Esor Limited
(Registration number 1994/000732/06)
Incorporated in the Republic of South Africa
(JSE Code: ESR)
(ISIN: ZAE000184669)
("Esor" or "the company" or "the group")

Abridged consolidated results
for the year ended 28 February 2017 and notice of annual general meeting

Highlights
- Order book of R1,5 billion
- Strong performance in Inland region
- African operations contributing positively
- LTIFR improved to 0,29
- Gearing reduced to 14,8%
- Maintained level 3 B-BBEE score
- Tuboseal Services acquisition bedded down and achieving targets
- Orchards development successfully transferred

Commentary
Introduction
The abridged consolidated results for the year ended 28 February 2017 ("the year") saw a mixed set of results with both highlights and lowlights. Delayed project awards as well as postponed commencement of projects continued to impact several projects in the second half of the year.

Inland performed well and is ideally positioned from a work-on-hand and structural perspective to take advantage of the opportunities in the short term. However, the ongoing remedial work to address quality issues on the Northern Aqueduct project severely impacted the East Coast division's full year performance.

The acquisition of Tuboseal Services has been fully bedded down and a new West Coast division based in Cape Town was formed. This division performed well in line with expectations. African operations are starting to contribute positively to results with meaningful work secured in Swaziland and Zimbabwe and good opportunities in Botswana.
The order book at February 2017 was R1,54 billion, which is in line with the prior year and up 9,4% compared to R1,4 billion at interims.

Financial results
Revenue was flat at R1,4 billion considering revenue losses due to the non-revenue generating repair work at the Northern Aqueduct. Revenue was also negatively impacted by several work stoppages due to community and business forum disruptions. Delayed contract awards as well as postponed commencement of projects caused in excess of 25 000 production days lost and accounted for R220 million in reduced revenue.

Profitability was severely impacted by losses of R102 million incurred on the Northern Aqueduct project, impairment of goodwill of R50 million and the write down/fair value adjustment of R51 million of the Franki Africa contingent consideration following losses incurred by Franki Africa in the final year of the profit earn-out period. The above losses were partially offset by improved results in the Inland and West Coast regions resulting in a loss of R139,8 million compared to a profit of R3,7 million in the prior year. This resulted in a basic loss per share of 38,1 cents compared to a profit of 1,0 cents per share in the prior year. Cash flow and liquidity remained challenging and we remain focused on debtor management with net cash balance at year-end of negative R22,1 million (2016: positive R42,4 million). The insurer for the professional indemnity on the Northern Aqueduct has to date accepted liability for the professional indemnity claim against the subcontractor that failed in their professional duty. The claim comprises two parts, namely weld failures and the misalignment claim. The weld failure claim quantum is being finalised and based on the latest estimates and status of agreement, R48 million was recognised in profit or loss. The misalignment claim is yet to be agreed and therefore no amount was recognised on that portion of the claim.

Safety
Health and safety remains a priority and the group is committed to a Zero Harm approach. The Lost Time Injury Frequency Ratio ("LTIFR") improved to 0,29 at year-end (2016: 0,47). A top down and VFL ("Visible Felt Leadership") approach to safety is encouraged and management is responsible for ensuring that preventative measures are in place and that "near miss reporting" and "root cause analysis" are conducted. In doing so, we focus on safety training and preventive measures. Considering our excellent safety performance, we have reduced our LTIFR target threshold for the year ahead to 0,15 in line with best practice and leading industry benchmarks.

Review of operations
For the year under review the group reported in two divisions: Esor Construction (including Inland, East Coast and West Coast) and Esor Developments.

Esor Construction
Inland
Contrary to the state of the industry, the Inland division enjoyed its most successful year to date and overcame macro factors causing site delays. We successfully completed Package

25 for Eskom and the completion certificate has been issued. Total revenue on the project amounted to R482 million over a 54-month period. It has been a profitable contract ahead of the tender margin. Notably, we demobilised approximately 200 people off site in December 2016 with no disruptions.

Package 26 is on programme and all modifications to date have been approved. All delays and disruption claims to December 2016 have been settled with settlement received on 21 December 2016. Ongoing and "way forward" issues are being resolved on a quarterly basis. Potential additional work remains on the cards. The current contract value is in excess of R2 billion over 72 months.

The balance of projects in Inland performed in line with expectations. However, one Johannesburg inner city refurbishment project was impacted by snagging issues which caused a three-month delay in final handover.

East Coast

Ongoing quality issues at the Northern Aqueduct as well as community and business forum stoppages at both the Northern and Western Aqueducts made for a tough year. This resulted in Esor obtaining an interdict against one of the business forums. The projects were further impacted by wet weather and unusually high rainfall in the second half of the year.

The Northern Aqueduct remains an onerous contract to complete given the challenges of addressing the legacy quality issues, which remain the key factor to getting off site. Initial completion was scheduled for August 2015 and we had then planned to complete the repair work on welds before FY16. However, quality issues emerged in June 2016, further impacting completion and resulting in cost overruns. These were further exacerbated by rain and community unrest. The loss to February 2016 totalled R45,4 million and we have since recorded a further loss of R101,7 million, including onerous contract provisions of R29,7 million. The nature of the repair work and constrained working areas continue to impact negatively on productivity. We now expect to complete the project in December 2017 and are in the process of concluding an agreement with the client on quality repairs and replacement of select rejected bedding material.

East Coast revenue was further hard hit by three delayed contract awards, with revenue losses amounting to R100 million. We had already reallocated resources in preparation for contract starts, which were then delayed.

The Western Aqueduct pipeline project is currently behind programme and due for completion in September 2017. We are pursuing numerous claims for time extensions but have not yet taken these to book.

West Coast

Following the successful acquisition of Tuboseal, effective 1 September 2016, the business was fully integrated as of 1 March 2017. The West Coast region is exceeding initial preliminary budgets mainly on the back of trenchless rehabilitation work and term-contracts. Tuboseal's brand and track record are well established in the Western Cape, securing preferred contractor status. We are currently finalising the largest CIPP project yet undertaken in South Africa at Black Mac (Blackheath to Macassar) which entails lining 3,3 km of sewer line of 1,2 metre diameter over a nine month contract period.

We have also been offering trenchless solutions to eThekwini, City of Bulawayo and Eskom, where we successfully completed a line pathing contract at Kusile. During the year Tuboseal operated in four provinces-Free State, Gauteng, Mpumalanga and the Western Cape-with the intention going forward to grow the niche trenchless solution business throughout the rest of Esor's footprint including Africa.

Africa

Esor made solid progress in Africa with the segment performing well for the year. This included securing a R554 million joint venture in Swaziland for the Swaziland Water and Agricultural Development Enterprise and funded by the African Development Bank, which represents the group's third sizeable job in Swaziland. Our joint venture partner is the largest Swazi-based construction company and will be responsible for all earthworks while Esor will construct the pipelines. This 30-month contract is expected to generate a monthly income of R20 million. We are continuing to secure work on the back of funded projects as well as client relationships and are carefully selecting partners.

In Botswana, we have partnered with a prominent local company on reticulation work situated close to the South African border. Eight pipe jacks have been completed with two ongoing. In Zimbabwe, we completed the six-month R7,5 million Old Mutual piling contract. We were further awarded three projects by the Zimbabwe National Water Authority, funded by the World Bank, totalling R75 million for which we are currently mobilising.

Zambia remains a target area, and while we are not currently active in the region, we are tendering for select work with well-known clients.

Esor Developments

The performance of the segment was in line with expectations. During the year we completed and transferred the milestone Orchards development, cradle to grave, barring two commercial properties being marketed for resale or development.

The Diepsloot and Khayelitsha projects continued to be delayed by government administrative procedures. Khayelitsha remains our short-term focus and following the land transfer, the project will be ready for the development of 368 top structures. More than 60% of the stands in Khayelitsha CBD are the subject of a sales agreement subject to the successful transfer of the land into the joint venture entity. Diepsloot remains a medium to long-term development with a total project potential of over R4 billion revenue and potential of over 10 000 housing opportunities. Ongoing negotiations with the Department of Human Settlements is bearing fruit and we foresee breaking ground by mid-year 2017.

The Uitvlugt development is currently in the environmental approval and ROD phase, which is expected to take 12 months. Township development planning and feasibility studies were conducted and finalised. This development includes 1 ha smallholdings, mixed use and integrated developments.

The next financial year will be a low revenue phase as the current projects move toward the development phases of their life cycles. Numerous other opportunities have surfaced and we are currently assessing two further developments to replace Orchards on a focused approach.

Capex
Capital expenditure for the year totalled R20,4 million (2016: R6,7 million) which included the R8,5 million expansion of our Germiston head office to accommodate all Inland staff. This followed the disposal of our Midrand property and consolidation at Germiston. Going forward the group will gear up capex spend to be more in line with depreciation and replacement costs. It is estimated that the FY 17/18 capex spend will be in excess of depreciation and return to a normalised replacement policy thereafter. Most of the capex spend is focused on specialist equipment.

Mandatory offer, rights issue and share capital
In October 2016, Esor's strategic investor, Geomer Investments ("Geomer"), increased its holding in the company to 42,39% (net of treasury shares) triggering a mandatory offer to shareholders. Geomer received acceptances from Esor shareholders holding 25 710 447 ordinary shares, equating to 7,05% of the issued ordinary shares of Esor excluding treasury shares.

This increased Geomer's holding to 49,44% and in February 2017 they increased their stake to 52,89%, following the rights offer that was fully underwritten by Geomer. Geomer has been a longstanding shareholder with whom Esor had been exploring possible synergies in the water and sanitation space prior to the mandatory offer, and the board remains confident that Geomer's support will prove positive for the growth of the group. Geomer provided funding for the acquisition of Tuboseal and fully underwrote the rights offer to shareholders of R37,54 million. This saw Esor offer 98 796 357 rights offer shares at 38 cents per share in the ratio of 25 rights offer shares for every 100 Esor shares. The results of the rights offer were as follows:

	Number of rights offer shares	Rand value	% rights
Total shares available for subscription in terms ofthe rights offer	98 796 357	37 542 616	100
Rights offer shares subscribed for	63 132 603	23 990 389	63,9
Rights offer shares taken up by the underwriter	35 663 754	13 552 227	36,1

Transformation
Esor maintained its Level 3 B-BBEE accreditation based on the revised Codes of Good Practice. The next audit evaluation is scheduled for October 2017 and will most likely be subject to the revised construction charter. The group's black ownership rating improved following the increase in shareholding by Geomer and black ownership now accounts for 65%. The Esor Broad Based Share Ownership Scheme ("EBBSOS") holds 4,25% following a dilution as a result of the rights issue (see Mandatory offer, rights issue and share capital above).

Competition Commission/CIDB
Esor was not party to the Competition Commission's settlement reached in October 2016 between government and seven other South African construction companies. Esor settled amicably in a negotiated manner with the company concerned where Esor was found guilty of the offence under a fast track settlement that related to a Franki matter. Negotiations with the Competition Commission are ongoing in relation to the Tribunal Enquiry into the 2009 complaint of collusive tendering practices in the geotechnical exploration and investigation works.

Esor received a formal enquiry letter in December 2016 related to the CIDB intending to institute a formal enquiry in terms of Regulation 29 against the construction firms that were not a party to the voluntary rebuild programme agreement. We are in ongoing negotiations to reach an amicable settlement.

Prospects
We expect challenging conditions to prevail and the trading environment for the next 12 or so months remains uncertain. However, we have secured work to see us through the cycle ahead and with substantial pending awards in excess of R1,6 billion we have not been aggressively chasing new work. We have been notified by the Department of Water and Sanitation that subject to the Department allocating the necessary budget to the Olifants River Phase 2D project in Limpopo before March 2018, we will be awarded this project

to the value of R1,3 billion. The two-year pipeline project for the Department of Water and Sanitation encompasses the manufacture, delivery, installation, testing and commissioning of civil, mechanical and electrical work of the raw water pipeline in Steelpoort. New contracts awarded also include the LUSIP 2 contract in Swaziland awarded to a joint venture in which Esor has a 50% share.

We have adequate secured work, people and resources and there is a sufficient tender flow still to come to market, particularly for Inland, and we will adapt our business according to market requirements. We believe we are in a healthy position to successfully navigate the short to medium term.

Dividend declaration
In line with group policy, no dividend has been declared (2016: Nil). It remains the policy of the group to review the dividend policy annually in light of cash flow, gearing, capital requirements and bank covenants.

Events after the reporting date
There were no significant events after the reporting date.

Basis of preparation
The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summarised financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements. The financial statements that are summarised in this report were prepared by the CFO, Bruce Atkinson.

Use of judgements and estimates
In preparing these abridged consolidated results, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 28 February 2017.

Audit opinion
This summarised report is extracted from audited information, but is not itself audited. The financial statements were audited by KPMG Inc., who expressed an unmodified opinion thereon. The audited financial statements and the auditor's report thereon are available for inspection at the company's registered office. The directors take full responsibility for the preparation of the summarised report and the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full report is available on Esor's website, at the registered offices and upon request.

The group audited financial statements, which were prepared under the supervision of the CFO, Bruce Atkinson CA(SA), are available for inspection at the company's registered office and will be included in the Integrated Annual Report 2017 to be distributed to stakeholders on or about 25 May 2017.

Going concern
The board is satisfied that the company will continue to trade as a going concern in the following 12 months based on current cash flows and facilities available. Further information on the boards assessment of going concern is contained in the directors report which forms part of the annual financial statements.

Summarised statements of financial position
as at 28 February 2017

	Group	
	2017	2016

	R'000	R'000
Assets		
Non-current assets	337 556	404 539
Property, plant and equipment	197 624	178 381
Goodwill	65 447	112 091
Financial assets at fair value through profit or loss	-	51 228
Deferred tax asset	31 044	10 186
Investment and loan to joint venture	42 680	51 892
Loans and long-term receivables	761	761
Current assets	680 421	696 386
Loans and receivables	40 578	35 428
Inventories	98 557	108 075
Non-current assets held-for-sale	-	9 500
Taxation	13 840	15 552
Trade and other receivables	522 086	485 409
Cash and cash equivalents	5 360	42 422
Total assets	1 017 977	1 100 925
Equity and liabilities		
Share capital and reserves	566 794	669 102
Share capital and premium	617 236	581 014
Equity compensation reserve	557	72
Foreign currency translation reserve	28 497	27 756
(Accumulated loss)/retained earnings	(79 496)	60 260
Non-current liabilities	71 136	72 968
Secured borrowings	38 814	45 726
Deferred tax liability	32 322	27 242
Current liabilities	380 047	358 855
Current portion of secured borrowings	31 869	55 093
Current portion of preference shares	-	10 605
Bank overdraft	27 487	-
Financial liability at fair value through profit or loss	-	5 843
Taxation	146	714
Provisions	-	17 040
Trade and other payables	320 545	269 560
Total equity and liabilities	1 017 977	1 100 925

Summarised statements of profit or loss and other comprehensive income
for the year ended 28 February 2017

	Group	
	2017 R'000	2016 R'000
Revenue	1 373 048	1 435 901
Cost of sales	(1 358 591)	(1 353 798)
Gross profit	14 457	82 103
Other income	28 807	52 589
Operating expenses	(131 141)	(52 899)
(Loss)/profit before interest, tax, impairments and depreciation	(87 877)	81 793
Impairments and depreciation	(72 967)	(78 016)
Results from operating activities	(160 844)	3 777
Finance income	13 670	12 577
Finance costs	(8 248)	(9 851)
(Loss)/profit before income tax	(155 422)	6 503
Taxation income	15 666	(2 820)
(Loss)/profit	(139 756)	3 683
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations	741	933
Related taxes	-	(210)
Other comprehensive income, net of tax	741	723
(Loss)/profit attributable to:		
Owners of the company	(139 756)	3 683
Total comprehensive income attributable to:		
Owners of the company	(139 015)	4 406

Summarised statements of changes in equity
for the year ended 28 February 2017

Group	Share capital R'000	Share premium R'000	Equity compen-sation reserve R'000
Balance at 28 February 2015	374	583 356	-
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners, recorded directly in equity			

Contributions by and distributions to owners			
Share-based payment	–	–	72
Shares acquired	(9)	(2 707)	–
Total transactions with owners	(9)	(2 707)	72
Balance at 29 February 2016	365	580 649	72
Loss for the year	–	–	–
Other comprehensive income			
Total comprehensive income for the year	–	–	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Shares issued	98	37 444	–
Share issue expenses	–	(1 320)	–
Share-based payment	–	–	485
Total transactions with owners	98	36 124	485
Balance at 28 February 2017	463	616 773	557

Group	Foreign currency translation reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 28 February 2015	27 033	56 577	667 340
Profit for the year	–	3 683	3 683
Other comprehensive income	723	–	723
Total comprehensive income for the year	723	3 683	4 406
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Share-based payment	–	–	72
Shares acquired	–	–	(2 716)
Total transactions with owners	–	–	(2 644)
Balance at 29 February 2016	27 756	60 260	669 102
Loss for the year	–	(139 756)	(139 756)
Other comprehensive income	741	–	741
Total comprehensive income for the year	741	(139 756)	(139 015)
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Shares issued	–	–	37 542
Share issue expenses	–	–	(1 320)
Share-based payment	–	–	485
Total transactions with owners	–	–	36 707
Balance at 28 February 2017	28 497	(79 496)	566 794

Summarised statements of cash flow
for the year ended 28 February 2017

	Group	
	2017 R'000	2016 R'000
Cash flows from operating activities	(23 946)	76 243
Cash receipts from customers	1 379 501	1 454 822
Cash paid to suppliers and employees	(1 400 847)	(1 376 680)
Cash (utilised in)/generated by operations	(21 346)	78 142
Finance income	6 573	12 577
Finance costs	(6 220)	(9 851)
Taxation paid	(2 953)	(4 625)
Cash flows from investing activities	(31 287)	28 632
Additions to property, plant and equipment	(20 373)	(6 663)
Proceeds on disposal of property, plant and equipment	10 473	35 295
Acquisition through business combination	(36 387)	–
Loan repaid by joint venture	15 000	–
Cash flows from financing activities	(9 316)	(98 803)
Decrease in secured borrowings	(33 179)	(83 938)
Preference shares redeemed	(12 359)	(12 149)
Shares issued/(acquired) net of expenses	36 222	(2 716)
Net (decrease)/increase in cash and cash equivalents	(64 549)	6 072
Net cash and cash equivalents at beginning of year	42 422	36 339
Effects of movements in exchange rates on cash held	–	11
Cash and cash equivalents at end of year	(22 127)	42 422

Notes to the abridged consolidated results
for the year ended 28 February 2017

	Cost R'000	Accumu-lated impairment R'000	Carrying value R'000

1. Goodwill

Group

2017			
Esor Construction	273 330	(207 883)	65 447
	273 330	(207 883)	65 447
2016			
Esor Construction	269 700	(157 609)	112 091
	269 700	(157 609)	112 091

The carrying amount of goodwill can be reconciled as follows:

	Carrying value at beginning of year R'000	Impair-ment R'000	Acquisition through business combi-nation R'000	Re-allocation R'000	Carrying value at end of year R'000
2017					
Esor Construction	112 091	(50 274)	3 630	–	65 447
	112 091	(50 274)	3 630	–	65 447
2016					
Esor Construction	–	(43 232)	–	155 323	112 091
Esor Civils	63 929	–	–	(63 929)	–
Esor Pipelines	90 837	–	–	(90 837)	–
Brookmay	557	–	–	(557)	–
	155 323	(43 232)	–	–	112 091

Goodwill arising from business combinations has been allocated to individual reporting units or cash-generating units. Following the group restructure, these reporting units are no longer identifiable. Consequently the smallest CGU which is separately identifiable is Esor Construction.

The recoverable amount of this cash-generating unit was estimated based on its value in use. The carrying amount was higher than its recoverable amount and an impairment loss was recognised. An accumulated impairment loss of R207,9 million (2016: R157,6 million) was recognised on the goodwill. The recoverable amount was determined with the assistance of independent valuers, is as follows:

	2017 R'000	2016 R'000
Esor Construction	489 391	537 899

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

- Cash flows were projected based on actual operating results and a forecast period of five years;
- Revenue growth was projected at between 5% and 15% based on secured work load and past experience;
- Gross margins were maintained at margins expected in the industry over the forecast period based on past experience;
- Operating expenses were not expected to increase significantly but have been increased in line with revenue growth; and
- A weighted average cost of capital of 16% (2016: 16%) was applied in determining the recoverable amount of the cash-generating unit. The discount rate was estimated based on weighted average cost of capital and a targeted debt-equity ratio of 20% (2016: 30%).

2. Acquisition through business combinations

On 1 September 2016, the Esor group acquired the entire issued share capital of Tuboseal Services (Pty) Limited and the business operations of Tuboseal (Pty) Limited for R37,5 million in cash.

The group expects the synergies to be achieved through the combining of the Tuboseal operations into Esor as well as the expansion of the Tuboseal products into the other regions where Esor has a footprint to significantly improve the results of Tuboseal. In the six months to 28 February 2017, the subsidiary contributed profit after tax of R5,4 million. Had the acquisition occurred on 1 March 2016, management estimates that the consolidated revenue would have increased by R36 million, and the consolidated profit after tax for the period would have increased by R1,1 million. In determining these amounts management has assumed that the fair value adjustments that arose on the date of acquisition had occurred on 1 March 2017.

	Group	
	2017 R'000	2016 R'000
Property, plant and equipment	21 968	–
Inventories	4 567	–
Unsecured loans	10	–

Trade and other receivables	14 696	–
Cash and cash equivalents	1 036	–
Secured borrowings	(3 053)	–
Deferred taxation	(1 076)	–
Trade and other payables	(5 400)	–
Taxation	9	–
Total net assets	32 757	–
Goodwill on acquisition	3 630	–
Consideration paid net of cash	36 387	–

	Group	
	2017 R'000	2016 R'000
3. Earnings per share		
Basic (loss)/earnings per share (cents)	(38,1)	1,0
Diluted (loss)/earnings per share (cents)	(36,7)	1,0
Headline (loss)/earnings per share (cents)	(24,4)	14,4
Diluted (loss)/earnings per share (cents)	(23,5)	14,1
Reconciliation of headline earnings		
The calculation of the headline (loss)/earnings per share attributable to the ordinary equity holders of the parent is based on the following information:		
Reconciliation of headline loss:		
(Loss)/profit after tax	(139 756)	3 683
Net profit on disposal of property, plant and equipment	85	2 678
Impairment of property, plant and equipment, investments and goodwill	50 274	47 108
Headline (loss)/earnings	(89 397)	53 469
Weighted average number of ordinary shares:		
Issued ordinary shares	493 981 787	395 185 430
Effect of own shares held	(30 244 012)	(24 679 252)
Effect of shares issued	(96 636 874)	–
Weighted average number of shares	367 100 901	370 506 178
Dilutive average number of ordinary shares:		
The calculation of the diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following information:		
Weighted average number of ordinary shares	367 100 901	370 506 178
Effect of share incentive allocations	13 788 333	8 490 000
Diluted weighted average number of shares	380 889 234	378 996 178

4. Segmental analysis

Operating segments

The group has two reportable segments, which are the group's strategic business units.

	Esor Construction R'000	Esor Developments R'000	Corporate and eliminations R'000	Consolidated R'000
Group				
2017				
External revenue	1 306 785	66 263	–	1 373 048
Inter-segment revenue	35 511	–	(35 511)	–
Segment revenue	1 342 296	66 263	(35 511)	1 373 048
Segment result				
(Loss)/profit before interest and taxation	(66 288)	3 594	(98 150)	(160 844)
Net finance (cost)/income	(2 276)	(703)	8 401	5 422
Taxation	–	–	15 666	15 666
Segment (loss)/profit after tax	(68 564)	2 891	(74 083)	(139 756)
Segment assets	132 842	91 944	793 191	1 017 977
Segment liabilities	195 911	87 036	168 236	451 183
Capital and non-cash items				
Additions to property, plant and equipment	–	–	20 373	20 373
Depreciation	–	–	22 693	22 693
Impairment reversal	–	–	(3 876)	(3 876)
Number of employees	2 234	2	259	2 495
2016				
External revenue	1 341 162	94 739	–	1 435 901
Inter-segment revenue	8 940	–	(8 940)	–
Segment revenue	1 350 102	94 739	(8 940)	1 435 901
Segment result				
(Loss)/profit before interest and taxation	20 225	23 158	(39 606)	3 777
Net finance (cost)/income	(4)	(1 603)	4 333	2 726
Taxation		–	(2 820)	(2 820)

Segment profit/(loss)	20 221	21 555	(38 093)	3 683
Segment assets	282 261	139 683	678 981	1 100 925
Segment liabilities	262 591	124 706	44 526	431 823
Capital and non-cash items				
Additions to property, plant and equipment	–	–	7 911	7 911
Depreciation	–	–	28 546	28 546
Impairment loss	–	–	3 876	3 876
Number of employees	2 184	2	214	2 400

	South Africa		Other regions	
	2017	2016	2017	2016
Geographical information	R'000	R'000	R'000	R'000
Total revenue from external customers	1 331 735	1 333 827	41 313	43 950
Property, plant and equipment	195 699	190 209	1 925	1 239

	Consolidated	
	2017	2016
Geographical information	R'000	R'000
Total revenue from external customers	1 373 048	1 377 777
Property, plant and equipment	197 624	191 448

Notice of annual general meeting
The annual general meeting of the company will be held at the company's offices, 30 Activia Road, Activia Park, Germiston on Friday, 30 June 2017 at 10:00. The notice of annual general meeting forms part of the Integrated Annual Report 2017, to be distributed to stakeholders on or about 25 May 2017.

The board of directors of the company determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 23 June 2017. Accordingly, the last day to trade Esor shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 20 June 2017 and not Thursday, 15 June 2017 as contained in the notice of annual general distributed as part of the Integrated Annual Report 2017.

Appreciation
We extend our appreciation to our management and staff for their dedication and hard work. We also thank our fellow directors for their guidance and wise counsel as well as our business partners, suppliers, advisors and valued clients and shareholders for your loyal support.

On behalf of the board

Bernie Krone
Chairman

Wessel van Zyl
CEO

25 May 2017

Directors
B Krone (Chairman)+
WC van Zyl (CEO)
BW Atkinson (CFO)
Dr OSW Franks*(Lead Independent)
R Masemene*
HJ Sonn*

* Independent non-executive
+ Non-executive

Company secretary
iThemba Governance and Statutory Solutions (Pty) Limited
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Sponsor
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Transfer Secretaries
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Rosebank Towers, 15 Biermann Avenue, Rosebank
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Investor Relations
Singular Systems IR
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