

## Condensed consolidated statement of financial position

	31 August (Reviewed) 2009 R'000	31 August (Reviewed) 2008 R'000	28 February (Audited) 2009 R'000
<b>ASSETS</b>			
Non-current assets	999 341	453 124	987 520
Property, plant and equipment	602 042	346 931	588 545
Intangible assets	94 789	96 646	113 022
Goodwill	299 759	9 547	280 173
Deferred tax asset	2 751	-	5 780
<b>Current assets</b>	<b>768 221</b>	<b>394 205</b>	<b>875 972</b>
Inventories	13 661	10 964	11 379
Other investments	15 895	5 053	14 269
Taxation	3 929	13 576	4 699
Trade and other receivables	540 372	295 900	572 800
Cash and cash equivalents	194 364	68 712	272 825
<b>Total assets</b>	<b>1 767 562</b>	<b>847 329</b>	<b>1 863 492</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves	673 374	397 704	619 577
Share capital and premium	340 421	213 887	339 078
Equity compensation reserve	4 696	3 139	3 917
Foreign currency translation reserve	(6 409)	6 431	14 651
Accumulated profits	334 666	174 247	261 931
<b>Non-current liabilities</b>	<b>367 499</b>	<b>172 659</b>	<b>470 080</b>
Secured borrowings*	259 918	133 425	370 603
Post-retirement benefits	1 587	8 106	1 587
Deferred tax liabilities	105 994	31 128	97 890
<b>Current liabilities</b>	<b>726 689</b>	<b>276 966</b>	<b>773 835</b>
Current portion of secured borrowings*	112 324	26 017	147 664
Taxation	84 311	35 743	84 358
Provisions	35 321	32 059	31 118
Trade and other payables	494 733	183 147	510 695
<b>Total equity and liabilities</b>	<b>1 767 562</b>	<b>847 329</b>	<b>1 863 492</b>
Net asset value per share (cents)	241,7	163,0	223,2
Tangible net asset value per share (cents)**	139,7	119,5	121,2

## HIGHLIGHTS



## Condensed consolidated statement of cash flows

	Six months ended 31 August (Reviewed) 2009 R'000	31 August (Reviewed) 2008 R'000	Year ended 28 February (Audited) 2009 R'000
<b>Cash flows from operating activities</b>			
Profit for the period	114 854	55 853	143 382
Adjustments for:			
Depreciation of property, plant and equipment	41 095	20 597	68 617
Impairment of intangible assets	-	-	16 590
Amortisation of intangible assets	18 233	-	7 266
Net finance (income)/costs	15 560	(271)	22 679
Profit on disposal of property, plant and equipment	-	(101)	(370)
Loss on disposal of property, plant and equipment	31	229	316
Foreign currency translation reserve adjustment	(24 777)	527	7 735
Fair value adjustments	-	-	10 017
Equity settled share-based payment transactions	779	-	1 556
Income tax expense	45 846	30 029	67 389
	211 621	106 863	345 177
Change in inventories	(2 282)	(3 740)	3 506
Change in trade and other receivables	32 428	(23 986)	(156 079)
Change in trade and other payables	(35 548)	(14 693)	65 283
Change in provisions	4 203	16 500	5 395
Interest paid	(210 422)	80 944	263 282
Income taxes paid	(61 599)	(11 636)	(78 279)
	(30 272)	(11 359)	(30 336)
<b>Net cash from operations</b>	<b>118 551</b>	<b>57 949</b>	<b>154 667</b>
<b>Cash flows from investing activities</b>			
Interest received	46 039	11 907	55 600
Proceeds from sale of property, plant and equipment	9 411	179	1 234
Acquisition of subsidiary, net of cash acquired	-	-	(130 683)
Acquisition of business	-	(6 380)	-
Acquisition of property, plant and equipment	(64 034)	(98 715)	(188 355)
Acquisition of brand name	-	(2 117)	-
Acquisition of goodwill	-	(9 547)	-
Acquisition of other investments	(1 626)	(5 053)	(6 042)
<b>Net cash used in investing activities</b>	<b>(10 210)</b>	<b>(109 726)</b>	<b>(268 246)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	1 342	300	2 990
Increase in unsecured loans	-	-	2 911
Increase/(decrease) in secured borrowings	(146 025)	52 969	319 646
Post-retirement benefits paid	(42 119)	(48 639)	(48 639)
Dividends paid	-	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(186 802)</b>	<b>4 630</b>	<b>270 545</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(78 461)</b>	<b>(47 147)</b>	<b>156 966</b>
Cash and cash equivalents at beginning of period	272 825	115 859	115 859
<b>Cash and cash equivalents at end of period</b>	<b>194 364</b>	<b>68 712</b>	<b>272 825</b>

## Condensed consolidated statement of comprehensive income

	Six months ended 31 August (Reviewed) 2009 R'000	31 August (Reviewed) 2008 R'000	Change %	Year ended 28 February (Audited) 2009 R'000
<b>Continuing operations</b>				
Revenue	1 018 268	578 607	76	1 414 722
Cost of sales	(727 180)	(420 027)	73	(981 829)
Gross profit	291 088	158 580	84	432 893
Other income	603	616	(2)	1 631
Operating expenses	(56 103)	(52 988)	6	(108 601)
Profit before interest, tax, depreciation, amortisation and impairments	235 588	106 208	122	325 923
Depreciation, impairments and amortisation	(59 328)	(20 597)	(188)	(92 473)
Results from operating activities	176 260	85 611	106	233 450
Finance costs	(61 599)	(11 636)	(429)	(78 279)
Finance income	46 039	11 907	287	55 600
<b>Profit before income tax</b>	<b>160 700</b>	<b>85 882</b>	<b>87</b>	<b>210 771</b>
Income tax expense	(45 846)	(30 029)	(53)	(67 389)
<b>Profit from continuing operations</b>	<b>114 854</b>	<b>55 853</b>	<b>106</b>	<b>143 382</b>
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operations	(21 060)	(252)	-	7 968
Defined benefit plan actuarial gain	-	-	-	155
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(21 060)</b>	<b>(252)</b>		<b>8 123</b>
<b>Total comprehensive income for the period</b>	<b>93 794</b>	<b>55 601</b>		<b>151 505</b>
<b>Profit attributable to:</b>				
Owners of the company	114 854	55 853		143 382
<b>Total comprehensive income attributable to:</b>				
Owners of the company	93 794	55 601		151 505
Basic earnings per share (cents)	41,3	22,9		56,9
Diluted earnings per share (cents)	40,9	22,7		54,1
Headline earnings per share (cents)	41,3	23,0		61,7
<b>Reconciliation of headline earnings</b>				
Profit attributable to ordinary shareholders	114 854	55 853		143 382
Adjusted for:				
Profit on disposal of property, plant and equipment	-	(101)		(266)
Loss on disposal of property, plant and equipment	31	229		227
Impairment of intangible assets	-	-		11 944
Headline earnings attributable to ordinary shareholders	114 885	55 981		155 287
Number of ordinary shares ('000)				
in issue	289 495	244 007		247 904
diluted weighted average	281 122	246 525		265 149
weighted average	278 121	243 513		251 780

## Condensed consolidated statement of changes in equity

R'000	Share capital	Share premium	Equity compensation reserve	Translation reserve	Retained earnings	Total equity
Balance at 1 March 2008	243	213 644	2 361	6 683	167 033	389 964
Profit	-	-	-	-	55 853	55 853
<b>Other comprehensive income</b>						
Foreign currency translation differences for foreign operations	-	-	-	(252)	-	(252)
Defined benefit plan actuarial gain	-	-	-	(252)	-	(252)
<b>Total other comprehensive income</b>						
<b>Total comprehensive income for the period</b>					55 853	55 601
Transactions with owners, recorded directly in equity						
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares related to business combinations	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(48 639)	(48 639)
Share-based payment transactions	-	-	778	-	-	778
Share options exercised	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	778	-	(48 639)	(47 861)
Balance at 31 August 2008	243	213 644	3 139	6 431	174 247	397 704
Balance at 1 March 2009	278	338 800	3 917	14 651	261 931	619 577
Profit	-	-	-	-	114 854	114 854
<b>Other comprehensive income</b>						
Foreign currency translation differences for foreign operations	-	-	-	(21 060)	-	(21 060)
Defined benefit plan actuarial gain	-	-	-	(21 060)	-	(21 060)
<b>Total other comprehensive income</b>						
<b>Total comprehensive income for the period</b>					114 854	93 794
Transactions with owners, recorded directly in equity						
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares related to business combinations	1	1 342	-	-	(42 119)	1 343
Dividends to equity holders	-	-	-	-	(42 119)	(42 119)
Share-based payment transactions	-	-	779	-	-	779
Share options exercised	-	-	-	-	-	-
Total contributions by and distributions to owners	1	1 342	779	-	(42 119)	(39 997)
Balance at 31 August 2009	279	340 142	4 696	(6 409)	334 666	673 374

## Information about reportable segments for the six months ended 31 August

R'000	Geotechnical operations		Esorfranki Civils 2009*	Esorfranki Pipelines 2009*	Corporate and eliminations 2009*	Consolidated	
	2009	2008				2009	2008
External revenues	527 674	578 607	375 498	130 553	(15 457)	1 018 268	578 607
Reportable segment profit before income tax	70 913	85 882	89 217	27 587	(27 017)	160 700	85 882
Reportable segment assets	793 534	847 329	498 805	181 791	293 432	1 767 562	847 329

\*No 2008 comparatives as the businesses in these segments were acquired post 31 August 2008

R'000	South Africa		Other regions		Consolidated	
	2009	2008	2009	2008	2009	2008
Total revenue	906 763	464 535	111 505	114 072	1 018 268	578 607
Profit before interest and tax	155 202	55 385	21 058	30 226	176 260	85 611
Profit after tax	112 411	33 904	2 443	21 949	114 854	55 853
Total assets	1 561 031	664 405	206 531	182 924	1 767 562	847 329

## COMMENTARY

The reviewed results of Esorfranki for the six months ended 31 August 2009 ("the period") reflect a continued strong performance with exceptional growth in earnings per share ("EPS") and headline earnings per share ("HEPS") notwithstanding tough market conditions.

Further, a number of strategic milestones were achieved during the period. Following three successful years as one of the AllX top performers, Esorfranki transferred to the Main Board of the JSE on 25 June 2009. The group is now positioned alongside its civil engineering construction peers in the 'Heavy Construction' sector.

In addition, to appropriately leverage the brand power of its principal operating subsidiary, Franki Africa, the group changed its name to Esorfranki Limited on 11 May 2009.

### Financial results

Revenue increased by 76% to R1,02 billion from R579 million in the comparative period, generating EBITDA of R235,6 million, an increase of 122%. Headline earnings rose 105% translating into HEPS of 41,3 cents, an increase of 79,6%.

Cash generated by operations totalled R119 million for the period.

### Gearing

Gearing rose to 35,6% from 28,6% for the comparative period. Borrowings increased as a result of the finance raised for the acquisition of the Esorfranki business operations and the capital expansion programme. Esorfranki met all its loan covenants during the period.

### Review of operations

Notwithstanding the group's excellent results, the year began slowly with certain Esorfranki operations adversely impacted by the weak economy and difficult trading conditions. A number of delays in major contracts hampered growth at Esorfranki Pipelines and at Franki Africa's Angolan operations. This situation is expected to improve in the second half of the year as both delayed projects and new projects come on stream.

### Esorfranki Geotechnical

This business unit comprises Franki Africa and Esor Africa. It posted revenue of R527,7 million, down marginally by 9% on the comparative period, and equating to 52% of group revenue. Foreign revenue accounted for 21% of the business unit's total revenue – the foreign operations were negatively affected by the strengthening of the Rand during the period. The division contributed R70,9 million to group profit before tax ("PBT") and operating margins increased to 17%.

The largest revenue generators to date include the Gautrain contracts valued at over R184 million for piling, lateral support and earthworks, work at Kusile Power Station and several major road projects for SANRAL. A number of contracts in Botswana have recently been awarded to both companies, and piling contracts in Mozambique and Mauritius are progressing well.

### Esorfranki Civils

This business unit achieved revenue of R375,5 million, or 36% of group revenue, and generated PBT of R89,2 million.

Esorfranki Civils is benefiting extensively from SANRAL expansion plans, having won a contract valued at approximately R400 million in June 2009 for the upgrade of the R21 between the Rietfontein and Pomona Interchanges and a R170 million contract for a section of the N4 upgrade near Brits. In addition Esorfranki Civils was awarded a multi-million Rand contract for the township development at Eskom's Medupi Power Station.

### Esorfranki Pipelines

This business unit achieved revenue of R130,5 million, 13% to group revenue, with PBT of R27,6 million. Recent new contract wins include three major pipeline and associated works – at Ngcebo, Mkwanazi and Nsezi – which together are worth more than R100 million.

Approximately 90% of the projects in this field out to tender are in the water sector and emanate mainly from Government, Regional Water Authorities, Provinces, Municipalities and State Enterprises. Esorfranki Pipelines is well-placed to capitalise on these projects. Notwithstanding the current scope of work within its area of expertise, diversification into complementary areas would be considered to drive additional growth.

### CAPEX and plant replacement policy

Esorfranki regards fleet maintenance and enhancement as key to growth and a significant differentiator. During the period the group invested R64,0 million (2008: R99,0 million) in plant, with R115,3 million spend planned group-wide for the current financial year ending February 2010 in line with forecast. The group is satisfied that the current fleet is well positioned to accommodate future growth and maintain its competitive edge in the market.

### Black Economic Empowerment

Esorfranki is currently rated as a 'Level 6' contributor to broad-based BEE.

The group's commitment to transformation is evidenced by its 29% black shareholding (including retail shareholders on the open market and the Esor Broad Based Share Ownership Scheme, which holds 6,48%).

More than 85% of the group's 3 700 strong workforce is black.

### People