ELB GROUP LIMITED

('ELB'or 'the Company')
Incorporated in the Republic of South Africa
Registration number: 1930/002553/06
Share code: ELR ISIN: ZAE000035101

GROUP SUMMARISED PROVISIONAL REPORT

for the year ended 30 June 2019

- **Significant recovery from the loss reported for the interim period ended December 2018**
- **Revenue decreased to R2 206 million from R3 714 million**
- **Profit before tax for the year decreased to R41 million from R170 million (restated) (previously reported R171 million)**
- **Earnings per share decreased to a loss of 114 cents from a profit of 390 cents (restated) (previously reported 344 cents)**
- **Net asset value per share decreased to 1 757 cents from 3 110 cents (restated) (previously reported 2 754 cents)**

COMMENTARY

INTRODUCTION

ELB is an internationally recognised know-how solutions provider and capital equipment supplier in the fields of materials handling, mineral separation, industrial projects, power solutions and industry 4.0. This is achieved through ELB generated innovation, in-house capability and the supply of world-class equipment and technology. The Company and its subsidiaries ("the Group") operates predominantly in Africa and Australasia.

The results for the financial year ended 30 June 2019 have been impacted by the losses incurred on the Gamsberg Zinc project in the Northern Cape. The Group remains committed to the project and every effort is being made to achieve contractual completeness as soon as possible.

The Group continues on its strategy to further increase its know-how and technology focused solutions by pursuing exponential technology-focused opportunities and partnerships. These include the development and incorporation of new technologies into the Group such as the Internet of Things, camera recognition and other disruptive technologies. This will further allow the Group to provide a broader service offering to its existing and future clients.

FINANCIAL RESULTS

Due to the project nature of the Engineering Services segment of the Group there is no consistent correlation between revenue and profits in reporting periods.

Revenue for the year declined to R2 206 million in 2019 from R3 714 million in 2018. The decrease has mainly been in the Engineering Services segment due to the stage of completion of major projects and the weighting of the Gamsberg Zinc project revenue in 2018. There was also a marginal decrease in revenue in the Equipment segment, with only Australasia increasing revenue for the year.

Profit before tax for the year decreased to R41 million in 2019 from a profit of R170 million in 2018 (restated).

Profit for the year attributable to ELB shareholders decreased to a loss of R32 million in 2019 from a profit of R110 million in 2018 (restated).

The effective tax rate increased to 176% in 2019 from 35% in 2018 (restated). The effective tax rate increased as a result of deferred tax assets on calculated tax losses not recognised.

Total comprehensive income for the year attributable to ELB shareholders decreased to a loss of R35 million in 2019 from a profit of R108 million in 2018 (restated), after taking into account the translation of the Group's foreign operations and other comprehensive income remeasurements.

Earnings per share for the year decreased to a loss of 114 cents in 2019 from earnings per share of 390 cents in 2018 (restated).

Headline earnings per share for the year decreased to a loss of 167 cents in 2019 from headline earnings per share of 386 cents in 2018 (restated).

The net asset value per share decreased to 1 757 cents at 30 June 2019 from 3 110 cents at 30 June 2018 (restated).

During the year, as a result of the rationalisation of the Engineering Services segment, the Group disposed of its interest in the B&W Instrumentation and Electrical Proprietary Limited Group ("B&W"), realising a net profit on disposal of R13 million, after the impairment of the B&W goodwill of R13 million.

The loss before tax attributable to B&W during this reporting period was R131 million, which loss resulted in the Group profit before tax being reduced from R172 million to the reported profit before tax of R41 million.

The adoption of new International Financial Reporting Standards ("IFRS"), which became effective in the current financial year, has resulted in changes to accounting policies and disclosures. The adoption of IFRS 15: Revenue from Contracts with Customers ("IFRS 15"), has had a considerable negative impact on the financial position of the Group in the current financial year, which has resulted in the reduction of opening retained earnings by R333 million, from R771 million to R438 million, in terms of the transitional adjustments as required by IFRS 15.

The comparative information for the financial year ended 30 June 2018 has been restated. The Group consolidated annual financial statements for the financial year ended 30 June 2017 were selected for review by the JSE as part of its proactive monitoring of annual financial statements process. Following a referral to the Financial Reporting Investigation Panel, the JSE concluded that the Group's 2017 consolidated annual financial statements contained a prior period error, in relation to the accounting treatment of The ELB Educational Trust for Black South Africans ("the Trust"). In the JSE's opinion, the Trust should have been consolidated in the Group and a non-controlling interest should not have been recognised for the Trust's shares in ELB Engineering Proprietary Limited, a subsidiary of the Company. The impact of the restatement is disclosed in note 3 of the financial statements in this report.

The impact on the current year's results of consolidating the Trust and excluding the non-controlling interest is such that it has the effect of increasing earnings per share, headline earnings per share and equity attributable to the Company's shareholders.

OPERATIONS

Equipment

Revenue decreased marginally to R927 million in 2019 from R977 million in 2018. Notwithstanding reduced revenue profit before tax increased to R91 million in 2019 from R87 million in 2018. The increase in profit before tax in the current year is due to slight margin improvements, increased export sales and the positive impact of the strengthening rand in the current year.

The market remains in a state of uncertainty, with directly related demand for construction equipment in a declining trend, while demand for earthmoving and mining equipment and related sectors are relatively good considering the current economic conditions. The decline in demand for construction equipment is partly due to the fact that Government has still not embarked on any major construction projects and private sector construction having declined. Reasonable demand from existing mining operations continues to be experienced, compared to very low or non-existent demand from new, or expanding, mining operations.

Engineering Services

Revenue decreased to R665 million in 2019 from R2 230 million in 2018. The decrease is primarily due to a greater proportion of revenue on the Gamsberg Zinc project occurring in 2018, along with the stage of completion of other projects and the impact of the disposal of B&W with effect from 2 April 2019.

The Engineering Services component of the segment made a profit before tax of R48 million for the year.

The B&W component of the segment incurred a loss before tax of R131 million for the year.

The combined profit before tax for the segment therefore decreased significantly to a loss before tax of R83 million in 2019, from a profit before tax of R51 million in 2018, primarily as a result of the losses incurred on the Gamsberg Zinc project. The other projects in the segment have made a positive contribution to the results for the year and are all on track in terms of budget and schedule. The construction component in the segment has also made a valuable and positive contribution to these results.

In addition, due to its knowledge and technical capability, Engineering Services has been awarded a number of operational and maintenance projects at Medupi power station, in conjunction with the completion of existing packages of work.

Australasia

Revenue increased to R622 million in 2019 from R513 million in 2018, while profit before tax decreased marginally to R36 million in 2019 from R37 million in 2018. Notwithstanding the impact of a marginally lower average exchange rate on the translation of the Australasia results, this segment continues to report strong revenue growth and profitability.

CASH FLOW AND GOING CONCERN

The Group had a net cash outflow from operating activities of R126 million, compared to a net cash outflow from operating activities of R70 million in the prior year (restated), with a decrease in net cash and cash equivalents to R213 million from R319 million at the prior year end (restated). Of the net cash on hand at 30 June 2019, R70 million is ceded and pledged to a local bank to cover trading facilities, R52 million is offshore with ELB subsidiaries and a further amount is cash received in advance on projects, which is committed to fund initial project outlays. The net cash outflow and decrease in cash for the year is primarily as a result of the increased working capital commitments on the Gamsberg Zinc project.

The ELB board of directors ("the Board") believes that the Group remains a going concern.

PROSPECTS

The Group continues to pursue identified opportunities and to deliver on its strategy.

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
17 September 2019

GROUP BALANCE SHEET

	Audited 30 June 2019 R'000	Audited 30 June 2018 *Restated R'000	Audited 30 June 2017 *Restated R'000
ASSETS			
Non-current assets	**299 425**	346 761	351 422
Property, plant and equipment	**156 350**	181 555	164 589
Goodwill and intangible assets	**1 472**	16 644	19 217
Pension fund employer surplus account	**39 650**	39 650	39 938
Deferred tax assets	**101 953**	108 912	127 678
Current assets	**1 502 286**	2 080 274	1 499 651
Contract assets	**212 284**	667 806	93 158
Inventories	**858 934**	727 830	670 213
Trade and other receivables, other financial assets, other current assets and income tax refundable	**186 447**	349 514	298 379
Cash and cash equivalents	**244 621**	335 124	437 901
Total assets	**1 801 711**	2 427 035	1 851 073
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of the Company	**500 249**	881 218	805 683
Issued capital	**109 178**	109 178	109 479
Treasury shares	**(71 770)**	(74 571)	(46 737)
Reserves	**74 574**	75 546	79 867
Retained earnings	**388 267**	771 065	663 074
Non-controlling interests	**(1 069)**	(2 169)	(2 671)
Total equity	**499 180**	879 049	803 012
Non-current liabilities	**32 560**	37 807	36 176
Interest-bearing borrowings	**18 501**	22 554	20 428
Deferred tax liabilities	**14 059**	15 253	15 748
Current liabilities	**1 269 971**	1 510 179	1 011 885
Contract liabilities	**113 935**	176 404	129 589
Interest-bearing borrowings	**77 571**	108 407	59 523
Trade and other payables, other financial liabilities, other current liabilities and income tax payable	**1 046 536**	1 208 956	822 773
Bank overdraft	**31 929**	16 412	–
Total liabilities	**1 302 531**	1 547 986	1 048 061
Total equity and liabilities	**1 801 711**	2 427 035	1 851 073

* Restated - refer to note 3 for further details

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2019 R'000	Audited 30 June 2018 *Restated R'000
Revenue	**2 206 439**	3 714 238
Operating costs before impairment of financial assets and depreciation and amortisation of non-financial assets	**(2 132 947)**	(3 531 662)
Operating profit before impairment of financial assets and depreciation and amortisation of non-financial assets	**73 492**	182 576
Depreciation and amortisation of non-financial assets	**(20 200)**	(20 076)
Impairment of trade receivables	**(6 149)**	–
Profit from operations	**47 143**	162 500
Finance income	**13 240**	19 787
Finance expense	**(19 486)**	(12 310)
Profit before income tax	**40 897**	169 977
Income tax expense	**(71 993)**	(59 662)
(Loss)/profit for the year	**(31 096)**	110 315
(Loss)/profit for the year attributable to:		
Ordinary shareholders of the Company	**(32 456)**	109 656
Non-controlling interests	**1 360**	659
	(31 096)	110 315
Other comprehensive income	**(2 401)**	(1 673)
Items that may be reclassified to profit or loss		
Foreign currency translation attributable to ordinary shareholders of the Company	**17**	1 349
Income tax effect of adjustments	**773**	(373)
Items that will not be reclassified to profit or loss		
Non-controlling interests in foreign currency translation adjustments	**(4)**	(87)
Pension fund employer surplus account remeasurements	**(3 530)**	(3 733)
Aeroplane revaluation surplus (decrease)/increase	**(894)**	173
Income tax effect of items that will not be reclassified to profit or loss	**1 237**	998
Total comprehensive income for the year	**(33 497)**	108 642
Total comprehensive income attributable to:		
Ordinary shareholders of the Company	**(34 853)**	108 070
Non-controlling interests	**1 356**	572
	(33 497)	108 642
Earnings per share		
Basic earnings per share	**(114,3)**	389,5
Diluted basic earnings per share (cents)	**(114,3)**	389,4

* Restated - refer to note 3 for further details

GROUP STATEMENT OF CHANGES IN EQUITY

	Audited 30 June 2019 R'000	Audited 30 June 2018 *Restated R'000
Opening balance*	**879 049**	803 012
Adjustment on initial application of IFRS 15, net of tax	**(332 670)**	–
Restated balance at 1 July 2018	**546 379**	803 012
Total comprehensive income for the year	**(33 497)**	108 642
(Loss)/profit for the year	**(31 096)**	110 315
Other comprehensive income	**(2 401)**	(1 673)
Total distributions to owners	**(13 835)**	(32 605)
Ordinary dividends paid	**(14 690)**	(23 493)
Distributions to non-controlling interests	**–**	(70)
Ordinary shares repurchased and cancelled	**–**	(301)
Equity-settled share options expense	**–**	1 171
Ordinary shares acquired and held as treasury shares	**–**	(28 371)
Treasury shares paid up and released to participants	**855**	18 459
Changes in ownership interests in subsidiaries		
Disposal of non-controlling interest	**(33)**	
Disposal of treasury shares	**389**	
Acquisition of non-controlling interests	**(223)**	
Closing balance	**499 180**	879 049
Comprising:		
Issued capital	**109 178**	109 178
Treasury shares	**(71 770)**	(74 571)
Reserves	**74 574**	75 546
Retained earnings	**388 267**	771 065
Equity attributable to ordinary shareholders of the Company	**500 249**	881 218
Non-controlling interests	**(1 069)**	(2 169)
Total equity	**499 180**	879 049

* Restated - refer to note 3 for further details

GROUP STATEMENT OF CASH FLOWS

	Audited 30 June 2019 R'000	Audited 30 June 2018 *Restated R'000
Net cash flows from operating activities	**(126 089)**	(70 122)
Cash (utilised by)/generated from operations	**(16 552)**	202 358
Net working capital movements	**(42 590)**	(225 563)
Finance income	**13 240**	19 787
Finance expense	**(19 486)**	(12 310)
Taxation paid	**(46 011)**	(30 831)
Dividends and distributions paid	**(14 690)**	(23 563)
Net cash flows from investing activities	**11 864**	(32 224)
Purchase of property, plant and equipment	**(31 894)**	(32 505)
Purchase of additional interest in joint operation	**–**	(3 393)
Proceeds on disposal of subsidiaries	**24 348**	–
Proceeds from the sale of plant and equipment	**19 410**	3 674
Net cash flows from financing activities	**114**	(15 264)
Interest-bearing borrowings raised	**5 945**	6 287
Interest-bearing borrowings repaid	**(6 463)**	(11 338)
Acquisition of non-controlling interests	**(223)**	–
Ordinary shares repurchased and cancelled	**–**	(301)
Ordinary shares acquired and held as treasury shares	**–**	(28 371)
Treasury shares paid up and released to participants	**855**	18 459
Decrease in cash and cash equivalents	**(114 111)**	(117 610)
Cash and cash equivalents at the beginning of the year	**318 712**	437 901
Effect of foreign exchange rate movements on cash balances	**8 091**	(1 579)
Cash and cash equivalents at the end of the year	**212 692**	318 712

* Restated - refer to note 3 for further details

SEGMENT INFORMATION

	Total R'000	Equipment R'000	Engineering Services R'000	Australasia R'000	Central R'000	Consolidation and elimination R'000
Year ended 30 June 2019						
Revenue						
External revenue	**2 206 439**	**924 807**	**659 884**	**621 707**	**41**	**–**
Inter-segment revenue	**–**	**1 859**	**5 063**	**–**	**18 710**	**(25 632)**
Total revenue	**2 206 439**	**926 666**	**664 947**	**621 707**	**18 751**	**(25 632)**
Profit/(loss) before income tax	**40 897**	**90 884**	**(83 371)**	**36 305**	**9 837**	**12 758**
Assets	**1 801 711**	**1 064 752**	**483 541**	**498 636**	**72 561**	**(317 779)**
Liabilities	**1 302 531**	**544 080**	**789 147**	**250 130**	**25 804**	**(306 630)**
Year ended 30 June 2018 *Restated						
Revenue						
External revenue	3 714 238	970 918	2 230 270	512 970	80	–
Inter-segment revenue	–	5 864	59	–	20 692	(26 615)
Total revenue	3 714 238	976 782	2 230 329	512 970	20 772	(26 615)
Profit/(loss) before income tax	169 977	87 220	51 219	37 041	(5 862)	359
Assets	2 427 035	929 977	1 054 336	523 189	96 824	(177 291)
Liabilities	1 547 986	445 549	936 580	291 311	23 439	(148 893)

* Restated - refer to note 3 for further details

HEADLINE EARNINGS, SHARES IN ISSUE AND PER SHARE MEASUREMENTS

	30 June 2019	30 June 2018 *Restated
CALCULATION OF HEADLINE EARNINGS (R'000)		
(Loss)/profit attributable to ordinary shareholders of ELB	**(32 456)**	109 656
Less: Items excluded from headline earnings as detailed below:	**(15 071)**	(953)
Profit on disposal of plant and equipment	**(2 923)**	(1 338)
Intangible asset impairment	**91**	–
Goodwill impairment	**12 783**	–
Profit on disposal of subsidiaries	**(25 813)**	–
Income tax effect on profit on disposal of plant and equipment	**791**	385
Headline earnings	**(47 527)**	108 703
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE ('000's)		
Number of shares in issue at the beginning of the year	**32 503**	32 519
Less: Effect of treasury shares in Group entities at the beginning of the year	**(4 171)**	(4 151)
Basic number of shares in issue at the beginning of the year	**28 332**	28 368
Weighted average effect of changes during the year		
ELB ordinary shares acquired and held as treasury shares	**–**	(570)
Treasury shares released to incentive scheme participants	**54**	357
Treasury shares disposed of as part of sale of subsidiaries	**18**	–
Weighted average number of shares in issue	**28 404**	28 155
Effect of outstanding share options	**3**	7
Diluted weighted average number of shares in issue	**28 407**	28 162
BASIC NUMBER OF SHARES IN ISSUE AT THE END OF THE YEAR ('000's)		
Ordinary shares in issue	**32 503**	32 503
Less: Treasury shares in issue	**(4 029)**	(4 171)
Ordinary shares in issue on which net asset value per ordinary share is calculated	**28 474**	28 332
PER SHARE MEASURES		
Earnings per ordinary share (cents)		
- basic	**(114,3)**	389,5
- diluted	**(114,3)**	389,4
Headline earnings per ordinary share (cents)		
- basic	**(167,3)**	386,1
- diluted	**(167,3)**	386,0
Net asset value per ordinary share (cents) (equity attributable to ordinary shareholders of ELB/ordinary share in issue)	**1 756,9**	3 110,3
Dividends declared for the year per ordinary share	**–**	82

* Restated - refer to note 3 for further details

NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for group summarised provisional reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied, except for the adoption of IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and the prior period error, in the preparation of the previous consolidated annual financial statements.

The summarised Group financial statements are prepared on the historical cost basis except for the following items which are measured using an alternative basis at each reporting date:

- Derivative financial instruments measured at fair value through profit and loss.
- Pension fund employer surplus account measured at the fair value of the planned assets less the present value of the defined benefit obligation.
- Share-based payment awards are measured at fair value. The fair value of the equity instruments granted is estimated using industry accepted techniques on initial recognition.
- Aeroplane measured at fair value through other comprehensive income. The fair value is estimated using a valuation expert.

The financial statements are prepared on the going concern basis. The directors believe that the Company and its subsidiaries have adequate resources to continue operating for the foreseeable future.

2. CHANGE IN ACCOUNTING POLICIES

The adoption of certain new standards, which became effective in the current period, has resulted in changes to accounting policies and disclosures, of which the adoption of IFRS 15: Revenue from Contracts with Customers ("IFRS 15") has had a material impact on the financial position of the Group.

The Group adopted IFRS 15 with effect from 1 July 2018, using the cumulative effect method and by application of the practical methods permitted under the standard. As a result, the cumulative effect of initial application of the standard is recognised as an adjustment to equity at the beginning of the current financial reporting period. Comparative information has not been restated, and continues to be reported in terms of the previous applicable standards, IAS 11 and IAS 18.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The following table summarises the impact of the adoption of IFRS 15 on the Group:

Type of item affected	Nature and characteristics of the item affected	Nature of change required on implementation of the new standard	Impact
Construction contracts	Contract modifications ("variations"): Revenue incorporates the original contract value and any variations when it is highly probable that the customer will approve the variation and the amount of revenue arising from the variation (negotiations are therefore at an advanced stage) can be reliably measured. When a variation is recognised, the cumulative contract price is revised and the measurement of progress toward completion is reassessed at each reporting date and any increases or decreases in revenue accounted for. Onerous contracts: When it is probable that the total contract costs will exceed total contract revenue, the total expected loss shall be recognised as an expense immediately irrespective of whether work has commenced on the contact.	Variations that were previously considered to be probable under IAS 11 may not be considered highly probable under IFRS 15. IAS 11 provided guidance on the accounting treatment of loss-making contracts. IFRS 15 does not include specific guidance on the accounting for onerous revenue contracts or other contract losses, instead the guidance from IAS 37: Provisions, Contingent Liabilities and Contingent Assets should be applied.	Cost recoveries, back charges and insurance claims that were previously considered to be probable at 30 June 2018 no longer qualified for recognition under IAS 11 and therefore an accumulated debit adjustment to equity has been accounted for.
Incremental costs of obtaining a contract (pre-contract costs)	The Group incurs costs to obtain contracts.	Where there are incremental costs incurred to obtain a contract, the standard requires that these costs be capitalised and recognised as an expense over the contract term with the customer.	No impact at 1 July 2018. Going forward, should the qualifying criteria be met, pre-contract costs should be accounted for as a contract asset and recognised as an expense over the contract term as opposed to being expensed as incurred.

Impact on the financial statements

The following table summarises the impact of adopting IFRS 15 on the Group:

Consolidated balance sheet R'000	30 June 2018	Adoption of IFRS 15	1 July 2018
Assets			
Deferred income tax assets	108 912	29 575	138 487
Contract work not yet billed	667 806	(362 245)	305 561
Equity			
Retained earnings	771 065	(332 670)	438 395

Excluding the abovementioned adjustments, there were no other quantitative impacts from the adoption of IFRS 15. While there are variation orders, cost recoveries, back charges and insurance claims being pursued on existing contracts from the prior year and on new contracts with customers that arose after 1 July 2018, these are not considered to be highly probable under IFRS 15 nor probable under IAS 11 and therefore there is no impact on the Group's revenue at 30 June 2019. Therefore, following the adoption of IFRS 15, other than a qualitative disclosure impact, there is no quantitative impact on the Group's balance sheet as at 30 June 2019 and its statement of profit and loss and cash flow for the year then ended.

Excluding the abovementioned adjustments, none of the other new, revised or amended accounting standards or interpretations that were adopted in the current year had a material impact on the financial statements.

3. PRIOR PERIOD ERROR

The Group's financial statements for the year ended 30 June 2017 ("2017") was selected for review by the JSE as part of its pro-active monitoring of annual financial statements process. Following a referral to the Financial Reporting Investigation Panel, the JSE concluded that the Groups' 2017 financial statements contained a prior period error. The ELB Educational Trust for Black South Africans ("the Trust") should have been consolidated as part of the Group and a non-controlling-controlling interest should not have been recognised for the Trust's shares in ELB Engineering Proprietary Limited. Comparative information has accordingly been restated. The impact of the prior period error, on each line item affected, for the years ended 30 June 2018 and 30 June 2017 are disclosed below:

	30-Jun-18			30-Jun-17		
	Previously reported R'000	Adjustment R'000	Restated R'000	Previously reported R'000	Adjustment R'000	Restated R'000
Balance sheet						
Assets						
Current assets						
Cash and cash equivalents	334 541	583	335 124	437 118	783	437 901
	2 079 691	583	2 080 274	1 498 868	783	1 499 651
Total assets	2 426 452	583	2 427 035	1 850 290	783	1 851 073
Equity and liabilities						
Treasury shares	(74 587)	16	(74 571)	(46 737)	–	(46 737)
Reserves	64 152	11 394	75 546	67 685	12 182	79 867
Retained earnings	681 422	89 643	771 065	587 394	75 680	663 074
Total equity attributable to equity holders of the Company	780 165	101 053	881 218	717 821	87 862	805 683
Non controlling interests	98 301	(100 470)	(2 169)	84 408	(87 079)	(2 671)
Total equity	878 466	583	879 049	802 229	783	803 012
Total equity and liabilities	2 426 452	583	2 427 035	1 850 290	783	1 851 073
Statement of comprehensive income						
Operating costs excluding depreciation and amortisation	(3 530 690)	(972)	(3 531 662)	(2 342 364)	(1 141)	(2 343 505)
Operating profit before depreciation and amortisation	183 548	(972)	182 576	138 133	(1 141)	136 992
Profit from operations	163 472	(972)	162 500	114 765	(1 141)	113 624
Finance income	19 765	22	19 787	17 528	38	17 566
Profit before income tax	170 927	(950)	169 977	120 202	(1 103)	119 099
Profit for the year	111 265	(950)	110 315	81 648	(1 103)	80 545

4. PRIOR PERIOD ERROR (continued)

	30-Jun-18			30-Jun-17		
	Previously reported R'000	Adjustment R'000	Restated R'000	Previously reported R'000	Adjustment R'000	Restated R'000
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Non-controlling interests in foreign currency translation adjustments	113	(200)	(87)	(2 875)	2 956	81
Income tax relating to items that may not by reclassified	941	57	998	1 778	(406)	1 372
	(2 506)	(143)	(2 649)	(5 995)	2 550	(3 445)
Items that may be reclassified to profit or loss						
Foreign currency translation reserve adjustments attributable to ordinary shareholders of the Company	1 149	200	1 349	(16 753)	(2 956)	(19 709)
Income tax relating to items that may by reclassified	(316)	(57)	(373)	2 298	406	2 704
	833	143	976	(14 455)	(2 550)	(17 005)
Total comprehensive income for the year	109 592	(950)	108 642	61 198	(1 103)	60 095
Profit attributable to:						
Ordinary shareholders of the Company	96 821	12 835	109 656	70 696	8 014	78 710
Non controlling interests	14 444	(13 785)	659	10 952	(9 117)	1 835
	111 265	(950)	110 315	81 648	(1 103)	80 545
Total comprehensive income attributable to:						
Ordinary shareholders of the Company	95 073	12 997	108 070	52 869	5 310	58 179
Non controlling interests	14 519	(13 947)	572	8 329	(6 413)	1 916
	109 592	(950)	108 642	61 198	(1 103)	60 095
Earnings per ordinary share (cents)						
Basic earning per ordinary share	343,9	45,6	389,5	247,3	27,7	275,0
Diluted earnings per ordinary share	343,8	45,6	389,4	247,2	27,8	275,0
Statement of cash flows						
Cash flows from operating activities						
Cash (utilised by)/generated from operations	(22 233)	(972)	(23 205)	230 509	(1 141)	229 368
Interest received	19 765	22	19 787	17 528	38	17 566
Distributions to non-controlling interests	(820)	750	(70)	(1 207)	1 080	(127)
Net cash (outflow)/inflow from operating activities	(69 922)	(200)	(70 122)	198 028	(23)	198 005
(Decrease)/increase in cash and cash equivalents	(117 410)	(200)	(117 610)	171 208	(23)	171 185
Cash and cash equivalents at the beginning of the year	437 118	783	437 901	273 756	806	274 562
Cash and cash equivalents at end of the year	318 129	583	318 712	437 118	783	437 901

4. RELATED PARTY TRANSACTIONS

Group entities entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business, the nature of which was consistent with those previously reported. All transactions and balances with these related parties have been eliminated in the consolidated results.

5. FAIR VALUE CLASSIFICATION AND MEASUREMENT

The ELB Group measures foreign currency forward exchange contracts at fair value using inputs as described in Level 2 of the fair value hierarchy. The fair values for foreign currency forward exchange contracts are based on quotes from brokers. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments. All other financial assets or liabilities carrying values approximate their fair values based on the nature or maturity period of the financial instrument. There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy.

6. CAPITAL EXPENDITURE INCURRED AND FUTURE CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure of R31.9 million (2018: R32.5 million) was incurred during the year on property, plant and equipment. There were no material capital expenditure commitments at each reporting date.

7. CONTINGENCIES

The Group operates in the engineering contracting business and is exposed to the risks associated with engineering contracts which does from time to time include the need to resolve disputes by way of mediation, arbitration and if need be, litigation. These risks are managed on the basis of limited liability and appropriate insurances.

8. POST BALANCE SHEET EVENTS

Other than the matter noted below, there were no significant events arising between the end of the financial year and the date of these financial statements which materially impact the financial position or results of the Group.

Effective 15 July 2019, ELB Engineering Pty Ltd ("Engineering") and ELB Engineering Services Pty Ltd ("Engineering Services"), agreed to dispose of its interest in the ELB Flying Services Partnership ("Partnership") to be effected through:

1. the disposal by Engineering Services of its 49% interest in the Partnership ("Partnership Interest") to Mr AG Fletcher (Chairman of the ELB Group board of directors), or his nominee for a total consideration of R8 232 000; and
2. the disposal by Engineering of 100% of the issued share capital of ELB Trident Equipment Proprietary Limited ("Trident") and related claims (collectively "Trident Shares and Claims") to Tanjo Financial Services Proprietary Limited ("Tanjo") for a total consideration of R336 000. Tanjo is a company controlled by Mr AG Fletcher, the current Chairman of the Board. Trident holds a 2% interest in the Partnership and has no other business activities.

The Partnership was established for the sole and exclusive purpose and object of acquiring, owning,managing and leasing an aircraft and in the course of the Partnership business to generate rental and other income for the benefit of the Partners and to carry out all such other activities as may be necessary or desirable in relation to the aircraft and from the successful operation of the Partnership.

The Group entered into the disposal to provide the Engineering Services segment with additional working capital.

The disposal agreements provide Engineering and Engineering Services with a call option whereby Engineering and Engineering Services will have the option of reacquiring the Trident Shares and the Partnership Interest respectively at any time before 28 February 2020 ("Expiry Date"), for a consideration that will equal to the purchase consideration, plus any further contributions made to the Partnership between the effective date and the expiry date, plus interest at the RMB call rate from time to time. The requisite approvals for the disposals were all satisfied after 30 June 2019.

In terms of IFRS 15 – Revenue from Contracts with Customers, the disposals qualify as a financing arrangement. Subsequent to year end, until the call option expires or is exercised, the Group will continue to recognise the asset and will recognise a financial liability for any consideration received.

9. GOING CONCERN

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns. Based on liquidity and solvency analyses as well as the 2020 budget and cash flow forecast, the directors have no reason to believe that they will not be going concerns. The Group's loss after tax for the year was R31.1 million (2018: profit after tax 110.3 million). The Group's total assets exceeded total liabilities by R499.2 million (2018: R879.1 million). Current assets for the group exceeded current liabilities by R232.3 million (2018: R570.1 million).

10. FINANCIAL PREPARATION AND INDEPENDENT AUDIT

This summary report is extracted from audited information, but is not itself audited. The financial statements were audited by KPMG Inc., who expressed an unmodified opinion thereon. The audited financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying financial statements.

The directors take full responsibility for the preparation of these summarised Group financial statements. The summarised consolidated financial statements were compiled under the supervision of Michael Easter, Group Financial Director, and were approved on 17 September 2019.

DIVIDEND DECLARATION

ORDINARY DIVIDEND

The Board has decided not to declare a dividend for the year ended 30 June 2019.

By order of the Board

Elbex Proprietary Limited
Company secretary

Boksburg
17 September 2019

ELB GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1930/002553/06
Share code: ELR ISIN: ZAE000035101

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Sponsor

Questco Corporate Advisory Proprietary Limited
1st Floor, Yellowwood House, Ballywoods Office Park
33 Ballyclare Drive, Bryanston, 2191

Directors

AG Fletcher *(chairman)*, Dr SJ Meijers *(group chief executive and chief executive - ELB Engineering services)*, PJ Blunden *(chief executive - ELB Equipment),* MC Easter *(group financial director)*, T de Bruyn*, Dr JP Herselman*, B Makhunga*, R Nkabinde* MV Ramollo, CJ Smith *(alternate)*, IAR Thomson*, JC van Zyl*.

*Non-executive

Company secretary

Elbex Proprietary Limited

Preparation of the group summarised provisional report

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

Release date

The group summarised provisional report was released on 17 September 2019.