



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 and interim cash dividend declarations

for the six months ended 31 December 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.

FINANCIAL RESULTS

The 22 percent decrease in turnover for the period from R711,9 million in 2008 to R554,6 million in 2009 is largely attributable to reduced capital equipment sales to the mining and construction sectors.

Headline earnings for the period of R12,8 million (2008 – R15,3 million) represents a decrease of 16,4 percent.

Both the African and the Australian businesses traded profitably for the period.

A number of significant new projects have been added to the order book. This augurs well for the future.

CASH FLOW

Cash flow management remained a high priority for the period.

The ELB Group 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 have remained affected by the current economic downturn. There are indications however that suggest that the activity levels in the sectors we serve are starting to pick up.

DIVIDENDS

In line with ELB's historic conservative approach to dividend distribution it has been decided to declare an interim dividend of 12 cents (2008 - 10 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 2009; with the exception of the implementation of IAS 1 (revised) and IFRS 8 which have introduced certain changes to the presentation of the financial statements and segment information, in this interim report. The interim financial statements also comply with the South African Companies Act.

On behalf of the Board

AG Fletcher

Chairman

Boksburg

16 March 2010

GROUP BALANCE SHEET

	Unaudited 31 Dec 09 R000	Unaudited 31 Dec 08 R000	Audited 30 Jun 09 R000
ASSETS			
Non current assets	69 698	61 295	59 888
Property, plant and equipment	47 408	41 545	39 617
Non current loan receivable	3 444	3 365	3 469
Deferred income tax assets	18 846	16 385	16 802
Current assets	691 583	876 456	816 750
Inventories and construction contract work not yet billed	312 224	472 087	373 079
Receivables and other current assets	127 547	110 796	151 785
Income tax refundable	6 498	65	1 597
Cash and cash equivalents	245 314	293 508	290 289
Total assets	761 281	937 751	876 638
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of ELB	293 579	255 199	291 196
Issued capital	25 192	25 192	25 192
Treasury shares	(41 033)	(31 254)	(31 161)
Reserves	5 586	2 480	902
Retained earnings	303 834	258 781	296 263
Preference shares	8	8	8
Total equity attributable to equity holders of ELB	293 587	255 207	291 204
Minority interest	30 219	22 841	27 759
Total equity	323 806	278 048	318 963
Non current liabilities	16 608	21 747	19 333
Interest bearing borrowings	5 030	8 598	7 606
Provision for trade back commitments	10 694	10 876	11 107
Deferred income tax liabilities	884	2 273	620
Current liabilities	420 867	637 956	538 342
Non interest bearing payables and other current liabilities	346 961	422 636	379 015
Interest bearing payables	72 646	206 406	150 158
Income tax payable	1 260	3 728	9 169
Bank overdraft	-	5 186	-
Total equity and liabilities	761 281	937 751	876 638
Ordinary shares in issue (000's)	33 860	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	7 842	6 843	6 842
Ordinary shares in issue on which net asset value per ordinary share is calculated	26 018	27 017	27 018
Net asset value per ordinary share (cents)	1 128	945	1 078

GROUP INCOME STATEMENT

	Unaudited Six months ended 31 Dec 09 R000	Unaudited Six months ended 31 Dec 08 R000	Audited Year ended 30 June 09 R000
Sales	554 629	711 897	1 245 817
Operating costs excluding depreciation	(531 400)	(691 596)	(1 170 147)
Operating profit before depreciation	23 229	20 301	75 670
Depreciation	(2 284)	(2 578)	(5 108)
Profit from operations	20 945	17 723	70 562
Profit on realisation of non current assets held for sale	–	–	4 232
Finance income	5 176	17 641	27 953
Finance expenses	(3 258)	(6 460)	(9 717)
Profit before income tax	22 863	28 904	93 030
Income tax expense	(8 256)	(11 252)	(29 562)
Profit for the period	14 607	17 652	63 468
Profit for the period attributable to:			
Ordinary shareholders of ELB	12 974	15 342	55 526
Minority interest	1 633	2 310	7 942
	14 607	17 652	63 468

CALCULATION OF GROUP HEADLINE EARNINGS

	Unaudited Six months ended 31 Dec 09 R000	Unaudited Six months ended 31 Dec 08 R000	Audited Year ended 30 June 09 R000
Profit attributable to ordinary shareholders of ELB from the income statement	12 974	15 342	55 526
<i>Deduct:</i> Items excluded from headline earnings as detailed below:	181	39	4 230
Profit/(loss) on disposal of plant and equipment:			
Included in profit from operations	302	64	(313)
Profit on realisation of non current assets held for sale	–	–	4 232
Income tax effect of items excluded from headline earnings	(89)	(18)	277
Minority interest in items excluded from headline earnings	(32)	(7)	34
Headline earnings	12 793	15 303	51 296
Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per ordinary share are based (000's)	26 733	27 237	27 128
Earnings per ordinary share (cents)			
– basic and diluted	48,5	56,3	204,7
Headline earnings per ordinary share (cents)			
– basic and diluted	47,9	56,2	189,1
Dividends declared for the period per ordinary share (cents)	12	10	30

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 Dec 09 R000	Unaudited Six months ended 31 Dec 08 R000	Audited Year ended 30 June 09 R000
Profit for the period from the income statement	14 607	17 652	63 468
Other comprehensive income	3 894	(10 440)	(14 927)
Foreign currency translation adjustments for foreign operations			
Gross	3 894	(10 440)	(14 927)
Income tax effect	-	-	-
Total comprehensive income for the period	18 501	7 212	48 541
Total comprehensive income for the period attributable to:			
Ordinary shareholders of ELB	16 284	6 468	42 838
Minority interest	2 217	744	5 703
	18 501	7 212	48 541

GROUP CASH FLOW STATEMENT

	Unaudited Six months ended 31 Dec 09 R000	Unaudited Six months ended 31 Dec 08 R000	Audited Year ended 30 June 09 R000
Cash (outflow)/inflow from operating activities before dividends paid	(16 447)	(1 229)	12 121
Dividends paid	(5 403)	(10 812)	(13 949)
Cash outflow from operating activities	(21 850)	(12 041)	(1 828)
Cash outflow from investment activities	(9 773)	(2 239)	(3 218)
Cash outflow from financing activities	(12 688)	(6 789)	(7 881)
Cash outflow for the period	(44 311)	(21 069)	(12 927)
Foreign currency exchange and translation adjustments to cash and cash equivalents	(664)	(5 843)	(12 018)
Decrease in cash and cash equivalents	(44 975)	(26 912)	(24 945)
Cash and cash equivalents at the beginning of the period	290 289	315 234	315 234
Cash and cash equivalents at the end of the period	245 314	288 322	290 289
Reconciliation to the balance sheet			
Current assets - cash and cash equivalents	245 314	293 508	290 289
Current liabilities - bank overdraft	-	(5 186)	-
	245 314	288 322	290 289

SEGMENT ANALYSIS

	Total Roo	African operations Roo	Australian operations Roo	Eliminate inter company Roo
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)
Unaudited				
Six months ended				
31 December 2008				
Sales	711 897	643 476	68 421	–
Profit for the period	17 652	13 022	4 630	–
Headline earnings	15 303	11 376	3 927	–
Assets	937 751	823 547	118 369	(4 165)
Liabilities	659 703	636 081	27 787	(4 165)
Unaudited				
Year ended				
30 June 2009				
Sales	1 245 817	1 115 488	130 329	–
Profit for the year	63 468	52 535	10 933	–
Headline earnings	51 296	42 025	9 271	–
Assets	876 638	758 957	121 136	(3 455)
Liabilities	557 675	531 682	29 448	(3 455)

NOTES

Capital commitments

At 31 December 2009 there were capital commitments of R18 521 000 (31 December 2008 - R1 890 000, 30 June 2009 - R23 837 000). The commitments, which comprise additions and improvements to existing property, will be met from mortgage bond facilities available to the Group with limited drawings on 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 ELB Timbers segment, and has now been sold. The guarantee is cancellable by three calendar months notice. A financial guarantee liability of R76 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	Unaudited Total equity R000
Balance at 30 June 2008	25 192	(24 758)	9 163	254 251	263 848	8	21 710	285 566
Total comprehensive income for the year			(12 688)	55 526	42 838		5 703	48 541
Ordinary dividends paid				(13 514)	(13 514)		(435)	(13 949)
Transfer to share options reserve			4 427		4 427		781	5 208
Increase in treasury shares held by the share trusts		(6 403)			(6 403)			(6 403)
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
Ordinary dividend paid				(5 403)	(5 403)			(5 403)
Transfer to 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
Balance at 30 June 2008	25 192	(24 758)	9 163	254 251	263 848	8	21 710	285 566
Total comprehensive income for the six months			(8 874)	15 342	6 468		744	7 212
Ordinary dividend paid				(10 812)	(10 812)			(10 812)
Transfer to share options reserve			2 191		2 191		387	2 578
Increase in treasury shares held by the share trusts		(6 496)			(6 496)			(6 496)
Balance at 31 December 2008	25 192	(31 254)	2 480	258 781	255 199	8	22 841	278 048

ENGINEERED TO DELIVER



INTERIM CASH DIVIDEND DECLARATIONS

The directors have declared the following interim cash dividends for the six months ended 31 December 2009.

PREFERENCE DIVIDEND NUMBER 118

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 124

An interim cash dividend of 12 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, 30 April 2010
Shares commence trading ex dividend	Monday, 3 May 2010
Record date	Friday, 7 May 2010
Date of payment	Monday, 10 May 2010

Share certificates may not be dematerialised or rematerialised between Monday, 3 May 2010, and Friday, 7 May 2010, both dates inclusive.

By order of the Board

DG Jones
Secretary

Boksburg
16 March 2010

REGISTERED OFFICE

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

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

**Non executive*