

ELB GROUP LIMITED  
Incorporated in the Republic of South Africa  
(Registration number 1930/002553/06)  
ISIN: ZAE000035101  
JSE Code: ELR  
("ELB" or "the Company")



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## **TRADING STATEMENT FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2019**

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In terms of the JSE Limited Listings Requirements 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 current reporting period will differ by at least 20% from the results of the corresponding reporting period.

Accordingly, shareholders of the Company are advised that:

- Basic loss per share for the interim financial period ended 31 December 2019 ("current period") is likely to be between 317.4 cents and 388 cents, representing:
  - an improvement of between 52.4% - 61.0% when compared to the reported basic loss per share of 814.4 cents for the interim financial period ended 31 December 2018 ("prior period"); and
  - an improvement of between 59.7% - 67.1% when compared to the restated basic loss per share of 963.5 cents for the prior period.
- Basic headline loss per share for the current period is likely to be between 58.2 cents and 71.1 cents representing:
  - an improvement of between 91.3% - 92.9% when compared to the reported basic headline loss per share of 817.0 cents for the prior period; and
  - an improvement of between 92.6% - 94.0% when compared to the restated basic headline loss per share of 966.7 cents for the prior period.

The restated basic loss per share and headline loss per share is as a consequence of a prior period error as set out below.

### **Prior period error**

We further draw attention to the fact that the prior period comparatives have been restated. The Company and its subsidiaries ("the Group") consolidated annual financial statements for the year ended 30 June 2017 ("FY2017") 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 FY2017 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 as part of 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 prior period error, on each line item affected for the prior period, is disclosed below:

**Balance Sheet**  
**At 31 December 2018**

**Assets**

**Current assets**

Cash and cash equivalents

<b>2018 Previously reported</b>	<b>Adjustment</b>	<b>2018 Restated</b>
R'000	R'000	R'000
261 762	212	261 974
<b>1 428 754</b>	<b>212</b>	<b>1 428 966</b>

**Total assets**

<b>1 780 168</b>	<b>212</b>	<b>1 780 380</b>
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**Equity and liabilities**

Treasury shares

(74 531)	(44)	(74 575)
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Reserves

64 691	11 612	76 303
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Retained earnings

153 405	(2 582)	150 823
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**Total equity attributable to equity holders of the Company**

<b>252 743</b>	<b>8 986</b>	<b>261 729</b>
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Non-controlling interests

7 856	(8 774)	(918)
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**Total equity**

<b>260 599</b>	<b>212</b>	<b>260 811</b>
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**Liabilities**

**Total equity and liabilities**

<b>1 780 168</b>	<b>212</b>	<b>1 780 380</b>
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**Statement of comprehensive income**  
**For the period ended 31 December 2018**

Operating costs excluding depreciation and amortisation

(1 802 238)	(376)	(1 802 614)
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**Operating profit before depreciation and amortisation**

<b>(204 109)</b>	<b>(376)</b>	<b>(204 485)</b>
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**Profit from operations**

<b>(215 060)</b>	<b>(376)</b>	<b>(215 436)</b>
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Finance income

6 347	5	6 352
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**Profit before income tax**

<b>(218 244)</b>	<b>(371)</b>	<b>(218 615)</b>
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**Profit for the year**

<b>(271 467)</b>	<b>(371)</b>	<b>(271 838)</b>
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**Other comprehensive income**

**Items that will not be reclassified to profit or loss**

Non-controlling interests in foreign currency translation adjustments

94	(140)	(46)
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Income tax relating to items that may not be reclassified

234	(4)	230
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**Total items that will not be reclassified to profit or loss**

<b>(494)</b>	<b>(144)</b>	<b>(638)</b>
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**Items that may be reclassified to profit or loss**

Foreign currency translation reserve adjustments attributable to ordinary shareholders of the Company

794	140	934
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Income tax relating to items that may be reclassified

28	4	32
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**Total items that may be reclassified to profit or loss**

<b>822</b>	<b>144</b>	<b>966</b>
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**Total other comprehensive income for the year**

<b>328</b>	<b>-</b>	<b>328</b>
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<b>Total comprehensive income for the year</b>	<b>(271 139)</b>	<b>(371)</b>	<b>(271 510)</b>
<b>Profit attributable to:</b>			
Ordinary shareholders of the Company	(231 034)	(42 324)	(273 358)
Non-controlling interests	(40 433)	41 953	1 520
	<b>(271 467)</b>	<b>(371)</b>	<b>(271 838)</b>
<b>Total comprehensive income attributable to:</b>			
Ordinary shareholders of the Company	(230 878)	(42 106)	(272 984)
Non-controlling interests	(40 261)	41 735	1 474
	<b>(271 139)</b>	<b>(371)</b>	<b>(271 510)</b>
<b>Earnings per ordinary share (cents)</b>			
Basic loss per ordinary share	(814.4)	(149.1)	(963.5)
Diluted loss per ordinary share	(814.0)	(149.1)	(963.1)
Basic headline loss per ordinary share	(817.0)	(149.7)	(966.7)
Diluted headline loss per ordinary share	(816.6)	(149.6)	(966.2)

#### Statement of cash flows

For the period ended 31 December 2018

#### Cash flows from operating activities

Cash utilised by operations	(204 109)	(376)	(204 485)
Interest received	(3 184)	5	(3 179)
<b>Net cash outflow from operating activities</b>	<b>(108 446)</b>	<b>(371)</b>	<b>(108 817)</b>

#### Decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year	318 129	583	318 712
<b>Cash and cash equivalents at end of the year</b>	<b>193 570</b>	<b>212</b>	<b>193 782</b>

The consolidated financial results for the interim financial period ended 31 December 2019 will provide further information on the restatement, which are expected to be released by no later than 31 March 2020.

The financial information on which this trading statement is based and the prior period restated information have not been reviewed or reported on by the Company's external auditors.

Johannesburg

13 March 2020

#### Sponsor



Questco Corporate Advisory Proprietary Limited

#### Corporate Advisor



