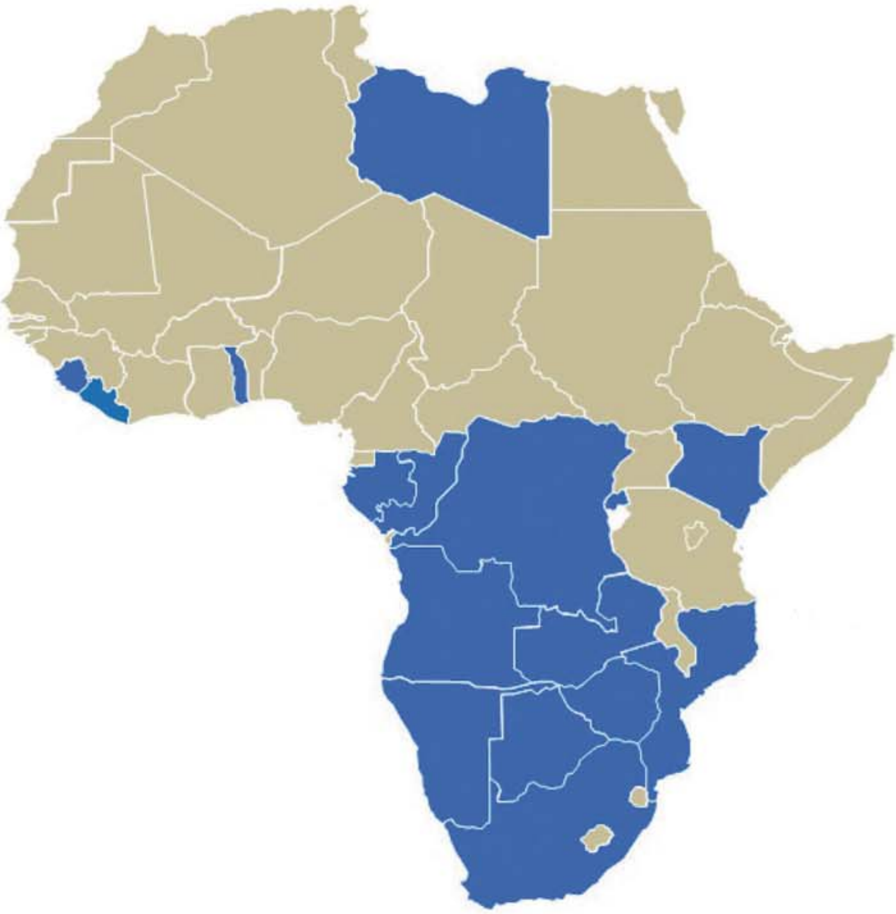
ELB GROUP

INTEGRATED ANNUAL REPORT 2013

African experience



Integrated annual report

Contents

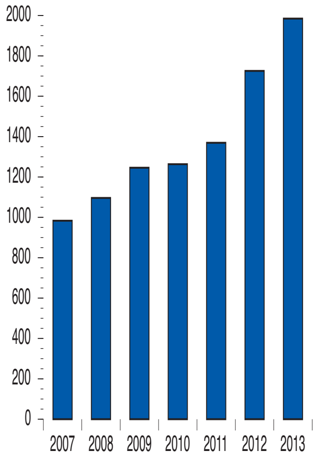
Financial highlights and performance

HIGHLIGHTS

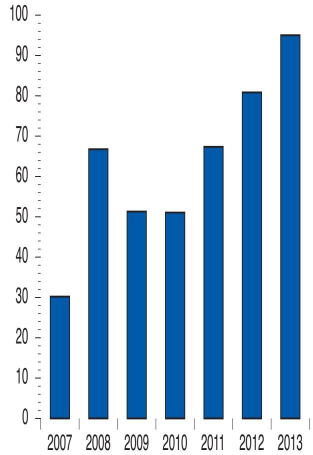
- Turnover up 15% to R1 985 million
- Headline earnings per share up 16% to 374 cents
- Final cash dividend declared of 60 cents, a total dividend increase of 21%
- Total comprehensive income before tax return on total equity of 32%
- Profit after tax up 12% to R118 million
- Net asset value up 18% to 2 345 cents per share
- Internal rate of return to shareholders of 22%

FINANCIAL PERFORMANCE

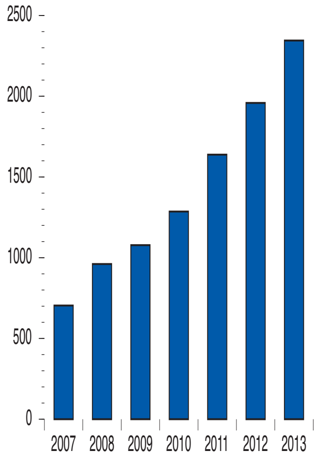
Sales (R millions)



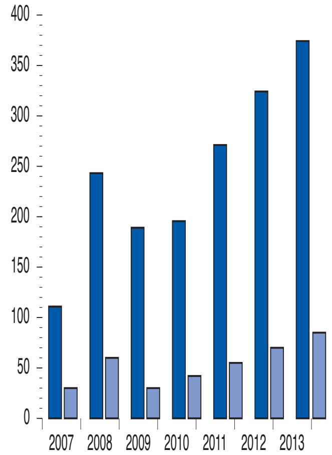
Headline earnings (R millions)



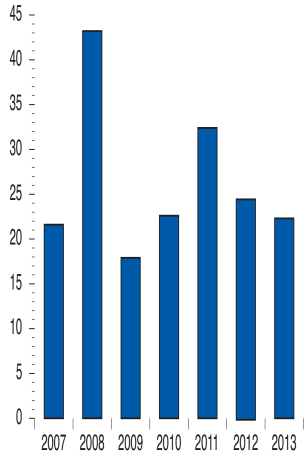
Net asset value per ordinary share (cents)



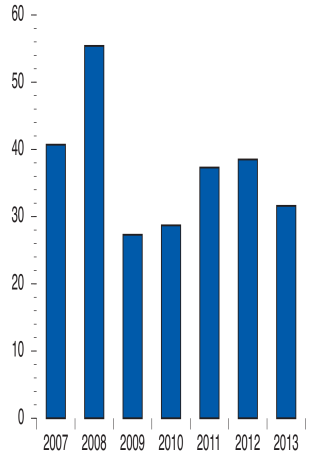
Headline earnings and dividends per ordinary share (cents)



Internal rate of return to ordinary shareholders – dividends paid plus increase in net asset value (% per annum)



Total comprehensive income before tax return on total equity (% per annum)



Seven year financial review

FINANCIAL INFORMATION

	2013 R 000	2012 R 000	2011 R 000	2010 R 000	2009 R 000	2008 R 000	2007 R 000
Statement of profit or loss							
Sales	**1 984 597**	1 725 479	1 369 366	1 263 311	1 245 817	1 096 173	983 361
Operating costs excluding depreciation, amortisation, and revaluation adjustments to property, plant and equipment and abnormal items	**(1 813 048)**	(1 579 727)	(1 252 530)	(1 174 875)	(1 170 147)	(993 579)	(915 304)
Operating profit before depreciation, amortisation, and revaluation adjustments to property, plant and equipment and abnormal items	**171 549**	145 752	116 836	88 436	75 670	102 594	68 057
Depreciation, amortisation and revaluation adjustments to property, plant and equipment	**(14 212)**	(10 754)	(6 669)	(5 039)	(5 108)	(4 184)	(4 476)
Operating profit before abnormal items	**157 337**	134 998	110 167	83 397	70 562	98 410	63 581
Abnormal items (refer also to note 2 below)			(8 212)	431	4 232	1 206	(3 824)
Operating profit	**157 337**	134 998	101 955	83 828	74 794	99 616	59 757
Finance income	**17 303**	25 973	25 579	11 920	27 953	21 886	12 198
Finance expenses	**(11 275)**	(11 899)	(6 334)	(5 168)	(9 717)	(9 034)	(5 687)
Profit before income tax	**163 365**	149 072	121 200	90 580	93 030	112 468	66 268
Income tax expense	**(45 412)**	(44 102)	(39 330)	(26 974)	(29 562)	(34 709)	(27 618)
Profit for the year	**117 953**	104 970	81 870	63 606	63 468	77 759	38 650
Attributable to:							
Ordinary shareholders of ELB	**95 255**	81 579	67 202	54 789	55 526	68 007	30 386
Non controlling interests in consolidated entities	**22 698**	23 391	14 668	8 817	7 942	9 752	8 264
	117 953	104 970	81 870	63 606	63 468	77 759	38 650
Headline earnings	**95 022**	80 842	67 350	51 042	51 296	66 757	30 207
Ordinary dividends paid (note 4 below)	**19 528**	14 575	11 188	8 371	13 514	10 969	5 455

OTHER STATISTICS

	2013	2012	2011	2010	2009	2008	2007
Ordinary shares in issue at the year end (excluding treasury shares)	**25 629 469**	25 315 969	25 058 969	24 746 269	27 017 602	27 456 862	27 406 133
Net asset value per ordinary share (cents)	**2 345**	1 989	1 652	1 286	1 078	961	704
Headline earnings per ordinary share (cents)	**374,2**	321,4	271,1	195,6	189,1	243,2	110,9
Interim and final dividends for the year per ordinary share (cents)	**85**	70	55	42	30	60	30
Ordinary dividend cover (times) (based on headline earnings)	**4,4**	4,5	4,9	4,7	6,3	4,1	3,7
Internal rate of return to ordinary shareholders - dividends paid plus increase in net asset value per share (% per annum)	**22,3**	24,3	32,5	22,6	17,9	43,2	21,6
Total comprehensive income before tax return on total equity (% per annum)	31,6	38,5	37,3	28,7	27,3	55,4	40,7

Notes

1 The financial information in this review includes both continuing and discontinued operations.

2 During the seven year period the following entities were sold:
ELB Timber Products (Pty) Ltd (ELB Timber Products) with effect from 31 May 2008 (2008 financial year)
ELB Ultrabord (Pty) Ltd (ELB Ultrabord) with effect from 29 February 2008 (2008 financial year)
The results of those operations are included to their dates of disposal. Profits and losses on disposal are included in abnormal items.

In 2010 the abnormal items in the review above include profit on realisation of non current assets held for sale, R 3 609 000, which is reported separately in the income statement.

3 The statement of profit or loss has been restated for the 2012 financial year following the change in accounting policy in respect of International Financial Reporting Standard: IAS19. The 2007 to 2011 financial years have not been restated for the adoption.

4 The amounts for ordinary dividends paid are the ordinary dividends declared and paid during the year.

Review of operations

SCOPE AND BOUNDARY

Following the recommendations of the King Report on Corporate Governance for South Africa 2009 ("King III"), the ELB board looks beyond the interests of the company and its shareholders, taking into account the concerns and issues of its wider stakeholder environment.

This integrated annual report covers the activities of ELB businesses based in Africa and Australasia focusing on group strategy, risks, opportunities and performance. The sustainability practices of ELB are integrated and managed consistently in all operations. The report of the audit and risk committee included in this integrated annual report confirms that the committee is satisfied that the sustainability information is reliable and consistent with the financial results.

This report deals fully with disclosures considered material to this report including the annual financial statements, auditors' responsibilities, accounting records, internal control, group strategy, risk management, accounting policies, adherence to accounting standards, going concern issues and adherence to codes of governance and the JSE Listings Requirements.

BOARD STATEMENT REGARDING THE ELB GROUP INTEGRATED ANNUAL REPORT

The board of directors ("the board") of ELB Group Limited acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has accordingly applied its mind to the integrated annual report and to the best of its knowledge and belief the integrated annual report addresses all material issues, including sustainability, and presents fairly the integrated performance of the organisation. The integrated annual report has been prepared in line with best practice pursuant to the recommendations of King III. The board authorised the integrated annual report for release on 21 October 2013.

SJ Meijers	**MC Easter**
Group Chief Executive officer	*Group Financial Director*

PERFORMANCE

Financial

Readers' attention is drawn to the financial information contained on pages 2 to 3 and forming part of this integrated annual report.

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

The 15% increase in turnover for the year from R1 725 million in 2012 to R1 985 million in 2013 reflects the consistent demand for the full range of products and services offered by ELB.

The net asset value (NAV) per share attributable to ordinary shareholders increased by 18% from 1 989 cents in 2012 to 2 345 cents in 2013.

ELB's share of comprehensive income increased by 11% from R100 million in 2012 to R111 million in 2013.

Headline earnings per share for the year increased by 16% from 321 cents per share in 2012 to 374 cents per share in 2013.

Due to the project nature of the business there is no consistent correlation between turnover and profit in accounting periods, as profit recognition largely increases during the latter stages of projects.

The balance sheet remains strongly liquid ensuring the going concern status of the group. Cash and cash equivalents declined marginally to R471 million during the year as cash was used in increasing working capital, in continued capital expenditure and as a result of fluctuations in up-front customer payments. The cash and cash equivalent balances remained healthy at the year-end after absorbing the utilisation. 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.

Dividends

ELB will retain its current conservative approach to dividend distribution for the foreseeable future.

The board has declared a final dividend of 60 cents (2012 – 52 cents) per ordinary share.

The total dividend for the year is therefore 85 cents per share versus 70 cents per share for the 2012 financial year, an increase of 21%.

FUTURE PERFORMANCE

Future performance will rely on continued investment by the group's traditional customer base in our products and services.

The strategy followed by the group over the last five years has provided stakeholders with excellent returns. This strategy will, it is believed, continue to position ELB to take full advantage of the opportunities on offer during the next five years.

Notwithstanding the unusually high level of volatility and economic uncertainty that hangs over the world at present ELB is experiencing acceptable levels of activity both in Africa and Australasia and ELB is currently in negotiations for a number of large projects in Africa. The outcome of these negotiations will be known during the coming year.

ELB GROUP STRATEGY AND ACTIVITIES

ELB Group's strategic focus is on being a holistic engineering solutions provider to the mining, minerals, power, port, construction and industrial sectors in the field of materials handling and appropriate modular plants. This is achieved through ELB generated innovation, in-house capability and the supply, with world class partners, of equipment and technology. The group operates predominantly in Africa and Australasia.

ELB is an investment holding company owning 85% of ELB Engineering (Pty) Ltd ("ELB Engineering Group") with the remaining 15% owned by the ELB Educational Trust established as the group's B-BBEE partner promoting the education of historically disadvantaged South Africans, specifically in engineering disciplines. In addition, ELB owns 100% of ELB International (Pty) Ltd which houses the non South African businesses, excluding the Australasian businesses.

The past year has seen ELB invest into a number of initiatives aimed at sustainable growth, the results of which will emerge over the next three years. These initiatives include the expansion of its geographic footprint in Africa, increasing its product and technology range, and subsequent to the year-end, the formation of ARDBEL (Pty) Ltd, a 50:50 joint venture with DRA Group Holdings (Pty) Ltd. The joint venture will enable ARDBEL to execute very large materials handling projects. ELB is also in the process of establishing the ELB Intelligent Solutions business, a hi-tech data and voice management company, and is proud to have Motorola as its first partner in this new venture.

ELB ENGINEERING GROUP

ELB EQUIPMENT has a number of locally designed and manufactured products and represents internationally renowned manufacturers whose products are designed to meet industrialized first-world standards. Operating in three specialized divisions, each with responsibility for specific products, it provides a streamlined and professional service that can offer the industry a wide selection of products.

Construction Equipment

- Ditch Witch Trenching & Directional Drilling Equipment
- MST Backhoe Loaders
- Mitsubishi Motor Graders
- Sakai Compaction Equipment
- Mustang Skid Steer Loaders
- Mustang Telescopic Handlers
- Terex Construction Equipment

Earthmoving Equipment

- Kawasaki Wheel Loaders
- Sumitomo Tracked Excavators
- Dressta Bulldozers

Mining/Quarrying Equipment

- Allu-SM Screener-Crusher Buckets
- Furukawa Drill Rigs
- Furukawa Hydraulic Breakers
- Taurus Heavy Duty Rotary Barrel Screens **
- ELB Static & Mobile Conveyors **
- Powerscreen-Pegson Mobile & Static Crushing Plants
- Oresizer Vertical Shaft Impact Crushers **
- Powerscreen Mobile & Static Screening Plants
- McGirr Brick Making Machines
- Telestack Conveyor Systems

** *Designed and manufactured by ELB Equipment*

In order to service its customer base effectively, ELB Equipment based in Boksburg has branches in Cape Town, Durban, Kimberley, Kathu, Brits, George, Middelburg and Wolmaransstad as well as a well-established dealer network throughout South Africa and other Southern African states. In addition to offering parts and field service round-the-clock, a large centralised and fully equipped refurbishing facility is available for rebuilding and refurbishing of ELB Equipment products.

DITCH WITCH AUSTRALIA is an importer and distributor of underground and utility construction equipment.

Product lines include

- Ditch Witch Trenching and Directional Drilling Equipment, Compact Utility Equipment Vacuums and Electronic Pipe and Cable Locators
- Stanley Hydraulic Power Packs and Tools
- Trenchmaster Mini Trencher
- Bedmaster Bed Defining Machines
- Belle Concrete and Mortar and Compaction Equipment
- Akkerman Inc. Microtunnelling, Pipe Jacking Tunnelling products
- Komptech GMBH commercial composting and alternative fuel processing machinery, mobile diesel and electric powered equipment to shred, sort, sift and windrow turn organic material for the production of compost and biomass alternative organic based fuel from green waste, forestry residue and organic industrial waste products.

Markets served in Australia are gas, water, sewage, electricity, communications, the Defence Forces, Green Waste Recycling, Commercial and Industrial Waste Disposal and Biomass Alternative Fuel Production.

Ditch Witch Australia distributes direct through sales and service offices in Sydney, Melbourne, Adelaide, Perth and Brisbane.

Ditch Witch New Zealand which commenced operations in Mount Wellington, Auckland, New Zealand in May 2011, is the importer and distributor of Ditch Witch, Akkerman and Komptech equipment. Ditch Witch New Zealand is a joint venture in which the Group has a 72% indirect interest. Ditch Witch New Zealand operates as an extension of the Australian operations with all head office functions based in Sydney, Australia.

ELB Equipment Pty Limited (Australia) owns 7000 square metres of industrial land which houses the new head office and main warehouse for Ditch Witch Australia. This facility is the main import and distribution hub for Ditch Witch Australia operations.

ELB ENGINEERING SERVICES The business focuses on the supply of a total engineered materials handling solutions and appropriate modular plants to the mining, minerals, power, port, construction and industrial sectors based on its own in-house capability as well as technology agreements with world class product and know how companies. The ability of providing a total logistics solution from mine to port has become an integral part of the business.

Bulk Materials Handling

Augmenting the in-house expertise base, ELB Engineering Services has exclusive license agreements with world class technology partners. ELB continues to seek new technology partners to meet the growing demands of its clients and continual technological challenges associated with materials handling. FAM, being one of the world's oldest materials handling companies and based in Germany, works exclusively in the sub equatorial region of Africa with ELB. Their capability encompasses the supply of turnkey packages from run of mine tip to ship loading including all conveyor options, stockyard equipment, in-plant infrastructure, port equipment and simulation modelling.

Review of operations

(continued)

THOR Global, based in Canada, work exclusively with ELB in sub equatorial Africa to provide the world class mobile telescopic radial luffing stacker solutions. The capabilities of this equipment are unique in the Southern African region with regards to flexibility and capability.

Tasman Warajay, a Flexco Company, based in Australia, applies its own design technology to derive application specific transfer systems solutions, which are regarded by end users as superior in terms of technology and performance, to ELB via an exclusive agreement.

ELB is at present designing and supplying the world's longest single flight overland conveyor incorporating the design and technology from their partner Conveyor Dynamics Incorporated, (CDI), from the United States of America.

Fine Powder Handling

ELB Engineering Services' capability for the supply of all types of pneumatic conveying solutions is supported by the world class technology partners from Cyclonaire and KHD. All pneumatic conveying type methods can be offered to the market including storage silos and de-dusting solutions.

Modular Plants

EPE is a joint venture between ELB Engineering Services and PBA Projects (Pty) Ltd from Cape Town, to provide the modular process plant into the total solution for this business.

Life Extension Services

ELB Engineering Services have developed a leading capability into the assessment, engineering, and refurbishment of bulk materials handling equipment from conveyors to shiploaders.

Ports of Africa

ELB Engineering Services formed a joint venture with A Cubed to address total port solutions primarily to the African Market. This entity covers aspects from logistical studies through to the implementation of the total engineering port solutions.

ELBCON

In order to support the projects department ELB established its in house construction company. ELB can now control the quality of its erection, a risk which has been increasing in the recent past.

MC Process Global

The company has been established to design and supply a range of equipment that is used in mineral benefication and water treatment plants.

Conductor Systems

ELB has established the business for the supply of insulated conductor systems and motorised cable reeling drums.

AFTER SALES SERVICE

In order to further strengthen the group's ability to maintain and improve service levels in Africa it has been investing in new custom designed facilities. This includes a service centre in Atlas Road, Boksburg, and in Durban.

The Middelburg service facility will serve the growing demand for our products and services in that region.

PRODUCT DEVELOPMENT

ELB continues to market the "M" Range of modular plant, comprising of a full range of modular/movable crushing, screening, conveying, stacking, beneficiation plants and control rooms, which was developed in 2011.

RISKS AND OPPORTUNITIES

Risks

The principal risks facing group activities revolve around:-

- Cancellation of any of the group's product distribution agreements.
- Termination of any of the group's agreements with know how partners.
- Loss to the group of any of the key senior executives and availability of technical personnel.
- Our client base being negatively affected for whatever reason and therefore no longer demanding our products and services.
- Our products or know how becoming obsolete.
- Health and safety.
- Incompetence or negligence on ELB's behalf.
- Failure of our clients to meet their financial obligations to ELB.
- Foreign exchange rate volatility.
- Natural disaster at supplier.

The table on page 11 highlights how these principal risks faced by the group are mitigated.

Opportunities

The principal opportunities revolve around:-

- The growing demand for material handling solutions and modular plants predominantly in Africa and Australasia as a result of the increasing demand for natural resources.
- Assisting clients to improve their operational performance and therefore be better positioned to meet their sustainability targets.
- Identifying our client's future requirements and being able to respond with new or improved technologies.
- Providing excellent after sales service to our clients.
- Assisting junior miners from a project development point of view to start operations.

STRATEGIC OBJECTIVES

In response to ELB's risks and opportunities ELB has focused on:-

- Hiring competent, innovative executives capable of responding to the challenges facing our clients and prospective clients.
- Contributing to the education of historically disadvantaged South Africans.
- Continuing to add new products and know how to the group.
- Investing in the development of new innovative proprietary equipment and technologies.
- Maintaining appropriate health and safety standards.
- A strong liquid balance sheet enabling the group to withstand major financial dislocations and at all times be able to meet commitments to suppliers and customers.
- Maintain a long term (five years or more) internal rate of return to ordinary shareholders above 20% per annum.

BOARD OF DIRECTORS

Executive

Anthony Garth Fletcher (61) ‡

BCom, CA(SA)
Chairman of the board
Appointed chairman of the board May 2006
Appointed to the board in 1996
Also served as chairman from 1998 – 2003

Dr Stephen John Meijers (52)

PhD (Mech Eng), BSc (Mech Eng), MAP (Wits)
SEP (Wits/Harvard)
Chief executive officer – ELB Group
Chief executive officer – ELB Engineering Services
Appointed to the board in 2006
Joined the group in 1990

Peter John Blunden (58)

BCom
Chief executive officer – ELB Equipment
Appointed to the board in 2002
Joined the group in 1978

Michael Craig Easter (47)

CA(SA), CA, MBA, BCompt (Hons), BCom
Appointed group financial director 1 July 2013
Joined the group in 2013

Mollo Victor Ramollo (58) ø

BSc (Elec Eng)
Appointed to the board in 2003

Cornelius Johannes Smith (57) ^

BCompt (Hons), CA(SA)
Appointed as an alternate in May 2012

Non Executive

Theunis de Bruyn (45) ¥ ‡#≠

BCom, CA(SA)
Appointed to the board in 2005

Dr John Paul Herselman (70) ¥‡#≠

Dr Ing, Dipl Ing, BSc (Chem Eng)
Appointed to the board in 1986

Ian Alan Richard Thomson (70) ¥ø≠

BCom, CA(SA)
Appointed to the board in September 2010

¥ Member of the audit and risk committee
‡ Member of the remuneration committee
# Member of the nominations committee
ø Member of the social and ethics committee
≠ Independent
^ Alternate

GOVERNANCE STRUCTURE

The group is committed to the highest standards of business integrity, ethical values and professionalism in all its activities. As an essential part of this commitment the board endorses and complies with most of the principles embodied in the King Report on Corporate Governance for South Africa 2009 other than as disclosed. The group's approach to corporate governance seeks to balance conformance with governance principles while generating superior performance to justify shareholders' expectations. Where the board has assessed that recommended practices are not in the best interests of ELB or where the company has not fully implemented the principles, this report follows King lll in explaining the reasons for an alternative approach to governance or indicates when the group is expected to comply with a principle. A list of these King lll principles and the explanations is included on page 10 of the integrated annual report.

BOARD OF DIRECTORS

The group has a unitary board structure. In line with the best practice and to meet the Listings Requirements of the JSE, essentially the roles of the chairman and the senior executive directors have been separated. The board is chaired by Mr AG Fletcher, whilst the executive management of the operations conducted by the group is the responsibility of the group chief executive officer and the chief executive officers of the operating subsidiaries. This ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. In May 2010 the board appointed Mr T de Bruyn to the position of lead independent director.

At the date of this report, the board of directors comprised eight members of whom three are independent non-executive directors whilst the remaining five members are executive directors. The nominations committee continues to review the situation regarding the composition of the board of directors. The search for suitable non-executive director candidates continues.

Meetings are held at least five times a year, appropriately timed to review quarterly results and the budget for the forthcoming year. The agenda includes, as necessary, strategic and sustainability considerations, identification, measurement and management of risk, acquisitions of significance, investment policy and areas of concern. Additional board meetings may be convened as and when necessary.

The board has established a number of committees in which the non-executive directors play an active role and which operate within the defined terms of reference laid down by the board. All committees have met their responsibilities during the year in compliance with their terms of reference.

BOARD MEETING ATTENDANCE

Name	Board				
	2012			2013	
	July	Sept	Nov	Mar	May
AG Fletcher	√	√	√	√	√
PJ Blunden	√	√	√	√	√
T de Bruyn	√	√	√	√	√
MC Easter	N/A	N/A	N/A	0	0
JP Herselman	x	√	√	√	√
DG Jones	√	√	√	√	√
SJ Meijers	√	√	√	√	√
MV Ramollo	√	√	√	√	√
CJ Smith	√	√	√	√	√
IAR Thomson	√	√	√	√	√

√ In attendance
N/A Not applicable
0 Attended meeting by invitation
x Submitted apologies and was granted a leave of absence in terms of the Company's Memorandum of Incorporation

COMPANY SECRETARY

The company secretary is Elbex (Pty) Ltd, which replaced DG Jones as company secretary in November 2012. The board considers the relationship between the board and the company secretary to be an arms-length relationship. The board has considered and satisfied itself as to the competence, appropriateness and experience of the company secretary. In arriving at this conclusion the board considered the qualifications, experience and knowledge of the members of the company secretary and concluded that the company secretary has the necessary skills, competence and experience. All the directors have access to the advice and services of the company secretary, which is responsible to the board for ensuring compliance with procedures and applicable statutes and regulations. The directors and company secretary may, in appropriate circumstances, take independent professional advice at the Company's expense.

All directors have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations, thus enabling the board to function effectively.

THE AUDIT AND RISK COMMITTEE

The audit and risk committee operates in terms of a mandate from the board to review the integrated annual report inclusive of the financial statements, the appropriateness of the group's accounting and disclosure policies, compliance with International Financial Reporting Standards and the effectiveness of internal controls. The audit and risk committee is also responsible for considering the appropriateness of the expertise and experience of the financial director and the finance and accounting function on an annual basis, and has satisfied itself of such appropriateness.

In keeping with this policy, KPMG Inc. (KPMG) has been appointed as external auditor whilst BDO Risk Advisory Services (Pty) Ltd (BDO) has been appointed to fulfil the role of internal auditor within the ELB group, excluding the Australasian operations. In addition, experienced professionals in the field of contract management and accounting are utilised to evaluate the risks inherent in the business of ELB Engineering Services (Pty) Ltd and to conduct appropriate internal audit tests. Expert advice on non-audit issues is normally obtained from other third party professionals save where the use of either KPMG or BDO is deemed more appropriate and no conflict with the respective external and internal audit roles is evident.

The members of the audit and risk committee are the independent non-executive directors Messrs T de Bruyn, IAR Thomson and Dr JP Herselman. Mr IAR Thomson assumed the role of chairman with effect from 28 September 2010. The chairman of the board, group chief executive, group financial director, group accountant and chief executive officers and financial directors of subsidiary companies attend meetings by invitation. Both the external auditors and the internal auditors and experts have unrestricted access to this committee and attend meetings whenever necessary to report on their findings and to discuss accounting, auditing, risk identification, measurement and mitigation, internal and contract controls, information technology and financial reporting matters. Executive directors responsible for the sub-groups and members of the management teams are invited to attend such meetings whenever their presence is considered necessary.

The audit and risk committee met four times during the financial year. Refer to pages 14 to 15 for the Audit and Risk Committee Report.

THE REMUNERATION COMMITTEE

The members of the remuneration committee are Messrs AG Fletcher, T de Bruyn (chairman) and Dr JP Herselman. The committee determines the remuneration policy and strategy of the group and, more specifically, the remuneration of the executive directors and of those executives and managers who report directly to the chief executive officers of the operating subsidiaries. The committee also approves proposals in respect of certain incentive arrangements. The committee recommends the remuneration of the non-executive directors for consideration by shareholders at the annual general meeting of the company.

The remuneration committee met twice during the financial year. *(Refer to pages 9 to 10 for the group's Remuneration Policy)*

REMUNERATION COMMITTEE ATTENDANCE

Name	Remuneration Committee	
	2012	2013
	Nov	June
AG Fletcher	√	√
T de Bruyn	√	√
JP Herselman	√	√

√ In attendance

THE NOMINATIONS COMMITTEE

The members of the nominations committee are Dr JP Herselman and Mr T de Bruyn (chairman). The committee is responsible for the assessment and nomination of potential new directors on a formal and transparent basis but does not have full authority to appoint such directors as such authority vests in the board of directors. Following the appointment of new directors to the board, an induction program, which includes visits to the group's businesses and meetings with senior management, is arranged. All directors are subject to retirement and re-election by shareholders every three years. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment.

The nominations committee met once during the financial year.

Review of operations

(continued)

NOMINATIONS COMMITTEE ATTENDANCE

Name	Nominations Committee
	June 2013
T de Bruyn	√
JP Herselman	√
AG Fletcher	0

√ In attendance
0 Attended meeting by invitation

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee was established in November 2011 to fulfil the requirements of section 72 (4) of the Companies Act of 2008.

The members of the social and ethics committee are Messrs MV Ramollo, IAR Thomson, DG Jones with Mr MV Ramollo acting as chairman.

The social and ethics committee met once during the financial year. Refer to page 12 for the Social and Ethics Committee Report.

RISK MANAGEMENT

Operational and financial risk management is the responsibility of the boards of directors of the Company and of its subsidiaries. Where appropriate, risk management procedures and related controls have been implemented and are reported on regularly at audit and risk committee, board and management meetings.

INTERNAL CONTROL

Internal control systems for financial reporting and the safeguarding of assets have been implemented. These systems are designed to provide reasonable assurance to management and the board of directors that group assets are safeguarded and reliable information is provided in the financial statements.

THE INTERNAL AUDIT FUNCTION

The internal audit function of the ELB group is based on a combination of internal and external assurance providers. For both ELB Engineering Services (Pty) Ltd and the ELB Equipment Holdings (Pty) Ltd subgroups the internal audit approach adopted integrates the identification and ranking of inherent risks with an evaluation of the systems and internal controls employed in the operations. This process assists in the mitigation of major risks within these sub-groups, wherever possible.

The internal audit function of the sub-groups ELB Equipment Holdings (Pty) Ltd and ELB Engineering Services (Pty) Ltd is outsourced to BDO. In addition, experienced professionals in the field of contract management and accounting are utilised to evaluate the risks inherent in the business of ELB Engineering Services (Pty) Ltd and to conduct appropriate internal audit tests. During the course of the 2013 financial year, the sub-groups were subjected to a number of internal audit checks and detailed reports were submitted to management. Such checks were supplemented by limited internal control checks carried out by KPMG as part of their statutory audit. Appropriate executive summary and detailed reports were submitted to the audit and risk committee by the internal auditors.

The Australasia operations, comprising approximately 18% of the ELB group by sales, has no formal internal audit function. However, the audit and risk committee is assured by management that an extended audit by the external auditors BDO Australia provides adequate assurance that internal control systems provide reasonable assurance that assets are safeguarded and reliable information is provided in the financial statements.

INSIDER TRADING

The Company has closed periods prohibiting trade in ELB shares by directors and staff before the announcement of interim and year-end results and during any period where the Company is trading under cautionary announcements or where they have knowledge of price sensitive information.

All share dealings of directors require the prior approval of the chairman whilst those of the chairman require the approval of the chairman of the audit and risk committee. The Company secretary retains a record of all such share dealings and approvals.

REMUNERATION POLICY

The company's remuneration policy is determined by the remuneration committee of the board. The policy has been aligned to and complies with the guidelines recommended in King III. The remuneration policies and practices are reviewed regularly to align them with ELB's strategic objectives. The aim is to ensure that executives create long-term value for the company in a sustainable manner.

ELB's remuneration philosophy is aimed at attracting and retaining motivated, high-calibre executives and management, aligned with the interests of shareholders. Such alignment is achieved through an appropriate mix of guaranteed and performance-based remuneration ("variable pay"), which provides for differentiation between high, average and low performers.

ELB endeavours to reward its people fairly and consistently according to their role and individual contribution to the company. To achieve external equity and a competitive total remuneration position, ELB surveys the relevant markets continuously. The benchmark for guaranteed remuneration is the market median. The company's intent is to position remuneration, including short-term incentives, at the 75th percentile of the market for exceptional performance.

The pay mix of guaranteed and variable remuneration differs according to the level of the individual in the company. Executives are paid guaranteed remuneration packages (GRP), which include all fixed elements of remuneration and 20 working days' leave per annum, with the company having no contingent retirement or medical liabilities. Increases are determined annually and approved by the remuneration committee who are informed by remuneration surveys, to which the company subscribes, and, where necessary, independent advice.

The short term bonus scheme is to reward executives and senior management for satisfactory operational performance. The total pool available for distribution shall not exceed 15% of pre-tax profits and no participant shall receive more than 100% of his cost of employment in any one year. The incentive allocation to each participant is subject to a merit rating of between 0,3 and 1,5 to be determined annually.

The long term incentive share plan consists of a share incentive scheme for senior employees of ELB as well as a cash bonus paid annually which bonus is determined using a formula linked to the ordinary dividend distribution to ELB shareholders in any one financial year. These awards, a form of variable pay, have been designed to:

- Encourage senior and key employees to identify closely with the long-term objectives of ELB
- Align their interests with the continuing growth of the company and delivery of value to its shareholders
- Allow participants of the schemes to participate in the future financial success of ELB

The remuneration for non-executive directors is dealt with in the Notice of annual general meeting contained elsewhere in this document.

COMMUNICATION WITH STAKEHOLDERS

ELB is proactive in the distribution of information to relevant parties through the JSE SENS communication system, printed and electronic media releases and the statutory publication of its financial results.

The board encourages all shareholders to attend shareholders' meetings as these meetings present the ideal opportunity to voice their opinions and receive explanations.

Furthermore it remains in constant contact with its principals and know how providers to ensure the best possible relationships are maintained enhancing ELB's ability to best serve its clients.

THIRD PARTY ASSURANCE

The report of the audit and risk committee on pages 14 to 15 confirms that the committee has considered the exposure of ELB to sustainability risks and concluded that it is not necessary to engage an external assurance provider to perform an assurance engagement on key sustainability performance information included in the integrated annual report.

KING III PRINCIPLES

King III compliance

The board supports the Code of Corporate Practices and Conduct as recommended by the King III Report on Corporate Governance for South Africa 2009 ("King III"). As required by the JSE Listings Requirements, the Company has reviewed its compliance with the 75 King III Corporate Governance Principles. A complete register of the Company's compliance with the King III Principles is available on the Company's website: http://www.elb.co.za.

The following table discloses and explains the Company's areas of non-compliance with the King III Principles, which principles will receive further attention in the coming year:

Note	Principle	Explanation
1	The chairman of the board should be an independent non-executive director	The board has agreed to the separation of the roles of chairman and the senior executive directors. The board is chaired by Mr AG Fletcher, whilst the executive management of the operations conducted by the group is the responsibility of the group chief executive officer and of the chief executive officers of the operating subsidiaries. Mr T de Bruyn has been appointed lead independent director.
2	The board should comprise a balance of power, with a majority of non-executive directors who are independent	The board currently comprises five executive and three independent non-executive directors. Each of the non-executive directors makes a significant contribution to board matters. The nominations committee continues its search for suitable non-executive director candidates.
3	Induction of and ongoing training and development of directors should be conducted through formal processes	A formal process has not been adopted as the directors are all professionals in various fields. They continue to update their knowledge base either independently or through attendance of seminars and workshops, the costs of which are borne either by the company or the individual director in his personal capacity.
4	Sustainability reporting and disclosure should be independently assured.	The audit and risk committee as well as the board have considered the exposure of ELB to sustainability risks and concluded that it is not necessary to engage an external assurance provider to perform an assurance engagement on key sustainability performance indicators in the integrated annual report.

Review of operations

(continued)

Risk mitigation

RISK	MITIGATION OF RISK
Cancellation of distribution agreements The risk of an important distribution agreement being terminated and the operational and financial impacts following the loss of the agency	ELB seeks to supply the best possible support for the products it distributes thereby reducing as far as possible the risk of losing a distributorship. However if an agency is lost the following steps are taken: • Develop an exit plan that could include the replacement of the lost product with another product • Sell existing stock to the new distributor • Liquidate the assets as soon as possible
Termination of agreements with know how partners The risk that ELB may lose a key know how partner	• Delivering high quality products and solutions to ELB's customers thereby maintaining good relationships with both the relevant know how partners as well as the customer base
Loss of key senior executives and availability of technical personnel The risk of the loss of a key executive, or the loss of important intellectual talent	• Formulation and implementation of an appropriate remuneration policy and bonus scheme based on profit and dividends that is in line with the market • Ensuring that the environment is conducive to attracting and providing senior executives and staff with the necessary career development and job satisfaction
The risk of the lack of availability of technically qualified and competent people in the industry	• Apprentice Plan currently training apprentices • Promotion of staff completing the Mature Artisan trade test • Financial support to training institutions • Recruit from word of mouth as needed – identify experienced competent artisans
Possibility of client base being negatively affected The risk of creating undeliverable expectations with potential clients and then being unable or pressured to deliver against those expectations	• Authorisation levels have been determined for tender sign off as well as the submission of tender • The tender committee performs a gate keeping role to ensure the achievable expectations for tenders are submitted
Products or know how becoming obsolete The risk of know how or stock becoming obsolete	• Continuously look to replace such know how or products if there is a risk of this happening • Continuous search for alternatives • Annual stock returns to principals of obsolete spares where possible
Health and safety The risk that health, safety and security standards are not adhered to on a project site and as a result the team is requested to leave the site resulting in project cancellation or significant delays. The risk of fatal incidents at a supplier site and/or ELB's own premises as a result of failure of the equipment /incorrect advice / inadequate training of the client / misrepresentation of capability resulting in claims against ELB, legal costs and loss of reputation and brand.	• Policies and procedures are in place on each site • All sites have a dedicated Safety Officer appointed as per the relevant act • Audits are done against the Policies and Procedures in place to ensure compliance • A culture of safety awareness and Zero tolerance for unsafe practices is in place • Compliance with the Occupational Health and Safety (OHS) Act and related training provided to staff • Outside consultants review OHS controls • Having the necessary safety procedures • Minutes of safety meetings maintained and attendance register maintained throughout the Group
Incompetence or negligence The risk that ELB may as a result of incompetence or negligence incur substantial contract losses	• Maintaining a high standard of performance across the business and ensuring a quality deliverable is achieved on all assignments and contracts • Peer reviews are undertaken on all designs • A design system and procedures are in place and adherence to the basis of design for the project is enforced, • Criticality analysis meetings are held regularly to ensure the designs and solutions are handled correctly • Designs are reviewed by third parties as required (i.e. audits, contractors and clients)
Failure of clients to meet their financial obligations The risk of clients failure to meet their contractual obligations	• ELB requires suitable upfront payments and also requires contracts to run cash flow positive throughout the contract • Equipment is generally paid for in advance before the equipment is delivered
Exchange rate volatility The risk that ELB's products become uncompetitive as a result of exchange rate volatility or currency risks occurring while contracts are in progress	The Group: • Has a strategy/policy for covering creditors by maintaining a sensible forward cover position • Either avoids the currency risk when contracting or takes out appropriate forward cover where a currency risk arises on any major contract • Takes out forward cover when selling a machine • Reviews exposure on exchange rates for unsold machines

Social and ethics committee report

The Social and Ethics Committee was established and is guided by a charter that was approved by the board in 2012. The charter is revised annually to ensure its relevance to the company.

The Committee is established to assist the board in ensuring that the Group and its South African subsidiaries comply with the requirements of the Companies Act and good business ethics and sustainable development. The commitment to sustainable development involves ensuring that the Company conducts long term profitable activities in a manner that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Committee provides advice to management on their strategies with respect to sustainable development, social and ethics related matters.

The members of the Social and Ethics Committee are MV Ramollo, IAR Thomson, DG Jones with MV Ramollo acting as chairman.

Social and Ethics Committee Attendance

Name	Social and Ethics Committee
	March 2013
MV Ramollo	√
IAR Thomson	√
DG Jones	√

√ In attendance

Employment Equity

The board has established an employment equity strategy for the Group's operating companies.

Employment equity at the workplace begins with training and development. A two pronged approach to training is employed; academic and on the job training. The academic training is being made through the ELB Educational Trust which provides scholarships to historically disadvantaged South Africans studying engineering. In 2013 the Trust supported 11 students pursuing various degrees in engineering at leading South African institutions.

Social Responsibility

ELB's empowerment partner, the ELB Educational Trust, has been established to promote education of historically disadvantaged South Africans in engineering disciplines.

In addition to a number of smaller donations ELB has made substantial donations to the St Vincent School for the Deaf, the Ligbron Academy of Technology and the Elvis Blue Music Academy in Zandspruit. These institutions have been identified as worthy of ELB's support and which will further assist the historically disadvantaged in our community.

Apart from donations ELB also made significant contributions towards small business development of the historically disadvantaged in South Africa.

Health, Safety and the Environment

ELB is committed to performing all its business activities and every project in a safe and healthy manner with due regard to the preservation of the environment. Through our operating companies, we strive for continual improvement in our performance, efficient use of natural resources and we aspire to Zero Harm to people and the environment.

The board of directors and management at all levels regularly assess and address health and safety issues through appropriate committees in accordance with Group policy and relevant legislation. The board through the Social and Ethics Committee will review and ensure the Group policy remains relevant to the needs of our stakeholders.

Code of Ethics and Corporate Conduct

A Code of Ethics, requiring all directors and employees of the Group to maintain the highest ethical standards in their dealings with each other and other stakeholders in the conduct of its business has been endorsed by the board and distributed throughout the Group.

The board has also approved the establishment of an ethics hotline that is to be operated by a third party. The hotline will provide for anonymous reporting of fraud and misconduct by all stakeholders.

MV Ramollo

Chairman

21 October 2013.

Directors' responsibility statement

The directors of ELB Group Limited are responsible for overseeing the preparation and integrity of the consolidated annual financial statements of the Group (the Group annual financial statements) and the separate annual financial statements of the Company (the Company annual financial statements), comprising the audit and risk committee report and the directors' report for the year ended 30 June 2013, the summary of significant accounting policies, the balance sheets at 30 June 2013, the statements of profit or loss, comprehensive income, changes in equity and the cash flow statements for the year then ended, the notes to the annual financial statements, the schedule of directors' interests in ordinary shares and the schedule of subsidiaries and other controlled entities; in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements for the Johannesburg Stock Exchange. The annual financial statements appear on pages 14 to 88. The annual financial statements, excluding the audit and risk committee report and the directors' report, have been prepared under the supervision of Michael Easter CA (SA).

In order to fulfil this responsibility the Group maintains internal and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the Group's policies and procedures. The audit and risk committee of the board of directors, chaired by a non-executive, independent director, meets periodically with the auditor and management to discuss internal accounting controls and auditing and financial reporting matters. The independent auditor has unrestricted access to the audit and risk committee.

The directors have made an assessment of the ability of the Company and its subsidiaries and other controlled entities to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. Accordingly the Group and Company annual financial statements have been prepared on the going concern basis.

The financial statements have been audited in compliance with section 30 of the Companies Act of South Africa and were published on 21 October 2013. The financial statements are also examined by the independent auditor in accordance with International Standards on Auditing. The independent auditor's report appears on page 17.

Approval of the Group and Company annual financial statements

The Group and Company annual financial statements of ELB Group Limited, as identified in the first paragraph, have been approved by the board of directors and are signed on its behalf by:

SJ Meijers
Group Chief Executive Officer

MC Easter
Group Financial Director

Boksburg
21 October 2013

Certificate of the company secretary

In our capacity as the company secretary, we hereby confirm, in terms of the South African Companies Act of 2008, that for the year ended 30 June 2013, ELB Group Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are, to the best of our knowledge and belief, true, correct and up to date.

Per **DG Jones**

Elbex Proprietary Limited
Company secretary

21 October 2013

Audit and risk committee report

We are pleased to present our report for the financial year ended 30 June 2013.

Audit and risk committee mandate and terms of reference

The ELB audit and risk committee (the committee) has reconfirmed in this year the formal charter adopted in 2011 and approved by the board of directors. The committee has conducted its affairs in compliance with this mandate and terms of reference [the charter] and has discharged its responsibilities contained therein. The mandate and terms of reference [charter] is based on best practice and is available on request.

Audit and risk committee members and attendance at meetings

The committee consists of three independent, non-executive directors and meets at least four times per annum in accordance with the charter.

The ELB chairman, group chief executive, group financial director, group accountant, internal auditor, external auditor, and chief executive officers and financial directors of subsidiary companies attend meetings by invitation.

The audit and risk committee met four times during the 2013 financial year.

Audit and risk committee attendance

Name	Audit and Risk Committee			
	2012		2013	
	Sept	Nov	Mar	May
IAR Thomson *BCom, CA(SA)* Year appointed 2010 Chairman	√	√	√	√
T De Bruyn *BCom, CA(SA)* Year appointed 2005	√	√	x	√
JP Herselman *Dr Ing, Dipl Ing, BSc (Chem Eng)* Year appointed 2006	√	√	√	√

√ In attendance

x Submitted apologies and was granted leave of absence in terms of the Company's Memorandum of Incorporation.

During the review period shareholders reappointed Mr Thomson as the chairman of the committee for a further period of one year with effect from 29 November 2012. This appointment will be subject to shareholders re-electing Mr Thomson as a member of the committee at ELB's annual general meeting to be held on 28 November 2013 and follows a review by the board of Mr Thomson's and other committee members' performance, as well as any factors which could impair or appear to impair, their independence.

Roles and responsibilities

The committee's roles and responsibilities include its statutory duties as per the Companies Act 71 of 2008 and the responsibilities assigned to it by the board.

Statutory duties

In the conduct of its duties, the committee has performed the following statutory duties:

- Nominated for appointment as external auditor of the company, KPMG Inc., as registered auditor which, in the opinion of the committee, is independent of the group.
- Determined the fees to be paid to the external auditor and the terms of engagement.
- Ensured that the appointment of the external auditor complies with the Companies Act 71 of 2008 and any other legislation relating to the appointment of auditors.
- Determined the nature and extent of those non-audit services that the external auditor may provide to the company (and the ELB group).
- Preapproved any proposed agreement with the external auditor for the provision of non-audit services to the company (and the ELB group).
- Discharged those statutory obligations of an audit committee as prescribed by section 94 of the Companies Act 71 of 2008 acting in its capacity as the appointed audit committee of ELB Equipment Holdings (Pty) Ltd, ELB Engineering Services (Pty) Ltd and the Australasian operations of Metquip Pty Limited and its controlled entities.

External auditor

The committee has satisfied itself that the external auditor, KPMG Inc., was independent of the company, as set out in section 90 of the Companies Act 71 of 2008, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the external auditor that internal governance processes within KPMG Inc. support and demonstrate their claim to independence.

The committee, in consultation with executive management, agreed the engagement letter, terms, audit plan and budgeted audit fees for the 2013 financial year.

There is a formal written policy and procedure that governs the process whereby the external auditor is considered for non-audit-related services. The committee approved the terms of the written policy for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor may provide.

The committee has nominated, for approval at the annual general meeting, KPMG Inc. as the external auditor and Ms ML Watson as the designated auditor, for the 2014 financial year. It has further satisfied itself that the audit firm and designated auditor are accredited to appear on the JSE List of Accredited Auditors. Furthermore, the committee has satisfied itself that the audit firms of ELB's major subsidiaries (KPMG Inc.) are accredited to appear on the JSE List of Accredited Auditors and that the designated auditors are not disqualified from acting as such.

Audit and risk committee report

(continued)

Internal financial controls

Internal audit checks were carried out by BDO Risk Advisory Services Pty Ltd (BDO) for the South African operational companies, and limited internal control checks were carried out as part of their statutory audit by the external auditors throughout the group operations during the 2013 financial year. Considering information and explanations given by management and based on limited assurances from BDO, the committee is of the opinion that the ELB group's system of internal financial controls is adequate and effective and forms a basis for the preparation of reliable financial statements.

Financial statements (including accounting policies)

The committee has reviewed the financial statements of the company and the ELB group and is satisfied that they comply with International Financial Reporting Standards.

Going concern

The committee reviewed a documented assessment by management of the going concern principle of the company and the ELB group before concluding to the board that the company, as well as the ELB group, will be a going concern for the foreseeable future.

Expertise and experience of financial director and finance function

The committee has satisfied itself that the group financial director of ELB has appropriate expertise and experience.

The committee has considered the overall appropriateness of the expertise and adequacy of resources of the ELB group's finance function and experience of the senior members of management responsible for the financial function. The committee is satisfied that these resources are adequate to meet the challenges of the growing parts of the business and the attendant administrative and operational issues.

Duties assigned by the board

The committee fulfills an oversight role regarding the company's integrated annual report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the ELB group's internal audit function which is outsourced is independent and has the necessary resources, standing and authority within the organization to enable it to effectively discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

During the year under review, the committee met with the external auditor and with the head of internal audit without management being present.

The committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

Risk management

The board has assigned oversight of the Company's (including the ELB group's) risk management function to this committee. The committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

The committee has reviewed the steps taken by management to mitigate the exposure to the risks identified in the risk registers, and believes that the executive team has an appropriate system of risk management in place.

Internal audit

An internal audit charter has been approved by the committee and the board. The committee approved the internal audit plan for the financial year ended 30 June 2013.

The internal audit function is outsourced to BDO with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the ELB group's local operations. The head of internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis.

The head of internal audit has direct access to the committee, primarily through its chairman.

Sustainability reporting

The committee has considered the exposure of the ELB group to sustainability risks and has concluded that it is not necessary to engage an external assurance provider to give assurance on key sustainability performance information.

The committee considered the information about strategic risks, opportunities and objectives disclosed in the integrated annual report and is satisfied that it is consistent with operational and other information known to committee members, and is consistent with the annual financial statements.

Recommendation of the integrated annual report for approval by the board

The committee recommended the integrated annual report for approval by the board of directors.

IAR Thomson

Audit and risk committee chairman

21 October 2013

Directors' report

To the shareholders

The directors submit the annual financial statements for the Company and the Group for the year ended 30 June 2013 with their report on the results and operations.

NATURE OF THE BUSINESS

The Company operates as an investment holding company deriving most of its distributable income from dividends. The major investment at the end of June 2013 is in ELB Engineering (Pty) Ltd (ELB Engineering Group) which supplies equipment and technical solutions through two sub-groups, ELB Equipment Holdings (Pty) Ltd (ELB Equipment Holdings) and ELB Engineering Services (Pty) Ltd (ELB Engineering Services). ELB Equipment Holdings also administers the Group treasury and undertakes other central group administrative functions.

ELB ENGINEERING GROUP

ELB owns 85% of the ordinary share capital issued by ELB Engineering Group. The South African equipment operations are housed as a division in ELB Equipment Holdings (Pty) Ltd, in which ELB Engineering Group has a 100% interest. ELB Engineering Group has an 84.2% interest in the Ditch Witch Australia and New Zealand operations and a 100% interest in ELB Engineering Services. All three segments reported satisfactory results for the financial year under review.

Headline earnings attributable to the Company's ordinary shareholders amounted to R95,0 million (2012 - R80,8 million).

ACCOUNTING POLICIES

The directors were very recently advised that FSB approval was not required to establish a right to the employer surplus account of the closed benefit fund, The ELB Group Limited Pension Fund ("the Fund"). The directors do not regard the employer surplus as an asset for use in the ELB core operations, because it will be used either to fund future pensioner increases within the Fund, or to ensure that the Fund remains fully funded. Nevertheless, under the IAS 19: Employee Benefits standard (the corridor method), ELB is obliged to recognise an asset for the Fund and a related deferred income tax liability. ELB is required to apply the revised IAS 19: Employee Benefits standard (which excludes the corridor method) in the 2014 financial year.

Therefore the directors have decided to early adopt the revised standard (with a restatement of comparatives) to avoid multiple restatements of comparatives.

The impact of applying the corridor method and the revised IAS 19: Employee Benefits has been disclosed in note 44.

Apart from this change the accounting policies are consistent with those applied for the financial year ended 30 June 2012.

GENERAL

The Group supports the principles of good corporate governance contained in the King III Report. Instances where the Group does not strictly apply the principles outlined in the Report are explained in the Integrated Annual Report on page 10. A complete register of the Company's compliance with the King III Principles is available on the Company's website: http://www.elb.co.za. The operating entities within the Group have complied with the requirements of the Employment Equity Act and the Skills Development Act.

DIVIDENDS

An interim dividend of 25 cents (2012 – 18 cents) per ordinary share was paid on 22 April 2013 and a final dividend in respect of the year of 60 cents (2012 – 52 cents) per ordinary share was declared on 17 September 2013 and is payable on 28 October 2013.

Dividends in respect of the 6% fixed cumulative redeemable preference shares were declared simultaneously with the interim ordinary dividends referred to above.

SHARE CAPITAL

Details of the authorised and issued share capital at 30 June 2013 are set out in notes 15 and 16 to the financial statements. During the year the Company redeemed all of the 3 800 issued 6% fixed cumulative redeemable preference shares of R2.00 each at a price of R2.00 per share. The issued ordinary share capital of 33 860 000 shares at 30 June 2012 remained unchanged at the end of June 2013.

On 8 March 2011 shareholders approved a resolution which placed 5% of the authorised ordinary shares of the Company under the control of the directors as a specific authority for the purposes of the Company's Share Incentive Schemes. Further options totalling 830 000 ordinary shares (2012 – Nil ordinary shares) were granted in the year. Options totalling 501 500 ordinary shares (2012 – 837 000 ordinary shares) were exercised in the year (including options granted in previous financial years) and 24 000 options lapsed through attrition (2012 – nil ordinary shares). No ordinary shares are expected to be issued in respect of the options exercised or remaining to be exercised.

ELB shares held by the Group's share trust and incentive shares not as yet paid for by participants are regarded as shares under the control of the trust and are eliminated on consolidation as treasury shares. ELB shares held by ELB International (Pty) Ltd are also eliminated on consolidation as treasury shares.

DIRECTORATE

The names as well as a brief history of the directors of the Company appear on page 7 whilst the name of the Company secretary in office at the date of this report, and the Company's business and postal addresses appear on page 90.

The following changes occurred during the financial period under review and up to the date of this report: Mr Graham Jones resigned from the Board as Group Financial Director on 30 June 2013 and Mr Michael Easter joined the Board as Group Financial Director on 1 July 2013.

In terms of the Company's Memorandum of Incorporation, the following directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election: Dr SJ Meijers and Messrs IAR Thomson and MC Easter.

Details of directors' remuneration and options in respect of ordinary shares in the Company are contained in note 32 to the financial statements. Details of directors' interests in the ordinary shares of the Company are provided on page 87.

SPECIAL RESOLUTIONS OF CONTROLLED ENTITIES

Details of controlled entities special resolutions passed since the date of the previous directors' report are contained on page 89.

Independent auditor's report

To the shareholders of ELB Group Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of ELB Group Limited, which comprise the balance sheets at 30 June 2013, and the statements of profit or loss, comprehensive income, changes in equity and the cash flow statements for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 88.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of ELB Group Limited at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2013, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per ML Watson
Chartered Accountant (SA)
Registered Auditor
Director

21 October 2013

85 Empire Road, Parktown, 2193

Summary of significant accounting policies

Introduction

The reporting entity is ELB Group Limited (the Company), a company domiciled in South Africa. The Company and its subsidiaries, other controlled entities, joint operation and share trusts are collectively referred to as the Group. The financial statements for the year ended 30 June 2013 comprise the separate financial statements of the Company (the Company financial statements) and the consolidated financial statements which incorporate the Company financial statements and the financial statements of its subsidiaries, other controlled entities, joint operation and share trusts (the Group financial statements). The Company financial statements and Group financial statements are together referred to hereafter as the financial statements.

The financial statements were authorised for issue by the directors of the Company on 21 October 2013.

Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as issued by the International Accounting Standards Board (IASB); the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the South African Companies Act of South Africa.

Change in accounting policies

The directors were advised that FSB approval was not required to establish a right to the pension fund employer surplus account of the closed benefit fund, The ELB Group Limited Pension Fund ("the Fund"). Under the IAS 19: Employee Benefits standard (the corridor method), ELB is obliged to recognise an asset for the Fund and a related deferred income tax liability. ELB is required to apply the revised IAS 19: Employee Benefits standard (which excludes the corridor method) in the 2014 financial year. Therefore the directors have decided to early adopt the revised standard (with a restatement of comparatives) to avoid multiple restatements of comparatives. The impact of applying the corridor method and the revised IAS 19: Employee Benefits has been disclosed in notes 4 and 44 of the financial statements.

Apart from this change the accounting policies are consistent with those applied for the financial year ended 30 June 2012.

Preparation

The financial statements are presented in South African Rands, which is the functional currency of the Company, rounded to the nearest thousand. They are prepared on the historical cost basis, excluding the aeroplane and certain financial instruments which are measured at fair value. The financial statements are prepared on the going concern basis since the directors believe that the Company and the Group have adequate resources to continue operating for the foreseeable future.

Apart from the change in accounting policy arising from the early adoption of IAS 19 mentioned earlier, the accounting policies described hereafter have been applied consistently to all periods presented in these financial statements and have also been applied consistently by all Group entities.

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expense. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies involving a higher degree of complexity and where assumptions and estimates are significant to the financial statements are useful life, residual value and impairment of property, plant and equipment, the recognition of deferred income tax assets, construction contracts, the measurement of the pension fund employer surplus account and the related key actuarial assumptions and the provision for trade back commitments. Further information is given in the accounting policies relating to these activities.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, other than for trade back commitments as disclosed in note 19 and the assumptions applied in respect of the pension fund employer surplus account as disclosed in note 4 that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective currencies of the group entities at the rates of exchange ruling at the dates of the transactions. Gains and losses on settlement, arising from fluctuations in exchange rates, are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to South African Rands at the rates ruling at that date. Gains or losses on translation are recognised in profit or loss. Non monetary assets and liabilities that are measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the transactions. Non monetary assets and liabilities that are measured at fair value are translated at the exchange rate at the date the fair value was determined.

Consolidation

Basis

The financial statements show the financial position and results of the Company and the consolidated financial position and results of the Group. Intra group transactions and balances and unrealised profits and losses on intra group transactions are eliminated in the Group financial statements, on consolidation. Unrealised profits on transactions with joint operations are eliminated to the extent of the Group's interest in those entities, and unrealised losses are similarly eliminated, but where there is evidence of impairment such impairment is not eliminated.

Summary of significant accounting policies

(continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed or has rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases.

Non controlling interests in consolidated entities

Non controlling interests (NCI) in the net assets of consolidated entities are shown separately from the Group equity therein. Non controlling interests consist of the amounts of those interests in consolidated entities at acquisition plus the non controlling interests' subsequent share of changes in equity of the entities. On acquisition the non controlling interests are measured either at fair value or at their proportion of the at acquisition date fair values of the identifiable assets and liabilities acquired.

Joint operations

Joint operations are arrangements over which the Group exercises joint control in terms of a contractual arrangement, and where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement, and account for their separate and joint interest in the assets, liabilities, revenue and expenses of the arrangement. Such accounting is performed on a line by line basis in the Group financial statements. A joint operation is included in the Group financial statements from the time that joint control commences until the time that joint control ceases.

Share trusts and treasury shares

The financial statements of the Group's share trusts are included in the Group financial statements. Ordinary shares in the Company under the control of the Group's share trusts are classified as treasury shares and reduce the number of ordinary shares in issue. The dividends on the treasury shares reduce the amounts of the ordinary dividends paid in the Group financial statements. Dividends received by participants in the share trusts are recognised in profit or loss in the Group financial statements as employee benefits in operating expenses. All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity through the Group statement of changes in equity.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred for the acquisition of a subsidiary or interest in any other business is measured at the aggregate fair values, at the date of exchange, of the assets transferred, liabilities incurred, and equity instruments issued. Acquisition related costs are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non current assets classified as held for sale in accordance with IFRS 5 which are recognised and measured at fair value less costs to sell. On an acquisition-by-acquisition basis, the Group recognises any non controlling interest in the acquiree either at fair value or the non controlling interest's proportionate share of the acquiree's net assets.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amounts of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the pre existing equity interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

When control is achieved in stages, the fair value of the interest held immediately before acquiring control is measured. The carrying amount is adjusted to the fair value with any gain or loss from the adjustment recognised in profit or loss. The fair value immediately before acquiring control is included as part of the cost of acquisition.

Goodwill is not amortised but is reviewed annually at the balance sheet date for impairment. Impairments are recognised as a loss in profit or loss. Goodwill impairments are not reversed. After initial recognition goodwill is measured subsequently at cost less accumulated impairment losses.

The Group carried no goodwill at the dates of the current and comparative balance sheets.

Foreign entities

All foreign entities within the Group have functional currencies different to the presentation currency of the Group. The functional currency of an entity is determined based on the currency of the primary economic environment in which the entity operates. The results and financial positions of the foreign entities are included in the Group financial statements using the methods of translation described hereunder. The statements of profit or loss are translated at the weighted average rates of exchange for the appropriate periods, except for material non recurring or material infrequent items which are translated at the exchange rate at the date of the transactions. The balance sheets are translated at the rates of exchange ruling at the balance sheet date. Items in the statements of comprehensive income and the statements of changes in equity of the foreign entities are translated at the weighted average rate of exchange for regularly recurring transactions or the rate of exchange at the date of the transaction for non recurring or infrequent transactions. The gains or losses on translation are recognised in the foreign currency translation reserve through the Group statement of comprehensive income and presented in the Group statement of changes in equity, except to the extent that the translation difference is allocated to NCI. Items in the foreign currency translation reserve that are no longer relevant to any operations or structures of the Group are transferred out of the reserve to retained earnings. Such redundant items usually arise from the disposal or restructure of operations, or from changes in accounting policies.

Property, plant and equipment

Property, plant and equipment, except for the aeroplane which is referred to later in this note, are carried under the cost model and are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes all expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly associated with bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also includes, where applicable, the borrowing costs attributable to the asset, during such period where it is necessary to prepare the asset for its intended use, to the time that the asset is substantially ready for its intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of maintaining property, plant and equipment is recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment, including capitalised leased assets and leasehold improvements are depreciated at rates intended to write them off on a straight line basis over their useful lives to their residual values. The depreciation expense is recognised in profit or loss. Depreciation methods, useful lives and residual values are reviewed annually at the balance sheet date.

The aeroplane is carried under the revaluation model and measured at its fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The aeroplane is depreciated at a rate intended to write it off on a straight line basis over its useful life to its residual value. A revaluation increase in the carrying amount is recognised in other comprehensive income and is accumulated in the revaluation surplus in equity reserves. However the revaluation increase is recognised in profit or loss to the extent that it reduces or reverses a revaluation decrease previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss. However the revaluation decrease is recognised in other comprehensive income to the extent that it reduces or eliminates the revaluation surplus for the aeroplane. Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Profits and losses on disposals of property, plant and equipment are determined by comparing the proceeds from the disposals with the carrying amounts of the items sold, and are recognised in profit or loss.

Impairment of non financial assets

The Group's non financial assets, other than inventories and deferred income tax assets, which are separately reviewed and provided against where necessary, are assessed annually at the balance sheet date to determine whether there are any indications of impairment. If any such indication exists for any asset, the recoverable amount of that asset is estimated in order to determine the extent of any impairment loss for the asset. The recoverable amount is the higher of the asset's fair value less costs to sell, or the asset's value in use. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected life of the asset. Such cash flows are discounted using pre tax discount rates that reflect current market assessments of the time value of money and the risks associated with the specific asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An asset's cash generating unit is the smallest identifiable group of assets that include the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses are recognised whenever the carrying amount of a non financial asset or its cash generating unit, as is applicable, exceeds the recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed or reduced. For other non financial assets the impairment loss is assessed at each balance sheet date for indications that the impairment loss has reduced or no longer exists. Where an impairment loss is reduced or reversed the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods. Reductions or reversals of impairment losses are recognised in profit or loss.

Interest in subsidiaries

The Company's interest in subsidiaries comprises equity investments in the subsidiaries, equity contributions in respect of equity settled options granted within the Group over the Company's ordinary shares and loans to the subsidiaries. These are carried at cost less impairments. Impairments are assessed with reference to the net equity and projected profitability of subsidiaries.

Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. A fixed price contract is a contract where the contractor agrees to a fixed contract price or a fixed rate per unit of output, and which might be subject to cost escalation clauses. Escalation clauses allow amounts payable under such contracts to be adjusted for increases in items such as salary and wage rates, amended charges by statutory authorities, market prices of materials and commodities, currency exchange rates and delivery charges. A cost plus contract is a contract where the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.

Revenue from fixed price construction contracts is recognised for each contract on the stage of completion method, based generally on the ratio of costs incurred to date to total estimated costs, or on completed manhours to date to estimated total manhours, or on the proportion of physical progress to date to the completed contract. All possible contingencies requiring additional costs or manhours, or which impede physical progress, are reviewed in determining the stage of completion. In management's judgement and from historical experience, contracts which are not yet 30% complete are considered to be contracts where the outcome cannot be estimated with reasonable assurance, and revenue on these contracts is recognised only to the extent of contract costs incurred to date that are considered to be recoverable.

Summary of significant accounting policies

(continued)

Revenue from cost plus construction contracts is recognised for the services rendered to date in terms of the contracts.

When it is probable, for any contract, that total contract costs will exceed total contract revenue the expected loss is recognised immediately for all such contracts.

Construction contract work not yet billed represents costs incurred on construction contracts plus profits recognised that have not yet been included in billings to clients.

Construction contract liabilities comprise billings to clients in advance of the stage of completion and provisions for estimated costs relevant to the stage of completion. Charges from suppliers for goods delivered or services rendered to date on contracts, where these are not yet settled, and any additional accruals related thereto, are carried separately as trade payables.

Inventories

Inventories are valued at the lower of cost, determined on the first in first out (FIFO) method or weighted average cost basis, and net realisable value. Production overheads are included in the cost of work in progress and manufactured finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses.

When inventories are sold the carrying amount is recognised as part of the cost of sales. Any write downs of inventory to net realisable value and all losses of inventories or reversals of previous write downs or losses are recognised in cost of sales in the period the write down, loss or reversal occurs.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when an entity within the Group becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability as a result of a firm commitment is recognised only when one or both of the parties have performed under the contract.

The different categories of these instruments, their initial recognition and subsequent measurement, are outlined below. Fair value in the notes below is the market value of the instrument if listed, or a value determined using an appropriate valuation model if unlisted.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value plus transaction costs. Initial fair value adjustments are recognised in profit or loss. Subsequent to initial recognition loans and receivables are carried at amortised cost using the effective interest method, less impairments.

Loans and receivables comprise loans receivable and trade and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets classified as held for trading, derivative instruments and those financial assets designated at fair value through profit or loss on initial recognition. Any attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are recognised initially at fair value and are measured subsequently also at fair value. Fair value gains and losses are recognised in profit or loss. Additional information on derivative instruments is included in a separate paragraph below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call and term deposits and are recognised initially at fair value plus transaction costs. Initial fair value adjustments are recognised in profit or loss. Subsequent to initial recognition cash and cash equivalents are carried at amortised cost using the effective interest method, less impairments.

Short term borrowings and bank overdrafts form an integral part of the Group's cash management and are included as a component of net cash and cash equivalents for purposes of the cash flow statement.

Impairment of financial assets carried at amortised cost

A financial asset or group of financial assets is impaired where there is objective evidence at the balance sheet date that such impairment exists. Impairment is equal to the difference between the carrying amount of a financial asset or group of financial assets and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairments are established when there is evidence that amounts will not be realised in accordance with the original terms of the financial assets. In addition collective impairments are made based on management's assessment of current trading and economic conditions. Impairments and impairment reductions and reversals are recognised in profit or loss.

Financial liabilities

Financial liabilities at fair value through profit or loss, which includes derivative instruments, are recognised initially at fair value and are measured subsequently also at fair value. Fair value adjustments are recognised in profit or loss. Trade and other payables and all other financial liabilities, except for those described hereafter, are recognised initially at fair value plus transaction costs and thereafter measured at amortised cost using the effective interest method.

Derivative instruments

The Group uses derivative financial instruments to manage its exposure to foreign currency exchange price risks arising from operating activities. The Group does not hold or issue derivative instruments for trading purposes.

Derivative instruments used are foreign currency forward exchange contracts (FECs) which are classified as held for trading and measured at fair value. Any attributable transaction costs are recognised in profit or loss as incurred. Fair value adjustments are recognised in profit or loss. Fair value is determined by comparing the contractual value to the value of an equivalent FEC with the same maturity date but contracted at the balance sheet date.

Summary of significant accounting policies

(continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to reimburse the holder for losses sustained by the holder where the debtor or debtors specified in the contract fails to make payments that are contractually due. Financial guarantee contracts that are issued by the Group are recognised initially at fair value less transaction costs and are carried subsequently at the higher of the amount of the obligation under the contract determined in accordance with IAS 37 and the amount initially recognised, less accumulated amortisation. Fair value adjustments and amortisation expenses are recognised in profit or loss.

Offset

A financial asset and a financial liability are offset and the net amount reported in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition of financial assets and liabilities

Financial assets or parts thereof are derecognised and removed from the balance sheet when the contractual right to receive the cash flows or other financial assets have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. Where control is retained financial assets are recognised only to the extent of the continuing involvement in those assets.

Financial liabilities are derecognised when the relevant obligations have either been discharged or cancelled, or have expired.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. If the effect is material, a provision is determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The unwinding of the discount is recognised in profit or loss as a finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognises any impairment loss on the assets associated with that contract.

Revenue

Sales

Sales revenue comprises the fair value of the consideration received or receivable for the sale of goods, revenue recognised on construction contracts, and for other services rendered in the course of the Group's operating activities. Sales revenue excludes value added tax (VAT), goods and services tax (GST), and rebates and discounts. Sales within the Group are eliminated. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer. Revenue for services rendered, which includes commission, is recognised as the services are rendered. Revenue is not recognised when it cannot be measured reliably or where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods, or continuing management involvement with the goods delivered or services rendered.

The recognition of revenue on construction contracts is detailed in the accounting policy regarding that activity.

Interest received

Interest received is recognised on a time proportion basis using the effective interest method.

Dividends received

Dividends are recognised when the right to receive payment is established; with the exception of dividends on preference share investments which are recognised on a time proportion basis, using the effective interest method, in the period to which they relate.

Employee benefits

Employee benefits expense

All short term employee benefit expenses such as salaries, bonuses, allowances, leave pay entitlement and medical aid and other contributions are measured and recognised in full on an undiscounted basis in profit or loss in the period in which the employees render the related services. Termination costs are recognised in full on an undiscounted basis in profit or loss when the commitment to the termination plan is made. Dividends on Company shares allocated to participants by the ELB Share Incentive Trust, but which are not yet paid up and remain under the control of the Trust are classified as employee benefits expense.

Retirement benefits

The Group provides a defined contribution retirement plan and a defined benefit retirement plan (now closed to new entrants), the assets of which are held in separate funds, for the benefit of employees. The Group's contributions to the plans are recognised as an expense in the period during which the related services are rendered by employees.

A defined contribution retirement plan is a post employment benefit plan under which an entity pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

A defined benefit retirement plan is a post employment benefit plan other than a defined contribution retirement plan.

The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability (asset), which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any) excluding interest are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense (income) and other expenses related to the defined benefit plan are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

Share based payment transactions

Equity settled share options

The fair value of share options granted to Group employees is recognised as an employee benefits expense in profit or loss, with a corresponding increase in equity reserves. The fair value is measured at grant date and expensed in profit or loss over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non market vesting conditions are expected to be met, such that the total expense ultimately recognised is based on the actual number of share options that vest.

Leases

Leases are classified as finance leases or operating leases at the inception of the lease. A finance lease effectively transfers from the lessor to the lessee all the risks and rewards of ownership of the underlying asset, without transferring legal ownership. An operating lease is a lease where the lessor effectively retains substantially all the risks and rewards.

Where an asset is acquired under a finance lease the asset is capitalised at the beginning of the lease term at the lower of its fair value or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are raised as a non current interest bearing borrowing from the lessor. Each lease payment is allocated between the reduction of the borrowing and interest expense. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum rental expenses under operating leases are recognised in profit or loss on a straight line basis over the terms of the leases. Contingent rentals, where applicable, are recognised in profit or loss as they accrue.

Borrowing costs

Borrowing costs are interest paid and other costs incurred in the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a prolonged period of time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Income tax

Income tax expense or credit on the profit or loss for the period comprises current and deferred income tax. Income tax is recognised in profit or loss except, when it relates to items recognised in other comprehensive income or directly in equity through the statement of changes in equity, where such income tax is accordingly also so recognised. Current income tax comprises income tax calculated on the expected taxable income for the period, using the income tax rates based on the laws that have been enacted or substantively enacted by the reporting date, and which are applicable for the period; and any adjustments of income tax payable for prior periods.

Deferred income tax is measured at the income tax rates based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax is recognised on taxable and deductible temporary differences, other income tax credits and income tax losses carried forward. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their income tax bases. Deferred income tax is not recognised for the following temporary differences:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither the accounting profit nor the taxable income; and
- temporary differences associated with investments in subsidiaries, joint ventures and branches where the entity is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The income tax rates applicable to temporary differences are those income tax rates, described earlier, that are expected to be applied to the temporary differences when they reverse. The effect on deferred income tax of any changes in income tax rates is recognised in profit or loss, except where it relates to items previously charged or credited to other comprehensive income or directly in equity through the statement of changes in equity where the deferred income tax effects are accordingly also so recognised.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which unused income tax credits, income tax losses carried forward and deductible temporary differences can be recovered. Deferred income tax assets are reduced to the extent that it is no longer probable that the related income tax benefits will be realised. Deferred income tax liabilities are amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offset of current tax assets against current tax liabilities and where the deferred income tax relates to the same fiscal authority with the same taxable entity.

Summary of significant accounting policies

(continued)

Earnings per ordinary share and headline earnings per ordinary share

Basic earnings per ordinary share and basic headline earnings per ordinary share are calculated by dividing the profit attributable to ordinary shareholders of the Company and headline earnings, respectively, by the weighted average number of ordinary shares in issue for the year, excluding the treasury shares held by Group entities. Diluted earnings per ordinary share and diluted headline earnings per ordinary share, respectively, recognise the dilutive effect of the equity settled share options that have been awarded and vested, but not yet exercised.

Dividends paid and payable

Dividends declared to equity holders are included in the statement of changes in equity in the period in which they are declared. Dividend withholding tax is a tax on non-exempt shareholders receiving dividends and is applicable for all dividends declared on or after 1 April 2012. As this tax is levied on the shareholders and not on the Company, it is not included in the tax expense recognised in profit or loss or in other comprehensive income but is rather reflected as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related tax recognised as part of the tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

Operating segments

The operating results and financial information of the Group's segments are reported to the Group's chief operating decision maker to assess the performance of the segments and to make decisions regarding resources to be allocated to the segments.

Inter segmental transactions, where applicable, are made on an arm's length basis.

The Group's format for segment reporting is based on operating segments and is representative of the internal structure used for management reporting. The Australasia operation, which is equipment based, is reported separately. The Africa operations are separated into the equipment activities and the engineering activities in the management reports. Accounting for the pension fund employers surplus, not accounted for in management's internal reporting system, group administrative functions, other small entities and Group consolidation adjustments and eliminations are grouped together in a component termed 'other', to reconcile to the Group reported amounts.

Accounting standards, amendments and interpretations in issue but not yet effective

Certain new standards and amendments and interpretations to existing standards have been published that are mandatory but not yet effective for the Group financial statements, and which the Group has not early adopted. These new standards, amendments and interpretations are not expected to have a material effect on the Group's financial statements, when adopted at their effective date. Those applicable to the Group are listed hereafter.

Effective for the financial year commencing 1 July 2013

- IFRS 7 amendment Disclosures – Offsetting Financial Assets and Financial Liabilities

  The amendment contains new disclosure requirements for financial assets and financial liabilities that are offset in the balance sheet, or are subject to enforceable master netting arrangements.

- IFRS 13 Fair Value Measurement

  The new standard will be applied prospectively with the restatement of comparatives not required. The standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements.

- Annual Improvements to IFRS 2009-2011 Cycle - Various Standards

Effective for the financial year commencing 1 July 2014

- IAS 32 Offsetting Financial Assets and Financial Liabilities

  The amendment provides clarity regarding situations resulting in legally enforceable rights to offset financial assets and liabilities.

- Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36)

  The amendment reverses the unintended requirement in IFRS 13 to disclose the recoverable amount of every cash generating unit to which significant goodwill has been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment has been recognised or reversed.

Effective for the financial year commencing 1 July 2015

- IFRS 9 Financial Instruments

  The standard will require a restatement of comparatives subject to the transitional provisions. IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. In addition, IFRS 9 addresses the initial measurement and classification of financial liabilities and will replace the relevant section of IAS 39. The classification and measurement of financial liabilities are the same as IAS 39 except that fair value changes for financial liabilities designated at fair value through profit or loss, attributable to changes in credit risk of the liability, will be presented in other comprehensive income and derivative financial liabilities linked to and settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured, are measured at fair value.

Balance sheets

at 30 June 2013

	Note	Group 2013 R 000	Restated 2012 R 000	Restated 2011 R 000	Company 2013 R 000	Restated 2012 R 000	Restated 2011 R 000
ASSETS							
Non current assets							
Property, plant and equipment	1	**146 730**	140 334	101 741	**–**	–	–
Interests in subsidiaries	3				**179 445**	189 092	187 047
Pension fund employer surplus account	4	**49 078**	39 949	35 402	**49 078**	39 949	35 402
Non current loans receivable	5	**3 748**	3 094	4 922	**71 601**	77 420	80 237
Deferred income tax assets	8.1	**18 161**	25 800	21 055	**–**	–	–
		217 717	209 177	163 120	**300 124**	306 461	302 686
Current assets							
Construction contract work not yet billed	9	**92 604**	7 680	5 249	**–**	–	–
Inventories	10	**531 194**	538 142	410 704	**704**	704	704
Trade and other receivables	11	**242 934**	145 786	122 073	**3 541**	3 789	2 642
Loans to subsidiaries - current portion	3				**5 756**	–	–
Derivative financial assets	12	**6 260**	2 243	–	**–**	–	–
Income tax refundable		**31 394**	1 995	5 191	**2**	17	78
Other current assets	13	**32 401**	19 396	37 320	**–**	–	–
Cash and cash equivalents	14	**470 506**	489 390	632 741	**84**	70	1 395
		1 407 293	1 204 632	1 213 278	**10 087**	4 580	4 819
Total assets		**1 625 010**	1 413 809	1 376 398	**310 211**	311 041	307 505
EQUITY AND LIABILITIES							
Equity attributable to ordinary shareholders of the Company							
Issued capital	15.3	**25 192**	25 192	25 192	**25 192**	25 192	25 192
Treasury shares	6 & 15.4	**(48 565)**	(52 684)	(56 129)			
Reserves	17	**51 770**	37 077	18 501	**44 902**	44 242	43 611
Retained earnings		**572 692**	494 015	426 319	**226 042**	229 833	228 178
		601 089	503 600	413 883	**296 136**	299 267	296 981
Preference shares	16	**–**	8	8	**–**	8	8
Total equity attributable to equity holders of the Company		**601 089**	503 608	413 891	**296 136**	299 275	296 989
Non controlling interests in consolidated entities		**113 526**	87 940	61 530			
Total equity		**714 615**	591 548	475 421	**296 136**	299 275	296 989
Non current liabilities							
Interest bearing borrowings	18	**29 726**	15 494	20 622	**–**	–	–
Provision for trade back commitments	19	**2 670**	3 331	5 144	**–**	–	–
Deferred income tax liabilities	8.2	**26 200**	12 870	11 369	**13 742**	11 186	9 912
		58 596	31 695	37 135	**13 742**	11 186	9 912
Current liabilities							
Construction contract liabilities	9	**131 149**	186 987	358 546	**–**	–	–
Trade and other payables - non interest bearing	20	**432 999**	316 088	258 652	**313**	572	596
Trade and other payables - interest bearing	21	**178 906**	186 964	162 710	**–**	–	–
Other financial liabilities	22	**637**	1 217	3 340	**–**	–	–
Provision for trade back commitments - current portion	19	**1 645**	4 551	6 675	**–**	–	–
Income tax payable		**5 583**	9 411	3 508	**–**	–	–
Other current liabilities	23	**100 880**	85 348	70 411	**20**	8	8
		851 799	790 566	863 842	**333**	580	604
Total equity and liabilities		**1 625 010**	1 413 809	1 376 398	**310 211**	311 041	307 505

Statements of profit or loss

for the year ended 30 June 2013

		Group		Company	
			Restated		Restated
		2013	2012	**2013**	2012
	Note	**R 000**	R 000	**R 000**	R 000
Sales	25	**1 984 597**	1 725 479	**1 740**	1 140
Dividends received from subsidiary				**15 544**	13 376
Operating (costs) / income excluding depreciation and revaluation of property, plant and equipment	26	**(1 813 048)**	(1 579 727)	**236**	6 301
Operating profit before depreciation and revaluation of property, plant and equipment		**171 549**	145 752	**17 520**	20 817
Depreciation and revaluation of property, plant and equipment	27	**(14 212)**	(10 754)	**–**	–
Profit from operations		**157 337**	134 998	**17 520**	20 817
Finance income	33	**17 303**	25 973	**253**	486
Finance expenses	34	**(11 275)**	(11 899)	**(21)**	–
Profit before income tax		**163 365**	149 072	**17 752**	21 303
Income tax expense	35	**(45 412)**	(44 102)	**(924)**	(1 810)
Profit for the year		**117 953**	104 970	**16 828**	19 493
Profit for the year attributable to:					
Ordinary shareholders of the Company		**95 255**	81 579	**16 828**	19 493
Non controlling interests in consolidated entities		**22 698**	23 391		
		117 953	104 970	**16 828**	19 493
Earnings per ordinary share (cents)					
Basic earnings per ordinary share	37	**375,1**	324,4		
Diluted earnings per ordinary share	37	**365,2**	317,0		

Details of headline earnings and headline earnings per ordinary share are included in notes 36 and 37

Details of dividends declared and paid on the ordinary shares are included in note 38

Statements of comprehensive income

for the year ended 30 June 2013

	Note	Group 2013 R 000	Group Restated 2012 R 000	Company 2013 R 000	Company Restated 2012 R 000
Profit for the year		**117 953**	104 970	**16 828**	19 493
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation reserve adjustments					
Attributable to ordinary shareholders of the Company	40.1	**13 143**	16 573		
Income tax effect of adjustments		**(1 592)**	–		
Items that will not be reclassified to profit or loss					
Foreign currency translation reserve adjustments					
Attributable to non controlling interests	40.1	**2 320**	2 925		
Income tax effect of adjustments		**(281)**	–		
Foreign currency translation adjustments to foreign non controlling interests		**1 476**	2 019		
Pension fund employer surplus account remeasurements					
Remeasurements	4	**6 024**	1 631	**6 024**	1 631
Income tax effect of remeasurements		**(1 687)**	(457)	**(1 687)**	(457)
Aeroplane revaluation surplus					
Revaluation surplus	1	**401**	739		
Income tax effect of revaluation increase		**(113)**	(207)		
Total other comprehensive income		**19 691**	23 223	**4 337**	1 174
Total comprehensive income for the year		**137 644**	128 193	**21 165**	20 667
Total comprehensive income for the year attributable to:					
Ordinary shareholders of the Company		**111 388**	99 778	**21 165**	20 667
Non controlling interests in consolidated entities		**26 256**	28 415		
		137 644	128 193	**21 165**	20 667

Statements of changes in equity

for the year ended 30 June 2013

Group

	Note	Issued capital (note 15.3) R 000	Treasury shares (note 6) R 000	Reserves (note 17) R 000	Restated Retained earnings R 000	**Restated Total R 000**	Preference share-holders (note 16) R 000	Non controlling interests in consolidated entities R 000	**Restated Total equity R 000**
		Attributable to ordinary shareholders of the Company							
Balance at 30 June 2011	44	25 192	(56 129)	18 501	426 319	**413 883**	8	61 530	**475 421**
Comprehensive income for the year									
Profit for the year					81 579	**81 579**		23 391	**104 970**
Other comprehensive income									
Foreign entities translation adjustments									
Foreign currency translation reserve	40.1			16 573		**16 573**		2 925	**19 498**
Foreign non controlling interests								2 019	**2 019**
Pension fund employer surplus account remeasurements					1 174	**1 174**			**1 174**
Aeroplane revaluation surplus increase				452		**452**		80	**532**
Total comprehensive income for the year				17 025	82 753	**99 778**		28 415	**128 193**
Ordinary dividends paid	38				(14 575)	**(14 575)**		(2 436)	**(17 011)**
Non controlling interests in distributions by a consolidated group entity								(1 233)	**(1 233)**
Increase in share options reserve for equity settled share options expense recognised in profit or loss	31			1 069		**1 069**		189	**1 258**
Transfers from share options reserve to retained earnings for share options exercised and fully paid				(533)	533	**–**		–	**–**
Redundant items in the foreign currency translation reserve transferred to retained earnings				1 015	(1 015)	**–**		–	**–**
Changes in the carrying amount of treasury shares held by Group entities									
Treasury shares paid up and released to share incentive scheme participants	15.4 & 40.11		3 445			**3 445**			**3 445**
Capital contributed by a non controlling interest in a subsidiary								1 475	**1 475**
Balance at 30 June 2012		25 192	(52 684)	37 077	494 015	**503 600**	8	87 940	**591 548**
Comprehensive income for the year									
Profit for the year					95 255	**95 255**		22 698	**117 953**
Other comprehensive income									
Foreign entities translation adjustments									
Foreign currency translation reserve				11 551		**11 551**		2 039	**13 590**
Foreign non controlling interests								1 476	**1 476**
Pension fund employer surplus account remeasurements					4 337	**4 337**			**4 337**
Aeroplane revaluation surplus increase				245		**245**		43	**288**
Total comprehensive income for the year				11 796	99 592	**111 388**		26 256	**137 644**
Ordinary dividends paid	38				(19 528)	**(19 528)**		(861)	**(20 389)**
Non controlling interests in distributions by a consolidated group entity								(75)	**(75)**
Increase in share options reserve for equity settled share options expense recognised in profit or loss	31			1 510		**1 510**		266	**1 776**
Transfers from share options reserve to retained earnings									
Share options exercised and fully paid				(881)	881	**–**		–	**–**
Share options lapsed through attrition				(68)	68				
Redundant items in the foreign currency translation reserve transferred to retained earnings				2 336	(2 336)	**–**		–	**–**
Treasury shares paid up and released to share incentive scheme participants	15.4 & 40.11		4 119			**4 119**			**4 119**
Preference shares redeemed for cash	16						(8)		**(8)**
Balance at 30 June 2013		25 192	(48 565)	51 770	572 692	**601 089**	–	113 526	**714 615**

Statements of changes in equity

for the year ended 30 June 2013

Company

	Note	Attributable to ordinary shareholders Issued capital (note 15.3) R 000	Reserves (note 17) R 000	Restated Retained earnings R 000	**Restated Total R 000**	Preference shareholders (note 16) R 000	**Restated Total equity R 000**
Balance at 30 June 2011	44	25 192	43 611	228 178	**296 981**	8	**296 989**
Comprehensive income for the year							
Profit for the year				19 493	**19 493**		**19 493**
Other comprehensive income							
Pension fund employer surplus account				1 174	**1 174**		**1 174**
Total comprehensive income for the year				20 667	**20 667**		**20 667**
Ordinary dividends paid	38			(19 639)	**(19 639)**		**(19 639)**
Increase in share options reserve for equity settled share options expense recognised in profit or loss	31		1 258		**1 258**		**1 258**
Transfers from share options reserve to retained earnings for share options exercised and fully paid			(627)	627			
Balance at 30 June 2012		25 192	44 242	229 833	**299 267**	8	**299 275**
Comprehensive income for the year							
Profit for the year				16 828	**16 828**		**16 828**
Other comprehensive income							
Pension fund employer surplus account				4 337	**4 337**		**4 337**
Total comprehensive income for the year				21 165	**21 165**		**21 165**
Ordinary dividends paid	38			(26 072)	**(26 072)**		**(26 072)**
Increase in share options reserve for equity settled share options expense recognised in profit or loss	31		1 776		**1 776**		**1 776**
Transfers from share options reserve to retained earnings							
Share options exercised and fully paid			(1 036)	1 036	**–**		**–**
Share options lapsed through attrition			(80)	80	**–**		**–**
Preference shares redeemed for cash	16					(8)	(8)
Balance at 30 June 2013		25 192	44 902	226 042	**296 136**	–	**296 136**

Cash flow statements

for the year ended 30 June 2013

	Note	Group 2013 R 000	Group Restated 2012 R 000	Company 2013 R 000	Company Restated 2012 R 000
Cash flows from operating activities					
Operating profit before depreciation and revaluation of property, plant and equipment		**171 549**	145 752	**17 520**	20 817
Deduct: Foreign currency exchange adjustments to cash and cash equivalents included in net operating costs in profit or loss but reflected as an adjustment to cash and cash equivalents in the cash flow statement	40.2	**7 088**	4 467	**–**	–
		164 461	141 285	**17 520**	20 817
Non cash adjustments	40.3	**(7 774)**	(4 002)	**(2 846)**	(8 593)
Changes in working capital	40.4	**(117 923)**	(208 145)	**1**	(1 170)
Provision for trade back commitments					
Costs charged against the provision	19	**(537)**	(890)	**–**	–
Cash inflow / (outflow) from operating activities before interest, dividends, distributions and income tax		**38 227**	(71 752)	**14 675**	11 054
Interest received	33	**17 269**	25 743	**253**	486
Interest paid	34	**(9 052)**	(11 147)	**(21)**	–
Mortgage bond raising costs	34	**(155)**	–	**–**	–
Income tax paid	40.5	**(61 442)**	(38 765)	**(40)**	(932)
Cash (outflow) / inflow from operating activities before dividends paid and distributions paid		**(15 153)**	(95 921)	**14 867**	10 608
Dividends paid					
Ordinary shareholders of the Company	40.6	**(19 528)**	(14 575)	**(26 072)**	(19 639)
Non controlling shareholders in consolidated companies		**(861)**	(2 436)		
Distributions paid to non controlling interests in a consolidated entity		**(75)**	(1 233)		
Cash outflow from operating activities (A)		**(35 617)**	(114 165)	**(11 205)**	(9 031)
Cash flows from investment activities					
Net additions and improvements to property	40.7	**(486)**	(23 420)	**–**	–
Leasehold improvements at cost	1	**(1 210)**	(2 226)		
Improvements to aeroplane	1	**–**	(99)		
Net purchases of plant and equipment	40.8	**(13 615)**	(18 898)	**–**	–
Business combination	40.9	**(1 800)**	–		
Decrease in amounts owing by subsidiaries				**5 667**	4 889
Cash (outflow) / inflow from investment activities (B)		**(17 111)**	(44 643)	**5 667**	4 889
Cash flows from financing activities					
Decrease / (increase) in non current loans receivable	40.10	**322**	(142)	**–**	–
Decrease in non current loans to the sharetrust		**–**	–	**5 560**	2 817
Increase / (decrease) in non current interest bearing borrowings					
Mortgage bonds		**14 853**	(5 726)	**–**	–
Finance leases		**(621)**	577	**–**	–
Treasury shares changes	40.11	**4 119**	3 445	**–**	–
Non controlling shareholder equity contribution in a subsidiary		**–**	1 475		
Preference shares redeemed for cash	16	**(8)**	–	(8)	–
Cash inflow / (outflow) from financing activities (C)		**18 665**	(371)	**5 552**	2 817
Cash (outflow) / inflow for the year (A + B + C)		**(34 063)**	(159 179)	**14**	(1 325)
Foreign currency exchange and translation adjustments to cash and cash equivalents	40.2	**15 179**	15 828	**–**	–
(Decrease) / increase in cash and cash equivalents		**(18 884)**	(143 351)	**14**	(1 325)
Cash and cash equivalents at the beginning of the year		**489 390**	632 741	**70**	1 395
Cash and cash equivalents at the end of the year		**470 506**	489 390	**84**	70
Reconciliation to the balance sheet					
Current assets - cash and cash equivalents		**470 506**	489 390	**84**	70

Notes to the financial statements

for the year ended 30 June 2013

1 Property, plant and equipment

Group

	Property R 000	Leasehold improve-ments R 000	Aeroplane R 000	Plant and machinery R 000	Vehicles R000	Office furniture and equipment R 000	Computer equipment R 000	Total R 000
2011								
Carrying amounts at the beginning of the year	47 387	–	3 866	1 848	6 568	1 622	1 562	62 853
Additions and improvements at cost	33 193	–	2 266	2 858	5 506	697	1 037	45 557
Depreciation	(1 335)	–	–	(693)	(2 752)	(512)	(873)	(6 165)
Revaluation of the aeroplane								
Recognised in profit or loss	–	–	(504)	–	–	–	–	(504)
Disposals at carrying amounts	–	–	–	(4)	(1 064)	(17)	(9)	(1 094)
Foreign currency translation adjustments	496	–	–	63	481	18	36	1 094
Carrying amounts at the end of the year	79 741	–	5 628	4 072	8 739	1 808	1 753	101 741
Cost	84 948	–	6 132	7 108	18 810	4 231	7 682	128 911
Accumulated depreciation	(5 207)	–	–	(3 036)	(10 071)	(2 423)	(5 929)	(26 666)
Revaluation adjustments	–	–	(504)	–	–	–	–	(504)
Carrying amounts as above	79 741	–	5 628	4 072	8 739	1 808	1 753	101 741
2012								
Carrying amounts at the beginning of the year	79 741	–	5 628	4 072	8 739	1 808	1 753	101 741
Additions and improvements at cost	26 251	2 226	99	9 425	7 054	1 622	2 341	49 018
Depreciation	(2 561)	(260)	–	(2 798)	(3 624)	(637)	(1 378)	(11 258)
Revaluation of the aeroplane								
Recognised in profit or loss	–	–	504	–	–	–	–	504
Recognised in other comprehensive income	–	–	739	–	–	–	–	739
Disposals at carrying amounts (note 41)	(2 831)	–	–	(143)	(591)	(66)	–	(3 631)
Foreign currency translation adjustments	2 185	–	–	148	756	39	93	3 221
Carrying amounts at the end of the year	102 785	1 966	6 970	10 704	12 334	2 766	2 809	140 334
Cost	110 558	2 226	6 231	16 801	23 595	5 810	10 383	175 604
Accumulated depreciation	(7 773)	(260)	–	(6 097)	(11 261)	(3 044)	(7 574)	(36 009)
Revaluation adjustments	–	–	739	–	–	–	–	739
Carrying amounts as above	102 785	1 966	6 970	10 704	12 334	2 766	2 809	140 334
2013								
Carrying amounts at the beginning of the year	**102 785**	**1 966**	**6 970**	**10 704**	**12 334**	**2 766**	**2 809**	**140 334**
Additions and improvements at cost	**486**	**1 210**	**–**	**3 321**	**5 643**	**593**	**4 784**	**16 037**
Additions through a business combination (note 40.9)	**–**	**–**	**–**	**1 197**	**235**	**77**	**–**	**1 509**
Depreciation	**(3 133)**	**(538)**	**(302)**	**(3 658)**	**(3 555)**	**(766)**	**(2 260)**	**(14 212)**
Revaluation of the aeroplane								
Recognised in other comprehensive income	**–**	**–**	**401**	**–**	**–**	**–**	**–**	**401**
Disposals at carrying amounts	**–**	**–**	**–**	**(7)**	**(309)**	**–**	**(5)**	**(321)**
Foreign currency translation adjustments	**2 134**	**–**	**–**	**243**	**582**	**40**	**(17)**	**2 982**
Carrying amounts at the end of the year	**102 272**	**2 638**	**7 069**	**11 800**	**14 930**	**2 710**	**5 311**	**146 730**
Cost	**113 185**	**3 436**	**6 231**	**21 653**	**28 698**	**6 822**	**15 311**	**195 336**
Accumulated depreciation	**(10 913)**	**(798)**	**–**	**(9 853)**	**(13 768)**	**(4 112)**	**(10 000)**	**(49 444)**
Revaluation adjustments	**–**	**–**	**838**	**–**	**–**	**–**	**–**	**838**
Carrying amounts as above	**102 272**	**2 638**	**7 069**	**11 800**	**14 930**	**2 710**	**5 311**	**146 730**

The aeroplane is carried under the revaluation model and the fair value at the balance sheet date was determined by an independent, skilled valuator by assessing the condition of the aeroplane and taking into account enhancements and improvements and deficiencies and impairments, having regard to the market price for like aeroplanes. Had the aeroplane been carried under the cost model the carrying amount at 30 June 2013 would have been R5 597 000 (2012 - R5 808 000, 2011 - R5 918 000). The useful life of the aeroplane is estimated at fifteen years from the date of acquisition.

Leasehold improvements are written off on a straight line basis over the period of the lease.

Property, plant and equipment, excluding the aeroplane - see above, are depreciated at rates intended to write them off on a straight line basis over their useful lives to their residual values. Useful lives are usually twenty years for property, five years for plant and machinery, five years for vehicles, five years for office furniture and equipment, and three years for computer equipment. Land has an indefinite useful life and is not depreciated. Depreciation methods, useful lives and residual values are reviewed annually at each year end.

The cost of land included in the carrying amount of property at 30 June 2013 is R29 269 000 (2012 - R28 435 000, 2011 - R28 050 000).

Properties with carrying amounts totalling R70 979 000 (2012 - R51 555 000, 2011 - R53 324 000) have been encumbered as security for mortgage bonds; and plant and machinery with carrying amounts totalling R1 278 000 (2012 - R1 740 000, 2011 - nil), vehicles with carrying amounts totalling R55 000 (2012 - R968 000, 2011 - R1 843 000) and computer equipment with a carrying amount of R34 000 (2012 - R79 000, 2011 - R151 000) have been secured in terms of finance lease and credit instalment agreements. Refer to note 18.

2 Capital expenditure commitments

Group

At 30 June 2013 there were capital expenditure commitments as detailed hereunder.

	Contracted or ordered R 000	Authorised but not yet contracted or ordered R 000	**Total 2013 R 000**	Total 2012 R 000
Property				
Purchase of additional property	–	4 200	**4 200**	–
Additions and improvements to existing property	–	–	**–**	568
Office furniture and equipment	–	–	**–**	58
Computer equipment	–	–	**–**	625
Total commitments for property, plant and equipment	–	4 200	**4 200**	1 251
Business acquisition	–	–	**–**	1 800
	–	4 200	**4 200**	3 051

The commitment for the additional property will be funded from a combination of planned and existing mortgage bond facilities available to the Group and from the Group's available cash and cash equivalents.

3 Interest in subsidiaries

	Company		
	2013 R 000	2012 R 000	2011 R 000
Ordinary shares			
Cost	**2**	**2**	2
Equity contributions to subsidiaries in respect of equity settled share options granted	**21 029**	19 253	17 995
	21 031	19 255	17 997
Preference shares	**90 000**	90 000	90 000
Carrying amount of equity interest	**111 031**	109 255	107 997
Loans to subsidiaries	**74 170**	79 837	84 726
Impairment	**–**	–	(5 676)
Carrying amount of loans	**74 170**	79 837	79 050
Deduct: Current portion of loans	**5 756**	–	–
Non current portion of loans	**68 414**	79 837	79 050
Carrying amount of equity interest	**111 031**	109 255	107 997
Carrying amount of loans	**74 170**	79 837	79 050
Total carrying amount of interests in subsidiaries	**185 201**	189 092	187 047
Deduct: Current portion of loans	**5 756**	–	–
Non current portion of interests in subsidiaries	**179 445**	189 092	187 047

Additional details are given on page 88.

4 Post employment benefits

Retirement

The Group provides retirement benefits for all its permanent employees. Local group entities contribute to the Group's defined benefit pension fund, defined contribution pension fund and defined contribution provident fund, which are governed by the South African Pensions Fund Act of 1956 as amended. The funds are administered independently of the Group.

Certain local employees are required by legislation to contribute to industrial schemes, to which group entities also contribute. Foreign group entities contribute to retirement funds registered in their countries of operation.

Defined benefit pension fund

The Group's defined benefit pension fund, the ELB Group Limited Pension Fund, consists of pensioner members and three employee members. The fund is closed to new entrants. The defined benefit pension fund is independently administered and is legally separated from the Group. The trustees of the defined benefit pension fund comprise two employer representatives and two representatives elected by the members.

The fund is actuarially valued every three years. The last statutory actuarial valuation was performed in January 2010. The actuaries also perform a valuation at each financial year end in terms of the requirements of IAS 19. At the last valuation in June 2013 the actuary assessed the fund to be in a sound financial position.

The fund exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

		Group and Company	
	2013	Restated 2012	Restated 2011
	R 000	R 000	R 000
Valuation of the defined benefit pension fund			
Fair value of assets (see below)	**161 864**	139 523	132 536
Present value of obligation (see below)	**(109 822)**	(96 672)	(95 119)
Effect of asset ceiling (see below)	**(2 964)**	(2 902)	(2 015)
Pension fund employer surplus account	**49 078**	39 949	35 402
Fair value of assets			
Fair value at the beginning of the year	**139 523**	132 536	122 486
Employer contributions	**190**	204	193
Expected return	**11 495**	11 511	10 624
Benefit payments	**(8 780)**	(9 469)	(9 083)
Expected fair value at the end of the year	**142 428**	134 782	124 220
Actuarial gain	**19 436**	4 741	8 316
Actual fair value at the end of the year	**161 864**	139 523	132 536
Present value of obligation			
Present value at the beginning of the year	**96 672**	95 119	115 183
Current service cost	**469**	463	478
Interest cost	**7 864**	8 155	9 979
Benefit payments	**(8 780)**	(9 469)	(9 083)
Expected present value at the end of the year	**96 225**	94 268	116 557
Actuarial loss / (gain)	**13 597**	2 404	(21 438)
Actual present value at the end of the year	**109 822**	96 672	95 119
Effect of asset ceiling			
Effect at the beginning of the year	**2 902**	2 015	7 303
Interest cost	**247**	181	657
Remeasurement	**(185)**	706	(5 945)
Effect at the end of the year	**2 964**	2 902	2 015
Actual return on fund assets - amount (R 000)	**30 931**	16 252	18 940
- percentage	**22,87%**	12,71%	16,05%

4 Post employment benefits (continued)

Retirement (continued)

Defined benefit pension fund (continued)

	Group and Company		
		Restated	Restated
	2013	2012	2011
	R 000	R 000	R 000
Income / (expense) recognised in profit or loss			
Current service cost	**(469)**	(463)	(478)
Net interest income / (expense)	**3 384**	3 176	(12)
Employer contributions	**190**	204	193
	3 105	2 917	(297)
Remeasurements recognised in other comprehensive income			
Return on plan assets	**19 436**	4 741	8 316
Actuarial (gain) / loss	**(13 597)**	(2 404)	21 438
Effect of asset ceiling	**185**	(706)	5 945
	6 024	1 631	35 699

The effect of the change in accounting policy by the Group and Company for the 2013 financial year was to increase operating costs by R1 599 000, decrease the income tax expense by R448 000 and to increase other comprehensive income by R4 337 000. The impact on earnings per share was a decrease of 5 cents per share, on diluted earnings per share was a decrease of 4 cents per share and on headline earnings per share was a decrease of 5 cents per share.

	2013	2012
	R 000	R 000
Plan assets		
Plan assets comprise		
Balances or deposits, money market instruments issued by a bank	**15 057**	15 345
Debt instruments	**30 140**	25 506
Equities	**106 828**	92 043
Immovable property	**5 992**	4 291
Commodities	**3 064**	2 058
Hedge funds, private equity funds and any other assets	**783**	280
	161 864	139 523

	Group and Company		
	2013	2012	2011
Principal actuarial assumptions used for accounting purposes			
Percentages are per annum			
Discount rate	**7,5%**	8,5%	9%
Expected return on plan assets	**8,5%**	9,5%	10%
Consideration has been given to the rate of return currently being earned and the rates of return expected to be available for reinvestment over the future period until maturity of the pension benefits.			
Future salary increases	**7%**	7%	7%
Future pension increases	**6%**	6%	6%
General inflation rate	**6%**	6%	6%

Principal actuarial assumptions sensitivity analysis

Reasonable possible changes at the reporting date to one of the significant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2013 Defined benefit obligation	
	Increase	Decrease
Discount rate (1% movement)	(1 307)	1 548
Member mortality (1 year movement)	(2 877)	2 888
Future pension increases (1% movement)	9 315	(8 028)

	Group		
	2013	2012	2011
	R 000	R 000	R 000
Employer contributions to retirement funds recognised in profit or loss			
Contributions by group companies on behalf of members:			
ELB Group Limited Pension Fund, the defined benefit pension fund analysed in this note	**190**	204	193
Other retirement funds	**18 697**	16 963	12 505
	18 887	17 167	12 698

The contributions above are included in employee benefits expense disclosed in note 31. Contributions by group companies on behalf of members to the ELB Group Limited Pension Fund in the financial year ending 30 June 2014 are expected to be approximately R204 000.

4 Post employment benefits (continued)

Retirement (continued)

Medical

The Group currently subsidises two retired members of the ELB Group Limited Pension Fund. The subsidy, over the estimated life expectancy of the three members, has been fully accrued in the balance sheet. Apart from this subsidy the Group carries no obligations in respect of post employment medical expenses.

	Note	Group **2013** **R 000**	2012 R 000	2011 R 000
5 Non current loans receivable				
5.1 Non current loan receivable arising from the sale of a former group company				
Carrying amount at the beginning of the year		**3 094**	4 922	4 853
Repayments		**(2 950)**	–	–
Actual interest receivable recognised		**372**	142	286
Penalty interest reduced		**–**	–	(102)
Effective interest rate adjustment	33	**(107)**	230	502
Debt rescheduling loss		**–**	–	(617)
Impairment - reversed / (increased)		**2 720**	(2 200)	–
Fair value adjustment	33	**141**	–	–
Carrying amount at the end of the year		**3 270**	3 094	4 922
Estimated current portion included in trade and other receivables		**(2 844)**	–	–
Estimated non current amount receivable		**426**	3 094	4 922
The actual transactional statement of the loan is given below together with a listing of the non transactional IFRS adjustments.				
Actual amount receivable at the beginning of the year		**6 053**	5 911	5 727
Repayments		**(2 950)**	–	–
Actual interest receivable recognised		**372**	142	286
Penalty interest reduced		**–**	–	(102)
Actual amount receivable at the end of the year		**3 475**	6 053	5 911
Non transactional cumulative IFRS adjustments				
Present value adjustment (at start of loan)		**(1 158)**	(1 158)	(1 158)
Effective interest rate adjustments		**1 429**	1 536	1 306
Debt rescheduling loss (at date of rescheduling)		**(617)**	(617)	(617)
Impairments		**–**	(2 720)	(520)
Fair value adjustment		**141**	–	–
IFRS carrying amount at the end of the year as above		**3 270**	3 094	4 922
Estimated current portion of actual amount receivable		**(2 903)**	–	–

The loan arose from the sale at 31 May 2008, on credit, of the Company's indirect subsidiary, ELB Timber Products (Pty) Ltd (ETP). The loan is carried in the books of the Company's wholly owned direct subsidiary, ELB International (Pty) Ltd (ELB International) (formerly ELB Timber Holdings (Pty) Ltd).

The actual interest charged on the loan is 4,7% per annum, capitalised monthly. Interest is recognised at an effective interest rate of 9% per annum in accordance with IFRS requirements, resulting in an effective interest rate adjustment.

It is anticipated that the loan will be fully repaid by November 2014.

The shares in and loan receivable from ELB Timber Products (Pty) Ltd (ETP) acquired by the purchaser on the sale of ETP, have been ceded to ELB International as security for due performance in terms of the agreement of sale. The Company is also entitled to representation on the board of ETP.

The ELB name may be retained in the name of ETP and also in the trading name, ELB Timbers, until the settlement of the obligations by the purchaser in terms of the agreement of sale, whereupon the name ELB shall be removed from the names of ETP and ELB Timbers.

Refer also to note 24.

	Note	2013 R 000	Group 2012 R 000	2011 R 000
5 Non current loans receivable (continued)				
5.2 Loan to a related party				
MC Process (Pty) Ltd				
Carrying amount at the beginning of the year		**–**	–	–
Loan		**6 171**	–	–
Fair value adjustment on initial recognition	34	**(1 778)**	–	–
Carrying amount at the end of the year		**4 393**	–	–
Estimated current portion included in trade and other receivables		**(1 071)**	–	–
Estimated non current amount receivable		**3 322**	–	–

The loan has been granted to MC Process (Pty) Ltd as part of the licence agreement between MC Process Global (Pty) Ltd, a newly established business within the Group, and MC Process (Pty) Ltd.

The loan is unsecured and interest free.

The loan was recognised at fair value on initial recognition. The loan is subsequently measured at amortised cost using an effective interest rate with repayments based on the estimated cash flows from the business.

5.3 Summary of Group non current loans receivable

	Note	2013 R 000	2012 R 000	2011 R 000
Carrying amounts				
Loan from the sale of a former group company	5.1	**3 270**	3 094	4 922
Loan to a related party	5.2	**4 393**	–	–
		7 663	3 094	4 922
Estimated current portions				
Loan from the sale of a former group company	5.1	**2 844**	–	–
Loan to a related party	5.2	**1 071**	–	–
	11	**3 915**	–	–
Estimated non current portions				
Loan from the sale of a former group company	5.1	**426**	3 094	4 922
Loan to a related party	5.2	**3 322**	–	–
		3 748	3 094	4 922

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note	Company 2013 R 000	2012 R 000	2011 R 000
5 Non current loans receivable (continued)				
5.4 ELB Share Incentive Trust				
Amount receivable	6	**75 401**	81 208	82 878
Impairment		**(259)**	–	–
		75 142	81 208	82 878
Estimated current portion included in trade and other receivables	11	**(3 541)**	(3 788)	(2 641)
		71 601	77 420	80 237

The loan is interest free and will exist for as long as the ELB Share Incentive Trust schemes operate.The underlying securities for the loan are ordinary shares in the Company under the control of the Trust. Such shares are classified as treasury shares and comprise shares held by the Trust which are available for issue to participants under the share incentive schemes and shares issued to participants where payment for such shares has not yet occurred. Refer to notes 7 and 31.

		Note	Group 2013 R 000	2012 R 000	2011 R 000
6 Treasury shares					
ELB Share Incentive Trust					
Amount received by the Company from the Trust		5.4	**75 401**	81 208	82 878
Loan repayments made by the Trust from dividends received on ELB shares held in its own name, and which are available for issue to participants in terms of the share incentive scheme operated by the Trust			**4 284**	3 001	1 460
Capital gains tax (CGT) on the issue of shares to participants			**(368)**	(368)	(368)
Fringe benefits tax to be recovered from participants			**(4 951)**	(5 134)	(1 808)
Interest received from the South African Revenue Service (SARS)			**16**	–	–
Income tax refundable by SARS			**–**	(229)	(229)
Amount owing by the Trust to participants			**–**	23	13
Consolidation carrying amount of treasury shares in the Trust and comprising loans by the Trust to participants, and the cost of shares held by the Trust and available for issue to participants	(A)	15.4	**74 382**	78 501	81 946
ELB International (Pty) Ltd (ELB International)					
Consolidation carrying amount of treasury shares held by ELB International	(B)		**782**	782	782
ELB Group Limited (the Company)					
Consolidation treasury shares adjustment amount from the books of the Company	(C)	15.4 & 17	**(26 599)**	(26 599)	(26 599)
Treasury shares as reported for the Group	(A+B+C)	15.4	**48 565**	52 684	56 129

Refer also to note 7.

7 ELB Share Incentive Trust

The Trust was established to enable certain employees and executive directors (collectively 'the participants') to acquire ordinary shares in the Company. The loan to the Trust is interest free and has no fixed terms of repayment. The loans granted by the Trust to the participants are correspondingly also interest free. The trustees of the share incentive scheme may not release shares until paid for in full.

	Note	Number of shares 2013	2012	2011
Scheme share participations				
Scheme shares at the beginning of the year	15.2	**5 158 031**	5 415 031	2 341 731
Shares transferred from a now discontinued Group trust		**–**	–	3 386 000
Shares paid for in full	15.2	**(313 500)**	(257 000)	(312 700)
Scheme shares at the end of the year		**4 844 531**	5 158 031	5 415 031
Comprising:				
Shares not yet paid for by participants and represented by loans		**3 283 400**	3 095 400	2 515 400
Shares held for issue to participants		**1 561 131**	2 062 631	2 899 631
		4 844 531	5 158 031	5 415 031

Participants are entitled to repay their loans, and thus take full ownership of the shares allocated to them, as follows:

	For loans granted on or after 20 March 2008 (covering 3 263 500 shares)	For loans granted before 20 March 2008 (covering 19 900 shares)
After one year	- up to 20% of the loan	- up to 10% of the loan
After two years	- up to 40% of the loan	- up to 25% of the loan
After three years	- up to 60% of the loan	- up to 45% of the loan
After four years	- up to 80% of the loan	- up to 70% of the loan
After five years	- up to 100% of the loan	- up to 100% of the loan

Shares in respect of any loan, or portion of any loan, unpaid after ten years from the granting of the loan will be forfeited by the participant and will revert fully to the Trust.

If a participant retires on pension the participant may at the discretion of the directors nevertheless continue to have the same rights and obligations under the Scheme as if the participant had remained in the employ of the Group.

On resignation, retirement other than as described above, or death, the participant or his estate shall have one year from the date of resignation, retirement or death to exercise and pay for those shares to which the participant had become entitled to pay for and take full ownership of at the time of resignation, retirement or death.

	Note	Group 2013 R 000	Restated 2012 R 000	Restated 2011 R 000	Company 2013 R 000	Restated 2012 R 000	Restated 2011 R 000
8 Deferred income tax							
Income tax rates used in the determination of deferred income tax assets and deferred income tax liabilities are:							
South African income tax - 28% (2012 and 2011- 28%)							
Australian income tax - 30% (2012 and 2011 - 30%)							
New Zealand income tax - 28% (2012 - 28%)							
Amount of estimated income tax losses at the year end not included in deferred income tax assets or deferred income tax liabilities	35	**1**	1	1 034	**–**	–	–

	Note	Group 2013 R 000	Group Restated 2012 R 000	Group Restated 2011 R 000	Company 2013 R 000	Company Restated 2012 R 000	Company Restated 2011 R 000
8 Deferred income tax (continued)							
8.1 Deferred income tax assets							
Analysis							
Temporary differences							
Aeroplane		**–**	(545)	(214)	**–**	–	–
Plant and equipment		**(269)**	(40)	(76)	**–**	–	–
Non current loans receivable		**498**	–	–	**–**	–	–
Construction contract work not yet billed		**991**	133	1 620	**–**	–	–
Inventories		**3 879**	2 237	1 685	**–**	–	–
Client retentions on construction contracts		**–**	(4)	(167)	**–**	–	–
Professional indemnity insurance claim		**–**	–	(4 872)	**–**	–	–
Receivables and other assets		**1 667**	1 511	1 351	**–**	–	–
Prepaid expenses		**(6)**	163	(94)	**–**	–	–
Provision for trade back commitments		**1 208**	2 207	3 309	**–**	–	–
Construction contract liabilities		**20**	6 651	8 622	**–**	–	–
Accrual for costs related to sales of goods		**586**	1 153	484	**–**	–	–
Leave pay accrued		**3 675**	3 977	2 847	**–**	–	–
Other employee benefits accrued		**856**	3 223	2 376	**–**	–	–
Warranties		**2 069**	2 346	1 625	**–**	–	–
Provision for onerous construction contracts		**–**	–	920	**–**	–	–
Other payables and liabilities		**1 946**	2 616	536	**–**	–	–
Secondary tax on companies (STC) credit	35	**–**	–	481	**–**	–	–
Income tax losses carried forward		**1 041**	172	622	**–**	–	–
		18 161	25 800	21 055	**–**	–	–
Movement for the year							
Balance at the beginning of the year		**25 800**	21 055	13 924	**–**	–	56
Transfers to / from deferred income tax liabilities	8.2	**–**	(5)	(1)	**–**	–	–
Income tax (expense) / credit through profit or loss	35	**(7 915)**	4 347	6 708	**–**	–	(56)
Adjustments through other comprehensive income							
Aeroplane revaluation surplus		**(109)**	(201)	–	**–**	–	–
Foreign currency translation adjustments	40.1	**385**	604	424	–	–	–
Balance at the end of the year		**18 161**	25 800	21 055	**–**	–	–
8.2 Deferred income tax liabilities							
Analysis							
Temporary differences							
Property		**1 885**	1 677	1 456	**–**	–	–
Aeroplane		**1 286**	27	–	**–**	–	–
Unrealised inter company foreign currency exchange gain		**1 873**	–	–	**–**	–	–
Construction contract work not yet billed		**21 102**	–	–	**–**	–	–
Client retentions on construction contracts		**(1 879)**	–	–	**–**	–	–
Receivables and other assets		**(50)**	–	–	**–**	–	–
Prepaid expenses		**830**	–	–	**–**	–	–
Construction contract liabilities		**(5 893)**	–	–	**–**	–	–
Leave pay accrued		**(1 365)**	–	–	**–**	–	–
Other employee benefits accrued		**(2 911)**	–	–	**–**	–	–
Other payables and liabilities		**(2 387)**	–	–	**–**	–	–
Pension fund employer surplus account		**13 742**	11 186	9 912	**13 742**	11 186	9 912
Income tax losses carried forward		**(33)**	(20)	–	**–**	–	–
		26 200	12 870	11 369	**13 742**	11 186	9 912
Movement for the year							
Balance at the beginning of year		**12 870**	11 369	942	**11 186**	9 912	–
Transfers to / from deferred income tax assets	8.1	**–**	(5)	(1)	**–**	–	–
Income tax expense through profit or loss	35	**9 570**	1 044	516	**869**	817	–
Adjustments through other comprehensive income							
Foreign currency translation reserve adjustments		**1 873**	–	–	**–**	–	–
Pension fund employer surplus account remeasurements		**1 687**	457	9 912	**1 687**	457	9 912
Aeroplane revaluation surplus		**4**	5	–	**–**	–	–
Business combination	40.9	**196**	–	–	**–**	–	–
Balance at the end of the year		**26 200**	12 870	11 369	**13 742**	11 186	9 912

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note	Group 2013 R 000	Group 2012 R 000	Group 2011 R 000	Company 2013 R 000	Company 2012 R 000	Company 2011 R 000
9 Construction contracts							
Construction contract liabilities							
Provisions relevant to completion to date		**14 261**	4 088	28 934	**–**	–	–
Billings to clients in advance of completion to date		**116 888**	182 899	329 612	**–**	–	–
		131 149	186 987	358 546	**–**	–	–
Construction contracts additional information							
Revenue recognised for the year on construction contracts	25	**886 035**	682 388	537 555	**–**	–	–
Aggregate amount of costs incurred and recognised profits less recognised losses for construction contracts not yet complete at the year end		**1 500 277**	2 355 575	1 715 748	**–**	–	–
Costs incurred on construction contracts, plus profits recognised and not yet included in billings to clients at the year end, recorded separately under current assets in the balance sheet as construction contract work not yet billed, totalled		**92 604**	7 680	5 249	**–**	–	–
Amount receivable from construction contract clients at the year end	11	**131 226**	76 019	76 090	**–**	–	–
Retentions held by clients at the year end and included in the amount receivable from construction contract clients		**–**	13	596	**–**	–	–
10 Inventories							
Merchandise and components		**49 038**	40 628	127 455	**–**	–	–
Work in progress		**36 171**	35 871	22 092	**–**	–	–
Finished goods		**445 898**	461 556	261 070	**–**	–	–
Property, comprising a vacant stand, held as inventory		**87**	87	87	**704**	704	704
		531 194	538 142	410 704	**704**	704	704
Inventories recognised as an expense in the year	26	**808 301**	743 085	607 373	**–**	–	–
Inventories recognised as an expense includes:							
Write down of inventories to net realisable value		**4 535**	17 325	7 432	**–**	–	–

The property comprising a vacant stand is the remaining erf of four erven, previously referred to collectively as the Lydenburg property, that was transferred to the Company from a subsidiary which was then sold. The transfer to the Company was at market value.

	Note	Group 2013 R 000	Group 2012 R 000	Group 2011 R 000	Company 2013 R 000	Company 2012 R 000	Company 2011 R 000
11 Trade and other receivables							
Amounts receivable from construction contract clients	9	**131 226**	76 019	76 090	**–**	–	–
Impairment of construction contract receivables		**(236)**	(580)	(249)	**–**	–	–
Other trade receivables		**104 423**	70 828	48 149	**–**	–	–
Impairment of other trade receivables		**(6 754)**	(5 230)	(5 395)	**–**	–	–
Total trade receivables		**228 659**	141 037	118 595	**–**	–	–
Current portion of non current loan receivables	5.3	**3 915**	–	–	**–**	–	–
Other current receivables		**10 653**	5 009	3 773	**–**	1	1
Impairment of other current receivables		**(293)**	(260)	(295)	**–**	–	–
Amounts receivable from the Group share trusts							
Current portion of non current loans receivable	5.4				**3 541**	3 788	2 641
		242 934	145 786	122 073	**3 541**	3 789	2 642
Trade receivables							
Amounts receivable		**235 649**	146 847	124 239			
Impairment		**(6 990)**	(5 810)	(5 644)			
Total trade receivables as above		**228 659**	141 037	118 595			
Currency analysis							
South African rands		**180 142**	109 583	110 162			
United States dollars		**25 548**	19 508	3 411			
Australian dollars		**20 247**	10 879	9 864			
Euros		**7 479**	4 722	51			
New Zealand dollars		**2 058**	2 048	751			
British pounds		**175**	107	–			
		235 649	146 847	124 239			
Ageing							
Not past due		**130 984**	88 343	91 646			
Past due 0 - 30 days		**25 240**	26 889	17 117			
Past due 30 - 60 days		**32 025**	10 205	5 129			
Past due 60 - 90 days		**9 910**	4 414	3 964			
Past due more than 90 days		**37 490**	16 996	6 383			
		235 649	146 847	124 239			
Impairment							
Balance at the beginning of the year		**5 810**	5 644	4 509			
Additional impairments							
Specific customers and clients		**5 128**	4 749	4 331			
Non specific		**154**	399	–			
Reversals of impairments							
Specific customers and clients		**(2 488)**	(2 601)	(663)			
Non specific		**(384)**	–	(130)			
Impairments applied to irrecoverable amounts		**(1 104)**	(2 424)	(2 430)			
Foreign currency translation adjustments		**(126)**	43	27			
Balance at the end of the year		**6 990**	5 810	5 644			
Impairments to specific customers and clients		**6 370**	4 960	5 193			
Non specific impairments		**620**	850	451			
		6 990	5 810	5 644			
Impairment ageing							
In respect of trade receivables							
Not past due		**9**	172	93			
Past due 0 - 30 days		**–**	175	273			
Past due 30 - 60 days		**166**	688	135			
Past due 60 - 90 days		**718**	1 029	2 700			
Past due more than 90 days		**6 097**	3 746	2 443			
		6 990	5 810	5 644			
The management of credit risk is outlined in the notes on financial risk management.	43.5						

	Note	Group 2013 R 000	Group 2012 R 000	Group 2011 R 000
12 Derivative financial assets				
Foreign currency forward exchange contracts (FECs) marked to market by comparing with year end contract values for FECs with similar maturity dates		**6 260**	2 243	–
13 Other current assets				
Taxes refundable (excluding income tax)		**14 013**	5 862	9 111
Prepaid expenses		**11 514**	8 380	8 703
Professional indemnity insurance claim		**–**	–	17 400
Amounts recoverable under employee benefit plans		**5 023**	5 145	1 815
Deposit for inventory to be supplied		**1 851**	–	–
Other		**–**	9	291
		32 401	19 396	37 320

	Note	Group 2013 R 000	Group 2012 R 000	Group 2011 R 000	Company 2013 R 000	Company 2012 R 000	Company 2011 R 000
14 Cash and cash equivalents							
Short term cash deposits, bank balances and cash on hand		**470 506**	489 390	632 741	**84**	70	1 395
Encumbered cash and cash equivalents							
Included in cash and cash equivalents are the following encumbered cash deposits:							
Call and term cash deposits with a South African bank, ceded and pledged to that bank to cover import letters of credit issued by the bank on behalf of ELB Equipment in South Africa		**70 000**	35 000	32 000	**–**	–	–
Cash deposits with an insurance company as a guarantee for due performance under certain construction contracts		**36 000**	39 240	39 240	**–**	–	–
		106 000	74 240	71 240	**–**	–	–

15 Ordinary share capital and premium

15.1 Authorised ordinary share capital

	Group 2013	Group 2012	Group 2011	Company 2013	Company 2012	Company 2011
50 000 000 ordinary shares of 4 cents each	**2 000**	2 000	2 000	**2 000**	2 000	2 000

15.2 Number of ordinary shares in issue

	Note	Group **2013** **Number**	Group 2012 Number	Group 2011 Number	Company **2013** **Number**	Company 2012 Number	Company 2011 Number
Number of shares in issue at the beginning of the year							
Issued by the Company		**33 860 000**	33 860 000	33 860 000	**33 860 000**	33 860 000	33 860 000
Treasury shares							
Discontinued share trust		**–**	–	(6 772 000)			
ELB Share Incentive Trust	7	**(5 158 031)**	(5 415 031)	(2 341 731)			
ELB International (Pty) Ltd		**(3 386 000)**	(3 386 000)	–			
		25 315 969	25 058 969	24 746 269			
Transactions during the year							
Discontinued share trust							
Transfers to							
ELB Share Incentive Trust		**–**	–	(3 386 000)			
ELB International (Pty) Ltd		**–**	–	(3 386 000)			
ELB Share Incentive Trust							
Transfer from ELB Participants Share Trust		**–**	–	3 386 000			
Incentive scheme shares paid up by participants and released by the Trust	7	**313 500**	257 000	312 700			
ELB International (Pty) Ltd							
Transfer from ELB Participants Share Trust		**–**	–	3 386 000			
Number of shares in issue at the end of the year		**25 629 469**	25 315 969	25 058 969	**33 860 000**	33 860 000	33 860 000

15.3 Issued ordinary shares and premium

	Group **2013** **R 000**	Group 2012 R 000	Group 2011 R 000	Company **2013** **R 000**	Company 2012 R 000	Company 2011 R 000
33 860 000 (2012 - 33 860 000) shares of 4 cents each	**1 354**	1 354	1 354	**1 354**	1 354	1 354
Share premium account	**23 838**	23 838	23 838	**23 838**	23 838	23 838
	25 192	25 192	25 192	**25 192**	25 192	25 192

	Note	Group 2013 R 000	2012 R 000	2011 R 000
15 Ordinary share capital and premium (continued)				
15.4 Treasury shares				
Group consolidated carrying amounts, after consolidation eliminations, relating to treasury shares				
ELB Share Incentive Trust	6	**(74 382)**	(78 501)	(81 946)
ELB International (Pty) Ltd	6	**(782)**	(782)	(782)
ELB Group Limited	6 & 17	**26 599**	26 599	26 599
		(48 565)	(52 684)	(56 129)
Treasury shares carrying amount decrease / (increase) during the year	40.11	**4 119**	3 445	(1 006)

15.5 Authority to issue 4 200 000 of the unissued ordinary shares for purposes of the Company's share incentive scheme

An ordinary resolution at a general meeting held on 8 March 2011 placed 4 200 000 of the authorised ordinary shares of the Company under the control of the directors and authorised the directors to allot and issue such ordinary shares in the Company in accordance with the respective rules of the ELB Share Incentive Scheme, the ELB Executive Share Incentive Scheme 2010, the South African Companies Act of 2008 and the JSE Listings Requirements for the Johannesburg Stock Exchange.

15.6 Capital management

The Group's policy is to maintain a strong capital base so as to preserve investor and market confidence and to sustain the future development of the business. The Group's objectives in managing capital are to maintain an optimal capital structure in order to safeguard the Group's going concern status, and to provide returns for shareholders and benefits for other stake holders. The board reviews the capital structure on a regular basis. The reviews include the consideration of the risks associated with each class of capital, the Group's commitments and the availability of funding. There were no major changes in the Group's approach to capital management during the year.

There are no externally imposed capital requirements.

The board monitors the spread of ordinary shareholders and the internal rate of return to ordinary shareholders. Capital for this purpose is the equity attributable to ordinary shareholders of the Company. The internal rate of return to ordinary shareholders comprises the ordinary dividends paid and the increase in net asset value (NAV) per ordinary share. For the year ended 30 June 2013 the internal rate of return to ordinary shareholders was 22,3% (2012 - 24,3%). The Group has set a target of maintaining the internal rate of return to ordinary shareholders of at least 20% per annum over the long term, which would be periods of five consecutive years and longer. In the short term the return could be affected by volatile economic factors, particularly foreign currency exchange rates.

	Group 2013 R 000	2012 R 000	2011 R 000	Company 2013 R 000	2012 R 000	2011 R 000
16 Preference shares						
Authorised						
150 000 (2012 - 150 000, 2011 - 150 000) 6% fixed cumulative redeemable preference shares of 200 cents each	**300**	300	300	**300**	300	300
Issued						
Nil (2012 - 3 800, 2011 - 3 800) 6% fixed cumulative redeemable preference shares of 200 cents each	**–**	8	8	**–**	8	8

The preference shares were redeemed at R2 each during the year in terms of an ordinary resolution of the Company dated 11 April 2013, resulting in a cash outlay of R7 600. Refer also to the notes on the capital redemption reserve and the reserve for the redemption of preference shares as described in note 17.

		Group			Company		
		2013	2012	2011	**2013**	2012	2011
	Note	**R 000**	R 000	R 000	**R 000**	R 000	R 000
17 Reserves							
Capital redemption reserves		**750**	742	742	**250**	242	242
Reserve for redemption of preference shares	16	**–**	8	8	**–**	8	8
Share options reserve		**15 345**	14 784	14 248	**18 053**	17 393	16 762
Premium on buy out of non controlling interest in subsidiary		**(853)**	(853)	(853)			
Foreign currency translation reserve		**35 831**	21 944	4 356			
Treasury shares transfer reserve	6 & 15.4				**26 599**	26 599	26 599
Aeroplane revaluation surplus		**697**	452	–	**–**	–	–
		51 770	37 077	18 501	**44 902**	44 242	43 611

Details of the changes in the reserves are contained in the statements of changes in equity.

Capital redemption reserve

On the redemption of preference shares, amounts equalling the carrying amounts of the equity redeemed, were transferred to this reserve.The transfers were from the reserve for redemption of preference shares in the case of the Company (see below) and from directly or indirectly retained earnings in the case of another Group company. The reserve was a requirement of the previous South African Companies Act of 1973. An amount of R7 600 was transferred in the current year by the Company in respect of the preference shares redeemed during the year. Refer to note 16.

Reserve for the redemption of preference shares

The Company transferred an amount, equal to the carrying amount of the preference shares in issue at the time, from retained earnings to this reserve. As the preference shares were redeemed, amounts were transferred from this reserve to the capital redemption reserve (see above). The transfers were equal to the carrying amounts of the equity redeemed. The balance in the reserve at any time was equal to the carrying amount of the preference shares in issue, and reduced to zero in the current financial year with the redemption during the year of the last remaining preference shares in the Group. Refer to note 16.

Share options reserve

The share options reserve comprises the cumulative value of the equity settled share options granted to employees of the Group in terms of the Group's share incentive schemes. The reserve is reduced for options that are exercised and paid for in full, and for options that lapse through attrition. The reserve is carried by the Company and is reduced at Group level by any non controlling interest, direct and indirect, in the subsidiaries that employ the participants.

Premium on buy out of non controlling interest in subsidiary

The 21% non controlling interest in the Group entity, ELB Engineering Services (Pty) Limited (ELBES), was acquired in the 2008 financial year. The amount paid for the interest exceeded the equity attributable to the interest in the Group consolidation, by an amount referred to as a premium. ELBES is an indirectly held subsidiary of the Company. The premium reported above is the portion at Group level attributable to the ordinary shareholders of the Company, and reduces the equity attributable to these shareholders.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange adjustments arising from the translation of the financial statements, in foreign currencies, of the foreign operations, to the presentation currency of the Company. The reserve is reduced for foreign currency exchange adjustments that become redundant.

Treasury shares transfer reserve

The treasury shares transfer reserve is carried by the Company. It arose from the transfer of a capital profit by a Group share trust to the Company. The capital profit received by the Company was placed in the reserve. Capital gains tax (CGT) has been paid by the Company on the capital profit, and this payment has reduced the balance in the reserve. The capital profit transferred to the Company was part of the total capital profit on the transfer of treasury shares by the trust to other Group entities.

Aeroplane revaluation surplus

The revaluation surplus relates to an aeroplane which is carried under the revaluation model. The balance in the revaluation surplus represents the amount by which the revaluation of the aeroplane at the balance sheet date exceeds the aggregate of the cost recognised for the aeroplane at the date of acquisition and subsequent improvements and enhancements at cost, net of the related deferred income tax.

		Note	2013 R 000	Group 2012 R 000	2011 R 000
18	**Non current borrowings**				
	Interest bearing				
	Mortgage bonds secured over properties with carrying amounts totalling R70 979 000 (2012 - R51 555 000, 2011 - R53 324 000)		**32 102**	20 224	22 182
	Finance lease and credit instalment agreements				
	Secured over plant and machinery with carrying amounts totalling R1 278 000 (2012 - R1 740 000, 2011 - nil)		**953**	1 684	–
	Secured over vehicles with carrying amounts totalling R55 000 (2012 - R968 000, 2011 - R1 843 000)		**56**	338	1 013
	Secured over computer equipment with carrying amounts totalling R34 000 (2012 - R79 000, 2011 - R151 000)		**88**	138	182
			33 199	22 384	23 377
	Current portion included in trade and other payables – interest bearing	21	**(3 473)**	(6 890)	(2 755)
	Non current portion		**29 726**	15 494	20 622
	The interest rates, terms and maturity profiles of the interest bearing borrowings are indicated in the note on liquidity risk.	43.4			
19	**Provision for trade back commitments**				
	Balance at the beginning of the year		**7 882**	11 819	11 910
	Additional provisions at present values		**1 022**	2 436	1 120
	Unused provisions reversed		**(4 342)**	(6 235)	(1 726)
	Net increase in sales revenue		**(3 320)**	(3 799)	(606)
	Utilised during the year		**(537)**	(890)	(409)
	Changes to present value amounts	34	**(3)**	174	98
	Unwinding of present value adjustments	34	**293**	578	826
	Balance at the end of the year		**4 315**	7 882	11 819
	Current portion included in current liabilities		**(1 645)**	(4 551)	(6 675)
	Non current portion included in non current liabilities		**2 670**	3 331	5 144

ELB Equipment in South Africa offers trade back agreements to certain customers, allowing a trade back of equipment purchased from ELB Equipment at guaranteed prices based on usage and time since initial sale but subject to specified equipment condition. Agreements are based on the usage level for the customer and are usually for one, two, three or four year periods, where the customer may trade back at any time within the period. The trade back price is fixed and offers an incentive to trade back.

In determining the provision it is assumed that the customer will trade back at the end of the period in the agreement. The amount provided is the present value of the incentive to trade back and the amount is recognised in profit or loss as a reduction of sales revenue. When the client trades back the equipment, the specific related incentive provision is reversed to the inventory value of the traded unit. Where the time limit of the given trade back period expires, the specific incentive provision is reversed from the provision and recognised in profit or loss as an increase in sales revenue.

Notes to the financial statements

for the year ended 30 June 2013 (continued)

		Note	Group 2013 R 000	Group 2012 R 000	Group 2011 R 000	Company 2013 R 000	Company 2012 R 000	Company 2011 R 000
20	**Trade and other payables - non interest bearing**							
	Trade payables		**379 216**	261 328	202 043	**–**	–	–
	Other current payables		**53 783**	54 760	56 609	**313**	572	596
			432 999	316 088	258 652	**313**	572	596
21	**Trade and other payables - interest bearing**							
	Interest bearing trade payables		**175 433**	180 074	159 955	**–**	–	–
	Current portion of interest bearing non current borrowings	18	**3 473**	6 890	2 755	**–**	–	–
			178 906	186 964	162 710	**–**	–	–
	The interest rates, terms and maturity profiles of the interest bearing trade and other payables are indicated in the note on liquidity risk.	43.4						
22	**Other financial liabilities**							
	Derivative financial liabilities							
	Foreign currency forward exchange contracts (FECs) marked to market by comparing with year end contract values of FECs with similar maturity dates		**601**	1 049	3 196	**–**	–	–
	Financial guarantee liability							
	Financial guarantee issued to the supplier of a former subsidiary, which has since been sold; measured initially at the present value, over the expected life of the guarantee, of the estimated commercial bank fees for a guarantee of similar risk; with subsequent amortisation over such expected life	24	**36**	168	144	**–**	–	–
			637	1 217	3 340	**–**	–	–
23	**Other current liabilities**							
	Taxes payable (excludes Group and Company income tax payable and includes taxes collected on behalf of tax authorities)		**9 899**	14 907	4 515	**20**	8	8
	Amounts payable under employee benefit plans		**42 745**	34 812	26 901	**–**	–	–
	Insurance premiums and insurance claims excess accrued		**570**	786	561	**–**	–	–
	Customer receipts in advance		**32 056**	18 387	30 069	**–**	–	–
	Other accruals		**15 610**	16 456	8 365	**–**	–	–
			100 880	85 348	70 411	**20**	8	8

24 Contingent liabilities

Group

The Company has guaranteed a R200 million facility granted by an insurance company for performance bonds available to an indirect subsidiary. The exposure under the guarantee has reduced to R74 million.

A Group entity has issued a guarantee of R830 000 in favour of a raw material supplier to a former Group company which has now been sold. The guarantee is cancellable by three calendar months notice. A financial guarantee liability of R36 000 (2012 - R168 000, 2011 - R144 000) has been accrued in respect of the guarantee. Refer also to notes 5.1and 22.

The Company's indirect subsidiary, ELB Engineering Services (Pty) Ltd, 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 and appropriate insurance.

All known liabilities of the Group at the balance sheet date have been accrued.

	Note	Group 2013 R 000	Group 2012 R 000	Company 2013 R 000	Company 2012 R 000
25 Sales					
Sale of goods		**1 098 152**	1 042 720	**–**	–
Revenue recognised on construction contracts		**886 035**	682 388	**–**	–
Services – external		**410**	371	**–**	–
– inter company				**1 740**	1 140
		1 984 597	1 725 479	**1 740**	1 140

	Note	Group 2013 R 000	Group Restated 2012 R 000	Company 2013 R 000	Company Restated 2012 R 000
26 Operating costs / (income)					
Cost of sales		**1 653 227**	1 400 747	**–**	–
Other operating costs / (income)		**159 821**	178 980	**(236)**	(6 301)
		1 813 048	1 579 727	**(236)**	(6 301)
Operating costs / (income) include the following items of expense / (income):					
Inventories recognised as an expense	10	**808 301**	743 085	**–**	–
Research and development expenditure		**44**	708	**–**	–
Profit on disposal of plant and equipment		**(405)**	(744)	**–**	–
Auditors remuneration - annual audit		**3 548**	3 321	**44**	40
- other services		**807**	452	**–**	–
Net operating lease expenses - premises		**10 079**	13 572	**–**	–
- equipment		**448**	368	**–**	–
There are no contingent rents payable under any operating leases.					
Details of future minimum lease expenses are given in note 28					
(Impairment reversal) / impairment of non current loan receivable	5.1	**(2 720)**	2 200	**–**	–
Trade and other current receivables adjustments	29	**3 800**	3 522	**–**	–
Foreign currency exchange adjustments (excluding foreign currency translation reserve adjustments disclosed in the Group statement of comprehensive income)	30	**10 057**	7 422	**–**	–
Employee benefits expense	31	**352 270**	261 622	**1 232**	944
Pension fund employer surplus account - net income	4	**(3 105)**	(2 917)	**(3 105)**	(2 917)
Increase / (decrease) in impairments of non current loans receivable (these two intra group adjustments are eliminated in the Group consolidation)					
ELB Share Incentive Trust				**259**	–
ELB International (Pty) Ltd (The loan to ELB International (Pty) Ltd is disclosed in the schedule of subsidiaries and other controlled entities on page 88.)				**–**	(5 676)

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note	Group 2013 R 000	Group 2012 R 000	Company 2013 R 000	Company 2012 R 000
27 Depreciation and revaluation of property, plant and equipment through profit or loss					
Depreciation	1	**14 212**	11 258	**–**	–
Revaluation of aeroplane - increase	1	**–**	(504)	**–**	–
		14 212	10 754	**–**	–
28 Future minimum operating lease expenses					
Future minimum lease expenses at 30 June 2013 under non cancellable operating leases comprise:					
Payments under lease agreements:					
Not later than one year		**11 483**	10 841	**–**	–
Later than one year and not later than five years		**24 441**	22 353	**–**	–
IAS 17 straight line adjustments		**(3 093)**	(2 490)	**–**	–
There are no contingent rents payable under any operating leases					
29 Trade and other current receivables adjustments					
Net amounts written off		**2 178**	3 666	**–**	–
Increase / (decrease) in impairments		**1 622**	(144)	**–**	–
Net expense		**3 800**	3 522	**–**	–
30 Foreign currency exchange adjustments – loss / (gain)					
(excluding foreign currency translation reserve adjustments for foreign entities, disclosed in the Group statement of comprehensive income)					
Trade and other receivables		**(3 059)**	(534)	**–**	–
Trade and other payables		**24 669**	16 813	**–**	–
Foreign currency forward exchange contracts (FECs)		**(4 465)**	(4 390)	**–**	–
Cash and cash equivalents held by group entities in currencies other than their functional currencies		**(7 088)**	(4 467)	**–**	–
		10 057	7 422	**–**	–
31 Employee benefits expense					
Short term benefits		**329 715**	240 572	**1 220**	935
Post employment benefits					
Retirement fund contributions	4	**18 887**	17 167	**-**	–
Total direct benefits		**348 602**	257 739	**1 220**	935
Indirect benefits		**3 668**	3 883	**12**	9
Employee benefits expense included in operating costs		**352 270**	261 622	**1 232**	944
Number of employees at the end of the financial year		**647**	548	**3**	3

		Note	Group 2013 R 000	Group 2012 R 000
31	**Employee benefits expense** (continued)			
	Dividends on treasury shares included in short term employee benefits expense		**2 443**	1 560
	Dividends on treasury shares comprise: Dividends received by participants on shares allocated to them and not yet paid for and for which loans have been granted by the ELB Share Incentive Trust	7		

In terms of the ELB Share Incentive Trust schemes, the directors may direct the trustees to offer shares or grant options in respect of shares to specified employees and executive directors. For shares or options granted from December 2010 onwards the maximum number of shares that may be issued or transferred or options that may be granted is limited to 4 200 000 shares or options of which 680 000 shares or options were available for issue at 30 June 2013 (2012 - 1 510 000). At 30 June 2013, for shares or options granted before December 2010, there were 2 098 900 options or unpaid shares held by participants (2012 - 2 249 400).

Share option schemes

Participants are entitled to exercise their options as follows:

For options granted before December 2010

After one year	- up to 20% of the shares
After two years	- up to 40% of the shares
After three years	- up to 60% of the shares
After four years	- up to 80% of the shares
After five years	- up to 100% of the shares

For options granted in and after December 2010 participants are allowed to exercise in one or more tranches any portion at any time from the grant date to the tenth anniversary of the grant date.

If an option is not exercised within ten years from the grant date it will lapse.

If a participant retires on pension the participant may at the discretion of the directors nevertheless continue to have the same rights and obligations under the scheme as if the participant had remained in the employ of the Group.

On resignation, retirement other than as described above, or death, the participant or his estate shall have one year from the date of resignation, retirement or death to exercise and pay for those options which had vested at the time of resignation, retirement or death.

Details of outstanding share options at 30 June 2013 are:

Expiry date	Date granted	Exercise price (cents)	Number of options Granted	Exercised	Lapsed	Out-standing
March 2018	March 2008	1 250	2 100 000	(1 324 000)	(30 000)	746 000
September 2018	September 2008	1 250	115 000	(85 000)	–	30 000
September 2020	September 2010	1 289	210 000	(76 000)	(24 000)	110 000
December 2020	December 2010	1 353	2 690 000	(2 290 000)	–	400 000
July 2022	July 2012	2 151	75 000	(75 000)	–	–
September 2022	September 2012	2 108	5 000	(5 000)	–	–
June 2023	June 2013	3 322	750 000	(267 500)	–	482 500
			5 945 000	(4 122 500)	(54 000)	1 768 500

Changes in the number of share options held by employees during the year are as follows:

	Number of options 2013	2012
Outstanding at the beginning of the year	**1 464 000**	2 301 000
Granted during the year	**830 000**	–
Exercised during the year	**(501 500)**	(837 000)
Lapsed during the year	**(24 000)**	–
Outstanding at the end of the year	**1 768 500**	1 464 000

	Group 2013 R 000	Group 2012 R 000
Equity settled share option expense recognised in the profit or loss and included in short term employee benefits expense	**1 776**	1 258

31 Employee benefits expense (continued)

Share option schemes (continued)

The fair value of the share options granted is determined at grant date. For the options granted in March 2008 the fair value was determined by Alexander Forbes Financial Services using an actuarial binomial model. This was a stochastic model based on the standard binomial options pricing model, and was mathematically consistent with the Black Scholes model. For the options granted in September 2008 the fair value was taken to be the same as the fair value of the options granted in March 2008 since the share price and other input variables had remained consistent. The fair values of the options granted in September 2010, December 2010, July 2012, September 2012 and June 2013 were determined using the Black Scholes model. Inputs to the models included the market price of the underlying shares at the grant date or the acceptance date, the expected option lifetime, the projected volatility of the share price, the anticipated dividend yield and the risk free interest rate. These inputs are quantified below:

	Expected option lifetime (years)	Volatility %	Risk free interest rate % per annum
Options granted in March 2008:			
Options vesting in March 2009	2	34,26	9,57
Options vesting in March 2010	3	35,55	9,16
Options vesting in March 2011	4	36,40	8,97
Options vesting in March 2012	5	36,56	8,98
Options vesting in March 2013	6	36,56	9,01
The market price of the shares on the grant date was 1 580 cents.			
The Group advised Alexander Forbes to assume a dividend yield of 5% per annum over the full option lifetime.			
Options granted in September 2008:			
These inputs were the same as for the options granted in March 2008, as mentioned above			
Options granted in September 2010:			
Options vesting in September 2011	2	40	6,7
Options vesting in September 2012	3	40	6,8
Options vesting in September 2013	4	40	6,9
Options vesting in September 2014	5	40	7,1
Options vesting in September 2015	6	40	7,3
The weighted average market price of the shares on the acceptance dates was 1 433 cents.			
The dividend was expected to increase by 10% per annum.			
Options granted in December 2010:			
These options vested on the date of acceptance			
Options exercised in December 2010 (2 190 000 out of 2 690 000 options)	Nil	Nil	Not applicable
Options expected to be exercised in December 2011 (250 000 out of 2 690 000 options)	1	40	6,7
Options expected to be exercised in December 2012 (250 000 out of 2 690 000 options)	2	40	6,7
The weighted average market price of the shares on the acceptance dates was 1 540 cents.			
The dividend was expected to increase by 10% per annum.			
Options granted in July 2012:			
These options vested on the date of acceptance			
Options exercised in July 2012 (75 000 out of 75 000 options)	Nil	Nil	Not applicable
The market price of the shares on the acceptance date was 2 220 cents			
The dividend was expected to increase by 12% per annum.			
Options granted in September 2012:			
These options vested on the date of acceptance			
Options exercised in October 2012 (5 000 out of 5 000 options)	Nil	Nil	Not applicable
The market price of the shares on the acceptance date was 2 575 cents			
The dividend was expected to increase by 12% per annum.			
Options granted in June 2013:			
These options vest on the date of acceptance			
The number of options granted was 750 000 of which 720 000 were accepted by by 30 June 2013.			
Options exercised in June 2013 (267 500 out of 720 000 options accepted)	Nil	Nil	Not applicable
Options expected to be exercised by 31 December 2013 (226 250 out of 720 000 options accepted)	0,5	35	6,3
Options expected to be exercised by 31 March 2014 (226 250 out of 720 000 options accepted)	0,75	35	6,3
The weighted average market price of the shares on the acceptance dates for those options accepted by 30 June 2013 was 3 047 cents			
The dividend was expected to increase by 12% per annum.			

31 Employee benefits expense (continued)

Share option schemes (continued)

The grant date fair value of the options are:

Options granted in March 2008

Options that vested in March 2009 - 554 cents per option
Options that vested in March 2010 - 593 cents per option
Options that vested in March 2011 - 618 cents per option
Options that vested in March 2012 - 631 cents per option
Options that vested in March 2013 - 635 cents per option

Options granted in September 2008

Options that vested in September 2009 - 554 cents per option
Options that vested in September 2010 - 593 cents per option
Options that vested in September 2011 - 618 cents per option
Options that vested in September 2012 - 631 cents per option
Options that vest in September 2013 - 635 cents per option

Options granted in September 2010 (weighted average)

Options that vested in September 2011 - 288 cents per option
Options that vested in September 2012 - 366 cents per option
Options that vest in September 2013 - 419 cents per option
Options that vest in September 2014 - 460 cents per option
Options that vest in September 2015 - 492 cents per option

Options granted in December 2010:
These options vested in December 2010 and have a weighted average option value of 222 cents per option.

Options granted in July 2012:
These options vested in July 2012 and have an option value of 69 cents per option.

Options granted in September 2012:
These options vested in September 2012 and have an option value of 467 cents per option.

Options granted in June 2013:
Options that were accepted by the year end vested in June 2013 and have a weighted average option value of 159 cents per option.

The weighted average exercise price of share options granted and accepted is 1 563 cents, of the share options exercised is 1 460 cents, of the share options lapsed is 1 267 cents and of the share options remaining at 30 June 2013 is 1 815 cents. The estimated weighted average future contractual life of the share options at 30 June 2013 is six months, assuming no further attrition and that the market price per share will remain above the exercise price such that the participants will exercise their options within a month of each of the remaining vesting dates; that for the accepted but unexercised options that vested in June 2013, one half will be exercised by 31 December 2013 and the other half by 31 March 2014; and that unexercised but vested options at 30 June 2013 in respect of the other grants will be exercised by 31 October 2013.

32 Directors' remuneration

	Short term benefits									
	Salaries R 000	Fees (a) R 000	Performance bonuses R 000	Allowances R 000	Commission R 000	Dividends on treasury shares (b) R 000	Imputed for income tax purposes (c) R 000	Medical aid contributions R 000	Retirement fund contributions R 000	**Total R 000**
Detail for 2013										
Executive directors										
PJ Blunden	1 748	–	1 829	133	–	36	29	51	663	**4 489**
AG Fletcher	2 837	–	444	139	–	–	–	130	–	**3 550**
DG Jones	1 078	–	421	100	–	100	424	42	362	**2 527**
Dr SJ Meijers	1 931	–	1 900	197	–	932	1 056	54	195	**6 265**
MV Ramollo	714	205	–	–	–	20	22	108	113	**1 182**
CJ Smith (d)	986	–	429	128	480	125	311	18	457	**2 934**
	9 294	205	5 023	697	480	1 213	1 842	403	1 790	**20 947**
Non executive directors										
T de Bruyn	–	265	–	–	–	–	–	–	–	**265**
Dr JP Herselman	–	265	–	–	–	–	–	–	–	**265**
IAR Thomson	–	405	–	–	–	–	–	–	–	**405**
	–	935	–	–	–	–	–	–	–	**935**
Total	9 294	1 140	5 023	697	480	1 213	1 842	403	1 790	**21 882**
Paid by the Company		1 140								**1 140**
Paid by subsidiaries	9 294		5 023	697	480			403	1 790	**17 687**
Paid by the share trusts						1 213				**1 213**
Imputed for income tax purposes							1 842			**1 842**
	9 294	1 140	5 023	697	480	1 213	1 842	403	1 790	**21 882**
Detail for 2012										
Executive directors										
PJ Blunden	1 626	–	1 521	204	–	90	129	46	498	4 114
AG Fletcher	2 653	–	355	139	–	–	–	128	–	3 275
DG Jones	997	–	337	72	–	59	550	38	305	2 358
Dr SJ Meijers	1 799	–	1 632	192	–	622	2 704	49	183	7 181
MV Ramollo	667	145	–	–	–	23	378	98	107	1 418
CJ Smith (d)	114	–	–	12	–	–	21	2	27	176
	7 856	145	3 845	619	–	794	3 782	361	1 120	18 522
Non executive directors										
T de Bruyn –	–	245	–	–	–	–	–	–	–	245
Dr JP Herselman	–	245	–	–	–	–	–	–	–	245
IAR Thomson	–	300	–	–	–	–	–	–	–	300
	–	790	–	–	–	–	–	–	–	790
Total	7 856	935	3 845	619	–	794	3 782	361	1 120	19 312
Paid by the Company		935								935
Paid by subsidiaries	7 856		3 845	619				361	1 120	13 801
Paid by the share trusts						794				794
Imputed for income tax purposes							3 782			3 782
	7 856	935	3 845	619	–	794	3 782	361	1 120	19 312

(a) Fees are in respect of services rendered as directors of the Company and are paid by the Company. All other remuneration is for executive services rendered within the Group and is paid as indicated.

(b) Dividends on treasury shares are dividends on shares allocated but not yet paid for in the ELB Share Incentive Trust. Information on the operations of the trust is presented in note 7.

(c) Amounts imputed for income tax purposes comprise imputed interest on the unpaid balances of interest free loans granted by the ELB Share Incentive Trust in respect of incentive shares allocated to participants; and imputed benefits on the vesting of such incentive shares. These amounts are not recorded as expenses of the Group or the Company. Additional information on share loans and share options is supplied later in this note.

(d) Mr CJ Smith was appointed to the board as an alternate director on 21 May 2012.

Directors do not have service contracts. All executive directors have employment contracts and receive monthly remuneration. In cases of resignation or retirement a period of notice would be agreed between the director and management, which, in normal circumstances, could be expected to be between six and twelve months.

32 Directors' remuneration (continued)

Directors' share loans

Interest free loans granted by the ELB Share Incentive Trust in respect of incentive shares allocated to directors are as follows:

	Date options granted	Balance at 30 June 2012 R 000	Changes during the year: Loans granted during the year R 000	Changes during the year: Repaid during the year R 000	Balance at 30 June 2013 R 000
PJ Blunden	1 December 2010	947	–	(947)	–
DG Jones	20 March 2008	1 000	250	–	1 250
	1 December 2010	677	–	–	677
Dr SJ Meijers	6 February 2007	82	–	–	82
	20 March 2008	5 000	–	–	5 000
	1 December 2010	10 824	–	–	10 824
MV Ramollo	20 March 2008	369	–	(369)	–
CJ Smith (appointed 21 May 2012)	20 March 2008	1 000	250	–	1 250
	23 September 2010	52	51	–	103
	1 December 2010	1 055	–	–	1 055
	10 June 2013	n/a	1 495	–	1 495
		21 006	2 046	(1 316)	21 736

n/a = not applicable

Interest imputed for income tax purposes on the interest free loans:

	Year ended 30 June 2013 R 000	Year ended 30 June 2012 R 000
PJ Blunden	29	129
DG Jones	114	90
Dr SJ Meijers	1 056	357
MV Ramollo	22	33
CJ Smith (2012 - amount since appointment on 21 May 2012)	167	21
	1 388	630

n/a = not applicable

32 Directors' remuneration (continued)

Directors' share options

Details regarding the share option scheme are contained in note 31.

Included in outstanding share options are the following share options which have been granted to executive directors:

			Number of options				
					Changes during the year		
	Date granted	Exercise price (cents)	Granted	Outstanding at 30 Jun 12	Granted	Exercised	Outstanding at 30 Jun 13
PJ Blunden	20 March 2008	1 250	500 000	500 000	n/a	–	500 000
	1 December 2010	1 353	700 000	400 000	n/a	–	400 000
DG Jones	20 March 2008	1 250	100 000	20 000	n/a	(20 000)	–
	1 December 2010	1 353	50 000	–	n/a	–	–
Dr SJ Meijers	20 March 2008	1 250	500 000	100 000	n/a	–	100 000
	1 December 2010	1 353	800 000	–	n/a	–	–
MV Ramollo	20 March 2008	1 250	75 000	15 000	n/a	–	15 000
CJ Smith (appointed 21 May 2012)	20 March 2008	1 250	100 000	20 000	n/a	(20 000)	–
	23 September 2010	1 289	20 000	16 000	n/a	(4 000)	12 000
	1 December 2010	1 353	100 000	–	n/a	–	–
	10 June 2013	3 322	45 000	n/a	45 000	(45 000)	–
			2 990 000	1 071 000	45 000	(89 000)	1 027 000

No options lapsed during the year.

n/a = not applicable

MC Easter, who was appointed as a director on 1 July 2013, was granted 150 000 options on 10 June 2013. The options had not been excercised at 30 June 2013.

DG Jones resigned as a director on 30 June 2013.

	Group Year ended 30 June 2013 R 000	Group Year ended 30 June 2012 R 000
Portion of the equity settled share option expense relating to directors recognised in profit or loss	251	575

Vesting benefits imputed for income tax purposes on the share options:

	Year ended 30 June 2013 R 000	Year ended 30 June 2012 R 000
PJ Blunden	–	–
DG Jones	310	460
Dr SJ Meijers	–	2 347
MV Ramollo	–	345
CJ Smith	144	–
	454	3 152

Prescribed officers

All prescribed officers in the Group are directors of the Company, and therefore no additional disclosure to that given above for directors is applicable.

	Note	Group **2013 R 000**	Group 2012 R 000	Company **2013 R 000**	Company 2012 R 000
33 Finance income					
Interest received					
External		**17 269**	25 743	**1**	–
Inter company				**252**	486
Adjustments to loan receivable					
Effective interest rate adjustment	5.1	**(107)**	230	**–**	–
Fair value adjustment	5.1	**141**	–		
		17 303	25 973	**253**	486
34 Finance expenses					
Interest paid					
External		**9 052**	11 147	**–**	–
Inter company				**21**	–
Fair value adjustment to loan receivable	5.2	**1 778**	–	**–**	–
Provision for trade back commitments					
Changes to present value amounts	19	**(3)**	174	**–**	–
Unwinding of present value adjustments	19	**293**	578	**–**	–
Mortgage bond raising costs		**155**	–	**–**	–
		11 275	11 899	**21**	–

		Note	Group 2013 R 000	Group Restated 2012 R 000	Company 2013 R 000	Company Restated 2012 R 000
35	**Income tax expense / (credit) through profit or loss**					
	South African income tax					
	Current year					
	Payable		**20 596**	35 288	**55**	39
	Secondary tax on companies (STC)		**–**	1 935	**–**	976
	Dividend tax		**206**	–	–	–
	Deferred		**19 662**	2 377	**869**	817
	Prior years					
	Payable		**(1 155)**	3 336	**–**	(22)
	Deferred		**577**	(5 413)	**–**	–
	Foreign income tax					
	Current year					
	Payable		**8 017**	6 802	**–**	–
	Deferred		**(2 631)**	(194)	**–**	–
	Prior years					
	Payable		**263**	44	**–**	–
	Deferred		**(123)**	(73)	**–**	–
			45 412	44 102	**924**	1 810
	Current income tax		**27 927**	47 405	**55**	993
	Deferred income tax		**17 485**	(3 303)	**869**	817
			45 412	44 102	**924**	1 810
	Deferred income tax for the year is accounted for as follows:					
	Decrease / (increase) in deferred income tax assets	8.1	**7 915**	(4 347)	**–**	–
	Increase in deferred income tax liabilities	8.2	**9 570**	1 044	**869**	817
			17 485	(3 303)	**869**	817
	Reconciliation of the rate of income tax		**%**	%	**%**	%
	Income tax as a percentage of profit or loss before tax		**28**	30	**5**	8
	(Increase) / decrease in the income tax rate arising from:					
	Secondary tax on companies (STC)		**–**	(1)	**–**	(5)
	Dividends received from subsidiary				**25**	18
	(Increase) / reduction of impairments on loans to Group entities				**–**	7
	Separate income tax liability of the non controlling interests in the profit of consolidated partnerships		**1**	1		
	Other non taxable income, non deductible expenses, incentives and foreign tax differentials		**(1)**	(2)	**(2)**	–
			28	28	**28**	28
	Other income tax information		**R 000**	R 000	**R 000**	R 000
	Estimated income tax losses at the year end to be carried forward		**3 838**	688	**–**	–
	Amount of the above income tax losses that have not been included in deferred income tax assets or deferred income tax liabilities	8	**1**	1	**–**	–
	There were no secondary tax on companies (STC) credits available at the year end for set off against dividend tax on future dividends of the Company	8.1				

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note		Group 2013 R 000		2012 R 000
36 Headline earnings					
Calculation of headline earnings					
Profit attributable to ordinary shareholders of the Company per the statement of profit or loss			**95 255**		81 579
Deduct: Items excluded from headline earnings:					
Plant and equipment:					
Items included in profit from operations					
Profit on disposal					
Profit on disposal	26	**405**		744	
Income tax effects		**(110)**		(202)	
Non controlling interests		**(62)**		(113)	
Revaluation adjustment					
Revaluation adjustment		**–**		504	
Income tax effect		**–**		(141)	
Non controlling interests		**–**		(55)	
			233		737
			95 022		80 842

	Note	Group 2013 R 000	2012 R 000
37 Earnings per ordinary share			
Weighted average number of ordinary shares in issue during the year			
Issued ordinary shares at the beginning and end of the year		**33 860 000**	33 860 000
Effect of treasury shares in Group entities		**(8 463 851)**	(8 709 630)
Weighted average number of ordinary shares in issue for basic earnings per share calculations		**25 396 149**	25 150 370
Effect of outstanding share options		**690 390**	584 001
Weighted average number of ordinary shares in issue for diluted earnings per share calculations		**26 086 539**	25 734 371
		Cents	Cents
Earnings per share attributable to ordinary shareholders of the Company			
Earnings per share calculated on the profit for the year attributable to ordinary shareholders of ELB Group Limited of R95 255 000 (2012 - R81 579 000). Refer to the statement of profit or loss.			
Basic		**375,1**	324,4
Diluted		**365,2**	317,0
Headline earnings per ordinary share			
Headline earnings per ordinary share calculated on headline earnings of R95 022 000 (2012 - R80 842 000).	36		
Basic		**374,2**	321,4
Diluted		**364,3**	314,1

38 Dividends paid on the ordinary shares

	Cents per share	Final dividend in respect of previous year's earnings - number of shares	Interim dividend in respect of current year's earnings - number of shares	Final dividend in respect of previous year's earnings R 000	Interim dividend in respect of current year's earnings R 000	Total R 000
Year ended 30 June 2012						
Final dividend relating to earnings for the 2011 financial year	40	33 860 000		13 544		13 544
Interim dividend relating to earnings for the 2012 financial year	18		33 860 000		6 095	6 095
Dividends paid disclosed by the Company	58	33 860 000	33 860 000	13 544	6 095	19 639
Dividends on treasury shares		(8 781 031)	(8 626 031)	(3 512)	(1 552)	(5 064)
Dividends paid disclosed by the Group		25 078 969	25 233 969	10 032	4 543	14 575
Year ended 30 June 2013						
Final dividend in respect of the previous year's earnings paid 29 October 2012	**52**	**33 860 000**		**17 607**		**17 607**
Interim dividend in respect of the current year's earnings paid 22 April 2013	**25**		**33 860 000**		**8 465**	**8 465**
Dividends paid disclosed by the Company	**77**	**33 860 000**	**33 860 000**	**17 607**	**8 465**	**26 072**
Dividends on treasury shares		**(8 540 031)**	**(8 412 031)**	**(4 441)**	**(2 103)**	**(6 544)**
Dividends paid disclosed by the Group		**25 319 969**	**25 447 969**	**13 166**	**6 362**	**19 528**

A final dividend of 60 cents per ordinary share in repect of the current year's earnings, amounting to R20 316 000 on the total 33 860 000 ordinary shares in issue at the date of declaration, was declared on 17 September 2013 and is payable on 28 October 2013 (2012 - 52 cents per ordinary share on 33 860 000 ordinary shares amounting to R17 607 200). The dividend is subject to the new South African dividend withholding tax of 15%.

Shareholders who are not exempt from the tax will receive a net dividend of 51 cents per ordinary share (2012 - 44,2 cents per ordinary share).

Together with the interim dividend of 25 (2012 - 18) cents per ordinary share the total dividends in respect of the current financial year's earnings amount to 85 (2012 - 70) cents per ordinary share.

The final dividend has not been accrued by the Company or the Group in these financial statements.

39 Dividends on the 6% preference shares

An interim dividend of R228 was paid during the year on the 6% preference shares of R2 each. Subsequent to the interim dividend the preference shares were redeemed. The dividends on the preference shares in the 2012 financial year amounted to R456.

	Note	Group 2013 R 000	2012 R 000
40 Notes to the cash flow statements			
40.1 Foreign currency translation reserve adjustment			
Foreign currency translation reserve adjustment for the year reported in the Group statement of comprehensive income			
Attributable to ordinary shareholders of the Company		**13 143**	16 573
Attributable to non controlling interests		**2 320**	2 925
		15 463	19 498
The allocation of the foreign currency translation reserve adjustment for the year to the external assets, external liabilities and the direct non controlling interests in the foreign entities is as follows:			
Property, plant and equipment	1	**2 982**	3 221
Deferred tax asset	8.1	**385**	604
Working capital	40.4	**5 769**	6 811
Cash and cash equivalents	40.2	**8 091**	11 361
Non current liabilities		**–**	(21)
Income tax payable	40.5	**(288)**	(459)
Foreign non controlling interests in the foreign entities		**(1 476)**	(2 019)
		15 463	19 498

The foreign currency translation reserve adjustment for the year, appearing in the Group statement of comprehensive income has been allocated in the cash flow statement to the various components above so as to offset the translation adjustment for those components.

	Note	2013 R 000	2012 R 000
40.2 Foreign currency exchange and translation adjustments to cash and cash equivalents			
Foreign currency exchange adjustments to cash and cash equivalents held by operating entities in currencies other than the functional currency of these entities, reported in profit or loss	30	**7 088**	4 467
Foreign currency translation adjustments to cash and cash equivalents of foreign entities for the year, included in the foreign currency translation reserve adjustment reported in the Group statement of comprehensive income.	40.1	**8 091**	11 361
Foreign currency exchange and translation adjustments to cash and cash equivalents as reported in the cash flow statement		**15 179**	15 828

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note	Group 2013 R 000	Group Restated 2012 R 000	Company 2013 R 000	Company Restated 2012 R 000
40 Notes to the cash flow statements (continued)					
40.3 Non cash adjustments					
Profit on disposal of plant and equipment	26	**(405)**	(744)	**–**	–
Employee benefits expense					
Equity settled share options	31	**1 776**	1 258		
Pension fund employer surplus account - net income recognised in profit or loss	4	**(3 105)**	(2 917)	**(3 105)**	(2 917)
Impairment of loans - (decrease) / increase					
ELB Share Incentive Trust	26			**259**	–
ELB International (Pty) Ltd	26			**–**	(5 676)
Loan from sale of ETP	5.1	**(2 720)**	2 200		
Provision for trade back commitments					
Net increase in sales revenue	19	**(3 320)**	(3 799)	**–**	–
		(7 774)	(4 002)	**(2 846)**	(8 593)
40.4 Changes in working capital					
Construction contract work not yet billed - increase		**(84 924)**	(2 431)	**–**	–
Inventories - decrease / (increase)		**19 831**	(110 553)	**–**	–
Trade and other receivables - (increase) / decrease		**(95 967)**	(21 862)	**248**	(1 146)
Derivative financial assets - increase		**(4 017)**	(2 243)	**–**	–
Other current assets - (increase) / decrease		**(13 005)**	17 924	**–**	–
Construction contract liabilities - decrease		**(55 838)**	(171 559)	**–**	–
Trade and other payables: non interest bearing - increase / (decrease)		**110 060**	46 659	**(259)**	(24)
Trade and other payables: interest bearing - (increase) / decrease		**(8 078)**	24 177	**–**	–
Other financial liabilities - decrease		**(580)**	(2 123)	**–**	–
Other current liabilities - increase		**14 595**	13 866	**12**	–
		(117 923)	(208 145)	**1**	(1 170)
Net foreign entities translation adjustment to working capital allocated to and included in the individual components of working capital above	40.1	**5 769**	6 811		

	Note	Group 2013 R 000	Group 2012 R 000	Company 2013 R 000	Company 2012 R 000
40 Notes to the cash flow statements (continued)					
40.5 Income tax paid					
Balances at the beginning of the year					
Income tax refundable		**1 995**	5 191	**17**	78
Income tax payable		**(9 411)**	(3 508)	**–**	–
Payable income tax expense for the year	35	**(27 927)**	(47 405)	**(55)**	(993)
Foreign currency translation adjustments to the income tax accounts of foreign entities	40.1	**(288)**	(459)		
Balances at the end of the year					
Income tax refundable		**(31 394)**	(1 995)	**(2)**	(17)
Income tax payable		**5 583**	9 411	**–**	–
		(61 442)	(38 765)	**(40)**	(932)
40.6 Dividends paid to ordinary shareholders					
Dividends declared and paid in the year					
Final in respect of the previous year's earnings	38	**(13 166)**	(10 032)	**(17 607)**	(13 544)
Interim in respect of the current year's earnings	38	**(6 362)**	(4 543)	**(8 465)**	(6 095)
		(19 528)	(14 575)	**(26 072)**	(19 639)
40.7 Net additions and improvements to property					
Additions and improvements at cost	1	**(486)**	(26 251)		
10% interest in the Group's new property in Australia sold at cost to a director of the Group's Ditch Witch operations in Australasia	1	**–**	2 831		
		(486)	(23 420)		
40.8 Net purchases of plant and equipment					
(excluding leasehold improvements and the interest in the improvements to the aeroplane)					
Purchases at cost					
Plant and machinery	1	**(3 321)**	(9 425)		
Vehicles	1	**(5 643)**	(7 054)		
Office furniture and equipment	1	**(593)**	(1 622)		
Computer equipment	1	**(4 784)**	(2 341)		
Total purchases at cost		**(14 341)**	(20 442)		
Proceeds on disposals					
Profit on disposals	26	**405**	744		
Carrying amounts of disposals	1	**321**	800		
Proceeds on disposals		**726**	1 544		
Net purchases of plant and equipment		**(13 615)**	(18 898)		

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Note	Group 2013 R 000	2012 R 000
40 Notes to the cash flow statements (continued)			
40.9 Business combination			
Acquisition of Conductor Systems CC			
The business of Conductor Systems CC was acquired as a going concern on 1 September 2012 by a newly formed Group subsidiary which changed its name to Conductor Systems (Pty) Ltd. The subsidiary provides manufactured electrification systems for mobile machinery.			
The fair values of the assets and liabilities at the date of acquisition are listed below.			
Plant and equipment	1	**(1 509)**	
Inventories		**(613)**	
Deferred income tax liability	8.2	**196**	
Other current liabilities		**126**	
Fair value cash consideration paid		**(1 800)**	
40.10 Decrease / (increase) in non current loans receivable			
Loan from the sale of a former group company			
Repayments during the year	5.1	**2 950**	–
Interest received on the loan for the year	5.1	**(372)**	(142)
Increase in amount allocated to current portion	5.1	**2 844**	–
		5 422	(142)
Loan to a related party			
Amount advanced	5.2	**(6 171)**	–
Amount allocated to current portion	5.2	**1 071**	–
		(5 100)	–
Net decrease / (increase)		**322**	(142)
40.11 Treasury shares changes			
ELB Share Incentive Trust			
ELB shares paid up by participants and released by the Trust	15.4	**4 119**	3 445

41 Related party transactions

Related party relationships exist between group companies. All buying and selling transactions are concluded at arm's length and are eliminated upon consolidation.

Inter company current accounts do not bear interest. Short and long term inter company loans bear interest at market rates. The loan by the Company to its wholly owned subsidiary, ELB International (Pty) Ltd, is interest free.

A former subsidiary of ELB International (Pty) Ltd, ELB Timber Products (Pty) Ltd (ETP), was sold on credit to the chief executive officer of ETP with effect from 31 May 2008. Details of the consequent loan are reported in note 5.1.

During the year a licensing agreement to design and supply a range of equipment for use in mineral beneficiation and water treatment plants was entered into between MC Process Global (Pty) Ltd, the newly established entity within the Group to execute the new business, and the licence provider, MC Process (Pty) Ltd. In terms of the agreement a loan was granted to MC Process Global (Pty) Ltd as disclosed in note 5.2.

Remuneration of directors and prescribed officers is reported in note 32.

Material transactions of the Company with its subsidiaries are:

- Management and administration services rendered to indirect subsidiary, ELB Equipment Holdings (Pty) Ltd, - reported in note 25.
- Loans to subsidiaries - reported in note 3 and on page 88.

The Group has a 34% interest in a joint operation which owns and operates an aeroplane. Group companies from time to time charter the aeroplane on an arm's length basis.

In the previous financial year a 10% interest in the Group's new property in Australia was sold at cost to a director of the Group's Ditch Witch operations in Australasia. The transaction is reported in note 40.7. .

A non interest bearing short term loan of R3,9 million (2012 - R2,5 million, 2011 - nil) has been granted by an indirect subsidiary, Elbcon (Pty) Ltd, to its 35% non controlling interest.

The principal group entities are listed on page 88.

42 Post balance sheet events

ARDBEL (Pty) Ltd, a 50:50 joint venture with DRA Group Holdings (Pty) Ltd was established after the year end. The joint venture will enable ARDBEL to execute very large material handling projects.

The ELB Intelligent Solutions business, a hi-tech data and voice management company, was established after the year end.

43 Financial risk management

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Group's business.
Derivative instruments are used as a means of reducing exposure to fluctuations in foreign currency exchange rates.
While these derivatives are subject to the risk of market rates changing subsequent to acquisition, such changes should generally be offset by opposite effects on the hedged items.

Potential risks to which the Group might be exposed are identified, and existing risks to which the Group is exposed are monitored on an ongoing basis. Attention is given continuously to market and analysts forecasts for foreign currency exchange rates, interest rates and commodity prices.

43.1 Financial instruments

At 30 June 2013 the following financial instruments were held:

		Group			Company		
	Note	**2013 R 000**	2012 R 000	2011 R 000	**2013 R 000**	2012 R 000	2011 R 000
Financial assets							
Loans receivable at fair value	5.3	**7 663**	3 094	4 922	**–**	–	–
Loans and receivables at amortised cost							
Loans to subsidiaries	3				**74 170**	79 837	79 050
Loan to the group share trust	5.4				**75 142**	81 208	82 878
Trade receivables	11	**228 659**	141 037	118 595	**–**	–	–
Other current receivables	11	**10 360**	4 749	3 478	**–**	1	1
Financial assets held for trading							
Derivative financial assets	12	**6 260**	2 243	–	**–**	–	–
Cash and cash equivalents	14	**470 506**	489 390	632 741	**84**	70	1 395
Total financial assets		**723 448**	640 513	759 736	**149 396**	161 116	163 324
Financial liabilities							
Financial liabilities at amortised cost							
Interest bearing borrowings	18	**33 199**	22 384	23 377	**–**	–	–
Trade payables							
Non interest bearing	20	**379 216**	261 328	202 043	**–**	–	–
Interest bearing	21	**175 433**	180 074	159 955	**–**	–	–
Other current payables	20	**53 783**	54 760	56 609	**313**	572	596
Financial guarantee liability	22	**36**	168	144	**–**	–	–
Financial liabilities held for trading							
Derivative financial liabilities	22	**601**	1 049	3 196	**–**	–	–
Total financial liabilities		**642 268**	519 763	445 324	**313**	572	596
Excess of financial assets over financial liabilities		**81 180**	120 750	314 412	**149 083**	160 544	162 728
Fair value hierarchy of financial instruments measured at fair value through profit or loss							
Level one		**–**	–	–	**–**	–	–
Level two							
Derivative financial assets							
Foreign currency forward exchange contracts	12	**6 260**	2 243	–	**–**	–	–
Derivative financial liabilities							
Foreign currency forward exchange contracts	22	**601**	1 049	3 196	**–**	–	–
Level three							
Loans receivable at fair value	5.3	**7 663**	3 094	4 922	**–**	–	–

IFRS 7 in paragraph 27A classifies the fair value hierarchy as follows:

Level one: fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level two: fair value measurements derived from inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
Level three: fair value measurements derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

43 Financial risk management (continued)

43.1 Financial instruments (continued)

Fair value of financial instruments

The carrying amounts of financial instruments are either at fair value based on the methods and assumptions for determining fair value as stated in the accounting policies or at values which approximate fair value based on the nature or maturity period of the financial instrument.

The fair values of loans receivable are estimated as the present value of future cash flows discounted at the market rate of interest at the balance sheet date. Trade and other current receivables have not been discounted on account of their short term nature.

Interest bearing borrowings comprise mortgage bonds and finance leases and credit instalment agreements which are at market related floating rates of interest, and therefore the fair values are insignificantly different to the carrying amounts. Trade and other current payables have not been discounted because of their short term nature. The financial guarantee liability is measured initially at the present value, over the expected life of the guarantee, of the estimated commercial bank fees for a guarantee with similar risk; with subsequent amortisation over such expected life. Derivative financial assets and liabilities consist of foreign currency forward exchange contracts (FECs) where the fair value is established by comparing with year end contract values for FECs with similar maturity dates.

43 Financial risk management (continued)

43.2 Foreign currency management

The Group incurs currency risk as a result of purchases, sales and borrowings that are denominated in a currency other than the Group's functional currency. The foreign currencies in which the Group deals primarily are United States dollars, Euros, Japanese yen, British pounds, Australian dollars, New Zealand dollars, Zambian kwachas and Mozambique meticais.

In the ELB Equipment operation in South Africa and the Ditch Witch operations in Australia and New Zealand, unless the customer has accepted the currency risk, all imports of equipment relating to specific customer orders are covered by foreign currency forward exchange contracts (FECs). Equipment imports not yet paid for are covered by FECs as soon as customer orders are obtained except, as before, where the customer is carrying the currency risk. Significant other trading transactions in foreign currencies are usually covered by FECs.

When the South African rand exchange rate is considered to be particularly favourable management of the ELB Equipment operation in South Africa may cover by FECs certain equipment imports not yet subject to customer orders.

At 30 June 2013 the Group had the following uncovered foreign currency denominated amounts in the balance sheets of its South African operations. The Company had no foreign currency denominated amounts in its balance sheets at 30 June 2013, 2012 and 2011.

		Group	
	2013	2012	2011
	R 000	R 000	R 000
Current assets			
Trade receivables			
United States dollars	**25 548**	19 508	3 411
Euros	**7 479**	4 722	51
British pounds	**175**	107	–
Cash and cash equivalents			
United States dollars	**44 444**	17 282	59 413
Euros	**11 619**	4 722	26 673
Mozambique meticais	**28**	558	170
Australian dollars	**17**	–	–
Japanese yen	**14**	–	–
British pounds	**–**	58	17
Botswana pulas	**1**	2	2
Namibian dollars	**–**	–	2
Angolan kwanzas	**–**	–	1
	89 325	46 959	89 740
Current liabilities			
Trade payables - non interest bearing			
United States dollars	**7 180**	9 244	4 619
Euros	**49 542**	9 839	6 279
British pounds	**35 796**	41 242	5 102
Zambian kwachas	**3 904**	132	–
Japanese yen	**2 089**	10 458	13 086
Mozambique meticais	**60**	216	1 341
Australian dollars	**–**	–	6 436
Trade payables - interest bearing			
Japanese yen	**34 587**	121 691	45 599
British pounds	**18 050**	2 936	18 103
United States dollars	**15 970**	11 496	1 461
Euros	**7 006**	–	–
	174 184	207 254	102 026
Net uncovered position: net liabilities	**84 859**	160 295	12 286

43 Financial risk management (continued)

43.2 Foreign currency management (continued)

Group

The contract and fair values of FECs are summarised below. The Company had no FECs.
No FECs are designated as cash flow hedges.

South Africa

	FEC contract values Foreign amounts			FEC contract values Rand amounts			FEC fair values Rand amounts		
	2013 R 000	2012 R 000	2011 R 000	**2013** R 000	2012 R 000	2011 R 000	**2013 R 000**	2012 R 000	2011 R 000
Trade imports - specific									
United States dollars	**2 388**	755	411	**22 683**	6 140	2 853	**24 230**	6 221	2 813
Euros	**477**	170	67	**5 663**	1 790	671	**6 240**	1 769	662
Japanese yen	**397 244**	417 445	712 613	**39 320**	41 879	61 537	**40 396**	43 316	60 951
British pounds	**3 012**	1 663	5 575	**43 930**	21 745	63 500	**46 389**	21 442	60 940
Total trade imports				**111 596**	71 554	128 561	**117 255**	72 748	125 366

Australia

	FEC contract values Foreign amount 2013 USD 000	FEC contract values Reporting currency amount 2013 AUD 000	FEC fair values 2013 AUD 000
Trade imports - specific	795	855	851

The differences between FEC contract values and fair values at the balance sheet date are accrued as FEC assets in current financial assets or FEC liabilities in current financial liabilities in respect of net gain adjustments or net loss adjustments respectively in the operating entities. The gains and losses are taken through operating costs in profit or loss.

The following significant exchange rates applied during the year:

	Closing rate			Average rate		
	2013	2012	2011	**2013**	2012	2011
Number of South African rands to one:						
United States dollar	**9,88002**	8,16385	6,78268	**8,85878**	7,70231	7,01775
Euro	**13,05740**	10,34975	9,81277	**11,48276**	10,35911	9,54495
British pound	**15,02972**	12,82132	10,89166	**13,87504**	12,23503	11,13188
Australian dollar	**9,02969**	8,35865	7,27033	**9,03507**	7,99416	6,92060
New Zealand dollar	**7,64615**	6,54267	5,61682	**7,25168**	6,23072	5,32567
Zambian kwacha	**1,79495**	–	–	**1,68481**	–	–
Number of foreign currency units to one South African rand:						
Japanese yen	**10,03389**	9,77480	11,87363	**9,86857**	10,23842	11,82750
Mozambique meticais	**3,00607**	3,41138	4,15028	**3,33341**	3,56360	4,68393
Number of Australian dollars to one United States dollar	**1,09417**	0,97670	0,93293	**0,98013**	0,96271	1,01670
Number of New Zealand dollars to one Australian dollar	**1,18102**	1,27798	1,29440	**1,24773**	1,28279	1,37228

43 Financial risk management (continued)

43.2 Foreign currency management (continued)

Exposure to currency risk

Group	**Australian dollars AUD 000**	**New Zealand dollars NZD 000**	**United States dollars USD 000**	**Euros EUR 000**	**Japanese yen JPY 000**	**British pounds GBP 000**	**Mozam-bique meticais MZN 000**	**Zambian kwachas ZMW 000**
The Group's exposure to foreign currency risk in the foreign currencies in which the Group primarily operates is set out below.								
At 30 June 2013								
Trade and other receivables	**2 586**	**269**	**2 586**	**573**		**12**		
Cash and cash equivalents	**6 060**	**440**	**5 696**	**1 288**	**6 482**	**3**	**81**	
Trade and other payables								
Non interest bearing	**(754)**	**(456)**	**(7 455)**	**(4 540)**	**(20 961)**	**(2 884)**	**(181)**	**(2 175)**
Interest bearing			**(3 976)**	**(533)**	**(739 106)**	**(3 694)**		
Gross balance sheet exposure	**7 892**	**253**	**(3 149)**	**(3 212)**	**(753 585)**	**(6 563)**	**(100)**	**(2 175)**
FECs	**(855)**		**3 183**	**477**	**397 244**	**3 012**		
Net exposure	**7 037**	**253**	**34**	**(2 735)**	**(356 341)**	**(3 551)**	**(100)**	**(2 175)**
At 30 June 2012								
Trade and other receivables	1 360	313	2 390	456		8		
Cash and cash equivalents	5 728	724	4 263	2 011		3	1 030	
Non current borrowings								
Trade and other payables								
Non interest bearing	(3 699)	(243)	(5 556)	(1 787)	(102 225)	(4 754)	(733)	(82 970)
Interest bearing	(30)		(1 576)		(1 590 409)	(351)		
Gross balance sheet exposure	3 359	794	(479)	680	(1 692 634)	(5 094)	297	(82 970)
FECs	(3 334)		1 663	2 148	417 445	1 663		
Net exposure	25	794	1 184	2 828	(1 275 189)	(3 431)	297	(82 970)
At 30 June 2011								
Trade and other receivables	1 505		6	156				
Cash and cash equivalents	6 837		951	514		3	7 421	
Non current borrowings	(83)							
Trade and other payables								
Non interest bearing	(3 890)		(31)	(759)	(513 087)	(334)	(22 370)	
Interest bearing	(61)		(282)		(686 073)	(3 068)		
Gross balance sheet exposure	4 308	–	644	(89)	(1 199 160)	(3 399)	(14 949)	–
FECs	(3 519)		1 925	1 633	896 222	2 527		
Net exposure	789	–	2 569	1 544	(302 938)	(872)	(14 949)	–

	2013 R 000	2012 R 000
Sensitivity analysis		
Based on the net exposure of the Group's South African operations to foreign currency at 30 June 2013, it is estimated that a 5% (2012 - 5%) change in the rand exchange rate at this date would have affected profit for the year by approximately the amounts indicated below, assuming all other variables remained constant.		
Estimated approximate increase / (decrease) in profit for the year:		
5% strengthening in the exchange rate (5% stronger rand)	**2 982**	4 993
5% weakening in the exchange rate (5% weaker rand)	**(2 982)**	(4 993)
Based on the net exposure of the Group to foreign currency at 30 June 2013, it is estimated that a 5% (2012 - 5%) change in the rand exchange rate at this date would have affected total comprehensive income for the year by approximately the amounts indicated below, assuming all other variables remained constant.		
Estimated approximate increase / (decrease) in total comprehensive income for the year:		
5% strengthening in the exchange rate (5% stronger rand)	**1 976**	4 564
5% weakening in the exchange rate (5% weaker rand)	**(1 976)**	(4 564)

43 Financial risk management (continued)

43.3 Interest rate management

Group

Financial instruments that are sensitive to interest rate risk are term and call cash deposits, bank accounts, interest bearing non current liabilities, interest bearing trade payables, short term borrowings and bank overdrafts.
The interest rates applicable to these financial instruments compare favourably with those available in the market.
The interest rate risk is moderate and is mitigated by the substantial surplus of funds within the Group, and by arrangement with financial institutions for borrowing facilities to be available at market rates in cases of short term cash shortages.

The Group uses the cash management system provided by its principal local banker, whereby a substantial portion of the Group's local bank balances and overdrafts are pooled each day, with the bank charging or crediting interest on the net balance. This facility affords a considerable advantage in controlling interest charged and received.

Interest rate profile of interest bearing financial instruments

	Note	Carrying amount R 000	Fixed or floating rate	Estimated weighted average rate at the year end % per annum
At 30 June 2013				
Interest bearing financial assets				
Loan receivable	5.1	**3 270**	Fixed	4,7
Cash and cash equivalents				
South Africa		**395 334**	Floating	3,4
Australia and New Zealand		**49 375**	Floating	2,5
Other		**25 797**	Floating	2,1
		473 776		
Interest bearing financial liabilities				
Mortgage bonds	18	**32 102**	Floating	8,1
Finance lease and credit instalment agreements				
Plant and machinery	18	**953**	Floating	8,0
Vehicle	18	**56**	Floating	10,5
Computer equipment	18	**88**	Floating	10,0
Trade payables	21	**175 433**	Fixed	3,0
		208 632		

43 Financial risk management (continued)

43.3 Interest rate management (continued)

Group (continued)

Interest rate profile of interest bearing financial instruments (continued)

	Note	Carrying amount R 000	Fixed or floating rate	Estimated weighted average rate at the year end % per annum
At 30 June 2012				
Interest bearing financial assets				
Loan receivable	5.1	3 094	Fixed	4,7
Cash and cash equivalents				
South Africa		422 934	Floating	4,3
Australia and New Zealand		48 529	Floating	2,9
Other		17 927	Floating	2,0
		492 484		
Interest bearing financial liabilities				
Mortgage bonds	18	20 224	Floating	8,6
Finance lease and credit instalment agreements				
Plant and machinery	18	1 684	Floating	8,0
Vehicles - South Africa	18	91	Floating	10,5
Vehicles - Australia	18	247	Fixed	8,1
Computer equipment	18	138	Floating	10,0
Trade payables	21	180 074	Fixed	4,2
		202 458		
At 30 June 2011				
Interest bearing financial assets				
Loan receivable	5.1	4 922	Fixed	4,7
Cash and cash equivalents				
South Africa		554 388	Floating	4,0
Australia and New Zealand		66 346	Floating	4,3
Other		12 007	Floating	0,0
		637 663		
Interest bearing financial liabilities				
Mortgage bonds	18	22 182	Floating	8,5
Finance lease and credit instalment agreements				
Vehicle - South Africa	18	122	Floating	10,5
Vehicles - Australia	18	891	Fixed	8,2
Computer equipment	18	182	Floating	10,0
Trade payables	21	159 955	Fixed	5,4
		183 332		

	2013 R 000	2012 R 000
Should interest rates have been 1% per annum (2012 - 1% per annum) lower or higher during the year and assuming all other variables remained constant, it is estimated that the profit for the year after income tax of the Group would have (decreased) / increased by approximately the amounts indicated below:		
Interest rates 1% per annum lower	**(1 970)**	(2 653)
Interest rates 1% per annum higher	**1 970**	2 653

43 Financial risk management (continued)

43.4 Liquidity risk

Group

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. These obligations are associated with trading activities which includes the Group's ability to achieve and maintain the necessary inventory turns.

The Group manages liquidity risk by compiling and monitoring cash flow forecasts and by arranging appropriate repayment terms with suppliers. The risk is reduced by the Group's substantial cash and cash equivalents, as well as bank facilities available to the Group.

The Company's memorandum of incorporation restricts the amount that the Group may borrow on the authority of the directors. At 30 June 2013 the maximum permissible Group borrowings amounted to R715 million (2012 - R592 million, 2011 - R475 million).

Estimated maturities of financial liabilities

			Estimated approximate maturities		
	Note	Carrying amount R 000	Within one year R 000	Later than one year but within five years R 000	Beyond five years R 000
Maturity profile at 30 June 2013					
Non current borrowings					
Mortgage bonds	18	**32 102**	**2 796**	**29 306**	
Finance lease and credit instalment agreements					
Plant and machinery	18	**953**	**584**	**369**	
Vehicles	18	**56**	**39**	**17**	
Computer equipment	18	**88**	**54**	**34**	
Trade payables					
Non interest bearing	20	**379 216**	**379 216**		
Interest bearing	21	**175 433**	**175 433**		
Other current payables	20	**53 783**	**53 783**		
Derivative financial liabilities	22	**601**	**601**		
Financial guarantee liability	22	**36**	**24**	**12**	
		642 268	**612 530**	**29 738**	**–**
Maturity profile at 30 June 2012					
Non current borrowings					
Mortgage bonds	18	20 224	5 771	14 453	
Finance lease and credit instalment agreements					
Plant and machinery	18	1 684	694	990	
Vehicles - South Africa	18	91	73	18	
Vehicles - Australia	18	247	247	–	
Computer equipment	18	138	105	33	
Trade payables					
Non interest bearing	20	261 328	261 328		
Interest bearing	21	180 074	180 074		
Other current payables	20	54 760	54 760		
Derivative financial liabilities	22	1 049	1 049		
Financial guarantee liability	22	168	16	63	89
		519 763	504 117	15 557	89
Maturity profile at 30 June 2011					
Non current borrowings					
Mortgage bonds	18	22 182	2 003	20 179	
Finance lease and credit instalment agreements					
Vehicles - South Africa	18	122	31	91	
Vehicles - Australia	18	891	676	215	
Computer equipment	18	182	45	137	
Trade payables					
Non interest bearing	20	202 043	202 043		
Interest bearing	21	159 955	159 955		
Derivative financial liabilities	22	3 196	3 196		
Other current payables	20	56 609	56 609		
Financial guarantee liability	22	144	38	106	
		445 324	424 596	20 728	–

43 Financial risk management (continued)

43.4 Liquidity risk (continued)

The profiles of the Group's interest bearing financial liabilities are summarised below.

Mortgage bonds

Four mortgage bonds (2012 and 2011 - three mortgage bonds) with a carrying amount at 30 June 2013 of R32 102 000 (2012 - R20 224 000, 2011 - R22 182 000) are with a registered South African bank, and are secured over property with a carrying amount at the year end of R70 979 000 (2012 - R51 555 000, 2011 - R53 324 000).

The estimated weighted average interest rate on the mortgage bonds at 30 June 2013 was approximately 8,06% per annum (2012 - 8,58% per annum, 2011 - 8,51% per annum). The interest rates are floating rates.

The estimated approximate current portion (the portion to be repaid within a year) of the outstanding principal at 30 June 2013, was R 2 796 000 (2012 - R5 771 000, 2011 - R2 003 000), resulting in a non current portion of the bonds of R29 306 000 (2012 - R14 453 000, 2011 - R20 179 000).

Monthly repayments of the first bond, including interest, currently amount to R176 442 with a remaining repayment period at 30 June 2013 of thirty two months. The interest rate on the bond at 30 June 2013 was 8,0% per annum (2012 - 8,5% per annum, 2011 - 8,5% per annum). Interest is compounded monthly.

Monthly repayments of the second bond, including interest, currently amount to R90 386 with a remaining repayment period at 30 June 2013 of fifty nine months. The interest rate on the bond at 30 June 2013 was 8% per annum (2012 - 8% per annum, 2011 - 8% per annum). Interest is compounded monthly.

Monthly repayments of the third bond, including interest, currently amount to R53 739 with a remaining repayment period at 30 June 2013 of twenty one months. The interest rate on the bond at 30 June 2013 was 8,75% per annum (2012 - 9,25% per annum, 2011 - 9,25% per annum). Interest is compounded monthly.

Monthly repayments of the fourth bond (the new bond taken out in the current financial year), including interest, currently amount to R116 612 with a remaining repayment period at 30 June 2013 of fifty one months. The interest rate on the bond at 30 June 2013 was 8,0% per annum (2012 - not applicable, 2011 - not applicable). Interest is compounded monthly.

Further information is given below.

	2013 R 000	2012 R 000	2011 R 000
Estimated cash repayments			
Not later than one year	**5 246**	7 134	3 749
Later than one year but not later than five years	**34 292**	16 504	23 951
Total estimated cash repayments	**39 538**	23 638	27 700
Estimated future finance charges included in repayments	**(7 436)**	(3 414)	(5 518)
Carrying amount	**32 102**	20 224	22 182
Estimated principal to be repaid within one year	**(2 796)**	(5 771)	(2 003)
Non current portion	**29 306**	14 453	20 179

43 Financial risk management (continued)

43.4 Liquidity risk (continued)

Group

Finance lease and credit instalment agreements

Plant and machinery

Two finance lease and credit instalment agreements with a carrying amount at 30 June 2013 of R953 000 (2012 - R1 684 000, 2011 - nil) are with a South African financial institution and are secured over plant and machinery with a carrying amount at the year end of R1 278 000 (2012 - R1 740 000, 2011 - nil). Both agreements bear interest at a floating rate of 8% per anum (2012 - 8% per annum, 2011 - not applicable). The estimated date of final repayment is April 2015.

	2013 R 000	2012 R 000	2011 R 000
Estimated cash repayments			
Not later than one year	**636**	804	–
Later than one year but not later than five years	**382**	1 060	–
Total estimated cash repayments	**1 018**	1 864	–
Estimated future finance charges included in repayments	**(65)**	(180)	–
Carrying amount	**953**	1 684	–
Estimated principal to be repaid within one year	**(584)**	(694)	–
Non current portion	**369**	990	–

Vehicles - South Africa

A finance lease and credit instalment agreement with a carrying amount at 30 June 2013 of R56 000 (2012 - R91 000, 2011 - R122 000) is with a South African financial institution, and is secured over a vehicle with a carrying amount at the year end of R 55 000 (2012 - R93 000, 2011 - R104 000).

The agreement bears interest at a floating rate of 10,5% per annum (2012 - 10,5% per annum, 2011 - 10,5% per annum) with an estimated date of final repayment of November 2014.

	2013 R 000	2012 R 000	2011 R 000
Estimated cash repayments			
Not later than one year	**43**	85	43
Later than one year but not later than five years	**18**	18	103
Total estimated cash repayments	**61**	103	146
Estimated future finance charges included in repayments	**(5)**	(12)	(24)
Carrying amount	**56**	91	122
Estimated principal to be repaid within one year	**(39)**	(73)	(31)
Non current portion	**17**	18	91

Vehicles - Australia

The Group did not carry any finance lease and credit instalment agreements in Australia at 30 June 2013. At 30 June 2012 there were finance lease and credit instalment agreements in Australia with a carrying amount of R247 000, and at 30 June 2011 of R891 000. The agreements were secured over vehicles with a carrying amount of R875 000 at 30 June 2012, and R1 739 000 at 30 June 2011.

At 30 June 2012 the agreements bore interest at rates ranging between 7,79% per annum and 8,59% per annum with a weighted average rate of 8,21`% per annum. At 30 June 2011 the rates ranged between 7,79% per annum and 8,59% per annum with a weighted average rate of 8,21% per annum.

	2013 R 000	2012 R 000	2011 R 000
Estimated cash repayments			
Not later than one year	**–**	254	721
Later than one year but not later than five years	**–**	–	221
Total estimated cash repayments	**–**	254	942
Estimated future finance charges included in repayments	**–**	(7)	(51)
Carrying amount	**–**	247	891
Estimated principal to be repaid within one year	**–**	(247)	(676)
Non current portion	**–**	–	215

43 Financial risk management (continued)

43.4 Liquidity risk (continued)

Group (continued)

Computer equipment

A finance lease and credit instalment agreement with a carrying amount at 30 June 2013 of R88 000 (2012 - R138 000, 2011 - R182 000) is with a South African financial institution, and is secured over computer equipment with a carrying amount at the year end of R34 000 (2012 - R79 000, 2011 - R151 000).

The agreement bears interest at a floating rate which was 10% per annum at 30 June 2013 (2012 - 10,0% per annum, 2011 - 10,0% per annum), and has an estimated final repayment in January 2015.

	2013 R 000	2012 R 000	2011 R 000
Estimated cash repayments			
Not later than one year	**60**	60	60
Later than one year but not later than five years	**35**	95	156
Total estimated cash repayments	**95**	155	216
Estimated future finance charges included in repayments	**(7)**	(17)	(34)
Carrying amount	**88**	138	182
Estimated principal to be repaid within one year	**(54)**	(105)	(45)
Non current portion	**34**	33	137

Trade payables - interest bearing

Use is made of the extended credit facilities offered by foreign suppliers.
The carrying amount of interest bearing trade creditors at 30 June 2013 of R175 433 000 (2012 - R180 074 000, 2011 - R159 955 000) is repayable with due dates between July 2013 and March 2014. The interest rates range between 1,44% per annum and 4,0% per annum (2012 - 1,52% per annum and 6,8% per annum, 2011 - 4,0% per annum and 6,8% per annum), with a weighted average rate of 3,02% per annum (2012 - 4,18% per annum, 2011 - 5,42% per annum).

43.5 Credit risk

Group

Financial assets are tabled in note 43.1.

Credit policies are in operation and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit above certain amounts. Ageing analyses are used and special credit allowances are monitored on a regular basis. Reputable financial institutions are used where necessary for effecting cash transfers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group has a diverse number of clients and customers in Africa and Australasia. There is no significant exposure to any individual client or customer on a consistent basis over time. Accordingly the Group has no significant concentration of credit risk.

43.6 Price risk

Group

The Group's exposure to commodity prices is minimal. Where any commodity is a significant cost in a fixed price construction contract undertaken by the Group, the possibility of inserting a cost escalation clause relating to such commodity, in such contract, would be carefully researched and assessed.

44 Comparatives restated

Recognition of the pension fund employer surplus account

The directors of the Company were advised that approval by the Financial Services Board (the FSB) was not required in order to establish a right to the pension fund employer surplus account in the ELB Group Limited Pension Fund (the Fund). The directors do not regard the pension fund employer surplus account as an asset for use in the core operations of the Group as it will be used to fund future pensioner increases and to ensure that the Fund remains fully funded. IAS 19: Employee Benefits requires the recognition of the pension fund employer surplus account as an asset and the recognition of the related deferred income tax liability. A revised IAS 19 is effective for financial years commencing on or after 1 January 2013. The directors have decided to early adopt the revised standard to avoid multiple restatements of comparatives.

The effects of applying IAS 19 are detailed in this note. The adjustments are split into the effect of applying the previous accounting policy (corridor method) for defined benefit plans and the subsequent effect of early adopting the revised IAS 19.

44.1 Balance sheets at 30 June 2012, restated

	Group			Company		
	Previously reported R 000	Adjustment R 000	**Restated R 000**	Previously reported R 000	Adjustment R 000	**Restated R 000**
Assets						
Non current assets						
Property, plant and equipment	140 334	–	**140 334**	–	–	**–**
Interest in subsidiaries				189 092	–	**189 092**
Pension fund employer surplus account	–	39 949	**39 949**	–	39 949	**39 949**
Non current loans receivable	3 094	–	**3 094**	77 420	–	**77 420**
Deferred income tax assets	25 800	–	**25 800**	–	–	**–**
	169 228	39 949	**209 177**	266 512	39 949	**306 461**
Current assets						
Construction contract work not yet billed	7 680	–	**7 680**	–	–	**–**
Inventories	538 142	–	**538 142**	704	–	**704**
Trade and other receivables	145 786	–	**145 786**	3 789	–	**3 789**
Derivative financial assets	2 243	–	**2 243**	–	–	**–**
Income tax refundable	1 995	–	**1 995**	17	–	**17**
Other current assets	19 396	–	**19 396**	–	–	**–**
Cash and cash equivalents	489 390	–	**489 390**	70	–	**70**
	1 204 632	–	**1 204 632**	4 580	–	**4 580**
Total assets	1 373 860	39 949	**1 413 809**	271 092	39 949	**311 041**

44 Comparatives restated (continued)

44.1 Balance sheets at 30 June 2012 restated (continued)

	Group			Company		
	Previously reported R 000	Adjustment R 000	**Restated R 000**	Previously reported R 000	Adjustment R 000	**Restated R 000**
Equity and liabilities						
Equity attributable to ordinary shareholders of the Company						
Issued capital	25 192	–	**25 192**	25 192	–	**25 192**
Treasury shares	(52 684)	–	**(52 684)**			
Reserves	37 077	–	**37 077**	44 242	–	**44 242**
Retained earnings	465 252	28 763	**494 015**	201 070	28 763	**229 833**
	474 837	28 763	**503 600**	270 504	28 763	**299 267**
Preference shares	8	–	**8**	8	–	**8**
Total equity attributable to equity holders of the Company	474 845	28 763	**503 608**	270 512	28 763	**299 275**
Non controlling interests in consolidated entities	87 940	–	**87 940**			
Total equity	562 785	28 763	**591 548**	270 512	28 763	**299 275**
Non current liabilities						
Interest bearing borrowings	15 494	–	**15 494**	–	–	**–**
Provision for trade back commitments	3 331	–	**3 331**	–	–	**–**
Deferred income tax liabilities	1 684	11 186	**12 870**	–	11 186	**11 186**
	20 509	11 186	**31 695**	–	11 186	**11 186**
Current liabilities						
Construction contract liabilities	186 987	–	**186 987**	–	–	**–**
Trade and other payables - non interest bearing	316 088	–	**316 088**	572	–	**572**
Trade and other payables - interest bearing	186 964	–	**186 964**	–	–	**–**
Other financial liabilities	1 217	–	**1 217**	–	–	**–**
Provision for trade back commitments - current portion	4 551	–	**4 551**	–	–	**–**
Income tax payable	9 411	–	**9 411**	–	–	**–**
Other current liabilities	85 348	–	**85 348**	8	–	**8**
	790 566	–	**790 566**	580	–	**580**
Total equity and liabilities	1 373 860	39 949	**1 413 809**	271 092	39 949	**311 041**

	Total R 000	Corridor method R 000	Revised standard R 000	**Total R 000**	Corridor method R 000	Revised standard R 000
Analysis of adjustments						
Pension fund employer surplus account	**39 949**	33 828	6 121	**39 949**	33 828	6 121
Retained earnings	**28 763**	24 356	4 407	**28 763**	24 356	4 407
Deferred income tax liabilities	**11 186**	9 472	1 714	**11 186**	9 472	1 714

44 **Comparatives restated** (continued)

44.2 Balance sheets at 30 June 2011 restated

	Group			Company		
	Previously reported R 000	Adjustment R 000	**Restated R 000**	Previously reported R 000	Adjustment R 000	**Restated R 000**
Assets						
Non current assets						
Property, plant and equipment	101 741	–	**101 741**	–	–	**–**
Interest in subsidiaries			**187 047**	–	-	**187 047**
Pension fund employer surplus account	–	35 402	**35 402**	–	35 402	**35 402**
Non current loans receivable	4 922	–	**4 922**	80 237	–	**80 237**
Deferred income tax assets	21 055	–	**21 055**	–	–	**–**
	127 718	35 402	**163 120**	267 284	35 402	**302 686**
Current assets						
Construction contract work not yet billed	5 249	–	**5 249**	–	–	**–**
Inventories	410 704	–	**410 704**	704	–	**704**
Trade and other receivables	122 073	–	**122 073**	2 642	–	**2 642**
Income tax refundable	5 191	–	**5 191**	78	–	**78**
Other current assets	37 320	–	**37 320**	–	–	**–**
Cash and cash equivalents	632 741	–	**632 741**	1 395	–	**1 395**
	1 213 278	–	**1 213 278**	4 819	–	**4 819**
Total assets	1 340 996	35 402	**1 376 398**	272 103	35 402	**307 505**
Equity and liabilities						
Equity attributable to ordinary shareholders of the Company						
Issued capital	25 192	–	**25 192**	25 192	–	**25 192**
Treasury shares	(56 129)	–	**(56 129)**			
Reserves	18 501	–	**18 501**	43 611	–	**43 611**
Retained earnings	400 830	25 489	**426 319**	202 689	25 489	**228 178**
	388 394	25 489	**413 883**	271 492	25 489	**296 981**
Preference shares	8	–	**8**	8	–	**8**
Total equity attributable to equity holders of the Company	388 402	25 489	**413 891**	271 500	25 489	**296 989**
Non controlling interests in consolidated entities	61 530	–	**61 530**			
Total equity	449 932	25 489	**475 421**	271 500	25 489	**296 989**
Non current liabilities						
Interest bearing borrowings	20 622	–	**20 622**	–	–	**–**
Provision for trade back commitments	5 144	–	**5 144**	–	–	**–**
Deferred income tax liabilities	1 456	9 913	**11 369**	–	9 912	**9 912**
	27 222	9 913	**37 135**	–	9 912	**9 912**
Current liabilities						
Construction contract liabilities	358 546	–	**358 546**	–	–	**–**
Trade and other payables - non interest bearing	258 652	–	**258 652**	595	1	**596**
Trade and other payables - interest bearing	162 710	–	**162 710**	–	–	**–**
Other financial liabilities	3 340	–	**3 340**	–	–	**–**
Provision for trade back commitments - current portion	6 675	–	**6 675**	–	–	**–**
Income tax payable	3 508	–	**3 508**	–	–	**–**
Other current liabilities	70 411	–	**70 411**	8	–	**8**
	863 842	–	**863 842**	603	1	**604**
Total equity and liabilities	1 340 996	35 402	**1 376 398**	272 103	35 402	**307 505**

44 Comparatives restated (continued)

44.2 Balance sheets at 30 June 2011 restated (continued)

	Group Total R 000	Group Corridor method R 000	Group Revised standard R 000	Company Total R 000	Company Corridor method R 000	Company Revised standard R 000
Analysis of adjustments						
Pension fund employer surplus account	**35 402**	29 451	5 951	**35 402**	29 451	5 951
Retained earnings	**25 489**	21 204	4 285	**25 489**	21 204	4 285
Deferred income tax liabilities	**9 913**	8 247	1 666	**9 913**	8 247	1 666

44.3 Statements of profit or loss for the year ended 30 June 2012

	Group Previously reported R 000	Group Adjustment R 000	Group **Restated R 000**	Company Previously reported R 000	Company Adjustment R 000	Company **Restated R 000**
Sales	1 725 479	–	**1 725 479**	1 140	–	**1 140**
Dividends received from subsidiary				13 376	–	**13 376**
Operating (costs) / income excluding depreciation and revaluation of property, plant and equipment	(1 582 644)	2 917	**(1 579 727)**	3 384	2 917	**6 301**
Operating profit before depreciation and revaluation of property, plant and equipment	142 835	2 917	**145 752**	17 900	2 917	**20 817**
Depreciation and revaluation of property, plant and equipment	(10 754)	–	**(10 754)**	–	–	**–**
Profit from operations	132 081	2 917	**134 998**	17 900	2 917	**20 817**
Finance income	25 973	–	**25 973**	486	–	**486**
Finance expenses	(11 899)	–	**(11 899)**	–	–	**–**
Profit before income tax	146 155	2 917	**149 072**	18 386	2 917	**21 303**
Income tax expense	(43 285)	(817)	**(44 102)**	(993)	(817)	**(1 810)**
Profit for the year	102 870	2 100	**104 970**	17 393	2 100	**19 493**
Profit for the year attributable to:						
Ordinary shareholders of the Company	79 479	2 100	**81 579**	17 393	2 100	**19 493**
Non controlling interests in consolidated entities	23 391	–	**23 391**			
	102 870	2 100	**104 970**	17 393	2 100	**19 493**

	Group Total R 000	Group Corridor method R 000	Group Revised standard R 000	Company Total R 000	Company Corridor method R 000	Company Revised standard R 000
Analysis of adjustments						
Operating (costs) / income	**2 917**	4 378	(1 461)	**2 917**	4 378	(1 461)
Income tax expense	**(817)**	(1 226)	409	**(817)**	(1 226)	409
Profit for the year	**2 100**	3 152	(1 052)	**2 100**	3 152	(1 052)

44 Comparatives restated (continued)

44.4 Statements of other comprehensive income for the year ended 30 June 2012

	Group			Company		
	Previously reported R 000	Adjustment R 000	**Restated R 000**	Previously reported R 000	Adjustment R 000	**Restated R000**
Profit for the year	102 870	2 100	**104 970**	17 393	2 100	**19 493**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation reserve adjustments						
Attributable to ordinary shareholders of the Company	16 573	–	**16 573**			
Items that will not be reclassified to profit or loss						
Foreign currency translation reserve adjustments						
Attributable to non controlling interests	2 925	–	**2 925**			
Foreign currency translation adjustments to foreign non controlling interests	2 019	–	**2 019**			
Pension fund employer surplus account remeasurements						
Remeasurement	–	1 631	**1 631**	–	1 631	**1 631**
Income tax effect of remeasurements	–	(457)	**(457)**	–	(457)	**(457)**
Aeroplane revaluation surplus						
Revaluation increase	739	–	**739**			
Income tax effect of revaluation increase	(207)	–	**(207)**			
Total other comprehensive income	22 049	1 174	**23 223**	–	1 174	**1 174**
Total comprehensive income for the year	124 919	3 274	**128 193**	17 393	3 274	**20 667**
Total comprehensive income for the year attributable to:						
Ordinary shareholders of the Company	96 504	3 274	**99 778**	17 393	3 274	**20 667**
Non controlling interests in consolidated entities	28 415	–	**28 415**	–	–	**–**
	124 919	3 274	**128 193**	17 393	3 274	**20 667**

	Total R 000	Corridor method R 000	Revised standard R 000	**Total R 000**	Corridor method R 000	Revised standard R 000
Analysis of adjustments						
Profit for the year	**2 100**	3 152	(1 052)	**2 100**	3 152	(1 052)
Pension fund employer surplus account remeasurements						
Remeasurements	**1 631**	–	1 631	**1 631**	–	1 631
Income tax effect of remeasurements	**(457)**	–	(457)	**(457)**	–	(457)
Total comprehensive income for the year	**3 274**	3 152	122	**3 274**	3 152	122

	Total cents	Corridor merthod cents	Revised method cents
Increase / (decrease) in earnings per ordinary share			
– basic	**9**	13	(4)
– diluted	**8**	12	(4)
Increase / (decrease) in headline earnings per ordinary share			
– basic	**9**	13	(4)
– diluted	**8**	12	(4)

45 Segment information

The Group is structured into three operating segments: the equipment entities that operate in Africa (Equipment Africa), the engineering entities that operate in Africa (Engineering Africa) and the entities that operate in Australasia (Australasia). The Australasian operations are equipment based. Group administrative functions, the pension fund employers surplus account, other small entities and Group consolidation adjustments and eliminations are grouped together in a component termed 'other' to reconcile to the Group reported amounts. The segment information adheres to the requirements of IFRS 8: Operating Segments. This standard requires the segment information to be consistent with the internal reports regularly reviewed by the Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to each segment.

The Equipment Africa operations derive sales revenue primarily from the supply of construction, earthmoving and mining and quarrying equipment. The Engineering Africa operations derive sales revenue from the supply of total engineered materials handling solutions to the mining, minerals, industrial, port and power sectors. The Australasia operations derive sales revenue mainly from the supply of construction, earthmoving and mining and quarrying equipment.

45 .1 Segment assets and liabilities at 30 June 2013

	Total R 000	Equipment Africa R 000	Engineering Africa R 000	Australasia R 000	Other R 000
Assets					
Non current assets					
Property, plant and equipment	**146 730**	81 050	25 928	39 490	262
Pension fund employer surplus account	**49 078**				49 078
Non current loans receivable	**3 748**	–	3 322	–	426
Deferred income tax assets	**18 161**	–	2 949	7 964	7 248
	217 717	81 050	32 199	47 454	57 014
Current assets					
Construction contract work not yet billed	**92 604**	–	92 604	–	–
Inventories	**531 194**	330 285	22 471	178 351	87
Trade receivables	**228 659**	76 544	130 990	21 117	8
Other current receivables	**14 275**	9 005	7 622	3 104	(5 456)
Derivative financial assets	**6 260**	6 260	–	–	–
Income tax refundable	**31 394**	13	30 558	21	802
Other current assets	**32 401**	4 976	18 362	3 864	5 199
Cash and cash equivalents	**470 506**	265 624	198 995	75 172	(69 285)
	1 407 293	692 707	501 602	281 629	(68 645)
Total assets	**1 625 010**	773 757	533 801	329 083	(11 631)
Liabilities					
Non current liabilities					
Interest bearing borrowings	**29 726**	29 306	420	–	–
Non interest bearing borrowings	**–**	–	7 987	–	(7 987)
Provision for trade back commitments	**2 670**	2 670	–	–	–
Deferred tax liabilities	**26 200**	1 884	8 695	–	15 621
	58 596	33 860	17 102	–	7 634
Current liabilities					
Construction contract liabilities	**131 149**	–	131 149	–	–
Trade payables					
Non interest bearing	**379 216**	106 928	191 738	80 532	18
Interest bearing	**175 433**	175 433	–	–	–
Other interest bearing payables	**3 473**	2 796	677	–	–
Other current payables and accruals	**53 783**	38 139	33 987	46	(18 389)
Other financial liabilities	**637**	601	–	–	36
Provision for trade back commitments					
Current portion	**1 645**	1 645	–	–	–
Income tax payable	**5 583**	19 559	805	3 026	(17 807)
Other current liabilities	**100 880**	36 769	23 647	33 898	6 566
	851 799	381 870	382 003	117 502	(29 576)
Total liabilities	**910 395**	415 730	399 105	117 502	(21 942)

45 Segment information (continued)

45.2 Segment assets and liabilities at 30 June 2012

	Restated Total R 000	Equipment Africa R 000	Engineering Africa R 000	Australasia R 000	Restated Other R 000
Assets					
Non current assets					
Property, plant and equipment	**140 334**	82 781	21 880	35 398	275
Pension fund employer surplus account	**39 949**	–	–	–	39 949
Non current loan receivable	**3 094**	–	–	–	3 094
Deferred income tax assets	**25 800**	–	11 777	4 824	9 199
	209 177	82 781	33 657	40 222	52 517
Current assets					
Construction contract work not yet billed	**7 680**	–	7 680	–	–
Inventories	**538 142**	373 650	13 265	151 140	87
Trade receivables	**141 037**	52 789	75 439	12 802	7
Other current receivables	**4 749**	6 269	2 792	612	(4 924)
Derivative financial assets	**2 243**	2 243	–	–	–
Income tax refundable	**1 995**	17	1 690	6	282
Other current assets	**19 396**	2 852	9 586	1 396	5 562
Cash and cash equivalents	**489 390**	216 361	279 927	66 456	(73 354)
	1 204 632	654 181	390 379	232 412	(72 340)
Total assets	**1 413 809**	736 962	424 036	272 634	(19 823)
Liabilities					
Non current liabilities					
Interest bearing borrowings	**15 494**	14 453	1 041	–	–
Non interest bearing borrowings	**–**	–	7 987	–	(7 987)
Provision for trade back commitments	**3 331**	3 331	–	–	–
Deferred tax liabilities	**12 870**	1 677	–	–	11 193
	31 695	19 461	9 028	–	3 206
Current liabilities					
Construction contract liabilities	**186 987**	–	186 987	–	–
Trade payables					
Non interest bearing	**261 328**	115 890	78 246	67 154	38
Interest bearing	**180 074**	180 074	–	–	–
Other interest bearing payables	**6 890**	5 771	872	247	–
Other current payables and accruals	**54 760**	36 248	29 583	3 685	(14 756)
Other financial liabilities	**1 217**	1 049	–	–	168
Provision for trade back commitments					
Current portion	**4 551**	4 551	–	–	–
Income tax payable	**9 411**	19 470	1 497	3 572	(15 128)
Other current liabilities	**85 348**	30 396	25 250	23 676	6 026
	790 566	393 449	322 435	98 334	(23 652)
Total liabilities	**822 261**	412 910	331 463	98 334	(20 446)

45 Segment information (continued)

45.3 Segment statements of profit or loss for the year ended 30 June 2013

	Total R 000	Equipment Africa R 000	Engineering Africa R 000	Australasia R 000	Other R 000
Sales					
Sale of goods – external	**1 098 152**	732 550	2 660	362 942	–
– inter segment	**–**	28 990	–	–	(28 990)
Revenue recognised on construction contracts	**886 035**	–	886 035	–	–
Services	**410**	–	398	–	12
Total sales	**1 984 597**	761 540	889 093	362 942	(28 978)
Operating costs excluding depreciation and revaluation of property, plant and equipment	**(1 813 048)**	(687 821)	(811 227)	(334 616)	20 616
Operating profit before depreciation and revaluation of property, plant and equipment	**171 549**	73 719	77 866	28 326	(8 362)
Depreciation and revaluation of property, plant and equipment	**(14 212)**	(4 878)	(5 511)	(3 783)	(40)
Profit from operations	**157 337**	68 841	72 355	24 543	(8 402)
Finance income	**17 303**	10 508	7 556	1 782	(2 543)
Finance expenses	**(11 275)**	(8 299)	(2 848)	(8)	(120)
Profit before income tax	**163 365**	71 050	77 063	26 317	(11 065)
Income tax expense	**(45 412)**	(20 028)	(21 748)	(5 526)	1 890
Profit for the year	**117 953**	51 022	55 315	20 791	(9 175)
Profit for the year attributable to:					
Ordinary shareholders of the Company	**95 255**	43 369	43 503	14 297	(5 914)
Non controlling interests in consolidated entities	**22 698**	7 653	11 812	6 494	(3 261)
	117 953	51 022	55 315	20 791	(9 175)
Operating costs excluding depreciation and revaluation of property, plant and equipment includes the following significant non cash item: Provision for trade back commitments Net increase in sales revenue	**3 320**	3 320	–	–	–

No single client or customer accounted for 10% or more of the Group's sales during the year.

45 Segment information (continued)

45.4 Segment statements of profit or loss for the year ended 30 June 2012

	Restated Total R 000	Equipment Africa R 000	Engineering Africa R 000	Australasia R 000	Restated Other R 000
Sales					
Sale of goods – external	**1 042 720**	754 200	–	288 520	–
– inter segment	**–**	2 373	–	–	(2 373)
Revenue recognised on construction contracts	**682 388**	–	682 388	–	–
Services	**371**	–	359	–	12
Total sales	**1 725 479**	756 573	682 747	288 520	(2 361)
Operating costs excluding depreciation and revaluation of property, plant and equipment	**(1 579 727)**	(680 955)	(628 341)	(261 142)	(9 289)
Operating profit before depreciation and revaluation of property, plant and equipment	**145 752**	75 618	54 406	27 378	(11 650)
Depreciation and revaluation of property, plant and equipment	**(10 754)**	(5 332)	(2 946)	(2 457)	(19)
Profit from operations	**134 998**	70 286	51 460	24 921	(11 669)
Finance income	**25 973**	12 405	13 999	2 364	(2 795)
Finance expenses	**(11 899)**	(11 022)	(831)	(43)	(3)
Profit before income tax	**149 072**	71 669	64 628	27 242	(14 467)
Income tax expense	**(44 102)**	(20 207)	(17 644)	(6 238)	(13)
Profit for the year	**104 970**	51 462	46 984	21 004	(14 480)
Profit for the year attributable to:					
Ordinary shareholders of the Company	**81 579**	43 743	34 778	14 373	(11 315)
Non controlling interests in consolidated entities	**23 391**	7 719	12 206	6 631	(3 165)
	104 970	51 462	46 984	21 004	(14 480)
Operating costs excluding depreciation and revaluation of property, plant and equipment includes the following significant non cash item:					
Provision for trade back commitments					
Net increase in sales revenue	**3 799**	3 799	–	–	–

Two major clients in the Engineering Africa operations segment accounted for 30,4% of the Group's sales in the year and 76,9% of that segment's sales, respectively.

45 Segment information (continued)

45.5 Capital expenditure

	Total R 000	Equipment Africa R 000	Engineering Africa R 000	Australasia R 000	Other R 000
Refer to cash flows from investment activities in the cash flow statement					
Year ended 30 June 2013					
Net additions and improvements to property	**486**	9	–	477	–
Leasehold improvements	**1 210**	–	1 210	–	–
Net purchases of plant and equipment	**13 615**	2 864	7 663	4 285	(1 197)
Business combination	**1 800**		1 800		–
	17 111	2 873	10 673	4 762	(1 197)
Year ended 30 June 2012					
Net additions and improvements to property	**23 420**	9 239	–	14 181	–
Leasehold improvements	**2 226**	–	2 226	–	–
Improvements to aeroplane	**99**	–	97	–	2
Net purchases of plant and equipment	**18 898**	2 833	12 731	3 334	–
	44 643	12 072	15 054	17 515	2

46 Group subsidiaries and other Group controlled entities with non controlling interests

The subsidiaries and controlled entities listed below are controlled indirectly by ELB Engineering (Pty) Ltd, which is listed in the last column. The ELB Educational Trust for Historically Disadvantaged South Africans has a direct 15% interest in ELB Engineering (Pty) Ltd.

46.1 Year ended 30 June 2013

	Ditch Witch Joint Venture	Ditch Witch New Zealand Limited	Elbcon (Pty) Ltd	ELB PBA Engineering Solutions (Pty) Ltd	Ports of Africa (Pty) Ltd	Equipment Industrial Supplies (Pty) Ltd	ELB Engineering (Pty) Ltd (holding company)
Non controlling direct interest in the entity	15,79%	15,79%	35%	50%	50%	26%	15%
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Non controlling interests							
Direct interest in the entity							
Profit / (loss) for the year	2 687	1 284	4 065	(119)	189	–	
Dividends and distributions paid	–	(75)	–	–	–	–	
Interest at the year end	21 255	1 617	7 430	2 095	478	24	
Interest in ELB Engineering (Pty) Ltd Group							
Profit for the year							14 592
Dividends and distributions paid							(861)
Interest at the year end							80 627

Summarised financial information of the subsidiaries and other controlled entities	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Non current assets	8 994	1 745	9 820	194	–	–	168 213
Current assets	221 214	38 370	36 249	15 075	1 157	90	1 399 246
Non current liabilities	–	–	369	–	–	–	55 590
Current liabilities	95 849	29 876	27 209	11 082	203	–	851 460
Sales	302 635	60 394	78 860	47 773	1 171	–	1 984 597
Profit / (loss) for the year	17 016	8 134	11 615	(239)	378	–	116 045
Total comprehensive income / (loss)	17 016	8 134	11 615	(239)	378	–	131 399
Principal place of business	Australia	New Zealand	South Africa	South Africa	South Africa	South Africa	South Africa

The Ditch Witch Joint Venture is a partnership registered in Australia. The entity is classified as a controlled entity within the definition of control as contained in IFRS 10: Consolidated Financial Statements. Although named as a joint venture it does not satisfy the parameters required by IFRS 11: Joint Arrangements, for classification as a joint venture in the Group financial statements.

The profit for the year of Ditch Witch Joint Venture and Ditch Witch New Zealand Limited is before income tax expense. The income tax liability is borne directly by the equity (capital) owners in their own right.

In assessing whether the Group has control over an enity the requirements for control to exist, as specified in IFRS 10, are considered. There are three requirements, all of which must be satisfied for control to exist. These are:

- power over the entity,
- exposure, or rights, to variable returns from its involvement with the entity, and
- the ability for the Group to use its power over the entity to affect the amount of the Group's returns.

In assessing power over an entity for those entities where the Group has a joint interest and especially a 50% joint interest, particular focus is made on whether the Group has the current ability to direct the relevant activities. Indicators of such ability would be the relative supply of resources to the entity, such as operations personnel, management involvement, administrative functions and reporting. Also considered is the ability to secure finance for the entity and influence in marketing the entity's services.

There are no significant statutory, contractual or regulatory restrictions over the assets and liabilities of the Group.

Notes to the financial statements

for the year ended 30 June 2013 (continued)

46 Group subsidiaries and other Group controlled entities with non controlling interests (continued)

The subsidiaries and controlled entities listed below are controlled indirectly by ELB Engineering (Pty) Ltd, which is listed in the last column. The ELB Educational Trust for Historically Disadvantaged South Africans has a direct 15% interest in ELB Engineering (Pty) Ltd.

46.2 Year ended 30 June 2012

	Ditch Witch Joint Venture	Ditch Witch New Zealand Limited	Elbcon (Pty) Ltd	ELB PBA Engineering Solutions (Pty) Ltd	Ports of Africa (Pty) Ltd	Equipment Industrial Supplies (Pty) Ltd	ELB Engineering (Pty) Ltd (holding company)
Non controlling direct interest in the entity	15,79%	15,79%	35%	50%	50%	26%	15%
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Non controlling interests							
Direct interest in the entity							
Profit for the year	3 593	501	2 161	3 810	98	–	
Dividends and distributions paid	(1 233)	–	(271)	(1 589)	–	–	
Interest at the year end	17 147	353	3 365	2 214	289	24	
Interest in ELB Engineering (Pty) Ltd Group							
Profit for the year							13 228
Dividends and distributions paid							(576)
Interest at the year end							64 548
Summarised financial information of the subsidiaries and other controlled entities	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Non current assets	6 966	1 856	6 304	16	–	–	166 134
Current assets	176 126	28 579	24 264	19 693	651	90	1 199 096
Non current liabilities	–	–	990	–	–	–	31 554
Current liabilities	74 460	28 198	22 702	15 283	74	–	789 964
Sales	248 683	39 837	56 232	154 754	2 927	–	1 725 479
Profit for the year	22 759	3 170	6 175	7 621	196	–	108 469
Total comprehensive income	22 759	3 170	6 175	7 621	196	–	130 518
Principal place of business	Australia	New Zealand	South Africa	South Africa	South Africa	South Africa	South Africa

Directors' interests in ordinary shares

Name	Beneficial holdings at 30 June 2013 Total	Direct	Indirect	Beneficial holdings at 30 June 2012 Total	Direct	Indirect
PJ Blunden	480 118	480 118	–	479 418	409 418	70 000
T de Bruyn	10 100	100	10 000	10 100	100	10 000
AG Fletcher	4 294 712	100	4 294 612	4 294 712	100	4 294 612
Dr JP Herselman	158 600	–	158 600	158 600	–	158 600
DG Jones	248 600	98 600	150 000	228 600	98 600	130 000
Dr SJ Meijers	1 210 000	100	1 209 900	1 210 000	100	1 209 900
MV Ramollo	100	100	–	60 100	30 600	29 500
CJ Smith (see note below)	232 266	46 266	186 000	205 900	43 900	162 000
IAR Thomson	7 100	100	7 000	7 100	100	7 000
	6 641 596	625 484	6 016 112	6 654 530	582 918	6 071 612

No non beneficial shares were held by any director in the current or the previous financial year.

Mr DG Jones resigned as a director on 30 June 2013.

Mr MC Easter was appointed as a director on 1 July 2013.

Mr PJ Blunden acquired 900 000 ordinary shares through the excercise of share options and sold 519 990 ordinary shares in the open market between the financial year end and the date of this report.

Mr CJ Smith sold 25 328 ordinary shares in the open market in October 2013.

Subsidiaries and other controlled entities

at 30 June 2013

Name	Currency	Issued ordinary capital 000's	Effective interest 2013 %	2012 %	2011 %	Equity investment 2013 R 000	2012 R 000	2011 R 000	Loans receivable 2013 R 000	2012 R 000	2011 R 000
Direct interest in South African subsidiaries											
ELB Engineering (Pty) Ltd	ZAR	2	**85**	85	85	**111 031**	109 255	107 997	**10 736**	11 045	14 316
ELB International (Pty) Ltd	ZAR	–	**100**	100	100	**–**	–	–	**63 434**	68 792	70 410
Indirect interest in South African subsidiaries and other controlled South African entities											
BEP (Pty) Ltd	ZAR	–	**85**	85	85						
Conductor Systems (Pty) Ltd	ZAR	–	**85**	–	–						
ELB Administrative Services (Pty) Ltd	ZAR	1	**85**	85	85						
Elbcon (Pty) Ltd	ZAR	–	**55**	55	85						
ELB Conveyor Maintenance (Pty) Ltd	ZAR	–	**43**	–	–						
ELB Engineering Services Africa Limited	ZAR	4	**100**	85	85						
ELB Engineering Services (Pty) Ltd	ZAR	–	**85**	85	85						
ELB Equipment Africa (Pty) Ltd	ZAR	4	**100**	85	85						
ELB Equipment Holdings (Pty) Ltd	ZAR	30 000	**85**	85	85						
ELB Equipment (Pty) Ltd	ZAR	–	**85**	85	85						
Elbex (Pty) Ltd	ZAR	–	**85**	85	85						
ELB Intelligent Solutions International (Pty) Ltd	ZAR	–	**100**	–	–						
ELB Intelligent Solutions (Pty) Ltd	ZAR	–	**85**	–	–						
ELB PBA Engineering Solutions (Pty) Ltd	ZAR	–	**43**	43	43						
ELB Trident Equipment (Pty) Ltd	ZAR	–	**85**	85	85						
Equipment Industrial Supplies (Pty) Ltd	ZAR	–	**63**	63	63						
MC Process Global (Pty) Ltd	ZAR	–	**85**	–	–						
Ports of Africa (Pty) Ltd	ZAR	100	**43**	43	43						
Indirect interest in foreign subsidiaries and other controlled foreign entities											
Incorporated in the Cayman Islands:											
Bel Finance Limited	USD	4	**85**	85	85						
Incorporated in Australia:											
Ditch Witch Australia Pty Limited	AUD	1 425	**72**	72	72						
ELB Equipment Pty Limited	AUD	–	**85**	85	85						
Elbquip Holdings Pty Limited	AUD	3 000	**85**	85	85						
Metquip Pty Limited	AUD	2 650	**85**	85	85						
Partnership registered in Australia:											
Ditch Witch Joint Venture	AUD	1 425	**72**	72	72						
Incorporated in New Zealand:											
Ditch Witch New Zealand Limited	NZD	–	**72**	72	72						
Carrying amounts before impairment						**111 031**	109 255	107 997	**74 170**	79 837	84 726
Impairment of loan to ELB International (Pty) Ltd						**–**	–	–	**–**	–	(5 676)
Carrying amounts after impairment						**111 031**	109 255	107 997	**74 170**	79 837	79 050

The equity investment of ELB Group Limited (the Company) in ELB Engineering (Pty) Ltd comprises R1 700 in the issued ordinary shares of ELB Engineering (Pty) Ltd, being 85% thereof, and R21 029 511 equity contribution in respect of share options, totalling R21 031 211; and R90 000 000 in the issued preference shares, being 100% thereof. The non controlling 15% interest in the issued ordinary shares of ELB Engineering (Pty) Ltd is held by the ELB Educational Trust for Historically Disadvantaged South Africans.

The equity investment of the Company in ELB International (Pty) Ltd is an amount of R100 in the issued ordinary shares of ELB International (Pty) Ltd.

The amount of R10 736 000 (2012 - R11 045 000, 2011 - R14 316 000) owing by ELB Engineering (Pty) Ltd to the Company bears interest at market rates.

The amount of R63 434 000 (2012 - R68 792 000, 2011 - R70 410 000) owing by ELB International (Pty) Ltd to the Company is a long term loan and is interest free. The loan is anticipated to reduce by the expected dividends on treasury shares held by the company and the estimated repayments on the loan receivable from ELB Timber Products (Pty) Ltd as disclosed in note 5.1.

ELB International (Pty) Ltd was formerly ELB Timber Holdings (Pty) Ltd. The name change occurred in the current financial year.

All subsidiaries and other controlled entities have 30 June financial year ends, the same as the Company.

The currencies listed above are:
ZAR - South African Rands, USD - United States Dollars, AUD - Australian Dollars, NZD - New Zealand Dollars.

Special resolutions of the company and controlled entities

The Company has passed a special resolution adopting a new Memorandum of Incorporation and the following controlled entities passed the following special resolutions since the date of the previous directors' report:

Controlled entity	Conversion of par value ordinary shares to no par value ordinary shares	Converted from public company to private company	Adoption of a new Memorandum of Incorporation	Change of name from:
ELB Engineering (Pty) Ltd	√	√	√	
ELB Equipment Holdings (Pty) Ltd	√	√	√	
ELB Equipment (Pty) Ltd	√	√	√	
ELB Trident Equipment (Pty) Ltd	√		√	
Elbex (Pty) Ltd	√		√	
BEP (Pty) Ltd	√		√	
Equipment Industrial Supplies (Pty) Ltd	√		√	
ELB Equipment Africa (Pty) Ltd	√	√	√	ELB Process Equipment Limited
ELB International (Pty) Ltd	√		√	ELB Timber Holdings (Pty) Ltd
ELB Administratve Services (Pty) Ltd	√		√	Batmon Nominees (Pty) Ltd
ELB Engineering Services Africa Limited				ELB Power Systems Limited

Analysis of ordinary shareholders

at 30 June 2013

	Number of shareholders	Number of shares	% of shares issued
Public shareholders	965	21 109 495	62,3%
Non public shareholders	23	7 803 374	23,1%
Holders of treasury shares	2	4 947 131	14,6%
	990	33 860 000	100,0%
Directors (direct and indirect holdings)	9	6 641 596	19,6%
ELB Group entities (treasury shares excluding shares issued to share incentive scheme participants and which are not yet paid up)	2	4 947 131	14,6%
Major beneficial shareholders			
Tanjo One (Pty) Ltd		4 294 612	12,7%
ELB International (Pty) Ltd (treasury shares)		3 386 000	10,0%
Investment Solutions		2 017 533	6,0%
Mazi Visio Capital Management		1 733 000	5,1%
Golden Hind Partnership		1 700 052	5,0%

Ordinary share statistics

for the year ended 30 June 2013

	2013	2012
Listed on the JSE in 1951		
Market price (cents per share)		
High	**3 680**	2 650
Low	**2 020**	1 800
Year end closing	**3 225**	2 200
Total number of shares traded	**10 997 911**	5 887 432
Total value of shares traded (Rands)	**308 369 894**	130 100 000
Number of shares traded as a percentage of total shares issued	**32.48%**	17.39%

Shareholders' diary

Financial year end		**30 June**
Annual general meeting		**November**
Financial reports		
Interim report for the half year		March
Provisional report for the year		September
Annual report		October
Dividends	**Declared**	**Paid**
Interim	March	April
Final	September	October

Administration

ELB Group Limited

Incorporated in the Republic of South Africa
Registration number: 1930/002553/06

Ordinary shares

Share code: ELR
International Security Identification Number
ISIN: ZAE000035101

Company secretary

Elbex (Pty) Ltd
Registration No. 1987/002278/07
14 Atlas Road, Anderbolt, Boksburg 1459
(PO Box 565, Boksburg 1460)

Registered office

ELB Group Limited
14 Atlas Road, Anderbolt, Boksburg 1459

Postal address

PO Box 565, Boksburg 1460

Website

www.elb.co.za

Telephone

+27 11 306 0700

Fax

+27 11 918 7285

Share transfer secretaries

Computershare Investor Services (Pty) Limited
(Registration number: 2004/003647/07)
70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)
Telephone: +27 11 370 5000

Independent auditor

KPMG Inc.
KPMG Crescent
85 Empire Road, Parktown, Johannesburg 2193
(Private Bag 9, Parkview 2122)

Principal commercial bankers

First National Bank
(a division of FirstRand Bank Limited)

The Standard Bank of South Africa Limited

Australia and New Zealand Banking Group Limited (ANZ Bank)

Sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number: 1929/001225/06)
1 Merchant Place, corner Fredman Drive and Rivonia Road
Sandton 2196

Notice of annual general meeting

The Board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the Annual General Meeting is Friday, 18 October 2013, and the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 22 November 2013.

Accordingly, only shareholders who are registered in the securities register of the Company on Friday, 22 November 2013, will be entitled to attend, speak and vote at the Annual General Meeting. The last day to trade to be eligible to participate and vote at the meeting is Friday, 15 November 2013.

Any reference in this notice of Annual General Meeting to "MOI" or "Memorandum of Incorporation" shall be a reference to the Company's new Memorandum of Incorporation as adopted by the shareholders of the Company on 11 March 2013 and duly processed by the Companies and Intellectual Properties Commission on 5 August 2013.

Electronic participation in the Annual General Meeting

Clause 21.3.2 of the MOI of the Company affords the Board discretion whether to permit participation at the Annual General Meeting by electronic means. The Board has elected not to exercise such discretion.

This notice of meeting includes the attached proxy form.

Notice is hereby given that the eighty-third Annual General Meeting of shareholders of ELB Group Limited ("the Company") will be held in the Board Room, ELB Engineering Services Proprietary Limited, 345 Rivonia Road, Rivonia, Sandton, on Thursday, 28 November 2013 at noon (12h00) to pass the following resolutions with or without amendment – *(please note that proxy forms should be submitted by noon (12h00) on Wednesday, 27 November 2013, in the event that shareholders wish to appoint a proxy or proxies):*

1. ORDINARY BUSINESS

1.1 To present the audited annual financial statements of the Company for the year ended 30 June 2013 together with the reports of the directors, the auditors and the Audit and Risk Committee contained therein.

1.2 To re-appoint KPMG Inc as the independent auditors of the Company and re-appoint Ms ML Watson as the individual designated auditor of the Company for the ensuing financial year. This appointment has been recommended by the Company's Audit and Risk Committee.

1.3 To re-elect Mr MC Easter as a director. Mr Easter retires in accordance with the Company's MOI, but, being eligible, offers himself for re-election.

1.4 To re-elect Dr SJ Meijers as a director. Dr Meijers retires in accordance with the Company's MOI, but, being eligible, offers himself for re-election.

1.5 To re-elect Mr IAR Thomson as a director. Mr Thomson retires in accordance with the Company's MOI, but, being eligible, offers himself for re-election.

Biographical details of all directors of the Company are set out on page 7 of the integrated annual report.

1.6 To re-elect Mr T de Bruyn who is an independent non-executive director of the Company as a member of the Audit and Risk Committee of the Company.

1.7 To re-elect Dr JP Herselman who is an independent non-executive director of the Company as a member of the Audit and Risk Committee of the Company.

1.8 To re-elect Mr IAR Thomson who is an independent non-executive director of the Company as a member of the Audit and Risk Committee of the Company. This resolution is subject to the passing of resolution 1.5 above.

1.9 To consider the remuneration policy as described on pages 9 to 10 of the integrated annual report by way of a non-binding advisory vote as recommended in the King Report on Governance for South Africa 2009, commonly referred to as King III.

1.10 To transact any other business that may be transacted at an annual general meeting.

2. SPECIAL BUSINESS

Shareholders will be asked to consider, and if deemed fit, pass the following resolutions with or without amendments:

2.1 Special resolution – General authority to provide financial assistance to related and inter-related companies

Resolved that the Board of the Company is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special resolution Number 2.1), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning contemplated in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board may determine from time to time.

The purpose of this authority is to grant the Board the authority to provide intra-group loans and other financial assistance for purposes of funding the activities of the Company. The Board undertakes that:

- it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and to any trade union representing its employees –
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

Additional information in respect of Special Resolution Number 2.1

The reason for and the effect of the special resolution is to provide a general authority to the Board of the Company to grant direct or indirect financial assistance to any company forming part of the Company's group of companies, including in the form of loans, the guaranteeing of their debts or the subordination of intra-company loans (particularly in favour of third parties).

2.2 Special resolution – Approval of financial assistance in connection with acquisition of shares or options

Resolved that the Board of the Company is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special resolution Number 2.2), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning contemplated in section 44 of the Companies Act) that the Board may deem fit, to any person (including a trust), in connection with the acquisition of shares or options for shares in the Company or in any related or inter-related company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act) pursuant to the Company's employee share schemes ("schemes"). If and to the extent that the provisions of section 44(3)(a)(i) do not apply to exempt such financial assistance, on the terms and conditions and for the amounts required or contemplated pursuant to the schemes.

The purpose of this authority is to grant the Board the authority to provide loans and other financial assistance to any person for the acquisition of shares or options, pursuant to the schemes. The shareholders' approval is required only if and to the extent that the exemption pertaining to employee share schemes in section 44(3)(a)(i) of the Companies Act does not apply at any time to the schemes. In terms of the said exemption, financial assistance pursuant to employee share schemes that are compliant with section 97 of the Companies Act does not require shareholder approval. Currently the schemes comply with section 97 and thus qualify for exemption. The Board undertakes that:

- it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and to any trade union representing its employees –
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

2.3 Special resolution – Approval of non-executive directors' remuneration – calendar year ending 31 December 2013

Resolved that the following fees be approved as the basis for calculating the remuneration payable by the Company to the non-executive directors for their services as directors of the Company in respect of the calendar year ending 31 December 2013.

Meeting	Proposed fee for the calendar year ending 31 December 2013
Board	R167 400
Chairperson: Audit and Risk Committee	R183 600
Member: Audit and Risk Committee	R64 800
Member: Remuneration and Nominations Committees	R54 000
Member: Social and Ethics Committee	R54 000
Meeting fee in respect of any additional meetings above annual requirement	R32 400

Additional information in respect of Special Resolution Number 2.3

The reason for and the effect of the special resolution is to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company in respect of the calendar year ending 31 December 2013. This is required in terms of section 66(8) and (9) of the Companies Act. The fees payable to the non-executive directors are based on an annual fee, irrespective of the number of meetings attended.

2.4 Special resolution – General authority to repurchase shares

Resolved that the Board is hereby authorised by a way of a renewable general authority, in terms of the provisions of the Listings Requirements of the JSE Limited ("JSE") and as permitted in the Company's MOI, to approve the purchase by the Company of its ordinary shares, and the purchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the MOI of the Company, the provisions of the Companies Act and the Listings Requirements of the JSE Limited ("JSE"), when applicable, and provided that:

- the general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year do not exceed 10% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of shares as treasury stock by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;
- any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- this authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 months from the date this resolution is passed;
- the Company will only appoint one agent to effect any repurchase(s) on its behalf;
- general repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company. The JSE should be consulted for a ruling if the Company's securities have not traded in such 5 business day period;
- any such general repurchases are subject to exchange control regulations and approvals at that point in time, where relevant;
- a resolution has been passed by the Board of the Company and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- the Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and not subject to any variation and full details of the programme have been disclosed in an announcement over SENS (the Securities Exchange News Service) prior to the commencement of the prohibited period; and
- a press announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date of the passing of this resolution, and for each 3% in aggregate of the initial number of shares acquired thereafter.

The Board has no specific intention to give effect to the provisions of special resolution number 2.4, however, and is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, in particular the repurchase of shares by a subsidiary of the Company for purposes of employee share schemes. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:

- The Company and the Group will be able in the ordinary course of business to pay its debts;
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- The working capital of the Company and the Group will be adequate for ordinary business purposes.

The Company will ensure that its sponsor has confirmed the adequacy of the Company's working capital in writing to the JSE in terms of the JSE Listings Requirements, prior to entering the market to proceed with a repurchase.

Additional information in respect of Special Resolution Number 2.4

The reason for and the effect of the special resolution is to grant the Company's Board a general authority, up to and including the date of the following Annual General Meeting of the Company, to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company. Please refer to the additional disclosure of information contained in this notice, which disclosure is required in terms of the JSE Listings Requirements.

Other disclosure in terms of the JSE Listings Requirements Section 11.26

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the integrated annual report, of which this notice forms part, as set out below;

- Directors and management – page 7;
- Major shareholders of the Company – page 89;
- Directors' interests in securities – page 87; and
- Share capital of the Company – page 43 and 44.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 7 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the financial position of the Company and the Group.

Directors' responsibility statement

The directors, whose names are given on page 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Approvals required for resolutions

Ordinary resolutions numbers 1.1 to 1.8 contained in this notice of Annual General Meeting require the approval by more than 50 percent of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements. Ordinary resolution number 1.9 is subject to a non-binding advisory vote as recommended in the King Report on Governance for South Africa 2009.

Special resolutions numbers 2.1 to 2.4 contained in this notice of Annual General Meeting require the approval by at least 75 percent of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements.

Voting and proxies

Shareholders of the Company who have not dematerialised their shares in the Company, or who have dematerialised their shares with "own name" registration, are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead at the meeting. The person so appointed need not be a shareholder.

Proxy forms must be forwarded, to reach the registered office of the Company, or the transfer secretaries, Computershare Investor Services Proprietary Limited, at the address given below no later than noon (12h00) on Wednesday, 27 November 2013.

Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. Any forms of proxy not received by this time must be handed to the Chairperson of the Annual General Meeting immediately prior to the commencement of the Annual General Meeting.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreements in order to furnish them with their voting instructions and to obtain the necessary authority to attend the meeting should such shareholder wish to do so.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Equity shares held by a share trust or scheme as well as other shares regarded as treasury shares will not have their votes at the Annual General Meeting taken into account for resolutions proposed, in terms of the JSE Listings Requirements.

By order of the Board

Elbex Proprietary Limited
Company Secretaries
Boksburg 1459

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107
Johannesburg

21 October 2013

ELB GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 1930/002553/06
ISIN : ZAE000035101 Share Code ELR
("the Company")

For completion by shareholders who have not dematerialised their shares or who have dematerialised their shares but with "own name" registration.

Proxy Form

For use by certificated shareholders and "own name registered" dematerialised shareholders, at the annual general meeting of the Company to be held at noon (12h00) on Thursday, 28 November 2013, at the premises of ELB Engineering Services Proprietary Limited which are located at 345 Rivonia Road, Rivonia, Sandton.

Dematerialised shareholders (other than "own name registered" dematerialised shareholders) who wish to attend the annual general meeting should obtain from their CSDP or broker the necessary authorisation to attend the annual general meeting or advise their CSDP or broker as to what action they wish to take in respect of voting at the annual general meeting.

FORM OF PROXY FOR THE EIGHTY THIRD ANNUAL GENERAL MEETING OF ELB GROUP LIMITED

I/We *(please print)* ....

of address *(please print)* ....

being the holder/s of .... shares in the Company, do hereby appoint

1. .... or failing him/her

2. .... or failing him/her

3. the Chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purposes of considering and, if deemed fit, for the passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following (see note 4):

Ordinary Resolutions	In Favour	Against	Abstain
1.1 Presentation of the annual financial statements			
1.2 Re-appoint KPMG Inc as external auditors			
Re-appoint Ms ML Watson as individual designated auditor			
Re-election of directors:			
1.3 Mr MC Easter			
1.4 Dr SJ Meijers			
1.5 Mr IAR Thomson			
Re-election of members of the audit and risk committee:			
1.6 Mr T de Bruyn			
1.7 Dr JP Herselman			
1.8 Mr IAR Thomson (subject to passing of 1.5 above)			
1.9 Consideration of remuneration policy (non-binding vote)			
Special Resolutions			
2.1 General authority to provide financial assistance to related and inter-related companies			
2.2 Approval of financial assistance in connection with acquisition of shares or options			
2.3 Approval of non-executive directors' remuneration – calendar year 2013			
2.5 General authority to repurchase shares			

Signed at .... on 2013

Signature *(see note 6)* ....

Assisted by me where applicable (see note 9) ....

Please read the notes on the reverse side hereof.

Notes to the proxy form

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

1. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.

2. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
   The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

5. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

6. Attention is also drawn to the "Notes to the proxy form"

7. The completion of a form of proxy does not preclude any shareholder attending the meeting.

Notes to the proxy form

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the meeting.

2. A form of proxy is only to be completed by those shareholders who hold shares in certificated form or are recorded on sub-register electronic form in "own name". All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name is first on this form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

4. Please insert an "X" in the relevant spaces indicating how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she deems fit in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

5. The form of proxy appointing a proxy must reach the registered office of the Company or the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than noon (12h00) on Wednesday, 27 November 2013. Any forms of proxy not received by this time must be handed to the Chairman of the meeting immediately prior to the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the Chairman of the meeting.

8. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

9. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries.

10. The Chairman of the meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions provided he is satisfied as to the manner in which the shareholder wishes to vote.

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