For Immediate Release

Ellies produces stellar results

- Revenue up 10.5% to R721.2 million
- Strong performance from Infrastructural Electrification division
- Headline earnings per share up 38.8% to 20.98 cents
- NAV per share up 20.7% to 217.93 cents

Introduction

Johannesburg, 24 January 2012 – Ellies Holdings Limited ("Ellies") a leading South African manufacturer, wholesaler, importer and distributor in diversified sectors, including consumer goods, renewable and energy savings and infrastructural power and telecommunications, servicing the local and African market, today released interim results, posting a 36.5% increase in profit for the period.

Wayne Samson, CEO indicated that, "We are extremely pleased with the results which were driven by a strong recovery in Megatron, our infrastructural electrification segment."

Ellies reports results in two segments namely wholesale consumer goods, which houses the Ellies and Elsat brands and infrastructural electronics which incorporates Megatron.

Wholesale consumer goods
The wholesale consumer goods segment contributed R466.3 million, 65%, to total revenue of the group, despite PBIT declining only slightly by 5% to R60.3 million (2010: R63.2 million). "The market was challenging but despite this, Ellies management is pleased with the performance," said Samson.

Infrastructural electrification
This segment contributed 35% to total revenue of the group bringing in improved revenue of R251.1 million from R85.5 million in the previous period. "Profitability from this segment has been remarkable" said Samson. "PBIT grew by 361% to R38.2 million due to a diversification strategy into associated power products, renewable power, a transformer manufacturing plant which is producing product at capacity and a focus on the mining sector in Africa," added Samson.

Performance at group level
Ellies produced a 10.5% increase in revenue to total R721.2 million from R652.6 million in the previous interim period. Cost containment, changes in the satellite pricing and distribution models and a recovery from Megatron ensured that profitability at the gross profit as well as EBITDA level was greatly improved. EBITDA increased by 33.6% to R105.5 million (2010: R78.9 million). Net profit before taxation increased from R66.8 million to R87.4 million, an increase of 30.7%.
"We are pleased to have produced total comprehensive income for the period of R62.6 million," indicated Samson.

The group's balance sheet remains strong, with NAV and NTAV per share improving to 217.93 cents (2010: 180.5 cents) and 143.4 cents (2010: 106.2 cents) respectively.

The group's capital demands, additional investments in plant and equipment and the construction of new production facilities on existing land and buildings has been financed through the additional gearing. Negotiations are being finalised with the group's bankers for the restructuring of short term funding into term debt.

No dividend is proposed at this period due to short term funding requirements to support working capital needs.

Prospects
Ellies, which boasts excellent infrastructure, a strong skills pool and a solid customer base, will continue to diversify through new product development and continued alliances with strategic partners.

An exciting development for Ellies is the roll out of Digital Terrestrial Television ("DTT") in South and Southern Africa. "We have chosen strong strategic alliance partners with whom to roll out the DTT migration and given our current market share, Ellies is well placed to make a success of the migration just as we have with other such major conversions," said Mr Samson.

Ellies has entered the renewable energy sphere in an effort to make its mark on the reduction of green house emissions. The starting point is renewable energy components for household consumption and market penetration into this segment has been well taken up. Ellies has the ability to manufacture, install, project manage and monitor complete self sufficient energy in houses, buildings and office parks. It has established a close working relationship with Eskom in an effort to assist communities where power is required and can be offered through alternative renewable energy solutions from Ellies.

"We envisage that through continued weakening of the Rand, greater penetration into the African market of our wholesale consumer goods will be possible. Through our strong manufacturing ability and capacity we are well placed to penetrate Africa through exports," say Samson.

SkyeVine has been slow to achieve the initial objectives. Management have thus adopted a conservative approach to its future evolvement.

Megatron's growth is supported by a strong order book and opportunities at home as well as in southern Africa, continue to present themselves. These include alternate power solutions, the building of and installation of telecommunication towers and infrastructural data centres. In these areas of expansion substantial alliances with international technology and product leaders have been secured. Megatron's traditional business of custom built power generation plants, within the housing and municipal environment, continues to recover.

Mr Samson concluded that, "The Ellies group is poised to extract benefit from Eskom's rollout of renewable energy saving products as well as by the take up by domestic households to be more responsible in their consumption of energy. Furthermore Ellies remains in a strong position to benefit from the imminent roll out of DTT migration. The recovery of market conditions for Megatron bodes well for the future of this division."

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