

MEDIA STATEMENT: ELLIES HOLDINGS LIMITED

RESILIENT ELLIES ENERGISED BY INTERIM RESULTS

INTERIM RESULTS TO 31 OCTOBER 2010

20 January 2011: JSE listed Ellies Holdings Limited ("Ellies") today announced its interim results for the 6 months ended 31 October 2010.

"Ellies achieved solid growth during the period and our balance sheet remains robust. We are happy with the results achieved, especially by the Groups combined double digit growth in both Revenue and Profit," said Ellies CEO Wayne Samson.

Financial Highlights

- Revenue up 11% to **R652,6 m**
- Profit before tax up 19% to **R66.8 m**
- EPS up 4.8% to **15.16 cents**
- HEPS of **15.12 cents**
- NAV per share up to **181 cents**
- NTAV per share up to **106 cents**

"In November 2010, we transferred our listing from the Alternative Exchange to the Main Board of the JSE," continued Samson. **"It was always our intention to move to the Main Board. Having achieved all the necessary requirements by October led to the move in November,"**

Profit before tax ("PBT") grew 19% to R66.8m and earnings per share ("EPS") was up by 4.8% to 15.16 cents per share. EPS growth was influenced by an additional 32,8m shares being issued during April 2010, where Megatron senior management and vendor converted the vendor liabilities payable to shares via the Rights Offer. This conversion was a vote of confidence by the management of Ellies' largest acquisition.

"These interim numbers provide solid evidence that Ellies is, and will continue to be, a strong contender within the sector in which we operate. We have proven our mettle during some very daunting economic times. As an organisation we refused to indulge in pessimism but rather channelled our energies into setting smart, realistic goals and achieving them, never losing sight of the need to maintain an unyielding foundation on which to launch our loftier ventures," said Samson.

At the commencement of the interim period, Ellies launched its new "Property division" by acquiring ownership of a number of its current national operational premises and revamping some these facilities to suit. The reasoning behind this action was the desire to capitalise on property value growth, and the ultimate return on the investments. The initial property investment as at 31 October 2010 was R25m. This is anticipated to increase to around R43m by year end, as certain transfers are still pending final registration. Financing of this property investment will occur through a new ten year facility of R40m which will result in the growth of interest paid in lieu of rent, decreasing as the facility is serviced. The investment is anticipated to show substantial positive long term investment returns.

Ellies generated positive cash flows from operations during the period. Towards the final stages of the interim period, cash declined by R19m due to the repayment of final vendor loans of R14m, interest bearing debt repayments of R11m, and the payment of dividends, including related taxes, of R16m. Furthermore, an additional R9m was spent on the acquisition of operational capital assets as well as a R24m increase in net working capital.

From a divisional perspective, the Ellies and Elsat divisions continue their upward momentum due to consumer demand for both electrical goods and satellite equipment. Although recessionary pressures do still exist, management is confident that its market will continue to grow with stable gross margins being achieved.

The Infrastructural division, namely Megatron Federal, however, continues to react to the strained building and mining sectors. Whereas the mining sector is beginning to show material improvement, the building and electrification sectors are expected to recover at a much slower rate. Megatron has thus diversified into other closely associated power products, which are already showing results. The division's contribution is expected to improve in the short term. Capital investment, together with a diversification into renewable power and the manufacture of transformers through newly established facilities, is already showing positive results. The order book is already improving, which is expected due to the slow but steady economic recovery.

The Group is serious about climate change and the need for alternative energy sources, energy conservation and the necessity of reducing the ravages of green house effects. As a result Ellies has set its sights on a sector which has great potential involving renewable energy, developing solutions and products to include solar power and heating, as well as energy efficient lighting. This venture includes retail and corporate products, as well as infrastructural and housing solutions. A newly formed empowered subsidiary of Ellies, In-Toto Solution, has been established to focus and spearhead both government and large private sector projects. Ellies has established a "Green Office" environment to showcase these renewable energy services and products in a practical environment so as to address pertinent issues. The Group intends to utilise the different forms of carbon financing, including the generation of carbon credits under the Clean Development Mechanism, to bring its renewable energy sector products to market in a sustainable manner.

Digital migration in South Africa is now a reality with the approval of a digital standard by both the South African Government and SADC. The strategic alliance between Ellies and Altech UEC whereby Ellies is to be the sole distributor of the set top boxes manufactured by Altech UEC into the Retail market, indicates that Digital Terrestrial Television ("DTT") will materially benefit the Group.

The recent venture with SkyeVine (Pty) Limited allows Ellies to explore internet satellite connectivity. SkyeVine, a company focused on growing the broadband subscriber base in Africa, provides a unique product offering, targeting the home user as well as small enterprise markets. This joint venture will see Ellies investing and co-developing with SkyeVine, whose internet services reaches where ordinary terrestrial broadband providers cannot. While Ellies will provide the established national and African logistic infrastructure, SkyeVine will provide an all-inclusive 'internet-via-satellite' solution covering the entire Sub-Saharan African region.

"This is an exciting time for us. These current ventures and other new opportunities in the pipeline, instil confidence in the Group's continued organic growth. We remain focused on our core competencies, keeping a watchful eye on costs and continue to challenge ourselves. I am confident that the future will most certainly be exceptional for Ellies," concludes Samson.

-ENDS-

JSE Ticker: "ELI"

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Notes to Editors:

Established in 1979, Ellies is presently the largest manufacturer, importer, wholesaler and distributor in Southern Africa of television reception-related products as well as domestic electronic and audio products. The Group is also a leading importer of associated products.

Setting the Group apart from its competitors, Ellies prides itself in controlling products from packaging through marketing to sales and distribution of both its own manufactured and imported products.

The Group has twelve key operations with products ranging from terrestrial antennae and satellite equipment to television, audio, domestic electrical and telephone accessories.

Ellies has become a leading brand name on the continent in television and satellite accessories and associated hardware. Further, the Group has many agents and customers throughout Africa.

Ellies listed on the JSE's Alternative Exchange (AltX) on 5 September 2007 and transferred to the Main Board of the JSE on 26 November 2010.