



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 2009

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.

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 for historically disadvantaged South Africans.

FINANCIAL RESULTS

The ELB Group results for the year, seen against the background of the financial turmoil experienced worldwide, are indeed commendable.

Sales of continuing operations increased by 16,5 percent from R1 069 million in 2008 to R1 246 million in 2009.

Headline earnings of the Group decreased by 23,2 percent from R66,8 million in 2008 to R51,3 million in 2009, and headline earnings per share decreased by 22,2 percent from 243,2 cents per share in 2008 to 189,1 cents per share in 2009.

CASH FLOW

Cash flow management remains a high priority for the ELB Group. The financial events over the last twelve months have confirmed that ELB’s conservative approach to cash flow management is highly appropriate, which is evidenced by the R290 million cash and cash equivalents at the year end.

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.

The coming twelve months are being approached with caution as it is anticipated that trading conditions will remain difficult.

DIRECTORATE

In compliance with JSE Listings Requirements Mr Anthony Fletcher, the chairman of the Board, was also appointed as financial director on 25 May 2009.

Mr Joe Matsau who was appointed a director on 8 July 2008 resigned from the Board on 1 September 2009 owing to a potential conflict of interests. The Board thanks him for his contribution and wishes him well in his future endeavors.

SOCIAL RESPONSIBILITY

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

ELB also made a substantial donation to the St Vincent School for the Deaf. This institution has 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 2008. The provisional financial statements also comply with the South African Companies Act.

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 decreased from 40 cents in 2008 to 20 cents in 2009, but is a substantial increase on the interim dividend of 10 cents per share and reflects the Board's confidence in the prospects for the ELB Group going forward.

The total dividend for the year is therefore 30 cents per share versus 60 cents per share for the 2008 financial year representing a decrease of 50 percent.

On behalf of the Board

A G Fletcher

Chairman

Boksburg

22 September 2009

GROUP INCOME STATEMENT

	Reviewed Year ended 30 Jun 09 R 000	Audited Year ended 30 Jun 08 R 000
Continuing operations		
Sales	1 245 817	1 069 408
Operating costs excluding depreciation	(1 170 147)	(968 020)
Operating profit before depreciation	75 670	101 388
Depreciation	(5 108)	(4 099)
Profit from operations	70 562	97 289
Profit on realisation of non current assets held for sale	4 232	–
Finance income	27 953	21 886
Finance expenses	(9 717)	(8 814)
Profit before tax	93 030	110 361
Income tax expense	(29 562)	(34 709)
Profit from continuing operations	63 468	75 652
Discontinued operations		
Profit from discontinued operations	–	2 107
Profit for the year	63 468	77 759
Attributable to:		
Ordinary shareholders of ELB	55 526	68 007
Minority interest	7 942	9 752
	63 468	77 759

CALCULATION OF GROUP HEADLINE EARNINGS

	Reviewed Year ended 30 Jun 09 R 000	Audited Year ended 30 Jun 08 R 000
Profit attributable to ordinary shareholders of ELB per the income statement	55 526	68 007
Deduct: Items excluded from headline earnings as detailed below:	4 230	1 250
Continuing operations:		
(Loss) / profit on disposal of plant and equipment:		
Included in profit from operations	(313)	275
Profit on realisation of non current assets held for sale	4 232	-
Discontinued operations:		
Profit on disposal of plant and equipment	-	77
Profit on sale of property	-	1 647
Loss on sale of subsidiaries	-	(641)
Income tax effect of items excluded from headline earnings	277	(79)
Minority interest in items excluded from headline earnings	34	(29)
Headline earnings	51 296	66 757
Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per share are based (000's)	27 128	27 454
Earnings per ordinary share (cents)		
- basic	204,7	247,7
- diluted	204,7	247,5
Headline earnings per ordinary share (cents)		
- basic	189,1	243,2
- diluted	189,1	242,9
Dividends declared for the year per ordinary share (cents)	30	60

NOTES

Capital commitments

At 30 June 2009 there were capital commitments of R23 837 000 (30 June 2008 - R2 924 000). The commitments, which comprise the purchase of additional property and extensions to existing property, will be funded through a new mortgage bond for the additional property, and mainly on draw down on the current mortgage bond for the existing property, with limited use of the available cash and cash equivalents.

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. A financial guarantee liability of R70 000 has been accrued 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 CHANGES IN EQUITY

Attributable to ordinary shareholders of ELB

	Issued capital R000	Treasury shares R000	Reserves R000	Retained earnings R000	Total R000	Preference shares R000	Minority interest R000	Reviewed Total equity R000
Balance at 30 June 2007	25 192	(23 215)	(6 208)	197 213	192 982	8	9 830	202 820
Profit for the year				68 007	68 007		9 752	77 759
Foreign currency translation adjustments for foreign operations			15 037		15 037		2 654	17 691
Total recognised income and expense for the year	–	–	15 037	68 007	83 044	–	12 406	95 450
Ordinary dividends paid				(10 969)	(10 969)		(586)	(11 555)
Premium on buy out of minority interest in subsidiary			(853)		(853)		(150)	(1 003)
Share options recognised			1 187		1 187		210	1 397
The ELB Share Incentive Trust								
Increase in treasury shares held		(1 543)			(1 543)			(1 543)
Total changes for the year	–	(1 543)	15 371	57 038	70 866	–	11 880	82 746
Balance at 30 June 2008	25 192	(24 758)	9 163	254 251	263 848	8	21 710	285 566
Profit for the year				55 526	55 526		7 942	63 468
Foreign currency translation adjustments for foreign operations			(12 688)		(12 688)		(2 239)	(14 927)
Total recognised income and expense for the year	–	–	(12 688)	55 526	42 838	–	5 703	48 541
Ordinary dividends paid				(13 514)	(13 514)		(435)	(13 949)
Share options recognised			4 427		4 427		781	5 208
The ELB Share Incentive Trust								
Increase in treasury shares held		(6 403)			(6 403)			(6 403)
Total changes for the year	–	(6 403)	(8 261)	42 012	27 348	–	6 049	33 397
Balance at 30 June 2009	25 192	(31 161)	902	296 263	291 196	8	27 759	318 963

ENGINEERED TO DELIVER



GROUP BALANCE SHEET

	Reviewed	Audited
	30 Jun 09	30 Jun 08
	R 000	R 000
ASSETS		
Non current assets	59 888	59 425
Property, plant and equipment	39 617	41 820
Non current loan receivable	3 469	3 949
Deferred tax assets	16 802	13 656
Current assets	816 750	786 553
Inventories and construction contracts in progress	373 079	381 345
Receivables and other current assets	151 785	89 814
Income tax recoverable	1 597	160
Cash and cash equivalents	290 289	315 234
Total assets	876 638	845 978
EQUITY AND LIABILITIES		
Attributable to ordinary shareholders of ELB	291 196	263 848
Issued capital	25 192	25 192
Treasury shares	(31 161)	(24 758)
Reserves	902	9 163
Retained earnings	296 263	254 251
Preference shares	8	8
Total equity attributable to equity holders of ELB	291 204	263 856
Minority interest	27 759	21 710
Total equity	318 963	285 566
Non current liabilities	19 333	17 724
Interest bearing borrowings	7 606	9 891
Provision	11 107	7 403
Deferred tax liabilities	620	430
Current liabilities	538 342	542 688
Non interest bearing payables and other current liabilities	379 015	286 889
Interest bearing payables	150 158	228 719
Income tax payable	9 169	27 080
Total equity and liabilities	876 638	845 978
Ordinary shares in issue (000's)	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	6 842	6 403
Ordinary shares in issue on which net asset value per share is calculated	27 018	27 457
Net asset value per ordinary share (cents)	1 078	961

GROUP CASH FLOW STATEMENT

	Reviewed Year ended 30 Jun 09 R 000	Audited Year ended 30 Jun 08 R 000
Continuing operations		
Cash inflow from operating activities before dividends paid	103	120 073
Dividends paid	(13 949)	(11 555)
Cash (outflow) / inflow from operating activities	(13 846)	108 518
Cash outflow from investment activities	(3 218)	(19 985)
Cash (outflow) / inflow from financing activities	(7 881)	2 580
Cash (outflow) / inflow from continuing operations	(24 945)	91 113
Discontinued operations		
Cash inflow from discontinued operations	–	14 945
(Decrease) / increase in cash and cash equivalents	(24 945)	106 058
Cash and cash equivalents at the beginning of the year	315 234	209 176
Cash and cash equivalents at the end of the year	290 289	315 234

SEGMENT ANALYSIS

	Reviewed Year ended 30 Jun 09 R 000	Audited Year ended 30 Jun 08 R 000
Segment revenue		
Continuing operations		
ELB Engineering	1 245 817	1 069 408
Discontinued operations		
ELB Timbers	–	26 765
Total	1 245 817	1 096 173
Segment results		
Headline earnings		
Continuing operations		
ELB Engineering	53 833	67 607
ELB Group non segmental	(2 537)	(1 874)
Headline earnings of continuing operations	51 296	65 733
Headline earnings of discontinued operations		
ELB Timbers	–	1 024
Headline earnings attributable to ordinary shareholders of ELB	51 296	66 757
Items excluded from headline earnings		
Continuing operations	4 230	167
Discontinued operations	–	1 083
Profit attributable to ordinary shareholders of ELB	55 526	68 007

FINAL CASH DIVIDEND DECLARATIONS

The directors have declared the following final cash dividends for the year ended 30 June 2009.

PREFERENCE DIVIDEND NUMBER 117

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 123

A final cash dividend of 20 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, 16 October 2009
Shares commence trading ex dividend	Monday, 19 October 2009
Record date	Friday, 23 October 2009
Date of payment	Monday, 26 October 2009

Share certificates may not be dematerialised or rematerialised between Monday, 19 October 2009, and Friday, 23 October 2009, both dates inclusive.

By order of the Board

DG Jones
Secretary

Boksburg
22 September 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,* Dr SJ Meijers (*chief executive - ELB Engineering Services*), MV Ramollo

**Non executive*