



# 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 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 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 the education of historically disadvantaged South Africans in engineering disciplines.

#### FINANCIAL RESULTS

The ELB Group has once again produced satisfactory results considering that trading conditions remained difficult during the period.

Sales decreased marginally by 0,4 percent from R1 246 million in 2009 to R1 241 million in 2010.

Headline earnings per share on the other hand increased by 3,4 percent from 189,1 cents per share in 2009 to 195,6 cents per share in 2010.

Net asset value per share increased by 19,3 percent from 1 078 cents per share in 2009 to 1 286 cents per share in 2010.

#### CASH FLOW

Cash flow management remains a high priority for the ELB Group. The balance sheet remains

strong with sufficient liquidity to meet the challenges of the coming year.

#### PROSPECTS

The ELB Group will continue to benefit from its strategy of focusing on material handling and appropriate process plant solutions.

The prospects for the coming twelve months are more encouraging than they were this time last year.

#### SOCIAL RESPONSIBILITY

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

ELB also made substantial donations to the St Vincent School for the Deaf, the Masibambane College in Orange Farm, the John Wesley Community Centre in Benoni and the 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.

#### BOARD OF DIRECTORS

Mr Joe Matsau resigned from the board on 1 September 2009.

Independent director, Mr Theunis de Bruyn, was appointed lead independent director on 20 May 2010.

## 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 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 provisional report. 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 increased from 20 cents in 2009 to 30 cents in 2010 reflecting the Board's confidence in the prospects for the ELB Group going forward.

The total dividend for the year is therefore 42 cents per share versus 30 cents per share for the 2009 financial year, representing an increase of 40 percent.

*On behalf of the Board*

**AG Fletcher**  
*Chairman*

Boksburg  
21 September 2010

## GROUP INCOME STATEMENT

	<b>Reviewed Year ended 30 Jun 10 R 000</b>	<b>Audited Year ended 30 Jun 09 R 000</b>
<b>Sales</b>	<b>1 241 323</b>	1 245 817
Operating costs excluding depreciation	<b>(1 157 413)</b>	(1 170 147)
<b>Operating profit before depreciation</b>	<b>83 910</b>	75 670
Depreciation	<b>(4 837)</b>	(5 108)
<b>Profit from operations</b>	<b>79 073</b>	70 562
Profit on realisation of non current assets held for sale	<b>3 609</b>	4 232
Finance income	<b>11 894</b>	27 953
Finance expenses	<b>(5 162)</b>	(9 717)
<b>Profit before income tax</b>	<b>89 414</b>	93 030
Income tax expense	<b>(26 974)</b>	(29 562)
<b>Profit for the year</b>	<b>62 440</b>	63 468
<b>Profit for the year attributable to:</b>		
Ordinary shareholders of ELB	<b>54 789</b>	55 526
Non controlling interests in subsidiaries	<b>7 651</b>	7 942
	<b>62 440</b>	63 468

## CALCULATION OF GROUP HEADLINE EARNINGS

	<b>Reviewed Year ended 30 Jun 10 R 000</b>	Audited Year ended 30 Jun 09 R 000
<b>Profit attributable to ordinary shareholders of ELB from the income statement</b>	<b>54 789</b>	55 526
<i>Deduct:</i> Items excluded from headline earnings as detailed below:	<b>3 747</b>	4 230
Profit/(loss) on disposal of plant and equipment:		
Included in profit from operations	<b>225</b>	(313)
Profit on realisation of non current assets held for sale	<b>3 609</b>	4 232
Income tax effect of items excluded from headline earnings	<b>(63)</b>	277
Non controlling interests in items excluded from headline earnings	<b>(24)</b>	34
<b>Headline earnings</b>	<b>51 042</b>	51 296
Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per ordinary share are based (000's)	<b>26 101</b>	27 128
Earnings per ordinary share (cents)		
- basic and diluted	<b>209,9</b>	204,7
Headline earnings per ordinary share (cents)		
- basic and diluted	<b>195,6</b>	189,1
Dividends declared for the year per ordinary share (cents)	<b>42</b>	30

## GROUP STATEMENT OF COMPREHENSIVE INCOME

	<b>Reviewed Year ended 30 Jun 10 R 000</b>	Audited Year ended 30 Jun 09 R 000
<b>Profit for the year from the income statement</b>	<b>62 440</b>	63 468
<b>Other comprehensive income</b>	<b>2 330</b>	(14 927)
Foreign currency translation adjustments for foreign operations		
Adjustments	<b>2 330</b>	(14 927)
Income tax effect	-	-
<b>Total comprehensive income for the year</b>	<b>64 770</b>	48 541
<b>Total comprehensive income for the year attributable to:</b>		
Ordinary shareholders of ELB	<b>56 769</b>	42 838
Non controlling interests in subsidiaries	<b>8 001</b>	5 703
	<b>64 770</b>	48 541

# GROUP BALANCE SHEET

	Reviewed 30 Jun 10 R 000	Audited 30 Jun 09 R 000
<b>ASSETS</b>		
<b>Non current assets</b>	<b>80 033</b>	59 888
Property, plant and equipment	62 158	39 617
Non current loan receivable	3 951	3 469
Deferred income tax assets	13 924	16 802
<b>Current assets</b>	<b>875 153</b>	816 750
Inventories and construction contract work not yet billed	312 028	373 079
Receivables and other current assets	202 075	151 785
Income tax refundable	8 905	1 597
Cash and cash equivalents	352 145	290 289
<b>Total assets</b>	<b>955 186</b>	876 638
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to ordinary shareholders of ELB</b>	<b>318 334</b>	291 196
Issued capital	25 192	25 192
Treasury shares	(55 123)	(31 161)
Reserves	13 580	902
Retained earnings	334 685	296 263
<b>Preference shares</b>	<b>8</b>	8
<b>Total equity attributable to equity holders of ELB</b>	<b>318 342</b>	291 204
<b>Non controlling interests in subsidiaries</b>	<b>35 738</b>	27 759
<b>Total equity</b>	<b>354 080</b>	318 963
<b>Non current liabilities</b>	<b>21 582</b>	19 333
Interest bearing borrowings	10 543	7 606
Provision for trade back commitments	10 097	11 107
Deferred income tax liabilities	942	620
<b>Current liabilities</b>	<b>579 524</b>	538 342
Non interest bearing payables and other current liabilities	479 911	379 015
Interest bearing payables	99 075	150 158
Income tax payable	538	9 169
<b>Total equity and liabilities</b>	<b>955 186</b>	876 638
Ordinary shares in issue (000's)	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	9 114	6 842
Ordinary shares in issue on which net asset value per ordinary share is calculated	24 746	27 018
Net asset value per ordinary share (cents)	1 286	1 078

## GROUP CASH FLOW STATEMENT

	Reviewed Year ended 30 Jun 10 R 000	Audited Year ended 30 Jun 09 R 000
<b>Cash inflow from operating activities before dividends paid</b>	<b>113 483</b>	12 873
Dividends paid	<b>(8 869)</b>	(13 949)
<b>Cash inflow/(outflow) from operating activities</b>	<b>104 614</b>	(1 076)
<b>Cash outflow from investment activities</b>	<b>(27 061)</b>	(3 983)
<b>Cash outflow from financing activities</b>	<b>(21 549)</b>	(7 864)
<b>Cash inflow/(outflow) for the year</b>	<b>56 004</b>	(12 923)
Foreign currency translation and exchange adjustments to cash and cash equivalents	<b>5 852</b>	(12 022)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>61 856</b>	(24 945)
Cash and cash equivalents at the beginning of the year	<b>290 289</b>	315 234
<b>Cash and cash equivalents at the end of the year</b>	<b>352 145</b>	290 289
Reconciliation to the balance sheet		
Current assets – cash and cash equivalents	<b>352 145</b>	290 289

## NOTES

### Capital commitments

At 30 June 2010 there were capital commitments of R10 724 000 (30 June 2009 - R23 837 000). The commitments comprise additions and improvements to existing property of R10 523 000, which will be met from mortgage bond facilities available to the Group, and equipment of R201 000 which will be met 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 of R85 000 has been raised 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.

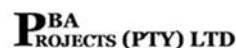
## SEGMENT ANALYSIS

	Total R 000	African operations R 000	Australian operations R 000	Eliminate inter company R 000
<b>Reviewed Year ended 30 June 2010</b>				
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)
<b>Audited Year ended 30 June 2009</b>				
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)

## GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary shareholders of ELB					Preference shares R000	Non controlling interests in subsidiaries R000	Reviewed Total equity R000
	Issued capital R000	Treasury shares R000	Reserves R000	Retained earnings R000	Total R000			
<b>Balance at 30 June 2008</b>	25 192	(24 758)	9 163	254 251	<b>263 848</b>	8	21 710	<b>285 566</b>
Total comprehensive income for the year			(12 688)	55 526	<b>42 838</b>		5 703	<b>48 541</b>
Profit for the year				55 526	<b>55 526</b>		7 942	<b>63 468</b>
Other comprehensive income								
Foreign currency translation adjustments for foreign entities								
Adjustments			(12 688)		<b>(12 688)</b>		(2 239)	<b>(14 927)</b>
Income tax effect			-		-		-	-
Ordinary dividends paid				(13 514)	<b>(13 514)</b>		(435)	<b>(13 949)</b>
Increase in share options reserve			4 427		<b>4 427</b>	-	781	<b>5 208</b>
Increase in treasury shares held by the share trusts		(6 403)			<b>(6 403)</b>			<b>(6 403)</b>
<b>Balance at 30 June 2009</b>	25 192	(31 161)	902	296 263	<b>291 196</b>	8	27 759	<b>318 963</b>
Total comprehensive income for the year			1 980	54 789	<b>56 769</b>		8 001	<b>64 770</b>
Profit for the year				54 789	<b>54 789</b>		7 651	<b>62 440</b>
Other comprehensive income								
Foreign currency translation adjustments for foreign entities								
Adjustments			1 980		<b>1 980</b>		350	<b>2 330</b>
Income tax effect			-		-		-	-
Ordinary dividends paid				(8 371)	<b>(8 371)</b>		(498)	<b>(8 869)</b>
Increase in share options reserve			2 702		<b>2 702</b>		476	<b>3 178</b>
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)			<b>(23 962)</b>			<b>(23 962)</b>
<b>Balance at 30 June 2010</b>	25 192	(55 123)	13 580	334 685	<b>318 334</b>	8	35 738	<b>354 080</b>

### ENGINEERED TO DELIVER



# FINAL CASH DIVIDEND DECLARATIONS

The directors have declared the following final cash dividends for the year ended 30 June 2010.

## **PREFERENCE DIVIDEND NUMBER 119**

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 preference share.

## **ORDINARY DIVIDEND NUMBER 125**

A final cash dividend of 30 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, 22 October 2010
Shares commence trading ex dividend	Monday, 25 October 2010
Record date	Friday, 29 October 2010
Date of payment	Monday, 1 November 2010

Share certificates may not be dematerialised or rematerialised between Monday, 25 October 2010, and Friday, 29 October 2010, both dates inclusive.

*By order of the Board*

**DG Jones**  
*Secretary*

Boksburg  
21 September 2010

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## **REGISTERED OFFICE**

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

## **WEBSITE**

[www.elb.co.za](http://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*