



ELB GROUP LIMITED

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

UNAUDITED GROUP INTERIM REPORT and interim cash dividend declarations

for the six months ended 31 December 2010

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 Australasia.

FINANCIAL RESULTS

The 39 percent increase in turnover for the period from R554,6 million in 2009 to R771,8 million in 2010 reflects the improved demand across the full range of products and services offered by ELB. There is no consistent correlation between turnover and profit in accounting periods.

The net asset value (NAV) per share attributable to ordinary shareholders increased by 11,0 percent from 1 286 cents per share at 30 June 2010 to 1 427 cents per share at 31 December 2010.

Headline earnings for the period of R34,9 million (2009 – R12,8 million) represents an increase of 173 percent.

Attracting and retaining key executives remains a high priority for the ELB Group. To that end some 2,9 million new options were offered to key executives in

terms of a new, recently approved, share option scheme. An abnormal cost is reported for the period of R7,1 million (2009 – R1,6 million) in respect of options granted. Although this charge had a 24,3 cents per share (2009 – 5,1 cents per share) effect on headline earnings it had no effect on NAV.

OPERATIONS

Africa

During the period the mining sector saw an improvement in activity levels. This had an impact on sales for the period as well as the prospects for a number of new mining related projects.

The value of projects on hand currently stands at approximately R1,6 billion and these projects are predominantly in South Africa, Mozambique, Zambia, Angola, Ghana and Sierra Leone.

The group is launching the M-Range range of modular process equipment which includes process, crushing, screening and conveying equipment for the mining, quarrying, recycling and industrial sectors. This will give ELB access to significant markets previously not comprehensively serviced by ELB.

The Group continues to add suitable technology partners to its portfolio, on an ongoing basis.

Terex Inc has recently re-established ELB as the distributor of various products sold to the construction sector.

The construction sector however remains weak and could take some time before activity levels return to normal.

During the period ELB completed a new service centre in Boksburg, effectively doubling its capacity in Boksburg, to service the growing base of ELB equipment in the market. A property was also acquired in Durban the upgrade of which is nearing completion and to which our Durban operation has already relocated.

A major new service centre is presently being developed in Middelburg and to which the branch plans to relocate in the second half of 2011.

This completes the current upgrade programme of the service centres which are located in all the major centres in which we operate namely Boksburg, Durban, Cape Town, Kathu, George, Kimberley, Wolmaranstad, Brits and Middelburg.

Australasia

The Ditch Witch business recently acquired the right to distribute the Komptech range of equipment which focuses on treating green waste material. Komptech has started to contribute positively to Ditch Witch's bottom line.

With the increase in the size of the business it has become necessary for Ditch Witch to develop a new head office / service centre on the outskirts of Sydney and which is due for occupation in the second half of 2011. This will enable Ditch Witch to better service the growing demand for its Ditch Witch and Komptech range of products.

Ditch Witch has also recently acquired the right to distribute the Ditch Witch and Komptech range of products in New Zealand and should commence trading in New Zealand shortly.

Ditch Witch is now well positioned to participate in the roll out in both Australia and New Zealand of a major programme to run fibre optic cable throughout both countries.

CASH FLOW

Cash flow management remains a high priority

for the Group.

ELB works closely with bankers, suppliers and customers to ensure we continue to retain a strong balance sheet at all times.

PROSPECTS

The global resources and power industry sectors are showing signs of potentially higher activity levels both in Africa and Australasia.

ELB is well positioned to take advantage of any improvement in trading conditions.

BOARD OF DIRECTORS

Mr Ian Thomson joined the ELB board as an independent director on 28 September 2010, and has been appointed chairman of the audit committee.

DIVIDENDS

ELB will retain its current conservative approach to dividend distribution until the service centre upgrades are completed and which are currently being funded largely from internal cash flow. Thereafter consideration will be given to reducing the dividend cover.

It has been decided to declare an interim dividend of 15 cents (2009 - 12 cents) per ordinary share.

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 2010. There were no new or revised standards, effective for the first time in the reporting period, which had an effect on the accounting policies or reporting of the Group.

The interim financial statements also comply with the South African Companies Act.

On behalf of the Board

AG Fletcher

Boksburg

Chairman

15 March 2010

GROUP BALANCE SHEET

| | Unaudited 31 Dec 10 R000 | Unaudited 31 Dec 09 R000 | Audited 30 Jun 10 R000 |
|--|--------------------------------|--------------------------------|------------------------------|
| ASSETS | | | |
| Non current assets | 94 692 | 69 698 | 80 033 |
| Property, plant and equipment | 78 205 | 47 408 | 62 158 |
| Non current loan receivable | 3 951 | 3 444 | 3 951 |
| Deferred income tax assets | 12 536 | 18 846 | 13 924 |
| Current assets | 953 799 | 691 583 | 875 153 |
| Inventories and construction contract work not yet billed | 330 895 | 312 224 | 312 028 |
| Receivables and other current assets | 92 210 | 127 547 | 202 075 |
| Income tax refundable | 6 820 | 6 498 | 8 905 |
| Cash and cash equivalents | 523 874 | 245 314 | 352 145 |
| Total assets | 1 048 491 | 761 281 | 955 186 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to ordinary shareholders of ELB | 353 373 | 293 579 | 318 334 |
| Issued capital | 25 192 | 25 192 | 25 192 |
| Treasury shares | (54 939) | (41 033) | (55 123) |
| Reserves | 19 759 | 5 586 | 13 580 |
| Retained earnings | 363 361 | 303 834 | 334 685 |
| Preference shares | 8 | 8 | 8 |
| Total equity attributable to equity holders of ELB | 353 381 | 293 587 | 318 342 |
| Non controlling interests in subsidiaries | 42 801 | 30 219 | 35 738 |
| Total equity | 396 182 | 323 806 | 354 080 |
| Non current liabilities | 19 022 | 16 608 | 21 582 |
| Interest bearing borrowings | 8 509 | 5 030 | 10 543 |
| Provision for trade back commitments | 9 309 | 10 694 | 10 097 |
| Deferred income tax liabilities | 1 204 | 884 | 942 |
| Current liabilities | 633 287 | 420 867 | 579 524 |
| Non interest bearing payables and other current liabilities | 522 626 | 346 961 | 479 911 |
| Interest bearing payables | 108 517 | 72 646 | 99 075 |
| Income tax payable | 2 144 | 1 260 | 538 |
| Total equity and liabilities | 1 048 491 | 761 281 | 955 186 |
| Ordinary shares in issue (000's) | 33 860 | 33 860 | 33 860 |
| <i>Deduct:</i> Treasury shares in issue (000's) | 9 094 | 7 842 | 9 114 |
| Ordinary shares in issue on which net asset value per ordinary share is calculated | 24 766 | 26 018 | 24 746 |
| Net asset value per ordinary share (cents) | 1 427 | 1 128 | 1 286 |

GROUP INCOME STATEMENT

| | Unaudited Six months ended 31 Dec 10 R000 | Unaudited Six months ended 31 Dec 09 R000 | Audited Year ended 30 June 10 R000 |
|---|---|---|--|
| Sales | 771 809 | 554 629 | 1 241 323 |
| Operating costs excluding depreciation and fair value adjustments to property, plant and equipment | (705 872) | (529 783) | (1 154 235) |
| Operating profit before depreciation and fair value adjustments to property, plant and equipment | 65 937 | 24 846 | 87 088 |
| Depreciation and fair value adjustments to property, plant and equipment | (3 256) | (2 284) | (4 837) |
| Profit from operations before abnormal item | 62 681 | 22 562 | 82 251 |
| Abnormal item | | | |
| Equity settled share options expense | (7 065) | (1 617) | (3 178) |
| Profit from operations | 55 616 | 20 945 | 79 073 |
| Profit on realisation of non current assets held for sale | - | - | 3 609 |
| Finance income | 9 916 | 5 176 | 11 894 |
| Finance expenses | (3 735) | (3 258) | (5 162) |
| Profit before income tax | 61 797 | 22 863 | 89 414 |
| Income tax expense | (21 323) | (8 256) | (26 974) |
| Profit for the period | 40 474 | 14 607 | 62 440 |
| Profit for the period attributable to: | | | |
| Ordinary shareholders of ELB | 34 742 | 12 974 | 54 789 |
| Non controlling interests in subsidiaries | 5 732 | 1 633 | 7 651 |
| | 40 474 | 14 607 | 62 440 |

CALCULATION OF GROUP HEADLINE EARNINGS

| | Unaudited Six months ended 31 Dec 10 R000 | Unaudited Six months ended 31 Dec 09 R000 | Audited Year ended 30 June 10 R000 |
|---|---|---|--|
| Profit attributable to ordinary shareholders of ELB, from the income statement | 34 742 | 12 974 | 54 789 |
| <i>Deduct:</i> Items excluded from headline earnings as detailed below: | (119) | 181 | 3 747 |
| Plant and equipment: | | | |
| Items included in profit from operations: | | | |
| Profit on disposal | 301 | 302 | 225 |
| Fair value adjustments | (489) | – | – |
| Profit on realisation of non current assets held for sale | – | – | 3 609 |
| Income tax effect of items excluded from headline earnings | 48 | (89) | (63) |
| Non controlling interests in items excluded from headline earnings | 21 | (32) | (24) |
| Headline earnings | 34 861 | 12 793 | 51 042 |
| Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per ordinary share are based (000's) | 24 755 | 26 733 | 26 101 |
| Earnings per ordinary share (cents) | | | |
| – basic | 140,3 | 48,5 | 209,9 |
| – diluted | 140,0 | 48,5 | 209,9 |
| Headline earnings per ordinary share (cents) | | | |
| – basic and | 140,8 | 47,9 | 195,6 |
| – diluted | 140,5 | 47,9 | 195,6 |
| Dividends declared for the period per ordinary share (cents) | 15 | 12 | 42 |

GROUP STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited Six months ended 31 Dec 10 R000 | Unaudited Six months ended 31 Dec 09 R000 | Audited Year ended 30 June 10 R000 |
|---|---|---|--|
| Profit for the period from the income statement | 40 474 | 14 607 | 62 440 |
| Other comprehensive income | 1 808 | 3 894 | 2 330 |
| Foreign currency translation adjustments for foreign operations | | | |
| Adjustments | 1 808 | 3 894 | 2 330 |
| Income tax effect | - | - | - |
| Total comprehensive income for the period | 42 282 | 18 501 | 64 770 |
| Total comprehensive income for the period attributable to: | | | |
| Ordinary shareholders of ELB | 36 279 | 16 284 | 56 769 |
| Non controlling interests in subsidiaries | 6 003 | 2 217 | 8 001 |
| | 42 282 | 18 501 | 64 770 |

GROUP CASH FLOW STATEMENT

| | Unaudited Six months ended 31 Dec 10 R000 | Unaudited Six months ended 31 Dec 09 R000 | Audited Year ended 30 June 10 R000 |
|---|---|---|--|
| Cash inflow/(outflow) from operating activities before dividends paid | 203 870 | (16 447) | 113 483 |
| Dividends paid | (7 429) | (5 403) | (8 869) |
| Cash inflow/(outflow) from operating activities | 196 441 | (21 850) | 104 614 |
| Cash outflow from investment activities | (18 855) | (9 773) | (27 061) |
| Cash outflow from financing activities | (1 963) | (12 688) | (21 549) |
| Cash inflow/(outflow) for the period | 175 623 | (44 311) | 56 004 |
| Foreign currency translation and exchange adjustments to cash and cash equivalents | (3 894) | (664) | 5 852 |
| Increase/(decrease) in cash and cash equivalents | 171 729 | (44 975) | 61 856 |
| Cash and cash equivalents at the beginning of the period | 352 145 | 290 289 | 290 289 |
| Cash and cash equivalents at the end of the period | 523 874 | 245 314 | 352 145 |
| Reconciliation to the balance sheet | | | |
| Current assets - cash and cash equivalents | 523 874 | 245 314 | 352 145 |

NOTES

Capital expenditure commitments

At 31 December 2010 there were capital expenditure commitments of R25 314 000 (31 December 2009 - R18 521 000, 30 June 2010 - R10 724 000). The commitments comprise R1 443 000 for additions and improvements to existing property; R15 000 000 for additions and improvements to a newly acquired property; R8 833 000 for the purchase of an additional property, on which a deposit of R972 000 had been paid by 31 December 2010; and R38 000 for equipment. The capital expenditure commitments will be financed from the Group's existing cash and cash equivalents, out of which a deposit of R972 000, as mentioned above, had been made by 31 December 2010. The purchase of the additional property was completed in January 2011.

Since 31 December 2010 further commitments of R10 114 000 have been made for additions and improvements to the property acquired in January 2011, to be financed from the Group's 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 Group and has now been sold. The guarantee is cancellable by three calendar months notice. A financial guarantee liability with a carrying amount of R80 000 at 31 December 2010 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. A contractual dispute exists which the directors believe will be unlikely to result in a material loss.

GROUP STATEMENT OF CHANGES IN EQUITY

| | Attributable to ordinary shareholders of ELB | | | | | | Preference shares R000 | Non controlling interests in subsidiaries R000 | Unaudited Total equity R000 |
|--|--|-------------------------|------------------|---------------------------|-----------------|---|---------------------------|---|--------------------------------|
| | Issued capital R000 | Treasury shares R000 | Reserves R000 | Retained earnings R000 | Total R000 | | | | |
| Balance at 30 June 2009 | 25 192 | (31 161) | 902 | 296 263 | 291 196 | 8 | 27 759 | 318 963 | |
| Total comprehensive income for the year | | | 1 980 | 54 789 | 56 769 | | 8 001 | 64 770 | |
| Profit for the year | | | | 54 789 | 54 789 | | 7 651 | 62 440 | |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation adjustments for foreign entities | | | | | | | | | |
| Adjustments | | | 1 980 | | 1 980 | | 350 | 2 330 | |
| Income tax effect | | | - | | - | | - | - | |
| Ordinary dividends paid | | | | (8 371) | (8 371) | | (498) | (8 869) | |
| Increase in share options reserve | | | 2 702 | | 2 702 | | 476 | 3 178 | |
| Redundant items in the foreign currency translation reserve transferred to retained earnings | | | 7 996 | (7 996) | - | | - | - | |
| Increase in treasury shares held by the share trusts | | (23 962) | | | (23 962) | | | (23 962) | |
| Balance at 30 June 2010 | 25 192 | (55 123) | 13 580 | 334 685 | 318 334 | 8 | 35 738 | 354 080 | |
| Total comprehensive income for the six months | | | 1 537 | 34 742 | 36 279 | | 6 003 | 42 282 | |
| Profit for the six months | | | | 34 742 | 34 742 | | 5 732 | 40 474 | |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation adjustments for foreign entities | | | | | | | | | |
| Adjustments | | | 1 537 | | 1 537 | | 271 | 1 808 | |
| Income tax effect | | | - | | - | | - | - | |
| Ordinary dividend paid | | | | (7 429) | (7 429) | | - | (7 429) | |
| Increase in share options reserve | | | 6 005 | | 6 005 | | 1 060 | 7 065 | |
| Redundant items in the foreign currency translation reserve transferred to retained earnings | | | (1 363) | 1 363 | - | | - | - | |
| Decrease in treasury shares held by the share trusts | | 184 | | | 184 | | | 184 | |
| Balance at 31 December 2010 | 25 192 | (54 939) | 19 759 | 363 361 | 353 373 | 8 | 42 801 | 396 182 | |
| Balance at 30 June 2009 | 25 192 | (31 161) | 902 | 296 263 | 291 196 | 8 | 27 759 | 318 963 | |
| Total comprehensive income for the six months | | | 3 310 | 12 974 | 16 284 | | 2 217 | 18 501 | |
| Profit for the six months | | | | 12 974 | 12 974 | | 1 633 | 14 607 | |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation adjustments for foreign entities | | | | | | | | | |
| Adjustments | | | 3 310 | | 3 310 | | 584 | 3 894 | |
| Income tax effect | | | - | | - | | - | - | |
| Ordinary dividend paid | | | | (5 403) | (5 403) | | - | (5 403) | |
| Increase in share options reserve | | | 1 374 | | 1 374 | | 243 | 1 617 | |
| Increase in treasury shares held by the share trusts | | (9 872) | | | (9 872) | | | (9 872) | |
| Balance at 31 December 2009 | 25 192 | (41 033) | 5 586 | 303 834 | 293 579 | 8 | 30 219 | 323 806 | |

SEGMENT ANALYSIS

| | Total R000 | Africa operations R000 | Australasia operations R000 | Eliminate inter company R000 |
|--|---------------|------------------------------|-----------------------------------|---------------------------------------|
| Unaudited - Six months ended 31 December 2010 | | | | |
| Sales | 771 809 | 683 948 | 87 861 | - |
| Profit for the period | 40 474 | 32 023 | 8 451 | - |
| Headline earnings | 34 861 | 27 807 | 7 054 | - |
| Assets | 1 048 491 | 911 034 | 137 457 | - |
| Liabilities | 652 309 | 620 447 | 31 862 | - |
| Unaudited - Six months ended 31 December 2009 | | | | |
| Sales | 554 629 | 506 511 | 48 118 | - |
| Profit for the period | 14 607 | 13 261 | 1 346 | - |
| Headline earnings | 12 793 | 11 785 | 1 008 | - |
| Assets | 761 281 | 653 411 | 111 154 | (3 284) |
| Liabilities | 437 475 | 426 362 | 14 397 | (3 284) |
| Audited - Year ended 30 June 2010 | | | | |
| Sales | 1 241 323 | 1 131 657 | 109 666 | - |
| Profit for the year | 62 440 | 57 667 | 4 773 | - |
| Headline earnings | 51 042 | 46 985 | 4 057 | - |
| Assets | 955 186 | 830 115 | 145 207 | (20 136) |
| Liabilities | 601 106 | 591 507 | 29 735 | (20 136) |

INTERIM CASH DIVIDEND DECLARATIONS

The directors have declared the following interim cash dividends for the six months ended 31 December 2010.

PREFERENCE DIVIDEND NUMBER 120

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 126

An interim cash dividend of 15 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, 27 May 2011 |
| Shares commence trading ex dividend | Monday, 30 May 2011 |
| Record date | Friday, 3 June 2011 |
| Date of payment | Monday, 6 June 2011 |

Share certificates may not be dematerialised or rematerialised between Monday, 30 May 2011, and Friday, 3 June 2011, both dates inclusive.

By order of the Board

DG Jones
Company secretary

Boksburg
15 March 2011

ENGINEERED TO DELIVER


Kawasaki
Wheel Loaders


V.S.I. Crushers


CLAUDIUS PETERS
TECHNOLOGIES

SUMITOMO
CONSTRUCTION EQUIPMENT
Tracked Excavators

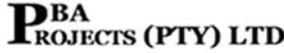

Tracked Telescopic
Conveyor Systems




FURUKAWA

Rock Drills; Hammers;
Excavator Attachments


Compaction Equipment




MUSTANG
Skid-steers


Backhoe Loaders


Optical Belt Scales


Pedestal Boom Systems




PNEUMATIC CONVEYING SYSTEMS


THOR ENTERPRISES LTD.


nine dot
Solutions


Ditch Witch
The Underground Authority
WORLDWIDE

TAURUS
Rotary Barrel Screens


a³ consulting


POWERSCREEN
A TEREX
BRAND
Mobile/Static
Crushers and Screens


ALLU





ELB GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number 1930/002553/06

Share codes: ELR & ELRP

ISIN: ZAE000035101 & ZAE000035333

Registered office

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

Postal address

PO Box 565, Boksburg, 1460

Telephone

(011) 306 0700

Website:

www.elb.co.za

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, IAR Thomson*

**Non executive*

Company secretary

DG Jones