



## AMALGAMATED ELECTRONIC CORPORATION LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 1997/002405/06)  
Share code: AER ISIN: ZAE000070587  
("Amecor", "the Group" or "the Company")

# UNAUDITED RESULTS

## FOR THE SIX MONTHS ENDED

### 30 SEPTEMBER 2009

- Revenue increased by 21,6%
- Profit attributable to Amecor shareholders increased by 24,4%
- Cash and cash equivalents increased by R6,8 million, 52,5%
- Earnings per share increased by 15,5%
- Tangible net asset value per share increased by 28,5%

#### FINANCIAL HIGHLIGHTS

	Six months ended		%
	30 September 2009	30 September 2008	
<b>Revenue</b>	<b>67 389</b>	<b>55 421</b>	<b>21,6</b>
EBITDA	20 112	16 329	23,2
Profit attributable to Amecor shareholders	12 224	9 823	24,4
Cash and cash equivalents	19 782	12 975	52,5
Earnings per share (cents)	16,2	14,0	15,5
Net asset value per share (cents)	164,4	140,5	17,0
Tangible net asset value per share (cents)	80,3	62,5	28,5

#### GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited	
	Six months ended	Six months ended	Twelve months ended	Twelve months ended
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Revenue</b>	<b>67 389</b>	<b>55 421</b>	<b>140 459</b>	<b>140 459</b>
EBITDA	20 112	16 329	42 337	42 337
Depreciation and amortisation	(1 186)	(583)	(2 351)	(2 351)
Net financing costs	(254)	688	371	371
<b>Profit before taxation</b>	<b>18 672</b>	<b>16 434</b>	<b>40 357</b>	<b>40 357</b>
Taxation	(4 695)	(4 329)	(10 700)	(10 700)
<b>Profit and total comprehensive income for the period</b>	<b>13 977</b>	<b>12 105</b>	<b>29 657</b>	<b>29 657</b>
Attributable to: Ordinary shareholders of Amecor	12 224	9 823	23 762	23 762
Minority interest	1 753	2 282	5 895	5 895
Minority interest	13 977	12 105	29 657	29 657
Earnings per share (cents)	3	16,2	14,0	33,7
Diluted earnings per share (cents)	3	16,2	14,0	31,9

#### GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited		Audited	
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Non-current assets</b>	<b>72 545</b>	<b>60 895</b>	<b>69 941</b>	<b>69 941</b>
Property, plant and equipment	8 246	4 518	7 183	7 183
Intangible assets	9 473	6 381	7 725	7 725
Goodwill	54 034	49 517	54 034	54 034
Deferred tax	792	479	999	999
<b>Current assets</b>	<b>83 112</b>	<b>65 136</b>	<b>88 152</b>	<b>88 152</b>
Inventories	21 070	18 938	22 952	22 952
Cash resources	19 782	12 975	16 711	16 711
Receivables and other current assets	39 459	32 470	46 030	46 030

#### MANAGEMENT COMMENTARY

Amalgamated Electronic Corporation ("Amecor") is the holding company of a number of synergistic subsidiary businesses, providing electronic security equipment and alternate power solutions.

The core divisions of the Group comprise of electronic security equipment, transmission networks, both radio frequency ("RF") and General Packet Radio Service ("GPRS"), power generation through generators and uninterrupted power supply ("UPS") devices, and a research and development team who continue to uphold our robust reputation of *Innovation through Technology*. We continually strive to keep abreast of international technology developments.

Amecor's principal products and services include:

- Electronic security based products essential for the transmitting and receiving of alarm signals;
- National licensed radio network: creating bandwidth for the transmission and receipt of security based signals;
- Alternative power solutions: generators, inverters, UPS systems designed and assembled for individual customers' needs; and
- Ongoing research and development into new product offerings as well as existing product upgrades.

#### FINANCIAL REVIEW

The board of directors is pleased to report earnings and headline earnings for the six months ended 30 September 2009 of 16,2 cents per share (2008: 14,0 cents), an increase of 15,5% on the comparative period. Revenue increased by 21,6% to R67,4 million (R55,4 million) and profit attributable to Amecor shareholders increased by 24,4% to R12,2 million (R9,8 million) compared to the previous corresponding period. The analysis of turnover and profit before tax on a segmental basis is detailed herein.

Capital expenditure of R4,0 million was incurred in the period under review, as follows:

Research and Development	R2,1 million
Assets acquired	R1,9 million

#### OPERATIONAL REVIEW

**FSK Electronics ("FSK")**  
FSK manufactures an extensive range of security related electronic equipment, which enables an alarm transmission via RF and/or Global Systems for Mobile Communication ("GSM") to be signaled from an industrial, commercial or domestic site, to a security control room, where a reaction team is dispatched. FSK's array of RF and GSM based products enable operational functionality of security equipment, providing the primary link between a secured site and security response teams. Products include transmitters, base stations, repeaters, guard monitoring units and remotes amongst others, which are adaptable to any site requiring security.

FSK remains profitable. The continuous development of new FSK products in 2009, has allowed FSK to branch into other avenues of the security industry, where the procurement of complimentary products has added to the diversity and adaptability of the enhanced FSK product range. The product range has been extended by a total of four completed products, and continues to grow with the Research and Development division team's relentless devotion to innovation and technology.

#### Sabre Radio Networks ("Sabre")

Sabre has contributed to its client base as its continuous growth and recurring annuity income has served the Group well. Sabre will, as new products and emerging clients continue to expand the network use, steadily increase, as previously demonstrated.

Sabre owns, installs, manages and maintains all the equipment used on the RF networks. These networks enable the sending and receiving of data signals to and from secured sites and security control rooms. Sabre's networks are situated throughout all major centres in South Africa, permitting national coverage, with real time monitoring of sites from anywhere in the country.

In addition to the radio network, Sabre provides a GSM private Access Point Name ("APN") and servers for the routing of alarm information via the GSM network. The GSM network allows for national routing of alarm signals, along with a high speed back-up to the radio networks. Consequently, the network transmits signals using the two mediums of RF and GPRS mobile technology. This dual medium ensures instantaneous transmission of data via routing equipment which automatically selects the most effective path for signals.

#### PPS Group

2. **Earnings per share ("EPS")**  
EPS is based on the Group's profit for the six month period ended 30 September 2009, divided by the weighted average number of shares in issue during the six-month period.

	Unaudited		Audited	
	Six months ended	Six months ended	Twelve months ended	Twelve months ended
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Basis for calculation of basic earnings per share</b>	<b>12 224</b>	<b>9 823</b>	<b>23 762</b>	<b>23 762</b>
Earnings attributable to Amecor shareholders	75 572	70 096	70 602	70 602
Weighted average number of shares in issue (000's)	16,2	14,0	33,7	33,7
<b>Basis for calculation of diluted earnings per share</b>	<b>12 224</b>	<b>9 823</b>	<b>23 762</b>	<b>23 762</b>
Earnings attributable to Amecor shareholders	75 572	70 096	74 542	74 542
Weighted average number of shares in issue (000's)	16,2	14,0	31,9	31,9
<b>Basis for calculation of headline earnings per share</b>	<b>12 224</b>	<b>9 823</b>	<b>23 762</b>	<b>23 762</b>
Headline earnings attributable to Amecor shareholders	75 572	70 096	74 542	74 542
Weighted average number of shares in issue (000's)	16,2	14,0	31,9	31,9

	Unaudited		Audited	
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Net asset value ("NAV") per share</b>	<b>124 210</b>	<b>100 713</b>	<b>115 474</b>	<b>115 474</b>
Ordinary share capital and reserves (R'000)	75 572	71 663	71 921	71 921
Total number of shares in issue (net of treasury shares) (000's)	164,4	140,5	160,6	160,6
<b>NAV per share (cents)</b>	<b>124 210</b>	<b>100 713</b>	<b>115 474</b>	<b>115 474</b>
Ordinary share capital and reserves (R'000)	(63 507)	(55 898)	(61 759)	(61 759)
Intangible assets (R'000)	60 703	44 815	53 715	53 715
Tangible net asset value (R'000)	80,3	62,5	74,7	74,7

3. The net asset value per share is the value of the Group's assets, less the sum of the value of its non-current liabilities and current liabilities, divided by the number of shares in issue.

	Unaudited		Audited	
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Tangible NAV per share (cents)</b>	<b>80,3</b>	<b>62,5</b>	<b>74,7</b>	<b>74,7</b>

#### 4. Segmental analysis

The Group's business segments and segmental information presented in the condensed consolidated reviewed results for the six month period ended 30 September 2009 represents the primary basis for segmental reporting. The business segment reporting format reflects the Group's management and internal reporting structure. Inter segment transactions are concluded at arm's length terms and conditions.

	Unaudited		Audited	
	Six months ended	Six months ended	Twelve months ended	Twelve months ended
	30 September 2009	30 September 2008	31 March 2009	31 March 2009
<b>Segmental turnover</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>

Inventories	21 070	18 938	22 952
Cash resources	19 782	12 975	16 711
Receivables and other current assets	39 459	32 470	46 030
Taxation	2 801	753	2 459
<b>Total assets</b>	<b>155 657</b>	<b>126 031</b>	<b>158 093</b>
<b>Capital and reserves</b>	<b>124 210</b>	<b>100 713</b>	<b>115 474</b>
Share capital and premium	72 903	71 550	71 904
Retained income	36 534	16 611	30 550
Minority interest	14 773	12 552	13 020
<b>Non-current liabilities</b>	<b>12 085</b>	<b>11 425</b>	<b>12 051</b>
Interest bearing borrowings	9 962	11 354	10 601
Deferred taxation	2 123	71	1 450
<b>Current liabilities</b>	<b>19 362</b>	<b>13 893</b>	<b>30 568</b>
Trade and other payables	16 081	12 448	26 938
Taxation payable	1 875	1 445	1 198
Short-term portion of interest bearing borrowings	1 406	-	2 432
<b>Total equity and liabilities</b>	<b>155 657</b>	<b>126 031</b>	<b>158 093</b>

### GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited Six months ended	Unaudited Six months ended	Audited Twelve months ended
	30 September 2009	30 September 2008	31 March 2009
	R'000	R'000	R'000
<b>Cash flows from operations</b>	<b>17 708</b>	<b>5 418</b>	<b>22 573</b>
Interest paid	(1 218)	(167)	(1 282)
Interest received	964	855	1 653
Taxation paid	(3 480)	(5 315)	(11 359)
Dividends paid	(6 240)	-	-
<b>Cash flows from operating activities</b>	<b>7 734</b>	<b>791</b>	<b>11 585</b>
<b>Cash flows from investing activities</b>	<b>(3 997)</b>	<b>(16 721)</b>	<b>(21 426)</b>
<b>Cash flows from financing activities</b>	<b>(666)</b>	<b>13 562</b>	<b>10 506</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 071</b>	<b>(2 368)</b>	<b>665</b>
Cash and cash equivalents at the beginning of the period	16 711	14 640	15 343
Cash acquired	-	703	703
<b>Cash and cash equivalents and the end of the period</b>	<b>19 782</b>	<b>12 975</b>	<b>16 711</b>

### GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to ordinary shareholders of Amecor R'000	Minority interest R'000	Total equity R'000
<b>Balance at 1 April 2008</b>	69 193	6 788	75 981
Minority interest	-	7 125	7 125
Net movement: treasury shares	2 711	-	2 711
Profit	-	5 895	29 657
Total changes	2 711	23 762	13 020
<b>Balance at 1 April 2009</b>	71 904	30 550	115 474
Increase in issued shares	985	-	985
Net movement: treasury shares	14	-	14
Dividends paid	-	(6 240)	(6 240)
Profit	-	12 224	13 977
Total changes	999	5 984	8 736
<b>Balance at 30 September 2009</b>	<b>72 903</b>	<b>36 534</b>	<b>114 773</b>

two mediums of RF and GPRS mobile technology. This dual medium ensures instantaneous transmission of data via routing equipment which automatically selects the most effective path for signals.

#### PDS Group

The PDS Group of companies, comprising Power Development Services ("PDS"), Gillespie Diesel Services ("GDS") and Duragower Manufacturing ("DM") operate as a cohesive unit, complementing individual business operations through the manufacturing, distribution and installation of power solutions.

The PDS brand has managed to live up to its long standing reputation of superior quality in the power industry, trading in only top of the range equipment. This high standard of product has superseded the influx of cheap unreliable imports without service support. PDS has managed to raise the bar and set the benchmark in alternative power solutions through product quality, reliability, after sales service and above all safety.

The demand for alternative electricity and back-up power around South Africa has positioned PDS advantageously. DM continues to supply tailor made UPS solutions of a superior quality to a broad market spectrum, consisting of leading companies within South Africa.

#### Contingently issuable shares

The Company has been engaged for a number of years in an arbitration against its former director, Mr Rabie van der Merwe. The Company was advised by its legal counsel that Mr Van der Merwe's conduct was such as to constitute a repudiation of the arbitration process, which repudiation has been accepted by the Company. The Company accordingly considers the arbitration to be at an end, although it is understood that Mr Van der Merwe disputes this position.

#### Product development

The Group continues to invest in Research and Development resulting in further high quality products being launched into local and international markets.

#### Capital commitment

FSK has committed to ongoing product development costs in the next financial year. The Group has also committed a further R5.0 million for alterations and improvements on the new FSK manufacturing premises acquired in the previous reporting period.

### NOTES TO THE CONDENSED CONSOLIDATED REVIEWED FINANCIAL STATEMENTS

#### 1. Significant accounting policies

Amecor is a company domiciled in South Africa. The condensed consolidated unaudited financial statements of Amecor for the six months ended 30 September 2009 comprise the Company and its subsidiaries (collectively referred to as the "Group").

The condensed consolidated unaudited financial statements were authorised for issue by the directors on 16 November 2009.

#### 1.1 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34 Interim Financial Reporting and in compliance with the South African Companies Act, 1973 and the Listings Requirements of the JSE. The condensed consolidated unaudited interim financial statements are prepared on the historical cost basis, with the exception of certain financial instruments which are measured at fair value. The results of the interim period are not necessarily indicative of the results for the entire year, and these unaudited financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

The preparation of condensed consolidated unaudited interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated unaudited interim financial statements and the reported amounts of revenue and expenses during the reporting periods. Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may differ from these estimates.

The accounting policies have been applied consistently by Group companies to all periods presented in these condensed consolidated unaudited financial statements.

	Unaudited Six months ended	Unaudited Six months ended	Audited Twelve months ended
	30 September 2009	30 September 2008	31 March 2009
	R'000	R'000	R'000
<b>Segment turnover</b>	<b>21 358</b>	<b>17 399</b>	<b>42 380</b>
Security and related production and sales	5 588	4 653	13 235
Network and annuity income	40 755	37 281	80 338
Supply and maintenance of alternative power sources	11 998	3 175	19 270
Holding and management subsidiaries	(13 593)	(8 169)	(17 123)
Elimination of inter-company sales	66 106	54 339	138 100
<b>Total turnover</b>	<b>18 672</b>	<b>16 434</b>	<b>40 357</b>

#### Profit/(loss) before tax

Security and related production and sales	6 739	5 503	11 558
Network and annuity income	4 723	4 266	10 038
Supply and maintenance of alternative power sources	4 886	6 360	16 426
Holding and management subsidiaries	2 773	(210)	640
Elimination of consolidating items	(449)	515	1 695
<b>Total</b>	<b>18 672</b>	<b>16 434</b>	<b>40 357</b>

#### 5. Related party transactions

	Unaudited Six months ended	Unaudited Six months ended	Audited Twelve months ended
	30 September 2009	30 September 2008	31 March 2009
	R'000	R'000	R'000
<b>Purchases from fellow subsidiary companies</b>	<b>7 413</b>	<b>4 391</b>	<b>7 630</b>
Purchases from related parties are made at normal market prices			
<b>Management fees paid to fellow subsidiary company</b>	<b>6 180</b>	<b>3 491</b>	<b>9 493</b>
Management fees were paid for services rendered in the areas of administration and technical advice, based on the apportioned time spent by the fellow subsidiary staff.			
<b>Sales to related parties</b>	<b>-</b>	<b>-</b>	<b>9 771</b>

These transactions occurred under arms length, market related terms and conditions.

#### 6. Dividends

No interim dividend has been declared.

#### 7. Directors

H5 Courtney	(Non-executive Chairman)
DH Alexander	(Chief Executive Officer)
KA Colley	(Financial Director)
M Nge	(Non-executive Director)
KA Vieira	(Operational Director)

All of the above directors are South African and are resident in South Africa.

#### 8. Outlook

Economists predict a challenging year ahead, but we remain confident that our focused strategy and operational efficiency will enable us to deliver positive returns for our shareholders.

We believe that the Group's market position, high quality products, and commitment to operational improvement and expansion will ensure our ongoing success.

On behalf of the board

**H5 Courtney**

*Non-executive Chairman*

17 November 2009

**Sponsor**

Sasfin Capital

A division of Sasfin Bank Limited

**Auditors**

Mazars Moores Rowland

Legal Advisers and Attorneys

HR Levin Attorneys, Notaries and Conveyancers

**Transfer Secretaries**

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