



ELB GROUP LIMITED

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

UNAUDITED GROUP INTERIM REPORT and interim cash dividend declarations

for the six months ended 31 December 2012

COMMENTS

INTRODUCTION

The ELB Group is a total solutions provider to the mining, minerals, power, port, construction and industrial sectors in the field of materials handling and appropriate process plants. This is achieved through ELB generated innovation and the supply with world class partners of equipment and technology. The Group operates mainly in Africa and Australasia.

FINANCIAL RESULTS

The 11,4 percent decrease in turnover for the period from R858,7 million in 2011 to R760,9 million in 2012 reflects the lower activity level and revenue recognition across the full range of products and services offered by ELB's African operations.

Attributable comprehensive income for the period was R36,4 million (2011 – R29,1 million), an increase of 25,2 percent. Headline earnings for the period of R30,3 million (2011 – R13,4 million) represents an increase of 126 percent.

The ELB Group will from time to time experience volatility in headline earnings

particularly during periods of significant exchange rate fluctuations. These fluctuations give rise to unrealised currency exchange profits or losses which experience has shown usually reverse or are recovered in the eventual sale price of the relevant equipment.

Net asset value (NAV) per share increased by 4,9 percent from 1 876 cents per share at 30 June 2012 to 1 968 cents per share at 31 December 2012.

OPERATIONS

Equipment Africa

Though equipment revenue during the period was lower than expected gross margins were however maintained.

Turnover for the period decreased by 4,9 percent from R355,0 million in 2011 to R337,6 million in 2012. Profit for the period increased by 146 percent from R6,2 million in 2011 to R15,3 million in 2012.

This increase in profit is largely attributable to the exchange rate loss on translation being significantly less than the prior period.

Engineering Africa

The project work on hand remains at a satisfactory level with ongoing projects being in South Africa, Mozambique, Zambia, Namibia, Botswana, Angola, Sierra Leone, Congo and the DR.

Turnover for the period decreased by 31,2 percent from R377,7 million in 2011 to R259,9 million in 2012. Profit for the period increased by 11,0 percent from R16,4 million in 2011 to R18,2 million in 2012.

Consistent with prior periods there is no correlation between turnover and profit due to the nature of a project related business.

Australasia

Ditch Witch has continued to trade at encouraging levels for the period across both the Ditch Witch and Komptech ranges of equipment.

Turnover for the period increased by 27,5 percent from R128,3 million in 2011 to R163,5 million in 2012. Profit for the period increased by 42,8 percent from R8,2 million in 2011 to R11,7 million in 2012.

CASH FLOW

Cash flow management remains a high priority for the Group.

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

PROSPECTS

ELB continues to be well positioned to take advantage of a number of potential projects currently being considered in Africa.

BOARD OF DIRECTORS

Executive director, Dr Stephen Meijers, was appointed Chief Executive Officer of the ELB Group on 28 January 2013.

DIVIDENDS

It has been decided to declare an interim dividend of 25 cents (2011 – 18 cents) per ordinary share which represents an increase of 38,9 percent.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited group interim condensed financial statements have been prepared in accordance with International Accounting Standard: IAS 34 – Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides and the requirements of the South African Companies Act. The unaudited interim group financial statements are in condensed consolidated form.

The accounting policies are consistent with those applied in the financial year ended 30 June 2012 and also accord with International Financial Reporting Standards (IFRS).

On behalf of the Board

AG Fletcher

Chairman

Dr SJ Meijers

Group Chief Executive Officer

Boksburg

12 March 2013

GROUP BALANCE SHEET

	Unaudited 31 Dec 12 R000	Unaudited 31 Dec 11 R000	Audited 30 June 12 R000
ASSETS			
Non current assets	171 982	158 678	169 228
Property, plant and equipment	142 606	136 383	140 334
Non current loan receivable	1 408	3 150	3 094
Deferred income tax assets	27 968	19 145	25 800
Current assets	1 243 078	1 327 666	1 204 632
Inventories, and construction contract work not yet billed	542 134	562 350	545 822
Receivables and other current assets	273 470	156 485	169 420
Cash and cash equivalents	427 474	608 831	489 390
Total assets	1 415 060	1 486 344	1 373 860
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of ELB	499 088	408 939	474 837
Issued capital	25 192	25 192	25 192
Treasury shares	(52 142)	(55 182)	(52 684)
Reserves	45 736	33 869	37 077
Retained earnings	480 302	405 060	465 252
Preference shares	8	8	8
Total equity attributable to equity holders of ELB	499 096	408 947	474 845
Non controlling interests in consolidated entities	98 654	71 970	87 940
Total equity	597 750	480 917	562 785
Non current liabilities	29 118	19 766	20 509
Interest bearing borrowings	23 741	14 574	15 494
Provision for trade back commitments	2 307	3 574	3 331
Deferred income tax liabilities	3 070	1 618	1 684
Current liabilities	788 192	985 661	790 566
Non interest bearing payables, other current liabilities and current provision	633 340	713 375	603 602
Interest bearing payables	154 852	266 862	186 964
Bank borrowings	–	5 424	–
Total equity and liabilities	1 415 060	1 486 344	1 373 860
Ordinary shares in issue (000's)	33 860	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	8 504	8 731	8 544
Ordinary shares in issue on which net asset value per ordinary share is calculated	25 356	25 129	25 316
Net asset value per ordinary share (cents)	1 968	1 627	1 876

GROUP STATEMENT OF PROFIT OR LOSS

	Unaudited Six months ended 31 Dec 12 R000	Unaudited Six months ended 31 Dec 11 R000	Audited Year ended 30 June 12 R000
Sales	760 906	858 669	1 725 479
Operating costs excluding depreciation and fair value adjustments to property, plant and equipment	(703 704)	(830 345)	(1 582 644)
Operating profit before depreciation and fair value adjustments to property, plant and equipment	57 202	28 324	142 835
Depreciation and fair value adjustments to property, plant and equipment	(6 856)	(3 629)	(10 754)
Profit from operations	50 346	24 695	132 081
Finance income	8 790	12 702	25 973
Finance expenses	(5 311)	(5 599)	(11 899)
Profit before income tax	53 825	31 798	146 155
Income tax expense	(14 721)	(12 164)	(43 285)
Profit for the period	39 104	19 634	102 870
Profit for the period attributable to:			
Ordinary shareholders of ELB	30 469	14 262	79 479
Non controlling interests in consolidated entities	8 635	5 372	23 391
	39 104	19 634	102 870

CALCULATION OF GROUP HEADLINE EARNINGS

	Unaudited Six months ended 31 Dec 12 R000	Unaudited Six months ended 31 Dec 11 R000	Audited Year ended 30 June 12 R000
Profit attributable to ordinary shareholders of ELB from the statement of profit or loss	30 469	14 262	79 479
<i>Deduct:</i> Items excluded from headline earnings as detailed below:	184	837	737
Plant and equipment:			
Profit on disposal	315	383	744
Fair value adjustment	–	982	504
Income tax effect of items excluded from headline earnings	(86)	(382)	(343)
Non controlling interests in items excluded from headline earnings	(45)	(146)	(168)
Headline earnings	30 285	13 425	78 742
Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per ordinary share are based (000's)	25 330	25 079	25 150
Earnings per ordinary share (cents)			
– basic	120,3	56,9	316,0
– diluted	117,2	55,1	308,8
Headline earnings per ordinary share (cents)			
– basic	119,6	53,5	313,1
– diluted	116,5	51,9	306,0
Dividends declared for the period per ordinary share (cents)	25	18	70

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 Dec 12 R000	Unaudited Six months ended 31 Dec 11 R000	Audited Year ended 30 June 12 R000
Profit for the period from the statement of profit or loss	39 104	19 634	102 870
Other comprehensive income	7 917	19 230	22 049
Foreign currency translation reserve adjustments	8 388	17 426	19 498
Foreign currency translation adjustments to foreign non controlling interests	949	1 804	2 019
Revaluation surplus - (decrease) / increase	(236)	-	739
Income tax effect	(1 184)	-	(207)
Total comprehensive income for the period	47 021	38 864	124 919
Total comprehensive income for the period attributable to:			
Ordinary shareholders of ELB	36 392	29 074	96 504
Non controlling interests in consolidated entities	10 629	9 790	28 415
	47 021	38 864	124 919

GROUP CASH FLOW STATEMENT

	Unaudited Six months ended 31 Dec 12 R000	Unaudited Six months ended 31 Dec 11 R000	Audited Year ended 30 June 12 R000
Cash (outflow) / inflow from operating activities before dividends and distributions paid	(57 440)	8 632	(95 921)
Dividends and distributions paid	(13 167)	(11 084)	(18 244)
Cash outflow from operating activities	(70 607)	(2 452)	(114 165)
Cash outflow from investment activities	(8 569)	(35 154)	(44 643)
Cash inflow / (outflow) from financing activities	11 561	(3 503)	(371)
Cash outflow for the period	(67 615)	(41 109)	(159 179)
Foreign currency exchange and translation adjustments to cash and cash equivalents	5 699	11 775	15 828
Decrease in cash and cash equivalents	(61 916)	(29 334)	(143 351)
Cash and cash equivalents at the beginning of the period	489 390	632 741	632 741
Cash and cash equivalents at the end of the period	427 474	603 407	489 390
Reconciliation to the balance sheet			
Current assets – cash and cash equivalents	427 474	608 831	489 390
Current liabilities – bank borrowings	-	(5 424)	-
	427 474	603 407	489 390

NOTES

Capital expenditure commitments

At 31 December 2012 there were capital expenditure commitments of R13 000 (31 December 2011 - R128 000, 30 June 2012 - R3 051 000). The commitments at 31 December 2012 were for office and computer equipment. The commitments are funded from the Group's available cash and cash equivalents.

Contingent liabilities

A Group entity has issued a guarantee of R830 000 in favour of a raw material supplier to a company which was previously part of the Group and has now been sold. The guarantee is cancellable by three calendar months notice. A financial guarantee liability with a carrying amount of R160 000 at 31 December 2012 is carried in respect of the guarantee.

The ELB Engineering Services Group operates in the engineering contracting business and is exposed to the risks associated with engineering contracts. These risks are managed on the basis of limited liability.

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

SEGMENT INFORMATION

	Total R000	Equipment Africa R000	Engineering Africa R000	Australasia R000	Other R000
Unaudited					
Six months ended					
31 December 2012					
Sales	760 906	337 550	259 873	163 483	–
Profit for the six months	39 104	15 340	18 195	11 723	(6 154)
Profit attributable to ordinary shareholders of ELB	30 469	13 039	13 812	8 051	(4 433)
Assets	1 415 060	679 161	495 564	276 013	(35 678)
Liabilities	817 310	357 107	398 920	80 789	(19 506)
Unaudited					
Six months ended					
31 December 2011					
Sales	858 669	354 989	377 659	128 254	(2 233)
Profit for the six months	19 634	6 234	16 393	8 208	(11 201)
Profit attributable to ordinary shareholders of ELB	14 262	5 299	12 696	5 557	(9 290)
Assets	1 486 344	804 990	505 605	206 906	(31 157)
Liabilities	1 005 427	526 478	443 452	62 454	(26 957)
Audited					
Year ended 30 June 2012					
Sales	1 725 479	756 573	682 747	288 520	(2 361)
Profit for the year	102 870	51 462	46 984	21 004	(16 580)
Profit attributable to ordinary shareholders of ELB	79 479	43 743	34 778	14 373	(13 415)
Assets	1 373 860	736 962	424 036	272 634	(59 772)
Liabilities	811 075	412 910	331 463	98 334	(31 632)

GROUP STATEMENT OF CHANGES IN EQUITY

Attributable to ordinary shareholders of ELB

	Issued capital R000	Treasury shares R000	Reserves R000	Retained earnings R000	Total R000	Preference shares R000	Non controlling interests in consolidated entities R000	Unaudited Total equity R000
Balance at 30 June 2011	25 192	(56 129)	18 501	400 830	388 394	8	61 530	449 932
Total comprehensive income for the year			17 025	79 479	96 504		28 415	124 919
Profit for the year				79 479	79 479		23 391	102 870
Other comprehensive income								
Foreign currency translation reserve adjustments			16 573		16 573		2 925	19 498
Foreign currency translation adjustments to foreign non controlling interests							2 019	2 019
Revaluation surplus - increase			628		628		111	739
Income tax effect			(176)		(176)		(31)	(207)
Ordinary dividends paid				(14 575)	(14 575)		(2 436)	(17 011)
Non controlling interest in distributions by a consolidated group entity							(1 233)	(1 233)
Increase in share options reserve			1 069		1 069		189	1 258
Transfer from share options reserve to retained earnings for share options exercised and fully paid, and for share options lapsed through attrition			(533)	533	-		-	-
Redundant items in the foreign currency translation reserve transferred to retained earnings			1 015	(1 015)	-		-	-
Decrease in the carrying amount of treasury shares held by group entities		3 445			3 445			3 445
Capital contributed to subsidiary by non controlling interest in the subsidiary							1 475	1 475
Balance at 30 June 2012	25 192	(52 684)	37 077	465 252	474 837	8	87 940	562 785
Total comprehensive income for the six months			5 923	30 469	36 392		10 629	47 021
Profit for the six months				30 469	30 469		8 635	39 104
Other comprehensive income								
Foreign currency translation reserve adjustments			7 130		7 130		1 258	8 388
Foreign currency translation adjustments to foreign non controlling interests							949	949
Revaluation surplus - decrease			(201)		(201)		(35)	(236)
Income tax effect			(1 006)		(1 006)		(178)	(1 184)
Ordinary dividends paid				(13 167)	(13 167)			(13 167)
Increase in share options reserve			484		484		85	569
Transfer from share options reserve to retained earnings for share options exercised and fully paid			(84)	84	-		-	-
Redundant items in the foreign currency translation reserve transferred to retained earnings			2 336	(2 336)	-		-	-
Decrease in the carrying amount of treasury shares held by group entities		542			542			542
Balance at 31 December 2012	25 192	(52 142)	45 736	480 302	499 088	8	98 654	597 750
Balance at 30 June 2011	25 192	(56 129)	18 501	400 830	388 394	8	61 530	449 932
Total comprehensive income for the six months			14 812	14 262	29 074		9 790	38 864
Profit for the six months				14 262	14 262		5 372	19 634
Other comprehensive income								
Foreign currency translation reserve adjustments			14 812		14 812		2 614	17 426
Foreign currency translation adjustments to foreign non controlling interests							1 804	1 804
Ordinary dividends paid				(10 032)	(10 032)		(1 052)	(11 084)
Increase in share options reserve			556		556		99	655
Decrease in the carrying amount of treasury shares held by group entities		947			947			947
Capital contributed to subsidiary by non controlling interest in the subsidiary							1 603	1 603
Balance at 31 December 2011	25 192	(55 182)	33 869	405 060	408 939	8	71 970	480 917

INTERIM CASH DIVIDEND DECLARATIONS

The directors have declared the undernoted interim cash dividends for the six months ended 31 December 2012. The interim dividends are subject to South African dividend tax. The following information is disclosed in respect of the dividends:

- the dividends have been declared out of income reserves,
- the South African dividend tax rate is 15%,
- secondary tax on companies (STC) credits of R2 093 127 are available and will be utilised for the ordinary dividend and
- ELB Group Limited's income tax reference number is: 9275151711.

Additional information is given below.

PREFERENCE DIVIDEND NUMBER 124

An interim cash dividend has been declared at the rate of 6% per annum for the first six month period on the 6% fixed cumulative redeemable preference shares of R2 each, equivalent to 6 cents per preference share.

- The gross dividend is 6 cents per preference share for preference shareholders exempt from dividend tax.
- The net dividend is 5,1 cents per preference share for preference shareholders liable to pay dividend tax.
- ELB Group Limited has 3 800 preference shares in issue.

ORDINARY DIVIDEND NUMBER 130

An interim cash dividend of 25 cents per share has been declared on the ordinary shares.

- The gross dividend is 25 cents per ordinary share for ordinary shareholders exempt from dividend tax.
- The net dividend is 22,17726 cents per ordinary share, after utilising the STC credits, for ordinary shareholders liable to pay dividend tax. The STC credit utilised is 6,18171 cents per ordinary share.
- ELB Group Limited has 33 860 000 ordinary shares in issue, which includes 8 432 591 treasury shares.

The salient dates in respect of both dividends are:

Last day to trade cum dividend	Friday, 12 April 2013
Shares commence trading ex dividend	Monday, 15 April 2013
Record date	Friday, 19 April 2013
Date of payment	Monday, 22 April 2013

Shares may not be dematerialised or rematerialised between Monday, 15 April 2013, and Friday, 19 April 2013, both dates inclusive.

By order of the Board

Elbex (Pty) Limited
Company secretary

Boksburg
12 March 2013

ENGINEERED TO DELIVER



Rock Drills; Hammers;
Excavator Attachments



V.S.I. Crushers

SUMITOMO
CONSTRUCTION EQUIPMENT

Tracked Excavators



HAMMERHEAD
TRACKESS EQUIPMENT



McGirr Engineering[®]
Rock Mining Machinery



DRESSTA



Ditch Witch
The Underground Authority

MST
Backhoe Loaders



Mobile/Static
Crushers and Screens

TAURUS
Rotary Barrel Screens



ALLU

nine dot
Solutions



Mineral Processing Systems



Optical Belt Scales

SAKAI
Compaction Equipment

THOR
GLOBAL

Kawasaki
Wheel Loaders

MITSUBISHI
Motor Graders

Telestack
Mobile Bulk Material Handling

FAM



CONVEYOR DYNAMICS, INC.



ELB GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1930/002553/06

Share codes: ELR & ELRP

ISIN: ZAE000035101 & ZAE000035333

Registered office

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Postal address

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Telephone

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Website:

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Share transfer secretaries

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

Sponsor

Rand Merchant Bank (*a division of FirstRand Bank Limited*)
1 Merchant Place, Cnr Fredman Drive & Rivonia Road, Sandton, 2196

Directors

AG Fletcher (*chairman*), Dr SJ Meijers (*group chief executive and chief executive - ELB Engineering Services*), PJ Blunden (*chief executive - ELB Equipment*), T de Bruyn,* Dr JP Herselman,* DG Jones (*financial director*), MV Ramollo, CJ Smith (*alternate*), IAR Thomson*

**Non executive*

Company secretary

Elbex (Pty) Limited

The preparation of the unaudited group interim report, excluding the comments section, was supervised by the group accountant, Ian Glass CA(SA), ACMA.

Release date

13 March 2013