

ELI: ELI - Ellies Holdings Limited - Unaudited interim results for the six months

ended 31 August 2007

Ellies Holdings Limited

(formerly Everlight Investments (Pty) Ltd)

(Incorporated in the Republic of South Africa)

(Registration number: 2007/007084/06)

JSE code: ELI & ISIN: ZAE000103081

("Ellies" or "the group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2007

HIGHLIGHTS OF FIRST INTERIM RESULTS REFLECTING 4 MONTHS TRADING

- Revenue up 7.14% on forecast
- NPAT up 12.82% on forecast
- EPS of 7.26 cents (on 4 months trading)
- BEE shareholding in excess of 10%

GROUP INCOME STATEMENT

	Unaudited 6 months ended 31 August 2007 (4 months trading)	Pro forma profit forecast for the 6 months ended 31 August 2007 (4 months trading)	% change on forecast
	R	R	
Revenue	222,793,917	207,950,514	7.14%
Cost of goods sold	(137,453,836)	(123,171,916)	
Gross profit	85,340,081	84,778,598	
Administration and other expenses	(58,514,911)	(61,186,896)	
Profit from operations	26,825,170	23,591,702	13.71%
Net financing costs	(2,591,495)	(2,070,512)	
Profit before taxation	24,233,675	21,521,190	
Taxation	(7,284,664)	(6,498,043)	
Profit for the period	16,949,011	15,023,146	12.82%
Weighted average number of shares in issue	233,526,089	233,526,089	
Headline earnings	16,949,011	15,023,146	
Headline earnings per share (cents)	7.26	6.43	
Earnings per share (cents)	7.26	6.43	
Fully diluted earnings per share	7.26	6.43	

GROUP BALANCE SHEET AS AT 31 AUGUST 2007

Assets

Non-current assets	80,412,840
Property, plant and equipment	26,618,974
Goodwill	53,477,626
Deferred taxation	316,240
Current assets	283,307,890
Inventories	99,999,475
Trade and other receivables	105,208,424
Cash and cash equivalents	78,099,991
Total assets	363,720,730
Equity and liabilities	
Capital and reserves	195,983,036
Share capital	2,335
Share premium	356,463,358
Non distributable reserve	(177,431,668)
Accumulated profit	16,949,011
Non-current liabilities	3,867,636
Interest-bearing liabilities	3,867,636
Current liabilities	163,870,058
Trade and other payables	153,030,555

Current portion of interest-bearing liabilities	1,169,658
Bank overdraft	1,480,721
Taxation owing	8,189,124
Total equity and liabilities	363,720,730
NAV per share (cents)	83.92
NTAV per share (cents)	61.02

GROUP CASH FLOW STATEMENT FOR THE 6 MONTHS ENDING 31 AUGUST 2007

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Cash utilised in operations	(2,363,589)
Cash utilised in investing activities	(1,088,159)
Cash generated from financing activities	80,071,018
Increase in cash and cash equivalents	76,619,270

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the 6 months ended 31 August 2007

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Share capital and share premium	356,465,693
Issued during period	360,606,327
Share issue expenses written off	(4,140,634)
Net profit for the period	16,949,011
Business purchased under common control	(177,431,668)
Total capital and reserves	195,983,036

INTRODUCTION

Ellies listed on the Alternative Exchange of the JSE Limited ("JSE") on 5 September 2007, and is pleased to report the company's maiden interim results for the six months ended 31 August 2007.

On listing Ellies changed its year-end from February to April and consequently will have a 14 month financial year ending 30 April 2008.

The acquisition of Ellies' operating subsidiaries was effective on 1 May 2007. In compliance with IFRS 3, Ellies only began accounting for the profits of its subsidiaries from 1 May 2007. Consequently, the interim results for the six months ended 31 August 2007 reflect a 4 month trading period from 1 May to 31 August 2007.

PROFILE

Ellies was established in 1979 in Johannesburg by the current Chairman, Elliot Salkow. The group has grown from an entrepreneurial one-man operation and is now the largest manufacturer, wholesaler and distributor in Southern Africa of television reception-related products, a dominant player in domestic electronic and industrial audio products and is a leading importer of associated products. The group has a range of over 10 000 products, from terrestrial antennae and satellite equipment to television, audio, domestic electrical and telephone accessories.

The group controls the packaging, marketing, sales and distribution of its own manufactured and its imported products.

Ellies has twelve operations:

Manufacturing & Engineering

- Aluminium & Plastics Manufacturing
- Electronics Manufacturing
- Light Metal Engineering

Manufacture, Import and Distribution Of:

- Terrestrial Television Reception Products
- Satellite Television Reception Products
- Electrical & Surge Safe
- Audio Equipment & Accessories
- Corporate Services
- Elsat Full Maintenance Finance and Rentals
- Packaging & Marketing
- Sales & Merchandising
- Distribution/Logistics

NATIONAL INFRASTRUTURE

Ellies operations are geographically situated to service Johannesburg, Pretoria,

Namibia, Botswana, Nelspruit, Polokwane (formerly Pietersburg), Bloemfontein, Upington, East London, Port Elizabeth and Cape Town. The group's principal infrastructural and industrial activities are at its head office in Gauteng which extracts operational and managerial synergies across all products and service offerings and controls dealings with the common customer base serviced by distribution branches.

FINANCIAL RESULTS

Ellies has maintained strong and consistent growth in revenue and profitability and has exceeded its forecast earnings for the first six months (4 trading months). It has achieved its objective of listing on the JSE and management has integrated well into the new corporate reporting structure. Growth in revenue to R222.8 Million for the 4 trading months May to August was driven by increased demand in the retail and DIY sectors and Rugby World Cup promotions.

The gross margin variance of 2.46% resulted from the mix between the greater revenue contributions of the satellite division which is traditionally lower margin business, influenced largely by promotions aimed at the Rugby World Cup. Net profit after taxation for the period was R16.95 million against forecasted net profit after taxation of R15,02 million. Earnings per share increased from forecast 6.43 cents to 7.26 cents.

Ellies increased its stock levels significantly in order to meet customer demand as well as taking advantage of competitive pricing from suppliers on favourable terms. Despite the increase in stock and trade receivables, resulting from the revenue and trade growth and the decline in payables, the group's cash and cash equivalents from operating activities declined by R2.36 Million. The share capital and share premium increased as a result of the capital raising undertaken at the time of listing.

BASIS OF PREPARATION

The interim results have been prepared in accordance with IAS 34 (Interim Financial Reporting). The accounting policies applied in preparing these interim financial statements are in accordance with International Financial Reporting Standards (IFRS). These financial results have not been audited or reviewed by the groups's auditors.

PROSPECTS

Ellies is experiencing high levels of demand for its products and services reflecting growth in its consumer base and increased spending by its customers. Organic growth has been achieved through motivated and professional sales and service teams, efficiencies in production and diversification in Ellies' product range and customer base. The board does not expect that any general economic slowdown will diminish the group's prospects.

The listing of Ellies and broad-based employee share participation have contributed to high levels of motivation in management and employees at all levels and to cohesion between all divisions and branches nationwide. This augurs well for continued out-performance.

The Ellies Corporate Services division is beginning to expand and mature, as expected, with recent contracts concluded with Famous Brands, Vodacom shops, Sportsman Warehouse, Outdoor Warehouse and Shell Forecourts, to name a few. This burgeoning division is expected to continue to be the catalyst for the growth of Ellies rentals division.

Likewise the expansion to the existing range of electrical and surge products, from adaptors to extension reels, have been well received. The electrical and surge product sales have increased exponentially, quarterly from 2006 to date, in keeping with forecast, as one of the bigger growth areas for Ellies.

Exports have increased despite the strength of the Rand. Ellies has secured substantial additional orders from multiple Satellite Content Providers in Africa. These orders are currently being delivered to numerous countries, north of our borders.

As forecasted, Ellies has opened two new trade counters, one in Pretoria and the other in Upington. Both have exceeded their targets while finding new customers, predominantly from the informal sector. This success will prompt the establishment of additional trade counters in various growth areas of South Africa.

Ellies as a group is acquisitive and intends to announce it's first acquisition by December 2007.

The directors are aware of the current low gearing in the group and expect to consider optimising the funding of the group in light of the current cost of capital, acquisitive intent and investor interest.

BEE SHAREHOLDING

A BEE transaction was concluded between existing shareholders of Ellies and Famaatla Industries (Proprietary) Limited ("Famaatla"), at no cost to the group. Famaatla is 100% black-owned and its directors are: - Mziwamahlubi Mazwi (BCom CA(SA)), who has a back-ground in corporate finance and is a non-executive director on the board of Ellies; - Jack Phalane (BA, LLB, LLM), an attorney and a partner at Fluxmans Inc. Famaatla has purchased 15 million shares in the company comprising approximately 6,5% of shares in issue. Famaatla has committed not to dispose of any of its shares in the next 5 years and to acquire additional shares over time with the objective of increasing its shareholding to approximately 10% of shares in issue.

As other black shareholders hold approximately 4,2% of the company, currently more than 10,7% of the issued shares of Ellies are black-owned.

To give effect to a broad based empowerment component of the BEE transaction, 20% of Famaatla is held for the benefit of the Ellie's installer school, which has been established to train historically disadvantaged individuals to start installation business as outsourced service providers to Ellies.

DIVIDEND POLICY

The dividend policy will be reviewed periodically taking into account prevailing circumstances and future cash requirements. Initially, all earnings generated by the company will be utilised to fund future growth. Accordingly, in line with group policy, no dividend has been declared for the interim period.

APPRECIATION

We thank our loyal staff for their commitment and hard work which contributed to Ellies's achievement of its milestone listing on the JSE. We also thank our customers, business partners, advisors, suppliers and most importantly our shareholders for their ongoing support and faith in the group.

By order of the board

Elliot Salkow	Wayne Samson
Executive Chairman	Chief Executive Officer
Michael Levitt	James Murray
Chief Financial Officer	Executive Director
Raymond Berkman	Hilton Epstein
Executive Director	Non-Executive Director
Andrew Brooking	Mziwamahlubi Mazwi
Non-Executive Director	Non-Executive Director

5 November 2007

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Johannesburg

7 November 2007

Designated advisor:

Java Capital (Proprietary) Limited

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