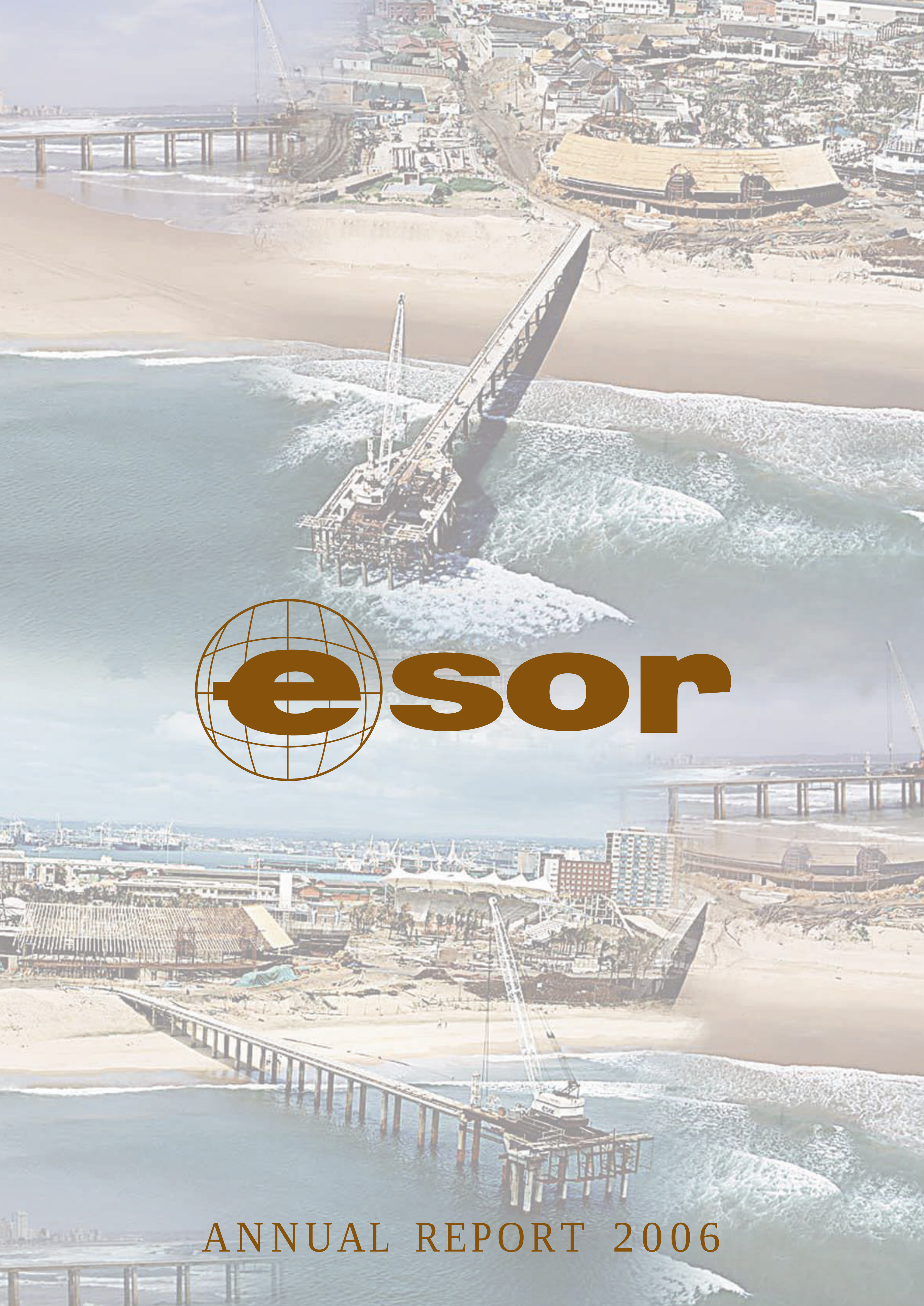

ANNUAL REPORT 2006

Corporate Information

Directors

Executive Directors
M L Barber
A M Field*
B Krone (Chief Executive Officer)
M L Trevisani** (Financial Director)
*British **Italian

Non-executive Directors
I G Jefferiss*
D M Thompson

Company secretary and registered office

M L Trevisani CA (SA)

130 Aberdare Drive, Phoenix Industrial Park,
Durban, 4051
PO Box 40096, Red Hill, 4071

Telephone: (031) 507 1051
Facsimile: (031) 507 5709

Designated Adviser

Exchange Sponsors (Pty) Ltd
(Registration number 1999/024433/07)

39 First Road
Hyde Park, 2198
PO Box 411216, Craighall, 2024

Telephone: (011) 447 2951
Facsimile: (011) 447 1929

Transfer secretaries

Computershare Investor Services 2004 (Pty) Ltd
(Registration number 2004/003647/07)

Ground Floor, 70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Telephone: (011) 370 5000
Facsimile: (011) 688 5210

Auditors

RSM Betty & Dickson (Durban)
(Practice number 902950)

Block A Surrey Park
6 Barham Road, Westville, 3629
PO Box 2120, Westville, 3630

Telephone: (031) 266 9222
Facsimile: (031) 266 9299

Attorneys

Cox Yeats Attorneys

12th & 13th Floors, Victoria Maine
71 Victoria Embankment
Durban, 4001
PO Box 3032, Durban, 4000

Telephone: (031) 304 2851
Facsimile: (031) 301 3540

Commercial banker

First National Bank Ltd
(Registration number 1966/010753/06)

8 Rydalvale Park
Douglas Sanders Drive
La Lucia Ridge
PO Box 965, Durban, 4000

Telephone: (031) 580 6000
Facsimile: (031) 580 6004

annual financial statements – 28 february 2006

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

esor limited

ceo report

Introduction

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

Review of Operations

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

Black Economic Empowerment ("BEE")

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

Financial Results

Group revenue increased by 25,3% to R125,4 million for the year off which EBITDA grew by 110,0% to R20,6 million. Headline earnings improved dramatically by 112% reflecting the underlying strength of Esor's operations. During the year the group invested in organic growth through the purchase of capital equipment to the value of R2,2 million and the acquisition of operating premises with an aggregate cost of R11,6 million.

Prospects

Esor intends to use the monies raised pre-listing to continue increasing capacity at its current operations to accommodate rising demand for its services.
The construction industry remains robust at present and is expected to maintain, if not exceed, current levels of activity over the short to medium term. The order book for Esor's new financial year already stands in excess of R70 million. The directors are accordingly confident that the group will show real growth in headline earnings per share for the year ending 28 February 2007.

Appreciation

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

Bernard Krone
Chief Executive Officer

corporate governance

The principles embodied in the King Report on Corporate Governance are subscribed to by Esor Limited.

Board of Directors

The board consists of four executive and two non-executive directors. Meetings are chaired by Dave Thompson a non-executive director.
The board meets quarterly where matters of strategy, performance, risk and corporate governance issues in general are monitored and evaluated. Should circumstances dictate, additional board meetings may be convened. The four executive directors also meet independently of the board in keeping with the day-to-day operations of the company.

Remuneration and nomination committee

The remuneration committee consists of the two non-executive directors and meets once a year to determine the remuneration packages and conditions of employment of the executive directors.

Should a need for new nominations arise then this function will also be performed by the same committee.

Audit and risk committee

The audit risk committee comprises the two non-executive directors, chaired by Dave Thompson through his financial expertise. The committee meets twice a year although further ad hoc meetings may be convened should this be deemed necessary.

The external auditors are invited to attend every meeting. Current systems and cost control within the company are considered to be both adequate and reliable but will be reviewed and amended where appropriate on a regular basis.

The committee will ensure that if any significant business, financial or other risks are identified, they will be suitably managed under the ambit of corporate governance, reporting and compliance.

Future prospects

The pressing need for infrastructure coupled with the demands of the World Cup in 2010 should ensure that the sector remains buoyant and the directors are confident of prospects in the year ahead.

responsibility report

Employment equity and empowerment

Esor is an equal opportunity employer and no favour is found as to race, gender or creed.
For many years Esor have been committed to affirmative action and have followed a policy of promoting previously disadvantaged individuals from within its own ranks.
Discussions are currently underway with appropriate companies to gain direct empowerment at equity level. The structure of the company itself is over 70% HDI.

HIV / AIDS

The entire workforce have been counselled and attended awareness programmes which have made them eligible for ARV grants where applicable. Management have also participated in programmes and manuals issued to staff. It is recognised that programmes have to be sustainable and ongoing.

Health, Safety, Quality and The Environment

Esor is committed to raising standards not only for company requirements but for the social responsibility to each employee.
All these issues are interwoven and form pillars to support the structure. The involvement of the company in large-scale remediation works has also served to heighten both awareness within the company and the responsibility to society as a whole.

directorate

Bernard Krone
(52)
(Chief Executive Officer)
BSc Eng (Civil) Pr. Eng

Bernie Krone was born in Halstead England and moved to South Africa completing his schooling at St Martins School. Attained BSc Civil Engineering at Wits and thereafter Professional Engineer Status. Gained experience in the employ of major geotechnical engineering companies before joining Esor. Current Gauteng Manager and 24 years of service in Esor covering all aspects of Geotechnical Engineering.

Michael Laurence Barber
(57)
(Executive Director)
NDT (CE) (TN)

Mike Barber was born in Durban and after completing his schooling at Northlands obtained a Civil Engineering Technician qualification while working for Roberts Construction in the OFS. Joined International company Cementation to ultimately become Specialist Civil Engineering Manager before joining Esor. Current Branch Manager in KZN and 21 years of service in Esor with experience in all disciplines.

Arthur Maurice Field
(54)
(Executive Director)
NDT (ES) (TN)

Arthur Field was born in Bristol England and came to South Africa at an early age to complete his high schooling at Glenwood High School. Attained National Diploma for Engineering Surveying and worked for premier civil engineering company Christiani Nielsen before joining Esor. Extensive experience in all aspects of Geotechnical Engineering in his 25 years service at Esor.

Mauro Lino Trevisani
(50)
(Financial Director)
CA (SA)

Mauro Trevisani was born in Turin, Italy and completed his schooling at Durban High School. He qualified as a CA (SA) after obtaining his B.Com degree and diploma in Accountancy at the University of Natal. Prior to joining Esor in 1986 he completed his Articles with Hills Howard & Co. and subsequently held the position of Audit Manager at Mclean & De Beer. Financial Director of Esor group of companies for the past 20 years.

Ian Gordon Jefferiss
(60)
Non-Executive Director
C.Eng (Civil) Pr.Eng

Ian qualified as a civil engineer at Trinity College Dublin and obtained a B.A.B.A.I. Honours degree in 1968. His employment history started as a design engineer with Roberts Construction in the OFS. After a stint with Ove Arup in Ireland he returned to South Africa as Technical Director of Cementation Construction. In 1985 he joined Esor as Technical Director and Manager of the Cape, Natal and Indian Ocean operations before retiring. He obtained his Pr Eng in 1976 and became a corporate member of the ICE in the UK in 1977 and registered as a Chartered Engineer. He has served on the Management Committees of both SAFCEC and SAICE and served as Chairman of the SAICE KZN in 1995.

David Murray Thompson
(69)
Non-Executive Director
CA (SA)

David qualified as a charted accountant at the University of the Witwatersrand and is a member of the Association of Accountants and Auditors in the UK. He has also studied for an Advanced Management Programme at Harvard in the USA.
He has vast experience in serving on a multitude of boards and today serves in the Advisory Panel Gauteng to the MEC for housing. During his career in LTA alone he worked his way from company accountant, to director of LTA and Divisional Managing Director / Chairman of the Industrialised Building Division, the Mechanical Electrical Process Engineering Division and the Building Division. His involvement in the industry continues to this day with his position of as Chairman of Thubelisha Homes, a forerunner in the field of affordable housing.

report of the independent auditors to the members

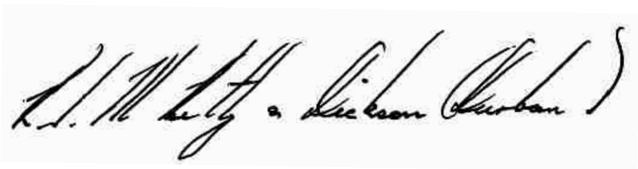
We have audited the annual financial statements and group annual financial statements of Esor Limited set out on pages 6 to 40 for the year ended 28 February 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 28 February 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



RSM BETTY & DICKSON (DURBAN)
Chartered Accountants (SA)
Registered Accountants and Auditors

WESTVILLE
23 May 2006

esor limited

report of the directors for the year ended 28 february 2006

The directors have pleasure in presenting their annual report which forms part of the annual financial statements of the company and the group for the year ended 28 February 2006.

STATE OF THE GROUP'S AFFAIRS

NATURE OF BUSINESS

The groups primary business is that of culvert and pipe jacking, piling, thrust and auger boring and civil engineering. On 22 December 2005, the company converted from a private company to a public company in order to list it's shares on the Alternative Exchange of the JSE Limited. Further to this, three new subsidiary companies were purchased in exchange for the issue of 8 000 ordinary shares in Esor Limited. Further details of these companies can be found below in the subsidiary information as well as in the attached financial statements.

FINANCIAL RESULTS

The results for the year under review are:-

company			group	
2005 R	2006 R		2006 R	2005 R
6 074 388	12 581 872	Profit for the year	13 338 607	6 067 779

SHARE INCENTIVE SCHEME

On 30 March 2006 the Esor Share Incentive Scheme Trust was registered for the purpose of operating the group's share incentive scheme. At the date of signature of this report, the trust owned 3 000 000 ordinary shares in Esor Limited.

PROPERTY PLANT AND EQUIPMENT

The group acquired property, plant and equipment amounting to R13 851 109 (2005 : R 2 514 568) during the year under review.

DIVIDENDS

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

SHARE CAPITAL

Details of the authorised and issued shares are shown in note 10 and the analysis of shareholders is in note 31. Details of the changes in the authorised share capital can be found under the Special Resolutions paragraph of the Directors Report.

esor limited

INTEREST IN SUBSIDIARIES

The subsidiaries of Esor Limited are involved in the following principal activities:

	Nature of business	Percentage Held	
		2006	2005
Esor Geotechnical Engineering (Cape) (Pty) Ltd	-Dormant	100%	100%
Esor Geotechnical Engineering (Pty) Ltd	-Property investment	100%	-
Esor Plant Hire (Pty) Ltd	-Dormant	100%	100%
Esor Projects (Pty) Ltd	-Dormant	100%	100%
Esor Properties (Pty) Ltd	-Property investment	100%	-
Hammib Properties (Pty) Ltd	-Property investment	100%	-

Further information of these subsidiaries can be found in note 32.

	2006	2005
	R	R
The profit/(loss) after taxation attributable to the subsidiaries		
Esor Geotechnical Engineering (Cape) (Pty) Ltd	-	-
Esor Geotechnical Engineering (Pty) Ltd	5 023	-
Esor Plant Hire (Pty) Ltd	756 735	(6 609)
Esor Projects (Pty) Ltd	-	-
Esor Properties (Pty) Ltd	959	-
Hammib Properties (Pty) Ltd	398	-
	763 115	(6 609)
Loans to subsidiaries		
Esor Geotechnical Engineering (Cape) (Pty) Ltd	13 103	13 103
Esor Geotechnical Engineering (Pty) Ltd	1 549 438	-
Esor Plant Hire (Pty) Ltd	96 794	87 995
Esor Projects (Pty) Ltd	1 663	1 663
Esor Properties (Pty) Ltd	1 070 761	-
Hammib Properties (Pty) Ltd	829 304	-
	3 561 063	102 761

STATEMENT OF RESPONSIBILITY

The directors of the group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa.

The directors are also responsible for the system of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company and the group will not remain a going concern for the foreseeable future.

esor limited

SPECIAL RESOLUTIONS

During the year a number of special resolutions were passed in order for the group to list on the Alternative Exchange of the JSE Limited, these are summarised as follows:-

Date	Entity	Resolution
06/12/2005	Esor Limited	That the authorised share capital of the company comprising R1 000,00 divided into 1 000 ordinary par value shares of R1,00 each be subdivided into 1 000 000 shares of 0,1 cent each.
06/12/2005	Esor Limited	That the authorised share capital of the company be increased from 1 000 000 ordinary shares of 0,1 cent each to 500 000 000 shares of 0,1 cent each by the creation of 499 000 000 additional shares.
06/12/2005	Esor Limited	That the company convert to a public company.

On 3 February 2006 the following companies resolved that their Articles of Association be substituted in order to comply with the requirements of the JSE Limited:

Esor Limited
Hammib Properties (Proprietary) Limited
Esor Projects (Proprietary) Limited
Esor Properties (Proprietary) Limited
Esor Geotechnical Engineering (Proprietary) Limited
Esor Geotechnical Engineering (Cape) (Proprietary) Limited
Esor Plant Hire (Proprietary) Limited

DIRECTORS AND SECRETARY

The following held office as directors during the year under review:-

Executive directors

M L Barber
A M Field *
B Krone (Chief executive officer)
M L Trevisani ** (Financial director)

Non executive directors

I G Jefferiss *
D M Thompson

* *British*
** *Italian*

The company's secretary is M L Trevisani. His business address is 130 Aberdare Drive, Phoenix Industrial Park, Durban, 4051 and postal address is P O Box 40096, Red Hill, 4071.

esor limited

report of the directors for the year ended 28 february 2006 (continued)

SUBSEQUENT EVENTS

Subsequent to year end, on 14 March 2006, the company allotted 20 000 000 ordinary shares at a premium of R0,999. This was done as part of their private placement for the purpose of listing on the Alternative Exchange (Alt^{x}) of the JSE Limited. Subsequent to the listing on Alt^{x}, the company issued and allotted 3 000 000 shares to the company's share incentive scheme at the listing price of R1,00 per share. These funds will be used to purchase capital equipment that will be used to increase the capacity of its current operations. No further fact or circumstance material to the appreciation of the state of affairs of the group has occurred between 28 February 2006 and the date of this report.

Your directors have no further comment to make on the state of the group's affairs which is more fully disclosed in the attached financial statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 6 to 40 were approved by the board of directors on 23 May 2006 and are signed on their behalf by:-

B Krone
Chief executive officer

M L Trevisani
Financial director

DURBAN
23 May 2006

COMPANY SECRETARY'S REPORT

I, M L Trevisani, company secretary of Esor Limited, certify that, to the best of my knowledge and belief, all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

M L Trevisani
Company secretary

DURBAN
23 May 2006

esor limited

balance sheet at 28 february 2006

company 2005 R	company 2006 R		Note	group 2006 R	group 2005 R
		ASSETS			
9 986 027	15 708 397	Non-current assets		20 463 031	10 030 757
9 973 735	8 841 031	Property, plant and equipment	4	20 463 031	9 973 735
-	-	Investment property	5	-	57 022
12 292	6 867 366	Investment in subsidiaries	6	-	-
35 452 057	43 375 213	Current assets		40 722 483	35 496 172
42 791	35 618	Inventories	7	35 618	42 791
5 348 950	3 565 839	Unsecured loans	8	4 776	5 246 189
23 169 990	27 183 698	Trade and other receivables	9	28 045 688	23 310 593
6 890 326	12 590 058	Cash at bank and on hand		12 636 401	6 896 599
45 438 084	59 083 610	Total assets		61 185 514	45 526 929
		EQUITY AND LIABILITIES			
17 255 056	36 208 806	Share capital and reserves		36 939 884	17 229 399
102	6 371 980	Share capital and premium	10	6 371 980	102
17 254 954	29 836 826	Accumulated profits		30 567 904	17 229 297
5 304 214	4 797 144	Non-current liabilities		4 797 144	5 304 214
3 048 569	2 836 914	Secured borrowings	11	2 836 914	3 048 569
2 255 645	1 960 230	Deferred taxation	12	1 960 230	2 255 645
22 878 814	18 077 660	Current liabilities		19 448 486	22 993 316
2 009 043	1 908 798	Current portion of secured borrowings	11	1 908 798	2 009 043
2 752 372	3 124 709	Unsecured loans	8	4 423 500	2 752 372
532 763	3 521 646	Taxation owing		3 570 056	532 763
-	-	Bank overdraft	13	-	113 246
17 584 636	9 522 507	Trade and other payables	14	9 546 132	17 585 892
45 438 084	59 083 610	Total equity and liabilities		61 185 514	45 526 929

esor limited

income statement for the year ended 28 february 2006

company				group	
2005 R	2006 R		Note	2006 R	2005 R
100 065 935	125 393 423	Revenue	15	125 393 423	100 062 308
(82 686 209)	(98 771 669)	Cost of sales		(98 771 669)	(82 643 143)
17 379 726	26 621 754	Gross profit		26 621 754	17 419 165
259 744	233 621	Other operating income	16	1 057 065	275 880
(7 820 744)	(7 083 532)	Operating expenses		(7 060 394)	(7 876 195)
9 818 726	19 771 843	Profit before interest, depreciation and taxation		20 618 425	9 818 850
(1 479 392)	(2 648 632)	Depreciation		(2 649 992)	(1 480 752)
8 339 334	17 123 211	Profit before interest and taxation	17	17 968 433	8 338 098
(545 577)	(466 929)	Interest paid		(489 255)	(545 726)
913 878	1 024 514	Interest received		981 761	908 654
8 707 635	17 680 796	Profit before taxation		18 460 939	8 701 026
(2 633 247)	(5 098 924)	Taxation	18	(5 122 332)	(2 633 247)
6 074 388	12 581 872	Profit for the year		13 338 607	6 067 779
		Earnings per share	19		
6,1 cents	12,6 cents	Basic earnings per share		13,3 cents	6,1 cents
6,0 cents	12,7 cents	Headline earnings per share		12,7 cents	6,0 cents
0,0 cents	0,0 cents	Dividends per share		0,0 cents	0,0 cents

esor limited

statement of changes in equity for the year ended 28 february 2006

company					group			
Share capital	Share premium	Accumulated profit	Total		Share capital	Share premium	Accumulated profit	Total
R	R	R	R		R	R	R	R
102	-	11 180 566	11 180 668	Balance at 1 March 2004	102	-	11 161 518	11 161 620
102	-	8 512 641	8 512 743	As previously reported	102	-	8 493 593	8 493 695
-	-	2 667 925	2 667 925	IFRS adjustment	-	-	2 667 925	2 667 925
-	-	6 074 388	6 074 388	Profit for the year	-	-	6 067 779	6 067 779
102	-	17 254 954	17 255 056	Balance at 1 March 2005	102	-	17 229 297	17 229 399
102	-	14 207 539	14 207 641	As previously reported	102	-	14 181 882	14 181 984
-	-	3 047 415	3 047 415	IFRS adjustment	-	-	3 047 415	3 047 415
8	6 855 065	-	6 855 073	Share issue	8	6 855 065	-	6 855 073
-	(483 195)	-	(483 195)	Share issue expenses	-	(483 195)	-	(483 195)
99 890	(99 890)	-	-	Capitalisation issue	99 890	(99 890)	-	-
-	-	12 581 872	12 581 872	Profit for the year	-	-	13 338 607	13 338 607
100 000	6 271 980	29 836 826	36 208 806	Balance at 28 February 2006	100 000	6 271 980	30 567 904	36 939 884

Analysis of holding company and subsidiary interest

	Share capital	Share premium	Accumulated profit	Total
Holding company	100 000	6 271 980	29 836 826	36 208 806
Subsidiary	-	-	731 078	731 078
	100 000	6 271 980	30 567 904	36 939 884

esor limited

cash flow statement for the year ended 28 february 2006

company 2005 R	company 2006 R		Note	group 2006 R	group 2005 R
2 097 869	5 513 093	**Cash flows from operating activities**		4 779 987	1 911 012
90 661 266	121 518 881	Cash receipts from customers		120 826 600	90 489 500
(85 411 291)	(114 157 917)	Cash paid to suppliers and employees		(114 131 058)	(85 423 563)
5 249 975	7 360 964	Cash generated from operations	20	6 695 542	5 065 937
913 878	1 024 514	Interest received		981 761	908 654
(545 577)	(466 929)	Interest paid		(489 255)	(545 726)
(3 520 407)	(2 405 456)	Taxation paid	21	(2 408 061)	(3 517 853)
(1 830 720)	(1 656 908)	**Cash flows from investing activities**		(806 908)	(1 830 720)
(2 514 568)	(2 229 109)	Acquisition of property, plant and equipment		(2 229 109)	(2 514 568)
683 848	572 201	Proceeds on disposal of property, plant and equipment		572 201	683 848
-	-	Proceeds on disposal of investment property		850 000	-
133 813	1 843 547	**Cash flows from financing activities**		1 879 969	213 845
(226 764)	2 155 447	Increase/(decrease) in unsecured loans		2 191 869	(146 732)
360 577	(311 900)	(Decrease)/increase in secured borrowings		(311 900)	360 577
400 962	5 699 732	Net increase in cash and cash equivalents		5 853 048	294 137
6 489 364	6 890 326	Net cash and cash equivalents at beginning of year		6 783 353	6 489 216
6 890 326	12 590 058	**Cash and cash equivalents at end of year**	23	12 636 401	6 783 353

esor limited

notes to the annual financial statements at 28 february 2006

1 General information

Esor Limited is a company incorporated in the Republic of South Africa. The addresses of it's registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the company and its subsidiaries (the group) are disclosed in the director's report.

2 Adoption of new and revised International Financial Reporting Standards

For the year ended 28 February 2005 the group prepared it's financial statements under South African Statements of Generally Accepted Accounting Practice (SA GAAP). In the current year, the group is required to prepare it's annual financial statements in accordance with International Financial Reporting Standards (IFRS) in order to comply with the Listing Requirements of the JSE Limited. As such the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005.

This requirement applies to all listed companies for financial reporting periods beginning on or after 1 January 2005 and consequently, 28 February 2006 is the group's first published annual financial statement under IFRS. As the group publishes comparative information for one year, the date of transition to IFRS is 1 March 2004, which represents the start of the earliest period of comparative information presented.

In order to explain how the group's reported performance and financial position are impacted by IFRS, the group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1 First-time adoption of International Financial Reporting Standards (IFRS 1).

The adoption of these new and revised Standards and Interpretations has resulted in changes to the group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

IAS 16 : Property, plant and equipment

The directors anticipate that the adoption of Standards and Interpretations which were in issue but not yet effective will have no material impact on the financial statements of the group.

The material adjustments to comply with IFRS were as follows:

esor limited

notes to the annual financial statements at 28 february 2006 (continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2005

company					group		
Share capital	Accumulated profit	Total reserves		Note	Share capital	Accumulated profit	Total reserves
102	8 512 641	8 512 743	Balance at 1 March 2004		102	8 493 593	8 493 695
			Adjusted for IFRS:				
-	2 667 925	2 667 925	IAS 16 Property, plant and equipment	(A)	-	2 667 925	2 667 925
102	11 180 566	11 180 668	Restated balance at 1 March 2004		102	11 161 518	11 161 620
-	6 074 388	6 074 388	Profit for the period		-	6 067 779	6 067 779
-	5 694 898	5 694 898	As previously reported		-	5 688 289	5 688 289
			Adjusted for IFRS:				
-	480 812	480 812	IAS 16 Property, Plant and Equipment adjustment		-	480 812	480 812
-	(101 322)	(101 322)	Deferred tax thereon		-	(101 322)	(101 322)
102	17 254 954	17 255 056	Restated balance at 28 February 2005		102	17 229 297	17 229 399

BALANCE SHEET AS AT 28 FEBRUARY 2005

28/02/2005 as previously stated	IFRS adjustment	Reclassification	Restated at 28/02/2005		28/02/2005 as previously stated	IFRS adjustment	Reclassification	Restated at 28/02/2005
				ASSETS				
11 042 844	4 292 133	(5 348 950)	9 986 027	Non-current assets	10 984 813	4 292 133	(5 246 189)	10 030 757
30 103 107	-	5 348 950	35 452 057	Current assets	30 249 983	-	5 246 189	35 496 172
41 145 951	4 292 133	-	45 438 084		41 234 796	4 292 133	-	45 526 929
				EQUITY AND LIABILITIES				
14 207 641	3 047 415	-	17 255 056	Capital and reserves	14 181 984	3 047 415	-	17 229 399
6 811 868	1 244 718	(2 752 372)	5 304 214	Non-current liabilities	6 811 868	1 244 718	(2 752 372)	5 304 214
20 126 442	-	2 752 372	22 878 814	Current liablities	20 240 944	-	2 752 372	22 993 316
41 145 951	4 292 133	-	45 438 084		41 234 796	4 292 133	-	45 526 929

Unsecured loans and shareholders loans have been reclassified from non-current to current.

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INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2005

company		group
R		R
	Profit before tax	
8 184 454	As previously reported	8 220 215
	Adjusted for IFRS:	
480 812	IAS 16 Property, plant and equipment	480 812
8 665 266		8 701 027
	Taxation	
(2 489 556)	Normal	(2 531 926)
(101 322)	Adjusted for IFRS	(101 322)
6 074 388	Restated profit for the year ended 28 February 2005	6 067 779

Note A - IAS 16 : Property, plant and equipment

Previously property, plant and equipment were measured at cost less accumulated depreciation and impairment losses. The revised IAS 16 amendments that impact the group relate to the review of the residual value and useful lives of these assets. These changes affect the annual depreciation charge to the income statement.

3 Accounting policies

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which have been held at fair value. They have also been adjusted for the adoption of International Financial Reporting Standards and incorporate the following principal accounting policies, which are consistent with those applied in previous years:-

3.1 Property, plant and equipment

Property, plant and equipment is held at cost and depreciation is charged to profit or loss on the straight line basis at rates which are considered appropriate to reduce carrying values of the assets over their useful lives to estimated residual values on a straight line basis as follows:-

Plant and equipment	-	15 - 30 years
Motor vehicles	-	3 - 10 years
Computer equipment	-	3 years
Furniture and fittings	-	6 years

Freehold land is reflected at cost and is not depreciated. Buildings are reflected at cost and depreciated to estimated residual values over their useful lives, currently estimated at 50 years from date of acquisition. Where estimated residual value exceeds the cost, depreciation is not provided.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.2 Investment property

Investment property is held at cost and is depreciated to its estimated residual value over the estimated useful life of the asset. The depreciation rate used for investment property is 0 - 2% per annum (2005 : 2%).

3.3 Inventories

Inventories are valued at the lower cost or net realisable value on the first in, first out basis.

Contracts in progress comprise the amount of costs incurred and recognised profits to date, less progress billings. Contract revenue for the period is determined by contract work certified and is billed to customers once determined.

At the financial year end, no amounts for contracts in progress appear on the balance sheet as all work certified has been billed.

3.4 Revenue

3.4.1 Construction contracts

The group recognises revenue on cost plus contracts when it is probable that the economic benefits associated with the contract will flow to the group and when the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

3.4.2 Other income

Interest is recognised using the effective interest rate applicable to the underlying assets.

Collection commission is recognised when payment has been collected on behalf of the third party.

Other income is recognised when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of the revenue can be measured reliably. Value added taxation is excluded.

3.5 Deferred taxation

Deferred taxation is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Deferred taxation is calculated using taxation rates that have been substantially enacted at balance sheet date.

3.6 Borrowing costs

Finance charges are charged against income over the period of the agreement using the effective interest rate. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Short term receivables with no stated interest rate are measured at original invoice amount less provision for any doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see above).

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Investments

Investments in subsidiaries and joint ventures are recorded at cost, less impairments. Loans and finance lease receivables are recorded at amortised cost. Other investments are recorded at fair value and gains and losses are recognised in income.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

3.8 Consolidation

The consolidated financial statements incorporate the audited financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.9 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3.10 Joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and recorded using the proportionate consolidation method and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

3.11 Share-based payments

During the year the group issued shares as payment for the cost of three subsidiaries acquired. This is classified as an equity-settled share-based payment and is measured at the fair value of the net assets acquired at the date of the transaction. The fair value determined at the grant date of the equity-settled share-based payments is allocated to the cost of the business combination.

3.12 Critical judgements

There have been no critical judgements made in the application of the groups accounting policies which could materially effect the amounts recognised in the financial statements.

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4 Property, plant and equipment

	group					
	2006			2005		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	11 622 000	-	11 622 000	-	-	-
Plant and equipment	6 062 391	3 192 596	2 869 795	6 062 391	2 815 751	3 246 640
Motor vehicles	11 440 417	5 671 395	5 769 022	10 935 556	4 404 398	6 531 158
Furniture and fittings	207 275	184 684	22 591	207 275	177 216	30 059
Computers	803 720	624 097	179 623	758 732	592 854	165 878
	30 135 803	9 672 772	20 463 031	17 963 954	7 990 219	9 973 735

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Land and buildings	-	11 622 000	-	-	11 622 000
Plant and equipment	3 246 640	-	-	376 845	2 869 795
Motor vehicles	6 531 158	2 121 217	713 178	2 170 175	5 769 022
Furniture and fittings	30 059	-	-	7 468	22 591
Computers	165 878	107 892	3	94 144	179 623
	9 973 735	13 851 109	713 181	2 648 632	20 463 031

Certain property, plant and equipment with a carrying value of R2 362 847 (2005 : R4 969 976) is encumbered to secure the borrowings set out in note 11. Further to this, a general notarial bond to the value of R10 000 000 has been registered over the moveable assets of the company as shown in note 13.

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

There are no assets with impaired values.

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4 Property, plant and equipment (continued)

	company					
	2006			2005		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Plant and equipment	6 062 391	3 192 596	2 869 795	6 062 391	2 815 751	3 246 640
Motor vehicles	11 440 416	5 671 394	5 769 022	10 935 556	4 404 398	6 531 158
Furniture and fittings	207 274	184 683	22 591	207 275	177 216	30 059
Computers	803 720	624 097	179 623	758 732	592 854	165 878
	18 513 801	9 672 770	8 841 031	17 963 954	7 990 219	9 973 735

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Plant and equipment	3 246 640	-	-	376 845	2 869 795
Motor vehicles	6 531 158	2 121 217	713 178	2 170 175	5 769 022
Furniture and fittings	30 059	-	-	7 468	22 591
Computers	165 878	107 892	3	94 144	179 623
	9 973 735	2 229 109	713 181	2 648 632	8 841 031

Certain property, plant and equipment with a carrying value of R2 362 847 (2005 : R4 969 976) is encumbered to secure the borrowings set out in note 11. Further to this, a general notarial bond to the value of R10 000 000 has been registered over the moveable assets of the company as shown in note 13.

There are no assets with impaired values.

esor limited

notes to the annual financial statements at 28 february 2006 (continued)

5 Investment property

	group					
	2006			2005		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	-	-	-	67 986	10 964	57 022

The carrying amount of investment property can be reconciled as follows:-

	Carrying value at beginning of year	Disposals	Depreciation	Carrying value at end of year
Land and buildings	57 022	55 662	1 360	-

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		6 Investment in subsidiaries		
12 292	6 867 366	Shares at cost		
		Details of the investments in subsidiaries are shown in note 32.		
		7 Inventories		
42 791	35 618	Consumables	35 618	42 791

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notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		8 Unsecured loans		
		Loans to/(from) related entities		
4 776	4 776	* Hammib (Pty) Ltd	4 776	4 776
1 600 637	(529 833)	** Bimmah Investments CC	(529 833)	1 600 637
1 512 053	1 600 637	Opening balances	1 600 637	1 512 053
147 379	152 821	Advances	152 821	147 379
(210 000)	(2 390 000)	Repayments	(2 390 000)	(210 000)
151 205	106 709	Interest at 14,5% (2005 : 14,5%)	106 709	151 205
829 380	829 304	** Hammib Properties (Pty) Ltd	-	829 380
839 776	829 380	Opening balances	829 380	839 776
114 076	125 904	Advances	125 904	114 076
(246 240)	(246 240)	Repayments	(1 075 544)	(246 240)
121 768	120 260	Interest at 14,5% (2005 : 14,5%)	120 260	121 768
87 995	96 794	** Esor Plant Hire (Pty) Ltd	-	-
78 995	87 995	Opening balances	-	-
1 000	-	Advances	-	-
-	-	Repayments	-	-
8 000	8 799	Interest at 10% (2005 : 10%)	-	-
1 086 345	1 070 761	** Esor Properties (Pty) Ltd	-	1 086 345
1 080 188	1 086 345	Opening balances	1 086 345	1 080 188
152 253	129 590	Advances	129 590	152 253
(307 800)	(307 800)	Repayments	(1 378 561)	(307 800)
161 704	162 626	Interest at 14,97% (2005 : 14,97%)	162 626	161 704
1 725 051	1 549 438	** Esor Geotechnical Engineering (Pty) Ltd	-	1 725 051
1 899 953	1 725 051	Opening balances	1 725 051	1 899 953
186 628	119 799	Advances	119 799	186 628
(637 023)	(545 544)	Repayments	(2 094 982)	(637 023)
275 493	250 132	Interest at 14,5% (2005 : 14,5%)	250 132	275 493
13 103	13 103	** Esor Geotechnical Engineering (Cape) (Pty) Ltd	-	-
1 663	1 663	* Esor Projects (Pty) Ltd	-	-
(2 752 372)	(2 594 876)	* Shareholders' loans	(3 893 667)	(2 752 372)
2 596 578	441 130		(4 418 724)	2 493 817

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notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		8 Unsecured loans (continued)		
		Disclosed as follows:-		
5 348 950	3 565 839	Current assets	4 776	5 246 189
(2 752 372)	(3 124 709)	Current liabilities	(4 423 500)	(2 752 372)
2 596 578	441 130		(4 418 724)	2 493 817
		* These loans are interest free and no fixed terms of repayment have been set.		
		** These loans attract interest at the rate indicated and have no fixed terms of repayment.		
		9 Trade and other receivables		
19 398 279	22 906 084	Trade receivables	22 918 074	19 511 924
3 771 711	4 277 614	Retentions	4 277 614	3 771 711
-	-	Other receivables	850 000	26 958
23 169 990	27 183 698		28 045 688	23 310 593
		Trade receivables and retention monies have been pledged to secure the bank overdraft facilities described in note 13.		
		10 Share capital and premium		
		Authorised		
		500 000 000 ordinary shares of R0, 001 each		
1 000	500 000	(2005 : 1 000 ordinary shares of R1,00 each)	500 000	1 000
		Issued		
		100 000 000 ordinary shares of R0,001 each		
102	100 000	(2005 : 102 ordinary shares of R1,00 each)	100 000	102
102	100 000	Balance carried forward	100 000	102

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notes to the financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		10 Share capital and premium (continued)		
102	100 000	Balance brought forward	100 000	102
-	6 271 980	Share premium	6 271 980	-
-	-	Balance at beginning of year	-	-
-	6 855 065	Premiums on shares issued	6 855 065	-
-	(99 890)	Net premium on capitalisation issue	(99 890)	-
-	(483 195)	Share issue expenses written off	(483 195)	-
102	6 371 980		6 371 980	102

In terms of the minutes of the annual general meeting of the company, the directors are authorised to allot or issue any unissued shared in their discretion, subject to the provisions of Section 222(1)(c) of the Companies Actof South Africa.

Share movements

The following changes were made to issued share capital during the year: Converted 102 ordinary shares of R1,00 each into 102 000 ordinary shares R0,001 par value on 6 December 2005. Issued 8 000 ordinary shares of R0,001 each at a premium of R856,88 per share on 31 January 2006 to the vendors of the property companies as set out in note 22. The vendors are the executive directors of Esor. Issued 99 890 000 shares by way of a capitalisation issue on 31 January 2006 using the company's share premium to fully pay up these shares. The company listed it's shares on the Alternative Exchange of the JSE Limited on 14 March 2006, where 20 000 000 additional ordinary shares were allotted at a premium of R0,999.

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11 Secured borrowings

Instalment sale creditors

company 2005 R	company 2006 R	Final date of repayment	Rate of interest %	Monthly instalment R	group 2006 R	group 2005 R
859 517	-	Repaid	-	-	-	859 517
517 006	157 821	2007	8,5	51 309	157 821	517 006
880 931	514 510	2008	8,5	27 081	514 510	880 931
921 062	2 675 691	2009	8,5	84 496	2 675 691	921 062
939 548	691 077	2010	8,5	6 296	691 077	939 548
939 548	706 613	2011	8,5	16 936	706 613	939 548
5 057 612	4 745 712	Capital commitment			4 745 712	5 057 612
(2 009 043)	(1 908 798)	Current portion included under current liabilities			(1 908 798)	(2 009 043)
3 048 569	2 836 914	Long term portion			2 836 914	3 048 569

These amounts are secured over certain property, plant and equipment with a carrying value of R 2 362 847 (2005 : R4 969 976) referred to in note 4.

12 Deferred taxation

company 2005 R	company 2006 R		group 2006 R	group 2005 R
2 092 429	2 255 645	Balance at beginning of year	2 255 645	2 092 429
		Movements during the year:		
(69 748)	-	Change in tax rate	-	(69 748)
232 964	(295 415)	Timing differences	(295 415)	232 964
2 255 645	1 960 230	Balance at end of year	1 960 230	2 255 645
		The balance comprises:		
(167 589)	(195 198)	Leave pay accruals	(195 198)	(167 589)
1 244 718	914 920	Property, plant and equipment timing difference	914 920	1 244 718
1 178 516	1 240 508	Retentions	1 240 508	1 178 516
2 255 645	1 960 230		1 960 230	2 255 645

esor limited

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		13 Bank overdraft		
-	-	Balance at year end	-	113 246

Interest is charged at the prime rate of interest, currently 10,5% (2005 : 10,5%)

The group has the use of a cash management facility with First National Bank, whereby all accounts may be offset with any other accounts within the group. The facilities available consist of an overdraft facility of R3 500 000, guarantee facility of R11 500 000 and settlement facility of R145 000.

To secure the facilities described above as well as guarantees issued in the amount of R4 581 844 (2005 : R8 276 482), companies in the group have pledged the following assets:

- General notarial covering bond for R10 000 000 over the moveable assets of Esor Limited together with cession of short term insurance over the said assets.
- Unlimited letter of suretyship supported by:-
  - 1st and 2nd covering bonds totalling R1 900 000, over Erf 281 and Erf 282 of Phoenix Industrial Park.
  - 1st and 2nd covering bonds totalling R1 300 000, over Erf 30 Activia Park, Gauteng.
- Letter of surety for R800 000 supported by:-
  - 1st and 2nd covering bonds totalling R800 000 over Erf 29 Activia Park, Gauteng.
- Cession of book debts and retention monies by Esor Limited.

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		14 Trade and other payables		
14 289 939	7 629 986	Trade payables	7 653 611	14 291 195
3 294 697	1 892 521	Accruals	1 892 521	3 294 697
17 584 636	9 522 507		9 546 132	17 585 892

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notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		15 Revenue		
100 065 935	125 393 423	Contract revenue	125 393 423	100 062 308
		Revenue comprises the value of work done in respect of contracting, net of Value Added Tax.		
		16 Other operating income		
62 200	63 111	Collection commission	57 851	62 200
95 592	94 455	Profit on disposal of property, plant and equipment	94 455	95 592
-	-	Profit on disposal of investment property	794 338	-
-	-	Rental income	17 684	15 789
101 952	76 055	Sundry income	92 737	102 299
259 744	233 621		1 057 065	275 880
		17 Profit before interest and taxation		
		Profit before interest and taxation is stated after taking into account the following items which require separate disclosure:-		
		Income		
95 592	94 455	Profit on disposal of property, plant and equipment	94 455	95 592
-	-	Profit on disposal of investment property	794 338	-
-	-	Rental from investment property	17 684	15 789

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company 2005 R	company 2006 R		group 2006 R	group 2005 R
		17 Profit before interest and taxation (continued)		
		Expenditure		
69 221	39 600	Auditors' remuneration	41 616	71 061
43 500	-	Audit fees	-	45 340
-	36 725	Underprovision prior year	37 140	-
25 721	2 875	Fee for other services	4 476	25 721
1 479 392	2 648 632	Depreciation	2 649 992	1 480 752
240 160	376 845	Property, plant and equipment	376 845	240 160
-	-	Investment property	1 360	1 360
1 129 471	2 170 175	Motor vehicles	2 170 175	1 129 471
101 803	94 144	Computer equipment	94 144	101 803
7 958	7 468	Furniture and fittings	7 468	7 958
-	235 435	Loss on disposal of property, plant and equipment	235 435	-
19 423 240	24 471 873	Staff costs	24 471 873	19 423 240
12 599 050	20 159 641	Salaries and wages	20 159 641	12 599 050
5 551 822	2 800 727	Bonus	2 800 727	5 551 822
1 272 368	1 511 505	Contribution to retirement funds	1 511 505	1 272 368
7 188 284	9 427 493	Operating lease charges (refer note 33)	8 464 993	6 138 284
6 138 284	8 464 993	Equipment hire	8 464 993	6 138 284
1 050 000	962 500	Property rentals	-	-
322	397	Number of employees at year end	397	322
		18 Taxation		
		South African normal taxation		
2 470 031	5 394 339	Current	5 417 747	2 470 031
163 216	(295 415)	Deferred	(295 415)	163 216
2 633 247	5 098 924		5 122 332	2 633 247

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notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		18 Taxation (continued)		
30.0%	29.0%	Reconciliation of tax rates:	29.0%	30.0%
0.2%	(0.1%)		(1.2%)	0.3%
1.1%	-	Normal rate of taxation	0.1%	1.1%
-	(0.1%)	Adjusted for:-	(1.3%)	-
-	-	Disallowable expenditure	0.1%	-
-	-	Exempt income	(0.1%)	0.1%
(0.9%)	-	Capital gains	-	(0.9%)
		Assessed loss (utilised) / created		
30.2%	28.9%		27.8%	30.3%
		Change in tax rate		
		Effective rate of taxation		
		Secondary tax on companies		
		A potential liability for STC exists. Should the group declare a dividend, the dividend declared would attract taxation at a rate of 12,5%. The maximum dividend which can		
15 337 737	26 521 623	be declared is:-		
1 917 217	3 315 203	The dividend would attract STC of:-		
		19 Earnings per share		
		The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following information:		
		Earnings		
6 074 388	12 581 872	Basic earnings	13 338 607	6 067 779
(95 592)	(94 455)	Profit on sale of property, plant and equipment	(94 455)	(95 592)
-	235 435	Loss on sale of property, plant and equipment	235 435	-
-	-	Profit on sale of investment property	(794 338)	-
5 978 796	12 722 852	Headline earnings	12 685 249	5 972 187
		Number of shares		
99 992 000	99 992 667	Weighted average number of shares	99 992 667	99 992 000

esor limited

notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		20 Reconciliation of profit before taxation to cash generated from operations		
8 707 635	17 680 796	Profit before taxation	18 460 939	8 701 026
		Adjust for:-		
(913 878)	(1 024 514)	Interest received	(981 761)	(908 654)
(95 592)	(94 455)	Profit on disposal of property, plant and equipment	(94 455)	(95 592)
-	-	Profit on disposal of investment property	(794 338)	-
-	235 435	Loss on disposal of property, plant and equipment	235 435	-
1 479 392	2 648 632	Depreciation on property, plant and equipment	2 649 992	1 480 752
-	(483 195)	Share issue and listing costs	(483 195)	-
545 577	466 929	Interest paid	489 255	545 726
9 723 134	19 429 628	Operating profit before working capital changes	19 481 872	9 723 258
(4 473 159)	(12 068 664)	Working capital changes	(12 786 330)	(4 657 321)
(9 568 821)	(4 013 708)	Increase in trade and other receivables	(4 735 095)	(9 753 096)
(18 870)	7 173	Decrease/(increase) in inventories	7 173	(18 870)
5 114 532	(8 062 129)	(Decrease)/increase in trade and other payables	(8 058 408)	5 114 645
5 249 975	7 360 964	Cash generated from operations	6 695 542	5 065 937
		21 Taxation paid		
(1 583 139)	(532 763)	Amounts owing at beginning of year	(532 763)	(1 580 585)
(2 470 031)	(5 394 339)	Amounts charged to income statement	(5 417 747)	(2 470 031)
-	-	Acquisition of subsidiary	(27 607)	-
532 763	3 521 646	Amounts owing at end of year	3 570 056	532 763
(3 520 407)	(2 405 456)		(2 408 061)	(3 517 853)

esor limited

notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		22 Acquisition of subsidiaries		
		Net assets acquired		
		Investment property	11 622 000	-
		Cash	38 777	-
		Taxation owing	(27 607)	-
		Accounts payable	(18 648)	-
		Shareholders' loans	(1 305 169)	-
		Unsecured loans	(3 415 503)	-
		Investment in subsidiaries	6 893 850	-
		Less : cash acquired	(38 777)	-
		Less : Issue of shares as payment	(6 855 073)	-
		Shares	(8)	-
		Premium	(6 855 065)	-
		Net cash paid on acquisition	-	-

The subsidiaries were acquired on 31 January 2006 and the equity instruments issued for the cost of the combination are detailed in note 10. The subsidiaries acquired are as follows:

Hammib Properties (Pty) Ltd	100%
Esor Properties (Pty) Ltd	100%
Esor Geotechnical Engineering (Pty) Ltd	100%

23 Cash and cash equivalents

Cash and cash equivalents included in the cash flow include the following balance sheet amounts:

company 2005 R	company 2006 R		group 2006 R	group 2005 R
6 890 326	12 590 058	Cash at bank and on hand	12 636 401	6 896 599
-	-	Bank overdraft	-	(113 246)
6 890 326	12 590 058		12 636 401	6 783 353

The bank overdraft facilities are disclosed in note 13.

esor limited

notes to the annual financial statements at 28 february 2006 (continued)

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		24 Contingent liabilities		
-	-	The company acts as surety and co-principal debtor for amounts due by Esor Geotechnical Engineering (Pty) Ltd to First National Bank, a division of FirstRand Bank Limited, the amount due at year end was:	-	-
		25 Joint ventures		
		The group and company have joint ventureinterests in the following operations:		
10%	90%	Esor Zek Joint Venture	90%	10%
50%	50%	Esor Realeka Joint Venture	50%	50%
50%	50%	Esor Franki Joint Venture	50%	50%
-	50%	Esor Dura Joint Venture	50%	-
		The proportionate interest in the joint ventures have been incorporated into the result, cash flow, asset and liabilities as follows:		
		Balance sheet		
7 289 739	3 222 728	Current assets	3 222 728	7 289 739
		Current liabilities		
7 289 739	3 222 728		3 222 728	7 289 739
		Income statement		
31 853 597	21 765 658	Revenue	21 765 658	31 853 597
(28 698 474)	(19 704 719)	Cost of sales	(19 704 719)	(28 698 474)
3 155 123	2 060 939	Gross profit	2 060 939	3 155 123
3 125	1 664	Other operating income	1 664	3 125
(4 758)	(6 378)	Other operating expenses	(6 378)	(4 758)
3 153 490	2 056 225	Profit before taxation	2 056 225	3 153 490

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company 2005 R	company 2006 R		group 2006 R	group 2005 R
		25 Joint ventures (continued)		
		Cash flow statement		
3 153 490	2 056 225	Cash flows from operations	2 056 225	3 153 490
-	-	Cash flows from investing activities	-	-
-	-	Cash flows from financing activities	-	-
3 153 490	2 056 225	Net cash flow	2 056 225	3 153 490

26 Post retirement benefits

Retirement benefits are provided for full time employees on permanent staff, under normal retirement ages by means of a Pension and Provident Fund.

The company's contributions are charged to income in the year that they become due. The funds are governed by the Pension Fund Act 24 of 1956 and are defined contribution funds. A review of these funds in June 2004 revealed that the fund is in a sound financial position.

All permanent staff are members of a Pension or Provident Fund. Wage employees contribute 5% of their remuneration to Old Mutual Orion Plan Provident Fund. The company contributes 3,17% to this provident fund. Salaried employees contribute either 5% or 7,5% of their remuneration (depending on number of years service) to the Funds @ Work for Esor Pension Fund. The company matches their contribution by contributing an equal amount to the Provident Fund. The company contributes the full amount due to the Momentum Group Life Scheme on behalf of all employees.

All funds are defined contribution funds and are governed by the Pension Fund Act 24 of 1956. There are no other post retirement benefit obligations.

company 2005 R	company 2006 R		group 2006 R	group 2005 R
1 272 368	1 511 505	Contributions to retirement benefit funds	1 511 505	1 272 368

Contributions to defined contribution plans for key directors are disclosed in note 28.

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27 Share based payments

During the current year the group acquired three additional subsidiaries, these subsidiaries were owned by the major shareholders of Esor Limited at the time. The purchase price of the three subsidiaries were settled by way of an equity based payment of shares.

8 000 ordinary shares of R0,001 each were issued at a premium of R856,88 per share on 31 January 2006 to the vendors of the companies previously mentioned.

The group assessed the fair values of the relevant companies at the date of acquisition and allocated the cost of the combination to the fair values of the assets of each company according to IFRS 3 Business Combinations. No goodwill arose on the transaction. The values of the relevant assets and liabilities are more fully described in note 22.

28 Directors' emoluments

Remuneration paid to directors of the company, whilst in office, during the year ended 28 February 2006 are as follows:

	2006				
	ML Barber	AM Field	B Krone	ML Trevisani	Total
Salary	905 334	907 304	903 226	919 590	3 635 454
Bonus	100 000	100 000	100 000	100 000	400 000
Incentive bonus	100 000	100 000	100 000	100 000	400 000
Provident fund	104 000	100 800	84 800	100 800	390 400
Medical aid	30 666	31 896	51 974	19 610	134 146
	1 240 000	1 240 000	1 240 000	1 240 000	4 960 000

	2005				
	ML Barber	AM Field	B Krone	ML Trevisani	Total
Salary	827 030	845 066	866 714	854 688	3 393 498
Bonus	1 000 000	1 000 000	1 000 000	1 000 000	4 000 000
Provident fund	96 000	86 400	38 400	86 400	307 200
Medical aid	36 969	28 533	54 885	18 911	139 298
	1 959 999	1 959 999	1 959 999	1 959 999	7 839 996

No fees have been paid for services as directors.

29 Financial instruments

29.1 Trade and other receivables

Trade and other receivables comprise net amounts receivable for construction work performed including retentions withheld by customers.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

First National Bank, a division of FirstRand Bank Limited hold a pledge of the company's book debts and retention monies as securities for their banking facilities.

29.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash at bank. The carrying amount of these assets approximates to their fair value.

29.3 Trade and other payables

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

29.4 Borrowings

Borrowings comprise loans to / from shareholders and related parties. Secured creditors comprise instalment sale agreements.

The directors consider the carrying amount of the borrowings and secured creditors to approximate their fair values.

30 Risk management

The group does not trade in financial instruments other than designated held-for-trade assets but, in the normal course of operations, is exposed to credit interest and liquidity risk. In order to manage these risks, the group may enter into transactions that make use of derivative financial instruments where the directors are of the opinion that the use of these instruments will benefit the group. The group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable and interest-bearing borrowings.

30.1 Interest rate risk

The group is exposed to interest rate risk through it's bank overdrafts and other interest-bearing borrowings. The group does not normally hedge it's exposure. Group companies generally adopt a policy of ensuring their borrowings are at market related rates to address their interest rate risk. The directors are of the opinion that the current process works effectively and is therefore sufficient.

Details of the financial liabilities and related interest rates are set out in note 34.

30.2 Credit risk

The group's principal financial assets are bank balances and cash, accounts receivable, loans and investments, which represents the group's maximum exposure to credit risk in relation to financial assets.

Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables consist mainly of a widespread customer base. The group monitors the financial position of known problem customers on an ongoing basis. The granting of credit is controlled by examining the payment history of customers and prior working knowledge. Management believed that there is no material credit risk exposure or significant concentration of credit risk.

Group policy is to deposit short-term cash investments with major financial institutions.

30.3 Liquidity risk

The group manages liquidity risk by monitoring profit forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The group's borrowing facilities are disclosed in note 13. The directors borrowing powers are not limited by the memorandum of association.

31 Related parties

Transactions took place with the following related parties.

company				group	
Volume 2005 R	Volume 2006 R	Party	Nature of transaction	Volume 2006 R	Volume 2005 R
151 205	106 709	Bimmah Investments CC	Interest	106 709	151 205
564 000	564 000	Esor Geotechnical Engineering (Pty) Ltd	Rent	517 000	564 000
275 493	250 132		Interest	229 288	275 493
37 300	38 210		Collection commission	35 026	37 300
6 000	6 000		Administration fee	5 500	6 000
8 000	8 799	Esor Plant Hire (Pty) Ltd	Interest	-	-
161 704	162 626	Esor Properties (Pty) Ltd	Interest	149 074	161 704
270 000	270 000		Rent	247 500	270 000
6 000	6 000		Administration fee	5 500	6 000
20 100	14 100		Collection commission	12 925	20 100
216 000	216 000	Hammib Properties (Pty) Ltd	Rent	198 000	216 000
121 768	120 260		Interest	110 238	121 768
10 800	10 800		Collection commission	9 900	10 800

esor limited

Summary of significant shareholders at 28 February 2006

	%	2006 No. of Shares	2005 No. of Shares
M L Barber	24.09	24 090 409	25
A M Field	24.09	24 090 409	25
B Krone	24.09	24 090 409	25
M L Trevisani	24.09	24 090 409	25
A M Field, M L Barber, B Krone and M L Trevisani	0.00	2 000	2
	96.36	96 363 636	102

There were no public shareholders at year end.

32 Investment in subsidiaries

	Holding			
	2006 %	2005 %	2006 R	2005 R
Esor Geotechnical Engineering (Cape) (Pty) Ltd				
100 ordinary shares of R1 each at cost	100	100	12 092	12 092
Esor Plant Hire (Pty) Ltd				
100 ordinary shares of R1 each at cost	100	100	100	100
Esor Projects (Pty) Ltd				
100 ordinary shares of R1 each at cost	100	100	100	100
Esor Properties (Pty) Ltd				
100 ordinary shares of R1 each at cost	100	-	684 114	-
Esor Geotechnical Engineering (Pty) Ltd				
102 ordinary shares of R1 each at cost	100	-	5 240 796	-
Hammib Properties (Pty) Ltd				
100 ordinary shares of R1 each at cost	100	-	930 164	-
			6 867 366	12 292

esor limited

company 2005 R	company 2006 R		group 2006 R	group 2005 R
		33 Commitments		
		Leases		
		No operating lease commitments existed at year end as all agreements are determined on a month by month basis		
		Capital commitments		
		There were no capital commitments that have been contracted for or authorised at year end. The company is currently engaged in sourcing suppliers of equipment for future capital purchases.		
		34 Interest bearing borrowings		
		Long term		
3 048 569	2 836 914	Secured borrowings - see note 11	2 836 914	3 048 569
2 009 043	2 438 631	**Short term**	2 438 631	2 122 289
2 009 043	1 908 798	Current portion of secured borrowings - see note 11	1 908 798	2 009 043
-	529 833	Unsecured loans - see note 8	529 833	-
-	-	Bank overdraft - see note 13	-	113 246
5 057 612	5 275 545		5 275 545	5 170 858

35 Segmental reporting

The company does not present a segment report as the company only operates in one business segment, namely Civil Engineering and mainly within a single geographical segment, being the Republic of South Africa. Minor operations are undertaken outside the borders of South Africa, but these account for less than 2% of revenue and expenses.

shareholders' diary

Financial year-end	28/02/2006
Preliminary announcement	24/05/2006
Annual report meeting	23/08/2006
Interim results announcement	24/11/2006

esor limited

notice of annual general meeting

NOTICE is hereby given that the annual general meeting of shareholders of Esor will be held at the offices of the company at 30 Activica Road, Activia Park, Germiston, Johannesburg on Wednesday 23 August 2006 at 11h00 for the following purposes:

1. To consider the annual financial statements of the company for the year ended 28 February 2006.
2. To transact such other business as may be transacted at the annual general meeting of the company including the re-appointment of the auditors and the re-election of retiring directors; and
3 To consider and, if deemed fit, to pass, with or without modification, the following special and ordinary resolutions set out below, in the manner required by the South African Companies Act, 1973, as amended:

Special resolution

Special resolution number 1:

Share repurchases

"Resolved, as a special resolution, that the directors be authorised pursuant inter alia to the company's articles of association, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months from date of passing this special resolution, for the company or any subsidiary of the company to acquire shares of the company, subject to the Listings Requirements of JSE Limited ("JSE"), provided that:

1. any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
2. the company may only appoint one agent to effect any repurchases on its behalf;
3. the company must be authorised thereto by its articles of association;
4. the number of shares which may be acquired pursuant to this authority in any financial year (which commenced 1 March 2006) may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this special resolution;
5. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;
6. repurchases may not be undertaken by the company or one of its wholly owned subsidiaries during a phrohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE)
7. repurchases may only take place if, after such repurchase, the shareholder spread of the company still complies with the Listings Requirements of the JSE;
8. after the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the number of shares in issue (at the time that authority from shareholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time; and
9. the company's Designated Advisor shall confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE prior to entering the market to proceed with the repurchase.

In accordance with the Listings Requirements of the JSE, the directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors, after considering the maximum number of securities which may be purchased and the price at which the repurchases may take place pursuant to the buy-back general authority, are of the opinion that for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will be able to pay their debts in the ordinary course of business;

- the consolidated assets of the company and of the group fairly valued in accordance with generally accepted accounting practice, will exceed the consolidated liabilities of the company and of the group after the buy-back;
- the share capital and reserves of the company and of the group will be adequate for the purposes of the business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the Listings Requirements of the JSE for purposes of this general authority:

- Directors – page 5
- Major beneficial shareholders – page 39
- Directors' interests in ordinary shares – page 39
- Share capital of the company – page 26

Litigation statement

The directors, whose names appear on page 5 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened that may have or have had in the recent past (being at least the previous 12 (twelve) months) a material effect on the group's financial position.

Directors' responsibility statement

Directors whose names appear on page 5 of the annual report collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution 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, that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 28 February 2006 and up to the date of this notice.

Reasons for and effects of Special Resolution number 1

The reason for Special Resolution number 1 is to afford directors of the company or a subsidiary of the company a general authority to effect a buy-back of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Rules and Requirements of the JSE, to effect acquisitions of the company's shares on the JSE.

Ordinary resolutions

Ordinary resolution number 1:

Issue of shares for cash

"Resolved that the directors be authorised pursuant inter alia to the company's articles of association, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company provided that it shall not extend beyond 15 months, to allot and issue any ordinary shares for cash subject to the Rules and Requirements of the JSE Limited ("JSE") on the following bases:

1. the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
2. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

3. the number of shares issued for cash shall not in the aggregate in any one financial year exceed 50% (fifty percent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;
4. the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company;
5. after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue is determined or agreed to by the directors and the effect of the issue on net asset value and earnings per share), or any other announcements that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time.

In terms of the Listings Requirements of the JSE a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting must be cast in favour of Ordinary Resolution number 1 for it to be approved.

Ordinary resolution number 2:
Unissued ordinary shares

"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the directors of the company which directors are, subject to the Rules and Regulations of the JSE Limited ("JSE") and the provisions of section 221 and 222 of the Companies Act, 1973 as amended, authorised to allot and issue any of such shares at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next annual general meeting of the company."

Ordinary resolution number 3:
Re-election of directors

"Resolved that ML Barber and ML Trevisani be re-elected as directors of the company"

Ordinary resolution number 4:
Directors' remuneration

"Resolved that the remuneration of the directors, as set out on page 36 of the annual report of which this notice forms part, be and is hereby confirmed and ratified."

Ordinary resolution number 5:
Signature of documentation

"Resolved that any director or the company secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Special Resolutions number 1 and Ordinary Resolutions numbers 1, 2, 3, 4 and 6 which are passed by the members in accordance with and subject to the terms thereof."

Ordinary resolution number 6:
Re-appointment of auditors

"Resolved that RSM Betty & Dickson (Durban) be re-appointed as auditors of the company."

voting and proxies

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

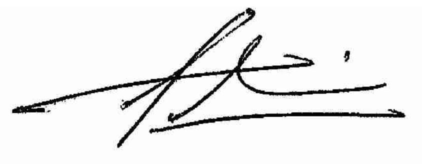
A form of proxy is attached for the convenience of any shareholder holding Esor shares who cannot attend the annual general meeting. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) to be received no later than 48 hours prior to the meeting. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the member subsequently decide to do so.

Shareholders who have already dematerialised their shares through their Central Securities Depository Participant ("CSDP") or broker rather than through own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Dematerialised shareholders, who have elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the annual general meeting should complete and lodge the attached form of proxy with the transfer secretaries of the company.

Dematerialised shareholders, who have elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the annual general meeting, should timeously provide their CSDP or broker with their voting, instructions in terms of the custody agreement entered into between the shareholder and his CSDP or broker.

By order of the board



M L Trevisani
Company Secretary
26 July 2006

Registered Address

130 Aberdare Drive
Phoenix Industrial Park
Durban, 4051
(PO Box 40096, Red Hill, 4071)

Transfer Secretaries

Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street
Johannesburg
(PO Box 61051, Marshalltown, 2107)

esor limited

form of proxy (for use by certificated shareholders and own name dematerialised shareholders)

Esor Limited

(Incorporated in the Republic of South Africa) (Registration number 1994/000732/06)

JSE Code: ESR ISIN: ZAE000078408

("Esor" or "the company")

Form of proxy for the annual general meeting of the company to be held at 11:00 on Wednesday, 23 August 2006 at the company's offices at 30 Activia Road, Activia Park, Germiston ("the annual general meeting").

For use by certificated shareholders, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration, who wish to vote on the ordinary and special resolutions per the Notice of the Annual General meeting to which this form is attached.

Shareholders who have dematerialised their shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for shareholders who elected own-name registration in the sub-register through a CSDP, which shareholders must complete this form of proxy and lodge it with Computershare Investor Services 2004 (Proprietary) Limited. Holders of dematerialised shares other than with own name registration, wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary authorisation to attend.

I/We (Name in block letters)		
Of (Address)		
Being the holder/s of		Ordinary shares in the company, do hereby appoint
1.	or failing him/her	
2.	or failing him/her	
3. The chairperson of the annual general meeting		

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting of the company, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, of passing, with or without modification, the ordinary and special resolutions as detailed in the Notice of Annual General Meeting, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (refer notes):

	Number of votes on a poll (one vote per ordinary share)		
	In favour	Against	Abstain
To pass special resolution:			
1. To effect share buy-backs			
To Pass ordinary resolution:			
1. To issue for cash the authorised but unissued shares			
2. To place the unissued shares under the control of the directors			
3. To re-elect the directors			
ML Barber			
ML Trevisani			
4. To ratify directors' remuneration			
5. To authorise the signature of documentation			
6. To re-appoint RSM Betty & Dickson (Durban) as auditors of the company			

Signature	Signed at	on	2006
Assisted by (if applicable)			

form of proxy (continued)

Notes

1 Each shareholder is entitled to appointone or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

2. Shareholder(s) that are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the meeting", but any such deletion must be initialed by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.

3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.

4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.

5. Forms of proxy must be lodged at or posted to Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received no later than 48 hours prior to the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holder of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members', will be accepted.

7. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.

8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services 2004 (Proprietary) Limited or waived by the chairperson of the annual general meeting.

9. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies,

10. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services 2004 (Proprietary) Limited.

11. 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 proxy.