



ELB GROUP LIMITED

(‘ELB’, ‘the Company’ or ‘the Group’)

UNAUDITED GROUP INTERIM REPORT and interim cash dividend declaration

for the six months ended 31 December 2013

COMMENTS

INTRODUCTION

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.

FINANCIAL RESULTS

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

The 50,3% increase in turnover for the period from R760,9 million in 2012 to R1 143,9 million in 2013 primarily reflects the higher activity level and revenue recognition across the range of products and services offered by ELB’s engineering operations.

In the current period the rate of turnover increase exceeds the rate of profit increase due to invoiced advance down payments on projects.

Profit before tax increased by 7,9% from R55,3 million to R59,7 million while attributable profit for the period increased by 0,8% from R31,5 million to R31,8 million. Headline earnings for the period increased by 1,3% from R31,3 million to R31,7

million. The reduction in headline earnings per share from 123,7 cents per share to 121,5 cents per share is largely due to the increase in the weighted average number of shares as a result of shares released from treasury shares.

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.

The net asset value per share increased by 14,6% from 2 096 cents per share at 31 December 2012 to 2 402 cents per share at 31 December 2013.

OPERATIONS

Equipment Africa

Equipment revenue during the period was higher than expected however gross margins were marginally lower.

Turnover for the period increased by 5,3% from R337,6 million in 2012 to R355,4 million in 2013. Profit for the period decreased by 6,3% from R15,3 million in 2012 to R14,4 million in 2013.

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

Engineering Africa

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

Turnover for the period increased by 143,9% from R259,9 million in 2012 to R633,8 million in 2013. Profit for the period increased by 34,0% from R18,2 million in 2012 to R24,4 million in 2013.

Australasia

Ditch Witch has traded at slightly lower levels for the period across both the Ditch Witch and Komptech ranges of equipment.

Turnover for the period decreased by 5,1% from R163,5 million in 2012 to R155,1 million in 2013. Profit for the period decreased by 21,2% from R11,7 million in 2012 to R9,2 million in 2013.

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

Mr Michael Easter joined the Board as Group Financial Director on 1 July 2013. There have been no other changes to the board of directors during the period.

DIVIDEND

It has been decided to declare an interim dividend of 28 cents (2012 – 25 cents) per ordinary share which is an increase of 12%.

BASIS OF PREPERATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting, the SAICA

Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The 31 December 2012 comparatives have been restated as a result of adopting the revised IAS 19: Employee Benefits, for the financial year ended 30 June 2013, as detailed in the 30 June 2013 Integrated Annual Report.

Apart from this change the accounting policies are consistent with those applied in the financial year ended 30 June 2013.

On behalf of the Board

Dr Stephen Meijers

Chief Executive Officer

ELB Group and ELB Engineering Services

Peter Blunden

Chief Executive Officer - ELB Equipment

Michael Easter

Group Financial Director - ELB Group

Boksburg

13 March 2014

GROUP BALANCE SHEET

	Unaudited 31 Dec 13 R000	Restated Unaudited 31 Dec 12 R000	Audited 30 June 13 R000
ASSETS			
Non current assets	228 886	216 953	217 717
Property, plant and equipment	150 392	142 606	146 730
Pension fund employer surplus account	53 746	44 971	49 078
Non current loans receivable	5 537	1 408	3 748
Deferred income tax assets	19 211	27 968	18 161
Current assets	1 537 076	1 243 078	1 407 293
Inventories, and construction contract work not yet billed	687 148	542 134	623 798
Receivables and other current assets	266 635	273 470	312 989
Cash and cash equivalents	583 293	427 474	470 506
Total assets	1 765 962	1 460 031	1 625 010
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of ELB	637 659	531 467	601 089
Issued capital	25 192	25 192	25 192
Treasury shares	(36 622)	(52 142)	(48 565)
Reserves	30 428	45 736	51 770
Retained earnings	618 661	512 681	572 692
Preference shares	–	8	–
Total equity attributable to equity holders of ELB	637 659	531 475	601 089
Non controlling interests in consolidated entities	120 146	98 654	113 526
Total equity	757 805	630 129	714 615
Non current liabilities	52 604	41 710	58 596
Interest bearing borrowings	27 965	23 741	29 726
Provision for trade back commitments	2 701	2 307	2 670
Deferred income tax liabilities	21 938	15 662	26 200
Current liabilities	955 553	788 192	851 799
Non interest bearing payables, other current liabilities and current provision	772 097	633 340	672 893
Interest bearing payables	183 456	154 852	178 906
Total equity and liabilities	1 765 962	1 460 031	1 625 010
Ordinary shares in issue (000's)	33 860	33 860	33 860
<i>Deduct:</i> Treasury shares in issue (000's)	7 312	8 504	8 231
Ordinary shares in issue on which net asset value per ordinary share is calculated	26 548	25 356	25 629
Net asset value per ordinary share (cents)	2 402	2 096	2 345

GROUP STATEMENT OF PROFIT OR LOSS

	Unaudited Six months ended 31 Dec 13 R000	Restated Unaudited Six months ended 31 Dec 12 R000	Audited Year ended 30 June 13 R000
Sales	1 143 856	760 906	1 984 597
Operating costs excluding depreciation and revaluation of property, plant and equipment	(1 079 304)	(702 246)	(1 813 048)
Operating profit before depreciation and revaluation of property, plant and equipment	64 552	58 660	171 549
Depreciation and revaluation of property, plant and equipment	(8 509)	(6 856)	(14 212)
Profit from operations	56 043	51 804	157 337
Finance income	7 294	8 790	17 303
Finance expenses	(3 687)	(5 311)	(11 275)
Profit before income tax	59 650	55 283	163 365
Income tax expense	(18 335)	(15 129)	(45 412)
Profit for the period	41 315	40 154	117 953
Profit for the period attributable to:			
Ordinary shareholders of ELB	31 776	31 519	95 255
Non controlling interests in consolidated entities	9 539	8 635	22 698
	41 315	40 154	117 953

CALCULATION OF GROUP HEADLINE EARNINGS

	Unaudited Six months ended 31 Dec 13 R000	Restated Unaudited Six months ended 31 Dec 12 R000	Audited Year ended 30 June 13 R000
Profit attributable to ordinary shareholders of ELB from the statement of profit or loss	31 776	31 519	95 255
<i>Deduct:</i> Items excluded from headline earnings as detailed below:	42	184	233
Profit on disposal of plant and equipment	68	315	405
Income tax effect of items excluded from headline earnings	(19)	(86)	(110)
Non controlling interests in items excluded from headline earnings	(7)	(45)	(62)
Headline earnings	31 734	31 335	95 022
Weighted average number of ordinary shares (excluding treasury shares) on which basic earnings per ordinary share are based (000's)	26 110	25 330	25 396
Earnings per ordinary share (cents)			
– basic	121,7	124,4	375,1
– diluted	120,6	121,3	365,2
Headline earnings per ordinary share (cents)			
– basic	121,5	123,7	374,2
– diluted	120,5	120,6	364,3
Dividends declared for the period per ordinary share (cents)	28	25	85

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 Dec 13 R000	Restated Unaudited Six months ended 31 Dec 12 R000	Audited Year ended 30 June 13 R000
Profit for the period from the statement of profit or loss	41 315	40 154	117 953
Other comprehensive income	10 607	10 483	19 691
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve adjustments attributable to ordinary shareholders of ELB	7 192	7 130	13 143
Income tax effect of foreign currency translation reserve adjustments attributable to ordinary shareholders of ELB	(792)	(1 062)	(1 592)
<i>Items that will not be reclassified to profit or loss</i>			
Foreign currency translation reserve adjustments attributable to non controlling interests	1 270	1 258	2 320
Foreign currency translation adjustments to foreign non controlling interests	874	949	1 476
Pension fund employer surplus account remeasurements	3 101	3 564	6 024
Aeroplane revaluation surplus adjustment	(42)	(236)	401
Income tax effect of items that will not be reclassified to profit or loss	(996)	(1 120)	(2 081)
Total comprehensive income for the period	51 922	50 637	137 644
Total comprehensive income for the period attributable to:			
Ordinary shareholders of ELB	40 384	40 008	111 388
Non controlling interests in consolidated entities	11 538	10 629	26 256
	51 922	50 637	137 644

GROUP CASH FLOW STATEMENT

	Unaudited Six months ended 31 Dec 13 R000	Restated Unaudited Six months ended 31 Dec 12 R000	Audited Year ended 30 June 13 R000
Cash inflow/(outflow) from operating activities before dividends and distributions paid	122 263	(57 440)	(15 153)
Dividends and distributions paid	(20 875)	(13 167)	(20 464)
Cash inflow/(outflow) from operating activities	101 388	(70 607)	(35 617)
Cash outflow from investment activities	(10 654)	(8 569)	(17 111)
Cash inflow from financing activities	8 579	11 561	18 665
Cash inflow/(outflow) for the period	99 313	(67 615)	(34 063)
Foreign currency exchange and translation adjustments to cash and cash equivalents	13 474	5 699	15 179
Increase/(decrease) in cash and cash equivalents	112 787	(61 916)	(18 884)
Cash and cash equivalents at the beginning of the period	470 506	489 390	489 390
Cash and cash equivalents at the end of the period	583 293	427 474	470 506
Reconciliation to the balance sheet			
Current assets – cash and cash equivalents	583 293	427 474	470 506

NOTES

Capital expenditure commitments

At 31 December 2013 there were no capital expenditure commitments (31 December 2012 - R13 000, 30 June 2013 - nil).

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 R24 000 at 31 December 2013 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 and appropriate insurance.

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

Contingent obligation

There is a contingent obligation to issue 1 964 527 ELB ordinary shares in exchange for all the ordinary shares of B&W Instrumentation and Electrical Limited (B&W) in accordance with the ELB circular to ELB shareholders dated 13 February 2014.

SEGMENT INFORMATION

	Total R000	Equipment Africa R000	Engineering Africa R000	Australasia R000	Other R000
Unaudited					
Six months ended 31 December 2013					
Sales					
External to the Group	1 143 856	354 936	633 778	155 136	6
Inter segment	500	493	–	–	7
Inter segment elimination	(500)	–	–	–	(500)
As reported in profit or loss	1 143 856	355 429	633 778	155 136	(487)
Profit before tax	59 650	20 099	35 314	11 422	(7 185)
Profit for the six months	41 315	14 367	24 382	9 236	(6 670)
Profit attributable to ordinary shareholders of ELB	31 776	12 668	17 591	6 399	(4 882)
Assets	1 765 962	742 491	684 520	318 256	20 695
Liabilities	1 008 157	387 539	529 304	93 904	(2 590)
Restated					
Unaudited					
Six months ended 31 December 2012					
Sales					
External to the Group	760 906	337 550	259 873	163 483	–
Inter segment	3	–	–	–	3
Inter segment elimination	(3)	–	–	–	(3)
As reported in profit or loss	760 906	337 550	259 873	163 483	–
Profit before tax	55 283	21 656	24 966	14 595	(5 934)
Profit for the six months	40 154	15 340	18 195	11 723	(5 104)
Profit attributable to ordinary shareholders of ELB	31 519	13 039	13 812	8 051	(3 383)
Assets	1 460 031	679 161	495 564	276 013	9 293
Liabilities	829 902	357 107	398 920	80 789	(6 914)
Audited					
Year ended 30 June 2013					
Sales					
External to the Group	1 984 597	732 550	889 093	362 942	12
Inter segment	28 990	28 990	–	–	–
Inter segment elimination	(28 990)	–	–	–	(28 990)
As reported in profit or loss	1 984 597	761 540	889 093	362 942	(28 978)
Profit before tax	163 365	71 050	77 063	26 317	(11 065)
Profit for the year	117 953	51 022	55 315	20 791	(9 175)
Profit attributable to ordinary shareholders of ELB	95 255	43 369	43 503	14 297	(5 914)
Assets	1 625 010	773 757	533 801	329 083	(11 631)
Liabilities	910 395	415 730	399 105	117 502	(21 942)

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary shareholders of ELB							Unaudited Total equity R000
	Issued capital R000	Treasury shares R000	Reserves R000	Retained earnings R000	Total R000	Preference shares R000	Non controlling interests in consolidated entities R000	
Balance at 30 June 2012	25 192	(52 684)	37 077	494 015	503 600	8	87 940	591 548
Total comprehensive income for the year			11 796	99 592	111 388		26 256	137 644
Profit for the year				95 255	95 255		22 698	117 953
Other comprehensive income			11 796	4 337	16 133		3 558	19 691
Ordinary dividends paid				(19 528)	(19 528)		(861)	(20 389)
Non controlling interests in distributions by a consolidated group entity							(75)	(75)
Increase in share options reserve			1 510		1 510		266	1 776
Transfer from share options reserve to retained earnings for share options exercised and fully paid, and for share options lapsed through attrition			(949)	949	–		–	–
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		4 119			4 119			4 119
Preference shares redeemed for cash						(8)		(8)
Balance at 30 June 2013	25 192	(48 565)	51 770	572 692	601 089	–	113 526	714 615
Total comprehensive income for the six months			6 376	34 008	40 384		11 538	51 922
Profit for the six months				31 776	31 776		9 539	41 315
Other comprehensive income			6 376	2 232	8 608		1 999	10 607
Ordinary dividends paid				(15 927)	(15 927)		(4 948)	(20 875)
Increase in share options reserve			170		170		30	200
Transfer from share options reserve to retained earnings for share options exercised and fully paid			(3 898)	3 898	–		–	–
Redundant items in the foreign currency reserve transferred to retained earnings			(23 990)	23 990	–		–	–
Decrease in the carrying amount of treasury shares held by group entities		11 943			11 943			11 943
Balance at 31 December 2013	25 192	(36 622)	30 428	618 661	637 659	–	120 146	757 805
Restated								
Balance at 30 June 2012	25 192	(52 684)	37 077	494 015	503 600	8	87 940	591 548
Total comprehensive income for the six months			5 923	34 085	40 008		10 629	50 637
Profit for the six months				31 519	31 519		8 635	40 154
Other comprehensive income			5 923	2 566	8 489		1 994	10 483
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 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	512 681	531 467	8	98 654	630 129

INTERIM CASH DIVIDEND DECLARATION

ORDINARY DIVIDEND NUMBER 132

The directors have declared an interim cash dividend of 28 cents per share on the Company's ordinary shares for the six months ended 31 December 2013. The following additional information is given in respect of the dividend.

- the dividend has been declared out of income reserves
- the South African dividend tax rate is 15%
- there are no secondary tax on companies (STC) credits utilised
- ELB Group Limited's income tax reference number is: 9275151711
- the gross dividend is 28 cents per ordinary share for ordinary shareholders exempt from the dividend tax
- the net dividend is 23,8 cents per ordinary share for ordinary shareholders liable to pay the dividend tax
- ELB Group Limited has 33 860 000 ordinary shares in issue, of which 7 312 031 were treasury shares at 31 December 2013

The salient dates in respect of the dividend are:

Last day to trade cum dividend	Friday, 4 April 2014
Shares commence trading ex dividend	Monday, 7 April 2014
Record date	Friday, 11 April 2014
Date of payment	Monday, 14 April 2014

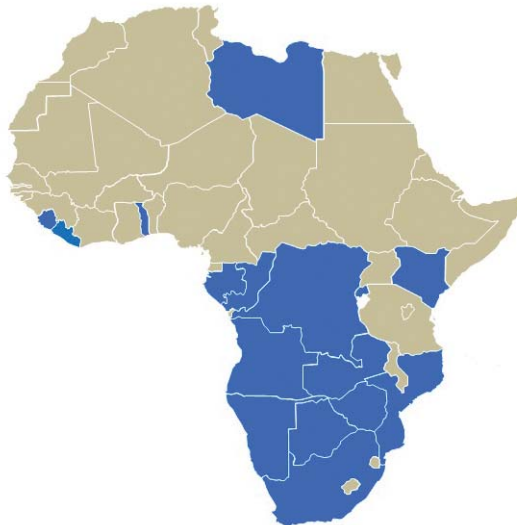
Shares may not be dematerialised or rematerialised between Monday, 7 April 2014, and Friday, 11 April 2014, both dates inclusive.

By order of the Board

Elbex Proprietary Limited
Company secretary

Boksburg
13 March 2014

AFRICAN EXPERIENCE



ENGINEERED TO DELIVER



Rock Drills; Hammers;
Excavator Attachments



Conveyor
Belting



CONSTRUCTION EQUIPMENT
Tracked Excavators



**Ditch
Witch**

Chain Trenchers and
Directional Drills



Backhoe Loaders



Wheel Loaders



Optical Belt Scales



Rotary Barrel Screens



TRENCHLESS EQUIPMENT



Solutions



A TEREX
BRAND



Trusted Since 1887



PNEUMATIC CONVEYING SYSTEMS



Recycling Equipment





ELB GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1930/002553/06

Share code: ELR ISIN: ZAE000035101

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Share Transfer Secretaries

Computershare Investor Services Proprietary 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*) MC Easter (*financial director*),
T de Bruyn,* Dr JP Herselman,* MV Ramollo, CJ Smith (*alternate*), IAR Thomson,*

**Non executive*

Company secretary

Elbex Proprietary Limited

Preparation of the unaudited group interim report

The preparation of the unaudited group interim report was supervised by the group financial director, Michael Easter CA(SA).

Release date

The unaudited group interim report was released on 14 March 2014.