

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

## TRADING STATEMENT

In terms of the Listings Requirements of the JSE Limited, companies are required to provide guidance to the market when they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by at least 20% from the financial results of the previous corresponding reporting period.

Accordingly, shareholders of the Company are advised that the Group has incurred a loss for the six-months ended 31 December 2018 ("the period") and that:

- The loss per share for the period is expected to be between 812.4 cents per share and 816.4 cents per share, compared to the earnings per share reported at 31 December 2017 of 159.5 cents per share;
- The headline loss per share for the period is expected to be between 815.0 cents per share and 819.0 cents per share, compared to the headline earnings per share reported at 31 December 2017 of 157.6 cents per share.

The results for the period have been dominated, and severely impacted, by the losses incurred on the Gamsberg Zinc project in the Northern Cape, currently being commissioned by ELB Engineering Services ("Engineering Services"). Whilst the plant is operating, delays in the final performance testing have resulted in additional costs being incurred in order to complete the project and hence a delay in receiving the final milestone payments.

In addition, the Group has incurred additional costs as a result of remedial work required to bring the tendered and implemented design of the plant up to the contracted specifications. These additional costs were expected to have been recovered during the current financial period, however delays in recovering these additional costs have necessitated the reversal of some of the expected recoveries, until such time as the Group is certain that these additional costs can be recovered.

The Group continues to vigorously pursue all possible recoveries, which include insurance claims, back-charges, project asset sales, project scope reduction and additional plant performance claims.

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

The other engineering projects currently being undertaken are all progressing as planned and are making a positive contribution to the Group.

The Group's Equipment and Australasian segments have performed well in a difficult trading environment and are in line with expectations.

Shareholders will receive a further update when the results for the period are released before the end of March 2019.

The financial information on which this trading statement is based has not been reviewed or reported on by the Company's external auditors.

Boksburg  
8 March 2019

Sponsor



Questco Corporate Advisory Proprietary Limited