

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

Responsibility for financial statements

The directors of Amecor are required by the South African Companies Act, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information. It is their responsibility to ensure that the financial statements present fairly the state of affairs of the Company and the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards, AC 500 series and in the manner required by the Companies Act of South Africa and the JSE Listing Requirements. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, and are based upon appropriate accounting policies and supported by reasonable and prudent judgments and estimates.

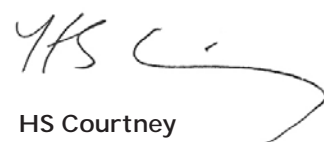
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. The system of internal financial control is aimed at reducing the risk of error or loss in a cost effective manner and includes

the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

The financial statements which appear on pages 25 to 70 were approved by the board of directors on 13 September 2010 and signed on their behalf by:



HS Courtney
Non-executive chairman
Rivonia
13 September 2010



D Alexander
Chief executive officer
Rivonia
13 September 2010

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company secretary, I certify that, to the best on my knowledge and belief, the Company has lodged with the Registrar of Companies for the financial year ended 31 March 2010 all such returns as are required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



KA Colley
Company secretary
Rivonia
13 September 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMALGAMATED ELECTRONIC CORPORATION LIMITED

We have audited the consolidated Amecor group financial statements which comprise the consolidated and separate statements of financial position as at 31 March 2010, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, the directors' report, as set out on pages 25 to 70.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors. We evaluate the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Amalgamated Electronic Corporation Limited as at 31 March 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Mazars
Partner: Mark Snow
Registered Auditor
Johannesburg
13 September 2010

AUDIT COMMITTEE REPORT

“The committee’s operation is guided by a detailed charter that is informed by the Corporate Laws Amendment Act and is approved by the board as and when it is amended.”

Mochele Noge



Background

The information below constitutes the report as required by section 270A of the Corporate Laws Amendment Act (the Act). The committee’s operation is guided by a detailed charter that is informed by the Act and is approved by the board as and when it is amended.

Purpose

The purpose of this committee is:

- to assist the board in discharging its duties relating to safeguarding of assets, the operations of adequate systems, controls and reporting processes and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- to provide a forum for discussing business risk and control issues for developing recommendations for consideration by the board;
- to oversee the activities of internal and external audit; and
- to perform duties that are attributed to it by the Act.

Membership

During the course of the year, the membership of the committee was amended to ensure the company comprises solely of non-executive directors. They are:

- Mochele Noge (Chairman); and
- Stephen Courtney

Appointment of a financial director

Mrs Kerry Colley was recommended by the Board to the audit committee as a suitable candidate for the position of Group financial director. The committee approved the appointment after having received a detailed CV, and satisfying themselves that she was qualified and experienced to add value to the existing Board.

External audit

The committee has established that the auditor of Amalgamated Electronic Corporation Limited is independent as defined by the Act.

The committee, in consultation with executive management, agreed to a provisional audit fee for the 2010 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at the time. The final adjustment fee will be determined on completion on all audit matters. Audit fees are disclosed in note 14 to the financial statements.

There are formal procedures that govern the process whereby the auditor considered for non-audit services, and each engagement letter for such work is reviewed by the committee.

Meetings are held with the auditor where management were not present, and no matters of concern were raised.

The committee has nominated, for approval at the annual general meeting, Mazars as the external auditor for the 2011 financial year, and Mark Snow as the designated auditor.

Financial statements

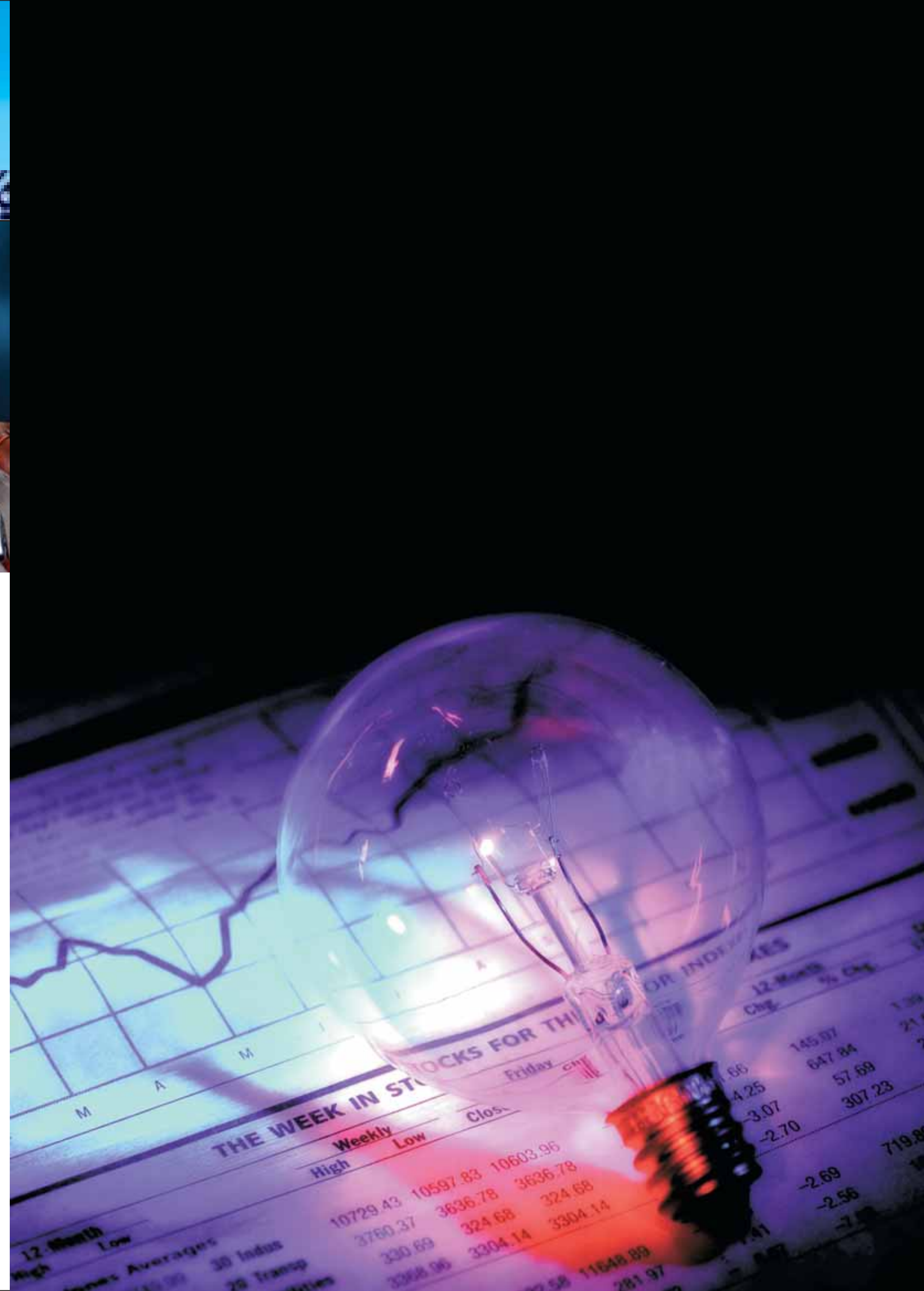
The committee recommended the financial statements for approval to the board. The board subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Mochele Noge

Chairman of the Audit Committee

Rivonia

13 September 2010



DIRECTORS' REPORT

The directors present their report and the financial statements of Amalgamated Electronic Corporation Limited ("Amecor") and the consolidated Amecor Group for the year ended 31 March 2010.

In the context of this report and the financial statements, the term "Group" refers to Amecor (also the Company) and its subsidiaries.

Nature of the business

Amecor is the holding company of a number of synergistic businesses providing design, manufacture and supply of electronic equipment, technologies and solutions to the security and power supply industries.

Financial results

The results of the Company and the Group are set out in these financial statements.

Director details

The following directors have held office during the year ended 31 March 2010:

	Date of appointment
D Alexander	7 April 2004
HS Courtney*	31 December 1999
K Colley	31 March 2001
M Noge*	8 February 2006
K Vieira	14 January 2009

* Non-executive

Changes in directorship

Kerry Colley was appointed the Group financial director effective 1 July 2009. She was previously an executive director and company secretary of Amecor.

Remuneration for the year ended 31 March 2010**Directors and key management**

	Short term benefits		Performance bonus R'000	Post employment benefits R'000	2010	2009
	Fees R'000	Salary R'000			Total R'000	Total R'000
M Noge	25	-	-	-	25	25
D Alexander	-	1 548	120	-	1 668	1 150
HS Courtney	64	-	-	-	64	62
K Colley	-	655	61	-	716	249
K Viera	-	1 333	88	-	1 421	1 057
Total - Amecor board of Directors	89	3 536	269	-	3 894	2 543
Total - Group senior management	-	3 347	304	-	3 651	2 843
Less: amount capitalised to development costs	-	(2 559)	-	-	(2 559)	(1 652)
Total - Key management	89	4 324	573	-	4 986	3 734

Directors' service and restraint contracts

Name	Title	Contract term	Financial commitment		
			2011 R'000	2012 R'000	Further restraint period
D Alexander	Chief executive officer	3 years to 31 March 2012	1 794	1 980	1 year to 31 March 2013
K Colley	Financial director	3 years to 31 March 2012	912	1 005	1 year to 31 March 2013
K Vieira	Technical director	3 years to 28 February 2012	1 321	1 500	1 year to 28 February 2013

Share incentive scheme

The Group had an ownership-based compensation scheme for executives and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees were granted options to purchase ordinary shares at a pre-determined exercise price per ordinary share.

Each employee share option converted into one ordinary Amecor share on exercise. The number of options granted was calculated in accordance with the performance-based formula approved by shareholders at a previous annual general meeting and was subject to approval by the remuneration committee. The formula rewarded executives and senior employees to the extent of the Group's and individual's achievement against both qualitative and quantitative criteria from the following financial and customer service measures:

- improvement in share price;
- improvement in net profit;
- improvement in return to shareholders;
- results of client satisfaction surveys; and
- reduction in rate of staff turnover.

Share options were granted on 30 May 2005 (with an expiry date of 30 September 2009) an issue price of 25 cents per share.

	Awards exercised during the year	Award price (cents)	Award date	Exercise date
D Alexander	687 955	25	30 May 2005	12 June 2009
HS Courtney	687 955	25	30 May 2005	12 June 2009
K Colley	687 955	25	30 May 2005	12 June 2009
K Vieira	687 955	25	30 May 2005	12 June 2009
T Kearns	687 955	25	30 May 2005	12 June 2009
Amecor Employees	500 000	25	30 May 2005	12 June 2009
Total	3 939 775			

DIRECTORS' SHARE INTERESTS

Directors' share interests

Directors' holdings in the issued share capital of the Company are presented below:

Director	Shares held			Total 2010	% of issued share capital	Shares held			Total 2009	% of issued share capital
	Direct beneficial	Indirect beneficial	held by associates			Direct beneficial	Indirect beneficial	held by associates		
D Alexander	12 784 430	-	-	12 784 430	16.39	12 096 475	-	-	12 096 475	16.33
HS Courtney	687 955	321 138	-	1 009 093	1.29	-	321 138	-	321 138	0.43
KA Colley	-	1 475 175	-	1 475 175	1.89	-	787 220	-	787 220	1.06
K Vieira	4 197 955	-	-	4 197 955	5.38	3 510 000	-	-	3 510 000	4.74
M Noge	25 000	-	-	25 000	0.03	-	-	-	-	-
Total	17 695 340	1 796 313	-	19 491 653	24.98	15 606 475	1 108 358	-	16 714 833	22.56

At the date of this report, the directors' holdings remained unchanged.

Directors' dealings in shares

The board complies with the requirements of the JSE Limited ("JSE") in relation to the restrictions required in the trading of Amecor shares by directors and employees during the defined closed periods. Restrictions may also be placed on share dealings at other times during the year should the Group be involved in corporate activity or sensitive negotiations. Directors and key employees are advised of the closed period, between the end of each accounting period and the results being made public, and of periods in which they may be deemed to possess price sensitive information, during which periods they may not trade in company securities.

Directors may not at any time deal in any securities of Amecor without first receiving clearance from the chairman.

Details of directors' share dealings are disclosed to the Issuer Services Division of the JSE and communicated through its Securities Exchange News Service, SENS. These dealings are also disclosed at board meetings.

During the year under review no share dealings by directors were reported.

Share capital

Authorised and issued share capital

Shares	2010	2009
	R	R
Authorised		
505 000 000 Ordinary shares of 1 cent each	5 050 000	5 050 000
300 000 000 'A' Ordinary shares of 0,05 cents each	150 000	150 000
148 000 000 Convertible redeemable preference shares of 10 cents each	14 800 000	14 800 000
	20 000 000	20 000 000
Issued		
77 985 337 Ordinary shares of 1 cent each (F2009: 74 045 562)	779 853	740 456
2 419 981 Treasury shares held by subsidiary company (F2009: 2 124 679)	(24 200)	(21 247)
Share premium	75 115 869	74 170 328
Treasury shares held by subsidiary company	(3 262 499)	(2 984 920)
	72 609 023	71 904 617

Details of the movement during the year in the share capital of the Company are set out in note 9 to the consolidated financial statements.

During the year, the Company, through its subsidiary, Tisec Management Services (Proprietary) Limited, repurchased certain of its own shares through the JSE Limited, details of which are set out in note 9 to the consolidated financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

Substantial shareholders

Refer to Annexure B for the details of major shareholders in the Company.

Dividends

The board declared and paid a final dividend of 8 cents per ordinary share to shareholders registered on 16 July 2010 and was paid on 26 July 2010. Secondary tax on companies ("STC") was paid on the distribution totalling R0.7 million (F2010: 8 cents per share, and STC R0.7 million).

Special resolutions

With the requisite majority shareholders a special resolution was passed that Amecor and/or any of its subsidiaries be authorised to acquire shares in the Company from time to time in terms of Sections 85 and 89 of the Companies Act and the Listings Requirements of the JSE Limited.

No special resolutions were passed by subsidiary companies during the year under review.

Subsidiary companies

Details of the Company's subsidiaries and shareholding interest appear at Annexure A on page 68.

Borrowings

In terms of the articles of association, the directors of the Company are permitted to borrow or raise such funds as they deem necessary for the operation of the Group. The borrowings during the year did not exceed those authorised by the articles of association.

Auditors

Mazars has indicated its willingness to continue as auditors of the Group. The board has decided that a resolution to reappoint them will be proposed at the next annual general meeting of Amecor scheduled to be held on 19 November 2010.

- The reappointment of Mazars has the support of the audit committee, which will be responsible for determining their audit fee.

Interest of directors in contracts

Amecor leases its head office located at Resource House, 7 Spring Street, Rivonia, from Whirlprops 35 (Proprietary) Limited, a company controlled by a director, HS Courtney.

The FSK Group leased premises located at 51b Richard Road, Industria, from Switch Security Management Services (Proprietary) Limited, a company whose directors include K Vieira. Upon expiration of the lease, the FSK Group took occupation of its new premises at 14 Richard Road, Industria.

The rentals charged are arms length and market related, as were determined by an independent expert third party.

Going concern

The financial statements and Group financial statements set out on pages 25 to 70 have been prepared on the going concern basis. The board

regards the Group as a going concern for the following reasons:

- there have been no operating losses;
- working capital and subsequent ratios are positive;
- trading cash flows are positive;
- the 2011 budget reflects a continuation of positive trading and financial performance;
- the Group has sufficient borrowing capacity;
- the Group has no need to dispose of any assets or undertake capital restructuring;
- key executive management is in place;
- the board is not aware of any material changes that may adversely impact on the Group relative to customers, suppliers, services or geographic markets;
- the Group is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings; and
- there are no pending changes in government legislation that may adversely affect the Group.

Company secretary

K Colley is the Group Company secretary. Her business and postal address appear on page 14.

Property, plant and equipment

Details of the movements during the year in property, plant and equipment of the Group are set out in note 1 to the consolidated financial statements. The nature or policy relating to the use of the assets did not change during the year.

Subsequent events

Formerly contingently issuable shares are no longer contingently issuable

Amecor lodged an application in the South High Court, Johannesburg under case no. 2019/8607 against Mr. Rabie van der Merwe ("RVDM") and others to have the arbitration proceedings, initially commenced with by RVDM, set aside. The matter came before the High Court on 9 June 2010 and an order was granted in the following terms:

- It was declared that reference to arbitration of a dispute between RVDM (First Respondent) and the Acquired Finance (Proprietary) Limited, which dispute was pending is of no force and effect in terms of Section 3 (2) (c) of the Arbitration Act 42 of 1965;
- RVDM is interdicted and restrained from proceeding with, or taking any steps to give effect to the referral; and
- RVDM was ordered to pay the costs of this application.

The effect of the order is that the arbitration proceedings are at an end and RVDM cannot proceed therewith and must pay the cost of the application.

Amecor Powerstar

In early 2010, Amecor concluded an agreement with a British engineering company EMSc, granting Amecor PowerStar the sole distribution right to supply exclusive power optimising equipment throughout South Africa. Amecor PowerStar's primary objective is to enhance Africa's energy supply by helping businesses and the national community achieve cost savings and extensive power conservation on electricity consumed.

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2010

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets					
Non-current assets					
Property, plant and equipment	1	13 972	7 183	-	-
Intangible assets	2	11 521	7 725	-	-
Goodwill	3	54 034	54 034	-	-
Investments in subsidiaries	4	-	-	62 016	62 016
Deferred tax asset	5	269	999	-	-
Current assets		88 540	88 152	6 153	8 029
Inventories	6	19 624	22 952	-	-
Trade and other receivables	7	39 072	46 030	6 151	8 018
Cash and cash equivalents	8	26 893	16 711	2	11
Taxation		2 951	2 459	-	-
Total assets		168 336	158 093	68 169	70 045
Equity and liabilities					
Equity and reserves					
Share capital	9	756	719	780	740
Share premium	10	71 854	71 185	75 116	74 170
Non-distributable reserves		-	-	602	602
Accumulated profit/(loss)		47 576	30 550	(26 996)	(27 666)
Equity attributable to Amecor shareholders		120 186	102 454	49 502	47 846
Non-controlling interest		15 097	13 020	-	-
Non-current liabilities		9 942	12 051	5 184	8 363
Borrowings	11	7 114	10 601	5 184	8 363
Deferred tax liability	5	2 828	1 450	-	-
Current liabilities		23 111	30 568	13 483	13 836
Trade and other payables	12	18 060	26 938	10 646	11 712
Bank overdraft	8	48	-	-	-
Taxation		1 737	1 198	-	-
Short term portion of borrowings	11	3 266	2 432	2 837	2 124
Total equity and liabilities		168 336	158 093	68 169	70 045

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	13	139 906	140 459	8 053	668
Turnover	13	138 136	138 100	1 800	-
Cost of sales		(69 696)	(67 522)	-	-
Gross profit		68 440	70 578	1 800	-
Other income		374	706	13	-
Dividend income		-	-	6 240	-
Operating expenses		(31 633)	(31 298)	(2)	(51)
Operating profit/(loss)	14	37 181	39 986	8 051	(51)
Finance income	15	1 396	1 653	-	668
Finance costs	16	(1 431)	(1 282)	(1 141)	(1 091)
Profit/(loss) before taxation		37 146	40 357	6 910	(474)
Income tax expense	17	(10 329)	(10 700)	-	-
Profit/(loss)		26 817	29 657	6 910	(474)
Other comprehensive income		-	-	-	-
Total comprehensive income		26 817	29 657	6 910	(474)
Attributable to:					
Profit/(loss) attributable to the equity holders of Amecor at the end of year		23 266	23 762	6 910	(474)
Profit attributable to non-controlling interest		3 551	5 895	-	-
Total comprehensive income		26 817	29 657	6 910	(474)
Earnings per share (cents)	18	30.8	33.7		
Diluted earnings per share (cents)	18	30.8	31.9		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2010

	Share capital R'000	Share premium R'000	Non distributable reserve R'000	Accumulated profit (loss) R'000	Non controlling interest R'000	Total R'000
Group						
Balance at 1 April 2008	685	68 508	-	6 788	-	75 981
Non-controlling interest	-	-	-	-	7 125	7 125
Net movement: Treasury shares	34	2 677	-	-	-	2 711
Total comprehensive income	-	-	-	23 762	5 895	29 657
Total changes	34	2 677	-	23 762	13 020	39 493
Balance at 1 April 2009	719	71 185	-	30 550	13 020	115 474
Issue of shares in respect of share option (note 10)	40	946	-	-	-	986
Net movement: Treasury shares	(3)	(277)	-	-	-	(280)
Dividends paid (note 19)	-	-	-	(6 240)	(1 474)	(7 714)
Total comprehensive income	-	-	-	23 266	3 551	26 817
Total changes	37	669	-	17 026	2 077	19 809
Balance at 31 March 2010	756	71 854	-	47 576	15 097	135 283
Notes:	9	10				
Company						
Balance at 1 April 2008	740	74 170	602	(27 192)	-	48 320
Total comprehensive income	-	-	-	(474)	-	(474)
Total changes	-	-	-	(474)	-	(474)
Balance at 1 April 2009	740	74 170	602	(27 666)	-	47 846
Issue of shares in respect of share options (note 10)	40	946	-	-	-	986
Dividends paid	-	-	-	(6 240)	-	(6 240)
Total comprehensive income	-	-	-	6 910	-	6 910
Total changes	40	946	-	670	-	1 656
Balance at 31 March 2010	780	75 116	602	(26 996)	-	49 502
Notes:	9	10				

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
Cash retained from operating activities					
Cash receipts from customers		145 094	127 222	1 798	2 450
Cash paid to suppliers and employees		(104 110)	(104 649)	182	-
Cash generated by operations	20.1	40 984	22 573	1 980	2 450
Interest received	15	1 396	1 653	-	668
Interest paid	16	(1 431)	(1 282)	(1 141)	(1 091)
Taxation paid	20.2	(8 174)	(11 359)	-	-
Dividends paid	20.3	(7 714)	-	(6 240)	-
Net inflow/(outflow) from operating activities		25 061	11 585	(5 401)	2 027
Cash flows from investing activities					
Additions to property, plant and equipment	1	(8 343)	(5 066)	-	-
Proceeds on disposal of property, plant and equipment		3	82	-	-
Additions to intangible assets	2	(4 640)	(2 564)	-	-
Group loan accounts		-	-	1 869	-
Investment in subsidiaries	27	-	(13 878)	-	(17 016)
Dividends received		-	-	6 240	-
Net cash outflow from investing activities		(12 980)	(21 426)	8 109	(17 016)
Cash retained by financing activities					
Interest bearing liabilities	20.4	(2 653)	10 524	(2 466)	10 487
Increase in equity	9, 10	986	-	986	-
Group loan accounts		-	-	(1 237)	4 500
Treasury shares buy back	9, 10	(280)	(18)	-	-
Net inflow/(outflow) from financing activities		(1 947)	10 506	(2 717)	14 987
Net movement in cash balances		10 134	665	(9)	(2)
Cash at beginning of year		16 711	15 343	11	13
Cash acquired	27	-	703	-	-
Cash at end of year	8	26 845	16 711	2	11

ACCOUNTING POLICIES

Presentation of the financial statements and the Group financial statements

Amalgamated Electronic Corporation Limited is a company domiciled in South Africa. The consolidated financial statements at 31 March 2010 comprise the Company and its subsidiaries (together referred to as "the Group"). The principal accounting policies adopted in the preparation of the financial statements are set out below.

Statement of compliance

The Company and Group's financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and its Interpretations adopted by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa as amended.

Basis of preparation

The Company and Group's financial statements are prepared using a combination of the historical cost and fair value bases of accounting. Those categories to which the fair value basis of accounting has been applied are indicated in the individual accounting policies.

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

The accounting 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 and in any future period affected. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in the notes to the financial statements where appropriate.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements, are described in the following policies:

- Goodwill; and
- Intangible assets.

The financial statements are presented in Rand, which is the Company's functional currency, and all values are rounded to the nearest thousand Rand except when otherwise indicated.

The accounting policies have been applied consistently for all years presented by Group entities.

Basis of consolidation**Subsidiaries**

The Group financial statements comprise the consolidated financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account. Where an investment in a subsidiary was acquired or disposed of during the financial year, its results are included from, or to, the date control commences or ceases.

New acquisitions are included in the Group's financial statements using the purchase method whereby the assets and liabilities are measured at their fair value. The purchase consideration is allocated on the basis of the fair values on the dates of acquisition.

Investments in subsidiaries are initially recognised at cost by the Company. The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets acquired, liabilities incurred or assumed, equity instruments issued and the direct costs attributable to the acquisition of the subsidiary.

The Company subsequently measures its investments in subsidiaries at cost less any accumulated impairment.

Business combinations

The initial accounting of a business combination on the date of acquisition follows the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired, and liabilities and contingent liabilities assumed.

ACCOUNTING POLICIES (continued)

Where the business combination agreement to acquire a subsidiary provides for an adjustment to the cost of the acquisition of that subsidiary which is contingent on future events, the initial accounting for the cost of the combination is adjusted at acquisition if the adjustment is probable and can be measured reliably.

The cost of the business combination is the total of the fair values of all assets given, liabilities incurred and equity instruments issued to acquire the business, including directly attributable cost.

Transactions eliminated on consolidation

All intra-group transactions, profits and balances arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. The cost of property, plant, and equipment includes amounts incurred initially to acquire an item of property, plant and equipment and amounts incurred subsequently to add to or replace part of the asset. Included in the cost are any amounts relating to the cost of labour and transport to bring a particular item to a useable condition to enable it to operate in the manner intended by management. Amounts incurred subsequent to initial recognition to add or replace part of an asset or as part of major maintenance are also recognised at cost.

Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are recorded at historical cost and depreciated to write down the cost, less residual value, over their useful lives, on a straight line basis, as follows:

Item	Average useful life
Land	Indefinite
Buildings, foundations and civils	25 years
Plant and equipment	4 years
Motor vehicles	5 years
Furniture and fittings	6 years
Office equipment	5 years
Computer equipment and software	2-3 years
Leasehold improvements	remaining period of lease

The depreciation charge is recognised as an expense in the statement of comprehensive income. Depreciation starts when the assets are available to operate for its intended use, until completion of its useful life. The residual values, useful lives and depreciation methods applied to property, plant and equipment, are reviewed and adjusted if necessary, at each financial year end. These changes are accounted for as a change in estimate.

The residual value of an asset is the estimated amount the company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment, is included in the statement of comprehensive income and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

Normal repair and maintenance costs incurred on property, plant and equipment to keep property, plant and equipment in its normal operating condition is expensed in the statement of comprehensive income as an operating expense.

When a decision is made to sell an item of property, plant and equipment during the year, and it meets the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the asset is carried at the lower of its carrying amount or fair value less costs to sell, and depreciation on that asset ceases. Any impairment is recognised directly in profit and loss.

Intangible assets

Intangible assets are initially recognised at cost. The cost of an intangible asset includes its purchase price and any directly attributable cost of preparing the asset for its intended use. Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

Computer software that is integral to the operation of related hardware is classified as property, plant and equipment and is measured in terms of that accounting policy note. Other software is classified as intangible assets and is measured in terms of this accounting policy.

ACCOUNTING POLICIES (continued)

Where an intangible asset arises through an internal project, the cost of that intangible asset is the total expenditure incurred from the development phase of the project. Expenditure incurred during the research phase of an internal project and all other expenditure incurred on internally generated intangible assets is recognised as an expense in the statement of comprehensive income when it is incurred.

Intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. For purposes of determining the amortisation of intangible assets, the useful lives of these assets are assessed as being either indefinite or finite.

For all intangible assets, amortisation is provided on a straight line basis so as to write down cost of the intangible assets, less their residual values, on a straight line basis over their useful lives. The amortisation charge is recognised as an expense in the statement of comprehensive income. The amortisation period and amortisation method applied to an intangible asset with a finite life is reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is included as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of derecognition.

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the statement of comprehensive income as an expense incurred. Development expenditure on projects assessed as being economically viable is capitalised where appropriate and tested annually for impairment. Once complete these costs are transferred to the appropriate category of asset and amortised accordingly.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the tangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use of sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliability the expenditure attributable to the intangible asset during it's development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated impairment losses, on the same basis as intangible assets acquired separately.

Development costs and the domain name are amortised on a straight line basis, once in production, over a period between 5 – 15 years, depending on the assumed life of production of the specific product. Amortisation is included in operating expenses as reflected in the statement of comprehensive income.

Item	Average useful life
Domain name	5 years
Development costs	5 – 15 years

Goodwill

Goodwill arises from business combinations and is initially measured at cost. Cost represents the excess of the purchase consideration over the fair value of the Company's and the Group's share of the identifiable assets, liabilities and contingent liabilities acquired at the date of the acquisition. Subsequently goodwill is carried at cost less any accumulated impairment.

ACCOUNTING POLICIES (continued)

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

In calculating the value of the goodwill, cognisance is taken of any potential claw-back of any purchase price that may arise if profit warranties are not met by that particular business or entity.

At the acquisition date, goodwill is allocated to each of the cash generating units expected to benefit from a business combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is determined as the value in use of each cash-generating unit by estimating the expected future cash flows in each unit and choosing a suitable discount rate in order to calculate the present value of those cash flows.

Where the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, an impairment loss is recognised in the statement of comprehensive income beginning with the write off of the goodwill allocated to such cash-generating unit. Where the goodwill is insufficient to cover the amount of the impairment adjustment, the remaining assets in the cash-generating unit are impaired on a pro-rata basis.

Impairment of assets

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit to which it relates.

The recoverable amount of an asset is the higher of its fair value, less costs to sell and its value in use.

The value in use of an asset involves the estimating of the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and applying the appropriate discount rate to those future cash flows.

Where the carrying amount exceeds the recoverable amount the asset is then impaired to its estimated recoverable amount, and the impairment cost is expensed through the statement of comprehensive income.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill and intangible assets not yet available for use for impairment annually, at the same time each year, by comparing its carrying amount with its recoverable amount.

Financial instruments**Initial recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial recognition these instruments are measured as set out below:

Classification

Financial assets are classified as 'loans and receivables', or 'fair value through profit or loss' ("FVTPL"), and financial liabilities are classified as 'financial liabilities held at amortised cost'.

Currently, neither the Company nor Group have classified any of its financial assets as 'Held-To-Maturity' or 'Available-For-Sale' ("AFS"). Should these categories be utilised in the future, the appropriate accounting treatment as specified by IAS 39, Financial Instruments: Recognition and Measurement, will be applied. Similarly for financial liabilities at FVTPL.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period.

ACCOUNTING POLICIES (continued)

The interest income/expense is recognised on an effective interest basis for all financial instruments, other than those financial assets designated as FVTPL.

Financial assets

The Group's financial assets include loans to Group companies, trade and other receivables and cash and cash equivalents and bank overdrafts.

Loans receivable that bear interest with determinable terms of repayment exceeding 12 months are included in non-current assets. Interest is accrued at an interest rate linked to bank prime rate. All interest charges are recognised in the statement of comprehensive income as finance income in the month in which they occur.

Loans to group companies: loans and receivables

Loans to group companies are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment.

Trade and other receivables: loans and receivables

Trade and other receivables are subsequently measured at amortised cost, less an allowance for any uncollectable amounts.

An allowance for estimated irrecoverable amounts is recognised in the statement of comprehensive income when there is objective evidence (as described below) that the asset is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents: loans and receivables

Cash and cash equivalents comprise cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. These are subsequently measured at amortised cost.

For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents and bank overdrafts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are tested for impairment where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the loan or receivable have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default in interest or principal payments; or

- probability that the borrower will enter bankruptcy or financial reorganisation.

The amount of the impairment for financial assets carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss, directly only when all legal steps have been exhausted and there is no possibility of an additional recovery.

If there is any indication that a financial asset may be impaired, the recoverable amount is estimated. The financial asset is then impaired to its estimated recoverable amount when lower than the carrying amount, and the impairment loss is expensed through the statement of comprehensive income.

The recoverable amount of a financial asset is the present value of the future cash flows discounted using the original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loan or receivable at the date the impairment is reversed, does not exceed what the amortised cost would have been, had the impairment not been recognised.

Derecognition of financial assets

The Company or Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable are included in the statement of comprehensive income for the period.

Financial liabilities

The Group's financial liabilities include interest-bearing debt, trade payables and vendor liabilities.

Financial liabilities incurred by the Company and Group are classified as financial liabilities at amortised cost according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

ACCOUNTING POLICIES (continued)

Borrowings

Interest-bearing borrowings, including instalment sale obligations, are subsequently measured at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade payables

Trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Vendor liabilities

Vendor liabilities are measured at amortised cost.

Derecognition of financial liabilities

The Company or Group derecognises financial liabilities, when the Company or Group's obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount of the financial liability and the amount paid for it are included in the statement of comprehensive income for the period.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices.

The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at statement of financial position date, including independent appraisals and discounted cash flow methods.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the weighted average basis and comprises all costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount, of any reversal or any write down of inventories arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories which is recognised as an expense in the period in which the reversal occurs.

Taxation**Current tax**

Current and deferred taxes are recognised as income or an expense and included in the statements of comprehensive income. The current tax payable is based on taxable profit. Taxable profit differs from profit reported in the statement of comprehensive income where there are items of income or expense that are taxable or deductible in other years and it also excludes items that are not taxable or deductible under existing legislation.

Secondary tax on companies ("STC") is provided in respect of declared dividends, net of dividends received or receivable, and is recognised as a taxation charge in the statements of comprehensive income in the year the related dividend is declared. STC is paid by the subsidiaries relative to the dividends paid to the Company for distribution to the Company shareholders.

Current tax for current and prior periods is, to the extent unpaid, recognised as a tax payable in the statements of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a tax receivable in the statements of financial position.

Current tax liabilities and current tax assets are measured at the amount expected to be paid to/(recovered from) the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the statements of financial position date.

ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- Σ the initial recognition of goodwill;
- Σ the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- Σ investments in subsidiaries and jointly controlled entities where the Group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are assessed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Σ where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Σ where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Capital and reserves**Ordinary shares**

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds on shares issued.

Treasury shares

Shares purchased by a subsidiary companies of the Company are treated as treasury shares and deducted from share capital at cost in the Group financial statements. Dividends received on treasury shares are eliminated on consolidation.

Dividends

Dividends are recognised as an expense or liability in the period in which they are declared.

Leases

Leases of assets where the Company or Group substantially assumes all the benefits and risks of ownership are classified as finance leases. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. When an arrangement is, or contains, a lease, that lease is recognised in terms of the lease policy below.

Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

Lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Subsequent measurement is at amortised cost.

ACCOUNTING POLICIES (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where the term of the lease is shorter, the terms of the lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

Share based payment transactions

Goods or services received or acquired in a share based payment transaction where the Company settles the consideration for those goods or services by issuing shares are classified as equity-settled share based payments. These include share based payment transactions where employees (including directors) receive remuneration for services rendered to the Company in the form of shares or share options. These also include share based payment transactions where employees (including directors) receive share options in the Group share incentive scheme as a result of their employment within the Group.

Goods or services received or acquired in a share based payment transaction are recognised when the goods are received or as the services are rendered. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share based payment transaction.

When the goods or services received or acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses in the statement of comprehensive income. Transactions with employees (including directors) are recognised as a salary cost in the statement of comprehensive income.

For share based payment transactions with employees (including directors), the fair value of the transaction is measured as the fair value of the share options granted at the grant date.

The fair value of share options is determined using a binomial model, such as the Black-Scholes-Merton formula, taking into account the terms and conditions upon which the share options were granted. The fair value of the units issued is based on the

share price at grant date.

If the share based payments granted do not vest until the employee completes a specified period of service or achieves specified performance conditions, the Company accounts for those services as they are rendered by the employee during the vesting period. The fair value that is accounted for over the vesting period is determined on the grant date of the share based payment. The cumulative expense that is recognised at each statement of financial position date reflects the extent to which the vesting conditions have expired or been met and the Group's best estimate of the number of share options that will ultimately vest.

Employee benefits**Short term employee benefits**

The cost of short term employee benefits are recognised in the period in which the service is rendered and are not discounted.

The expected cost of accrued leave is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the absence occurs. Accrued leave is measured as the amount that the Group expects to pay as a result of unused entitlement that has accumulated to the employee at the statement of financial position date.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

Post employment benefits

Payments to defined contribution benefits plans, governed by the Pension Funds Act, 1956 (Act 24 of 1956), are charged as an expense as the related service is rendered.

Provisions and contingencies

Provisions are recognised when the Company or the Group has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

ACCOUNTING POLICIES (continued)

The amount of the provision is the present value of the best estimate of the expenditure required to settle the obligation. The amount of the provision is discounted using a pre-tax discount rate when the effect of the expected future cash outflow related to the provision is not expected to occur soon after the statement of financial position date and the effect of discounting is material. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligation.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the financial statements.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or continuing management involvement with the goods.

Revenue arising from the rendering of services is recognised when the outcome of the transaction can be estimated to be reliable by reference to the stage of completion of the transaction. Revenue is measured at the fair value of the consideration received or receivable, which is represented by the invoiced amount excluding Value Added Tax, trade discounts and volume rebates.

Licence fees earned on the use of the Group's assets are recognised on a straight line basis over the life of the agreement to coincide with the licensees' rights to use the Group's assets over the period of time in the agreement. License fees are paid monthly for the duration of the agreement.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying value.

Rental income due from operating leases is recognised on a straight line basis over the term of the lease. Initial direct costs

incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Translation of foreign currencies

The functional currency of the company is South African Rands.

Foreign currency transactions are recorded, on initial recognition, in Rands by applying to the foreign currency amount the spot exchange rate between the Rand and the foreign currency at the date of the transaction. At each statement of financial position date, foreign currency monetary items (such as trade receivables and trade creditors) are translated using the spot exchange rate at the statement of financial position date (closing rate).

Exchange differences arising in the settlement of monetary items or on translating monetary items at rates different from those at which they were translated in initial recognition during the period or in previous financial statements, are recognised in the statement of comprehensive income in the period on which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Segmental reporting

IFRS 8, Operating Segments, requires a management reporting approach to segment information. Accordingly, segment information reported is focused on the category of customer by product and services.

ACCOUNTING POLICIES (continued)

New accounting pronouncements adopted**Standards and interpretations effective and adopted in the current year**

In the current year, the Group has adopted the following standards and interpretations that are effective in the current year and that are relevant to its operations:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1:

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.

- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows' and the 'income statement' becomes the 'statement of comprehensive income'. These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 1 January 2009.

Adoption of the standard resulted in disclosure standards.

Standards and interpretations issued and not yet effective

At the date of authorisation of the financial statements, the following Standards and Interpretations and amendments thereto likely to be applicable to the Group and Company were in issue but not yet effective:

These standards and interpretations are expected to be applied when they become effective in the Group.

Ref	Description	Effective date	Expected effect
IFRS 3 (revised)	Business Combinations The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently measured through profit or loss. There is a choice, on an acquisition by acquisition basis to measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets. All acquisition related costs will be recognised in profit or loss immediately.	1 July 2009	The effect on the financial statements will be a function of the number and value of any business combinations transacted from this date.
IFRS 7 Σ Σ Σ Σ Σ	Financial Instruments: Disclosures • Presentation of financial costs • Amendment dealing with improving disclosures about financial instruments • Amendments enhancing disclosures about fair value and liquidity risk • Amendments clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments • Removed some disclosure items which were seen to be superfluous or misleading	1 January 2011	To be assessed

ACCOUNTING POLICIES (continued)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

Ref	Description	Effective date	Expected effect
IFRS 9 Σ	Financial Instruments <ul style="list-style-type: none"> New standard that forms the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement 	1 January 2013	To be assessed
IAS 1 Σ	Presentation of Financial Statements <ul style="list-style-type: none"> Clarification of statement of changes in equity 	1 January 2011	No effect
IAS 7 Σ	Statement of Cash Flows <ul style="list-style-type: none"> Classification of expenditures on unrecognised assets 	1 January 2010	No effect
IAS 24 Σ	Related Party Disclosures <ul style="list-style-type: none"> Clarification of the definition of a related party 	1 January 2011	No effect
IAS 27 Σ Σ	Consolidated and Separate Financial Statements <ul style="list-style-type: none"> Consequential amendments from changes to Business Combinations Transition requirements for previous amendments arising from changes to IAS 27 	1 July 2009	To be assessed
IAS 34 Σ	Interim Financial Reporting <ul style="list-style-type: none"> Clarification of disclosure requirements around significant events and transactions including financial instruments 	1 January 2011	To be assessed

	Group	
	2010 R'000	2009 R'000
1. Property, plant and equipment		
Owned		
Cost		
Land	1 999	1 999
Buildings, foundations and civils	8 952	1 500
Plant and equipment	4 468	4 386
Motor vehicles	2 226	1 920
Furniture and fittings	800	627
Office equipment	457	258
Computer equipment and software	1 073	944
Leasehold improvements	77	77
Total cost	20 052	11 711
Accumulated depreciation		
Land	-	-
Buildings, foundations and civils	-	-
Plant and equipment	(3 496)	(2 848)
Motor vehicles	(1 214)	(660)
Furniture and fittings	(465)	(388)
Office equipment	(127)	(78)
Computer equipment and software	(713)	(512)
Leasehold improvements	(65)	(42)
Total accumulated depreciation	(6 080)	(4 528)
Net book value	13 972	7 183

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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

	At 1 April 2009 R'000	Current depreciation R'000	Additions R'000	Disposals R'000	At 31 March 2010 R'000
Land	1 999	-	-	-	1 999
Buildings, foundations and civils	1 500	-	7 452	-	8 952
Plant and equipment	1 538	(648)	84	(3)	972
Motor vehicles	1 260	(554)	306	-	1 012
Furniture and fittings	239	(77)	173	-	335
Office equipment	180	(49)	199	-	330
Computer equipment and software	432	(201)	129	-	360
Leasehold improvements	35	(23)	-	-	12
Total	7 183	(1 552)	8 343	(3)	13 972

	At 1 April 2008 R'000	Fixed assets acquired at acquisition of the PDS Group R'000	Current depreciation R'000	Additions R'000	Disposals R'000	At 31 March 2009 R'000
Land	-	-	-	1 999	-	1 999
Buildings, foundations and civils	-	-	-	1 500	-	1 500
Plant and equipment	2 010	98	(1 098)	549	(21)	1 538
Motor vehicles	140	1 297	(538)	404	(43)	1 260
Furniture and fittings	227	33	(78)	57	-	239
Office equipment	91	49	(34)	74	-	180
Computer equipment and software	110	44	(168)	461	(15)	432
Leasehold improvements	45	-	(32)	22	-	35
Total	2 623	1 521	(1 948)	5 066	(79)	7 183

A register containing details of the above is available for inspection by members or their duly authorised agents during business hours at the registered office of the Company. All disposal of assets result from the sale, scrapping and replacement thereof in the normal course of business.

Note 1: Amecor House, situated at 14 Richard Road, Industria, was acquired during the prior year, and construction and alterations commenced during the period under review. No depreciation has been provided for buildings, civils and foundations as renovations and alterations were still in progress at year end.

Note 2: Certain of the motor vehicles are encumbered in terms of the instalment sale agreements. The building, situated at 14 Richard Road, Industria, is pledged as security for the bond acquired over the property. Refer note 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Group	Capitalised product development			
	Development phase R'000	Intangible asset (Production phase)	Domain name R'000	Total R'000
2. Intangible assets				
Cost				
Balance at 1 April 2008	752	5 003	17	5 772
Additions from internal developments	2 564	-	-	2 564
Transfer from development phase to intangible asset	(1 820)	1 820	-	-
Balance at 1 April 2009	1 496	6 823	17	8 336
Additions from internal developments	4 640	-	-	4 640
Transfer from development phase to intangible asset	(887)	887	-	-
Balance at 31 March 2010	5 249	7 710	17	12 976
Accumulated amortisation				
Balance at 1 April 2008	-	(193)	(15)	(208)
Amortisation expense	-	(401)	(2)	(403)
Balance at 1 April 2009	-	(594)	(17)	(611)
Amortisation expense	-	(844)	-	(844)
Balance at 31 March 2010	-	(1 438)	(17)	(1 455)
Carrying value 31 March 2009	1 496	6 229	-	7 725
Carrying value 31 March 2010	5 249	6 272	-	11 521

	Group	
	2010 R'000	2009 R'000
Domain name at cost	17	17
Research and development - development phase	5 249	1 496
Intangible asset	7 710	6 823
	12 976	8 336
Less accumulated amortisation	(1 455)	(611)
Total intangibles	11 521	7 725

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
3. Goodwill				
The aggregate carrying amounts allocated to each unit are as follows:				
FSK Electronics SA (Proprietary) Limited	57 474	57 474	-	-
Sabre Radio Networks (Proprietary) Limited	(13 306)	(13 306)	-	-
Power Development Services (Proprietary) Limited	5 588	5 588	-	-
Durapower Manufacturing (Proprietary) Limited	1 814	1 814	-	-
Gillespie Diesel Services (Proprietary) Limited	2 464	2 464	-	-
Total goodwill	54 034	54 034	-	-

The recoverable amount of each unit mentioned above was based on its value in use. The recoverable amount of the units was determined to be higher than its carrying amount and no impairment loss was recognised for any cash generating unit.

Cash flows were projected on actual operating results and three year forecasts.

Revenue forecasts were used as the basis for determining the value assigned to each cash generating unit. The average revenue growth included in cash flow was an average of (a) FSK Group - 8% (F2009: 10%); and (b) PDS Group - 4% (F2009: 10%). Values were based on past results and forecasts.

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
4. Investment in subsidiaries				
Unlisted investments				
Balance at 1 April 2009	-	-	62 016	45 000
PDS Group	-	-	-	17 016
- Cash paid (note 29)	-	-	-	13 878
- Amecor ordinary shares issued	-	-	-	3 138
Shares at cost	-	-	62 016	62 016

The carrying amount of the investment in subsidiaries are at cost, and currently fair value exceeds cost.

The shareholding acquired in the PDS Group is encumbered in respect of the loan facility granted to Amecor as detailed in note 11.1.

Refer Annexure A, page 68 for details of the Group's subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
5. Deferred taxation				
Balance at beginning of year	(451)	(643)	-	-
Balances acquired	-	545	-	-
Originating and reversing temporary differences	(746)	-	-	-
Utilisation of tax asset	(1 362)	(353)	-	-
	(2 559)	(451)	-	-
Comprising of:				
Deferred tax asset				
Bonus and leave pay provisions	155	204	-	-
Assessed losses	-	164	-	-
Property, plant and equipment	114	631	-	-
	269	999	-	-
Deferred tax liability				
Research and development costs	(2 828)	(1 450)	-	-
Net deferred tax liability	(2 559)	(451)	-	-
6. Inventories				
Raw materials and components	13 760	15 195	-	-
Work in progress	4 364	7 000	-	-
Finished goods	1 500	757	-	-
	19 624	22 952	-	-
Cost of inventory recognised as an expense	69 696	67 522	-	-
7. Trade and other receivables				
Financial instruments				
Trade receivables	37 663	45 631	-	-
Less provision for doubtful debts	(35)	(285)	-	-
Net trade receivables	37 628	45 346	-	-
Group current accounts	-	-	6 137	8 006
Staff loans	116	26	-	-
Deposits	-	57	-	-
Sundry debtors	603	441	14	12
Non-financial instruments				
Prepayments	133	160	-	-
Vat	592	-	-	-
Total trade and other receivables	39 072	46 030	6 151	8 018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
7. Trade and other receivables (continued)				
Ageing of trade receivables				
Debtors neither past due nor impaired				
0 - 30 days	26 677	41 339	-	-
Past due but not impaired				
30 - 60 days	847	1 812	-	-
60 - 90 days	1 428	24	-	-
90 - 120 days	571	966	-	-
>120 days	8 105	1 205	-	-
	37 628	45 346	-	-

Before accepting new customers, the Group runs through credit checks and background checks to determine the potential customers' credit quality and credit limits. We consider the credit quality of debtors that are neither past due nor impaired to be acceptable. Credit limits are reviewed at least once a year. None of the trade receivables that are neither past due nor impaired have exceeded the credit limits at year end. With the exception of the Gauteng Share Services Centre ("GSSC"), none of the other customers exceeded more than 5% of the total balance of trade receivables at year end and the concentration of credit risk is limited due to the customer base being large and unrelated.

The Group has provided fully for all receivables that are generally considered irrecoverable. The Group does not hold collateral over these balances.

Payment arrangements for debtors amounting to R5,4 million that would otherwise have been past due, were negotiated during the year. At the date of this report, other than the GSSC amount, these accounts were settled.

Due to the short term nature of trade receivables, the carrying amount approximates the fair value.-

Movement in provision for doubtful debts

Opening balance at the beginning of the year	285	320	-	-
Amounts written off as uncollectable	(250)	-	-	-
Doubtful debts recovered	-	(35)	-	-
Impairment losses reversed	-	-	-	-
	35	285	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
8. Cash and cash equivalents				
Bank balances	26 877	16 695	2	11
Bank overdraft	(48)	-	-	-
Cash on hand	16	16	-	-
	26 845	16 711	2	11
Current assets	26 893	16 711	2	11
Current liabilities	(48)	-	-	-

The Group currently holds the following overdraft facility:

Gillespie Diesel Services (Pty) Ltd: Standard Bank **R3 000 000**

Due to the short term nature of cash and cash equivalents, the cost approximates the fair value.

9. Share capital

Authorised

505 000 000 Ordinary shares of 1 cent each
300 000 000 "A" Ordinary shares of 0.05 cents each

148 000 000 Convertible redeemable preference shares of 10 cents each

Issued

Ordinary shares of 1 cent each

Total shares in issue

780	740	780	740
-----	-----	-----	-----

Shares in issue at beginning of year:

74 045 562 ordinary shares of 1 cent each (F2009: 74 045 562)

740	740	740	740
-----	-----	-----	-----

Ordinary shares issued in respect of share option*: 3 939 775 shares of 1 cent each (F2009: 0)

40	-	40	-
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Held as treasury shares by a subsidiary company: 2 419 981 shares of 1 cent each (F2009: 2 124 679)

(24)	(21)	-	-
756	719	780	740

Unissued ordinary shares are under the control of the directors in terms of a resolution of the members passed at the last annual general meeting. The authority remains in force until the next annual general meeting subject to the regulations of the JSE Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
10. Share premium	71 854	71 185	75 116	74 170
Balance at beginning of year	71 185	68 508	74 170	74 170
Shares issued in respect of share option*	946	-	946	-
Treasury shares	(277)	2 677	-	-
* Share options exercised in respect of the share incentive scheme. Refer page 28 for further details.				
11. Borrowings				
Non-current portion	7 114	10 601	5 184	8 363
Current portion	3 266	2 432	2 837	2 124
	10 380	13 033	8 021	10 487
11.1 ABSA Bank of South Africa (secured)	8 021	10 487	8 021	10 487
Less current portion	(2 837)	(2 031)	(2 837)	(2 124)
Non-current portion	5 184	8 456	5 184	8 363
The facility was arranged to fund capital expenditure and working capital requirements to support growth and research and development of products within the Group. The facility is secured over the shares acquired in the PDS Group. The loan accrues interest at an effective interest rate of 11% per annum, and instalments are payable monthly to the value of R300 000, payable over 60 months.				
11.2 ABSA Bank Limited Commercial property loan (secured)	1 986	2 173	-	-
Less current portion	(264)	(120)	-	-
Non-current portion	1 722	2 053	-	-
The loan was raised to purchase the property at 14 Richard Road, Industria, which houses the Group operations commencing February 2010. The loan is secured over the property. The facility accrues interest at an effective interest rate of 11.5% per annum and instalments are payable monthly to the value of R10 000, payable over 120 months.				
11.3 Stannic (secured)	-	10	-	-
Less current portion	-	(10)	-	-
Non-current portion	-	-	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Gillespie Diesel Services (Proprietary) Limited, and is payable in monthly instalments to the value of R3 359 with an interest rate of 13% per annum over a period of 36 months.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
11. Borrowings (continued)				
11.4 Stannic (secured)	-	13	-	-
Less current portion	-	(13)	-	-
Non-current portion	-	-	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R4 252 with an interest rate of 13% per annum over a period of 36 months.				
11.5 Stannic (secured)	-	59	-	-
Less current portion	-	(59)	-	-
Non-current portion	-	-	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R4 896 with an interest rate of 13% per annum over a period of 36 months.				
11.6 Stannic (secured)	-	82	-	-
Less current portion	-	(75)	-	-
Non-current portion	-	7	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R6 869 with an interest rate of 13% per annum over a period of 36 months.				
11.7 Stannic (secured)	20	71	-	-
Less current portion	(20)	(46)	-	-
Non-current portion	-	25	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited and is payable in monthly instalments to the value of R4 168 with an interest rate of 13% per annum over a period of 36 months.				
11.8 Stannic (secured)	23	72	-	-
Less current portion	(23)	(44)	-	-
Non-current portion	-	28	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) and is payable in monthly instalments to the value of R4 124 with an interest rate of 13% per annum over a period of 36 months.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
11. Borrowings (continued)				
11.9 Stannic (secured)	-	66	-	-
Less current portion	-	(34)	-	-
Non-current portion	-	32	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R4 896 with an interest rate of 13% per annum over a period of 36 months.				
11.10 Stannic (secured)	165	-	-	-
Less current portion	(61)	-	-	-
Non-current portion	104	-	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R4 222 with an interest rate of 10.5% per annum over a period of 36 months.				
11.11 Stannic (secured)	165	-	-	-
Less current portion	(61)	-	-	-
Non-current portion	104	-	-	-
The instalment sale agreement is secured by a cession on motor vehicles, held by The Standard Bank of South Africa Limited. The instalment sale agreement is for Power Development Services (Proprietary) Limited, and is payable in monthly instalments to the value of R4 221 with an interest rate of 10,5% per annum over a period of 36 months.				
Total book value of assets ceded in respect of instalment sale agreements	286	477	-	-
Total assets ceded in respect of commercial property loan	10 951	3 499	-	-
Borrowing powers				
The articles of Amecor and its subsidiary companies provide no limitation on the borrowings of the directors, accordingly the borrowings set out above comply with the Articles of Association of the respective companies.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
12. Trade and other payables				
Financial instruments				
Trade and other payables include:				
Trade payables	14 658	22 805	13	13
Vendor liabilities	-	-	6 028	6 028
Group loan accounts	-	-	4 434	5 671
	14 658	22 805	10 475	11 712
Non-financial instruments				
Other accruals	1 676	2 301	171	-
Leave pay accrual ¹	381	671	-	-
Accrual for bonuses ¹	342	205	-	-
Vat payable	1 003	956	-	-
	18 060	26 938	10 646	11 712
Trade payables consist of purchases from suppliers at terms; 30 days from statement date. Due to the short term nature of the Group's trade and other payables, the carrying amount approximates its fair value.				
Note 1: The entitlements accrued in respect of bonuses and leave pay for payment and settlement in December 2010.				
13. Turnover				
Local sales and services net of VAT	138 136	138 100	1 800	-
Sale of goods	122 623	122 718	-	-
Services rendered	15 513	15 382	1 800	-
Revenue				
Turnover	138 136	138 100	1 800	-
Other income	374	706	13	-
Dividends received	-	-	6 240	-
Interest received	1 396	1 653	-	668
Revenue	139 906	140 459	8 053	668

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
14. Operating profit/(loss)				
Includes:				
Auditors' remuneration	(909)	(789)	-	-
Amortisation of intangible assets	(844)	(403)	-	-
Depreciation	(1 552)	(1 948)	-	-
• Plant and equipment	(648)	(1 098)	-	-
• Motor vehicles	(554)	(538)	-	-
• Furniture and fittings	(77)	(78)	-	-
• Office equipment	(49)	(34)	-	-
• Computer equipment and software	(201)	(168)	-	-
• Leasehold improvements	(23)	(32)	-	-
Professional fees	(218)	(37)	-	-
Operating lease expenses - premises	(2 161)	(1 190)	-	-
Directors' and employee costs	(22 315)	(17 266)	-	-
• Salaries and wages attributable to cost of sales	(7 930)	(2 153)	-	-
• Operational salaries and wages	(10 658)	(11 438)	-	-
• Directors' remuneration	(3 894)	(2 543)	-	-
• Senior management's remuneration	(3 651)	(2 843)	-	-
• Post employment benefits - defined contribution	(296)	(195)	-	-
• Capitalised remuneration	4 114	1 906	-	-
15. Finance income				
Interest received - bank	1 396	1 653	-	668
16. Finance costs				
Interest paid - financial institutions	(1 431)	(1 282)	(1 141)	(1 091)
17. Income tax expense				
South African normal tax	(7 450)	(10 347)	-	-
Secondary tax on companies	(771)	-	-	-
Deferred tax	(2 108)	(353)	-	-
	(10 329)	(10 700)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
17. Taxation (continued)				
Reconciliation of rate of taxation:	%	%	%	%
Standard rate of Company taxation	28.00	28.00	28.00	28.00
Utilisation of assessed tax loss	(0.58)	(0.59)	(2.71)	(28.00)
Exempt income	-	-	(25.29)	-
Deductible expenses capitalised	(1.69)	(1.77)	-	-
Secondary tax on Companies	2.08	-	-	-
Effective tax rate	27.81	25.64	-	-

	Group	
	2010	2009
	R'000	R'000
18. Earnings per share		

Earnings per ordinary share is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year:

Earnings:		
Profit attributable to equity holders of Amecor	23 266	23 762
Headline earnings	23 266	23 762
Shares in issue		
Weighted average number of ordinary shares in issue (000's)	75 562	70 602
Earnings per share (cents)	30.8	33.7

Diluted earnings per share

Diluted earnings per share is calculated by dividing earnings attributable to ordinary equity holders of the Company by the diluted average number of ordinary shares in issue

Diluted weighted average number of shares in issue (000's)	75 562	74 542
Diluted earnings per share (cents)	30.8	31.9

Headline earnings per share

Headline earnings per ordinary share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year:

Weighted average number of ordinary shares in issue (000's)	75 562	70 602
Headline earnings per share (cents)	30.8	33.7

Diluted headline earnings per share

Diluted headline earnings per share is calculated by dividing headline earnings attributable to ordinary equity holders of the Company by the diluted average number of ordinary shares in issue

Diluted weighted average number of shares in issue (000's)	75 562	74 542
Diluted headline earnings per share (cents)	30.8	31.9

The dilution of earnings per share and headline earnings per share resulted from the issue of new shares in respect of the share options as disclosed on page 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group	
	F2011 R'000	F2010 R'000
19. Dividends declared		
Dividends paid to equity holders of Amecor	6 238	6 240
Dividends paid by PDS Group to non-controlling shareholders	1 073	1 474
	7 311	7 714
Secondary tax on companies paid to SARS	624	771

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
20. Notes to the cash flow statement				
20.1 Cash generated by operations				
Profit/(loss) before taxation	37 146	40 357	6 910	(474)
Depreciation and amortisation	2 396	2 351	-	-
Dividends received	-	-	(6 240)	-
Net interest paid/(received)	35	(371)	1 141	423
Profit before working capital changes	39 577	42 337	1 811	(51)
Working capital changes	1 407	(19 764)	169	2 501
Decrease/(increase) in inventories	3 328	(9 970)	-	-
Decrease/(increase) in receivables	6 958	(13 238)	(2)	2 501
(Decrease)/increase in payables	(8 879)	3 444	171	-
	40 984	22 573	1 980	2 450
20.2 Taxation paid				
Charge per statement of comprehensive income	(10 329)	(10 700)	-	-
Adjustment for deferred tax	1 362	353	-	-
Tax balances acquired	-	(1 389)	-	-
Movement in taxation balance	793	377	-	-
	(8 174)	(11 359)	-	-
20.3 Dividends paid				
Dividends	(7 714)	-	(6 240)	-
20.4 Interest bearing borrowings				
Opening balance	(13 033)	-	(10 487)	-
Borrowings acquired	-	(2 509)	-	-
Closing balance	10 380	13 033	8 021	10 487
	(2 653)	10 524	(2 466)	10 487

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group	
	2010 R'000	2009 R'000
21. Net asset value per share		
Ordinary share capital and reserves (R'000)	135 283	115 474
Total number of shares in issue (net of treasury shares 2 419 981, F2009: 2 124 679) (000's)	75 565	71 921
Net asset value per share (cents)	179.0	160.6
Intangible assets including goodwill (R'000)	(65 555)	(61 759)
Tangible net asset value ("TNAV") (R'000)	69 728	53 715
TNAV per share (cents)	92.3	74.7

22. Related party transactions

Related parties are those that control or have a significant influence over the Group (including holding companies, major investors and key management personnel) and parties that are controlled or significantly influenced by the Group (including subsidiaries), and external entities in which the directors (at both holding and subsidiary company level) have a controlling interest.

Amecor has no holding company, nor is there a major shareholder that has a significant influence over the Group. Group companies have entered into transactions in the ordinary course of business with certain financial institutions that are also shareholders, or affiliates. In the main, these transactions relate to property leases and financial services - banking. All such transactions have been conducted under terms that are consistent with those entered into with third parties.

22.1 Transactions with Group entities

The Company and its subsidiaries do have dealings with each other but these are eliminated on consolidation.

Members of key management

Key management details are listed on pages 27 and 28 of this report.

Purchases between subsidiary companies

Purchases from related parties are consistent with those prices and terms entered into with third parties.

Management fees

Management fees were paid for services rendered in the areas of administration and technical advice, based on the apportioned time spent.

Operating lease

A lease agreement was entered into between Amecor Property Developments and FSK Electronics SA in respect of premises. The contract is for a period of 5 years, commencing 1 April 2009, with an option to renew for a further 3 years.

	13 750	7 630
	9 680	9 493
	619	-

Other related parties

Whirlprops 35 (Proprietary) Limited and Tisec Management Services (Proprietary) Limited entered into a lease agreement for a section of Resource House, situated at 7 Spring Street, Rivonia. The lease expires March 2011. HS Courtney is a director of both parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Group			
	2010 R'000	2009 R'000		
22.2 Rental contracts with related parties				
Market related rentals and fees are paid to property owning and administration companies of which directors of Amecor and FSK are directors and shareholders.	838	628		
22.3 Sales to related parties				
Gioberti Investments 1 (Proprietary) Limited, a private company owned by a non-executive director, Mochele Noge, entered into a product off-take arrangement with a Group subsidiary. This specific contract afforded the Group the opportunity to participate in procuring and supplying a wider range of security related products to the market and was conducted at market related prices.	-	9 771		
Other than as disclosed above there were no significant transactions with related parties.				
Terms of all related party transactions, with the exception of inter-company Group loans, are payable upon presentation of invoice. Only group loans remain outstanding at the date of this report.				
23. Commitments				
Operating lease commitments				
Lease charges paid	2 161	1 190		
	Total R'000	<1 year R'000	2-5 years R'000	>5 years R'000
Loan facility	8 021	2 837	5 184	-
Instalment sale commitments	372	164	208	-
Commercial property loan	2 030	264	1 766	-
Group property rentals	1 341	1 071	270	-
Tisec Management Services has an option to renew the property lease agreement with Whirlprops 35 (Proprietary) Limited for a further 5 years upon expiration of the agreement at March 2011.				
Capital commitments		Contracted for F2010 R'000	Not contracted for F2010 R'000	
Research and development		2 000	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

24. Risk management

Financial risk management aims to limit market risks through ongoing operational and finance activities. The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company identifies, evaluates and hedges financial risks through monthly management meetings with the Group's operating units.

24.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt which includes borrowings as disclosed in note 11, cash and cash equivalents and equity holders of the holding company, comprising issued capital, reserves and retained earnings as disclosed in the notes respectively.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No policy changes have been implemented in the year under review.

24.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying businesses, the treasury maintains positive cash flows.

The Group's risk to liquidity is the possibility that funds will not be available to cover future commitments. The Group manages liquidity risk through the ongoing review of future cash flow requirements and maintaining adequate overdraft and borrowing facilities.

Cash flow forecasts are prepared monthly for review.

	Weighted average interest rate	< 1 year R000's	1 - 5 years R000's	5+ years R000's	Total R000's
Liability repayments					
2010					
Borrowings	13%	(3 266)	(7 114)	-	(10 380)
Bank overdraft	11%	(48)	-	-	(48)
Trade and other payables	-	(14 658)	-	-	(14 658)
2009					
Borrowings	13%	(2 432)	(9 401)	(1 200)	(13 033)
Trade and other payables	-	(22 805)	-	-	(22 805)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

24. Risk management (continued)

24.3 Interest rate risk

The Group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing, short- and long-term liabilities.

The interest rate sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 50 basis point (2009: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2010 would (decrease)/increase by (R64 100)/R82 700 [2009: (R35 000)/R69 950] before tax. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

24.4 Credit risk management

Credit risk management policy is set on a Group basis, whilst the management of this risk is monitored at Group and subsidiary level. Credit risk exposure arises mainly from the possibility that parties holding cash deposits, cash equivalents and trade receivables will not meet their commitments to the Group. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. At the reporting date there were no financial guarantees for third party obligations that increase credit risk.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Renegotiated debtors are treated as a charge in estimate from the date that the renegotiation is finalised.

The Group does not have any significant credit risk exposure to any single counterparty. Credit quality of the financial assets are disclosed in note 7.

	Group	
	2010 R'000	2009 R'000
Trade receivables	8 676	2 171

The debtors included in the above balance have had their terms reviewed and renegotiated their payment plans; these would have otherwise been considered past due. At the date of this report the majority of the debts had been repaid in full.

24.5 Foreign currency risk management

Currency risk arises from future commercial transactions and recognised assets and liabilities in currencies other than the functional currency (South African Rand). The foreign currency traded in is US Dollars and Hong Kong Dollars.

The Group conducts certain transactions in various currencies. As a result it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates they are consummated (cash receipts and cash disbursements in foreign currencies).

The Group does not enter into forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

24.6 Fair value of financial instruments

The fair values of all financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Group	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	R'000	R'000	R'000	R'000
Cash and cash equivalents	26 893	26 893	16 711	16 711
Loans receivable	116	116	26	26
Trade receivables	37 628	37 628	45 346	45 346
Sundry Debtors	603	603	441	441
Interest bearing borrowings	(10 380)	(10 380)	(13 033)	(13 033)
Trade and other payables	(14 658)	(14 658)	(22 805)	(22 805)
Bank overdraft	(48)	(48)	-	-

25. Employee benefits

All South African resident permanent employees are eligible to join the Biz Afrika Retirement Fund after one completed year of service. During the current year a total of R 0.2 million (F2009: R0.1 million) was contributed towards the fund and charged against operating profit.

26. Amecor share options

At present, there is no share option scheme for employees' and directors. The Group is in the process of finalising a new scheme in compliance with the JSE Listings Requirements (Schedule 14).

27. PDS Group acquisition finalised in F2009

The Company acquired a majority shareholding in the companies listed below. The conditions precedent were finalised on 1 July 2008 and effective control and consolidation commenced on the same date. The purchase consideration was discharged on 29 August 2008.

The transaction is summarised as follows:

Power Development Services ("PDS")

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

Durapower Manufacturing ("DM")

Import components, assemble, distribute and sell UPS systems and associated standby power equipment.

Gillespie Diesel Services ("GDS")

Assemble, distribute and sell diesel generators.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

27. PDS Group acquisition finalised F2009 (continued)

Share based payment

The total number of shares to be issued was determined by using the 30-day weighted average trading price of the Amecor share, calculated upon all conditions being met. The transaction was finalised on 1 July 2008.

Goodwill

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.

Categorisation of the transaction

This is a Category 2 transaction as defined in Section 9.5(a) of the Listings Requirements of the JSE Limited ("Listings Requirements"). The companies acquired have amended their articles to conform to Schedule 10 of the Listings Requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Power Development Services (Proprietary) Limited R000's	Durapower Manufacturing (Proprietary) Limited R000's	Gillespie Diesel Services (Proprietary) Limited R000's	Total R000's
Assets and liabilities acquired				
Assets	19 187	4 228	13 214	36 629
Property, plant and equipment	1 028	19	474	1 521
Cash acquired	1 560	(1 152)	295	703
Inventories	1 914	2 083	3 608	7 605
Accounts receivable	13 139	3 279	8 837	25 255
Loans receivable	1 484	(1)	-	1 483
Taxation	62	-	-	62
Liabilities	10 952	1 750	9 651	22 353
Trade and other payables	8 677	1 683	8 071	18 431
Instalment sales	113	-	36	149
Deferred taxation	22	3	-	25
Shareholder loans	1 414	21	924	2 359
Taxation	726	43	620	1 389
Net asset value	8 235	2 478	3 563	14 276
% shareholding acquired	50.2%	50.3%	50.1%	50.1%
Shareholding value	4 125	1 241	1 785	7 151
Goodwill	4 925	1 482	2 132	8 539
Total consideration payable	9 050	2 723	3 917	15 690
Purchase consideration payable as follows:				15 690
Cash	7 240	2 179	3 133	12 552
Amecor shares (R000's)	1 810	544	784	3 138
Costs attributable to the acquisition:	765	230	331	1 326
Total cost of investment	9 815	2 953	4 248	17 016
Profit since acquisition (100%)	3 697	1 516	6 614	11 827
Profit attributable to Amecor shareholders	1 841	753	3 301	5 895
Profit if acquisition had occurred at beginning of year	3 717	1 309	6 446	11 472
Turnover if acquisition had occurred at beginning of year	38 050	9 995	35 918	83 963

SEGMENTAL ANALYSIS

The Group's business segments and segmental information presented represent the operating segments in which the Group manages its business. This 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.

The segmental analysis as detailed below differs from that reported for the previous period. The layout as presented below reflects the group as reported each month at management meetings. Segment information reported is analysed on the basis of types of goods and services provided by the Group's operating divisions, as follows:

Production and sales:	Security and related production and sales	Manufacture, sell and distribute electronic equipment.
	Supply and maintenance of alternative power sources	Assemble, distribute and sell UPS systems and generators, along with maintenance service.
	Network and annuity income	Owns, installs manages and maintains all the equipment used on the radio and GSM networks, creating monthly annuity income in the form of licence fees.
Corporate head office and other:	Administration and financing services	The corporate head office is responsible for the Group's strategy, risk management, accounting and administration.

	31 March 2010 R'000	31 March 2009 R'000
Segment turnover		
Production and sales	125 142	122 718
Security and related production and sales	41 983	42 380
Supply and maintenance of alternative power sources	83 159	80 338
Network and annuity income	15 513	13 235
Corporate head office and other	20 912	19 270
Consolidation adjustments	(23 431)	(17 123)
Total turnover	138 136	138 100
Comprehensive income		
Production and sales	16 433	20 461
Security and related production and sales	9 305	8 634
Supply and maintenance of alternative power sources	7 128	11 827
Network and annuity income	8 418	7 043
Corporate head office and other	3 039	329
Consolidation adjustments	(1 073)	1 824
Total comprehensive income	26 817	29 657
Comprehensive income attributable to non-controlling shareholders		
Supply and maintenance of alternative power sources	3 551	5 895
Assets		
Production and sales	100 976	93 141
Security and related production and sales	53 847	44 568
Supply and maintenance of alternative power sources	47 129	48 573
Network and annuity income	22 914	16 657
Corporate head office and other	107 050	96 974
Consolidation adjustments	(62 604)	(48 679)
Total assets	168 336	158 093
Liabilities		
Production and sales	(35 627)	(39 270)
Security and related production and sales	(18 947)	(16 356)
Supply and maintenance of alternative power sources	(16 680)	(22 914)
Network and annuity income	(352)	(338)
Corporate head office and other	(55 666)	(49 616)
Consolidation adjustments	58 592	46 605
Total liabilities	(33 053)	(42 619)
Segment depreciation and amortisation		
Production and sales	(2 110)	(2 092)
Security and related production and sales	(1 482)	(1 430)
Supply and maintenance of alternative power sources	(628)	(662)
Network and annuity income	(121)	(147)
Corporate head office and other	(166)	(112)
Total depreciation and amortisation	(2 397)	(2 351)
Net finance income/(expense)		
Production and sales	484	(295)
Security and related production and sales	136	252
Supply and maintenance of alternative power sources	348	(547)
Network and annuity income	670	899
Corporate head office and other	(1 188)	(233)
Total finance income/(expense)	(34)	371

ANNEXURE A SUBSIDIARY COMPANIES

Name and registration number	Place of incorporation and length of time during which business has been carried out	Issued ordinary share capital	Main business	Date of becoming a subsidiary
Tisec Management Services (Proprietary) Limited 1998/005952/07	South Africa 11 years	100 shares of R1 each	Financial and administration services	1999
Amecon Power Services (Proprietary) Limited 1998/002832/07	South Africa 11 years	100 shares of R1 each	Project management	2008
Amecon Developments (Proprietary) Limited 1998/005800/07	South Africa 4 years	100 shares of R1 each	Dormant	2007
FSK Electronics (SA) (Proprietary) Limited 2001/017276/07	South Africa 9 years	100 shares of R1 each	Manufacture and sales of electronic equipment predominantly to the security industry	2005
Sabre Radio Networks (Proprietary) Limited 2002/012710/07	South Africa 8 years	1 000 shares of R1 each	Install, manage and maintain all equipment and licences used on radio and GSM ICASA frequencies	2005
Greater Gauteng Alarm Networks (Proprietary) Limited 2000/023652/07	South Africa 10 years	1 000 shares of R1 each	Dormant	2005
Amecon Property Developments (Proprietary) Limited 2005/029607/07	South Africa 6 years	100 shares of R1 each	Property investment company	2005
Sabre Networks (Proprietary) Limited 2001/003322/07	South Africa 9 years	100 shares of R1 each	Dormant	2005
Amecon Powerstar (Proprietary) Limited (Formerly Biz Afrika 327 (Proprietary) Limited) 1999/010246/07	South Africa 11 years	100 shares of R1 each	Financial and administration services	2005
Power Development Services (Proprietary) Limited 1998/009685/07	South Africa 11 years	1 000 shares of R1 each	Sales and maintenance of alternative power solutions	2008
Gillespie Development Services (Proprietary) Limited 2008/015762/07	South Africa 5 years	1 000 shares of R1 each	Manufacturing and development of alternative power solutions	2008
Durapower Manufacturing (Proprietary) Limited 1996/015696/07	South Africa 13 years	1 000 shares of R1 each	Assembling and sales of alternative power solutions	2008

Aggregated profit or loss of subsidiary companies R23.8 million (2009: R22.4 million)

ANNEXURE B SHAREHOLDER ANALYSIS

Detailed below is an analysis of the distribution and ownership of the Company's issued share capital as at 31 March 2010 showing the number of shareholders, the shareholder spread, and major shareholders - defined as those holding more than 5 percent of the issued capital:

	No. of shares
Shares held externally as at 31 March 2010	75 565 356
Treasury shares	2 419 981
Balance per the share register as at 31 March 2010	77 985 337

Shareholders diary

Financial year end	31 March 2010
Annual general meeting	19 November 2010
Interim financial results (on or about)	9 November 2010

Analysis of ordinary shareholders

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued shares
1-500	559	52.00	41 436	0.05
501-1 000	58	5.39	51 102	0.07
1 001-5 000	171	15.91	558 468	0.72
5 001-10 000	95	8.84	784 116	1.01
10 001-50 000	121	11.26	2 889 363	3.70
50 001-100 000	27	2.51	1 976 471	2.53
100 001 shares and over	44	4.09	71 684 381	91.92
	1075	100.00	77 985 337	100.00
Category				
Private and public companies	24	6.09	7 709 494	9.89
Individuals	365	92.64	21 120 655	27.08
CSD	1	0.25	46 963 525	60.22
Nominee companies or trusts	4	1.02	2 191 663	2.81
	394	100.00	77 985 337	100.00

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Public	1 010	93.96	32 661 932	41.88
Non-public	65	6.04	45 323 405	58.12
Directors of the company and its subsidiaries	14	1.30	23 383 315	29.98
Treasury shares held by subsidiary	3	0.28	2 135 129	2.74
Senior management and employees	47	4.37	3 559 961	4.56
Shareholders with an interest of 10% or more in the company	1	0.09	16 245 000	20.83
	1 075	100.00	77 985 337	100.00
Major shareholders			Number of shares	% of issued shares
Shareholders with a beneficial interest in excess of 5%				
RJ van der Merwe			16 245 000	20.83
SIS Segantersettle AG			7 250 000	9.30
Tantallum fund En Commandite Par			5 205 249	6.67
			28 700 249	36.80

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Amalgamated Electronic Corporation Limited ("Amecor") will be held at Sasfin Capital, 29 Scott Street, Waverley, Johannesburg, on Friday 19 November 2010 at 09:30 to consider the following business:

Ordinary resolutions**1. Approval of the financial statements**

To receive and adopt the financial statements of Amecor for the year ended 31 March 2010.

2. Directors' remuneration paid

To confirm the directors' remuneration as detailed in the remuneration section of the Corporate Governance report in the annual report of Amecor for the year ended 31 March 2010.

3. Ratification of actions of board of directors

To ratify and confirm the actions of all persons who held office as members of the Board of directors of Amecor during the year ended 31 March 2010 in so far as such actions had any bearing on the affairs of Amecor.

4. Re-election of directors

To re-elect Keith Vieira as an executive director of Amalgamated Electronic Corporation Limited in accordance with the provisions of the Articles of Association of Amalgamated Electronic Corporation Limited.

5. Reappointment and remuneration of auditors

To reappoint Mazars as auditors and Mark Snow as the individual designated auditor of the company until the following annual general meeting, and to authorise the directors to determine their remuneration for the past year.

6. Placing authorised but unissued share capital under the control of the directors

Resolved that the unissued ordinary shares in the capital of the Company be and are hereby placed under the control of the directors until the next annual general meeting and that they are hereby authorised to issue any such shares as they may deem fit in accordance with the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company, and the Listings Requirements of the JSE Limited ("JSE")."

7. General authority to issue shares for cash

Resolved that, subject to not less than 75% of those shareholders of the Company present in person or represented by proxy and entitled to vote at the annual general meeting at which this resolution is proposed, voting in favour of this

resolution, the directors of the Company be and are hereby authorised and empowered, by way of a general authority, to allot and issue shares for cash without restriction, all or any of the authorised but unissued shares in the share capital of the Company placed under their control as they in their discretion may deem fit, subject to the provisions of the JSE Listings Requirements:

- the authority shall be valid until the date of the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from date of passing this resolution;
- a paid press announcement giving full details, including the impact on the net asset value, net tangible asset value, headline earnings and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the general issues of shares for cash in the aggregate in any one financial year may not exceed 15% of the applicant's issued share capital of that class. The securities of a particular class will be aggregated with the securities that are compulsory convertible into securities of that class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of the application;
- in determining the price at which the issue will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30-day trading days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the applicant's securities have not traded in such 30-business day period;
- any issue will only be made to "public shareholders" as defined by the JSE Listing Requirements, and not related parties; and
- any such issue will only be securities of a class already in issue.

8. Special resolution number 1**General authority to repurchase shares**

To consider and, if deemed fit, to pass with or without modification, the following special resolution:

"Resolved that the Company hereby approves, as a general approval contemplated in sections 85 and 89 of the Companies Act, No. 61 of 1973 (as amended) ("the Act"), the repurchase by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the articles of association of the Company, the provisions of the Act and the JSE Listing Requirements as presently constituted and which may be amended from time to time, and provided that:

- any such repurchase of shares shall be affected through the order book operated by the JSE trading system or other manner approved by the JSE and done without prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution;
- a paid press announcement containing full details of the repurchases will be published as soon as the Company and/or its subsidiaries has/have repurchased shares constituting, on a cumulative basis, 3% of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the Company acquires a further 3% of such share thereafter;
- repurchases by the Company and its subsidiaries of shares in the share capital of the Company may not, in aggregate, exceed in any one financial year 20% (or 10% where such repurchases relate to the repurchase by a subsidiary) of the Company's issued share capital of the class of shares repurchased from the date of the grant of this general authority;
- at any point in time, the Company will only appoint one agent to affect any repurchase(s) on its behalf;
- in determining the price at which the Company's shares

are repurchased by the Company or its subsidiaries in terms of this general authority, the maximum price at which such shares may be repurchased may not be greater than 10% above the weighted average of the market price at which such shares are traded on the JSE, as determined over the five business days immediately preceding the date of the repurchase of such shares by the Company or its subsidiaries; and

- the Company may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details are disclosed in an announcement over SENS prior to the commencement of the prohibited period.

Reason and effect

The reason for this special resolution is to grant the Company a general authority in terms of the Act for the repurchase by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not exceed beyond fifteen months from the date of this annual general meeting. The effect of the special resolution will be to reduce the number of shares in issue. In terms of the JSE Listings Requirements any general repurchase by the Company must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted.

Statement by the board of directors of the company

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby state that:

- the intention of the directors of the Company is to utilise the general authority to repurchase shares in the Company if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interest of the Company;

NOTICE OF THE ANNUAL GENERAL MEETING

NOTES OF THE ANNUAL GENERAL MEETING

• In determining the method by which the Company intends to repurchase its shares, the maximum number of shares to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make the repurchase if they are of the opinion that:

- the Company and its subsidiaries will, after the repurchase of the shares, be able to pay their debts as they become due in the ordinary course of the business for the next twelve months;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with IFRS and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next twelve months after the date of this notice of the annual general meeting;
- the issued share capital and reserves of the Company and its subsidiaries will, after the repurchase of the shares, be adequate for ordinary business purposes of the Company or any acquiring subsidiary for the next twelve months;
- the working capital available to the Company and its or any acquiring subsidiaries will, after the repurchase, be sufficient for ordinary business requirements for the next twelve months;
- The Company may not enter the market to proceed with the repurchase until the Company's Sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE as required in terms of schedule 25 of the JSE Listings Requirements.

The JSE Listings Requirements require the following disclosure, some of which is stated elsewhere in the annual report to which this notice forms part:

- general information in respect of directors and management (pages 13–18), major shareholders (page 70), directors' interests in securities (page 29) and the share capital of the Company (page 29);
- there has been no material change to the financial or trading position of the Company since the signature of the audit report and up to the date of this notice;
- the Company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the Company is aware that may have or have had in the previous 12 months, a material effect on the Group's financial position; and
- the directors, whose names are given on page 27 of the annual report to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have

been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all the information required by law and the JSE Listings Requirements.

9. To transact such other business as may be transacted at an annual general meeting.

All shareholders are entitled to attend, speak and vote at the general meeting and to appoint one or more proxies to attend, speak and vote or abstain in their stead. A proxy need not be a member of the Company. On a show of hands, every member who is present in person or by proxy shall have one vote, and, on a poll, every member present or by proxy shall have one vote for each share held by him/her.

Voting and proxies

A form of proxy which sets out the relevant instructions for its completion is attached for the use of certificated and dematerialised own name registered members who cannot attend the annual general meeting, but who wish to be represented thereat. Any certificated or dematerialised own name registered member who completes and lodges a form of proxy will not be precluded from attending the annual general meeting, speaking and voting there at.

Shareholders are entitled to attend and vote at the annual general meeting or appoint a proxy to attend and speak and on a poll, to vote in their stead. A proxy need not be a member of the Company. A shareholder having duly appointed a proxy, may still attend the meeting and vote to the exclusion of the proxy.

In order to be valid, duly completed proxy forms must be received by the Company's transfer secretaries, Link Market Services (Pty) Ltd, 11 Diagonal Street, Johannesburg 2001 (P.O. Box 4844 Johannesburg 2000) by no later than 09:30 on Wednesday, 17 November 2010.

Dematerialised shareholders, other than own name dematerialised shareholders who wish to attend the annual general meeting must request their Central Securities Depository Participant (CSDP) or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and the CSDP.

Equity securities held by share trust or scheme will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Share held as treasury shares may not vote.

By order of the Board
KA Colley
Secretary
13 September 2010
Rivonia

PROXY FORM

Amalgamated Electronic Corporation Limited
("Amecor" or "the Company")
(Incorporated in the Republic of South Africa)
(Registration no. 1997/010036/06)
Shares Code: AER ISIN: ZAE 000070587

FORM OF PROXY - for use by certificated and own name dematerialised shareholders only

For use by Amecor shareholders at the Annual General Meeting of Amecor, Sasfin, Sasfin Place, 29 Scott Street, Waverley, on Friday, 19 November 2010 at 09H30 ("the annual general meeting of shareholders").

I/We (PRINT NAME IN FULL) _____

Of (address) _____

Telephone work () _____ Telephone home () _____

Being the holder/s or custodians of _____ shares in the company, hereby appoint (see note 1 overleaf)

1. _____ or failing him/her;
2. _____ or failing him/her;
3. the chairperson of the annual general meeting of shareholders for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolution and/or abstain from voting in respect of the Amecor shares registered in my/our name (see note 2 overleaf) as follows:

Resolution	For	Against	Abstain
1. To receive and consider the annual financial statements of Amecor for the year ended 31 March 2010			
2. To approve the Directors' remuneration for the year ended 31 March 2010			
3. Ratification of actions of the Board of Directors			
4. Re-elect directors • K Vieira			
5. Reappointment and remuneration of Independent Auditors			
6. Ordinary resolution number 1 - to place unissued shares under the control of the Directors			
7. Ordinary resolution number 1 - allot and issue shares for cash			
8. Special resolution number 1 - general authority to repurchase ordinary shares			

(Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast.)

If no instructions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit.

Signed at _____ on this day _____ 2010

Signature _____

Assisted by me (where applicable) _____

PLEASE READ NOTE ON THE REVERSE SIDE HEREOF

NOTES

1. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholders' choice in the space/s provided, with, or without deleting "the chairperson of the annual general meeting of shareholders" but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholders' instructions to the proxy must be indicated by the insertion of the relevant number of exercisable shares by that ordinary shareholder in the appropriate box/es provided. So as to provide for voting on a show of hands or on a poll, as the case may be, shareholders are requested to complete the form of proxy by stating the number of shares held by them. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting of shareholders as he/she deems fit in respect of all the shareholders' votes exercisable thereat. A shareholder or proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must be lodged with, posted or faxed to Link Market Services South Africa Proprietary Limited, 11 Diagonal Street, Johannesburg, 2001 (P.O. Box 4844 Johannesburg 2000) so as to reach the transfer secretaries not less than 48 hours, by no later than 09:00 on 17 November 2010.
4. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Amecor) to attend, speak and vote in place of that shareholder at the annual general meeting of shareholders.
5. Amecor shareholders who have already dematerialised their ordinary shares through CSDP or broker, other than with own-name registration, must not complete this form of proxy and must provide their CSDP or broker with their voting instructions.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the Annual General Meeting
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
10. The chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the member wishes to vote.

ADMINISTRATIVE INFORMATION

Directors

Stephen Courtney	(Non-executive chairman)
Dereck Alexander	(Executive director)
Kerry Colley	(Financial director and company secretary)
Mochele Noge	(Independent non-executive director)
Keith Vieira	(Executive director)

Company Secretary and Registered Office

Kerry Colley
2nd Floor
Mazars House
5 St David's Place
Parktown, 2193
(PO Box 1962, Rivonia, 2128)

Business Address

Resource House
Three Seasons Office Park
7 Spring Street
Rivonia 2196
(P.O. Box 1962, Rivonia, 2128)

Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Sponsor

Sasfin Capital
A division of Sasfin Limited
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
(PO Box 95104, Grant Park, 2051)

Auditors

Mazars
2nd Floor Mazars House
5 St Davids' Place
Parktown, 2193
Johannesburg
(PO Box 6697, Johannesburg, 2000)

Legal Advisers and Attorneys

HR Levin Attorneys Notaries and Conveyancers
(Practise number M2841)
Kentgate
64 Kent Road
Dunkeld, Johannesburg, 2196
(PO Box 52235, Saxonworld, 2132)

Commercial Banker

Standard Bank of South Africa Limited
Sandton Commercial Suite
Sandown
Sandton, 2196