



Reviewed  
**Preliminary Annual Results**  
for the period ended  
30 April 2008



## HIGHLIGHTS

Revenue UP 15.46% on forecast

NPAT UP 26.55%

HEPS of 30.60 cents

EPS of 30.25 cents (23.90 forecast)

Fully diluted EPS of 30.10 cents



Incorporating



## ABRIDGED CONSOLIDATED INCOME STATEMENT

	14 months ended 30 April 2008. (12 months trading)* <i>See note 1 below</i> R	Pro forma profit forecast for the 14 months ended 30 April 2008 (12 months trading)* <i>See note 2 below</i> R	Change on forecast %
Revenue	701,941,731	607,948,488	15.46
Cost of goods sold	(435,865,152)	(366,686,395)	
Gross profit	266,076,579	241,262,093	
Other income	3,816,483	3,074,927	
Administration and other expenses	(180,791,905)	(175,910,129)	
Profit from Operations	89,101,157	68,426,891	30.21
Impairment of goodwill	(750,000)	-	
Financing income	783,294	159,311	
Financing expense	(7,150,554)	(3,713,277)	
Profit before taxation	81,983,897	64,872,925	26.38
Taxation	(23,693,561)	(18,813,147)	
Profit for the period	58,290,336	46,059,778	26.55
Reconciliation of headline earnings to earnings:			
Profit for the period	58,290,336	46,059,778	
Profit on sale of property, plant and equipment	(88,387)	-	
Impairment of goodwill	750,000	-	
Headline earnings	58,951,949	46,059,778	
Weighted number of share in issue	192,682,775	192,682,775	
Earnings per share (cents)	30.25	23.90	26.55
Headline earnings per share (cents)	30.60	23.90	27.99
Fully diluted earnings per share (cents)	30.10	23.90	25.92

**Note 1:** Ellies was incorporated on 06 March 2007, with a February year end. During the period the company's year end changed to April with effect from the 2008 year end. As described in the "Introduction" paragraph below the group effectively only began trading on 01 May 2007, resulting in a 12 month trading period.

**Note 2:** The profit forecast for the period ended 30 April 2008 as per the prospectus includes the trading results of Botswana. For comparative purposes and reasons as described below, Botswana has been excluded from the pro forma profit forecast presented.



## ABRIDGED CONSOLIDATED BALANCE SHEET

As at 30 April 2008  
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Assets	
Non-current assets	78,028,128
Property, plant and equipment	26,582,766
Goodwill	47,704,840
Deferred taxation	3,740,522
Current Assets	400,138,058
Inventories	202,733,149
Trade and other receivables	151,780,580
Cash and cash equivalents	45,624,329
<b>Total assets</b>	<b>478,166,186</b>
Equity and Liabilities	
Capital and reserve	235,268,251
Share capital	2,335
Share premium	355,169,583
Non distributable reserve	(178,194,003)
Accumulated profit	58,290,336
Non-current liabilities	22,665,281
Interest-bearing liabilities	22,532,774
Deferred taxation	132,507
Current liabilities	220,232,654
Trade and other payables	112,564,993
Current portion of non-current liabilities	4,602,821
Taxation	17,174,357
Bank overdraft	85,890,483
<b>Total equity and liabilities</b>	<b>478,166,186</b>
Number of shares in issue	233,526,089
NAV per share (cents)	100.75
Tangible NAV per share (cents)	80.32

## ABRIDGED CONSOLIDATED CASHFLOW STATEMENT

14 months ended  
30 April 2008.  
(12 months trading)  
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Cash flows from operating activities	(53,407,356)
Cash flows from investing activities	(20,928,877)
Cash flows from financing activities	54,596,246
<b>Net decrease in cash and cash equivalents</b>	<b>(19,739,987)</b>
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents acquired as part of business combination	(20,526,167)
<b>Cash and cash equivalents at end of period</b>	<b>(40,266,154)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

14 months ended  
30 April 2008.  
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Share capital and share premium	355,171,918
Issued during period	361,782,443
Share issue expenses written off	(6,610,525)
Accumulated profit	58,290,336
Net profit for the period	58,290,336
Non distributable reserve	(178,194,003)
Business purchased under common control	(178,194,003)
<b>Total capital and reserves</b>	<b>235,268,251</b>

## INTRODUCTION

Ellies Holdings Ltd "Ellies" listed on the Alternative Exchange of the JSE Limited on 5 September 2007. Having changed its financial year end from February to April, Ellies is pleased to present its maiden reviewed results for the period ended 30 April 2008.

Pursuant to a restructure before listing, Ellies acquired its operating subsidiaries on 1 May 2007. As a result, the 14 month final reviewed period to 30 April 2008 incorporates 12 months of trading results.

### PROFILE

Ellies is the largest manufacturer, wholesaler and distributor in Southern Africa of television reception-related products and is a

market leader in domestic electronic and industrial audio products. It is also a significant importer of products associated with its business. The group has a product range of over 10 000, from terrestrial antennae and satellite equipment to television, audio, domestic electrical and telephone accessories. Recently, Ellies has moved into power generation products including generators and inverters. The group controls the packaging, marketing, sales and distribution of both its own manufactured and imported products. In addition, with the acquisition of the business conducted by Megatron Federal, their power management and electrical switch-gear and mini-substation manufacture and supply, is a key component of the group.



Ellies has fourteen operations:

**Manufacturing and Engineering**

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

**Manufacture, Import and Distribution of:**

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

**Import, Distribution and Installation of**

- 1 kva to 500 kva Generators (Petrol and Diesel)
- and 120W to 1200W Power Inverters

**Megatron Federal Division**

- Power management and electrical switch-gear and mini-substation manufacture and supply.
- Large Power Generation
- Facilities Management and maintenance of the above and Office Environments.

**POSITIONAL AND OPERATIONAL**

Ellies' operations are geographically situated to service the Johannesburg, Pretoria, Nelspruit, Polokwane, Bloemfontein, Upington, East London, Port Elizabeth, Cape Town and Namibia with agents, in Botswana and Mozambique where the principal infrastructural and industrial activities of the group as a whole are facilitated across all its products and service offerings for both regional and national customer bases.

**FINANCIAL RESULTS AND PROSPECTS**

Ellies has maintained strong and consistent growth in revenue and profitability and has exceeded its forecast for the current financial period.

Growth in revenue to R701 million for the 12 trading months, May to April, was driven by steady demand in the retail and DIY sectors, satellite sales to the lower LSM market and to some degree the demand for power generation and related products in the latter part of the year. Enhanced productivity efficiencies, helped achieve these earnings.

Net profit after taxation for the period is R58 million, against a forecast of R46million, translating to earnings per share ("eps") of 30.25 cents against forecast eps of 23.90 cents.

Demand for power generation products impacted on Ellies' revenue and profit growth to some extent in the latter 6 months of the reporting period. Although the demand for the "consumer home" generation is expected to decline, the supply of larger generators to business is expected to continue.

The board expects the current adverse economic climate to impact on Ellies in the short term. However, Ellies' diversity of products and customer base will, to some extent, hedge against much of this impact. Export growth also helps to limit Ellies' exposure to current conditions, as will High definition and Digital product advances, the developing Corporate and full maintenance Rental Divisions and

the continuing growth in market share of domestic electrical products.

Ellies' Electro-plating plant commenced full production in April 2008 and is adding further efficiencies and cost savings to the Engineering Division and improving export competitiveness.

The acquisition of Megatron Federal, finalised after year end has not affected these results. A contribution to earnings from Megatron Federal will be included in the results for the year ended 30 April 2009, in accordance with IFRS 3.

**BOTSWANA**

The Botswana companies trading as Ellies and ElSat were included in the profit forecast as published in the prospectus. At this stage, exchange approval is still awaited, with completion imminent. IFRS3 requires the results of Botswana to be excluded until all conditions to the agreement have been fulfilled. Accordingly, the results of Botswana have been removed in the pro-forma profit forecast and current 12 months trading to April 2008.

**BASIS OF PREPARATION AND REVIEW OPINION**

The reviewed preliminary results have been prepared in accordance with IFRS, specifically IAS 34 (Interim Financial Reporting), and comply with the requirements of the South African Companies Act, 1973 and the listing requirements of the JSE Limited. As required by the JSE Limited Listings requirements, the group reports headline earnings in accordance with Circular 8/2007 : Headline Earnings as issued by the South African Institute of Chartered Accountants.

These results have been reviewed by the group's auditors, PKF (Jhb) Inc Their unqualified review opinion is available for inspection at the company's registered office.

**PROJECTIONS**

The board remains cautiously optimistic with regard to the group's organic growth notwithstanding the current leveling-off of general consumer demand and spend. With the acquisition of Megatron Federal as of 1 May 2008, and in light of their forward order-book, seamless integration, contribution to product lines and expertise and inherent synergies with Ellies, the board expects to maintain growth in revenue and profitability.

**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, no dividend has been declared for this maiden financial year.

**APPRECIATION**

We welcome the management and staff of Megatron and thank all our staff, customers, business partners, advisors, suppliers to the Ellies group and most importantly our shareholders for their support and faith in the group.

By order of the board

Elliot R. Salkow  
Executive Chairman

Wayne Samson  
Chief Executive Officer

Michael Levitt  
Chief Financial Officer

21 July 2008



Directors:	E Salkow (Chairman)	W Samson (CEO)	M Levitt (CFO)
	R.Otto	J Murray	R Berkman
	H Epstein*	A Brooking*	M Mazwi*
	(*non-executive)		

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Designated advisor: Java Capital (Proprietary) Limited