



Essa Australia Limited

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ASX Announcement
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ESSA EXCEEDS PROSPECTUS FORECAST AND DECLARES FINAL DIVIDEND

The Directors of Essa are pleased to announce that the Company achieved a net profit after tax of \$1.873 million for the year ended 30 June 2005, an increase of 11.8% on the 2003/2004 result and an increase of 7.0% on the Prospectus forecast. Operating revenue was \$16.378 million compared to last years \$11.847 million (increase of 38.2%) and the Prospectus forecast of \$13.5 million (increase of 23.1%). Net operating cash flows for the year were \$1.275 million compared to \$1.735 million for 2003/2004. Earnings per share were 4.26 cents per share (3.99 cents Prospectus forecast) on a fully diluted basis and net operating cash flow per share was 2.90 cents per share on a fully diluted basis. Comparisons on a per share basis to 2003/2004 are not relevant as the Company was privately owned prior to its listing on Australian Stock Exchange Limited on 27 October 2004.

These results are indicative of the growth and expansion during the year in the global mining and resources sector and the resultant need for additional working capital which the Company has funded out of cash flow.

To meet the increased levels of activity during 2004/2005 and the predicted future growth Essa has restructured and increased staffing levels

Engineering capability has been strengthened through the appointment of employees with recognised global automation/robotic experience. Essa increased its level of automation business during 2004/2005 and is progressing a cooperative agreement with an international company to ensure further growth in automation

An experienced Marketing and Sales Manager was also appointed during the year, to further develop international marketing strategies for Essa.

Total employee numbers grew 37% during the year to over 70 at June 2005. This in part explains the disparity between the 38.2% increase in operating revenue and 11.8% increase in net profit after tax when comparing to the previous year. However, the increased employment levels have been necessary to meet the current and future demand for the Company's products and services.

During 2004/2005 Essa increased the outsourcing of components and manufacturing in order to control costs and maintain delivery schedules. This trend is expected to continue during 2005/2006.

The Directors have declared a fully-franked final dividend of 1.4 cents per share, with a record date of 9 September 2005 and payable on 26 September 2005. This lifts the total dividend for the year to 2.65 cents per share, (Prospectus forecast 2.5 cents) which is a payout ratio of 62.25% of net profit after tax for 2004/2005.

The Directors have again decided as part of its overall capital management strategy and due to balance sheet strength to continue the suspension of the Company's dividend reinvestment plan.

Essa is forecasting operating revenue of \$18.6 million and a net profit after tax of \$1.95 million for 2005/2006 and has commenced the year with a strong order book. The Company will seek to identify and evaluate potential acquisition opportunities during 2005/2006.

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About Essa

Essa is a specialist in the design and manufacture of proprietary sampling and sample preparation equipment for the international mineral and mining industries. The Company's origins date back to 1981. Essa employs approximately 74 staff and operates from its offices and workshops in Perth, Western Australia. Access to international markets is gained from associated companies in South America and Africa and through a number of distributors strategically located in major centres.

The Company will continue to grow its business organically and by acquisitions of and/or strategic alliances with companies that enhance the existing product range and provide innovative technologies.