years gaining civils and mining contracting experience and was a member of the WBHO main board of directors at the time of his departure. In 1995 he formed Patula Construction with Richard Maynard and was Managing Director until handing over the role to Richard in May 2009.

William Neuwenhuis (b. 1960), Group Human Resources Manager, BA Social Sciences UPE

Business address: 30 Activia Road, Activia Park, Germiston

After completing his national service, William worked for Eskom as Human Resources Officer. In 1989 he was appointed as Human Resources Manager for Group Five Roads & Earthworks (West Cape), where he later became an alternate director on the board. William joined Franki Africa during 1999 as Human Resources Manager until his promotion to Human Resources Director during 2009. William was appointed as Group Human Resources Manager of Esorfranki in February 2009.

Directors of major subsidiary companies

The directors of the major subsidiary companies are as follows:

Company	Name of director
Geotechnical – Franki Africa	B Krone, W van Houten, R McLintock, M R Taitz, G P Byrne, A Vaudrey, I R Oliver, I D Stephen, R D Louw, W J Newenhuus, G E Boyd, R S Goss
Esorfranki Civils	B Krone, W van Houten, R Maynard, A C Brookstein, M Rippon, M J Grobler, E Stockter, M Green

32. REMUNERATION

The directors' remuneration, paid by the company, in respect of the year ended 28 February 2010, is set out in note 31 of Annexure 8 to this circular

There will be no variation in the remuneration receivable by any of the directors as a consequence of the rights offer.

33. INTERESTS IN THE COMPANY'S SHARES

The beneficial, direct and indirect, interests of the directors and their associates in the company's shares at the last practical date, are set out below:

Name	Beneficial Direct ('000)	Indirect ('000)	(%)
Associate of E G Dube	–	10 000 000	3.32
Associate of J M Hlongwane*	–	12 500 000	4.14
M Mathabathe	4 000 000	–	1.33
Associate of Dr F A Sonn	–	3 975 000	1.3
J van Reenen*	30 000	–	**
Associate of D M Thompson	–	100 000	**
B Krone	13 509 394	–	4.47
W van Houten	1 152 908	–	**

* Resigned during the past 18 months.

** Less than 1%.

The directors have indicated that they will not follow their rights pursuant to the rights offer in order to ensure that the underwriter/s acquires a reasonable number of the company's shares subsequent to the rights offer.

The following changes occurred in the directors' interests since 28 February 2010 (the most recent financial year-end):

Name of director	Date	Details of the transaction	Interest
D M Thompson	01.11.2010	Purchased 30 000 shares at R2.04 each	Indirect beneficial
B Krone	01.11.2010	Purchased 1 000 000 shares at R2.0226 each	Direct beneficial
E G Dube	18.06.2010	Sold 400 753 shares at R3.10 each	Indirect beneficial
	17.06.2010	Sold 48 000 shares at R3.10 each	Indirect beneficial
	15.06.2010	Sold 121 247 shares at R3.10 each	Indirect beneficial
		Sold 5 000 shares at R3.11 each	
	14.06.2010	Sold 100 000 shares at R3.15 each	Indirect beneficial
B Mathebathe	21.06.2010	Sold 4 600 000 shares at 3.10 each	Direct beneficial

Options previously granted to directors in terms of the Share Incentive Scheme had all vested prior to the last practicable date.

34. INTERESTS IN TRANSACTIONS

The directors of the group do not have any interest in any transaction, direct or indirect, which is material to the business of Esorfranki which was effected during the current or immediately preceding financial year or during an earlier financial year that remains in any respect outstanding or unperformed.

35. INFORMATION CONTAINED IN THE DIRECTORS' DECLARATIONS

All the directors have completed and signed the relevant Director's Declaration required in terms of Section 21 of the JSE Listings Requirements and have confirmed that they have not been:

- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company or been the subject of any public criticisms by statutory or regulatory authorities (including recognised professional bodies);
- convicted of an offence resulting from dishonesty, fraud or embezzlement or convicted in any jurisdiction of any criminal offence or any offence under legislation relating to the Act;
- adjudged bankrupt or insolvent or entered into any individual voluntary compromise arrangements or creditors liquidations or been sequestered in any jurisdiction or been a director of any company or a

partner of any partnership at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors; and/or

- barred from entry into any profession or occupation.

In addition, the directors have:

- undertaken to comply with the JSE Listings Requirements and to discharge their duties in ensuring such compliance while directors;
- acknowledged that certain requirements contained in the JSE Listings Requirements affect them directly as directors in their personal capacities as well as in their capacities as directors and have undertaken to be bound by and to comply with all such requirements while they are directors.

36. OTHER DIRECTORSHIPS/PARTNERSHIPS HELD BY THE DIRECTORS DURING THE PAST FIVE YEARS

Details of all other directorships/partnerships held by the directors during the past five years are set out in Annexure 9 to this circular.

37. PAYMENTS TO DIRECTORS

At the last practicable date, no payment had been made to any director or any company in which he is, directly or indirectly, interested or of which he is a director ("the associate company") or to any partnership, syndicate or other association of which he is a member ("the associate entity"), in cash, securities or otherwise by any person either to induce him to become or qualify him as a director, or otherwise for services rendered by him or such associate company or associate entity in connection with the formation or promotion of the company.

Neither Esorfranki nor any of its subsidiaries made any loans, which are outstanding, or furnished any security for the benefit of any director or manager or any associate of any director or manager.

No amounts have been paid by the company to third parties *in lieu* of directors' fees.

No management, consulting, technical or other fees, directly or indirectly, including payments to management companies have been paid to any directors of the company.

There is no commission, gain or profit-sharing arrangement payable to any of the directors.

There are no share options or any other right given which has had the same or a similar effect in respect of providing a right to subscribe for shares, neither have any shares been issued to directors in terms of a share purchase or option scheme for employees.

38. SERVICE CONTRACTS

All the directors have service contracts with the company terminable upon three months' written notice. No executive director has a fixed term contract. The service contracts contain such terms as are usual for contracts of this nature and the terms relating to their remuneration. The executive directors' service agreements contain restraint of trade clauses for a period of 18 months from the effective date of a "no fault" termination of service.

These contracts are open for inspection as set out in paragraph 43 below.

PART F: GENERAL

39. ADVISERS' INTERESTS

Other than as set out below, the advisers, whose particulars are set out in the "Corporate information" section of this circular do not hold any shares in the company nor have they agreed to acquire any shares in the company:

The following shares in Esorfranki are held by an executive of the company's Sponsor (Vunani Corporate Finance) and are reflected before and after the rights offer (assuming all rights are taken up):

Name	BEFORE THE RIGHTS OFFER		AFTER THE RIGHTS OFFER		Name of beneficial owner
	Number of shares	% holding	Number of shares	% holding	
SA Madiba Investments (Pty) Limited (Registration number 1998/015202/07)	500 003	*	653 934	*	W P van der Merwe

*Less than 1%.

40. EXPENSES

Share issue expenses totalling approximately R784 000 have been provided for during the past three years.

At the last practicable date estimated expenses of R6.263 million were provided for in respect of the rights offer which will be settled out of the proceeds of the rights offer. Details of the expenses are as follows:

	R'000
Corporate Adviser and Sponsor fees – Vunani Corporate Finance	2 000
Independent reporting accountants' fees – KPMG Inc	80
Legal fees – Thomson Wilks	80
Transfer secretaries fees – Computershare Investor Services (Pty) Limited	50
Printing costs – Ince (Pty) Ltd	155
Documentation inspection fees (JSE)	41
Listing fees (JSE)	92
Underwriting fees – underwriters	3 764
	6 263

41. CONSENTS

Each of the company's advisers namely its Corporate Adviser and Sponsor, legal adviser, transfer secretaries, commercial bankers and independent reporting accountants have consented in writing to act in the capacities stated and to their names appearing in this circular and have undertaken not to withdraw such consent prior to the issue of this circular.

The independent reporting accountants have given and have not withdrawn their consent to the inclusion of their report in the form and context in which it is included in this circular.

42. DIRECTORS' RESPONSIBILITY

The directors of Esorfranki, whose names appear in the "Corporate information" section of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all the information required by law and the JSE Listings Requirements.

43. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the company's registered office, from the date of issue of this circular, up to and including Friday, 4 March 2011:

- the memoranda and articles of association of Esorfranki and its subsidiaries;
- the audited financial statements for the years ended 28 February 2010, 28 February 2009 and 29 February 2008;
- the reviewed interim financial statements for period ended 31 August 2010;
- all material contracts referred to in paragraphs 15 and 26 above;
- the independent reporting accountants' report on the *pro forma* financial information, the text of which is included in this circular as Annexure 4;
- this circular, signed by or on behalf of the directors and the form of instruction, registered by CIPRO;
- directors' service contracts;
- the irrevocable undertaking as described in paragraph 5.2 above;
- the advisers' letters of consent; and
- powers of attorney.

SIGNED AT GERMISTON ON 18 JANUARY 2011 BY WAYNE VAN HOUTEN IN HIS CAPACITY AS GROUP FINANCIAL DIRECTOR FOR AND ON BEHALF OF ALL THE OTHER DIRECTORS OF THE COMPANY, BEING DULY AUTHORISED THERETO IN TERMS OF POWERS OF ATTORNEY GRANTED TO HIM BY SUCH OTHER DIRECTORS.

WAYNE VAN HOUTEN
Group Financial Director

***For:* Bernard Krone, a director, herein represented by Wayne van Houten under and in terms of a power of attorney executed on 17 January 2011**

***For:* David Murray Thompson, a director, herein represented by Wayne van Houten under and in terms of a power of attorney executed on 12 January 2011**

***For:* Ethan Gilbert Dube, a director, herein represented by Wayne van Houten under and in terms of a power of attorney executed on 11 January 2011**

***For:* Malemadutje Mathabathe, a director, herein represented by Wayne van Houten under and in terms of a power of attorney executed on 11 January 2011**

***For:* Franklin Abraham Sonn, a director, herein represented by Wayne van Houten under and in terms of a power of attorney executed on 12 January 2011**

TABLE OF ENTITLEMENT

The rounded number of rights shares to which a rights participant will become entitled will be as follows:

Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled	Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled	Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled
1	–	35	11	69	21
2	1	36	11	70	22
3	1	37	11	71	22
4	1	38	12	72	22
5	2	39	12	73	22
6	2	40	12	74	23
7	2	41	13	75	23
8	2	42	13	76	23
9	3	43	13	77	24
10	3	44	14	78	24
11	3	45	14	79	24
12	4	46	14	80	25
13	4	47	14	81	25
14	4	48	15	82	25
15	5	49	15	83	26
16	5	50	15	84	26
17	5	51	16	85	26
18	6	52	16	86	26
19	6	53	16	87	27
20	6	54	17	88	27
21	6	55	17	89	27
22	7	56	17	90	28
23	7	57	18	91	28
24	7	58	18	92	28
25	8	59	18	93	29
26	8	60	18	94	29
27	8	61	19	95	29
28	9	62	19	96	30
29	9	63	19	97	30
30	9	64	20	98	30
31	10	65	20	99	30
32	10	66	20	100	31
33	10	67	21	1 000	308
34	10	68	21	10 000	3 079

INFORMATION RELATING TO THE UNDERWRITERS

The following information relating to the underwriters is disclosed in accordance with the JSE Listings Requirements:

Company name and registration number:	Coronation Asset Management (Pty) Limited Registration number 1993/002807/07	
Date of incorporation:	25 March 1993	
Place of Incorporation:	Pretoria, RSA	
Directors:	J A Snalam, A C Pillay, H A Nelson	
Company Secretary:	L J Parenzee	
Bankers:	Nedbank Limited	
Authorised share capital:	250 000 ordinary shares of R1.00 each	
Issued share capital:	250 000 ordinary shares of R1.00 each	
Company name and registration number:	Sanlam Life Insurance Limited Registration number 1998/021121/06	Sanlam Investment Management (Pty) Limited Registration number 1967/011973/07
Date of incorporation:	23 October 1998	13 November 1967
Place of incorporation:	Pretoria, RSA	Pretoria, RSA
Directors:	T I Mvusi Y Muthien D K Smith J P Möller P L Zim Z B Swanepoel R V Simelane I Plenderleith S A Nkosi P T Motsepe M V Moosa A S du Plessis A D Botha F A du Plessis M M Bakane-Tuoane J van Zyl G E Rudman	J van Zyl J H P van der Merwe T I Mvusi A D Botha D Ladds C G Swanepoel A S du Plessis P de V Rademeyer J P Möller M A Tyer P J Cook
Company Secretary:	M Lombard	M Mtshali
Bankers:	ABSA Bank Limited	ABSA Bank Limited
Authorised share capital:	100 000 000 ordinary shares of R0.01 each	100 ordinary shares of R1.00 each
Issued share capital:	50 000 000 ordinary shares of R0.01 each	100 ordinary shares of R1.00 each

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION, BEFORE AND AFTER THE RIGHTS OFFER

The unaudited *pro forma* consolidated statements of financial position and comprehensive income for the six months ended 31 August 2010, before and after the rights offer, and presented in a manner consistent with the format and accounting policies adopted by the company, are set out below. The unaudited *pro forma* financial information is the responsibility of the directors of Esorfranki and has been prepared for illustrative purposes only, in order to provide information about the financial position and results of Esorfranki assuming that the rights offer had been implemented at 31 August 2010 for purposes of the statement of financial position and with effect from 1 March 2010 for purposes of the statement of comprehensive income. Due to its nature, the *pro forma* financial information may not fairly present the company's financial position and results of operations subsequent to the rights offer.

Pro forma consolidated statement of financial position

	Note	Reviewed 31 August 2010 R'000	Adjustments R'000	Pro forma After the rights offer R'000
ASSETS				
Non-current assets				
		986 302	–	986 302
Property, plant and equipment		586 833		586 833
Intangible assets		91 057		91 057
Goodwill		305 715		305 715
Deferred tax asset		2 697		2 697
Current assets				
		622 468	18 737	641 205
Inventories		10 989		10 989
Other investments		8 846		8 846
Trade and other receivables		514 623		514 623
Cash and cash equivalents	2	88 010	18 737	106 747
Total assets		1 608 770	18 737	1 627 507
EQUITY AND LIABILITIES				
Share capital and reserves				
		758 829	193 737	952 566
Share capital and premium	2	396 958	193 737	590 695
Equity compensation reserve		10 687		10 687
Foreign currency translation reserve		(34 630)		(34 630)
Retained earnings		385 814		385 814
Non-current liabilities				
		376 813	(119 248)	257 565
Secured borrowings	2	255 638	(119 248)	136 390
Post-retirement benefits		1 665		1 665
Deferred tax liabilities		119 510		119 510
Current liabilities				
		473 128	(55 752)	417 376
Current portion of secured borrowings	2	136 437	(55 752)	80 685
Taxation		17 027		17 027
Provisions		14 510		14 510
Trade and other payables		305 154		305 154
Total equity and liabilities		1 608 770	18 737	1 627 507
Shares in issue at period-end (net of treasury shares) ('000)		293 651		386 674
Net asset value per share (cents)		258.4		246.3
Net tangible asset value per share (cents)		161.1		172.5

Notes:

1. The "Reviewed 31 August 2010" column information has been extracted from the company's reviewed interim results for the six months ended 31 August 2010.
2. The effects relating to the statement of financial position are based on the following assumptions and information:
 - the rights offer was effective 31 August 2010;
 - the actual number of shares in issue will increase by 93 023 256 as a result of the rights offer;
 - an amount of R200 million was received in terms of the 93 023 256 rights shares issued;
 - the share capital and premium account will increase by R193.737 million as a result of the rights offer after the write-off of R6.3 million pertaining to expenses;
 - R175 million of the proceeds of the rights offer are utilised to reduce debt and interest savings at the average rate of 9.2% per annum incurred on the redeemed debt for the period ended 31 August 2010; and
 - the residual of the amount received for the rights offer were allocated to cash and cash equivalents.

Pro forma consolidated statement of comprehensive income

	Note	Reviewed 31 August 2010 R'000	Adjustments R'000	<i>Pro forma</i> After the rights offer R'000
Revenue		750 798		750 798
Cost of sales		(603 294)		(603 294)
Gross profit		147 504	–	147 504
Other income		2 969		2 969
Operating expenses		(75 302)		(75 302)
Profit before interest, tax, amortisation, impairments and depreciation		75 171	–	75 171
Depreciation, impairments and amortisation		(37 158)		(37 158)
Results from operating activities		38 013	–	38 013
Finance costs	2	(17 184)	8 050	(9 134)
Finance income		3 079		3 079
Profit before income tax		23 908	8 050	31 958
Income tax expense	2	(11 597)	(2 254)	(13 851)
Profit after tax		12 311	5 796	18 107
Other comprehensive income:				
Foreign currency translation differences for foreign operations		(22 553)		(22 553)
Income tax on other comprehensive income		2 219		(2 219)
Other comprehensive loss for the period, net of tax		(20 334)		(20 334)
Total comprehensive loss for the period		(8 023)	5 796	(2 227)
Profit attributable to owners of the company		12 311	5 796	18 107
Total comprehensive loss attributable to: Owners of the company		(8 023)	5 796	(2 227)

	Reviewed 31 August 2010 R'000	Adjustments R'000	<i>Pro forma</i> After the rights offer R'000
Reconciliation of headline earnings per share:			
Profit attributable to ordinary shareholders	12 311	5 796	18 107
<i>Adjusted for:</i>			
Loss on disposal of property, plant and equipment	918		918
Derecognition of non-controlling interests in subsidiary	(3 605)		(3 605)
Impairment of property, plant and equipment	1 200		1 200
Impairment of intangible assets	1 182		1 182
Headline earnings attributable to ordinary shareholders	12 006	5 796	17 802
Number of shares in issue at period-end (net of treasury shares) ('000)	293 651	93 023	386 674
Weighted average number of shares in issue ('000)	293 403	93 023	386 426
Diluted weighted average number of shares in issue ('000)	295 628	93 023	388 651
Basic earnings per share (cents)	4.2		4.7
Diluted earnings per share (cents)	4.2		4.7
Headline earnings per share (cents)	4.1		4.6
Diluted headline earnings per share (cents)	4.1		4.6

Notes:

- The "Reviewed 31 August 2010" column information has been extracted from the company's reviewed interim results for the six months ended 31 August 2010.
- The effects relating to the profit, diluted profit, headline profit and diluted headline profit per share are based on the following assumptions and information:
 - the rights offer was effective 1 March 2010;
 - R175 million of the proceeds of the rights offer are utilised to reduce debt and interest savings on the average rate of 9.2% per annum incurred on the redeemed debt for the period ended 31 August 2010;
 - cash from rights issue settled acquisition debt at 1 March 2010;
 - the transaction costs will be expensed to the share premium account; and
 - the income tax effect on the reduced financing cost of R8.05 million at 28% amounts to R2.254 million.

All adjustments will have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE RIGHTS OFFER

"The Directors
Esorfranki Limited
PO Box 6478
Dunswart
1508

18 January 2011

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ESORFRANKI LIMITED ("Esorfranki")**INTRODUCTION**

We have performed our limited assurance engagement in respect of the *pro forma* financial effects as set out in paragraph 6 and the *pro forma* statements of financial position and comprehensive income set out in Annexure 3 ("*pro forma* financial information") to the circular, to be dated on or about 14 February 2011 ("the circular"), to be issued to Esorfranki ordinary shareholders in connection with the rights offer of 93 023 256 new ordinary shares of R0.001 each in the ordinary share capital of Esorfranki at a subscription price of R2.15 per new ordinary share, in the ratio of 30.786 rights shares for every 100 ordinary shares held in Esorfranki at the close of business on the record date ("the rights offer"), which is the subject of the circular, to which this report is attached.

The *pro forma* financial information has been compiled from the unadjusted reviewed interim financial results of Esorfranki for the six months ended 31 August 2010 and has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the rights offer might have affected the reported financial information presented, had the rights offer been undertaken at the commencement of the period in respect of the *pro forma* statement of comprehensive income and at the date of the *pro forma* statement of financial positioning being reported on. Because of its nature, the unaudited *pro forma* financial information may not fairly present the financial position of Esorfranki.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that:

- the *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of Esorfranki;
- the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND SCOPE OF WORK PERFORMED

Our procedures consisted primarily of comparing the reviewed, unadjusted interim financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Esorfranki, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of Esorfranki in respect of the rights offer.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Esorfranki and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the published unadjusted reviewed interim financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing* or *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Esorfranki;
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

CONSENT

This report on the *pro forma* financial information relating to the rights offer is included in the circular solely for the information of the shareholders of Esorfranki. We consent to the inclusion of this report on the *pro forma* financial information and the references thereto, in the circular in the form and context in which they appear.

Yours faithfully

KPMG Inc

Registered Auditors

Per F H C von Eckardstein

Director

Chartered Accountants (SA)

KPMG Crescent

85 Empire Road

Parktown, 2193

(Private Bag 9, Parkview, 2122)

EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

Extracts from the articles of association of Esorfranki are set out below:

15. BORROWING POWERS

The borrowing powers of the company shall be decided from time to time by the directors in their discretion.

The borrowing powers of the subsidiaries of the company shall be subject to any limitations imposed by the directors on the borrowing powers of the company.

16. DIRECTORS

Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four) nor more than 15 (fifteen).

The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 17.2, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

The remuneration of the directors shall from time to time be determined by the company in general meeting.

The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 16.5.

The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.

The company and the directors shall comply with the provisions of the Legislation with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto, no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.

A director shall cease to hold office as such:

- (a) if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or
- (b) if he becomes of unsound mind; or
- (c) if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
- (d) if he is absent from meetings of the directors for 6 (six) consecutive months without leave of the directors and is not represented at any such meetings during such 6 (six) consecutive

months by an alternate director and the directors resolve that the office be vacated, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; or

- (e) if he is removed under Article 16.16; or
- (f) upon giving notice in writing of his resignation; or
- (g) if he is pursuant to the provisions of the Legislation disqualified or ceases to hold office or is prohibited from acting as director; or
- (h) if he is directly or indirectly interested in any contract or proposed contract with the company and fails to declare his interest and the nature thereof in the manner required by the Companies Act.

The shareholding qualification of directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

17. ALTERNATE DIRECTORS

17.1 Any director shall have the power to nominate another person approved by the board to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.

17.2 The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

18. ROTATION OF DIRECTORS

18.1 At the annual general meeting held in each year after the first annual general meeting (one-third of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than one-third shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 19.2 is not subject to retirement. The directors so to retire at each annual general meeting shall be firstly those retiring in terms of Article 16.2 and secondly those referred to in terms of Article 16.16 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any annual general meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 16.2 and 16.16, be computed from the date of his last election or appointment.

18.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

19. MANAGING DIRECTORS

- 19.1 The directors may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the office of chairperson and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 19.2 A managing director may be appointed by contract for a maximum period as determined by the directors from time to time and he shall not be subject to retirement by rotation and not be taken into account in determining the rotation of retirement of directors, during the period of any such contract, provided always that the number of directors so appointed shall at all times be less than one-half ($\frac{1}{2}$) of the number of directors in office. The managing director shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall ipso facto cease to be a managing director.
- 19.3 A director appointed in terms of the provisions of Article 19.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 16.5 or 16.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.
- 19.4 The directors may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors in that regard and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and after powers have been conferred upon him by the directors in terms hereof he shall be deemed to derive such powers directly from this Article.

21. COMMITTEES

The directors may delegate or allocate any of their powers to an executive or other committee consisting of such member or members of their body or any other person or persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the directors.

Any director who serves on an executive or other committee, or who devotes special attention to the business of the company, or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a director), provided that such amount shall be limited to a reasonable maximum to be fixed by a disinterested quorum of the directors.

- 21.3 The meetings and proceedings of any such committee consisting of 2 (two) or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under Articles 20.1 and 21.1.
- 21.4 All acts done at any meeting of the directors or of any executive or other committee of the directors, or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not qualified to vote, be as valid as if every such person had been duly appointed and was qualified to be and to act and vote as a director.

22. POWERS OF DIRECTORS

- 22.1 The management of the company shall be vested in the directors who, in addition to the powers and authorities expressly conferred upon them by these Articles, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the Companies Act expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the directors which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the directors by any other Article.
- 22.2 The directors shall have the power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall however become binding on the company only in the event of the specific transaction proposed by the directors being approved by a resolution passed by the company in general meeting.
- 22.3 The directors shall have power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.
- 22.4 Without in any way limiting or restricting the general powers of the directors to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the directors may from time to time without any further sanction or consent of the company in general meeting (but subject to the Legislation) grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment with the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the directors in their discretion may from time to time think fit. For the purpose of this Article, the expression "executive director" shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The directors may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the interests of the company.
- 22.5 Unless the Legislation, these Articles and/or the requirements of the JSE require a resolution to be passed by the company in general meeting to authorise the reduction by the company of its share capital, stated capital and any capital redemption reserve fund or any share premium account, the directors shall have the power, to the extent necessary, to resolve that the company reduce its share capital, stated capital and any capital redemption reserve fund or any share premium account, whether accompanied by a payment to members as contemplated in Article 39 or without any payment to members.

CORPORATE GOVERNANCE

Esorfranki's board of directors is committed to applying the principles of the King III Report which became effective 1 March 2010. Focus has intensified on improving and codifying operational and corporate practices to achieve sound corporate governance, transparency, accountability and integrity in full compliance with the King III Report. Going forward the board will continue to monitor compliance to ensure ongoing improvement in this regard.

The board appreciates the inextricable integration of the group's strategy, risk and sustainability of its daily operations and ensures that all three components form part of all strategic decisions, audits and assessments. In accordance with the King III Report's 'apply or explain' approach, the directors will continue stating the extent to which good governance principles have been applied. Esorfranki confirms that it fully complies with King II and the specific requirements pertaining to corporate governance set out in the JSE Listings Requirements.

The board

The board comprises a majority of independent non-executive directors, with four of the total six directors holding independent non-executive positions. The Chairman is independent non-executive director, Dave Thompson.

The independence of directors continues to be monitored on a quarterly basis through formal mandatory declarations of personal interest/s. Although these directors represent various shareholders, based on the recommendations of King III, they are regarded as independent, as none of the shareholders hold more than 5% of the issued share capital nor have the ability to control or influence the board. These holdings are not material to their personal wealth of any of these directors.

The board meets quarterly with *ad hoc* special meetings convened as necessary.

Esorfranki's board subscribes to a policy of actively reviewing and enhancing the group's systems of control and governance on a continual basis to ensure that the business is managed ethically and within prudently determined risk parameters in conformity with South African accepted standards of best practice. It continues to exercise leadership, integrity and judgment, based on fairness, accountability, responsibility and transparency.

The responsibilities of the Chairman and CEO, and likewise the responsibility of executive and non-executive directors, are strictly separated to ensure that no director can exercise unfettered powers of decision-making.

The Chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation while the CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Esorfranki as well as ensuring appropriately supervised and controlled day-to-day affairs. The CEO is assisted in these responsibilities by the CFO and Executive Committee ("EXCO"). The independent non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process and are not involved in the daily operations of the company.

Esorfranki Board Charter

A formal Board Charter, which is currently under review to incorporate improvements recommended by the King III Report, sets out the board's role and the responsibilities of the directors. It is subject to the provisions of the company's articles of association, the South African Companies Act and amendments, the JSE Listings Requirements and all other applicable laws and regulatory provisions. It is further formulated in line with "triple-bottom line" practices. The directors' challenge therefore remains to balance broader social objectives with performance in an entrepreneurial market economy within a framework of governance principles.

To assist the board in discharging its responsibilities, an Audit and Risk and a Remuneration and Nominations Committee have been established. The responsibility of monitoring the systems of internal control is assumed by the board with the assistance of the Audit and Risk Committee.

All directors have unrestricted access to the advice and services of the Company Secretary and to company records, information, documents and property. Non-executive directors also have unfettered access to management at any time. All directors are entitled to seek independent professional advice on any matters relating to the group in order to perform their responsibilities, at the company's expense.

New appointments

According to the current articles of association, the board as a whole is responsible for new appointments including the appointment of the CEO, and the process is conducted in a formal and transparent manner. As above effective 1 March 2010 this responsibility has been assumed by the Remuneration and Nominations Committee. The board nonetheless still sets the terms of employment for the CEO.

Company Secretary

The role of Company Secretary has been outsourced to an independent expert dedicated in the field of corporate practice and governance to ensure enhanced compliance with all legislation, regulations and best practice.

Board committees

The chairmen of all board committees attend the annual general meetings to answer questions from shareholders pertaining to the relevant matters handled by their respective committees.

The formal Charters of the Audit and Risk Committee and the Remuneration and Nominations Committee were updated during the year to accommodate King III Report recommendations.

Audit and Risk Committee

The updated Audit and Risk Committee Charter was adopted at a board meeting in May 2010, and includes a provision to increase the number of meetings to four per annum. In addition, the committee's scope of responsibility has been refined in the updated Charter to include:

- Financial reporting;
- Internal controls;
- Internal audit and risk management;
- External audit overview, definition of scope and review of independence;
- Compliance with legislation and regulations;
- Liaising with the Company Secretary;
- Self evaluation; and
- Liaising with the board.

In compliance with legislation all members of the committee are independent non-executive directors, and the board is satisfied with their levels of independence in accordance with directors' mandatory quarterly disclosures of personal interest/s. The committee is chaired by independent non-executive director Dr F A Sonn and the other members of Messrs E G Dube and D M Thompson.

Other independent non-executive directors, the CEO, the CFO and representatives of the external auditors may attend by invitation. The external auditors have unrestricted access to the Audit and Risk Committee and its chairman at all times.

The committee assists the board in fulfilling its review and control responsibilities but has no executive powers. It only advises and makes recommendations to the board on the matters below, as set out in the Audit and Risk Committee Charter:

- Promoting the overall effectiveness of corporate governance in accordance with the King III Report;
- Reviewing the:
 - integrity of the company's financial reporting process;
 - interim and annual financial statements;
 - internal audit process;
 - systems of internal control;
 - external audit process;

- Nominating the external auditor and ensuring its independence;
- Identifying and managing business and financial risks and sustainable development issues;
- Monitoring the company's compliance with disclosure requirements, relevant laws and regulations and its own code of conduct; and
- Assisting in matters relating to committee meetings and evaluation, the relationship with the board and the Company Secretary.

The Audit and Risk Committee also sets the principles for recommending to the board the use of the external auditors, KPMG, for non-audit purposes, which includes tax services, corporate restructuring and merger and acquisition advice. Any services or the extent thereof are/is assessed to ascertain whether they/it are/is likely to conflict with or impair the independence of the external auditors. KPMG further have internal processes to prevent them from undertaking conflicting engagements. Other than training, no non-audit services were provided by the external auditors during the year.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (formerly Remuneration Committee) comprises independent non-executive group Chairman, D M Thompson and independent non-executive director Dr F A Sonn, who chairs the committee. In terms of the updated Charter this minimum composition is mandatory. The CEO (who is not a committee member) recommends salary and wage increases, *ad hoc* bonuses and awards in accordance with the Group Share Incentive Scheme to the committee for review and approval, save in respect of himself. Taking this into account the committee is tasked with making recommendations to the board on remuneration packages and group remuneration policies.

SHARE PRICE HISTORY ON THE JSE

	High (cents)	Low (cents)	Volume	Value (Rand)
Quarterly				
March 2008	899	600	18 426 797	124 210 326
June 2008	690	470	38 699 544	212 049 444
September 2008	650	475	19 438 296	103 761 730
December 2008	550	210	26 713 112	76 927 167
March 2009	350	190	9 783 144	24 001 786
June 2009	405	228	17 540 469	52 095 247
September 2009	425	330	20 094 592	75 780 605
December 2009	490	335	28 751 174	115 887 916
Monthly – 2010				
January	405	336	2 272 013	8 491 131
February	370	285	8 285 208	26 600 996
March	325	285	19 251 020	58 322 148
April	372	317	23 118 919	80 313 552
May	345	287	17 610 068	54 968 500
June	335	300	15 819 958	49 663 189
July	310	240	31 294 235	88 352 817
August	260	214	9 370 059	22 967 777
September	235	197	11 313 588	24 871 302
October	220	185	11 275 187	22 876 304
November	216	197	12 033 310	24 537 642
December	213	196	10 241 618	20 907 897
Daily – December 2010				
17	205	200	220 095	444 478
20	205	202	35 828	73 242
21	210	196	3 051 654	6 103 361
22	210	210	62 000	130 200
23	210	208	65 970	138 337
24	211	207	10 100	21 187
28	207	205	35 000	71 852
29	210	205	74 725	153 362
30	212	205	38 340	79 989
31	212	210	1 440	3 046
Daily – January 2011				
3	212	207	71 506	149 286
4	210	206	83 933	174 007
5	212	208	122 895	257 956
6	212	210	39 600	83 688
7	210	207	211 026	438 137
10	210	206	53 447	110 458
11	210	206	78 373	162 069
12	210	206	251 993	520 755
13	210	206	157 505	325 890
14	210	207	677 999	1 417 025
17	208	207	146 822	304 921
18*	210	207	443 560	920 330

*Last practicable date

Source: McGregors BFA

HISTORICAL FINANCIAL INFORMATION RELATING TO ESORFRANKI FOR THE SIX MONTHS ENDED 31 AUGUST 2010 AND THE YEARS ENDED 28 FEBRUARY 2010, 28 FEBRUARY 2009 AND 29 FEBRUARY 2008

The historical financial information of Esorfranki has been extracted from the reviewed interim group results for the six months ended 31 August 2010 and the audited group annual financial statements for the years ended 28 February 2010, 28 February 2009 and 29 February 2008.

The statutory group annual financial statements of Esorfranki for the years ended 28 February 2010 and 28 February 2009 were audited by KPMG Inc and by RSM Betty & Dickson (Durban) in respect of the year ended 29 February 2008 and are presented in accordance with IFRS. The audit reports on the annual financial statements were issued without qualification.

The historical financial information is the responsibility of the directors of Esorfranki.

Nature of business

There were no changes in the nature of the business of the companies within the group during the past three financial years.

Subsequent information

No financial information in respect of the group has been made available to the Esorfranki shareholders subsequent to the end of the interim reporting period ended 31 August 2010.

Loans receivable

The group had no loans receivable at year-end.

Loans or securities granted on behalf of directors and managers

The group has furnished no security or made any loan for or on behalf or for the benefit of any director or manager and any associate of any director or manager.

Details of material borrowings

Refer to notes 13, 17 and 38 below.

Directors' emoluments

Refer note 31 below.

Share capital

Other than as set out in paragraph 13.1 of the circular, there were no changes to the authorised or issued share capital of any of the companies within the Esorfranki group during the year ended 28 February 2010.

Information relating to subsidiaries and other entities

Information relating to the company's subsidiaries is set out in notes 7, 34 and 37 below. Information relating to jointly controlled entities is set out in note 29 below.

Subsequent events

There have been no facts or circumstances of a material nature that have occurred subsequent to the year ended 28 February 2010.

Property, plant and equipment

There have been no material changes in the property, plant and equipment of the group during the period, nor have there been any changes in the policy relating to their use. Refer note 4 below.

Adjustments

Refer note on "Prior period restatement" below.

Dividends

Dividends paid are set out in the commentary section below.

Financial statistics

Refer the consolidated statements of financial position and comprehensive income set out below.

Other

Refer note 30 below.

Segmental analysis

Refer note 36 below.

Commentary

Six months ended 31 August 2010

A number of factors negatively impacted on the group during this period, pressuring certain key financial indicators. These included difficult trading conditions in the construction sector, inclement weather, intensifying competition and margin squeeze. The disruptive effects of the Soccer World Cup on certain projects, and the general lassitude in the wake of this event, further restricted top and bottom line growth.

Revenue reduced by 26,3% to R750,8 million from R1 018,3 million in the previous comparative period, generating EBITDA of R75,2 million compared to EBITDA of R235,6 million in August 2009. Headline earnings decreased by 89,5% translating into HEPS of 4,1 cents per share, 90,1% lower than the previous comparative period.

Year ended 28 February 2010

The audited summarised consolidated results of Esorfranki for the year ended 28 February 2010 ("the year") demonstrate the group's delivery of promised returns through sustained leadership and continued resilience in a challenging market, with significant year-on-year increases in profit after tax ("PAT") and headline earnings per share ("HEPS").

Revenue of R1,9 billion reflects the group's expansion from a geotechnical leader to a broader civil engineering operation, including the positive contributions of the civil engineering and pipelines acquisitions in 2009.

Revenue increased 31,3% compared to the previous year with PAT of R197,6 million translating into HEPS of 71,3 cents, 15,6% higher than the previous year.

Earnings before interest, taxation, depreciation, impairments and amortisation ("EBITDA") increased 19,4% to R389 million from R325,9 million. EBITDA includes a R19,3 million amortisation of customer contracts following the acquisition of Esorfranki Civils (formerly Patula Construction (Pty) Limited) and Esorfranki Pipelines (formerly Shearwater Plant Hire (Pty) Limited).

The strengthening of the South African Rand in the second half of the year negatively impacted on the translation of foreign operation income, resulting in a post-tax charge of R28,9 million.

Cash generated by operations remained robust at R159,6 million (2009: R161,6 million), after-tax payments of R126,9 million following changes to the South African provisional tax regulations which became effective in the year.

Notwithstanding the negative impact of excessive rain in the second half of the year, contract delays and pressure on margins, the business units achieved pleasing results in a challenging macro-economic environment.

A dividend of 15 cents per share was declared for the year.

Year ended 2009

The results reflected solid growth in revenue and profit after tax, notwithstanding challenging economic conditions. During the year, the group successfully positioned itself alongside listed civil engineering construction groups with the acquisitions of Patula and Shearwater. These acquisitions expanded the group's services from sub-surface foundation work to include above-surface engineering and construction services. The results reflect the inclusion of Patula and Shearwater for four months from 31 October 2008.

Revenue increased 39% to R1.4 billion from R1.0 billion for the previous year, generating earnings before interest, taxation, depreciation, impairments and amortisations of R325.9 million, up 78%. Headline earnings rose 35% to R155.3 million, which translated to 61.7 cents per share. Net asset value per share increased

by 39% from 160.3 cents to 223.2 cents. Cash generated by operations remains robust, amounting to R161.6 million. A dividend of 15 cents per share was declared for the year.

Year ended 2008

The results reflected a record performance for the group. The organic growth doubled across all disciplines and in all regions of operations. In addition the financial results include the full twelve months results of Franki Africa. Group revenue increased to R1 billion from R291 million in the previous year. Earnings before interest, taxation, depreciation and amortisation increased by 243% to R183 million from R53 million. Headline earnings rose 240% to R115 million equating to 51.3 cents per share. Net asset value per share increased by 46% from 109.8 cents per share, to 160.3 cents per share. A dividend of 20 cents per share was declared for the year.

REVIEWED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2010

Condensed consolidated statement of financial position

	31 August (Reviewed) 2010 R'000	31 August (Reviewed) 2009 R'000
Assets		
Non-current assets	986 302	999 341
Property, plant and equipment	586 833	602 042
Intangible assets	91 057	94 789
Goodwill	305 715	299 759
Deferred tax asset	2 697	2 751
Current assets	622 468	768 221
Inventories	10 989	13 661
Other investments	8 846	15 895
Taxation	–	3 929
Trade and other receivables	514 623	540 372
Cash and cash equivalents	88 010	194 364
Total assets	1 608 770	1 767 562
EQUITY AND LIABILITIES		
Share capital and reserves	758 829	673 374
Share capital and premium	396 958	340 421
Equity compensation reserve	10 687	4 696
Foreign currency translation reserve	(34 630)	(6 409)
Retained earnings	385 814	334 666
Non-current liabilities	376 813	367 499
Secured borrowings*	255 638	259 918
Post-retirement benefits	1 665	1 587
Deferred tax liabilities	119 510	105 994
Current liabilities	473 128	726 689
Current portion of secured borrowings*	136 437	112 324
Taxation	17 027	84 311
Provisions	14 510	35 321
Trade and other payables	305 154	494 733
Total equity and liabilities	1 608 770	1 767 562
Net asset value per share (cents)	258,4	241,7
Tangible net asset value per share (cents)**	161,1	139,7

* Interest-bearing debt.

** Net asset value less intangible assets (net of deferred tax)/shares in issue (net of treasury shares).

Condensed consolidated statement of comprehensive income

	Six months ended	
	31 August (Reviewed) 2010 R'000	31 August (Reviewed) 2009 R'000
Revenue	750 798	1 018 268
Cost of sales	(603 294)	(727 180)
Gross profit	147 504	291 088
Other income	2 969	603
Operating expenses	(75 302)	(56 103)
Profit before interest, tax, amortisation, impairments and depreciation	75 171	235 588
Depreciation, impairments and amortisation	(37 158)	(59 328)
Results from operating activities	38 013	176 260
Finance costs	(17 184)	(61 599)
Finance income	3 079	46 039
Profit before income tax	23 908	160 700
Income tax expense	(11 597)	(45 846)
Profit after tax	12 311	114 854
Other comprehensive income:		
Foreign currency translation differences for foreign operations	(22 553)	(21 060)
Actuarial loss on post-retirement benefit	–	–
Income tax on other comprehensive income	2 219	–
Other comprehensive loss for the period, net of tax	(20 334)	(21 060)
Total comprehensive (loss)/income for the period	(8 023)	93 794
<i>Profit attributable to:</i>		
Owners of the company	12 311	114 854
Total comprehensive (loss)/income attributable to:		
Owners of the company	(8 023)	93 794
Basic earnings per share (cents)	4,2	41,3
Diluted earnings per share (cents)	4,2	40,9
Headline earnings per share (cents)	4,1	41,3
Diluted headline earnings per share (cents)	4,1	40,9
<i>Reconciliation of headline earnings:</i>		
Profit attributable to ordinary shareholders	12 311	114 854
<i>Adjusted for:</i>		
Loss on disposal of property, plant and equipment	918	31
Derecognition of non-controlling interests in subsidiary	(3 605)	–
Impairment of property, plant and equipment	1 200	–
Impairment of intangible assets	1 182	–
Headline earnings attributable to ordinary shareholders	12 006	114 885
Number of ordinary shares in issue ('000)	302 162	289 495
– diluted weighted average	295 628	281 122
– weighted average	293 403	278 121

Condensed consolidated statement of cash flows

	Six months ended	
	31 August (Reviewed) 2010 R'000	31 August (Reviewed) 2009 R'000
Cash flows from operating activities:		
Profit for the period	23 908	160 700
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	33 278	41 095
Impairment of intangible assets	1 624	–
Impairment of property, plant and equipment	1 200	–
Amortisation of intangible assets	1 056	18 233
Loss on disposal of property, plant and equipment	1 275	31
Unrealised foreign exchange differences	(14 806)	(24 777)
Equity-settled share-based payment transactions	2 434	779
Income tax refund/(paid)	5 702	(30 272)
	55 671	165 789
Change in inventories	3 838	(2 282)
Change in trade and other receivables	(14 754)	32 428
Change in trade and other payables	20 477	(35 548)
Change in provisions	(6 577)	4 203
Net cash from operations	58 655	164 590
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	125	9 411
Acquisition of property, plant and equipment	(37 306)	(64 034)
Acquisition of other investments	(2 084)	(1 626)
Net cash used in investing activities	(39 265)	(56 249)
Cash flows from financing activities:		
Proceeds from the issue of shares	2	1 342
Decrease in secured borrowings	(4 633)	(146 025)
Dividends paid	(43 612)	(42 119)
Net cash used in financing activities	(48 243)	(186 802)
Net decrease in cash and cash equivalents	(28 853)	(78 461)
Cash and cash equivalents at beginning of period	116 863	272 825
Cash and cash equivalents at end of period	88 010	194 364

Condensed consolidated statement of changes in equity

R'000	Share capital	Share premium	Equity compensation reserve
Balance at 1 March 2009	278	338 800	3 917
Profit			
Other comprehensive income			
Foreign currency translation differences for foreign operations			
Total other comprehensive income			
Total comprehensive income for the period			
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Issue of ordinary shares	1	1 342	
Dividends to equity holders			
Share-based payment transactions			779
Share options exercised			
Total contributions by and distributions to owners	1	1 342	779
Balance at 31 August 2009	279	340 142	4 696
Balance at 1 March 2010	292	396 664	8 253
Profit			
Other comprehensive income			
Foreign currency translation differences for foreign operations			
Total other comprehensive income			–
Total comprehensive (loss)/income for the period			–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders			
Share-based payment transactions			2 434
Share options exercised	2		
Total contributions by and distributions to owners	2	–	2 434
Balance at 31 August 2010	294	396 664	10 687

R'000	Translation reserve	Retained earnings	Total equity
Balance at 1 March 2009	14 651	261 931	619 577
Profit		114 854	114 854
Other comprehensive income			
Foreign currency translation differences for foreign operations	(21 060)		(21 060)
Total other comprehensive income	(21 060)	–	(21 060)
Total comprehensive income for the period	(21 060)	114 854	93 794
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Issue of ordinary shares			1 343
Dividends to equity holders		(42 119)	(42 119)
Share-based payment transactions			779
Share options exercised			
Total contributions by and distributions to owners	–	(42 119)	(39 997)
Balance at 31 August 2009	(6 409)	334 666	673 374
Balance at 1 March 2010	(14 296)	417 115	808 028
Profit		12 311	12 311
Other comprehensive income			
Foreign currency translation differences for foreign operations	(20 334)		(20 334)
Total other comprehensive income	(20 334)	–	(20 334)
Total comprehensive (loss)/income for the period	(20 334)	12 311	(8 023)
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders		(43 612)	(43 612)
Share-based payment transactions			2 434
Share options exercised			2
Total contributions by and distributions to owners	–	(43 612)	(41 176)
Balance at 31 August 2010	(34 630)	385 814	758 829
		Six months ended 31 August (Reviewed) 2010	Year ended 31 August (Reviewed) 2009
Dividends per ordinary share (cents)		–	–

Information about reportable segments for the six months ended 31 August

R'000	Geotechnical		Civils	
	2010	2009	2010	2009
External revenues	423 180	527 674	225 321	375 498
Reportable segment profit before income tax	12 016	70 913	20 849	89 217
Reportable segment assets	713 901	793 534	459 909	498 805

R'000	Pipelines		Corporate and eliminations	
	2010	2009	2010	2009
External revenues	102 297	130 553	–	(15 457)
Reportable segment profit before income tax	2 254	27 587	(11 211)	(27 017)
Reportable segment assets	103 546	181 791	331 414	293 432

R'000	Consolidated	
	2010	2009
External revenues	750 798	1 018 268
Reportable segment profit before income tax	23 908	160 700
Reportable segment assets	1 608 770	1 767 562

Geographical information

R'000	South Africa		Other regions	
	2010	2009	2010	2009
Total revenue	589 879	906 763	160 899	111 505
Profit before interest and tax	4 215	155 202	33 802	21 058
Profit after tax	(9 867)	112 411	22 178	2 443
Total assets	1 307 756	1 561 031	301 014	206 531

R'000	Consolidated	
	2010	2009
Total revenue	750 798	1 018 268
Profit before interest and tax	38 013	176 260
Profit after tax	12 311	114 854
Total assets	1 608 770	1 767 562

ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 28 FEBRUARY 2010, 28 FEBRUARY 2009 AND 29 FEBRUARY 2008

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000	Year ended 29 February 2008 R'000
ASSETS			
Non-current assets	999 551	987 520	386 415
Property, plant and equipment	596 429	588 545	262 741
Intangible assets	93 737	113 022	94 529
Goodwill	305 715	280 173	26 468
Deferred tax asset	3 670	5 780	2 677
Investments in subsidiaries	–	–	–
Current assets	648 273	875 972	398 524
Inventories	14 827	11 379	7 224
Other investments	6 762	14 269	–
Taxation	9 952	4 699	3 527
Trade and other receivables	499 869	572 800	271 914
Cash and cash equivalents	116 863	272 825	115 859
Total assets	1 647 824	1 863 492	784 939
EQUITY AND LIABILITIES			
Share capital and reserves	808 028	619 577	389 664
Share capital and premium	396 956	339 078	213 587
Equity compensation reserve	8 253	3 917	2 361
Foreign currency translation reserve	(14 296)	14 651	6 683
Retained earnings	417 115	261 931	167 033
Non-current liabilities	405 711	470 080	133 791
Secured borrowings	275 031	370 603	85 169
Post-retirement benefits	1 665	1 587	8 106
Deferred tax liability	129 015	97 890	40 516
Current liabilities	434 085	773 835	261 484
Current portion of secured borrowings	121 677	147 664	21 304
Taxation	6 644	84 358	26 781
Provisions	21 087	31 118	15 559
Trade and other payables	284 677	510 695	197 840
Total equity and liabilities	1 647 824	1 863 492	784 939
Net asset value per share (cents)	275.6	223.2	160.3
Net tangible asset value per share (cents)	177.5	121.2	121.4

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000	Year ended 29 February 2008 R'000
Revenue	1 857 817	1 414 722	1 017 480
Cost of sales	(1 361 041)	(981 829)	(745 546)
Gross profit	496 776	432 893	271 934
Other income	3 937	1 631	1 651
Operating expenses	(111 661)	(108 601)	(90 087)
Profit before interest, tax, amortisation, impairments and depreciation	389 052	325 923	183 498
Depreciation, impairments and amortisation	(83 478)	(92 473)	(30 391)
Results from operating activities	305 574	233 450	153 107
Finance costs	(93 106)	(78 279)	(28 171)
Finance income	63 281	55 600	32 883
Profit before income tax	275 749	210 771	157 819
Income tax expense	(78 108)	(67 389)	(41 817)
Profit after income tax	197 641	143 382	116 002
Other comprehensive income:			
Foreign currency translation differences for foreign operations	(32 630)	7 968	6 642
Actuarial (loss)/gain on post-retirement benefit	(28)	155	685
Income tax on other comprehensive income	3 683	–	–
Other comprehensive (loss)/income for the period, net of tax	(28 975)	8 123	7 327
Total comprehensive income for the period	168 666	151 505	123 329
Profit attributable to:			
Owners of the company	197 641	143 382	116 002
Total comprehensive income attributable to:			
Owners of the company	168 666	151 505	123 329
Basic earnings per share (cents)	69,4	56,9	51,7
Diluted earnings per share (cents)	68,6	54,1	50,7
Headline earnings per share (cents)	71,3	61,7	51,3
Diluted headline earnings per share (cents)	70,5	58,5	50,4

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2010

Group	Share capital R'000	Share premium R'000	Equity compensation reserve R'000	Trans- lation reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 1 March 2008	248	213 344	2 361	6 683	167 033	389 669
Profit	–	–	–	–	143 382	143 382
Other comprehensive income						
Foreign currency translation differences for foreign operations	–	–	–	7 968	–	7 968
Post-retirement benefit adjustment	–	–	–	–	155	155
Total other comprehensive income	–	–	–	7 968	155	8 123
Total comprehensive income for the year	–	–	–	7 968	143 537	151 505
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares related to business combinations	33	125 800	–	–	–	125 833
Share issue expense	–	(344)	–	–	–	(344)
Dividends to equity holders	–	–	–	–	(48 639)	(48 639)
Share-based payment transactions	8	–	1 556	–	–	1 564
Treasury shares	(11)	–	–	–	–	(11)
Total contributions by and distributions to owners	30	125 456	1 556	–	(48 639)	78 403
Balance at 28 February 2009	278	338 800	3 917	14 651	261 931	619 577
Profit	–	–	–	–	197 641	197 641
Other comprehensive income						
Foreign currency translation differences for foreign operations	–	–	–	(28 947)	–	(28 947)
Post-retirement benefit adjustment	–	–	–	–	(28)	(28)
Total other comprehensive income	–	–	–	(28 947)	(28)	(28 975)
Total comprehensive income for the year	–	–	–	(28 947)	197 613	168 666
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares related to business combinations	13	57 869	–	–	–	57 882
Share issue expense	–	(5)	–	–	–	(5)
Dividends to equity holders	–	–	–	–	(42 429)	(42 429)
Share-based payment transactions	–	–	4 336	–	–	4 336
Treasury shares	1	–	–	–	–	1
Total contributions by and distributions to owners	14	57 864	4 336	–	(42 429)	19 785
Balance at 28 February 2010	292	396 664	8 253	(14 296)	417 115	808 028

STATEMENT OF CASH FLOW FOR THE YEAR

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000	Year ended 29 February 2008 R'000
Cash flows from operating activities	159 635	161 628	119 066
Cash receipts from customers	1 930 748	1 066 242	909 365
Cash paid to suppliers and employees	(1 572 090)	(802 960)	(759 138)
Cash generated from operations	358 658	263 282	150 227
Dividends paid	(42 429)	(48 639)	(14 290)
Finance income	63 281	55 600	10 805
Finance costs	(92 977)	(78 279)	(8 669)
Taxation paid	(126 898)	(30 336)	(19 007)
Cash flows from investing activities	(199 270)	(323 846)	(146 399)
Additions to property, plant and equipment	(96 034)	(188 355)	(147 470)
Proceeds on disposal of property, plant and equipment	3 085	1 234	1 071
Investments disposed/(acquired)	7 507	(6 042)	–
Acquisition of businesses, net of cash acquired	(113 828)	(130 683)	–
Cash flows from financing activities	(116 327)	319 184	90 544
Decrease in unsecured loans	–	2 911	–
(Decrease)/Increase in secured borrowings	(121 559)	319 646	54 619
Proceeds from share issue, net of issue expenses	5 311	2 990	38 235
Post-retirement benefits paid	(79)	(6 363)	(2 310)
Net (decrease)/increase in cash and cash equivalents	(155 962)	156 966	63 211
Net cash and cash equivalents at beginning of year	272 825	115 859	52 648
Cash and cash equivalents at end of year	116 863	272 825	115 859

NOTES EXTRACTED FROM THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

1. GENERAL INFORMATION

Esorfranki Limited (the “company”) is a company domiciled in the Republic of South Africa. The address of the company’s registered office is 30 Activia Road, Activia Park, Germiston. The consolidated financial statements of the company as at and for the year ended 28 February 2010 comprise the company and its subsidiaries (together referred to as the “group” and individually as “group entities”) and the group’s interest in jointly controlled entities. The group is primarily involved in the specialist geotechnical and civil engineering sector in South Africa and Southern Africa.

2. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, in the manner required by the Companies Act of South Africa and the JSE Listings Requirements. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value and incorporate the principal accounting policies set out below. The accounting policies are consistent with the previous year and are applied consistently by group entities.

2.1 Functional and presentation currency

These consolidated financial statements are presented in Rand, which is the company’s functional currency and the group’s presentation currency. All financial information presented in Rand has been rounded to the nearest thousand.

2.2 Use of estimates and judgements

The key assumptions and judgements made concerning the future and other sources of estimation uncertainty at the statement of financial position date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Revenue

During the initial stages of a construction contract it is often the case that the contract outcome cannot be estimated reliably. When contract revenue and the costs to complete the contract can be measured reliably, profit is recognised by reference to the stage of completion of the activity of the contract. However, the reliability of current estimates of future revenue and expenses is a critical factor when assessing the profit to be recognised on a yet uncompleted contract.

Business combinations

The recognition, measurement and identification of assets acquired, liabilities assumed and goodwill acquired (refer note 26).

Options granted

Management used the Black-Scholes model to determine the value of the share options at issue date. Additional details regarding the estimates are included in note 30.

Impairment testing

Management used the value-in-use method to determine the recoverable amount of goodwill. Additional disclosure of these estimates is included in note 6.

Provisions

Provisions raised were determined by management on estimates based on the information available.

Post-retirement benefits

Post-retirement benefits are provided to certain retired employees. Independent actuaries were tasked with calculating the value of the group's obligations.

Property, plant and equipment

Management has made certain estimations with regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed further in note 2.3.

Contingent liabilities

Management continually applies its judgement to advice it receives from attorneys, advocates and other advisors in assessing if an obligation is probable, possible, or remote. This judgement application is used to determine if the obligation is recognised as a provision, disclosed as a contingent liability or no disclosure is made.

2.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company;
- the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items, other than land, to their residual values,

over their estimated useful lives, using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed.

When an item comprises major components with different useful lives, the components are accounted for as separate items (major components) of property, plant and equipment and depreciated over their estimated useful lives.

Methods of depreciation, useful lives and residual values are reviewed annually at each reporting date. The following methods and estimated useful lives were applied during the current and previous periods:

Item	Method	Useful life
Land	Not depreciated	Indefinite
Buildings	Straight line	50 years
Plant and equipment	Straight line	5 – 15 years
Motor vehicles	Straight line	4 – 8 years
Furniture and fittings	Straight line	5 – 10 years
Computers	Straight line	3 years

The depreciation charge for each period is recognised in profit or loss.

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any future economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of and the requirements of IFRS 5: Non-current Assets Held for Sale and Dis(continued) Operations, are met, then those specific assets will be presented separately on the face of the statement of financial position as current assets. The assets will be measured at the lower of their carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

2.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the company;
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost unless acquired as part of a business combination, in which case the cost of the intangible assets is their fair value at the date of acquisition. Research costs are recognised as an expense when they are incurred. Development costs are capitalised when they meet the following criteria:

- it is feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Internally generated brands and items similar in substance are not recognised as intangible assets.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided on indefinite useful life intangibles. Assets are tested annually for impairment and impaired if necessary.

Finite useful life intangibles are amortised on a straight-line basis over their estimated useful life, from the date that they are available for use. They are only tested for impairment when an indication of impairment exists. Amortisation is recognised in profit or loss.

2.5 Goodwill

Goodwill arises on the acquisitions of subsidiaries and jointly controlled entities and on the separate purchase of assets and liabilities which constitute a business. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is measured as the differences between the cost of the combination and the net fair value of the identifiable assets and liabilities acquired.

2.6 Investments in subsidiaries

In the company's annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of the investments contingent on future events is included in the cost of the investments if the adjustment is probable and can be measured reliably.

2.7 Basis of consolidation

Investment in subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

The non-controlling interest is stated at the non-controlling interest proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

Acquisitions from entities under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the group are accounted for in the period in which the transfer of interest occurs and comparatives are not restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the group controlling shareholder's consolidated financial statements.

Jointly controlled entities

Jointly controlled entities are operations over whose activities the group has joint control. Joint control is the contractually agreed sharing of control over operations, and exists only when the strategic financial and operating decisions relating to the entity require the unanimous consent of the venturers. Jointly controlled entities are accounted for by applying the proportionate consolidation method on a line-by-line basis, applied from the date that joint control commences until the date it ceases.

Special purpose entities

A special purpose entity (“SPE”) is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE’s risks and rewards, the group concludes that it controls the SPE. SPEs controlled by the group were established under terms that impose strict limitations on the decision-making powers of the SPEs’ management and that result in the group receiving the majority of the benefits related to the SPEs’ operations and net assets, being exposed to risks incident to the SPEs’ activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.8 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together in the smallest group of assets that generate cash flows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2.9 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, including retention receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and costs is discussed in note 2.18.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments

The group holds derivative financial instruments to economically hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

2.10 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

2.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and are not recognised on the group's statement of financial position.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments discounted using the interest rate implicit in the lease contract. Any initial direct costs incurred are added to the amount recognised as an asset. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in profit or loss in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. Contingent rent is recognised as an expense in the period in which it is incurred.

2.12 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories comprises all costs of purchase, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of all inventories is assigned using the first-in, first-out method, as all inventories have a similar nature and use to the group.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.13 Financial guarantees

Financial guarantees are contracts that require the company to make specified payments to reimburse the holder for a loss it incurs because a group company fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

2.14 Revenue

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be measured reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

2.15 Income tax

Income tax expense comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their current tax assets and liabilities will be realised simultaneously.

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary Tax on Companies (“STC”) that arises from the distribution of dividends is recognised at the same time that the dividend is declared and the liability to pay is raised.

2.16 Provisions

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Restructuring costs

Provisions for restructuring are made if the group has a formal plan for restructuring identifying:

- the business or part thereof;
- the locations affected;
- the location, function, and approximate number of employees that will be compensated for terminating their services;
- the estimated expenditures;
- when the plan will be implemented; and
- has raised a valid expectation that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

2.17 Dividend received

Dividend income is recognised in profit or loss on the date that the company’s right to receive payment is established.

2.18 Finance income and costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial liabilities at fair value through profit or loss and losses on derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

2.19 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at exchange rates at the reporting date. Foreign currency differences are recognised directly in other comprehensive income, in the foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income in the FCTR.

2.20 Share-based payment transactions

Goods or services received or acquired in a share-based payment transaction are recognised when the goods are obtained or as the services are received. A corresponding increase in the equity compensation reserve is recognised if the goods or services were acquired in an equity-settled share-based payment transaction.

When the goods received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly are measured by reference to fair value of the equity instruments granted.

Share-based payment arrangements in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

For equity-settled share-based payment transactions, options issued or granted to employees for services rendered or to be rendered are measured at the fair value of the equity instruments at grant date and recognised in profit or loss over the vesting period. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

For share-based payment transactions in which the terms of the arrangement provide either the company or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

2.21 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Payments made to industry-managed retirement benefit schemes (or State plans) are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Post-retirement medical aid benefits

The group contributes 50% of post-retirement medical aid costs of certain retired employees of Franki. The projected unit credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable past service cost.

The group has unfunded obligations to provide these post-retirement benefits. The estimated liability is recognised on an accrual basis over the working life of the eligible employees. Actuarial gains and losses are recognised immediately in other comprehensive income.

2.22 Segment reporting

The segment information has been prepared in accordance with IFRS 8: Operating Segments, which defines requirements for the disclosure of financial information of an entity's operating segments.

Identification of reportable segments

The group discloses its reportable segments according to the group's components that management monitor regularly in making decisions about operating matters. The reportable segments comprise various operating segments primarily located in South Africa based on the group's lines of business.

The revenue and operating assets are further disclosed within the geographical areas in which the group operates. Segment information is prepared in conformity with the basis that is reported to the chief operating decision-makers in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated financial statements. The basis reported by the group is in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment revenue excludes value-added taxation and includes intersegment revenue. Net revenue represents segment revenue from which inter-segment revenue has been eliminated. Sales between segments are made on a commercial basis.

Segment expenses include direct and allocated expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets comprise all assets of the different segments that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Reportable segments

Geotechnical operations

Revenue in this segment is derived from the construction and provision of piling, pipe jacking, lateral support and ground improvement for the construction industry, primarily in South Africa. Operations are, however, diversely located throughout Africa.

Civils operations

Revenue in this segment is derived from the construction of roads, township infrastructures, water and sewerage reticulation and concrete projects. Civils operations are solely located in South Africa.

Pipeline operations

Revenue in this segment is derived from the construction and rehabilitation of onshore pipelines. Pipeline operations are primarily located in South Africa.

Geographical information

The group's operations are principally located in South Africa. Operations are also located throughout Africa including Angola, Botswana, Tanzania, Swaziland, Lesotho, Nigeria, Namibia, Mozambique, DRC and the Indian Ocean Islands.

3. NEW ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2010, and have not been applied in preparing these consolidated financial statements:

Standard		Effective date
IFRS 2: Share-Based Payment	Clarification of scope of IFRS 2 and IFRS 3 revised. Amendments relating to accounting of the group cash-settled share-based payment transactions in the separate financial statements of group entities.	1 July 2009
IFRS 3: Business Combinations	Amendments to accounting for business combinations.	1 July 2009
IFRS 9: Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39: Financial Instruments: Recognition and Measurement, of financial assets.	1 January 2013
IAS 7: Statement of Cash Flows	Classification of expenditures incurred with the objective of generating future cash flows.	1 January 2010
IAS 17: Leases	Classification of leases of land.	1 January 2010
IAS 21: The Effects of Changes in Foreign Exchange Rates	Consequential amendments as a result of changes to Business Combinations.	1 July 2009
IAS 24: Related Party Disclosures	Simplification of the disclosure requirements for Government-related entities. Clarification of the definition of a related party.	1 January 2011
IAS 27: Consolidated and Separate Financial Statements	Consequential amendments as a result of changes to Business Combinations.	1 July 2009
IAS 31: Interests in Joint Ventures	Consequential amendments as a result of changes to Business Combinations.	1 July 2009
IAS 36: Impairment of Assets	For purpose of impairment testing, the largest unit to which goodwill is allocated is an operating segment before aggregation.	1 January 2010
IAS 38: Intangible Assets	Consequential amendments arising from revised IFRS 3. Guidance on measuring the fair value of an intangible asset acquired in a business combination.	1 July 2009

Assessment of the potential impact of new and revised standards

Management has assessed the impact and concluded that the changes should not significantly impact the group and company annual financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
2010			
Land and buildings	43 931	(631)	43 300
Plant and equipment	735 649	(221 330)	514 319
Motor vehicles	80 856	(43 528)	37 328
Furniture and fittings	2 114	(1 415)	699
Computers	2 802	(2 019)	783
	865 352	(268 923)	596 429
2009			
Land and buildings	35 058	(564)	34 494
Plant and equipment	703 415	(190 000)	513 415
Motor vehicles	76 144	(36 565)	39 579
Furniture and fittings	1 711	(1 253)	458
Computers	2 298	(1 699)	599
	818 626	(230 081)	588 545

The carrying amount of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Translation adjustments R'000	Carrying value at end of year R'000
2010						
Land and buildings	34 494	11 091	(28)	(173)	(2 084)	43 300
Plant and equipment	513 415	71 444	(7 590)	(52 338)	(10 612)	514 316
Motor vehicles	39 579	12 507	(2 947)	(11 131)	(680)	37 328
Furniture and fittings	458	415	-	(174)	-	699
Computers	599	577	(15)	(377)	(1)	783
	588 545	96 034	(10 580)	(64 193)	(13 377)	596 429

	Carrying value at beginning of year R'000	Additions R'000	Acquisitions through business combinations R'000	Disposals R'000	Depreciation R'000	Translation adjustments R'000	Carrying value at end of year R'000
2009							
Land and buildings	22 406	3 246	7 082	-	(178)	1 938	34 494
Plant and equipment	222 921	172 727	184 801	(837)	(64 249)	(1 948)	513 415
Motor vehicles	16 785	11 791	14 681	(343)	(3 771)	436	39 579
Furniture and fittings	418	98	122	-	(182)	2	458
Computers	211	493	136	-	(237)	(4)	599
	262 741	188 355	206 822	(1 180)	(68 617)	424	588 545

Included in the carrying amounts above are items of plant and equipment which have been impaired. The accumulated impairment at year-end was R8,9 million (2009: R8,9 million).

Certain plant and equipment with a carrying value of R300 million (2009: R311 million) is encumbered to secure the borrowings (instalment sale financing) set out in notes 13 and 17. Further to this, special notarial bonds to the value of R320 million (2009: R320 million) have been registered over the movable assets of Esor Africa and Franki, with the carrying value of R230 million (2009: R253 million) as shown in notes 13 and 17 to secure business acquisition financing.

A register containing the details of land and buildings is available for inspection during business hours at the registered office of the company by members or their duly authorised agents.

The carrying amount of property, plant and equipment can be reconciled as follows:

Company	Carrying value at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Disposal of business R'000	Carrying value at end of year R'000
2010						
Carrying value at beginning and end of the year	–	–	–	–	–	–
2009						
Plant and equipment	53 933	33 211	–	(3 407)	(83 737)	–
Motor vehicles	13 375	3 326	(299)	(1 309)	(15 093)	–
Furniture and fittings	152	10	–	(60)	(102)	–
Computers	208	83	–	(67)	(224)	–
	67 668	36 630	(299)	(4 843)	(99 156)	–

There were no assets with impaired values in the prior year.

6. GOODWILL

Group	Cost R'000	Accumulated impairment R'000	Carrying value R'000
2010			
Franki	26 468	–	26 468
Esorfranki Civils	178 306	–	178 306
Esorfranki Pipelines	90 837	–	90 837
Brookmay	557	–	557
GCD	9 547	–	9 547
	305 715	–	305 715
2009			
Franki	26 468	–	26 468
Esorfranki Civils	152 620	–	152 620
Esorfranki Pipelines	90 981	–	90 981
Brookmay	557	–	557
GCD	9 547	–	9 547
	280 173	–	280 173

The carrying amount of goodwill can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Adjustment R'000	Carrying value at end of year R'000
2010				
Franki	26 468	–	–	26 468
Esorfranki Civils	152 620	25 686	–	178 306
Esorfranki Pipelines	90 981	–	(144)	90 837
Brookmay	557	–	–	557
GCD	9 547	–	–	9 547

	280 173	25 686	(144)	305 715
	Carrying value at beginning of year R'000	Additions R'000	Adjustment R'000	Carrying value at end of year R'000
2009				
Franki	26 468	–	–	26 468
Esorfranki Civils	–	152 620	–	152 620
Esorfranki Pipelines	–	90 981	–	90 981
Brookmay	–	557	–	557
GCD	–	9 547	–	9 547
	26 468	253 705	–	280 173

Goodwill arising from business combinations has been allocated to individual reporting units or cash-generating units, namely Franki, Esorfranki Civils, Esorfranki Pipelines, Brookmay and GCD.

The recoverable amount of each cash-generating unit was estimated based on its value in use and in all cases the carrying amount was lower than its recoverable amount and no impairment loss was recognised. The recoverable amount was determined with the assistance of independent valuers.

Value in use was determined by discounting the future cash flows generated from the continuing use of the individual entities and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a forecast period of five years;
- Revenue growth was projected at 6,5% (2009: 8%) per annum for the forecast period, based on past experience;
- Gross margins were aligned downwards to margins expected in the industry over the forecast period based on past experience;
- Operating expenses were not expected to increase significantly but have been increased in line with revenue growth; and
- A pre-tax discount rate of between 22,98% to 24,78% (2009: 23,9% to 25,3%) was applied in determining the recoverable amounts of the cash-generating units. The discount rate was estimated based on weighted average cost of capital and a debt : equity ratio of 20% (2009: 20%).

The values assigned to key assumptions represent management's assessment of future trends in the construction industry and are based on both internal and external sources.

The above estimates are sensitive in the following areas:

- Discount rate applied; and
- Forecasted revenues and margins.

Based on a range of estimates in the above areas, management is confident that no impairment is required.

	Group	
	2010 R'000	2009 R'000

7. INVESTMENTS IN SUBSIDIARIES

Shares at cost	–	–
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Details of the investments in subsidiaries are shown in notes 34 and 37.

	Interest rate %	Group	
		2010 R'000	2009 R'000
10. UNSECURED LOANS			
Esor Africa (Proprietary) Limited	6,5	–	–
Esor Broad-Based Share Ownership Scheme	9,0	–	–
Esor Share Incentive Trust	–	–	–
Franki Africa (Proprietary) Limited	6,5	–	–
Esorfranki Civils (Proprietary) Limited	–	–	–
Esorfranki Pipelines (Proprietary) Limited	6,5	–	–
Disclosed as follows:			
Current assets		–	–
Current liabilities		–	–

These loans attract interest at the rates indicated and are repayable on demand.

A subordination agreement has been entered into by Esorfranki Limited and its subsidiaries, subordinating any intra-group debt claims the group companies may have against each other to the preferential debts owed to The Standard Bank of South Africa Limited and ABSA Bank Limited for the duration of the funding arrangements entered into (refer notes 13 and 17).

No impairments have been raised against any of the loans receivable as the fair values of Esor Africa (Pty) Limited's assets and liabilities exceed the shareholder's deficit recorded.

13. SECURED BORROWINGS

	Monthly instalment Group R'000	Group	
		2010 R'000	2009 R'000
Instalment sale agreements	5 887	207 432	266 576
Junonia Investments No. 3 (Proprietary) Limited	4 803	189 117	251 472
Mortgage bond	7	159	219
Total secured borrowings		396 708	518 267
Current portion included under current liabilities		(121 677)	(147 664)
		275 031	370 603

Instalment sale agreements are secured over plant and equipment referred to in note 4. Interest is levied at rates between prime minus 1% and prime minus 2%. Instalment sale agreements are for periods not exceeding 60 months. The last final repayment date on the instalment agreement is February 2015.

The Junonia Investments No. 3 (Proprietary) Limited financing comprises two loans given by Junonia Investments to Esor Africa (Pty) Limited. These loans, ultimately provided by The Standard Bank of South Africa Limited and ABSA Bank Limited, are secured by a cession of book debts, proceeds from short- and long-term insurance and a special notarial bond over movable assets (refer note 4). The final date of repayment on these loans is November 2013. Interest is levied at a rate of between JIBAR (three months) plus 220 basis points and JIBAR (one month) plus 250 basis points.

Loan covenants imposed by this financing monitor four specific ratios, namely pre- and post-dividend debt service cover, debt : EBITDA, and EBITDA : interest payable. There are no breaches of any of the imposed loan covenants as at 28 February 2010 and the directors are confident that the group is able to maintain the ratios above the levels required by the covenants (refer note 10 for details of subordination agreements entered into by group companies as security).

The mortgage bond is secured by a property owned by a group company, with interest levied at the prime lending rate. The carrying value is R1,7 million (2009: R1,7 million). The final repayment date on this bond is October 2012.

At year-end, the prime interest rate was 10,5%.

	Group	
	2010	2009
	R'000	R'000
17. BORROWING FACILITIES		
<i>Available facilities</i>		
– asset finance	400 000	400 000
– business acquisition financing	250 000	350 000
– contract guarantees	154 000	102 672
– overdraft	22 899	29 719
– forward exchange contracts	15 000	15 000
– mortgage bond	219	219
	842 118	897 610
<i>Facilities utilised</i>		
– asset finance	207 432	266 576
– business acquisition financing	189 117	251 472
– contract guarantees	30 718	46 976
– mortgage bonds	159	219
	427 426	565 243
Companies within the group have provided securities and undertaken to adhere to certain financial covenants to secure these facilities (refer note 13).		
In addition, a corporate guarantee by Franki restricted to the Rand equivalent of US\$6,5 million in respect of its African and Indian Ocean Island operations has also been issued in this regard.		
Additional unsecured guarantee facilities have been provided by Lombard Insurance Group	700 000	500 000
Amounts utilised	299 571	219 616

27. DISPOSAL OF BUSINESS

During the prior year, effective 31 August 2008, the company disposed of its operating business to a wholly-owned subsidiary, Esor Africa. The effect of the disposal was to transfer the day-to-day operations out of the company to maintain it as an investment holding company. The net assets of the company were as follows on the date of disposal:

	Company	
	2010	2009
	R'000	R'000
Net assets disposed of:		
Property, plant and equipment	–	99 156
Investment property	–	–
Unsecured loans	–	8 574
Inventories	–	216
Trade and other receivables	–	1 13 336
Cash	–	7 203
Taxation	–	–
Deferred taxation	–	(13 772)
Trade and other payables	–	(28 111)
Secured borrowings	–	(78 350)
Investments	–	–
Provisions	–	(4 360)
Shareholders' loan	–	(365 000)
Common control reserve	–	261 107
<i>Add back: Shareholders' loan</i>	–	365 000
Sub-total	–	364 999
<i>Less: Cash acquired</i>	–	7 203
Net cash received on disposal of business	–	357 796

29. JOINTLY CONTROLLED ENTITIES

The group and company have interests in the following jointly controlled entities:

Stefanutti Stocks Franki	(%)	50	–
GFIP Contractors	(%)	10	10
M & R Franki	(%)	50	50
Sapref WBHO	(%)	50	50
Steelpoort WBHO	(%)	50	50
Potties SWC	(%)	50	50

The group's interests in the jointly controlled entities have been incorporated into the results, assets and liabilities as follows:

Statement of financial position	R'000	R'000
Current assets	30 907	143 461
Current liabilities	28 109	60 872
Statement of comprehensive income		
Revenue	221 068	93 525
Cost of sales	(199 529)	(82 993)
Gross profit	21 539	10 532
Other operating income	334	148
Other operating expenses	–	(2)
Profit before taxation	21 873	10 678

30. SHARE-BASED PAYMENT TRANSACTIONS

The group currently operates three share-based payment arrangements, which are described below:

General employee share options	Plan A	Plan B	Plan C
Grant date	14 March 2006	30 November 2006	14 December 2009
Number of options granted	3 000 000	3 000 000	8 250 000
Option life	Five years	Five years	Five years
Vesting conditions	Options vest in tranches of 20% per annum	Options vest in tranches of 20% per annum	Options vest in tranches of 20% per annum
Method of settlement	Equity	Equity	Equity

The fair values of options granted were calculated using the Black-Scholes option pricing model. The key inputs into the model were as follows:

General employee share options	Plan A	Plan B	Plan C
Weighted average share price (cents)	237	237	692.5
Weighted average exercise price (cents)	136	136	362
Weighted average volatility	35	35	50
Remaining option life (years)	2	2	4
Risk-free rate	7.4	7.4	7.12

	2010 Number of share options	2009 Number of share options
Opening balance at beginning of year	3 612 010	4 884 908
Granted during the year	8 250 000	–
Exercised during the year	(2 859 086)	(1 272 898)
Outstanding at end of year	9 002 924	3 612 010
	R'000	R'000
Expense arising from share-based payment transaction	4 336	1 556

The expected volatility is estimated by considering the historic average share price volatility. The dividend yield assumption was based on a 20 cents per share dividend on a R3.62 share price valuation.

	Share options R'000	Basic salary R'000	Bonus R'000	Directors' fees R'000	Total R'000
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31. DIRECTORS' EMOLUMENTS

2010

Non-executive directors

E G Dube	–	–	–	70	70
J M Hlongwane	–	–	–	55	55
Dr F A Sonn (including J C van Reenen, alternate)	–	–	–	105	105
D M Thompson	–	–	–	121	121
B Mathabathe	–	–	–	60	60

Executive directors

B Krone	–	–	–	–	–
W van Houten	–	–	–	–	–
From the company	–	–	–	411	411

Executive directors

Esor Africa

B Krone	–	1 704	918	–	2 622
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Franki

W van Houten	84	1 753	959	–	2 796
From subsidiaries	84	3 457	1 877	–	5 418
Total emoluments	84	3 457	1 877	411	5 829

The company allocated limited unrestricted share options through the Esor Share Incentive Trust, as tabled below:

Director	Number of options	Exercise price per share R	Vesting date	Gain made on date of vesting R'000
W van Houten	22 700	1,00	5 June 2009	61
W van Houten	11 050	1,60	5 June 2009	23

	Basic salary R'000	Bonus R'000	Directors' fees R'000	Total R'000
2009				
<i>Non-executive directors</i>				
E G Dube	–	–	75	75
J M Hlongwane	–	–	70	70
Dr F A Sonn (including J C van Reenen, alternate)	–	–	100	100
D M Thompson	–	–	140	140
<i>Executive directors</i>				
M L Barber	720	400	–	1 120
A M Field	720	100	–	820
B Krone	720	260	–	980
R P McLintock	–	–	–	–
M L Trevisani	720	100	–	820
W van Houten	–	–	–	–
From the company	2 880	860	385	4 125
<i>Executive directors</i>				
Esor Africa				
M L Barber	607	300	–	907
A M Field	629	400	–	1 029
B Krone	720	413	–	1 133
M L Trevisani	629	400	–	1 029
Franki				
R P McLintock	1 328	1 100	–	2 428
W van Houten	1 386	1 100	–	2 486
From subsidiaries	5 299	3 713	–	9 012
Total emoluments	8 179	4 573	385	13 137

No management, consulting, technical or other fees directly or indirectly, including payments to management companies, have been paid to any directors of the company. There is no commission, gain or profit-sharing arrangement payable to any of the directors.

34. INVESTMENT IN SUBSIDIARIES (COMPANY)

	Share capital		Holding		Cost	
	2010 R	2009 R	2010 %	2009 %	2010 R'000	2009 R'000
Brookmay Properties (Pty) Limited 100 ordinary shares of R1 each at cost	100	100	100	100	5 492	5 492
EFA Holdings (Pty) Limited Two ordinary shares of 1 Pula each at cost	–	2	–	100	–	–
Esor Properties (Pty) Limited 100 ordinary shares of R1 each at cost	–	100	–	100	–	684
Esor Africa (Pty) Limited 102 ordinary shares of R1 each at cost	102	102	100	100	7 791	5 544
Hammib Properties (Pty) Limited 100 ordinary shares of R1 each at cost	–	100	–	100	–	930
Franki Africa (Pty) Limited 300 ordinary shares of R1 each at cost	300	300	100	100	190 309	188 686
Esorfranki Civils (Pty) Limited 100 ordinary shares of R1 each at cost	100	100	100	100	360 629	333 765
Esorfranki Pipelines (Pty) Limited 1 000 ordinary shares of R1 each at cost	1 000	1 000	100	100	106 821	106 376
					671 042	641 477

*Less than R1 000.

Refer note 37 for further information on subsidiary companies.

35. COMMITMENTS

Leases

The group leases certain of its land and buildings, vehicles and office equipment for periods of up to a maximum of 10 years. At year-end, the minimum lease payments due on operating leases were as follows:

Group	2010		2009	
	Within one year R'000	Within two to five years R'000	Within one year R'000	Within two to five years R'000
Land and buildings	8 348	10 161	3 853	10 613
Vehicles	3 842	1 515	3 128	4 049
Office equipment	457	616	781	1 073
	12 647	12 292	7 762	15 735

Capital commitments

Group

At year-end, the purchase of plant and equipment to the value of R8,3 million (2009: R9,6 million) had been authorised and contracted for. Further capital expenditure to the value of R63,7 million (2009: R57,3 million) had been authorised but was not yet contracted for. These assets will be utilised to expand the operating capacity of the group. The purchase of these assets will be funded through the group's existing borrowing facilities.

36. SEGMENTAL ANALYSIS**Operating segments**

The group has three reportable segments, as described in the accounting policy note 2.22, which are the group's strategic business units.

	Geotechnical		Civils		Pipelines		Corporate and eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Segment revenue	944 862	1 190 192	715 033	148 993	229 231	85 361	(31 309)	(9 824)	1 857 817	1 414 722
Segment result										
Profit before interest and taxation	164 147	167 418	144 520	61 746	31 068	32 027	(34 161)	(27 741)	305 574	233 450
Finance cost	(95 345)	(68 718)	(8 530)	(3 743)	–	(86)	10 769	(5 732)	(93 106)	(78 279)
Finance income	63 956	56 539	4 805	–	5 404	1 977	(10 884)	(2 916)	63 281	55 600
Taxation	(36 724)	(49 827)	(40 278)	(15 778)	(11 885)	(9 493)	10 779	7 709	(78 108)	(67 389)
Segment profit	96 034	105 412	100 517	42 225	24 587	24 425	(23 497)	(28 680)	197 641	143 382
Segment assets	754 541	994 471	442 162	382 169	167 121	197 011	284 000	289 841	1 647 824	1 863 492
Segment liabilities	717 460	1 006 706	197 009	223 673	127 733	167 798	(202 406)	(154 262)	839 796	1 243 915
Capital and non-cash items										
Additions to property, plant and equipment	52 844	163 831	49 711	14 435	3 096	8 824	(9 617)	1 265	96 034	188 355
Depreciation	32 226	46 887	19 430	17 493	3 120	384	9 417	3 853	64 193	68 617
Impairment loss	–	–	–	–	–	–	–	16 590	–	16 590
Number of employees	1 562	1 812	1 228	1 170	427	354	8	–	3 225	3 336
Revenue generated from significant customers includes:										
Customer								Business Unit	2010	2009
Bombela JV								Geotechnical	137 076	165 400
Imbani (Eskom)								Civils	223 503	23 339
GFI JV								Civils	122 189	9 881
Operating segments										
Geographical information										
									Other regions	Consolidated
									2010	2009
									R'000	R'000
Total revenue from external customers			1 600 070	1 128 748	257 747	285 974	1 857 817		1 857 817	1 414 722
Property, plant and equipment			494 531	509 069	101 898	79 476	596 429		596 429	588 545

37. INTEREST IN SUBSIDIARIES

The subsidiaries of Esorfranki are involved in the following principal activities:

	Incorporation	Nature of business	2010	2009
Directly held				
Brookmay Properties (Pty) Limited*	South Africa	Property investment	100	100
Esor Africa (Pty) Limited*	South Africa	Geotechnical	100	100
Hammib Properties (Pty) Limited	South Africa	Property investments	–	100
Esor Properties (Pty) Limited	South Africa	Property investments	–	100
EFA Holdings (Pty) Limited	Botswana	Geotechnical	–	100
Franki Africa (Pty) Limited*	South Africa	Geotechnical	100	100
Esorfranki Civils (Pty) Limited*	South Africa	Civil engineering – roads	100	100
Esorfranki Pipelines (Pty) Limited*	South Africa	Civil engineering – pipelines	100	100
Indirectly held				
Frankipile International Projects Limited	Mauritius	Geotechnical	100	100
Frankipile Mozambique Limitada	Mozambique	Geotechnical	100	100
Frankipile Mauritius International Limited	Mauritius	Geotechnical	100	100
Frankipile Botswana (Pty) Limited	Botswana	Geotechnical	100	100
GeoFranki (West Africa) Limited	Nigeria	Geotechnical	60	60
Frankipile Mauritius (Seychelles) Limited	Seychelles	Geotechnical	100	100
Balekane Construction	South Africa	Civil engineering construction	52	52
Esor Share Incentive Scheme	South Africa	Employee share scheme	100	100
Frankipile Swaziland (Pty) Limited	Swaziland	Geotechnical	100	100
Frankipile Lesotho (Pty) Limited	Lesotho	Geotechnical	100	100
Frankipile Namibia (Pty) Limited	Namibia	Geotechnical	100	100
Esorfranki Plant (Pty) Limited	South Africa	Plant investment	100	100
Zimfranki Projects (PVT) Limited	Zimbabwe	Civil engineering, pipelines and geotechnical	100	100
Nike Enterprises (PVT) Limited	Zimbabwe	Properties investment	100	100

	Company	
	2010	2009
	R'000	R'000
The profit/(loss) after taxation attributable to the subsidiaries		
Brookmay Properties (Pty) Limited	66	17
Esor Share Incentive Scheme	(54)	775
Esor Africa (Pty) Limited	6 563	(9 717)
Esor Properties (Pty) Limited	(12)	17
EFA Holdings (Pty) Limited	–	(31)
Franki Africa (Pty) Limited	86 239	97 483
Hammib Properties (Pty) Limited	(14)	1
Esorfranki Civils (Pty) Limited	100 451	42 208
Esorfranki Pipelines (Pty) Limited	24 587	24 425
	217 826	155 178
Aggregate profits	217 906	164 926
Aggregate losses	(80)	(9 748)
Loans to/(from) subsidiaries		
Esor Share Incentive Trust	24 018	20 625
Esor Africa (Pty) Limited	8 605	117 786
Franki Africa (Pty) Limited	2 153	(6 212)
Esorfranki Civils (Pty) Limited	–	11 191
Esorfranki Pipelines (Pty) Limited	59 826	59 826
	94 602	203 216

38. CONTINGENT LIABILITIES

Arising out of Esorfranki Limited's sale of business agreement with Esor Africa (Pty) Limited, the group companies have financial guarantees to The Standard Bank of South Africa Limited and ABSA Bank Limited for the due and punctual performance of its payment and other obligations relating to the funding arrangement entered into by Esor Africa (Pty) Limited to fund the acquisition of the business of Esorfranki Limited by Esor Africa (Pty) Limited. The guarantee binds all Esorfranki Group companies jointly and severally to perform in terms of the funding arrangement should Esor Africa default on its obligations.

Esorfranki Limited has provided a further guarantee to The Standard Bank of South Africa Limited and ABSA Bank Limited for the due and punctual performance of its payment and other obligations relating to its own liabilities and those of any other Esorfranki group companies. The guarantee binds Esorfranki Limited jointly and severally with the other Esorfranki group companies to perform in terms of the group banking facilities should any group company default on its obligations.

The directors are confident that no present obligations exist in terms of these guarantees as the group has sufficient cash resources to service all obligations arising from both the funding arrangement and group banking facilities.

PRIOR PERIOD RESTATEMENT

In November 2006, Esorfranki Limited acquired Franki. On applying IFRS 3: Business Combinations, the company assessed the value of the intangible assets and other assets at the date of acquisition. In performing this assessment and raising the accounting entries, the company did not raise deferred taxation on the intangible assets. The directors corrected this error in the 2008 financial period. The effect of the correction in the group financial statements was as follows:

	As previously stated R'000	Error R'000	Restated R'000
Non-current assets			
Goodwill	–	26 468	26 468
Non-current liabilities			
Deferred taxation	14 048	26 468	40 516

There was no effect on the profit or loss of the earnings per share of the group as a result of this restatement.

OTHER DIRECTORSHIPS OF THE ESORFRANKI DIRECTORS

BERNARD KRONE

Enterprise name	Registration number
AmanziAmakhulu (Pty) Limited	1993/006490/07
Esor Properties (Pty) Limited	2005/040554/07
Esorfranki Civils (Pty) Limited	1995/001595/07
Esorfranki Pipelines (Pty) Limited	2002/009816/07
Esorfranki Plant (Pty) Limited	1995/008321/07
Franki Africa (Pty) Limited	1998/004367/07
Hammib Properties (Pty) Limited	2005/042164/07
Kroheim Properties	2004/081373/23
StanlenLissataba Investments	1989/036728/23

WAYNE VAN HOUTEN

Enterprise name	Registration number
A R Process Projects (Pty) Limited	1988/000110/07
BCAP CC	1998/054206/23
Brookmay Properties (Pty) Limited	2001/005275/07
Esor Africa (Pty) Limited	1985/003603/07
Esorfranki Civils (Pty) Limited	1995/001595/07
Esorfranki Pipelines (Pty) Limited	2002/009816/07
Esorfranki Plant (Pty) Limited	1995/008321/07
Franki Africa (Pty) Limited	1998/004367/07

ETHAN GILBERT DUBE

Enterprise name	Registration number
Black Wattle Colliery (Pty) Limited	1994/002802/07
Denbridge Investments (Pty) Limited	2003/012366/07
Erf 8106 Kronenzicht	1997/033975/23
Peregrine Holdings Limited	1994/006026/06
Petroport N3 Heidelberg (Pty) Limited	2004/023418/07
Vunani Limited	1997/020641/06
Vunani Corporate Finance	2006/008462/07
Woodcove Cascades (Pty) Limited	1994/027593/23
Lexshell 630 Investments (Pty) Limited	2004/011262/07
Edge Capital (Pty) Limited	1999/022409/07
Edge Holding Company (Pty) Limited	1999/014685/07
Edge Investments (Pty) Limited	1997/020882/07
Gidani (Pty) Limited	2005/007741/07
Hyprop Investments Limited	1987/005284/06
Iziyoni Trading 215 (Pty) Limited	2003/000822/07
Newfunds (Pty) Limited	2005/034899/07
South Ocean Holdings Limited	2007/002381/06
Southern Palace Investments 359 (Pty) Limited	2006/005359/07
Vector Equities (Pty) Limited	1997/004788/07
Vector Nominees (Pty) Limited	2003/028941/07
Vunani Capital (Pty) Limited	1998/001469/07
Vunani Finance (Pty) Limited	1995/007930/07
Vunani Group (Pty) Limited	2004/006502/07
Vunani Nominees (Pty) Limited	2000/031572/07
Vunani Properties (Pty) Limited	2004/006730/07
Vunani Resources (Pty) Limited	2004/006400/07
Vunani Securities (Pty) Limited	1997/010323/07
Wolfsberg Arch Investments (Pty) Limited	2003/007988/07
African Partnerships Management Company (Pty) Limited	1998/016039/07

MALEMADUTJE (BRISS) MATHABATHE

Enterprise name	Registration number
Argent Bulk Terminals (Pty) Limited	2002/011465/07
Phase IV Motor Investments (Pty) Limited	2002/016444/07
Abrina 3765 (Pty) Limited	2006/023217/07
Adbrite International (Pty) Limited	1996/008689/07
Blue Orbit Procurement and Management (Pty) Limited	2000/012553/07
Briss Properties (Pty) Limited	1987/003604/07
Business Express of South Africa (Pty) Limited	2008/016101/07
Calaska Trading 26 (Pty) Limited	2007/003145/07
Canyon Springs Investments 76 (Pty) Limited	2007/009099/07
Chessboard Trade and Invest 92 (Pty) Limited	2007/029607/07
China Harbour Engineering Company SA (Pty) Limited	2007/023175/07
Copper Moon Trading 651 (Pty) Limited	2006/027729/07
Development Construction International (Pty) Limited	1996/001812/07
Development Group International (Pty) Limited	1998/005017/07
Development Group International (SA) (Pty) Limited	1998/021105/07
Development Group International Property Management Services (Pty) Limited	1998/020595/07
Dongfang Electric Corporation SA (Pty) Limited	2008/027913/07
Golden Ribbon Trading 411 (Pty) Limited	2008/027932/07
Goright Investments (Pty) Limited	1969/004895/07
Hlakaza Investments (Pty) Limited	2005/000034/07
Imbani Advertising and Marketing (Pty) Limited	2005/036654/07
Imbani Amandaba (Pty) Limited	2007/017627/07
Imbani Aviation (Pty) Limited	2007/000780/07
Imbani Brokers (Pty) Limited	2000/027751/07
Imbani Cabling (Pty) Limited	2005/000629/07
Imbani Cell (Pty) Limited	2008/002282/07
Imbani Chrome (Pty) Limited	2008/005173/07
Imbani Clothing (Pty) Limited	2007/018857/07
Imbani Coal (Pty) Limited	1999/009934/07
Imbani Coal Acquisitions (Pty) Limited	2000/016437/07
Imbani Coal Holdings (Pty) Limited	2006/021876/07
Imbani Coal Processing (Pty) Limited	2006/021428/07
Imbani Consultants (Pty) Limited	2003/019290/07
Imbani Couriers (Pty) Limited	2006/004150/07
Imbani Defence (Pty) Limited	2008/012773/07
Imbani Developments (Pty) Limited	2007/017624/07
Imbani Energy Solutions (Pty) Limited	2002/017179/07
Imbani Engineering (Pty) Limited	2006/007842/07
Imbani Exploration Services (Pty) Limited	2007/009206/07
Imbani Fibre Optics (Pty) Limited	2008/014038/07
Imbani Finance (Pty) Limited	2009/002580/07
Imbani Financial Services (Pty) Limited	2000/025050/07
Imbani Healthcare (Pty) Limited	2004/003395/07
Imbani Holdings (Pty) Limited	1995/006322/07
Imbani Hotel (Pty) Limited	2004/005980/07
Imbani Housing Projects (Pty) Limited	2008/012211/07
Imbani Information Technologies (Pty) Limited	2004/008551/07
Imbani Investments (Pty) Limited	2004/012691/07
Imbani Management (Pty) Limited	2005/005680/07
Imbani Marine (Pty) Limited	2002/017182/07
Imbani Media (Pty) Limited	2008/005163/07
Imbani Minerals (Pty) Limited	2005/010963/07
Imbani Mining and Exploration (Pty) Limited	2007/012469/07
Imbani Mining Contractors (Pty) Limited	2006/008208/07
Imbani Mobile (Pty) Limited	2008/002115/07
Imbani Motors (Pty) Limited	2004/006934/07
Imbani Nickel (Pty) Limited	2007/015707/07
Imbani Opencast Mining (Pty) Limited	2006/008363/07

MALEMADUTJE (BRISS) MATHABATHE *(continued)*

Enterprise name	Registration number
Imbani Paper Suppliers (Pty) Limited	2004/006541/07
Imbani Parking Solutions (Pty) Limited	2007/002818/07
Imbani Petroleum (Pty) Limited	2000/025090/07
Imbani Pharmaceuticals (Pty) Limited	2006/005339/07
Imbani Platinum (Pty) Limited	2002/015678/07
Imbani Platinum Holdings (Pty) Limited	2000/017239/07
Imbani Platinum SPV (Pty) Limited	2004/024514/07
Imbani Power Projects (Pty) Limited	2003/022455/07
Imbani Precious Group Metals (Pty) Limited	2005/011801/07
Imbani Printing and Stationary (Pty) Limited	2006/000497/07
Imbani Procurement Solutions (Pty) Limited	2004/008140/07
Imbani Projects (Pty) Limited	1993/000639/07
Imbani Properties (Pty) Limited	2004/007298/07
Imbani Publications (Pty) Limited	2006/031834/07
Imbani Rail (Pty) Limited	1999/008348/07
Imbani Realty (Pty) Limited	2006/000405/07
Imbani Resources (Pty) Limited	2006/021873/07
Imbani Retail (Pty) Limited	2005/043300/07
Imbani Rubber (Pty) Limited	2005/011398/07
Imbani Security Services (Pty) Limited	2007/014241/07
Imbani Signs (Pty) Limited	2007/009336/07
Imbani Solutions (Pty) Limited	2005/005551/07
Imbani Spas (Pty) Limited	2002/009731/07
Imbani Steel (Pty) Limited	2004/030380/07
Imbani Tailings (Pty) Limited	2005/016984/07
Imbani Tankers (Pty) Limited	2004/013620/07
Imbani Technologies (Pty) Limited	2001/002777/07
Imbani Textiles (Pty) Limited	2008/012250/07
Imbani Tours (Pty) Limited	2006/007841/07
Imbani Uranium (Pty) Limited	2007/009326/07
Imbani Uranium No 1 (Pty) Limited	2007/014618/07
Imbani Uranium No 2 (Pty) Limited	2007/016783/07
Imbani Uranium No 3 (Pty) Limited	2007/023074/07
Imbani Wholesale (Pty) Limited	2005/043213/07
Impowa Investments (Pty) Limited	2007/012479/07
Old Bond Street Financing (Pty) Limited	2001/028724/07
Pan-Africa Wire and Cable (Pty) Limited	2009/003307/07
Project Developments International (Pty) Limited	2005/043351/07
Soldimar Investments 25 (Pty) Limited	2006/015758/07
Sunset Bay Trading 101 (Pty) Limited	2009/001740/07
Tebian Electric Apparatus Stock (Pty) Limited	2008/028028/07
Templer Sword (Pty) Limited	2007/000748/07
Union Square Properties 116 (Pty) Limited	2009/002567/07
Unocap (Pty) Limited	2004/018468/07
Protective Structures (Pty) Limited	1999/003059/07
Tank-End Engineering (Pty) Limited	1967/000062/07
29 Induna Mills Road (Pty) Limited	2002/012896/07
3 Dyke Street (Pty) Limited	2002/013040/07
Ambronex (Pty) Limited	2009/021254/07
Applied Filtration Services (Pty) Limited	2009/012677/07
Balekane Construction (Pty) Limited	2001/006644/07
Between the Lines Consulting	2002/012254/23
Blue Ridge Platinum (Pty) Limited	2002/002702/07
Brookmay Properties (Pty) Limited	2001/005275/07
Carbon Steel Fabricators (Pty) Limited	2008/016027/07
DDL Security Services (Pty) Limited	2004/004622/07
DIP Property (Pty) Limited	2007/005374/07
Dunlop Belting Products (Pty) Limited	2002/023462/07

MALEMADUTJE (BRISS) MATHABATHE *(continued)*

Enterprise name	Registration number
Dunlop Industrial Hose (Pty) Limited	2002/023401/07
Dunlop Industrial Products (Pty) Limited	2001/004023/07
Dunlop Mixing and Technical Services (Pty) Limited	2002/024032/07
Dunlop Rubber Mouldings (Pty) Limited	2002/023452/07
Echo Canyon Trading 117 (Pty) Limited	2009/011592/07
Erf 2777 Lincoln Road (Pty) Limited	2002/013046/07
Esorfranki Civils (Pty) Limited	1995/001595/07
Esorfranki Plant (Pty) Limited	1995/008321/07
Furnex Stores (Pty) Limited	2000/001176/07
Guidelines Educational Publishers (Pty) Limited	2000/024430/07
Imbani Communications (Pty) Limited	2009/004060/07
Imbani Construction (Pty) Limited	2009/008190/07
Imbani Finance 2 (Pty) Limited	2009/007332/07
Imbani Gas (Pty) Limited	2010/001511/07
Imbani Leather (Pty) Limited	2010/006689/07
Imbani Locomotives (Pty) Limited	2009/020419/07
Imbani Networks (Pty) Limited	2010/003536/07
Imbani Refinery (Pty) Limited	2009/007173/07
Imbani Telecom (Pty) Limited	2004/028096/07
International Slurry Pumping Services (Pty) Limited	2009/012683/07
Inyanga Trading 449 (Pty) Limited	2006/002300/07
Premier Sayina Africa (Pty) Limited	2007/009743/07
Rojoel Properties (Pty) Limited	1997/018752/07
Site Fabrication Services (Pty) Limited	2010/001597/07
Stainless Fabricators (Pty) Limited	1981/001568/07
Super 5 Media (Pty) Limited	2006/003303/07
Vaxiwell (Pty) Limited	2009/020442/07
VBV Holdings (Pty) Limited	2006/023751/07
VBV Management Services (Pty) Limited	2009/012484/07
Vital Call Remote Video Monitoring (Pty) Limited	2007/006166/07
Salestalk 216 (Pty) Limited	2006/020627/07
Dunlop Automotive Products (Pty) Limited	2002/023707/07
Imbani Project Management (Pty) Limited	2004/029373/07

FRANKLIN ABRAHAM SONN

Enterprise name	Registration number
African Star Minerals (Pty) Limited	2002/031741/07
African Star Ventures (Pty) Limited	2003/008180/07
Angel Capital (Pty) Limited	2001/016712/07
Cape Star Investments (Pty) Limited	2004/002201/07
Ekapa Mining (Pty) Limited	2001/014296/07
Imalivest Assets (Pty) Limited	2004/021111/07
Imalivest Studytrust Investment Company (Pty) Limited	2006/027087/07
Jia Piazza Park (Pty) Limited	1998/004849/07
Kwezi V3 Engineers (Pty) Limited	1989/002048/07
Macsteel Service Centres SA (Pty) Limited	2005/016292/07
Montebello Design Centre	1993/001983/08
RGA Reinsurance Company of South Africa Limited	1997/020948/06
RGA South African Holdings (Pty) Limited	1997/020923/07
Super Stone Mining (Pty) Limited	1987/006176/07
Xinergistix Limited	1999/019372/06