



PRESS RELEASE

Tellumat

March 30, 2010

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Digital migration delays keep hi-tech sector in limbo

Delays in migrating television broadcasts from old-fashioned analogue to digital signal transmission is hampering the growth of local technology companies and stifling opportunities for job creation.

Digital migration has been delayed repeatedly, and the earliest that South Africa will now enjoy full digital terrestrial broadcasts is mid-2013 - already 18 months later than initially expected.

The delay is frustrating several local companies that are poised to produce the set-top boxes that viewers will need to receive and convert the new signals so they can still watch TV on their existing TV set. An estimated 8-million devices are required, and the government plans to subsidise at least 4-million of those for low-income households. That creates an enormous opportunity for set-top box designers, manufacturers, retailers, installers and technical support staff. But the whole sector is in limbo as the government has yet to finalise some key technical specifications.

The procrastination has forced Tellumat and several other local players to put their production plans on hold. "We have spent money developing the intellectual property and investing in research and development in anticipation of business coming our way," says Tellumat's financial director Graham Meyer. "We are positioning ourselves to be one of the contractors for the subsidised devices because we have the technical know-how as well as the manufacturing capability. But without knowing exactly what the final specifications and final time lines will be, it's difficult to begin."

The government has pledged to support devices that are designed and manufactured locally when it awards its tenders. That's a commitment that Tellumat applauds. "If all the devices are manufactured locally it will lead to enormous job creation, with more jobs created for the supply chain, installation and support," says Meyer. "It's a massive sector that's waiting to happen, but finalising the roll-out has been a bit of a shambles."

Tellumat could begin producing set-top boxes for the commercial market instead of waiting for the government to issue tenders for the subsidised devices. But the delay in finalising the specifications has prevented manufacturers from manufacturing to a certified baseline.

Meyer believes the market will boom across Africa once South Africa finally acts, as other countries may well follow the local specifications. "We see exciting potential on the continent and our production could start very quickly. But nothing can happen until the specifications are released," he says.

Ends.

About Tellumat

Tellumat is an innovative, black empowered, South African technology company that has achieved a B-BBEE Status Level 3 rating, as well as being a "Value-Adding Enterprise" in terms of the DTI's Codes of Good Practice. It consists of three major trading divisions; Communications, Defence and Contract Manufacturing, and three partly owned companies; SIA Solutions (Pty) Ltd, Encee Engineering (Pty) Ltd and SIMpill (Pty) Ltd. Tellumat services three primary market areas, namely wireless voice and data communications, defence communication systems and high precision electronic and mechanical manufacturing. Tellumat is a



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world-class business focused on innovation, offering our customers dynamic and competitive technology products and services. We focus on understanding our customers' needs and forming long-term strategic alliances with likeminded enterprises worldwide.

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