THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 6 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

- This document is important and should be read with particular attention to page 2 entitled "Action required by Esorfranki shareholders", which sets out the action required of them with regard to this circular.
- If you have disposed of all your ordinary shares in Esorfranki, then this circular should be forwarded to the purchaser to whom, or the broker, agent or CSDP through whom, you disposed of your ordinary shares.

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.

ESORFRANKI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1994/000732/06)
JSE code: ESR ISIN: ZAE000133369

CIRCULAR TO ESORFRANKI SHAREHOLDERS

regarding:

- **the proposed disposal by Esorfranki of the business carried on by its wholly-owned subsidiary, Esorfranki Construction and the Sale Subsidiaries, under the name and style of "Esorfranki Geotechnical" to Keller Holdings for a cash consideration of R500 million; and**
- **a proposed change of name of the company to Esor Limited,**

and incorporating:

- **a notice of general meeting of Esorfranki shareholders;**
- **a form of proxy *(blue)* for use by certificated shareholders and "own name" registered dematerialised ordinary shareholders only; and**
- **a form of surrender *(yellow)* (for use by certified shareholders in relation to the change of name).**

Sponsor	**Legal adviser**	**Independent reporting accountants and auditors**	**Corporate adviser**
VUNANI CORPORATE FINANCE	THOMSON • WILKS ATTORNEYS, NOTARIES, CONVEYANCERS	KPMG cutting through complexity	REIGN capital INFLUENTIAL INVESTMENT

Date of issue: 21 October 2013

Copies of this circular are available in English only and may be obtained during normal business hours between 21 October 2013 and 18 November 2013 from the registered office of the company, the offices of the sponsor and the transfer secretaries, the addresses of which are set out in the "Corporate information and advisers" section hereof.

CORPORATE INFORMATION AND ADVISERS

Directors

DM Thompson# *(Chairman)*
B Krone* *(Chief Executive Officer)*
WC van Zyl* *(Chief Financial Officer)*
EG Dube#
MW Hlahla#
O Franks#
MB Mathabathe#
Dr FA Sonn#

**Executive*
#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)

Website:
http://www.esorfranki.co.za

Date and place of incorporation

8 February 1994
RSA

Sponsor

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

Purchaser

Keller Holdings Limited
(Registration number 2499601)
Capital House
25 Chapel Street
London NW1 5DH

Corporate adviser

Reign Capital Proprietary Limited
(Registration number 2008/002686/07)
39 – 1st Road
Hyde Park, Johannesburg, 2196
(PO Box 22143, Helderkruin, 1733)

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
Chislehurston
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)

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ACTION REQUIRED BY ESORFRANKI SHAREHOLDERS

If you are in any doubt as to what action to take in regard to this circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.

This circular contains information relating to the Transaction and the change of name. You should read this circular carefully and decide how you wish to vote on the Resolutions to be proposed at the general meeting.

The general meeting, convened in terms of the notice incorporated in this circular, will be held at the company's office, 30 Activia Road, Activia Park, Germiston on Monday, 18 November 2013 at 10:00.

THE GENERAL MEETING:

ACTIONS REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN NAME DEMATERIALISED SHAREHOLDERS

If you are a certificated shareholder or an own name dematerialised shareholder and are unable to attend the general meeting but wish to be represented thereat, you are requested to complete and return the form of proxy attached hereto in respect of the general meeting, in accordance with the instructions therein, and lodge it with, or post it to, so as to reach the transfer secretaries by no later than the Relevant Time. If you are a certificated shareholder or a dematerialised shareholder holding as an own name shareholder and are unable to attend the general meeting but wish to be represented thereat, and you do not complete and return the form of proxy in respect of the general meeting on the basis of the previous provisions of this paragraph prior to the Relevant Time, you will nevertheless, at any time prior to the commencement of voting on the Resolutions at the general meeting, be entitled to lodge the form of proxy in respect of the general meeting in accordance with the instructions therein, with the chairperson of the general meeting.

ACTIONS REQUIRED BY DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH OWN NAME REGISTRATION

The CSDP or broker of dematerialised shareholders, other than those with own name registration, should contact such dematerialised shareholders to ascertain how they wish their votes to be cast at the general meeting and thereafter cast their votes in accordance with their instructions. If such dematerialised shareholders have not been contacted, it is recommended that they contact their CSDP or broker to advise them as to how they wish their vote to be cast.

If you are a dematerialised shareholder other than with own name registration and wish to attend the general meeting, you should timeously inform your CSDP or broker of your intention to attend and vote at the general meeting or to be represented by proxy thereat in order for your CSDP or broker to issue you with the necessary letter of representation to do so, or you should provide your CSDP or broker timeously with your voting instructions should you not wish to attend the general meeting in person, in order for your nominee to vote in accordance with your instructions at the general meeting.

THE CHANGE OF NAME AND FORM OF SURRENDER:

DEMATERIALISED SHAREHOLDERS

You are not required to take any action. Dematerialised shareholders' accounts will be updated with the new name by their CSDPs or brokers.

CERTIFICATED SHAREHOLDERS

Certificated shareholders must complete the attached form of surrender and return it together with their share certificates or other documents of title to the transfer secretaries. New share certificates reflecting the change of name will be posted, by registered post at the risk of the shareholders concerned, to those certificated shareholders who have surrendered their documents of title on or before 12:00 on the Record Date, being Friday, 6 December 2013.

New share certificates will be mailed to certificated shareholders within five business days of receipt of their documents of title if received after 12:00 on the Record Date, by registered post, at the risk of the shareholders concerned.

Esorfranki does not accept any responsibility and will not be held liable for any failure on the part of the broker or CSDP of a dematerialised shareholder to notify such dematerialised shareholder of the details of this circular.

ELECTRONIC PARTICIPATION

In terms of the company's MOI, the directors have elected not to provide for electronic participation in respect of the general meeting.

IDENTIFICATION OF MEETING PARTICIPANTS

In terms of section 63(1) of the Companies Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy of a shareholder, has been reasonably verified.

SALIENT DATES AND TIMES

	2013
Record date for the distribution of the circular	Friday, 11 October
Circular posted on	Monday, 21 October
Last day to trade in order to be eligible to participate and vote at the general meeting	Friday, 1 November
Record Date (for voting purposes)	Friday, 8 November
Last day to lodge forms of proxy for the general meeting by 10:00 on	Thursday, 14 November to the Transfer Secretaries or they may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the Resolutions tabled at the general meeting
General meeting to be held at 10:00 on	Monday, 18 November
Results of the general meeting released on SENS on	Monday, 18 November
Special resolution in respect of change of name lodged with the CIPC by no later than	Thursday, 21 November
Finalisation announcement in respect of the change of name released on SENS on	Friday, 22 November
Finalisation announcement in respect of the change of name published in the press on	Monday, 22 November
Last day to trade under the old name "Esorfranki"	Friday, 29 November
Change of name to "Esor Limited" on the JSE and trade commences under the new name "Esor Limited" under the JSE code "ESR", abbreviated name "ESOR" and new ISIN: ZAE000184669 from the commencement of trading	Monday, 2 December
Record Date for change of name	Friday, 6 December
Issue of replacement share certificates (refer paragraph 9 of circular) and updating of CSDP/broker accounts	Monday, 9 December

Notes:

1. The above dates and times are subject to amendment and any amendment made will be released on SENS.
2. All times given are South African local times.
3. Shareholders are reminded that shares in companies listed on the JSE can no longer be bought or sold on that Exchange unless they have been dematerialised onto the Strate system. It is therefore suggested that certificated shareholders of Esorfranki in the Register should consider dematerialising their Esorfranki shares and replacing them with electronic records of ownership. In this regard, shareholders may contact either their own broker or a preferred CSDP, details of which are available from Strate at queries@strate.co.za or telephone +27 11 759 5300 or fax +27 11 759 5505.
4. Share certificates in the name of Esorfranki will not be able to be dematerialised or rematerialised after Friday, 29 November 2013 and shareholders may only dematerialise their new Esor Limited shares from Monday, 2 December 2013.

SALIENT FEATURES

THE TRANSACTION

The Transaction relates to the Sale Agreement, dated 8 October 2013, entered into between Keller Holdings, Esorfranki Construction, Esorfranki, Esor Africa and Business Venture Investments No 1592 in terms of which Esorfranki Construction will dispose of the business carried on by itself and certain of its subsidiaries under the name and style of "Esorfranki Geotechnical" to Keller Holdings for a cash amount of R500 million, which consideration is subject to adjustment in terms of formulae contained in the Sale Agreement but which in aggregate will not exceed an additional payment of R150 million.

THE CHANGE OF NAME

As required in terms of the Sale Agreement, Esorfranki will in future not be able to use the name "Franki" and accordingly, the name of the company will revert to its original listed name of Esor Limited (refer paragraphs 2.1 and 9).

DIRECTORS' RESPONSIBILITY FOR FINANCIAL INFORMATION

The directors are responsible for the financial information set out in this circular.

FINANCIAL EFFECTS

The *pro forma* consolidated financial information relating to the Transaction is set out in paragraph 5.2 and Appendix 1 to this circular.

GENERAL MEETING

A general meeting of shareholders will be held at the company's office, 30 Activia Road, Activia Park, Germiston on Monday, 18 November 2013 at 10:00, for the purpose of considering and, if deemed fit, approving the Resolutions to effect the Transaction and the change of name.

COPIES OF THIS CIRCULAR

Copies of this circular, in English, may be obtained during business hours between 21 October 2013 and 18 November 2013 at the addresses set out in the "Corporate information and advisers" section of this circular from:

- the company;
- the sponsor; and
- the transfer secretaries.

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

DATE OF INFORMATION PROVIDED

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

DEFINITIONS

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.

"Angolan Business"	that part of the Business conducted by the Seller in Angola at the Closing Date;
"broker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"the Business" or "Esorfranki Geotechnical"	comprising the Geotechnical Business carried on in SA, the Sale Subsidiaries, the Angolan Business and the Mauritian business;
"Business Venture Investments No 1592"	Business Venture Investments No 1592 Proprietary Limited (Registration number 2011/140527/07), a limited liability private company duly incorporated in the RSA;
"certificated shareholders"	holders of certificated shares;
"certificated shares"	shares represented by a paper share certificate or other physical document of title, which shares have not been surrendered for dematerialisation in terms of the Strate system;
"change of name"	the proposed change of name of the company from Esorfranki Limited to Esor Limited (refer salient dates and times and paragraph 9);
"CIPC"	Companies and Intellectual Property Commission;
"circular"	this circular, dated 21 October 2013, including the appendices, the notice of general meeting, the form of proxy *(blue)* and a form of surrender *(yellow)*;
"Closing Date"	the date which is three business days after the day on which the last of the Conditions Precedent are fulfilled or waived, as the case may be;
"Companies Act"	the Companies Act, No 71 of 2008, as amended, and its Regulations;
"Competition Authorities"	the commission established pursuant to Chapter 4, Part A of the Competition Act (No 89 of 1998), as amended, or the tribunal established pursuant to Chapter 4, Part B of the Competition Act (No 89 of 1998), as amended, or the Appeal Court established pursuant to Chapter 4, Part C of the Competition Act (No 89 of 1998), as amended, as the case may be;
"Conditions Precedent"	the conditions precedent to the Transaction set out in paragraph 2.6 of this circular;
"CSDP"	Central Securities Depository Participant as defined in the Financial Markets Act 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"	board of directors of Esorfranki, whose names are set out in the "Corporate information and advisers" section of this circular;

"documents of title"	ordinary share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of Esorfranki shares in certificated form;
"Esor Africa"	Esor Africa Proprietary Limited (Registration number 1985/003603/07), a limited liability private company duly incorporated in the RSA;
"Esorfranki" or "the company"	Esorfranki Limited (Registration number 1994/000732/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa and whose shares are listed on the JSE;
"Esorfranki Construction" or "the Seller"	Esorfranki Construction Proprietary Limited (Registration number 1998/004367/07), a limited liability private company duly incorporated in the RSA, and a wholly-owned subsidiary of Esorfranki;
"Esorfranki group" or "the group"	collectively, Esorfranki, its subsidiaries and any other company which is controlled or jointly controlled by it;
"Financial Markets Act"	the Financial Markets Act (Act 19 of 2012);
"form of surrender"	the form of surrender *(yellow)* attached to this circular for completion and return in respect of the proposed change of name, together with the relevant documents of title, by certificated shareholders only;
"general meeting"	the general meeting of the company's shareholders to be held at the company's office, 30 Activia Road, Activia Park, Germiston on Monday, 18 November 2013 at 10:00, which meeting is convened in terms of the notice of general meeting attached to this circular;
"independent reporting accountants"	KPMG Inc (Registration number 1999/021543/21), Registered Auditors; Chartered Accountants (SA);
"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 Financial Markets Act;
"JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time by the JSE;
"last practicable date"	the last practicable date prior to the finalisation of this circular, being Tuesday, 15 October 2013;
"ordinary shares" or "shares"	the ordinary shares of R0.001 each in the company's authorised share capital;
"ordinary shareholders" or "shareholders"	holders of the company's ordinary shares;
"own name registration"	dematerialised shareholders who have registered their shares in their own name with a CSDP in terms of the Financial Markets Act;
"Purchase Consideration"	the amount payable by the Purchaser for the Business as detailed in paragraph 2.3 of this circular;
"Purchaser" or "Keller Holdings"	Keller Holdings Limited (company Registration number 2499601), a limited liability private company duly incorporated in accordance with the laws of England and Wales and a wholly-owned subsidiary of Keller Group plc (refer paragraph 2.4);
"Record Date"	the record date in terms of section 59 of the Companies Act, by which a shareholder is required to be recorded in the company's Register in order to be able to attend, participate and vote at the general meeting;
"Register"	Esorfranki's share register, including sub-registers;
"Regulations"	the regulations in terms of the Companies Act;
"Relevant Time"	means 48 hours before the time of the general meeting;

"Resolutions"	the ordinary resolution relating to the Transaction, the special resolution relating to the change of name and the ordinary resolution authorising the directors to effect the Transaction and the change of name, as detailed in the notice of general meeting;
"RSA" or "South Africa"	the Republic of South Africa;
"SA Business"	the business carried on by the Seller in the RSA;
"Sale Agreement"	the Sale Agreement and the ancillary agreements thereto, dated 8 October 2013, entered into between Keller Holdings, Esorfranki Construction, Esorfranki, Esor Africa and Business Venture Investments No 1592 in terms of which Keller Holdings will acquire the Business from Esorfranki Construction for the Purchase Consideration;
"Sale Subsidiaries"	the sale of the businesses conducted by the subsidiaries detailed in Appendix 7 to this circular, other than in respect of Frankipile International Projects Limited in which instance the entire issued share capital of that company is being sold;
"SENS"	Stock Exchange News Service of the JSE;
"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 under the company laws of South Africa and the CSDP registered in terms of the Financial Markets Act;
"the Transaction"	the sale of the Business to the Purchaser for the Purchase Consideration; and
"transfer secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, whose address is Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

ESORFRANKI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1994/000732/06)
JSE code: ESR ISIN: ZAE000133369

CIRCULAR TO ESORFRANKI SHAREHOLDERS

1. PURPOSE OF AND REASON FOR THE CIRCULAR

The purpose of this circular is, *inter alia*, to furnish shareholders with all the relevant information relating to the Transaction and the change of name in accordance with the JSE Listings Requirements and to convene a general meeting of ordinary shareholders in order for them to consider and, if deemed fit, approve, with or without amendment, the Resolutions necessary to effect the Transaction and the change of name, in terms of the notice of general meeting attached to and forming part of this circular.

The directors have considered the requirements of:

- section 112 of the Companies Act and confirm that the Transaction does not constitute the disposal of a greater part of the assets or undertaking of the group; and
- the Competition Authorities and confirm that no application is required in terms thereof.

The directors have obtained the necessary approval required for the Transaction from the South African Reserve Bank.

2. THE TRANSACTION

2.1 The Sale Agreement

In terms of the Sale Agreement, Esorfranki Construction will sell the Business to the Purchaser for the Purchase Consideration.

The Sale Agreement does not contain any warranties that are unusual in respect of a transaction of this nature.

In terms of the Sale Agreement, Esorfranki and Esorfranki Construction have agreed to change their respective names so as not to include the word "Franki" and have undertaken to rename and rebrand their remaining businesses within 90 days of the Closing Date to exclude that word in combination with any other name.

Both Esorfranki and Esorfranki Construction are subject to a 60-month (commencing on the Closing Date) restraint of trade in respect of any business services, currently rendered by Esorfranki Construction – Geotechnical Division and/or the Sale Subsidiaries, excluding Pipejacking, as well as the supply of any goods or products by those entities which are similar to or sold in competition to the goods and products sold by the Purchaser. These restraints apply to various territories, but not in contravention of any local competition laws, as set out in the Sale Agreement.

2.2 Interests in the Transaction

At the last practicable date, none of the directors of the Purchaser had any, direct or indirect, beneficial interest in Esorfranki or Esorfranki Construction and the directors of Esorfranki and Esorfranki Construction had no, direct or indirect, beneficial interest in the Purchaser.

2.3 The Purchase Consideration

The Purchase Consideration is R500 million (on a debt and cash free basis), payable in cash within three business days of the Closing Date.

The Purchase Consideration is subject to adjustment as detailed below. For purposes of this paragraph, the following definitions apply:

- "Adjustment Period" means, collectively, the First Period, the Second Period and the Third Period;
- "Aggregate Three Year EBITDA" means the aggregate EBITDA in respect of the Adjustment Period;
- "Cumulative First and Second Year EBITDA" means the First Year EBITDA plus the Second Year EBITDA;
- "First Period" means the financial period starting on 1 January 2014 and ending on 31 December 2014;
- "First Year EBITDA" means the EBITDA in respect of the First Period;
- "Projected First Year EBITDA" means the First Year EBITDA in excess of R80 000 000 multiplied by 3 (three);
- "Projected Second Year EBITDA" means the sum of the First Year EBITDA and the Second Year EBITDA in excess of R160 000 000 multiplied by 1.5 (one point five);
- "Second Period" means the financial period starting on 1 January 2015 and ending on 31 December 2015;
- "Second Year EBITDA" means the EBITDA in respect of the Second Period; and
- "Third Period" means the financial period starting on 1 January 2016 and ending on 31 December 2016.

The Purchase Consideration will be increased as follows:

(a) R1.00 (one Rand) for every R1.00 (one Rand) by which the Aggregate Three Year EBITDA exceeds an amount of R240 000 000, capped at a maximum of R100 000 000; plus

(b) R0.50 (fifty cents) for every R1 (one Rand) by which the Aggregate Three Year EBITDA exceeds an amount of R340 000 000, capped at a maximum of R50 000 000 (referred to as the "Adjustment Amount").

In the event that:

- the First Year EBITDA is an amount of R80 000 000 or more, then Keller shall pay to the Seller an amount equal to 50% of one-third of the Projected First Year EBITDA ("First Payment") in anticipation of the Adjustment Amount being payable; and
- if the First Payment is payable, and if the First Year EBITDA plus the Second Year EBITDA is an amount of R160 000 000 or more, then Keller shall pay to the Seller an amount equal to 50% of two-thirds of the Projected Second Year EBITDA, less the First Payment ("Second Payment") in anticipation of the Adjustment Amount being payable,

provided that, in the event that the sum of the First Year EBITDA plus the Second Year EBITDA is less than an amount of R160 000 000, then the Seller shall repay the First Payment to Keller.

- Upon the Adjustment Amount having been determined, in the event that:
  - the sum of the First Payment and the Second Payment exceed the Adjustment Amount, then the Seller will repay the difference to Keller;
  - the Adjustment Amount exceeds the sum of the First Payment and the Second Payment, then Keller will pay the difference to the Seller; and
  - the sum of the First Payment and the Second Payment equal the Adjustment Amount, then no further amount will be payable.
- Prior to Keller being obliged to pay the First Payment or the Second Payment to the Seller, the obligation of the Seller to repay any amount to Keller shall be secured by a guarantee from a reputable registered financial institution given in favour of Keller on terms reasonably acceptable to Keller.
- The adjustment to the Purchase Consideration shall not exceed R150 000 000, which amount will be payable in the event that the Aggregate Three Year EBITDA is an amount of R440 000 000 or more.

- During the First, Second and Third Periods, Keller will:
  - furnish the Seller with quarterly management accounts in respect of the Business as soon as reasonably possible after the expiry of the relevant quarter; and
  - allow the Seller reasonable and periodic access to the books and records of the Business to allow the Seller to review any reasonable queries which the Seller may have regarding the performance of the Business, provided that such access will be upon not less than three business days notice to the Purchaser, which notice shall specify the information that the Seller wishes to query, and such access shall be limited to the information required to review such queries. The Seller will take all reasonable steps to ensure that any such review does not interrupt the operation of the Business.
- At the end of the First, Second and Third Periods, the Purchaser's Auditors will, based on the annual financial statements of Keller, which will have acquired the Business or Mauritian Sale Shares, and as if the Business has been consolidated in the hands of a South African entity in terms of IFRS, calculate the:
  - First Year EBITDA, the Projected First Year EBITDA, and, if applicable, the First Payment;
  - Second Year EBITDA, the Projected Second Year EBITDA, and, if applicable, the Second Payment; and
  - Third Year EBITDA, the Aggregate Three Year EBITDA and the Adjustment Amount.
- The purchase consideration may be further adjusted should the actual working capital at the Closing Date exceed the normalised working capital. The normalised working capital has been determined to be R140 million.

2.4 **Information relating to the Purchaser**

The Purchaser is Keller Holdings Limited, a limited liability private company duly incorporated in accordance with the laws of England and Wales and a wholly-owned subsidiary of Keller Group plc, whose securities are listed on the London Stock Exchange. The Keller Group is the world's largest independent ground engineering specialist, renowned for providing technically advanced and cost-effective foundation solutions. Its services are used across the construction sector in infrastructure, industrial, commercial, residential and environmental projects.

At the last practicable date, the directors of Keller Holdings Limited and Keller Group plc were:

Keller Holdings Limited	**Keller Group plc**
Executive	*Executive*
JR Atkinson	JR Atkinson
JWG Hind	JWG Hind
W Sondermann	W Sondermann
	Non-executive
	LR Cairnie
	RA Franklin
	CF Girling
	PN Withers

2.5 **Information relating to Esorfranki Geotechnical**

The activities undertaken by Esorfranki Geotechnical are set out in paragraph 7.2. Esorfranki Geotechnical is the largest geotechnical contractor in South Africa and well-established in the sub-Saharan region.

2.6 **Conditions Precedent to the Transaction**

The Transaction is subject, *inter alia*, to:

- the shareholders of Esorfranki approving the Transaction, as required in terms of the JSE Listings Requirements on or before 18 November 2013; and
- the Financial Services Commission of Mauritius granting approval, to the extent required.

2.7 **Effective date of the Transaction**

The effective date of the Transaction is the Closing Date as defined.

3. RATIONALE FOR THE TRANSACTION

The Geotechnical market in South Africa, and Esorfranki's share of that market, has not shown meaningful growth over the last number of years. Esorfranki has been exploring ways to increase the market share as well as the geographical footprint and an association with the Keller Group, the world's largest independent ground engineering specialist, renowned for providing technically advanced and cost-effective foundation solutions, positions the Geotechnical business to grow and realise its true potential.

Given the opportunity and the Purchase Consideration, the board considered it to be in the best interest of shareholders to enter into the Sale Agreement.

Esorfranki's strategy is to maintain growth in the existing construction area of Pipelines, with further expansion into selective African countries where it will have a competitive advantage as well as the Developments division where it anticipates further growth in the social housing market in particular. The Civils division is being right-sized to take advantage of the anticipated Government growth initiatives and is currently well-placed for work at Kusile Power Station and integrated housing projects.

4. EXECUTION OF THE TRANSACTION

The net proceeds of the Purchase Consideration will be applied as follows:

Repayment of the Domestic Medium Term Note Programme	R210 million
Repayment of secured borrowings relating to the Geotechnical business unit	R50 million
Taxation payable on the proceeds from the Transaction	R44 million
Special dividend to shareholders – proposed to be paid to shareholders based on the relevant Strate timetable as soon as possible after the approval of the Transaction by shareholders	R150 million
Expansion of working capital for the remaining business units	R66 million

It is the intention of the company to declare a further special dividend commensurate with any additional consideration received, as described in paragraph 2.3, at the end of the three-year period.

5. FINANCIAL EFFECTS OF THE TRANSACTION

5.1 **Responsibility**

The directors are responsible for the financial information set out in this circular.

5.2 ***Pro forma* financial effects of the Transaction**

The table below sets out the *pro forma* consolidated financial effects of the Transaction on Esorfranki.

The *pro forma* consolidated financial effects of the Transaction:

- are presented for illustrative purposes only and, because of their nature, may not fairly present the company's financial position subsequent to the Transaction;
- have been compiled from the audited consolidated annual financial statements for the year ended 28 February 2013;
- assume that the Transaction had been implemented at 28 February 2013 for purposes of the statement of financial position and with effect from 1 March 2012 for purposes of the statement of comprehensive income;
- are presented in a manner consistent with IFRS and the format and accounting policies adopted by Esorfranki; and
- should be read in conjunction with the *pro forma* consolidated statements of financial position and comprehensive income set out in Appendix 1 and the independent reporting accountants' reasonable assurance report thereon set out in Appendix 2.

	Audited before the Transaction	*Pro forma* after the Transaction	Percentage change
Basic and diluted earnings per share (cents)	23.5	32.0	36.2
Headline and diluted headlines earnings per share (cents)	20.5	11.8	(42.4)
Net asset value per share (cents) before the proposed special dividend	280.3	299.3	6.8
Tangible net asset value per share (cents) before the proposed special dividend	205.2	247.6	20.7
Weighted average and diluted weighted average number of shares in issue ('000)	375 289	375 289	
Actual number of shares in issue ('000)	395 185	395 185	
Proposed special dividend per share (cents)	–	38.0	100
Net asset value per share (cents) after the proposed special dividend	280.3	261.3	(6.8)
Tangible net asset value per share (cents) after the proposed special dividend	205.2	209.6	2.1

The *pro forma* consolidated statements of financial position and comprehensive income, before and after the Transaction, together with notes regarding the adjustments pertaining to the Transaction, are set out in Appendix 1.

The independent reporting accountants' reasonable assurance report on the *pro forma* consolidated financial information is set out in Appendix 2.

5.3 **Historical financial information of Esorfranki Geotechnical**

The historical financial information of Esorfranki Geotechnical for the three financial years ended 28 February 2013 is set out in Appendix 3. The historical financial information has been derived from the audited annual financial statements of the company and should be read in conjunction with the reporting accountants' report thereon set out in Appendix 4.

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 information contained in their report on the historical financial information of Esorfranki Geotechnical as set out in Appendix 4.

6. **FINANCIAL INFORMATION RELATING TO ESORFRANKI**

6.1 **Responsibility**

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

6.2 **Adequacy of capital**

The directors are of the opinion that the working capital available to the company and the group after the Transaction will be sufficient for the group's present requirements, i.e. for at least the next 12 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.

6.3 **Material changes**

Other than set out in this circular, no material changes in the financial or trading position of the group have taken place since the audited financial results for the year ended 28 February 2013 were published.

6.4 **Borrowings**

Details of group borrowings at the last practical date are set out in Appendix 5.

7. GENERAL INFORMATION RELATING TO ESORFRANKI

7.1 **Incorporation and history**

Esorfranki was incorporated on 8 February 1994. The company was founded in 1976 by its predecessor, Esor Ground Engineering Proprietary 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 Proprietary 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 Proprietary 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 Proprietary 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 Proprietary Limited and Shearwater Plant Hire Proprietary Limited. 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 shares 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.

7.2 **Nature of business**

Esorfranki is currently one of South Africa's benchmark civil engineering and construction groups, providing specialist geotechnical services, roads, earthworks, building and pipeline construction. The range of services encompasses sub-surface foundation work and above-surface construction services with niche specialities. During 2011, several legal entities within the group amalgamated into a single, centralised company operating through three core divisions, viz., Esorfranki Geotechnical, Esorfranki Civils and Esorfranki Pipelines, providing products and services as follows:

Esorfranki Geotechnical	Esorfranki Civils	Esorfranki Pipelines
• Piling • Lateral support • Marine structures • Diaphragm walls • Ground improvement • Jet grouting • Environmental engineering • Underpinning • Geotechnical design • Pipejacking • Bridge and culvert jacking • Dam and compaction grouting • Pipe load and integrity testing	• Road building • Bridge and culvert construction • Township infrastructure • Mining infrastructure • Water reticulation • Water towers and reservoirs • Sewer reticulation • Bulk earthworks • Building, housing and developments • Waste water treatment plans and oxidation ponds • Pipejacking • Bridge and culvert jacking • Dam and compaction grouting • Pipe load and integrity testing	• Gas and petrochemical steel pipelines • Water and wastewater pipelines • Sewer pipelines • Pipeline refurbishments • Cement mortar lining • Valve chambers • Associated concrete structures • Associated infrastructure • Testing and pigging of completed pipeline sections • Pump stations

The group's footprint extends throughout South Africa and into Africa, viz., Angola, Botswana, Democratic Republic of the Congo, Ghana, Kenya, Malawi, Mozambique, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe and the Indian Ocean Islands.

Other than the recent establishment of a Developments division, there have been no changes in the underlying businesses of the group during the past five years.

Esorfranki does not have a controlling shareholder and there has been no change in this situation during the past five years.

The group structure before and after the Transaction is set out in Appendix 8.

7.3 **Prospects**

Conditions in the Global and South African market remain difficult with fiscal stimulus still the driving force to keep world economies out of recession and to create any form of growth. In South Africa, the anticipated infrastructure spend on any major projects has not yet materialised, however, the board has noticed the green shoots in local and municipal spend being accelerated, particularly in the water and housing sectors.

The directors remain optimistic with regard to growth into the rest of Africa with foreign investment remaining a driving force, in particular the mining, water and road projects. The group is selectively entering the African market with work secured in Swaziland and Botswana as well as actively pursuing opportunities in Mozambique, Namibia, Zambia and Zimbabwe based on the risk methodology in selecting projects.

Investment in the mining industry is still the leading indicator for growth into Africa particularly in the DRC, Mozambique and Zambia where the establishment of new mines is the focus of Esorfranki's interest.

In the local market, Esorfranki has positioned itself to participate in a number of integrated residential developments both with private and public participation. Some of these projects are currently underway and a number of potential projects are being considered. A more focussed and aggressive approach is required to bring some of these projects to fruition. Many of these projects require some form of funding or equity participation that will be realised over the life of the project while securing construction opportunities for the Civils division.

Esorfranki has partnered with consulting engineers to provide a turnkey solution in the social housing sector; providing housing in mainly rural areas.

Esorfranki remains committed to growth in the remaining segments where revenue has increased from R944 million in 2010 to R1.538 billion in 2013, or 69% over the three-year period. The secured two-year order book is in line with the previously reported values and the directors believe there are healthy prospects within the Pipelines and Civils divisions.

7.4 **Major shareholders**

At the last practicable date, shareholders, other than directors, who are beneficially interested, directly in 5% or more of the company's shares are set out below:

Shareholder	**Number of shares**	**Percentage holding**
Coronation Fund Managers Proprietary Limited	100 000 630	25.3
Sanlam Investment Management Proprietary Limited	35 428 669	8.97
Investec Asset Management Proprietary Limited	30 632 247	7.75

7.5 **Material contracts, promoters, service and other agreements**

Other than the Sale Agreement dealt with in this circular and the R1 billion Domestic Medium Term Note Programme detailed below, no material contracts have been entered into (either verbally or in writing) by the group during the two years preceding the last practicable date.

At the last practicable date, the company:

- 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 8.5 below, or any agreements in terms of the payment of royalties; and
- had not entered into any material contracts at any time which contain an obligation or settlement that is material to the group.

Restrictive funding arrangements:

Esorfranki issued a Programme Memorandum on 25 July 2012 relating to a R1 billion Domestic Medium Term Note Programme ("Notes"), in terms of which it may from time to time issue secured or unsecured registered Notes denominated in South African Rand.

Information relating to the Notes is set out below:

Arranger, dealer and debt sponsor:	Absa Capital, a division of Absa Bank Limited;
The Programme:	R1 billion Domestic Medium Term Note Programme under which Esorfranki may from time to time issue Notes;
Fixed rate Notes:	Notes which bear interest at a fixed interest rate;
Floating rate Notes:	Notes which bear interest at a floating interest rate;
Maturity:	The Notes are not subject to any minimum or maximum maturity;
Registration of Programme:	The Programme has been registered with the JSE and a tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other exchange as may be determined. The trading of such listed Notes will take place in accordance with the rules and operating procedures for the time being of the JSE;
Restrictive terms:	Esorfranki cannot release the security over the share capital in certain subsidiaries without prior approval from Noteholders;
Security provider:	In respect of each tranche of Notes, the persons specified as such in the applicable pricing supplement;
Terms of the Notes:	The applicable terms of any Notes will be set out in the terms and conditions incorporated in any applicable pricing supplements;
Tranche:	All Notes which are identical in all respects and are issued in a single issue; and
Zero coupon Notes:	Notes can be offered and sold at a discount to their principal amount or at par and will not bear interest other than in the case of late payment.

Refer Appendix 5 for details of the Notes issued to date.

Copies of the Sale Agreement and the Programme Memorandum are available for inspection as set out in paragraph 13.

7.6 **Litigation**

A matter with the Competition Authorities was settled using the "Fast Track" process in May 2013. This related to the Lanxess Groundwater Remediation Project for which the company was fined R156 000.

Prior to the above matter, a summons was received from the Competition Authorities in July 2009 as one of six co-respondents relating to alleged collusive practices post July 2006 which fell within the three-year prescription period. On receipt of the summons Esorfranki co-operated fully with the Competition Authorities holding several meetings and submitting documentation as requested by the Competition Authorities. Ten alleged incidents of collusive behaviour were tabled by the Competition Authorities and all were fully investigated. The investigation confirmed an incident relating to a piling contract in KZN and another for a grouting contract in Swaziland. The company admitted to the two aforementioned allegations and as such proposed a fine of R1.7 million, which was calculated on the basis of the new "Fast Track" settlement guidelines, was submitted to the Competition Authorities. The Competition Authorities responded with a counter-proposal of R5.7 million but with the proviso that Esorfranki admit to all 10 allegations as well as testify against the other co-respondents. Esorfranki was not prepared to perjure itself and thus declined the offer and accepted that it would have to go to the Competition Tribunal to defend itself. Esorfranki has subsequently re-tabled its settlement offer of R1.7 million which has been rejected by the Competition Authorities and the status quo of appearing before the Competition Tribunal remains.

There are no other legal or arbitration proceedings, including proceedings that are pending or threatened, of which the company and/or Esorfranki Construction are aware, that may have or have had, in the 12-month period preceding the date of this circular, a material effect on the financial position of the group.

7.7 **Share trading history**

The trading history of the company's shares on the JSE from October 2009 is set out in Appendix 6.

8. INFORMATION RELATING TO THE DIRECTORS

8.1 **Details**

The names of the directors are set out in the "Corporate information and advisers" section. The directors will not change as a result of the Transaction.

During the year ended 28 February 2013, Mr W van Houten resigned as Financial Director on 30 September 2012, Mr WC van Zyl was appointed as Financial Director with effect from 8 October 2012 and Mr AC Brookstein retired as an executive director on 31 January 2013. Subsequent to the 2013 year-end, Dr O Franks and Ms M Hlahla were appointed as independent non-executive directors with effect from 23 May 2013.

8.2 **Remuneration**

The remuneration and benefits paid to the directors in respect of the year ended 28 February 2013 were as follows:

	Directors' base fees R'000	Directors' attendance fees R'000	Basic salary R'000	Bonus R'000	Total R'000
EXECUTIVE					
Paid by Esorfranki Construction:					
B Krone	–	–	3 063	1 296	4 359
W van Zyl[(1)]	–	–	796	42	838
W van Houten[(2)]	–	–	1 760	1 148	2 908
AC Brookstein[(3)]	–	–	2 102	187	2 289
	–	**–**	**7 721**	**2 673**	**10 394**
NON-EXECUTIVE					
Paid by the company:					
EG Dube	82	72	–	–	154
DR FA Sonn	125	123	–	–	248
DM Thompson	133	133	–	–	266
B Mathabathe	55	23	–	–	78
	395	**351**	**7 721**	**2 673**	**11 140**

1. Appointed 8 October 2012.
2. Resigned 30 September 2012.
3. Retired 31 January 2013.

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

There were no sums paid by way of expense allowances, material benefits, contributions to any pension funds or any commissions, gain or profit-sharing arrangements payable to any of the directors of Esorfranki.

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

At the last practicable date, there were no other rights given to any of the Esorfranki directors which have had the same or a similar effect in respect of providing a right to subscribe for shares.

8.3 **Interests in the company's shares**

The directors' shareholdings in Esorfranki will not change as a result of the Transaction. The beneficial, direct and indirect interests of the directors and their associates in the company's shares at year end were as follows:

Name	Direct	Indirect	Total	Percentage
EG Dube and his associates	–	7 305 182	7 305 182	1.9
MB Mathabathe and his associates	136 991	4 000 000	4 136 991	1.1
DM Thompson	50 000	50 000	100 000	*
B Krone	13 509 394	–	13 509 394	3.4
W van Houten (1)	762 908	–	762 908	*
AC Brookstein (2)	6 180 000	–	6 180 000	1.6
	20 639 293	**11 355 182**	**31 994 475**	**8.0**

(1) Resigned 30 September 2012.
(2) Retired 31 January 2013.
*Less than 1%.

The following trading by directors in the company's shares took place between 28 February 2013, the date of the company's last financial year-end, and the last practicable date:

Name of director	Date of trade	Nature of transaction	Number of shares	Price per share
EG Dube	28 May 2013	Sale by associate	85 167	150.50 cents
	29 May 2013	Sale by associate	209 115	141.99 cents
	1 July 2013	Sale by associate	60 000	145 cents
MB Mathabathe	Between 1 July 2013 and 29 July 2013	Beneficial sale	2 568 009	Between 135.29 cents and 140 cents

8.4 **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.

8.5 **Service contracts**

All the directors have service contracts with the company terminable upon three month's 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 termination of service.

These contracts are open for inspection as set out in paragraph 13.

9. PROPOSED CHANGE OF NAME

9.1 **Introduction and consequences of the change of name**

Shareholders are referred to paragraph 2.1 above and are advised that the board, accordingly, proposes to change the name of the company from Esorfranki Limited to Esor Limited. The JSE code "ESR" will remain the same, the abbreviated name will change to "ESOR" and the ISIN will change to ZAE000184669 from the commencement of business on Monday, 2 December 2013 or such later date as may be applicable subject to the registration of the relevant special resolution by CIPC. The proposed name of Esor Limited has been reserved with CIPC and approved by the JSE.

Subject to shareholders' approval and as a consequence of the change of name, the company's listing on the JSE will be amended to reflect the new name and ISIN. All share certificates in the name of Esorfranki will cease to be good for delivery for transactions entered into on the JSE from Friday, 29 November 2013 (i.e. the last day to trade in Esorfranki shares as detailed in the salient dates and times set out in this circular). Share certificates in the name of Esorfranki may not be dematerialised or rematerialised after Friday, 29 November 2013 and shareholders may only dematerialise their new Esor Limited shares from Monday, 2 December 2013.

9.2 **Procedure for the surrender of documents of title**

Subject to shareholders approving the change of name and the registration of the relevant special resolution by CIPC in regard thereto, the following applies:

9.2.1 Dematerialised shareholders need **not** take any action as their shareholdings will automatically be updated by their CSDP or broker.

9.2.2 Certificated shareholders must complete the attached form of surrender *(yellow)* and submit it to the transfer secretaries, together with their documents of title, in order to receive replacement share certificates. Replacement share certificates will be posted, by registered post, at the risk of the shareholders concerned on or about Monday, 9 December 2013 for forms of surrender, together with documents of title, received by 12:00 on Friday, 6 December 2013 and thereafter within five business days of receipt of such forms of surrender, together with documents of title.

9.2.3 If any existing documents of title have been lost or destroyed and the certificated shareholder provides evidence to this effect to the satisfaction of the directors, then the company may dispense with the surrender of such documents of title against provision of an acceptable indemnity.

9.2.4 Receipts will not be issued for the surrender of existing documents of title. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the documents of title lodged.

10. GENERAL

10.1 **Expenses**

No preliminary expenses were incurred by Esorfranki during the past three years.

At the last practicable date, the following estimated expenses of R875 000 were provided in respect of the Transaction:

	Rand
Sponsor fees – Vunani Corporate Finance	100 000
Corporate Adviser fees – Reign Capital Proprietary Limited	360 000
Legal fees – Thomson Wilks Inc	100 000
Independent reporting accountants' fees – KPMG Inc	100 000
Printing costs – Ince Proprietary Limited	95 000
Documentation inspection fees (JSE)	12 920
Valuation – BDO Corporate Finance	85 000
Contingencies	22 080
	875 000

10.2 **Consents**

Each of the company's advisers namely, Reign Capital Proprietary Limited, KPMG Inc, Thomson Wilks Inc, and Computershare Investor Services Proprietary Limited 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 reports in the form and context in which they are included in this circular.

10.3 **Directors' responsibility**

The directors of Esorfranki, whose names appear in the "Corporate information and advisers" 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.

11. OPINION AND RECOMMENDATION

The board is of the opinion that the Transaction and the change of name is fair insofar as the shareholders are concerned and should be supported, and unanimously recommends that shareholders vote in favour of the Resolutions at the general meeting.

Each of the directors who holds Esorfranki shares and is permitted to vote intends to vote his Esorfranki shares in favour of the Resolutions set out in the notice of general meeting.

12. GENERAL MEETING AND VOTING RIGHTS

12.1 **General meeting**

The general meeting is scheduled to be held at 10:00 on Monday, 18 November 2013 for the purposes of considering and, if deemed fit, passing with or without modification, the Resolutions. A notice convening the general meeting to approve the Transaction and the change of name and a form of proxy, for use by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the general meeting, form part of this circular.

Shareholders are referred to the "Action required by Esorfranki shareholders" section of this circular, which contains information as to the action they need to take in regard to the general meeting.

12.2 **Voting threshold**

The special resolution contained in the notice of general meeting must be supported by at least 75% of the voting rights exercised.

The ordinary resolutions contained in the notice of general meeting are subject to a simple majority of votes being cast in favour thereof.

12.3 **Irrevocable undertakings**

Shareholders, representing 47.75% of the Esorfranki shares in issue have provided the company with irrevocable undertakings to vote in favour of the Transaction and the change of name at the general meeting (refer Appendix 9).

13. 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 the date of the general meeting:

- the MOI of Esorfranki and its subsidiaries;
- the Sale Agreement, including the ancillary agreements thereto;
- the Programme Memorandum relating to the R1 billion Domestic Medium Term Note;
- the audited financial statements of Esorfranki for the three financial years ended 28 February 2013;
- the independent reporting accountants' reasonable assurance report on the *pro forma* consolidated financial information relating to the Transaction, the text of which is included in this circular as Appendix 2;

- the independent reporting accountants' report on the historical financial information of Esorfranki Geotechnical, the text of which is included in this circular as Appendix 4;
- signed copies of the irrevocable undertakings relating to the Transaction and the change of name;
- directors' service contracts;
- the advisers' letters of consent; and
- a signed copy of this circular.

SIGNED AT SANDTON ON 15 OCTOBER 2013 ON BEHALF OF THE DIRECTORS IN TERMS OF A DIRECTORS' ROUND ROBIN RESOLUTION BY:

B KRONE

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME, BEFORE AND AFTER THE TRANSACTION

The *pro forma* consolidated statements of financial position and comprehensive income for the year ended 28 February 2013, before and after the Transaction, are presented in a manner consistent with IFRS and the format and accounting policies adopted by the company, and set out below. The *pro forma* consolidated 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 the Transaction had been implemented at 28 February 2013 for statement of financial position purposes and with effect from 1 March 2012 for statement of comprehensive income purposes. Due to its nature, the *pro forma* consolidated financial information may not give a fair reflection of the company's financial position subsequent to the Transaction.

***Pro forma* consolidated statement of financial position at 28 February 2013**

	Notes	Audited 28 February 2013 Before the Transaction Note 1 R'000	Disposal of Business Note 1 R'000	Other adjustments Note 1 R'000	*Pro forma* After the Transaction R'000
ASSETS					
Non-current assets		**1 237 461**	**(378 232)**	**(53 633)**	**805 596**
Property, plant and equipment		822 678	(364 853)		457 825
Intangible assets	2	86 336		(86 336)	–
Goodwill	3	305 715	(9 547)	(26 468)	269 700
Financial assets at fair value through profit or loss		3	(3)		–
Contingent consideration receivable	4			59 171	59 171
Deferred tax asset		22 729	(3 829)		18 900
Current assets		**1 006 320**	**(275 176)**	**84 896**	**816 040**
Inventories		69 721	(17 568)		52 153
Other investments		27 726			27 726
Taxation	5	14 513	(10 509)		4 004
Trade and other receivables		826 713	(247 099)		579 614
Cash and cash equivalents	6	67 647	–	84 896	152 543
Total assets		**2 243 781**	**(653 408)**	**31 263**	**1 621 636**
EQUITY AND LIABILITIES					
Share capital and reserves		**1 053 262**	**–**	**(71 762)**	**981 500**
Share capital and premium		571 300			571 300
Equity compensation reserve		18 606			18 606
Foreign currency translation reserve		3 850		(3 850)	–
Retained earnings	7	459 506		(67 912)	391 594

	Notes	Audited 28 February 2013 Before the Transaction Note 1 R'000	Disposal of Business Note 1 R'000	Other adjustments Note 1 R'000	*Pro forma* After the Transaction R'000
Non-current liabilities		**540 326**	**(80 169)**	**(210 000)**	**250 157**
Secured borrowings	8	368 507	(30 699)	(210 000)	127 808
Preference shares		21 000	–		21 000
Post-retirement benefits		1 913	(1 913)		–
Deferred tax liabilities		148 906	(47 557)		101 349
Current liabilities		**650 193**	**(226 155)**	**(34 059)**	**389 979**
Current portion of secured borrowings		79 481	(15 572)		63 909
Bank overdraft	9	34 059	–	(34 059)	–
Taxation	10	4 508	(1 083)		3 425
Provisions		38 329	(10 213)		28 116
Trade and other payables		493 816	(199 287)		294 529
Total equity and liabilities		**2 243 781**	**(306 324)**	**(315 821)**	**1 621 636**
Shares in issue at year-end (net of treasury shares)		375 606	375 606		375 606
Net asset value per share (cents)	11	280.3	(19.0)		261.3
Net tangible asset value per share (cents)	11	205.2	4.4		209.6

Notes:

1. The "Before the Transaction" financial information has been extracted, without adjustment from the published, audited results of Esorfranki for the year ended 28 February 2013. The "Disposal of Business" column reflects the assets and liabilities of the Geotechnical division that is being disposed of and is extracted from the historical financial results attached as Appendix 3. The "Other adjustments" column reflects the effect of the Transaction, including accounting for the cash proceeds, the profit on disposal of the Geotechnical division, transaction costs, tax effects, the repayment of the bank overdraft and secured borrowings.
2. Intangible assets have been adjusted to exclude the Franki brand name which is sold with the Business.
3. Goodwill attributable to the acquisition of Franki will be impaired following the Transaction.
4. Non-current assets have been adjusted to include a contingent consideration receivable in respect of the discounted estimate amounting to R59 million. This has been calculated using an EBITDA growth of 8% per annum over the three-year period and discounted at rates between 7.4% and 14.2% per annum. These discount rates are consistent with the Goodwill impairment testing done at February 2013 for this business unit.
5. Taxation receivable by the Angola branch is not sold in the Transaction as the business in Angola is being sold and not the shares in the operation. In terms of the applicable legislation, this tax asset remains in the entity and cannot follow business that was sold.
6. Cash and cash equivalents have been adjusted to include the proceeds of R500 million and adjustments of R20 million for debt and net working capital, the payment of transaction costs of R875 000, taxation of R44 million, full value of the Domestic Medium Term Note Programme of R210 million, asset finance of R50 million, overdraft facilities of R34 million and the special dividend of R150 million. In terms of the Sale Agreement, cash is not sold with the business and any cash held on the effective date is retained by Esorfranki.
7. Retained earnings have been adjusted for the after-tax proceeds on disposal, impairment of goodwill and the proposed Special Dividend of 38 cents per share to be paid to shareholders.
8. Secured borrowings have been adjusted for the repayment of the Domestic Medium Term Note Programme on the assumption that the full outstanding amount of each tranche will be settled.
9. The bank overdraft has been adjusted to reflect the full repayment using the proceeds of the Transaction.
10. Taxation payable has been adjusted to include the settlement of tax payable with relevant Revenue Authorities on 28 February 2013.
11. The net asset value per share and net tangible asset value per share figures in the "*Pro forma* after the Transaction" column have been calculated on the basis that the Transaction was effected on 28 February 2013.
12. There are certain disclosure variances when performing a direct comparison of the "Disposal of Business" column above to the historical information contained in Appendix 3. Trade and Other Payables and Provisions above, when combined, result in the adjustment of R209,5 million shown in Appendix 3. The reclassification of R8.1 million Unsecured loan shown in Appendix 3 has been included in the Secured borrowings adjustment above.

***Pro forma* consolidated statement of comprehensive income for the year ended 28 February 2013**

	Notes	**Audited 28 February 2013 Before the Transaction Note 1 R'000**	**Disposal of Business Note 1 R'000**	**Other adjustments Note 1 R'000**	***Pro forma* After the Transaction R'000**
Revenue		**2 325 958**	**(787 857)**		**1 538 101**
Cost of sales		(1 950 798)	643 933		(1 306 865)
Gross profit		**375 160**	**(143 924)**		**231 236**
Other income	2	27 239		148 726	175 965
Operating expenses		(133 134)	39 502		(93 632)
Profit before interest, income tax, amortisation, impairments and depreciation		**269 265**	**(104 422)**	**148 726**	**313 569**
Depreciation, impairments and amortisation	3	(118 271)	27 822	(24 577)	(115 026)
Results from operating activities		**150 994**	**(76 600)**	**124 149**	**198 543**
Finance costs	4	(86 684)	12 853	15 700	(58 131)
Finance income	4	42 369			42 369
Profit before income tax		**106 679**	**(63 747)**	**139 849**	**182 781**
Income tax expense	5	(18 969)	834	(44 396)	(62 531)
Profit after tax		**87 710**	**(62 913)**	**95 453**	**120 250**
Other comprehensive income					
Foreign currency translation differences for foreign operations		30 157	(30 157)	–	–
Actuarial loss on post-retirement benefit		(97)	97	–	–
Income tax on translation differences		(4 912)	4 912	–	–
Other comprehensive income for the year, net of tax		25 148	(25 148)	–	–
Total comprehensive income attributable to:					
Owners of the company		112 858	(88 061)	95 453	120 250
Reconciliation of headline earnings per share					
Profit attributable to ordinary shareholders after taxation		87 710	(62 913)	95 453	120 250
Adjusted for:					
Profit on disposal of property, plant and equipment		(16 988)	16 802	–	(186)
Profit on disposal of business unit, after tax		–	–	(108 726)	(108 726)
Impairment of intangible assets, property, plant and equipment and investments		6 305	–	26 468	32 773
Headline earnings attributable to ordinary shareholders		**77 027**	**(46 111)**	**13 195**	**44 111**

	Notes	Audited 28 February 2013 Before the Transaction Note 1 R'000	Disposal of Business Note 1 R'000	Other adjustments Note 1 R'000	*Pro forma* After the Transaction R'000
Number of shares in issue at period end (net of treasury shares) ('000)		375 606	–		375 606
Weighted average number of shares in issue ('000)		375 289	–		375 289
Diluted weighted average number of shares in issue ('000)		375 289	–		375 289
Basic earnings per share (cents)	6 & 7	23.5	8.5		32.0
Diluted earnings per share (cents)	8	23.5	8.5		32.0
Headline earnings per share (cents)	6 & 7	20.5	(8.7)		11.8
Diluted headline earnings per share (cents)	8	20.5	(8.7)		11.8
Dividend per share (cents)	9	–	38		38

Notes:

1. The "Before the Transaction" financial information has been extracted, without adjustment from the published, audited results of Esorfranki for the year ended 28 February 2013. The "Disposal of Business" column reflects the income and expenditures, as at 28 February 2013 of the Esorfranki Geotechnical division that is being disposed of and extracted from the historical financial results attached as Appendix 3. The "Other adjustments" column reflects the other effects of the Transaction, including accounting for the profit on disposal of the Geotechnical division, the raising of transactions costs, tax effects, accounting for the impairment of goodwill and the interest saving on the repayment of bank overdraft and the settlement of the Domestic Medium Term Note Programme.

2. Other income has been adjusted for the profit on disposal of the Esorfranki Geotechnical division for proceeds of R500 million, increased by R20 million, being the estimated surplus of cash and net working capital versus the amount required and stipulated in the Sale Agreement. The Transaction costs detailed in paragraph 10.1 of the circular have been included in the profit on disposal in the *pro forma* consolidated financial information.

3. Depreciation, impairments and amortisation has been adjusted for the impairment of the goodwill attributable to the acquisition of Franki amounting to R26.5 million. The adjustment further takes account of the saving of a R1,9 million amortisation of the Franki brand name which is sold in terms of the Transaction..

4. Finance costs have been reduced due to applying a portion of the proceeds of the sale consideration to the settlement of the full value of the Domestic Medium Term Note Programme, inclusive of accrued interest. This has been calculated based on the applicable lending rates as described in Appendix 5 to the circular. This saving relates to six months interest saving as the Programme only began at the end of August 2012.

5. The adjustment to the Taxation expense comprises the recoupment on disposal of South African, Angolan and Mauritian assets and interest saving is taxed at 28% and amount to R40 million and R4 million, respectively. There is no taxation effect on the disposal of shares in foreign subsidiaries.

6. The basic earnings per share and basic headline earnings per share figures in the "*Pro forma* after the Transaction" column have been calculated on the basis that the Transaction was effected on 1 March 2012.

7. The basic earnings per share and basic headline earnings per share figures are calculated based on a weighted average number of 375 288 905 shares in issue as at 28 February 2013.

8. The diluted earnings per share and diluted headline earnings per share figures are calculated based on a weighted average number of 375 288 905 shares in issue as at 28 February 2013.

9. Dividend per share is the proposed special dividend which the directors expect to declare to shareholders following the conclusion of the Transaction.

10. The interest expense, reduced amortisation of the brand name of R1.891 million and the tax consequences thereon are expected to have a continuing effect. All other adjustments are once-off in nature.

INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION

"The Directors
Esorfranki Limited
30 Activia Road
Activia Park
Germiston, 1429

15 October 2013

Dear Sirs

REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION – ESORFRANKI LIMITED ("Esorfranki")

We have completed our assurance engagement to report ("Report") on the compilation of *pro forma* earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of Esorfranki ("the Company"), the *pro forma* statement of financial position of Esorfranki, the *pro forma* statement of comprehensive income of Esorfranki and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to Esorfranki, (collectively "*Pro forma* Financial Information"). The *Pro forma* Financial Information is set out in paragraph 5.2 and Appendix 1 to the circular to be issued by the Company on or about 21 October 2013 ("Circular").

The *Pro forma* Financial Information has been compiled by the directors of Esorfranki to illustrate the impact of the disposal of Esorfranki Geotechnical ("Transaction") as detailed in the Circular on the Company's financial position and changes in equity and financial performance for the year ended 28 February 2013.

As part of this process, the Company's earnings, diluted earnings, headline earnings and diluted headline earnings per share, statement of comprehensive income and statement of financial position have been extracted by the directors from the Company's published financial statements for the period ended 28 February 2013 ("Published Financial Information"), on which an audit report has been published. In addition, the directors have calculated the net asset value and net tangible asset value per share as at 28 February 2013 based on financial information extracted from the Published Financial Information.

Directors' responsibility for the pro forma financial information

The directors of Esorfranki are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the JSE Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors of Esorfranki on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of Esorfranki have complied, in all material respects, with the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 28 February 2013 for purposes of the net asset value and net tangible asset value and statement of financial position and with effect from 1 March 2012 for purposes of the statement of comprehensive income. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Esorfranki in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- the *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of Esorfranki and the Transaction in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

KPMG Inc
Registered Auditors

Per FHC Von Eckardstein

Chartered Accountant (SA)
Registered Auditor
Director
(Private Bag 9, Parkview, 2122)"

HISTORICAL FINANCIAL INFORMATION OF ESORFRANKI GEOTECHNICAL

INTRODUCTION

The Report of Historical Financial Information relating to Esorfranki Geotechnical has been prepared so as to present the results, financial position and related cash flows for the purpose of the disposal by Esorfranki of the business carried on by its wholly-owned subsidiary, Esorfranki Construction and the Sale Subsidiaries, under the name and style of "Esorfranki Geotechnical" to Keller Holdings.

Basis of preparation

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

The historical information relating to Esorfranki Geotechnical has been prepared in accordance with IFRS and in terms of the company's current accounting policies.

The statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and the related accounting policies and notes relating to Esorfranki Geotechnical for the three years ended 28 February 2013 ("Historical Financial Information") have been derived from the audited statutory financial statements of Esorfranki for the three years ended 28 February 2013, prepared in accordance with IFRS and the Companies Act. KPMG is the auditor to Esorfranki and has reported without qualification on the audited statutory financial statements of Esorfranki for the three years ended 28 February 2013.

KPMG is also the Independent Reporting Accountant to Esorfranki Geotechnical and has reported without qualification on the Historical Financial Information for the three years ended 28 February 2013. The guidance set out in International Standard on Auditing (ISA) 805: Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement were followed as part of KPMG's audit procedures in respect of the Historical Financial Information.

There has been no material change in the nature of Esorfranki Geotechnical (including the use of its property, plant and equipment) during the past three years and there are no other material facts or circumstances that have occurred between the latest financial year-end of Esorfranki and the last practicable date.

COMMENTARY

Nature of business

Esorfranki Geotechnical is a "one-stop geotechnical shop" – the largest geotechnical contractor in South Africa and well-established in the Southern African region. Through Esorfranki Geotechnical the group offers a full "design and construct" service, including piling, pipe, culvert and bridge jacking, dynamic compaction, soil improvement, micro piling and lateral support.

Subsequent financial information

There has been no other financial information made available to holders of securities subsequent to the latest financial year-end.

General review

Revenue increased 7.3%, driven by growth in sub-Saharan Africa. Revenue from foreign operations grew 33% to R365 million. Operating margins for the year were 10%. Foreign operations achieved an operating margin of 17% contributing 79% of the division's operating profits.

Locally, Esorfranki Geotechnical secured new projects in KwaZulu-Natal including piling for the Umgeni interchange upgrade and a contract for the Umdloti River Bridge. In Gauteng five major piling projects are currently underway in Sandton. The company also secured two projects in the renewable energy sector, a wind farm in the Eastern Cape and a solar farm in the Northern Cape. Esorfranki Geotechnical also made inroads into the infrastructure for cellular transmission towers market.

Further afield, Esorfranki Geotechnical focused on consolidating and upgrading its resources in African geographic nodes. This included the establishment of a fully resourced operation in Ghana, which will enable the company to further capitalise on infrastructure growth in the country. In addition, construction of marine temporary work for seven groynes in the coastal town Ada in Ghana is underway. Esorfranki Geotechnical also secured two contracts in Uganda, the lateral support for the new Auditor General building in Kampala and the piling for the extension to Nile Breweries in Mbarara. This represents the company's first foray into Uganda – a country with significant infrastructure prospects. Projects in Angola continued to tick over.

Subsequent events

There has been no material fact or circumstance that has occurred between the end of the latest financial year and the date of this circular which may materially affect the business.

Additional information

During the past financial year, Esorfranki Geotechnical had not made any loans, which are outstanding, or furnished any security for the benefit of any director or manager or any associate of any director of manager nor are there any material borrowings.

As Esorfranki Geotechnical is a division of Esorfranki, it has:

- no reporting segments;
- not issued any securities;
- no subsidiaries;
- not declared any dividends; and
- not paid any directors' emoluments.

Esorfranki Geotechnical does not have a separate share incentive scheme, although it does take part in the Esorfranki scheme (Note 12).

As the division does not have any share capital, no financial statistics (eg net asset value, net tangible asset value, earnings and headline earnings per share) have been provided.

Statement of financial position
at 28 February 2013, 29 February 2012 and 28 February 2011

	Notes	**2013 R'000**	2012 R'000	2011 R'000
ASSETS				
Non-current assets		**378 232**	349 901	357 218
Property, plant and equipment	3	**364 853**	337 167	345 066
Goodwill	4	**9 547**	9 547	9 547
Deferred tax asset	5	**3 829**	1 896	2 605
Financial asset at fair value through profit or loss	6	**3**	1 291	–
Current assets		**388 334**	543 439	297 012
Inventories	7	**17 568**	19 211	16 983
Non-current asset held for sale	8	**139**	3 293	–
Taxation receivable		**20 129**	13 938	2 176
Trade and other receivables	10	**247 100**	233 046	177 858
Cash and cash equivalents	11	**58 997**	61 812	42 495
Unsecured loans	9	**44 401**	212 139	57 500
Total assets		**766 566**	893 340	654 230
EQUITY AND LIABILITIES				
Capital and reserves	12	**443 508**	355 942	21 032
Reserves		**13 615**	(11 038)	(282 739)
Retained earnings		**429 893**	366 980	303 771
Non-current liabilities		**71 513**	60 122	92 223
Secured borrowings	13	**22 043**	11 280	51 932
Post-retirement benefits	14	**1 913**	1 806	1 657
Deferred tax liability	5	**47 557**	47 036	38 634
Current liabilities		**251 545**	477 276	540 975
Current portion of secured borrowings	13	**15 572**	37 671	217 997
Trade and other payables	15	**209 500**	237 542	131 128
Taxation payable		**7 594**	16 891	4 890
Bank overdraft	11	**10 754**	2 408	–
Unsecured loans	9	**8 125**	182 764	186 960
Total equity and liabilities		**766 566**	893 340	654 230

Statement of comprehensive income
for the three years ended 28 February 2013, 29 February 2012 and 28 February 2011

	Notes	**2013 R'000**	2012 R'000	2011 R'000
Revenue	21	**787 857**	734 092	674 258
Cost of sales		**(643 933)**	(610 409)	(584 006)
Gross profit		**143 924**	123 683	90 252
Other income		**–**	66	5 945
Other expenses		**(39 502)**	(44 322)	(50 175)
Profit before interest, tax, impairment and depreciation		**104 422**	79 427	46 022
Depreciation and impairment		**(27 822)**	(21 686)	(26 803)
Operating profit	16	**76 600**	57 741	19 219
Finance income	17	**38 323**	50 561	22 988
Finance expenses	17	**(51 176)**	(56 352)	(52 702)
Profit/(Loss) before taxation		**63 747**	51 950	(10 495)
Taxation	18	**(834)**	(6 890)	7 931
Profit/(Loss) for the year		**62 913**	45 060	(2 564)
Other comprehensive income				
Foreign currency translation differences for foreign operations		**23 210**	12 129	1 101
Actuarial loss on post-retirement benefit		**(97)**	(73)	(261)
Other comprehensive income for the year, net of tax		**23 113**	12 056	840
Total comprehensive income for the year		**86 026**	57 116	(1 724)
Profit/(Loss) for the year attributable to:				
Owners of the group		**62 913**	45 060	(2 564)
Total comprehensive income attributable to:				
Owners of the group		**86 026**	57 116	(1 724)

Statements of changes in equity

for the three years ended 28 February 2013, 29 February 2012 and 28 February 2011

	Post-retirement benefit reserve R'000	**FCTR R'000**	**Share-based payment reserve R'000**	**Common control reserve R'000**	**Retained earnings R'000**	**Total R'000**
Balance at 28 February 2010	814	(32 056)	5 260	(261 107)	306 335	19 246
Loss for the year	–	–	–	–	(2 564)	(2 564)
Other comprehensive income						
Foreign currency translation, net of taxation	–	1 101	–	–	–	1 101
Post-retirement benefit adjustment	(261)	–	–	–	–	(261)
Total comprehensive income for the year	553	(30 955)	5 260	(261 107)	303 771	17 522
Transactions with owners recorded directly in equity						
Share-based payment transactions	–	–	3 510	–	–	3 510
Balance at 28 February 2011	553	(30 955)	8 770	(261 107)	303 771	21 032
Profit for the year	–	–	–	–	45 060	45 060
Other comprehensive income						
Foreign currency translation, net of taxation	–	12 129	–	–	–	12 129
Post-retirement benefit adjustment	(73)	–	–	–	–	(73)
Total comprehensive income for the year	480	(18 826)	8 770	(261 107)	348 831	78 148
Transactions with owners recorded directly in equity						
Disposal of operations	–	–	(2 786)	261 107	18 149	276 470
Share-based payment transactions	–	–	1 324	–	–	1 324
Balance at 29 February 2012	480	(18 826)	7 308	–	366 980	355 942
Profit for the year	–	–	–	–	62 913	62 913
Other comprehensive income						
Foreign currency translation, net of taxation	–	23 210	–	–	–	23 210
Post-retirement benefit adjustment	(97)	–	–	–	–	(97)
Total comprehensive income for the year	383	4 384	7 308	–	429 893	441 968
Transactions with owners recorded directly in equity						
Share-based payment transactions	–	–	1 540	–	–	1 540
Balance at 28 February 2013	**383**	**4 384**	**8 848**	**–**	**429 893**	**443 508**

Statement of cash flows
for the three years ended 28 February 2013, 29 February 2012 and 28 February 2011

	Notes	**2013 R'000**	2012 R'000	2011 R'000
Cash flows from operating activities		**12 553**	(31 574)	12 445
Cash generated by/(utilised in) operations	24	**46 682**	(23 872)	39 400
Finance income		**38 323**	50 561	22 988
Finance expense		**(51 032)**	(56 209)	(52 555)
Taxation (paid)/refund	25	**(21 420)**	(2 054)	2 612
Cash flows from investing activities		**(12 244)**	269 528	(2 428)
Acquisition to property, plant and equipment		**(42 815)**	(51 100)	(10 751)
Acquisition of financial asset through profit or loss		**–**	(7 627)	–
Proceeds from disposal of plant and equipment		**30 571**	100 757	13 394
Disposal of investments		**–**	–	5 452
Acquisition of business operations, net of cash		**–**	(55 422)	(10 523)
Disposal of business operations	26	**–**	282 920	–
Cash flows from financing activities		**(11 470)**	(221 045)	(49 673)
Post-retirement benefits paid		**(134)**	(67)	(416)
Secured borrowings repaid		**(11 336)**	(220 978)	(49 257)
Net (decrease)/increase in cash and cash equivalents		**(11 161)**	16 909	(39 656)
Cash and cash equivalents at beginning of year		**59 404**	42 495	82 151
Cash and cash equivalents at end of year	11	**48 243**	59 404	42 495

Notes to the historical information
for the three years ended 28 February 2013, 29 February 2012 and 28 February 2011

1. **GENERAL INFORMATION**

Esorfranki Construction Proprietary Limited and Esorfranki Limited have entered into a Business Agreement to dispose of the Geotechnical segment, including its subsidiaries.

Geofranki (West Africa) Limited, Zimfranki Projects (Pvt) Limited and Nike Enterprise (Pvt) Limited were excluded from the sale.

2. **PRESENTATION OF HISTORICAL INFORMATION**

The historical information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa, 2008 (as amended) and the Companies Regulation. The historical information 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 applied consistently by group entities. The methods used to measure the fair value of these financial instruments are discussed further in note 2.8.

2.1 **Functional and presentation currency**

These consolidated historical information of the group is presented in South African Rands ("R"), which is the group's functional currency. All financial information presented in Rands has been rounded to the nearest thousand ("R'000").

2.2 **Use of estimates and judgements**

The key assumptions and judgements made concerning the future and other sources of estimation uncertainty at the reporting 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 (see note 2.12).

Business combinations

The recognition, measurement and identification of assets acquired, liabilities assumed and goodwill acquired (see note 4).

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 12.1 – Share-based payments.

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 4 – Goodwill.

Provisions

Provisions raised were determined by management on estimates based on the information available. Additional disclosures of these estimates of provisions are included in note 15 – Trade and other payables.

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. Further information on the significant assumptions is shown in note 14.

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 its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, 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 group;
- 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.

Subsequent costs

The group recognises in the carrying amount an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the group and the cost of such an item can be measured reliably. Any remaining carrying amount of the replaced part is written off to profit or loss as incurred.

Property, plant and equipment are 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. 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	1 – 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.

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the group's accounting policies. On initial classification as held-for-sale and subsequently, non-current assets or disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in profit or loss and are allocated first to goodwill and then to the remaining assets and liabilities on a *pro rata* basis (with the exception of inventories, financial assets, deferred taxation assets, and employee benefit assets, which continue to be measured in accordance with the group's accounting policies). Gains are not recognised in excess of any cumulative impairment loss. Gains and losses on re-measurement are recognised in other expenses in the statement of comprehensive income.

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 group;
- 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 its 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. They are tested annually for impairment and impaired if necessary.

Finite useful life intangibles are amortised on a straight-line bases 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**

For acquisitions on or after 1 March 2012, the group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquire; plus
- if the net combination is achieved in stages; the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Goodwill arising from business combinations is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortised.

The profit or loss realised on disposal of an entity is calculated after taking into account the carrying amount of any related goodwill.

2.6 Investments in subsidiaries

In the group's historical information, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiaries 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 group; plus
- any costs directly attributable to the purchase of the subsidiary or joint ventures.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss.

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 historical information of subsidiaries are included in the consolidated historical information 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.

Acquisitions from entities under common control

At acquisition, 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 historical information.

Jointly controlled operations

Jointly controlled operations involve the use of assets and other resources of the venturer's in completing defined construction contracts. The group accounts for the assets it controls, the liabilities and expenses that it incurs and its share of the income that it earns from the construction contracts.

Changes in interests without a loss in control

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity (in the premium on non-controlling interest reserve). No goodwill is recognised on such transactions.

Loss of control

Upon the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.7 **Impairment**

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 companies 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 taxation 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 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.

2.8 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 from part of the group's cash management are included as a component of cash and cash equivalents these are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Offset

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting for finance income and costs is discussed in note 2.15

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 sales decision 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 hedge its foreign currency exposure. 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 designated as a hedging instrument in a qualifying hedge relationship, all changes in its fair value are recognised in profit or loss.

2.9 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 taxation effects.

2.10 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 finance income and 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.

2.11 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories comprises of 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.12 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.

2.13 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income 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 substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability 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 affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary difference 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 laws that been enacted or substantively enacted by the reporting date. Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxation entities, but they intent to settle current taxation liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

A deferred taxation 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 taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The group withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the group's tax charge but rather as part of the dividend paid recognised directly in equity.

2.14 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-taxation 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 measures 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.

2.15 **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 hedging 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 assets at fair value through profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

2.16 **Foreign currency**

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Foreign currency gain or loss on monetary items is the difference between the 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 the foreign currency translated at the exchange rate at the end of the reporting 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

Foreign currency difference are recognised in other comprehensive income, and presented in the foreign currency translation revere (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of the only part of its interest in subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests. When the group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or join control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

All assets and liabilities of foreign operations, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date.

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 or likely in the foreseeable future, are considered to form part of the net investment in foreign operation and are recognised directly in other comprehensive income in the foreign currency translation reserve (“FCTR”).

2.17 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 equity is recognised if the goods or services were acquired in an equity settled share-based payment transaction.

When the goods or services 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 cash-settled share-based payment transactions, the goods or services acquired and the liability are ensure at the fair value of the liability based on the fair value of the shares using a suitable valuation model. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of the settlement, with nay 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 group 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.

2.18 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 employee 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. Prepaid 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 group'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 the post-retirement medical aid costs of certain retired employees. The projected unit credit method is sued 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 in other comprehensive income in the period in which they occur.

2.19 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 three years ended 28 February 2013, and have not been applied in preparing these historical information:

Standard		**Effective date**
IAS 1 amendment	*Presentation of Historical information: Presentation of Items of Other Comprehensive Income* The company will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately. This is a change in presentation and will have no impact on the recognition or measurement of items in the historical information. The amendment will be applied retrospectively and the comparative information will be restated.	1 July 2012
IFRS 10	*Consolidated Historical information* IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result the group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.	1 January 2013
IFRS 11 Joint Arrangements	IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities. According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model: • Joint operations whereby the jointly controlling parties, known as joint operators, have rights to assets and obligations for liabilities, relating to the arrangement. • Joint ventures whereby the joint controlling parties, known as joint venturers, have rights to the net assets of the arrangement. In terms of IFRS 11, all joint ventures have to be equity accounted. The impact on the historical information for Esorfranki Construction Proprietary Limited cannot be reasonably estimated as at 28 February 2013.	Annual periods beginning on or after 1 January 2013

IFRS 12 Disclosure of Interests in Other Entities	IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable the user to evaluate: • the nature of, and risks associated with, an entity's interests in other entities; and • the effects of those interests on the entity's financial position, financial performance and cash flows. The adoption of the new standard will increase the level of disclosure provided for the entity's interest in subsidiaries, joint arrangements, associates and structured entities.	Annual periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements. The key principles in IFRS 13 are as follows: • Fair value is an exit price. • Measurements considers characteristics of the asset or liability and not entity specific characteristics. • Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants. • Price is not adjusted for transaction costs. • Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The three-level fair value hierarchy is extended to all fair value measurements. The impact on the historical information for Esorfranki Construction Proprietary Limited cannot be reasonably estimated as at 28 February 2013.	Annual periods beginning on or after 1 January 2013
IAS 27 Separate Historical Information (2012)	IAS 27 (2012) supersedes IAS 27 (2008). IAS 27 (2012) carries forward the existing accounting and disclosure requirements for separate historical information, with some minor clarifications. The adoption of IAS 27 (2012) will not have a significant impact on the company's historical information.	Annual periods beginning on or after 1 January 2013
IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position, or are subject to enforceable master netting arrangements or similar agreements.	Annual periods beginning on or after 1 January 2013

IFRS 9 (2009) Financial Instruments	IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The impact on the historical information for Esorfranki Construction Proprietary Limited cannot be reasonably estimated as at 28 February 2013.	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010) Financial Instruments	IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39. Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects: • Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value chance is recognised in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and not subsequently re-assessed. • Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value. IFRS 9 (2010) incorporates, the guidance of IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Re-assessment of Embedded Derivatives. The impact on the historical information for Esorfranki Construction Proprietary Limited cannot be reasonably estimated as at 28 February 2013.	Annual periods beginning on or after 1 January 2015

3. **PROPERTY, PLANT AND EQUIPMENT**

	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
2013			
Land and buildings	**25 777**	**(1 550)**	**24 227**
Plant and equipment	**520 093**	**(190 831)**	**329 262**
Motor vehicles	**23 862**	**(12 525)**	**11 337**
Furniture and fittings	**996**	**(969)**	**27**
Computers	**365**	**(365)**	**–**
	571 093	**(206 240)**	**364 853**
2012			
Land and buildings	22 566	(944)	21 622
Plant and equipment	447 753	(141 594)	306 159
Motor vehicles	16 878	(7 550)	9 328
Furniture and fittings	978	(920)	58
Computers	349	(349)	–
	488 524	(151 357)	337 167
2011			
Land and buildings	32 809	(848)	31 961
Plant and equipment	444 916	(146 347)	298 569
Motor vehicles	29 536	(15 081)	14 455
Furniture and fittings	1 250	(1 169)	81
Computers	967	(967)	–
	509 478	(164 412)	345 066

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

2013	**Carrying value at beginning of year R'000**	**Additions R'000**	**Disposals R'000**	**Depre-ciation R'000**	**Business acqui-sition R'000**	**Impair-ment R'000**	**Translation adjust-ments R'000**	**Group transfers R'000**	**Assets held for sale R'000**	**Carrying value at end of year R'000**
Land and buildings	**21 622**	**485**	**–**	**(275)**	**–**	**–**	**2 534**	**–**	**(139)**	**24 227**
Plant and equipment	**306 159**	**39 373**	**(1 999)**	**(25 872)**	**–**	**–**	**13 432**	**(1 831)**	**–**	**329 262**
Motor vehicles	**9 328**	**2 957**	**(111)**	**(1 646)**	**–**	**–**	**809**	**–**	**–**	**11 337**
Furniture and fittings	**58**	**–**	**–**	**(29)**	**–**	**(6)**	**4**	**–**	**–**	**27**
Computers	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	337 167	**42 815**	**(2 110)**	**(27 822)**	**–**	**(6)**	**16 779**	**(1 831)**	**(139)**	**364 853**
2012										
Land and buildings	31 961	4 467	(3 293)	(259)	–	–	1 602	(9 563)	(3 293)	21 622
Plant and equipment	298 569	45 182	(2 034)	(20 174)	52 298	–	9 737	(77 419)	–	306 159
Motor vehicles	14 455	1 402	(306)	(1 181)	3 124	–	320	(8 486)	–	9 328
Furniture and fittings	81	49	–	(72)	–	–	–	–	–	58
Computers	–	–	–	–	–	–	–	–	–	–
	345 066	51 100	(5 633)	(21 686)	55 422	–	11 659	(95 468)	(3 293)	337 167
2011										
Land and buildings	29 865	4 079	–	(309)	–	–	(1 674)	–	–	31 961
Plant and equipment	327 672	5 829	(13 688)	(23 681)	–	10 073	(7 636)	–	–	298 569
Motor vehicles	19 069	808	(3 120)	(2 332)	–	438	(408)	–	–	14 455
Furniture and fittings	256	9	(55)	(141)	–	12	–	–	–	81
Computers	315	26	(107)	(234)	–	–	–	–	–	–
	377 177	10 751	(16 970)	(26 697)	–	10 523	(9 718)	–	–	345 066

Certain plant and equipment is secured by instalment finance agreements (see note 13).

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

There has been no change in the nature and use of plant and equipment.

4. **GOODWILL**

	Cost R'000	Accumulated impairment R'000	Carrying value R'000
2013			
Geo Compaction Dynamic – Goodwill	**9 547**	**–**	**9 547**
2012			
Geo Compaction Dynamic – Goodwill	9 547	–	9 547
2011			
Geo Compaction Dynamic – Goodwill	9 547	–	9 547

	Carrying value at beginning of year R'000	Amortisation/ Impairment R'000	Carrying value at end of year R'000
2013			
Geo Compaction Dynamic – Goodwill	**9 547**	**–**	**9 547**
2012			
Geo Compaction Dynamic – Goodwill	9 547	–	9 547
2011	11 276	(1 729)	9 547
Geo Compaction Dynamic – Goodwill	9 547	–	9 547
Geo Compaction Dynamic – Brand name	1 729	(1 729)	–

Goodwill arose on the business combination between Franki Africa and Geo Compaction Dynamics and has been allocated to the individual reporting unit or cash-generating unit, namely Geo Compaction Dynamics.

The brand name was amortised for an amount of R106 000 and impaired for an amount of R1 623 000 in 2011.

5. DEFERRED TAXATION

	2013 R'000	2012 R'000	2011 R'000
Balance at beginning of the year	**(45 140)**	(36 029)	(54 899)
Current year charge	**1 412**	(9 111)	18 870
– recognised in profit or loss	**5 098**	(4 597)	12 670
– foreign currency translation adjustment	**(3 686)**	1 936	6 200
– disposal of business (note 26)	**–**	(6 450)	–
Balance at end of the year	**(43 728)**	(45 140)	(36 029)
The above balance is made up as follows:			
Property, plant and equipment	**(55 349)**	(49 707)	(49 232)
Retentions	**(13 262)**	(6 567)	(6 662)
Leave accrual	**–**	–	364
Provisions	**7 647**	17 625	13 466
Deferred income	**–**	(18 338)	(14 795)
Unrealised exchange differences	**(42)**	286	(436)
Advance payments	**–**	2 560	804
Section 24C allowances	**–**	–	–
Timings not utilised	**(286)**	–	–
Assessed loss	**12 678**	4 708	12 555
Other	**4 886**	4 293	7 907
	(43 728)	(45 140)	(36 029)
Deferred tax asset	**3 829**	1 896	2 605
Deferred tax liability	**(47 557)**	(47 036)	(38 634)
	(43 728)	(45 140)	(36 029)

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 R'000	2012 R'000	2011 R'000
A foreign exchange hedge was taken out in January 2012 to hedge €9.5 million revenue on a contract with a term of 16 months.			
Cost	**7 627**	7 627	–
Amortisation	**(4 699)**	(2 134)	–
Fair value adjustment	**(2 912)**	(329)	–
Carrying value	**16**	5 164	–
Disclosed as follows:			
Non-current assets	**3**	1 291	–
Trade and other receivables (note 10)	**13**	3 873	–
	16	5 164	–

7. INVENTORIES

Consumables	**17 406**	19 211	16 983
Merchandise	**162**	–	–
	17 568	19 211	16 983

8. **NON-CURRENT ASSET HELD FOR SALE**

	2013 R'000	2012 R'000	2011 R'000
Property, plant and equipment	**139**	3 293	–

2013

The item relates to a piece of land in Port Elizabeth (Erf 446) on which a sales agreement had been signed but transfer only took place subsequent to year-end.

2012

A property in Durban, KwaZulu-Natal which formed part of the Geotechnical business unit was presented as held for sale in the comparative period. The sale was completed in July 2012. The proceeds of this sale were R30 million. The proceeds of this sale were ceded to Standard Bank in support of the group's working capital facility.

9. **UNSECURED LOANS**

	2013 R'000	2012 R'000	2011 R'000
Esorfranki Limited	**–**	208 271	(37 317)
Esor Africa Proprietary Limited	**(12 355)**	11 644	48 920
Esorfranki Civils Proprietary Limited	**–**	1 262	–
Esorfranki Pipelines Proprietary Limited	**–**	2 841	–
Safdev Land 1 Proprietary Limited	**–**	–	(37 086)
Esorfranki Shared Services Division*	**28 780**	(197 978)	15 382
Other	**19 851**	3 335	(119 359
	36 276	29 375	(129 460)
Disclosed as follows:			
Current assets	**44 401**	212 139	57 500
Current liabilities	**(8 125)**	(182 764)	(186 960)
	36 276	29 375	(129 460)

These group inter-company loans have accumulated in the ordinary course of business since the group purchased the Geotechnical business unit in 2006. There has been no specific inception date for these loans.

These loans are unsecured and are repayable on demand.

** Interest was charged at 8.5% (2012: 8% and 2011: Nil) on this loan.*

10. TRADE AND OTHER RECEIVABLES

	2013 R'000	2012 R'000	2011 R'000
Financial assets	**233 950**	106 978	96 338
Trade receivables	**273 137**	145 966	131 325
Financial assets at fair value through profit or loss (note 6)	**13**	3 873	–
Impairment	**(39 200)**	(42 861)	(34 987)
Non-financial assets	**13 150**	126 068	81 520
Accrued income	**–**	91 729	69 388
VAT receivable	**2 083**	–	–
Pre-payments	**4 207**	21 088	5 548
Sundry debtors	**6 860**	13 251	6 584
	247 100	233 046	177 858

Trade receivables include amounts due from customers. This amount is calculated as follows:

	2013 R'000	2012 R'000	2011 R'000
Costs incurred plus recognised profits, less recognised losses on contracts in progress at year-end	**2 283 932**	734 092	674 622
Amounts certified	**(2 260 201)**	(562 777)	(524 384)
Retentions receivable	**33 080**	23 519	24 225
	56 811	194 834	174 463
Amounts due from contract customers	**56 811**	194 834	174 463
Amounts due to contract customers (refer note 15)	**(35 623)**	(51 140)	(23 471)
	21 188	143 694	150 992

All present and future receivables are pledged as security by a special notarial bond in favour of another group company.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following amounts:

	2013	2012	2011
Cash and cash equivalents at bank and on hand	**58 997**	61 812	42 495
Bank overdraft	**(10 754)**	(2 408)	–
	48 243	59 404	42 495

12. **CAPITAL AND RESERVES**

12.1 **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 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)	1	1	3
Risk-free rate (%)	7.4	7.4	7.68

The dividend yield assumption was based on a 20 cents per share dividend.

	2013	2012	2011
	Number of share options		
Outstanding options			
Opening balance at beginning of the year	**7 086 498**	3 137 000	3 844 000
Options allocated to businesses acquired	**–**	4 647 709	–
Granted during the year	**–**	–	–
Exercised during the year	**(819 402)**	(698 211)	(707 000)
Outstanding at end of the year	**6 267 096**	7 086 498	3 137 000
Expense arising from shared-based payment transaction (R'000)	**2 418**	1 774	6 191
Weighted average share price for the year (cents)	**137.4**	161.5	253.3

All unexercised options due to employees of the Geotechnical business expired on 14 March 2013. Consequently there are no outstanding options due to employees of the Geotechnical business.

13. **SECURED BORROWINGS**

	2013 R'000	2012 R'000	2011 R'000
Mercedes-Benz Financial Services – instalment finance agreements	**–**	–	–
The Standard Bank of South Africa Limited – instalment finance agreements	**6 702**	38 904	75 983
First National Bank (WesBank) – instalment finance agreements	**–**	2 055	9 317
ABSA Bank Limited – instalment finance agreements	**30 913**	7 992	7 024
Other – instalment finance agreements	**–**	–	177 605
	37 615	48 951	269 929
Less: Current portion transferred to current liabilities	**(15 572)**	(37 671)	(217 997)
	22 043	11 280	51 932

Instalment finance agreements are secured over plant and equipment referred to in note 3. Interest is levied at a rate of between prime plus 3.5% and prime minus 2% on these borrowings. Instalment sale agreements are taken out for periods not exceeding 60 months. The final repayment dates on the instalment agreements is February 2018.

At year-end, the prime interest rate was 8.5% (2012 and 2011: 9%).

14. POST-RETIREMENT BENEFITS

Defined contributions

The policy of the group is to provide retirement benefits for its employees through the operation of the Frankipile (1996) Staff Pension and Provident Fund, which is administered by Liberty Life Association of Africa Limited.

The object of the scheme, which is a defined contribution plan, is to provide benefits for employees of the group on their retirement through old age or ill-health, or upon the death of such employees, or their dependants.

Contributions by the employee for the period March 2010 to March 2011 were calculated as 13.5% of basic salary. From April 2011 to February 2013, contributions are calculated as a percentage (%) of 70% of cost to group employees depending on the category the employee chooses. The percentage in each category is as follows:

- Category 1: 10%
- Category 2: 13.5%
- Category 3: 15%
- Category 4: 17.5%
- Category 5: 20%

The contributions amounted to R9.989 million (2012: R9.699 million; 2011: R10.222 million) for the year.

Defined benefits

All pensioners have a subsidy of 50% of their total medical scheme contributions. Employees who joined the group after 1 July 2005 do not qualify for the subsidy. The active employee's obligations who joined before 1 July 2005 have been restructured with effect from 1 January 2012. This restructure has eliminated any further funding exposure for active members.

Prior to 1 July 2005, all medical aid members of the Franki Africa who reached the age of 65 years together with employees who were 55 years or older, who accepted early retirement as an alternative to retrenchment, received a subsidy of 50% towards post-retirement medical aid contributions. This obligation is unfunded.

	2013 R'000	2012 R'000	2011 R'000
Balance at 1 March	**1 806**	1 657	1 665
Current contributions paid	**(134)**	(67)	(416)
Actuarial gains charged to equity	**97**	73	261
Interest obligation	**144**	143	147
Balance at 28 February	**1 913**	1 806	1 657
The principal actuarial assumptions applied in the determination of their values include:			
Consumer price inflation	**5.4%**	5.5%	5.50%
Discount rate	**6.9%**	8.3%	9.00%
Medical cost trend rate	**7.4%**	7.5%	7.75%
Number of employees in the fund	**6**	6	6
Sensitivity The effect of a 1% movement in the health-care cost inflation assumption on the contractual liability and the annual expense after taxation is as follows:			
1% increase in health-care cost	**171**	156	144
1% decrease in health-care cost	**(151)**	(138)	(127)
1% increase in interest cost	**(11)**	(11)	(9)
1% decrease in interest cost	**11**	9	7

Date of last actuarial valuation: 28 February 2013

Date of next actuarial valuation: 28 February 2014

Any changes in the actuarial assumptions are not expected to have a significant impact on the post-retirement obligation.

15. TRADE AND OTHER PAYABLES

	2013 R'000	2012 R'000	2011 R'000
Financial liabilities	**185 468**	216 866	124 958
Trade payables	**39 591**	49 416	44 019
Amount owing under contracts (note 12)	**35 623**	51 140	23 471
Accruals for outstanding invoices	**43 885**	103 931	45 584
Sundry payables	**66 369**	12 379	11 884
Non-financial liabilities	**24 032**	20 676	6 170
Leave pay accrual	**12 696**	10 366	–
Bonus accrual	**10 213**	10 310	1 248
VAT payable	**1 123**	–	583
Advance payments received	**–**	–	4 339
	209 500	237 542	131 128

16. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities are stated after taking into account the following items which require separate disclosure:

	2013 R'000	2012 R'000	2011 R'000
Expenditure			
Directors' emoluments	**5 264**	5 057	4 824
There are no directors with service contracts in excess of 12 months.			
Audit fees	**1 975**	1 624	2 106
(Profit)/Loss on disposal of plant and equipment	**(23 337)**	344	3 576
Share-based payments	**1 540**	1 324	3 510
Depreciation and impairment	**27 821**	21 686	28 426
Operating lease charges	**15 121**	7 637	19 350
– premises	**8 884**	3 997	3 909
– equipment	**451**	546	11 016
– vehicles	**5 786**	3 094	4 425
Professional fees	**2 790**	2 899	2 882
Legal fees	**90**	115	403
Employee costs	**112 384**	177 479	252 218

17. FINANCE INCOME AND COSTS

	2013 R'000	2012 R'000	2011 R'000
Finance income			
Interest income on bank deposits	**403**	818	1 689
Interest received from related parties	**150**	1 399	1 802
Other	**159**	–	–
Exchange gain on amounts owing to/from subsidiaries and foreign branches	**37 611**	48 344	19 497
	38 323	50 561	22 988
Finance costs			
Interest expense on borrowings	**4 971**	4 660	25 108
Interest paid to related parties	**113**	–	8 810
Other	**866**	143	14
Exchange loss on amounts owing to/from subsidiaries and foreign branches	**45 226**	51 549	18 770
	51 176	56 352	52 702

18. TAXATION

	2013 R'000	2012 R'000	2011 R'000
South African normal taxation			
Current taxation	**799**	(3 011)	(560)
– current year	**799**	–	3 012
– prior year	**–**	(3 011)	(3 572)
Deferred taxation	**(7 389)**	(1 837)	(13 753)
– current year	**(7 389)**	(3 563)	(11 847)
– prior year	**–**	1 726	(1 906)
Capital gains tax	**3 394**	–	–
Foreign taxation			
Current taxation	**1 739**	5 304	6 066
– current year	**6 936**	4 654	10 853
– prior year under provision	**(5 324)**	650	(4 787)
– withholding tax	**127**	–	–
Deferred taxation	**2 291**	6 434	316
– current year	**3 479**	5 171	504
– prior year under provision	**(1 188)**	1 263	(188)
	834	6 890	(7 931)

	%	%	%
Reconciliation of taxation rate			
Reconciliation between applicable taxation rate and effective taxation rate.			
Standard taxation rate	**(28)**	(28)	(28)
Adjusted for:			
– permanent differences	**16**	(10)	13
– normal tax prior year adjustment	**(8)**	(5)	80
– deferred tax prior year adjustment	**(2)**	6	22
– income tax rate differential	**–**	8	(9)
– capital gains tax	**5**	–	–
– other	**16**	16	(2)
Effective tax rate	**(1)**	(13)	76

19. JOINT VENTURES

	2013 R'000	2012 R'000	2011 R'000
The group has interests in the following jointly controlled operations:			
Stefanutti Stocks Franki JV	**50%**	50%	50%
The group's interest in the jointly controlled operations have been incorporated into the results, cash flows, assets and liabilities as follows:			
Statement of financial position			
Current assets	**18 215**	85 486	51 786
Current liabilities	**(17 112)**	(3 004)	(4 500)
Statement of comprehensive income			
Revenue	**–**	74 982	79 295
Cost of sales	**–**	(42 778)	(45 002)
Gross profit	**–**	32 204	34 293
Other operating income	**176**	–	(20)
Profit before taxation	**176**	32 204	34 273

20. COMMITMENTS

	2013 R'000	2012 R'000	2011 R'000
Leases The group leases certain of its land and buildings, vehicles and office equipment for periods of up to 10 years. At year-end, the minimum lease payments due on operating leases were as follows:			
Equipment	**1 035**	805	660
– within one year	**273**	546	437
– within two to five years	**762**	259	223
Land and buildings	**1 866**	5 075	6 369
– within one year	**1 296**	4 019	3 839
– within two to five years	**570**	1 056	2 530
Vehicles	**7 912**	6 342	2 359
– within one year	**3 114**	2 365	1 610
– within two to five years	**4 798**	3 977	749
	10 813	12 222	9 388

Capital commitments

At year-end, the purchase of plant and equipment to the value of R0 million (2012: R47.4 million; 2011: R8.045 million) has been authorised and contracted for. Further capital expenditure to the value of R0 million (2012: R83.406 million; 2011: R21.330 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.

21. REVENUE

	2013 R'000	2012 R'000	2011 R'000
Contract revenue	**787 857**	734 092	674 258

Contract revenue comprises the value of work done in respect of contracts, net of value-added taxation.

22. RELATED PARTY TRANSACTIONS

Esorfranki Construction – Geo Technical division is a division of Esorfranki Construction Proprietary Limited (2012 – 100%) incorporated in South Africa.

Related parties include all branches of the group. All transactions with related parties are concluded at arm's length in the ordinary course of business.

Directors' emoluments are disclosed under note 16 and net indebtedness is in note 9.

Party **Name of transaction**	**2013 R'000**	2012 R'000	2011 R'000
Esorfranki Construction Proprietary Limited – Civils division			
Revenue	**(14 814)**	(9 261)	(3 824)
Esorfranki Construction Proprietary Limited – Pipelines division			
Revenue	**(1 540)**	(1 356)	(273)
Esorfranki Construction Proprietary Limited – Pipelines division			
Purchases	**2 958**	–	–
Esor Africa Proprietary Limited			
Revenue	**–**	–	(2 922)
Esorfranki Construction Proprietary Limited – Shared Services division			
Interest received	**(150)**	(1 399)	–
Esor Africa Proprietary Limited			
Interest received	**–**	–	(1 451)
Esorfranki Construction Proprietary Limited – Shared Services division			
Management fees	**9 439**	7 311	5 224

23. **RISK MANAGEMENT**

Overview

The group has exposure to the following risks from their use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The risk exposure is addressed below and has not changed from the 2011 to the 2013 reporting periods.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these historical information.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The group's Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables.

Trade and other receivables

The exposure to credit risk is influenced mainly by the counterparties' individual risk characteristics as an end user customer. The company Tender Committee, established in terms of its risk policies and procedures, is mandated to review new customers and counterparties prior to submission of any bid or tender offers and proposals. This Committee directs appropriate risk payment conditions and terms in its review of tender proposal and bids. Contract debtors, by geographical location, are grouped, as a concentration of credit risk, and monitored monthly by the Executive Management Committee.

More than 80% of the group's customers have been transacting with the group over the last two years, and losses have occurred infrequently. In monitoring customer credit risk, customers are mainly grouped according to their geographical location whilst other credit characteristics, including whether they are individual or legal entities, whether they are wholesale or end user customers and financiers, industry, aging profile, maturity and existence of previous financial difficulties are also considered. Customers classed as "high risk" are placed on a restrictive customer list and future contracts are made on an advance payment or payment guaranteed basis with the approval of the Tender Committee. Contracts entered into contain provisions for payment defaults and retention of title clauses, so that in the event of non-payment the group may have secured claims. The group may require collateral in respect of trade and other receivables and accrued income.

The group has various cash deposits which are held with reputable banking institutions which mitigate credit risk.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet their financial obligations as they fall due. The policy to manage liquidity is to ensure, as far as possible, that the group will always have sufficient liquidity to meet their liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The group use activity based costing to estimate the tendered cost of its products and services. Cash flow models, especially on larger tender proposals, are reviewed by the Tender Committee. The objective is to ensure that project cash flows remain positive throughout their estimated duration. Daily and monthly forecast cash flows are monitored to ensure that surplus cash is appropriately invested in optimal treasury call deposits and access finance facilities.

The group has further borrowing facilities available through the Esorfranki group in terms of asset finance, contract guarantees, overdraft and forward exchange facilities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's income or value of its holdings of financial instruments. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The group is exposed to currency risk on intra-group transactions, capital asset acquisitions and foreign cash resources that are denominated in a currency, other than the respective functional currencies of the group entity, primarily the South African Rand.

The group hedges all foreign capital asset additions or imports against foreign currency exposures over the estimated delivery lead times. The group uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

The principal amounts of the group's foreign cash balances are managed to ensure that its net exposure is kept to acceptable exposure levels through multiple hard currencies, both on and off shore. Foreign treasury call deposits denominated in currencies other than the underlying operational functional currency provides an economic hedge and no derivatives are entered into.

Gross intra-group receivables are denominated in the functional currency of the entity funding the Transaction. These investment levels are monitored to ensure that the net foreign exchange risk exposure is best economically hedged. Cash flows are monitored to minimise unnecessary foreign exchange risk associated with intra-group transactions. No derivatives are entered into to hedge these positions.

The group's investments in foreign operations are not hedged as those currency positions are considered to be long term in nature.

Interest risk

The group is exposed to variable linked interest rate risk on its purchases of capital assets financed through instalment sale agreements. The group treasury operates an access finance facility against its exposure on its instalment sale borrowings, thereby economically off setting its risk to interest rate changes.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The board of directors monitors the return on capital, which the group defines as total capital and reserves, and the level of dividends to ordinary shareholders. The board's target is for employees, through a share participation scheme of Esorfranki Limited, our Parent company, to hold more than 5% of the Esorfranki company's ordinary shares. Their holding is currently 7½% as at 28 February 2013. This shareholding is in line without our Parent group Broad Based Black Economic Empowerment strategy.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound and conservative capital position. The group's target is to achieve a return on average capital of more than 15% (2012: 25%).

There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

The carrying amount of the financial guarantee as described above and the carrying amount of financial assets represents the group's maximum credit exposure in respect of these instruments. The maximum credit exposure to credit risk at the reporting date was:

	2013 R'000	2012 R'000	2011 R'000
Trade and other receivables	**233 950**	106 978	96 338
Unsecured loans	**44 401**	212 139	57 500
Cash and cash equivalents	**58 997**	61 812	42 495
	337 348	380 929	196 333
The maximum exposure, by geographical concentration to credit risk for trade receivables at reporting date was:			
South Africa	**183 043**	218 583	2 129
Angola	**33 722**	42 141	22 875
Ghana	**19 511**	–	–
Mozambique	**23 665**	28 957	18 302
Botswana	**9 409**	6 700	38 538
Mauritius	**36 104**	68 542	79 387
Tanzania	**31 106**	15 706	22 303
Other sub-Saharan countries	**787**	300	12 799
	337 347	380 929	196 333
The aging of trade receivables at the reporting date was:			
Not past due – Gross	**102 949**	225 464	127 914
Past due and not impaired – Gross	**2 583**	7 589	21 425
Past due and impaired	**–**	–	–
– Gross	**39 200**	42 861	34 987
– Impaired	**(39 200)**	(42 861)	(34 987)
	144 732	275 914	184 326

The movement in the allowance for impairment in respect of contract debtors during the year was as follows:

	2013 R'000	2012 R'000	2011 R'000
Balance at beginning of the year	**42 861**	34 987	36 239
Disposal of business	**–**	(8 737)	–
Impairment loss (utilised)/raised	**(3 661)**	16 611	(1 252)
Balance at the end of the year	**39 200**	42 861	34 987

Based on historic default rates, the group believes that no further impairment allowance, as detailed above, is necessary in respect of trade receivables past due. The ageing of contract debtors is affected directly by the measurement quantities claimed on interim certificates which are subject to re-measure and interim adjustments by the client or the client's representative.

The group may request certain clients to provide independent reputable Bank guarantees, or advance payments, as collateral against credit risk, in respect of contracts concluded. The objective of such collateral is to counter effect default risk in the event of non-payment by the group's contract debtors.

The processes described above are followed by the group to ensure credit quality before credit is granted to the customers on projects.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	1 year or less R'000	2 to 5 years R'000
2013				
Non-derivative financial liabilities				
Instalment sale liabilities	**37 615**	**49 973**	**16 818**	**33 155**
Trade and other payables	**149 845**	**149 845**	**149 845**	–
Other financial liabilities	**35 623**	**35 623**	**35 623**	–
Bank overdraft	**10 754**	**10 754**	**10 754**	–
Unsecured loans	**8 125**	**8 125**	**8 125**	–
	241 962	**254 320**	**221 165**	**33 155**
2012				
Non-derivative financial liabilities				
Instalment sale liabilities	48 951	55 805	42 648	13 157
Trade and other payables	176 092	176 092	176 092	–
Other financial liabilities	51 140	51 140	51 140	–
Bank overdraft	2 408	2 408	2 408	–
Unsecured loans	182 764	182 764	182 764	–
	461 355	468 209	455 052	13 157
2011				
Non-derivative financial liabilities				
Instalment sale liabilities	269 929	278 169	221 568	56 601
Trade and other payables	285 019	285 019	285 019	–
Other financial liabilities	42 160	42 160	42 160	–
Bank overdraft	–	–	–	–
Unsecured loans	186 960	186 960	186 960	–
	784 068	792 308	735 707	56 601

Currency risk

The group's exposure to foreign exchange risk was as follows at the reporting date:

Currency risk (all amounts in Rands)

	USD	TZN	MRU	Other	Total
2013					
Cash and cash equivalents	**11 821**	**924**	**569**	**19 727**	**33 042**
2012					
Cash and cash equivalents	16 149	555	1 429	33 464	51 597
2011					
Cash and cash equivalents	6 207	167	5 617	9 964	21 955

Currency code	Description
USD	United States Dollar
GBP	British Pound
TZN	Tanzanian Shilling
MRU	Mauritian Rupee
ZAR	South African Rand
Other	Mozambique Metica/Botswana Pula/Nigerian Niara/ Angolan Kwanza

The following significant exchange rates applied during the year:

Denomination	Average rate 2013	2012	2011	Spot rate 2013	2012	2011
1 ZAR =						
USD	**8.37**	7.39	7.21	**8.84**	7.66	6.95
GBP	**13.28**	11.79	11.14	**13.41**	11.90	11.22
TZN	**188.27**	213.84	196.56	**178.62**	210.60	212.26
MRU	**3.63**	3.89	4.25	**3.47**	3.87	4.19

Sensitivity analysis

A 10% strengthening of the ZAR against the following currencies at reporting date would have decreased profit or loss (after tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012 and 2011. The translation of the foreign operations is affected by movements in the exchange rate which directly impacts on the group's statement of changes in equity. This risk is not defined within the scope of IFRS 7 as a currency risk.

	Equity and profit/(loss) R'000
28 February 2013	**(9 658)**
29 February 2012	(7 476)
28 February 2011	4 820

A 10% weakening of the ZAR against the above currencies at reporting date would have had an equal but opposite effect on profit or loss (after tax) by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was as follows:

	2013 R'000	2012 R'000	2011 R'000
Carrying amount			
Variable rate instruments			
Financial assets (bank and cash)	**58 997**	61 812	42 495
Financial liabilities (instalment sales and bank overdraft)	**(48 369)**	(51 359)	(269 929)
	10 628	27 261	(227 434)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2012. A decrease in interest rates, would have an equal but opposite effect on profit or loss. Due to the volatility in cash balances during the period, this analysis is not representative of the exposure throughout the financial year.

	2013 100 bp increase	2012 100 bp increase	2011 100 bp increase
Profit or loss			
Variable rate instruments	**77**	196	(1 638)

The group does not have any fair value sensitivity in respect of fixed rate instruments as at reporting date.

Accounting classification and fair values

The fair value of all instruments, excluding construction work in progress, is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

The table below sets out the group's classification of each class of financial asset and liabilities, and their fair values:

	Loans and receivables R'000	**Liabilities at amortised cost R'000**	**Financial assets and liabilities at fair value R'000**	**Total carrying amount R'000**	**Fair value R'000**
2013					
Financial assets					
Trade and other receivables	**233 950**	**–**	**–**	**233 950**	**233 950**
Financial asset through profit or loss	**–**	**–**	**3**	**3**	**3**
Unsecured loans	**44 401**	**–**	**–**	**44 401**	**44 401**
Cash and cash equivalents	**58 997**	**–**	**–**	**58 997**	**58 997**
	337 348	**–**	**3**	**337 351**	**337 351**
Financial liabilities					
Long-term liabilities	**–**	**22 043**	**–**	**22 043**	**22 043**
Trade and other payables	**–**	**185 468**	**–**	**185 468**	**185 468**
Unsecured loans	**–**	**8 125**	**–**	**8 125**	**8 125**
Bank overdraft	**–**	**10 754**	**–**	**10 754**	**10 754**
Current portion of long-term liabilities	**–**	**15 572**	**–**	**15 572**	**15 572**
	–	**241 962**	**–**	**241 962**	**241 962**

	Loans and receivables R'000	Liabilities at amortised cost R'000	Financial assets and liabilities at fair value R'000	Total carrying amount R'000	Fair value R'000
2012					
Financial assets					
Trade and other receivables	106 978	–	–	106 978	106 978
Financial asset through profit or loss	–	–	1 291	1 291	1 291
Unsecured loans	212 139	–	–	212 139	212 139
Cash and cash equivalents	61 812	–	–	61 812	61 812
	380 929	–	1 291	382 220	382 220
Financial liabilities					
Long-term liabilities	–	11 280	–	11 280	11 280
Trade and other payables	–	216 866	–	216 866	216 866
Unsecured loans	–	182 764	–	182 764	182 764
Bank overdraft	–	2 408	–	2 408	2 408
Current portion of long-term liabilities	–	37 671	–	37 671	37 671
	–	450 989	–	450 989	450 989

	Loans and receivables R'000	Liabilities at amortised cost R'000	Financial assets and liabilities at fair value R'000	Total carrying amount R'000	Fair value R'000
2011					
Financial assets					
Trade and other receivables	96 338	–	–	96 338	96 338
Unsecured loans	57 500	–	–	57 500	57 500
Cash and cash equivalents	42 495	–	–	42 495	42 495
	196 333	–	–	196 333	196 333
Financial liabilities					
Long-term liabilities	–	51 932	–	51 932	51 932
Trade and other payables	–	124 958	–	124 958	124 958
Unsecured loans	–	186 960	–	186 960	186 960
Bank overdraft	–	–	–	–	–
Current portion of long-term liabilities	–	217 997	–	217 997	217 997
	–	581 847	–	581 847	581 847

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

Derivatives

The fair value of forward exchange contracts is based on the fair value estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities: Long-term liabilities, shareholder loans and finance leases

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Finance leases agreements are at variable linked prime rates of interest and thus the carrying value on such instruments would approximate the fair value.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Trade and other payables

The fair value of trade and other payables, excluding construction work in progress, is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Intra-group receivables and payables

The fair value of intra-group receivables and payables is estimated at its carrying value as these instruments are short term in nature and thus approximates its fair value. The effect of discounting the non-current receivables is not considered significant.

The bank facilities are part secured against the below listed financial assets pledged by the group as collateral:

	2013 R'000	2012 R'000	2011 R'000
Contract debtors	**144 733**	122 447	107 100
Retention debtors	**33 080**	23 519	24 225
	177 813	145 966	131 325

The terms and conditions of the group's bank facility contain provision for the bank to terminate, reduce and/or demand immediate repayment of aggregate limits of the facility/ies by notice to the group. In addition the bank facility has secured the facility/ies against cession of the contract debtor balances, including retention debtors, in the event of breach of the facility/ies terms and conditions by the group.

24. CASH GENERATED BY/(UTILISED IN) OPERATIONS

	2013 R'000	2012 R'000	2011 R'000
Profit/(Loss) before taxation	**63 747**	51 950	(10 495)
Adjusted for:			
(Loss)/Profit on disposal of plant and equipment	**(23 337)**	344	3 576
Finance costs	**51 176**	56 352	52 702
Finance income	**(38 323)**	(50 561)	(22 988)
Depreciation	**27 822**	21 686	28 320
Amortisation of intangibles	**–**	–	106
Foreign currency translation adjustment	**10 117**	(1 466)	(14 241)
Impairment of plant, equipment and intangibles	**6**	–	–
Share-based payment	**1 540**	1 324	3 516
Fair value adjustment	**5 148**	2 463	–
Operating profit before working capital changes	**97 896**	82 092	40 496
	(51 214)	(105 964)	(1 096)
(Increase)/Decrease in trade and other receivables	**(17 914)**	(51 315)	39 299
Decrease/(Increase) in inventories	**1 643**	(2 228)	(2 292)
(Decrease)/Increase in trade and other payables	**(28 042)**	106 414	(25 757)
(Decrease)/Increase in current amounts owing to/by holding and group companies and subsidiaries	**(6 901)**	(158 835)	(12 346)
Cash generated by/(utilised in) operations	**46 682**	(23 872)	39 400

25. TAXATION PAID

Net amount (owing)/pre-paid at beginning of year	**(2 953)**	(2 714)	5 304
Current taxation for the year	**(5 932)**	(2 293)	(5 406)
Net amount (pre-paid)/owing at end of year	**(12 535)**	2 953	2 714
Taxation (paid)/refunded	**(21 420)**	(2 054)	2 612

26. DISPOSAL OF BUSINESS

During the year, effective 1 July 2011, the group disposed the businesses of Esor Africa Proprietary Limited, as part of the Esorfranki group restructuring. The assets and liabilities disposed of were as follows:

	Esor Africa R'000
Property, plant and equipment – Carrying value	(95 468)
Deferred tax	(6 450)
	(101 918)

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ESORFRANKI GEOTECHNICAL FOR THE THREE FINANCIAL YEARS ENDED 28 FEBRUARY 2013, 29 FEBRUARY 2012 AND 28 FEBRUARY 2011

"The Directors
Esorfranki Limited
30 Activia Road
Activia Park
Germiston, 1429

15 October 2013

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF ESORFRANKI GEOTECHNICAL

At your request, we present our independent reporting accountants' report on the report of historical financial information of Esorfranki Geotechnical, a division of Esorfranki, for the three years ended 28 February 2013, 29 February 2012 and 28 February 2011 ("Historical Financial Information") for the purposes of complying with the JSE Listings Requirements and for inclusion in the circular to be dated on or about 21 October 2013 ("Circular") to be issued in connection with the disposal by Esorfranki of the business carried on by its wholly-owned subsidiary, Esorfranki Construction and the Sale Subsidiaries, under the name and style of "Esorfranki Geotechnical" to Keller Holdings. We are the independent auditor to Esorfranki and its subsidiaries.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of Esorfranki are responsible for the compilation, contents and preparation of the circular in accordance with the JSE Listings Requirements and the Companies Act. The directors of Esorfranki are also responsible for the fair presentation in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information and that this Historical Financial Information is free from material misstatement, whether due to fraud or error.

AUDITED FINANCIAL INFORMATION FOR THE THREE FINANCIAL YEARS ENDED 28 FEBRUARY 2013, 29 FEBRUARY 2012 AND 28 FEBRUARY 2011

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information, which is included in the Circular, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Historical Financial Information

Introduction

We have audited the Historical Financial Information attached as Appendix 3 to the Circular prepared in accordance with IFRS and in the manner required by the Companies Act.

Responsibility of the independent reporting accountants in respect of the Historical Financial Information

Our responsibility is to express an opinion on the Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Historical Financial Information as set out in Appendix 3 to the Circular, presents fairly, in all material respects, for the purposes of the Circular, the financial position of Esorfranki Geotechnical, financial performance and cash flows for three years ended 28 February 2013 in accordance with IFRS and in the manner required by the Companies Act and the JSE Listings Requirements.

Basis of preparation

Without modifying our conclusion, we draw attention to the basis of preparation paragraph contained in the Historical Financial Information included as Appendix 3 of the Circular, which describes the basis of preparation of the Historical Financial Information. The Historical Financial Information has been prepared for purposes of the Circular to Esorfranki shareholders regarding the disposal of Esorfranki Geotechnical, as a result, the Historical Financial Information may not be suitable for another purpose.

CONSENT

We consent to the inclusion of this report and the references thereto, in the form and context in which they appear in the Circular. Furthermore, we confirm that we will not withdraw our consent prior to the issue of the Circular.

Yours faithfully

KPMG Inc
Registered Auditors

***Per* FHC von Eckardstein**
Chartered Accountant (SA)
Registered Auditor
Director
(Private Bag 9, Parkview, 2122)"

SCHEDULE OF BORROWINGS

Material group borrowings at the last practicable date are set out below:

	R'000
Domestic Medium Term Note Programme:	
On 24 August 2012, the group raised R17.5 million under this programme. The note, EFC01, was listed on the Bond Exchange of South Africa on 24 August 2012 with interest at the three-month JIBAR rate plus 3.75%. Interest is payable quarterly. The final date for redemption of this bond is 24 August 2014.	17 500
On 24 August 2012, the group raised R125 million under this programme. The note, EFC02, was listed on the Bond Exchange of South Africa on 24 August 2012 with interest at the three-month JIBAR rate plus 4.5%. Interest is payable quarterly. The final date for redemption of this bond is 24 August 2015.	125 000
On 24 August 2012, the group raised R45 million under this programme. The note, EFC03, was listed on the Bond Exchange of South Africa on 24 August 2012 with interest at the three-month JIBAR rate plus 5%. Interest is payable quarterly. The final date for redemption of this bond is 24 August 2016.	45 000
On 24 August 2012, the group raised R15 million under this programme. The note, EFC04, was listed on the Bond Exchange of South Africa on 24 August 2012 with interest at the three-month JIBAR rate plus 5.5%. Interest is payable quarterly. The final date for redemption of this bond is 24 August 2017.	15 000
	202 500

Notes:

1. The Domestic Medium Term Note Programme is secured over plant and equipment with a carrying value of R163.3 million and shares in certain subsidiaries have been ceded.
2. At 31 August 2013, the three-month JIBAR rate was 5.125%.

Debts repayable within 12 months of the last practicable date will be financed in cash from the proceeds of the Transaction.

Borrowing facilities at 31 August 2013

Available facilities:	
– asset finance	314 771
– contract guarantees	1 604 580
– overdraft	30 000
– forward exchange contracts	5 000
– financial derivatives	16 000
– Domestic Medium Term Note Programme	202 500
	2 172 851
Facilities utilised:	
– asset finance	229 281
– contract guarantees	635 459
– overdraft	29 938
– forward exchange contracts	4 121
– financial derivatives	–
– Domestic Medium Term Note Programme	202 500
	1 101 299

SHARE PRICE HISTORY ON THE JSE

	High (cents)	Low (cents)	Volume	Value (Rand)
Quarterly				
December 2010	220	185	33 550 115	68 321 843
March 2011	213	150	26 860 447	51 037 210
June 2011	215	156	42 898 569	77 676 768
September 2011	220	155	20 645 918	36 875 384
December 2011	160	100	11 120 575	16 118 102
March 2012	160	130	23 368 162	31 660 147
June 2012	168	125	9 526 401	13 820 754
September 2012	147	111	18 651 786	23 412 269
Monthly				
September 2012	147	130	2 104 378	2 908 466
October 2012	148	128	4 417 973	6 105 896
November 2012	140	129	10 326 932	113 671 318
December 2012	139	130	4 462 064	5 987 890
January 2013	156	130	11 814 815	16 625 650
February 2013	150	130	4 096 618	5 615 826
March 2013	139	126	2 696 944	3 580 534
April 2013	129	110	3 094 640	3 766 100
May 2013	155	109	25 429 456	34 915 318
June 2013	149	133	3 639 153	5 206 579
July 2013	153	134	19 232 483	26 845 123
August 2013	168	145	11 331 804	17 851 379
Daily – 2013				
16 September	155	153	62 994	97 587
17 September	160	155	188 426	297 683
18 September	160	158	159 930	254 265
19 September	160	158	37 196	59 370
20 September	160	157	406 551	647 974
23 September	165	160	155 853	254 741
25 September	180	165	670 147	1 162 951
26 September	185	173	332 073	586 841
27 September	185	176	280 936	503 240
30 September	189	174	276 883	503 362
1 October	189	182	600 122	1 112 264
2 October	186	175	1 053 315	1 904 248
3 October	180	178	367 100	660 560
4 October	195	180	571 674	1 054 556
7 October	185	180	703 893	1 289 159
8 October	185	180	481 768	881 762
9 October	203	157	10 131 424	17 526 779
10 October	175	160	2 647 015	4 466 387
11 October	165	159	237 658	385 098
14 October	169	158	476 747	766 116
15 October*	163	157	439 610	695 021

**Last practicable date.*

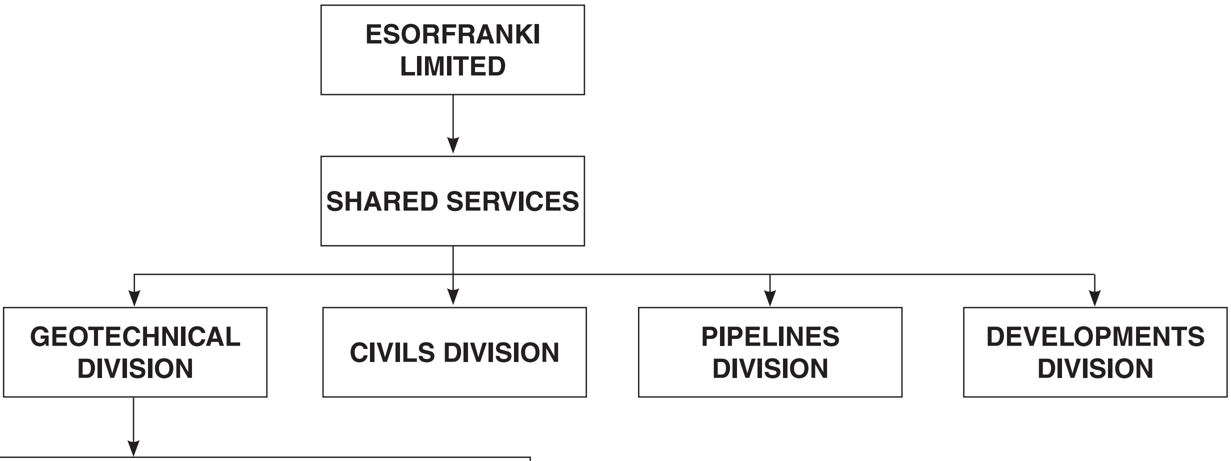
THE SALE SUBSIDIARIES

Name of company	Registration number	Incorporation details
Esorfranki Botswana Proprietary Limited	1981/3366	Limited liability – incorporated in the Republic of Botswana
Esorfranki DRC SRL	6-450-N58033K	Limited liability – incorporated in the Democratic Republic of Congo
Frankipile Ghana Limited	CA-99,615	Limited liability – incorporated in the Republic of Ghana
Frankipile Lesotho Proprietary Limited	78/62	Limited liability – incorporated in the Kingdom of Lesotho
Frankipile International Projects Limited	68237C1/GBL	Limited liability – incorporated in the Republic of Mauritius
Frankipile Moçambique Lda	100136147	Limited liability – incorporated in the Republic of Mozambique
Frankipile Namibia Proprietary Limited	89/079	Limited liability – incorporated in the Republic of Namibia
FMI (Seychelles) Limited	343597-1	Limited liability – incorporated in the Republic of Seychelles
Frankipile Swaziland Proprietary Limited	274 of 1990	Limited liability – incorporated in the Kingdom of Swaziland

GROUP STRUCTURE BEFORE AND AFTER THE TRANSACTION

GROUP STRUCTURE BEFORE THE TRANSACTION

Refer paragraph 7.2 for further details of the activities of each division

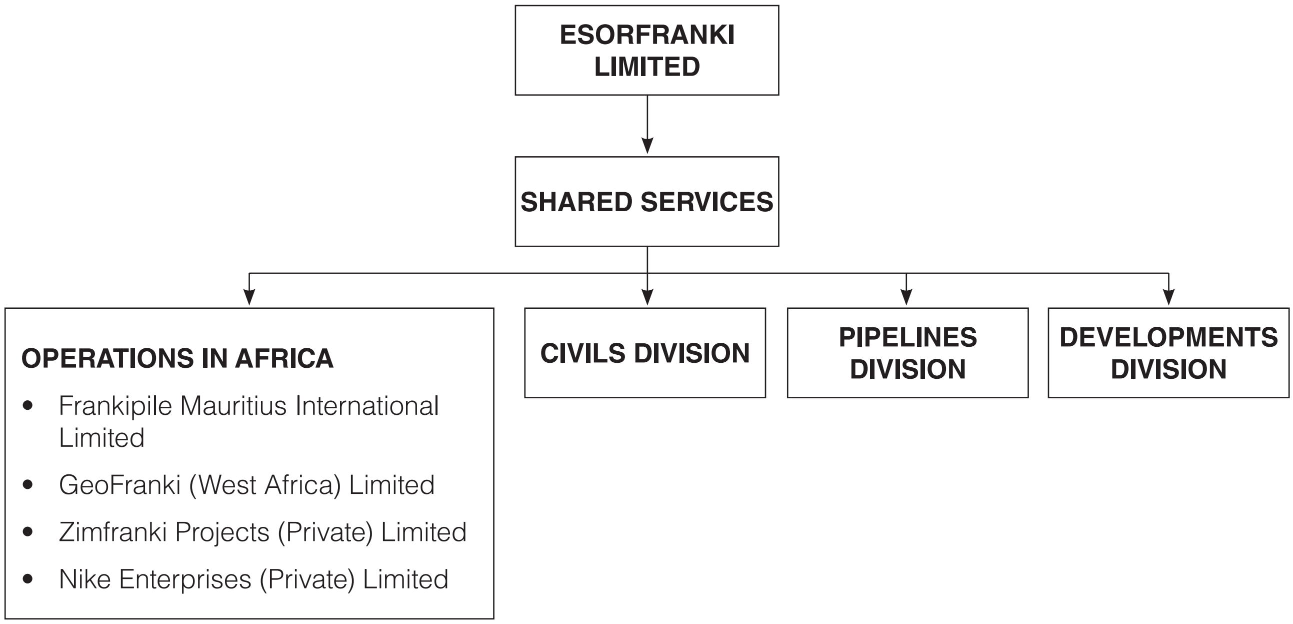


OPERATIONS IN AFRICA

- Esorfranki Botswana Proprietary Limited
- Esorfranki DRC SRL
- Frankipile Ghana Limited
- Frankipile Lesotho Proprietary Limited
- Frankipile International Projects Limited
- Frankipile Mauritius International Limited
- Frankpile Moçambique Lda
- Frankipile Namibia Proprietary Limited
- GeoFranki (West Africa) Limited
- FMI (Seychelles) Limited
- Frankipile Swaziland Proprietary Limited
- Zimfranki Projects (Private) Limited
- Nike Enterprises (Private) Limited

The Geotechnical division encompasses the SA Business, the Sale Subsidiaries, Mauritian Business and the Angolan Business as defined.

GROUP STRUCTURE AFTER THE TRANSACTION



SCHEDULE OF IRREVOCABLE UNDERTAKINGS TO VOTE IN FAVOUR OF THE TRANSACTION AND THE CHANGE OF NAME AT THE GENERAL MEETING

Name of shareholder	Number of shares
Coronation Asset Management Proprietary Limited	100 000 630
The Trustees of the Esor Broad-Based Share Ownership Scheme	13 312 250
B Krone	12 600 303
A and P Field	12 509 395
ML Trevisani	9 743 796
ML Barber	8 934 395
Vunani Capital Proprietary Limited	7 305 182
FA Sonn	3 975 000
R Maynard	3 015 000
RP McLintock	2 434 464
R Marthinuson	2 350 000
MG Rippon	2 006 667
RS Goss	2 000 000
RD Louw	1 454 063
K Chhita	1 365 000
GE Boyd	1 119 157
GP Byrne	1 017 313
DE Trevisani	909 091
MJ Krone	909 091
MR Taitz	777 640
WP van der Merwe for SA Madiba	500 003
Mr and Mrs PA Colman	270 000
D de Sousa Neto	222 545
	188 730 985

ESORFRANKI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1994/000732/06)
JSE code: ESR ISIN: ZAE000133369
("Esorfranki" or "the company")

NOTICE OF GENERAL MEETING

DETAILS OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of the company will be held at the company's office, 30 Activia Road, Activia Park, Germiston on Monday, 18 November 2013 at 10:00, the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below, in the manner required by the Companies Act, 2008 (Act 71 of 2008), as amended (the "Companies Act").

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the general meeting is Friday, 8 November 2013.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED that the Sale Agreement and the ancillary agreements thereto, dated 8 October 2013, entered into between Keller Holdings Limited, Esorfranki Construction Proprietary Limited, Esorfranki Limited, Esor Africa Proprietary Limited and Business Venture Investments No 1592 Proprietary Limited in terms of which Esorfranki Construction Proprietary Limited will dispose of the business carried on by itself and certain of its subsidiaries under the name and style of "Esorfranki Geotechnical" to Keller Holdings Limited for a cash amount of R500 million, which consideration is subject to adjustment in terms of formulae contained in the aforementioned Sale Agreement but which in aggregate will not exceed an additional payment of R150 million, and as more fully described in the circular to shareholders containing this notice of general meeting of which this ordinary resolution number 1 forms part, a signed copy of which Sale Agreement, initialled by the chairman of this meeting for identification purposes, and tabled at this meeting, be and is hereby ratified and approved."

SPECIAL RESOLUTION NUMBER 1

"Resolved as a special resolution and subject to the approval of ordinary resolution number 1, the name of the company be changed from "Esorfranki Limited" to "Esor Limited" with effect from the commencement of business on Monday, 2 December 2013 or such later date as may be applicable subject to the registration of this special resolution by the Companies and Intellectual Property Commission."

Reason and effect of special resolution number 1

The reason for, and the effect of special resolution number 1 will be to change the name of the company to "Esor Limited".

ORDINARY RESOLUTION NUMBER 2

"RESOLVED that any director of the company be, and hereby is authorised, on behalf of the company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement ordinary resolution number 1 and special resolution number 1 to be considered at the general meeting at which this ordinary resolution will be proposed and considered."

THRESHOLD FOR RESOLUTION APPROVAL

Special resolution number 1 must be supported by at least 75% of the voting rights exercised.

Ordinary resolutions numbers 1 and 2 are subject to a simple majority being cast in favour thereof.

RECORD DATE

The circular of which this notice of general meeting forms part has been distributed to all certificated holders registered as such on Friday, 11 October 2013, and to those dematerialised beneficial holders of Esorfranki shares registered as such at the aforementioned date, who have elected to receive the aforesaid circular, and all other beneficial shareholders of Esorfranki as at the aforementioned date who have elected to receive the aforesaid circular.

VOTING AND PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the general meeting, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries no later than the Relevant Time. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the general meeting do not deliver forms of proxy to the transfer secretaries by the Relevant Time, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the general meeting be entitled to lodge the form of proxy in respect of the general meeting, in accordance with the instructions therein with the chairperson of the general meeting. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such member holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting a shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

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

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

FURTHER INFORMATION

Identification

A person attending the general meeting in person must present reasonably satisfactory identification. The chairperson of the general meeting must be reasonably satisfied that the right of a person to participate and vote (in person or via electronic communication) at the general meeting, either as a shareholder, beneficial shareholder or as a proxy for a shareholder, has been verified.

By order of the board

B KRONE
Chief Executive Officer

Johannesburg
21 October 2013

Registered office

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

Transfer secretaries

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

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ESORFRANKI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1994/000732/06)
JSE code: ESR ISIN: ZAE000133369
("the company")

FORM OF PROXY

To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only. For use in respect of the general meeting to be held at the company's office, 30 Activia Road, Activia Park, Germiston on Monday, 18 November 2013 at 10:00.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in BLOCK LETTERS)

of (address)

Telephone (work) ( ) Telephone (home) ( ) Mobile

being the holder(s) of ordinary shares in the company, appoint (see note 1):

or failing him/her,

or failing him/her,

the chairman of the general meeting,

as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1 – approval of the disposal of the business conducted by Esorfranki Geotechnical			
Special resolution number 1 – change of name of the company to Esor Limited			
Ordinary resolution number 2 – directors' authority			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at on 2013

Signature(s)

Capacity

Please read the notes on the reverse side hereof.

Notes:

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all of the member's votes exercisable at the general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (eg on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
   - any one holder may sign the form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either: (a) be lodged so as to reach the transfer secretaries by no later than the Relevant Time; or (b) be lodged with the chairperson of the general meeting prior to the general meeting so as to reach him by no later than immediately prior to the commencement of voting on the Resolutions to be tabled at the general meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Act or the articles to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.

Summary of the rights established in terms of section 58 of the Companies Act, 71 of 2008 ("Act")

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

   3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

   3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

   9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

   9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;

   9.3 the company must not require that the proxy appointment be made irrevocable; and

   9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

ESORFRANKI LIMITED

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(Registration number 1994/000732/06)
JSE code: ESR ISIN: ZAE000133369
("Esor" or "the company")

FORM OF SURRENDER (FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

The definitions commencing on page 6 of the circular to which this form of surrender is attached and forms part, have, where necessary, been used herein.

Instructions:

1. This form of surrender:
   - is for use by certificated Esorfranki shareholders ONLY; and
   - should be read in conjunction with the circular.
2. A separate form of surrender is required for each certificated shareholder.

Please also read the notes on the reverse side hereof.

TO:
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Dear Sirs,

I/We hereby surrender and attach the following documents of title in respect of my/our shares in Esorfranki:

Name of registered holder (separate form for each holder)	Certificate number/s	Number of shares
	TOTAL	

I/We irrevocably and *in rem suam* authorise you to produce the signature on such documents that may be necessary to complete the replacement of the Esorfranki ordinary shares with shares reflecting the new name of the company, Esor Limited.

I/We hereby instruct you to forward the replacement share certificate/s to me/us by registered post, at my/our own risk, to the address below and confirm that, where no address is specified, the share certificate/s will be forwarded to my/our address recorded in the company's share register.

My/Our signature/s on this form of surrender constitutes my/our execution of this instruction.

Signature of shareholder:

Assisted by (if applicable): Name Capacity Signature

Please complete the section below in BLOCK LETTERS:

Date:

Surname of Name of corporate body:

First names (in full), if applicable

Title (Mr, Mrs, Miss, Dr, etc.)

Postal address (preferably PO Box address)

Postal code

Telephone number (office hours) Code Number Mobile

Notes:

1. All shareholders completing and returning this form must also surrender all their existing documents of title.
2. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
3. Any alterations to this form of surrender must be signed in full and not initialled.
4. If this form is signed under power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form of surrender for noting (unless it has already been noted by the transfer secretaries).
5. Where the member is a company or a closed corporation, unless it has already been registered with the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the transfer secretaries.
6. Note 5 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
7. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of surrender.
8. A shareholder married in community of property or a minor must ensure this form of surrender is also signed by his/her spouse or parent or guardian, as the case may be.