

# Construction company Esor returns to profit

Construction company Esor returned to profit in the year to end-February, it reported on Thursday, 26 May.



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Esor made an aftertax profit of R3.68m from the previous year's R99.89m loss. Revenue declined slightly to R1.44bn from R1.45bn, which Esor said was due to delays in awarding a contract for the Diepsloot mixed-use housing development.

At the end of February, Esor's work on hand stood at R1.7bn. It is still largely dependent on government contracts, with 86% secured revenue from national, provincial and local government and parastatals.

Esor said it completed the two reconstruction and development programme (RDP) housing projects in KwaZulu-Natal, "which was a learning curve for the company".

"Unknown terrain, unreliable subcontractors and late start-ups resulted in a R15.9m loss in the 2016 financial year, largely accounted for in the interim results.

"We have reassessed our approach to RDP housing projects and aligned with Bigen Africa, a consultancy firm that designs RDP houses, and are submitting joint proposals. Once successful, this will reduce our risk to delivery by Bigen Africa becoming the implementation agent and taking responsibility for the entire process," Esor's chairman, Bernie Krone, said in the results statement

Delays at Diepsloot continued as a result of environmental objections, which were overruled post year-end and the project has progressed to the final phases of township layout and approvals.

In terms of the agreement with property developer Calgro M3, Esor is due a payment of R23m by November, regardless of the project progress at that time.

**Source: BDpro**

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