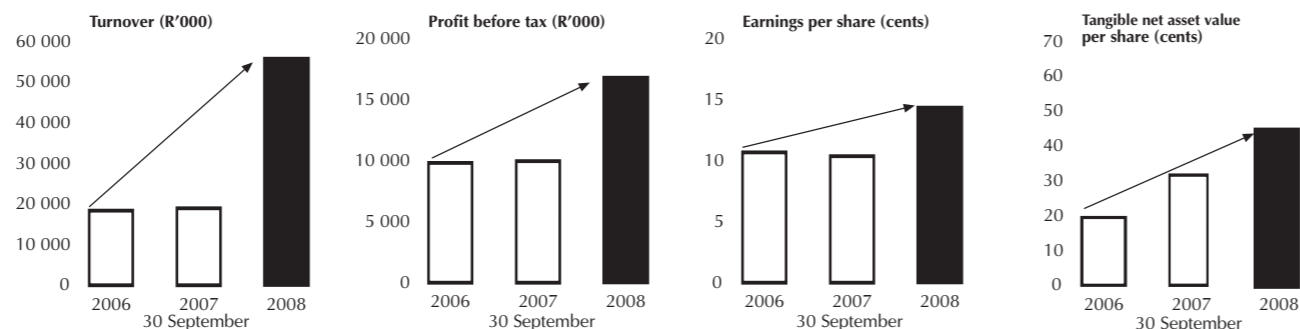




# CONDENSED CONSOLIDATED UNAUDITED RESULTS

## FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2008

**AMALGAMATED ELECTRONIC CORPORATION LIMITED**  
("Amecor") or ("The Group")  
(Incorporated in the Republic of South Africa)  
(Registration number: 1997/010036/06)  
Share code: AER ISIN: ZAE 000070587



### GROUP INCOME STATEMENT

	Six months ended 30 September 2008 (Unaudited) R'000	Six months ended 30 September 2007 (Unaudited) R'000	Twelve months ended 31 March 2008 (Audited) R'000
Turnover	54 339	18 427	42 188
Operating cost excluding depreciation and amortisation	(38 010)	(8 908)	(21 812)
<b>Operating profit before depreciation and amortisation</b>	<b>16 329</b>	<b>9 519</b>	<b>20 376</b>
Depreciation and amortisation	(583)	(224)	(1 015)
<b>Operating profit</b>	<b>15 746</b>	<b>9 295</b>	<b>19 361</b>
Finance income	855	413	1 399
Finance expenses	(167)	(4)	(7)
<b>Profit before taxation</b>	<b>16 434</b>	<b>9 704</b>	<b>20 753</b>
Taxation	(4 329)	(2 771)	(4 983)
<b>Profit</b>	<b>12 105</b>	<b>6 933</b>	<b>15 770</b>
Attributable to:			
Ordinary shareholders of Amecor	9 823	6 933	15 770
Minority interest	2 282	-	-
	<b>12 105</b>	<b>6 933</b>	<b>15 770</b>
<b>CALCULATION OF GROUP EARNINGS</b>			
Profits attributable to shareholders	12 105	6 933	15 770
Less: minority interest	(2 282)	-	-
<b>Profits attributable to Amecor shareholders</b>	<b>9 823</b>	<b>6 933</b>	<b>15 770</b>
<b>Headline earnings</b>	<b>9 823</b>	<b>6 933</b>	<b>15 770</b>
<b>Shares in issue</b>			
Ordinary shares in issue (000's)	74 045	74 045	74 045
Less: treasury shares (000's)	(2 382)	(5 515)	(5 519)
<b>Number of ordinary shares in issue (000's)</b>	<b>71 663</b>	<b>68 530</b>	<b>68 526</b>
<b>Weighted average number of shares in issue (000's)</b>	<b>70 096</b>	<b>68 530</b>	<b>68 526</b>
Earnings per share (cents)	14,0	10,1	23,0
Headline earnings per share (cents)	14,0	10,1	23,0
Diluted earnings per share (cents)	14,0	10,1	23,0

### GROUP BALANCE SHEET

	30 September 2008 (Unaudited) R'000	30 September 2007 (Unaudited) R'000	31 March 2008 (Audited) R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>60 895</b>	<b>50 716</b>	<b>53 270</b>
Property, plant and equipment	4 518	3 370	2 623
Intangible assets	6 381	3 177	5 564
Goodwill	49 517	44 169	44 169
Deferred tax asset	479	-	914
<b>Current assets</b>	<b>65 136</b>	<b>22 288</b>	<b>28 348</b>
Inventories	18 938	5 366	5 375
Receivables and other current assets	32 470	4 400	5 992
Taxation	753	1 468	1 638

- ↑ **Group turnover increased by 195%**
- ↑ **Profit before tax increased by 69%**
- ↑ **Earnings and headline earnings per share increased by 39%**
- ↑ **Tangible net asset value per share increased by 56%**

### NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED RESULTS

#### 1. Significant Accounting Policies

Amecor is a company domiciled in South Africa. The condensed consolidated unaudited financial statements of Amecor for the 6 months ended 30 September 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The condensed consolidated unaudited financial statements were authorised for issue by the directors on 26 November 2008.

##### 1.1 Statement of Compliance

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting and the South African Companies Act.

##### 1.2 Basis of Preparation

The condensed consolidated financial statements are prepared on the historical cost basis, except for financial instruments which are stated at fair value, where applicable, in terms of IAS 32 – Financial Instruments: Disclosure and Presentation and IAS 39 – Financial Instruments: Recognition and Measurement.

The preparation of interim financial statements in conformity with IAS 34 – Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies and methods of computation applied are consistent with those applied in the most recent annual financial statements. They have been applied consistently by Group companies and have been applied consistently to all periods presented in these condensed consolidated unaudited financial statements.

#### 2. Segmental analysis

The Group's business segments and segmental information presented in the condensed consolidated unaudited results for the six months ended 30 September 2008 represents the primary basis for segmental reporting. The business segment reporting format reflects the Group's management and internal reporting structure. Inter segment transactions are concluded at arm's length terms and conditions.

	Six months ended 30 September 2008 (Unaudited) R'000	Six months ended 30 September 2007 (Unaudited) R'000	Twelve months ended 31 March 2008 (Audited) R'000
<b>Segment turnover</b>			
Security and related production and sales	17 399	13 786	30 087
Network and annuity income	4 653	3 891	11 160
Supply and maintenance of alternative power sources	37 281	-	-
Other	3 175	4 315	8 947
Eliminations	(8 169)	(3 565)	(8 006)
<b>Total turnover</b>	<b>54 339</b>	<b>18 427</b>	<b>42 188</b>
<b>Profit attributable to Amecor shareholders</b>			

### MANAGEMENT COMMENTARY

Amecor's principal operating businesses supply the following products and services:

#### Holding company



#### Management and administration

#### Tisc Management Services

Corporate head office, which is responsible for strategy, risk management and administration. It is also the provider of shared services across common business functions such as finance, IT, human resources, centralised procurement, capital expenditure, growth and replacement projects

#### Amecor Power Services



Responsible for managing the marketing and sales within the Group

#### Operational

#### FSK Group

FSK Electronics SA  
"FSK"



Short and long range digital synthesized radio transmitters; computerised radio and GSM repeater networks, high speed radio and GSM modems, guard monitoring equipment; and a range of unique GSM based equipment integrated with high speed radio networks facilitating signal transmission worldwide

#### PDS Group

Power Development Services  
"PDS"



Supply, installation, maintenance and servicing of uninterrupted power supply ("UPS") systems, generators and associated standby power equipment

Sabre Radio Networks  
"Sabre"



Ownership and operation of licensed data radio networks throughout South Africa

Durapower Manufacturing  
"DM"



Import components, assemble, distribute and sale of UPS systems and associated standby power equipment

Gillespie Diesel Services  
"GDS"



Assembly, distribution and sale of generators

#### Financial review

The Board of Directors is pleased to report headline earnings for the six months ended 30 September 2008 of 14,0 cents per share, an increase of 39% on the comparative period. Turnover for the period under review increased by R36 million or 195% compared to the first half of financial year 2008 ("F2008"). Profit before tax was R16,4 million, an increase of R6,7 million or 69% compared to the first half of F2008. The analysis of turnover and profit before tax on a segmental basis is detailed herein.

Capital expenditure of R0,8 million (F2008: R3,3 million) was incurred in the period under review reflecting an ongoing investment by the Group in research and development.

#### Terms of the ABSA loan

A term loan agreement was entered into between Amecor and ABSA Bank Limited in the amount of R12,5 million. The terms are summarised as follows:

Interest rate:	Prime lending rate
Repayments of capital and interest:	Payable monthly, over a period of 60 months
Security:	Shareholding acquired in the PDS Group

#### PDS Group acquisition

With effect 1 July 2008 Amecor acquired 50,1% shareholding in the PDS Group. The acquisition was in line with Amecor's fundamental strategy and also brings a number of synergies between operating entities within the Amecor Group as well as opportunities to cross sell niche electronic solutions and broaden services across a wider client base. At acquisition the balance sheet is as follows:

	PDS R'000	DM R'000	GDS R'000	Total R'000
<b>Assets and liabilities acquired</b>				
<b>Assets</b>				<b>44 983</b>
Property, plant and equipment	1 028	19	474	1 521
Cash acquired	2 776	18	294	3 088
Inventories	3 280	2 840	7 450	13 570
Trade and other receivables	13 140	3 279	8 838	25 257

Inventories	18 938	5 366	5 375
Receivables and other current assets	32 470	4 400	5 992
Taxation	753	1 468	1 638
Cash and cash equivalents	12 975	11 054	15 343
<b>Total assets</b>	<b>126 031</b>	<b>73 004</b>	<b>81 618</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to ordinary shareholders of Amecor</b>			
Issued capital	71 574	69 252	69 252
Treasury shares	(24)	(55)	(59)
Retained earnings	29 163	(2 049)	6 788
Total equity attributable to equity holders of Amecor	16 611	(2 049)	6 788
Minority interest	12 552	-	-
<b>Total equity</b>	<b>100 713</b>	<b>67 148</b>	<b>75 981</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	11 354	-	-
Deferred tax liabilities	71	589	1 557
<b>Current liabilities</b>	<b>13 893</b>	<b>5 267</b>	<b>4 080</b>
Trade and other payables	12 448	5 267	4 080
Taxation	1 445	-	-
<b>Total equity and liabilities</b>	<b>126 031</b>	<b>73 004</b>	<b>81 618</b>
Number of ordinary shares in issue (000's)	71 663	68 530	68 526
<b>Net asset value per shares (cents)</b>	<b>123,0</b>	<b>98,0</b>	<b>110,9</b>
<b>Tangible net asset value per share (cents)</b>	<b>45,0</b>	<b>28,9</b>	<b>38,3</b>

**GROUP CASH FLOW STATEMENT**

	Six months ended 30 September 2008 (Unaudited) R'000	Six months ended 30 September 2007 (Unaudited) R'000	Twelve months ended 31 March 2008 (Audited) R'000
Net income before tax, adjusted for depreciation and amortisation	17 017	9 928	21 768
Movement in working capital	(10 911)	(1 109)	(3 784)
Tax paid	(5 315)	(3 176)	(5 617)
Dividends paid	-	(4 443)	(4 443)
<b>Net inflow from operating activities</b>	<b>791</b>	<b>1 200</b>	<b>7 924</b>
<b>Net outflow from investing activities<sup>1</sup></b>	<b>(16 721)</b>	<b>(2 137)</b>	<b>(4 572)</b>
<b>Net inflow from financing activities<sup>2</sup></b>	<b>13 562</b>	<b>-</b>	<b>-</b>
<b>Net movement in cash balances</b>	<b>(2 368)</b>	<b>(937)</b>	<b>3 352</b>
Cash at beginning of the year	15 343	11 991	11 991
<b>Cash at the end of the period</b>	<b>12 975</b>	<b>11 054</b>	<b>15 343</b>

**Note**

<sup>1</sup> The PDS Group was purchased during the year for R15,7 million, see details below. This amount includes the acquisition of the property, plant and equipment.

<sup>2</sup> A loan was procured from ABSA Bank to finance future growth within the Group.

**GROUP STATEMENT OF CHANGES IN EQUITY**

	Issued capital R'000	Treasury shares R'000	Retained earnings R'000	Total attributable to ordinary shareholders of Amecor R'000	Minority interest R'000	Total equity R'000
<b>Balance at 1 April 2007</b>	69 252	(55)	(4 539)	64 658	-	64 658
Dividends paid	-	-	(4 443)	(4 443)	-	(4 443)
Profits attributable to shareholders	-	-	6 933	6 933	-	6 933
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>2 490</b>	<b>2 490</b>	<b>-</b>	<b>2 490</b>
Balance at 1 October 2007	69 252	(55)	(2 049)	67 148	-	67 148
Treasury shares	-	(4)	-	(4)	-	(4)
Profits attributable to shareholders	-	-	8 837	8 837	-	8 837
<b>Total changes</b>	<b>-</b>	<b>(4)</b>	<b>8 837</b>	<b>8 833</b>	<b>-</b>	<b>8 833</b>
<b>Balance at 1 April 2008</b>	69 252	(59)	6 788	75 981	-	75 981
Issue of shares to PDS Group vendors (3,1 million shares @ R1 each)	-	31	-	31	-	31
Share premium (costs of acquisition)	2 326	-	-	2 326	-	2 326
Minorities acquired	-	-	-	-	10 270	10 270
Profits attributable to shareholders	-	-	9 823	9 823	2 282	12 105
Total changes	2 326	31	9 823	12 180	12 552	24 732
<b>Balance at 30 September 2008</b>	71 578	(28)	16 611	88 161	12 552	100 713

	2008 (Unaudited) R'000	2007 (Unaudited) R'000	2008 (Audited) R'000
<b>Total turnover</b>	<b>54 339</b>	<b>18 427</b>	<b>42 188</b>
<b>Profit attributable to Amecor shareholders</b>			
Security and related production and sales	4 215	3 435	9 852
Network and annuity income	3 003	2 410	5 760
Supply and maintenance of alternative power sources	2 297	-	-
Other	308	1 088	3 128
Eliminations	-	-	(2 970)
<b>Total</b>	<b>9 823</b>	<b>6 933</b>	<b>15 770</b>
<b>Segment assets</b>			
Security and related production and sales	31 819	24 321	33 472
Network and annuity income	13 054	7 096	10 373
Supply and maintenance of alternative power sources	45 733	-	-
Other	79 287	64 764	64 821
Eliminations on consolidation	(43 862)	(23 177)	(27 048)
<b>Total assets</b>	<b>126 031</b>	<b>73 004</b>	<b>81 618</b>
<b>Segment liabilities</b>			
Security and related production and sales	7 933	10 711	14 052
Network and annuity income	215	471	479
Supply and maintenance of alternative power sources	20 542	-	-
Other	33 506	19 744	17 997
Eliminations on consolidation	(36 878)	(25 070)	(26 891)
<b>Total liabilities</b>	<b>25 318</b>	<b>5 856</b>	<b>5 637</b>

**3. Related Party Transactions**

	Six months ended 30 September 2008 (Unaudited) R'000	Six months ended 30 September 2007 (Unaudited) R'000	Twelve months ended 31 March 2008 (Audited) R'000
<b>Purchases from fellow subsidiary companies</b>	<b>4 391</b>	<b>-</b>	<b>-</b>
Purchases from related parties are made at normal market prices			
<b>Management fees paid to fellow subsidiary company</b>	<b>3 491</b>	<b>3 565</b>	<b>8 006</b>
Management fees were paid for services rendered in the areas of administration and technical advice, based on the apportioned time spent by the fellow subsidiary staff			

**4. Property, plant and equipment**

The net book value of property, plant and equipment can be summarised as follows:

	1 April 2008 R'000	Current depreciation R'000	Additions R'000	Disposals R'000	30 September 2008 R'000
Plant and equipment	2 010	(453)	683	-	2 240
Motor vehicles	140	(36)	1 498	-	1 602
Furniture and fittings	227	(36)	52	-	243
Office equipment	91	(11)	63	-	143
Computer equipment and software	110	(36)	175	-	249
Leasehold improvements	45	(11)	7	-	41
<b>Total</b>	<b>2 623</b>	<b>(583)</b>	<b>2 478</b>	<b>-</b>	<b>4 518</b>

	2008 (Unaudited) R'000	2007 (Unaudited) R'000	2008 (Audited) R'000
Property, plant and equipment	1 028	19	474
Cash acquired	2 776	18	294
Inventories	3 280	2 840	7 450
Trade and other receivables	13 140	3 279	8 838
Taxation	62	-	-
Loans receivable	1 485	-	-
<b>Liabilities</b>	<b>11 879</b>	<b>2 885</b>	<b>9 610</b>
Trade and other liabilities	8 387	1 648	8 066
Long-term borrowings	113	-	-
Bank overdraft	1 216	1 170	-
Shareholder loans	1 414	21	924
Taxation	726	43	620
Deferred tax	22	3	-
<b>Net asset value</b>	<b>9 893</b>	<b>3 271</b>	<b>7 446</b>
<b>% shareholding acquired</b>	<b>50,2</b>	<b>50,3</b>	<b>50,1</b>
<b>Proportional net asset value acquired</b>	<b>4 966</b>	<b>1 645</b>	<b>3 731</b>
<b>Cost of business combination</b>	<b>7 534</b>	<b>2 496</b>	<b>5 660</b>
Fair value of shares issued	1 507	499	1 132
Cash received	(1 560)	1 152	(294)
Cash paid	7 587	845	4 822
<b>Goodwill component of acquisition<sup>1</sup></b>	<b>2 568</b>	<b>851</b>	<b>1 929</b>
Profit since acquisition (100%)	1 398	486	2 696
Profit if acquisition occurred at beginning of period	3 717	1 309	6 446
Turnover if acquisition occurred at beginning of period	38 050	9 995	35 918

**Note**

<sup>1</sup> Goodwill arose in the business combination because the cost of the combination included a premium paid to acquire shareholding in the above business units. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth, future market development and the assembled workforce of the Amecor Group. These benefits are not recognised separately as the future economic benefits arising from them cannot be reliably measured.

The Group also acquired the customer lists and customer relations of the PDS Group as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated and sold, transferred, rented or exchanged, either individually or together with any related contracts.

**Operational review**

The shareholding in the PDS Group contributed to both turnover and profit before tax. The FSK Group remains profitable. Both operational groups of Amecor are confident that targets for the remaining financial year 2009 are achievable.

**Product development**

The Group continues to invest in research and development which has resulted in high quality products being launched into both the local and international markets.

**Capital commitments**

The Group has committed product development costs in the sum of approximately R1,0 million for the remainder of the financial year.

**Contingently issuable shares**

The dispute resolution arbitration with shareholder and former director Rabie van der Merwe was set down for October 2008, as reported in our announcement of 24 June 2008. At the time of writing we have been informed that Van der Merwe is seeking postponement *sine die*.

**Dividends**

No interim dividend has been declared.

**Outlook**

Despite the challenging economic conditions, demand for the Group's products and services continues to grow. The Board is optimistic that, whilst consumer spending slows down, public infrastructure demand will continue to remain strong. Consequently the Board expects continued earnings and profitability in the second half of the year to be in line with its budgets and organic growth targets.

On behalf of the Board

**H S Courtney**

Chairman

Johannesburg  
27 November 2008

**D H Alexander**

Chief Executive

**Directors**

H S Courtney (Chairman)\*, D H Alexander, K A Colley, M Noge\* [\*non-executive]

**Transfer Secretaries**

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