



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

REVIEWED GROUP PROVISIONAL REPORT AND FINAL CASH DIVIDEND DECLARATIONS

for the year ended 30 June 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 South Africa and Australia.

ELB is an investment holding company owning 85 percent of ELB Engineering Limited (ELB Engineering) with the remaining 15 percent owned by the ELB Educational Trust established as the Group's BEE partner promoting education in maths and science of historically disadvantaged South Africans.

FINANCIAL RESULTS

Sales of the Group increased by 11,5 percent from R983 million in 2007 to R1 096 million in 2008, and headline earnings of the Group increased by 121 percent from R30,2 million in 2007 to R66,8 million in 2008.

Sales of continuing operations increased by 18,9 percent from R900 million in 2007 to R1 069 million in 2008, and headline earnings of continuing operations increased by 33,2 percent from R49,3 million in 2007 to R65,7 million in 2008.

South African continuing operations sales increased by 17,1 percent from R785 million in 2007 to R920 million, and headline earnings by 31,6 percent from R40,4 million in 2007 to R53,2 million in 2008.

The Australian operation saw ELB Engineering's 84,2 percent proportionately consolidated share of turnover increase by 30,8 percent from R114 million in 2007 to R150 million in 2008, and share of headline earnings by 40,6 percent from R8,9 million in 2007 to R12,5 million in 2008.

DISPOSAL OF ELB TIMBERS

As reported previously, the disposal of the Group's timber operations was concluded during the year.

PROSPECTS

The ELB Group continues to be well positioned to benefit from both the ongoing infrastructure spend in Southern Africa and Australia as well as the increase in capacities and efficiencies being implemented by the global resources and power industry sectors. This will be enhanced by the continued growth and development of our know how and skills base.

DIRECTORATE

Mr Joe Matsau was appointed a director on 8 July 2008. We welcome him to the Board and look forward to his contribution as a director into the future.

SOCIAL RESPONSIBILITY

As mentioned above, ELB's empowerment partner is the ELB Educational Trust established to promote education in maths and science of historically disadvantaged South Africans. To this end bursaries were awarded to five students at various South African universities.

ELB also made substantial donations to the St Vincent School for the Deaf, the John Wesley Community Centre in Benoni and Ligbron Academy of Technology. These institutions have been identified as worthy of ELB's support and will further assist the historically disadvantaged in our community.

ACCOUNTING POLICIES

The reviewed provisional 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 2007. The provisional financial statements also comply with the South African Companies Act 1973, as amended.

Where necessary, comparative amounts have been reclassified in accordance with the classification in the current financial year.

REVIEW BY THE INDEPENDENT AUDITOR

KPMG Inc, the Company's independent auditor, has reviewed the provisional financial statements contained in this provisional report and has expressed an unmodified conclusion on the provisional financial statements. The review report is available for inspection at the Company's registered office.

DIVIDENDS

The final dividend has been increased from 20 cents in 2007 to 40 cents in 2008 reflecting the Board's confidence in the prospects for the ELB Group going forward.

The total dividend for the year is therefore 60 cents per share versus 30 cents per share for the 2007 financial year representing an increase of 100 percent.

On behalf of the Board

A G Fletcher
Chairman

Boksburg
18 September 2008

GROUP INCOME STATEMENT

	Reviewed Year ended 30 Jun 08 R000	Audited Year ended 30 Jun 07 R000
Continuing operations		
Sales revenue	1 069 408	899 650
Operating costs excluding depreciation	(968 020)	(817 512)
Operating profit before depreciation	101 388	82 138
Depreciation	(4 099)	(3 499)
Profit from operations	97 289	78 639
Finance income	21 886	12 100
Finance expenses	(8 814)	(5 404)
Profit before tax	110 361	85 335
Income tax expense	(34 709)	(27 618)
Profit from continuing operations	75 652	57 717
Discontinued operations		
Profit/(loss) from discontinued operations as detailed below	2 107	(19 067)
Profit for the year	77 759	38 650
Attributable to:		
Ordinary shareholders of ELB	68 007	30 386
Minority interest	9 752	8 264
	77 759	38 650
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS		
Profit/(loss) from operations before items listed below	901	(15 243)
Retrenchment reversal/(accrual) of costs	200	(3 824)
Profit on sale of property	1 647	-
Loss on sale of subsidiaries	(641)	-
Profit/(loss) from discontinued operations	2 107	(19 067)

CALCULATION OF GROUP HEADLINE EARNINGS

	Reviewed	Audited
	Year ended	Year ended
	30 Jun 08	30 Jun 07
	R000	R000
Profit attributable to ordinary shareholders of ELB per the income statement	68 007	30 386
<i>Deduct: Items excluded from headline earnings as detailed below:</i>	1 250	179
Continuing operations:		
Profit on disposal of plant and equipment:		
Included in profit from operations	275	202
Discontinued operations:		
Profit on disposal of plant and equipment	77	60
Profit on sale of property	1 647	–
Loss on sale of subsidiaries	(641)	–
Income tax effect of items excluded from headline earnings	(79)	(61)
Minority interest in items excluded from headline earnings	(29)	(22)
Headline earnings	66 757	30 207
Weighted average number of shares (excluding treasury shares) on which basic earnings per share are based (000's)	27 454	27 246
Earnings per ordinary share (cents)		
– basic	247,7	111,5
– diluted	247,5	111,5
Headline earnings per ordinary share (cents)		
– basic	243,2	110,9
– diluted	242,9	110,9
Dividends declared for the year per ordinary share (cents)	60	30

NOTES

Capital commitments

At 30 June 2008 there were capital commitments of R2 924 000 (30 June 2007 – R14 868 000).

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.

Attributable to ordinary

	Issued capital R000	Treasury shares R000	Reserves R000
Balance at 30 June 2006	25 192	(24 098)	(11 315)
Profit for the year			
Foreign currency translation adjustments for foreign operations			5 107
Total recognised income and expense for the year	–	–	5 107
Ordinary dividends paid			
The ELB Share Incentive Trust			
Paid up shares released by the trust		883	
Total changes for the year	–	883	5 107
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 above equity carrying amount on buyout of minority interest in subsidiary			(853)
Recognition of share options			1 397
The ELB Share Incentive Trust			
Net increase in treasury shares held		(1 543)	
Total changes for the year	–	(1 543)	15 581
Balance at 30 June 2008	25 192	(24 758)	9 373

shareholders of ELB

Retained earnings R000	Total R000	Preference shares R000	Minority interest R000	Reviewed Total equity R000
172 282	162 061	8	665	162 734
30 386	30 386		8 264	38 650
	5 107		901	6 008
30 386	35 493	–	9 165	44 658
(5 455)	(5 455)			(5 455)
	883			883
24 931	30 921	–	9 165	40 086
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	83 044	–	12 406	95 450
(10 969)	(10 969)		(586)	(11 555)
	(853)		(150)	(1 003)
	1 397			1 397
	(1 543)			(1 543)
57 038	71 076	–	11 670	82 746
254 251	264 058	8	21 500	285 566

GROUP BALANCE SHEET

	Reviewed	Audited
	30 Jun 08	30 Jun 07
	R000	R000
ASSETS		
Non current assets	59 425	34 674
Property, plant and equipment	41 820	26 662
Non current loan receivable	3 949	–
Deferred tax assets	13 656	8 012
Current assets	786 553	517 067
Inventories and construction contracts in progress	381 345	210 098
Receivables and other current assets	89 974	66 271
Assets of discontinued operations held for disposal	–	31 522
Cash and cash equivalents	315 234	209 176
Total assets	845 978	551 741
EQUITY AND LIABILITIES		
Attributable to ordinary shareholders of ELB	264 058	192 982
Issued capital	25 192	25 192
Treasury shares	(24 758)	(23 215)
Reserves	9 373	(6 208)
Retained earnings	254 251	197 213
Preference shares	8	8
Total equity attributable to equity holders of ELB	264 066	192 990
Minority interest	21 500	9 830
Total equity	285 566	202 820
Non current liabilities	17 724	7 201
Interest bearing borrowings	9 891	5 768
Provision	7 403	–
Deferred tax liabilities	430	1 433
Current liabilities	542 688	341 720
Non interest bearing payables and other current liabilities	286 889	221 707
Interest bearing payables	228 719	90 142
Income tax payable	27 080	18 478
Liabilities of discontinued operations held for disposal	–	11 393
Total equity and liabilities	845 978	551 741
Ordinary shares in issue (000's)	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	6 403	6 454
Ordinary shares in issue on which net asset value per share is calculated	27 457	27 406
Net asset value per share (cents)	962	704

SEGMENT ANALYSIS

	Reviewed Year ended 30 Jun 08 R000	Audited Year ended 30 Jun 07 R000
SEGMENT REVENUE		
Continuing operations		
ELB Engineering	1 069 408	899 650
Discontinued operations		
ELB Timbers	26 765	83 711
Total	1 096 173	983 361
SEGMENT RESULTS		
Headline earnings/(loss)		
Continuing operations		
ELB Engineering	67 607	49 007
ELB Group non segmental (expense)/income	(1 874)	327
Headline earnings of continuing operations	65 733	49 334
Headline earnings/(loss) of discontinued operations		
ELB Timbers	1 024	(19 127)
Headline earnings attributable to ordinary shareholders of ELB	66 757	30 207
Items excluded from headline earnings		
Continuing operations	167	119
Discontinued operations	1 083	60
Profit attributable to ordinary shareholders of ELB	68 007	30 386

GROUP CASH FLOW STATEMENT

	Reviewed Year ended 30 Jun 08 R000	Audited Year ended 30 Jun 07 R000
Continuing operations		
Cash inflow from operating activities before dividends paid	120 073	77 598
Dividends paid	(11 555)	(5 455)
Cash inflow from operating activities	108 518	72 143
Cash outflow from investment activities	(19 985)	(6 648)
Cash inflow/(outflow) from financing activities	2 580	(2 306)
Cash inflow from continuing operations	91 113	63 189
Discontinued operations		
Cash inflow/(outflow) from discontinued operations	14 945	(3 913)
Increase in cash and cash equivalents	106 058	59 276
Cash and cash equivalents at the beginning of the year	209 176	149 900
Cash and cash equivalents at the end of the year	315 234	209 176

FINAL CASH DIVIDEND DECLARATIONS

The directors have declared the following final cash dividends for the year ended 30 June 2008.

PREFERENCE DIVIDEND NUMBER 115

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

ORDINARY DIVIDEND NUMBER 121

A final cash dividend of 40 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	Friday, 17 October 2008
Shares commence trading ex dividend	Monday, 20 October 2008
Record date	Friday, 24 October 2008
Date of payment	Monday, 27 October 2008

Share certificates may not be dematerialised or rematerialised between Monday, 20 October 2008, and Friday, 24 October 2008, both dates inclusive.

By order of the Board

DG Jones
Secretary

Boksburg
18 September 2008

REGISTERED OFFICE

ELB Equipment, 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*