



ELB GROUP LIMITED

('ELB', 'the Company' or 'the Group')

Incorporated in the Republic of South Africa

Registration number 1930/002553/06

Share codes: ELR & ELRP ISIN: ZAE000035101 & ZAE000035333

UNAUDITED GROUP INTERIM REPORT

for the six months ended 31 December 2008

COMMENTS

INTRODUCTION

The ELB Group is a total solutions provider to the mining, minerals, power, port, construction and industrial sectors in the field of materials handling and appropriate process plants. This is achieved through ELB generated innovation and the supply, with world class partners, of equipment and technology. The Group operates in Africa and Australia.

FINANCIAL RESULTS

The results for the six months to 31 December 2008 reflect headline earnings of R15,3 million (2007 – R22,9 million) representing a decrease of 33,1 percent.

The ELB Equipment division's trading results for the six months exceeded budget, as did Ditch Witch in Australia.

ELB Engineering Services experienced an excellent six months both in terms of an improvement in profitability as well as a significant increase in the order book.

MATERIAL INCOME STATEMENT ITEMS FOR THE PERIOD

Included in the financial results are the following material (expense)/ income items:

	Six months ended 31 December		Year ended 30 June
	2008	2007	2008
	R000	R000	R000
Unrealised foreign currency exchange adjustments (IAS 21)	(29 982)	3 463	1 230
Share options expense (IFRS 2)	(2 578)	-	(1 397)
Total for the period	(32 560)	3 463	(167)

As a result the pre tax earnings of the ELB Group for the six months ended 31 December 2008 were reduced by R32,6 million (2007 – increase of R3,5 million).

The unrealised currency exchange adjustments arose because of the severe depreciation of the rand at the end of the period against the currencies of certain of ELB's major suppliers.

CASH FLOW

Fair value accounting has diminished the role of the income statement as the principal measure of performance and has necessitated greater emphasis being placed on cash flow management for the period. The ELB Group works closely with its bankers, suppliers and customers to ensure that the Group retains a strong balance sheet including healthy cash balances to assist in dealing with severe economic downturns and uncertainties.

PROSPECTS

The global resources and power industry sectors continue to be affected by the current financial crisis and the weakness being experienced in the resources sector. Therefore ELB expects to find trading conditions in the second six months extremely challenging.

ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. Accounting policies accord with International Financial Reporting Standards (IFRS), and are consistent with those applied in the financial year ended 30 June 2008. The interim financial statements also comply with the South African Companies Act 1973, as amended.

DIVIDENDS

As the future holds many uncertainties at present, and until it becomes clear what credit the banks are willing to provide the sectors in which we operate, it is considered prudent to preserve liquidity wherever possible.

In line with ELB's historic conservative approach to dividend distribution it has been decided to declare a reduced interim ordinary dividend of 10 cents (2007 – 20 cents) per ordinary share.

Dividends are paid from operating profits.

On behalf of the Board

A G Fletcher

Chairman

Boksburg

17 March 2009

GROUP INCOME STATEMENT

	Unaudited Six months ended 31 Dec 08 R000	Unaudited Six months ended 31 Dec 07 R000	Audited Year ended 30 June 08 R000
Continuing operations			
Sales revenue	711 897	458 071	1 069 408
Operating costs excluding depreciation	(691 596)	(423 525)	(968 020)
Operating profit before depreciation	20 301	34 546	101 388
Depreciation	(2 578)	(1 931)	(4 099)
Profit from operations	17 723	32 615	97 289
Finance income	17 641	11 024	21 886
Finance expenses	(6 460)	(3 947)	(8 814)
Profit before tax	28 904	39 692	110 361
Income tax expense	(11 252)	(13 893)	(34 709)
Profit from continuing operations	17 652	25 799	75 652
Discontinued operations			
Profit from discontinued operations as detailed below	-	1 493	2 107
Profit for the period	17 652	27 292	77 759
Attributable to:			
Ordinary shareholders of ELB	15 342	24 636	68 007
Minority interest	2 310	2 656	9 752
	17 652	27 292	77 759
PROFIT FROM DISCONTINUED OPERATIONS			
(Loss)/profit from operations before items listed below	-	(154)	1 101
Profit on sale of property	-	1 647	1 647
Loss on sale of subsidiaries	-	-	(641)
Profit from discontinued operations	-	1 493	2 107

CALCULATION OF GROUP HEADLINE EARNINGS

	Unaudited Six months ended 31 Dec 08 R000	Unaudited Six months ended 31 Dec 07 R000	Audited Year ended 30 June 08 R000
Profit attributable to ordinary shareholders of ELB per the income statement	15 342	24 636	68 007
<i>Deduct:</i> Items excluded from headline earnings as detailed below:	39	1 777	1 250
Continuing operations:			
Profit on disposal of plant and equipment: Included in profit from operations	64	87	275
Discontinued operations :			
Profit on sale of property	–	1 647	1 647
Profit on disposal of plant and equipment	–	80	77
Loss on sale of subsidiaries	–	–	(641)
Income tax effect of items excluded from headline earnings	(18)	(26)	(79)
Minority interest in items excluded from headline earnings	(7)	(11)	(29)
Headline earnings	15 303	22 859	66 757
Weighted average number of shares (excluding treasury shares) on which basic earnings per share are based (000's)	27 237	27 438	27 454
Earnings per ordinary share (cents)			
– basic	56,3	89,8	247,7
– diluted	56,3	89,8	247,5
Headline earnings per ordinary share (cents)			
– basic	56,2	83,3	243,2
– diluted	56,2	83,3	242,9
Dividends declared for the period per ordinary share (cents)	10	20	60

NOTES

Capital commitments

At 31 December 2008 there were capital commitments of R1 890 000 (31 December 2007 - R4 835 000, 30 June 2008 - R2 924 000).

Contingent liabilities

A Group entity has issued a guarantee of R830 000 in favour of a raw material supplier to a company which was previously part of the ELB Timbers segment, and has now been sold. The guarantee is cancellable by three calendar months notice. No accrual has been made in respect of the guarantee.

ELB Engineering Services operates in the engineering contracting business and is exposed to the risks associated with engineering contracts. These risks are managed on the basis of limited liability.

All known liabilities of the group have been accrued. However a contractual dispute has arisen that the directors believe will be unlikely to result in a material loss.

GROUP STATEMENT OF

Attributable to ordinary

	Issued capital R000	Treasury shares R000	Reserves R000
Balance at 30 June 2007	25 192	(23 215)	(6 208)
Profit for the year			
Foreign currency translation adjustments for foreign operations			15 037
Total recognised income and expense for the year	–	–	15 037
Ordinary dividends paid			
Premium on buy out of minority interest in subsidiary			(853)
Share options recognised			1 187
The ELB Share Incentive Trust			
Net increase in treasury shares held		(1 543)	
Total changes for the year	–	(1 543)	15 371
Balance at 30 June 2008	25 192	(24 758)	9 163
Profit for the six months			
Foreign currency translation adjustments for foreign operations			(8 874)
Total recognised income and expense for the six months	–	–	(8 874)
Ordinary dividends paid			
Share options recognised			2 191
The ELB Share Incentive Trust			
Net increase in treasury shares held		(6 496)	
Total changes for the six months	–	(6 496)	(6 683)
Balance at 31 December 2008	25 192	(31 254)	2 480
Balance at 30 June 2007	25 192	(23 215)	(6 208)
Profit for the six months			
Foreign currency translation adjustments for foreign operations			(271)
Total recognised income and expense for the six months	–	–	(271)
Ordinary dividends paid			
ELB Share Incentive Trust			
Net decrease in treasury shares held		359	
Total changes for the six months	–	359	(271)
Balance at 31 December 2007	25 192	(22 856)	(6 479)

ENGINEERED TO DELIVER



CHANGES IN EQUITY

shareholders of ELB

Retained earnings R000	Total R000	Preference shares R000	Minority interest R000	Unaudited Total equity R000
197 213	192 982	8	9 830	202 820
68 007	68 007		9 752	77 759
	15 037		2 654	17 691
68 007 (10 969)	83 044 (10 969)	–	12 406 (586)	95 450 (11 555)
	(853)		(150)	(1 003)
	1 187		210	1 397
	(1 543)			(1 543)
57 038	70 866	–	11 880	82 746
254 251	263 848	8	21 710	285 566
15 342	15 342 (8 874)		2 310 (1 566)	17 652 (10 440)
15 342 (10 812)	6 468 (10 812)	–	744	7 212 (10 812)
	2 191		387	2 578
	(6 496)			(6 496)
4 530	(8 649)	–	1 131	(7 518)
258 781	255 199	8	22 841	278 048
197 213	192 982	8	9 830	202 820
24 636	24 636 (271)		2 656 (48)	27 292 (319)
24 636 (5 484)	24 365 (5 484)	–	2 608	26 973 (5 484)
	359			359
19 152	19 240	–	2 608	21 848
216 365	212 222	8	12 438	224 668



TAURUS



SUMITOMO



PBA
PROJECTS (PTY) LTD

GROUP BALANCE SHEET

	Unaudited 31 Dec 08 R000	Unaudited 31 Dec 07 R000	Audited 30 Jun 08 R000
ASSETS			
Non current assets	61 295	45 494	59 425
Property, plant and equipment	41 545	36 044	41 820
Non current loan receivable	3 365	-	3 949
Deferred tax assets	16 385	9 450	13 656
Current assets	876 456	588 908	786 553
Inventories and construction contracts in progress	472 087	272 984	381 345
Receivables and other current assets	110 861	86 668	89 974
Assets of discontinued operations held for disposal	-	19 980	-
Cash and cash equivalents	293 508	209 276	315 234
Total assets	937 751	634 402	845 978
EQUITY AND LIABILITIES			
Attributable to ordinary shareholders of ELB	255 199	212 222	263 848
Issued capital	25 192	25 192	25 192
Treasury shares	(31 254)	(22 856)	(24 758)
Reserves	2 480	(6 479)	9 163
Retained earnings	258 781	216 365	254 251
Preference shares	8	8	8
Total equity attributable to equity holders of ELB	255 207	212 230	263 856
Minority interest	22 841	12 438	21 710
Total equity	278 048	224 668	285 566
Non current liabilities	21 747	14 177	17 724
Interest bearing borrowings	8 598	14 018	9 891
Provision	10 876	-	7 403
Deferred tax liabilities	2 273	159	430
Current liabilities	637 956	395 557	542 688
Non interest bearing payables and other current liabilities	422 636	258 640	286 889
Interest bearing payables	206 406	112 546	228 719
Income tax payable	3 728	16 109	27 080
Liabilities of discontinued operations held for disposal	-	8 262	-
Bank overdraft	5 186	-	-
Total equity and liabilities	937 751	634 402	845 978
Ordinary shares in issue (000's)	33 860	33 860	33 860
Deduct: Treasury shares in issue (000's)	6 843	6 366	6 403
Ordinary shares in issue on which net asset value per share is calculated	27 017	27 494	27 457
Net asset value per ordinary share (cents)	945	772	961

SEGMENT ANALYSIS

	Unaudited Six months ended 31 Dec 08 R000	Unaudited Six months ended 31 Dec 07 R000	Audited Year ended 30 June 08 R000
SEGMENT REVENUE			
Continuing operations			
ELB Engineering	711 897	458 071	1 069 408
Discontinued operations			
ELB Timbers	–	12 971	26 765
Total	711 897	471 042	1 096 173
SEGMENT RESULTS			
Headline earnings/(loss)			
Continuing operations			
ELB Engineering	17 375	23 740	67 607
ELB Group non segmental expense	(2 072)	(647)	(1 874)
Headline earnings of continuing operations	15 303	23 093	65 733
Headline (loss)/earnings of discontinued operations			
ELB Timbers	–	(234)	1 024
Headline earnings attributable to ordinary shareholders of ELB	15 303	22 859	66 757
Items excluded from headline earnings			
Continuing operations	39	50	167
Discontinued operations	–	1 727	1 083
Profit attributable to ordinary shareholders of ELB	15 342	24 636	68 007

GROUP CASH FLOW STATEMENT

	Unaudited Six months ended 31 Dec 08 R000	Unaudited Six months ended 31 Dec 07 R000	Audited Year ended 30 June 08 R000
Continuing operations			
Cash (outflow)/inflow from operating activities before dividends paid			
Dividends paid	(7 072)	(1 439)	120 073
	(10 812)	(5 484)	(11 555)
Cash (outflow)/inflow from operating activities	(17 884)	(6 923)	108 518
Cash outflow from investment activities			
	(2 239)	(11 490)	(19 985)
Cash (outflow)/inflow from financing activities	(6 789)	8 609	2 580
Cash (outflow)/inflow from continuing operations	(26 912)	(9 804)	91 113
Discontinued operations			
Cash inflow from discontinued operations	–	9 904	14 945
(Decrease)/increase in cash and cash equivalents	(26 912)	100	106 058
Cash and cash equivalents at the beginning of the period	315 234	209 176	209 176
Cash and cash equivalents at the end of the period	288 322	209 276	315 234
Reconciliation to the balance sheet			
Current assets - cash and cash equivalents	293 508	209 276	315 234
Current liabilities - bank overdraft	(5 186)	–	–
	288 322	209 276	315 234

INTERIM CASH DIVIDEND DECLARATIONS

The directors have declared the following interim cash dividends.

PREFERENCE DIVIDEND NUMBER 116

An interim cash dividend has been declared at the rate of 6% per annum for the first six month period on the 6% fixed cumulative redeemable preference shares of R2 each, equivalent to 6 cents per preference share.

ORDINARY DIVIDEND NUMBER 122

An interim cash dividend of 10 cents per share has been declared on the ordinary shares.

The salient dates in respect of both dividends are:

Last day to trade cum dividend	Thursday, 30 April 2009
Shares commence trading ex dividend	Monday, 4 May 2009
Record date	Friday, 8 May 2009
Date of payment	Monday, 11 May 2009

Share certificates may not be dematerialised or rematerialised between Monday, 4 May 2009, and Friday, 8 May 2009, both dates inclusive.

By order of the Board

DG Jones
Secretary

Boksburg
17 March 2009

REGISTERED OFFICE

ELB Equipment Limited, 14 Atlas Road, Anderbolt, Boksburg, 1459

SHARE TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

SPONSOR

Rand Merchant Bank

(a division of FirstRand Bank Limited)

1 Merchant Place, Cnr Fredman Drive & Rivonia Road, Sandton, 2196

DIRECTORS

AG Fletcher (*chairman*), PJ Blunden (*chief executive - ELB Equipment*),

T de Bruyn,* Dr JP Herselman,* TJ Matsau,* Dr SJ Meijers (*chief executive - ELB Engineering Services*), MV Ramollo

**Non executive*