

HIGHLIGHTS:

- EPS and HEPS increased 20.8%
- Turnover increased 85.6%
- Profit attributable to Amecor shareholders up 19.5%

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INNOVATION THROUGH TECHNOLOGY

AMALGAMATED ELECTRONIC CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/010036/06)
Share code: AER ISIN: ZAE000070587
("Amecor" or "the Company")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2012 R'000	Unaudited Six months ended 30 September 2011 R'000	Audited Twelve months ended 31 March 2012 R'000
Revenue	155 647	84 081	218 474
Turnover	154 307	83 137	214 982
Cost of sales	(94 370)	(44 623)	(126 329)
Gross profit	59 937	38 514	88 653
Operating cost excluding depreciation and amortisation	(34 083)	(16 868)	(51 226)
EBITDA	25 854	21 646	37 427
Depreciation and amortisation	(2 473)	(1 775)	(4 133)
Operating profit before interest and taxation	23 381	19 871	33 294
Finance income	1 217	747	1 857
Finance expenses	(2 913)	(213)	(3 190)
Profit before taxation	21 685	20 405	31 961
Taxation	(5 186)	(5 998)	(10 616)
Profit for the period	16 499	14 407	21 345
Other comprehensive income	-	-	-
Total comprehensive income for the period	16 499	14 407	21 345
Profit and total comprehensive income attributable to:			
Ordinary shareholders of Amecor	14 650	12 264	18 632
Non-controlling interest	1 849	2 143	2 713
Total comprehensive income for the period	16 499	14 407	21 345
Earnings per share (cents)	19.7	16.3	
Diluted earnings per share (cents)	19.7	16.3	

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2012 R'000	Audited 31 March 2012 R'000
ASSETS		
Non-current assets	104 635	101 749
Property, plant and equipment	23 168	22 497
Intangible assets	20 037	17 838
Goodwill	59 661	59 661
Deferred tax asset	1 769	1 753
Current assets	167 142	166 761
Inventories	48 780	44 931
Receivables and other current assets	58 990	58 870
Taxation	285	3 328
Cash and cash equivalents	59 087	59 632
Total assets	271 777	268 510
EQUITY AND LIABILITIES		
Share capital	70 780	70 843
Retained earnings	84 178	75 506
Non-controlling interest	19 757	18 222
Total equity and reserves	174 715	164 571
Non-current liabilities	62 727	62 834
Borrowings	57 652	57 684
Deferred tax liabilities	5 075	5 150
Current liabilities	34 335	41 105
Trade and other payables	33 333	39 831
Short-term portion of borrowings	1 002	1 274
Total equity and liabilities	271 777	268 510

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September 2012 R'000	Unaudited Six months ended 30 September 2011 R'000
Cash generated by operations	15 387	14 017
Net finance (expense)/income	(1 696)	535
Taxation paid	(2 234)	(6 230)
Dividends paid	(6 292)	(6 355)
Net inflow from operating activities	5 165	1 967
Net outflow from investing activities	(5 342)	(3 593)
Net outflow from financing activities	(368)	(1 123)
Net movement in cash balances	(545)	(2 749)
Cash and cash equivalents at beginning of the year	59 632	35 024
Cash and cash equivalents at the end of the period	59 087	32 275

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Accumulated profit R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 April 2011	72 560	62 915	16 007	151 482
Dividends paid	-	(5 967)	(388)	(6 355)
Total comprehensive income	-	12 264	2 143	14 407
Treasury share purchase	(617)	-	-	(617)
Total changes	(617)	6 297	1 755	7 435
Balance at 1 October 2011	71 943	69 212	17 762	158 917
Dividends paid	-	(5 978)	(314)	(6 292)
Total comprehensive income	-	20 944	2 309	23 253
Treasury share purchase	(1 163)	-	-	(1 163)
Total changes	(1 163)	14 966	1 995	15 798
Balance at 30 September 2012	70 780	84 178	19 757	174 715

MANAGEMENT COMMENTARY

Amalgamated Electronic Corporation Limited ("Amecor") is a holding company made up of eight reputable subsidiaries offering integrated solutions in the world of electronic security, data networks and power-based technology. Amecor and its subsidiaries ("the Group") have a national footprint, with distribution branches in primary locations throughout South Africa. International exporting opportunities play a definitive role in expanding Amecor's global reach.

The Group's broad range of products and services include:

- electronic security systems, encompassing sophisticated transmission technology and an exclusive range of security products and applications;
- a private data network, enabling subscribers secured transmission of data as well as off-site product control; and
- power generating equipment, which includes a variety of generators, inverters and UPS systems.

Financial and operational review

Turnover increased by 85.6% to R154.3 million (2011: R83.1 million) and gross profit by 55.6% to R59.9 million (2011: R38.5 million). The increase on last year resulted primarily from the integration of Secequip's financial performance into the Group. EBITDA increased by 19.4% to R25.9 million (2011: R21.6 million). The production and sales element of the Group faced challenges in the current economic conditions, resulting in margin reductions to remain competitive in the challenging market. The Group, as a whole, experienced an increase in operating costs of 102.1% to R34.1 million (2011: R16.9 million) as a direct result of the Secequip business acquisition as well as electricity rate hikes, higher salaries and wages, and increasing fuel prices.

The increase in depreciation and amortisation of 39.3% to R2.5 million (2011: R1.8 million) arose from depreciation of assets acquired as part of the Secequip transaction, and additional amortisation being expensed in FSK.

Finance income increased by R0.5 million from R0.7 million in 2011 to R1.2 million, while finance costs rose to R2.9 million (2011: R0.2 million). Both were attributable to the bond issued by Amecor in the amount of R60.0 million as R11.6 million remains unutilised, attracting interest income. Quarterly interest payments are processed at an interest rate linked to three-month JIBAR.

Income attributable to Amecor shareholders increased from R12.3 million in 2011 to R14.7 million, and basic and headline earnings per share increased by 20.8% to 19.7 cents (2011: 16.3 cents).

In line with the increased turnover, primarily attributable to the acquisition of the Secequip business, working capital increased during the year.

Cash and cash equivalents within the Group at the end of the period under review was R59.1 million (2011: R32.3 million).

The Secequip purchase price allocation was finalised during the period resulting in an increase in goodwill of R5.7 million recognised on the transaction. The goodwill represents the synergies expected to occur due to this transaction.

Product development

The Group continues to invest in research and development resulting in further high quality products being launched into local and international markets. The net intangible assets increased by 19.8% to R20.0 million (2011: R16.7 million).

Capital commitment

The Group has committed to ongoing product development costs in the next financial year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies

Amecor is a company domiciled in South Africa. These condensed consolidated financial statements of Amecor for the six months ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

These condensed consolidated interim results were authorised for issue by the board of directors on 12 November 2012. The unaudited condensed consolidated financial statements for the six months ended 30 September 2012 have been prepared by the Financial Director, Mrs K Colley and have not been reviewed or audited by the Company's auditors, Mazars.

Basis of preparation

These condensed consolidated results for the period ended 30 September 2012 have been prepared in accordance with and contain information required by International Accounting Standards 34 - *Interim Financial Reporting* ("IAS 34"), as well as the AC 500 series as issued by the Accounting Practices Board or its successor, the Listings Requirements of the JSE Limited and the South African Companies Act, 71 of 2008, as amended.

The accounting policies and methods of computation used in the preparation of the results for the period ended 30 September 2012, are in terms of IFRS and are consistent with those applied in the Group audited annual financial statements for the year ended 31 March 2012. The comparative figures referred to in the commentary relate to the prior year equivalent interim period.

These condensed consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2012. The estimates and underlying assumptions are on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. Earnings per share ("EPS")

	Unaudited Six months ended 30 September 2012	Unaudited Six months ended 30 September 2011
<i>Earnings:</i>		
Profit attributable to equity holders of Amecor (R'000)	14 650	12 264
<i>Shares in issue</i>		
Weighted average number of ordinary shares in issue ('000)	74 517	75 205
Earnings and diluted earnings per share (cents)	19.7	16.3
Headline earnings per share		
Profit attributable to equity holders of Amecor (R'000)	14 650	12 264
Less: Profit on sale of property, plant and equipment	-	-
Tax effect of adjustment	-	-
Headline earnings (R'000)	14 650	12 264
Weighted average number of ordinary shares in issue ('000)	74 517	75 205
Headline and diluted headline earnings per share (cents)	19.7	16.3

3. Net asset value ("NAV") per share

	Unaudited 30 September 2012	Audited 31 March 2012
Ordinary share capital and reserves (R'000)	174 715	164 571
Total number of shares in issue ('000) (net of treasury shares)	74 517	74 548
NAV per share (cents)	234.5	220.8
Ordinary share capital and reserves (R'000)	174 715	164 571
Goodwill	(59 661)	(59 661)
Intangible assets	(20 037)	(17 838)
Tangible NAV	95 017	87 072
Total number of shares in issue ('000) (net of treasury shares)	74 517	74 548
Tangible NAV per share (cents)	127.5	116.8

4. Segmental analysis

The Group's operating segments and segmental information presented in the condensed consolidated results for the six months ended 30 September 2012 represents the 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 Six months ended 30 September 2012 R'000	Audited Twelve months ended 31 March 2012 R'000	Unaudited Six months ended 30 September 2011 R'000
Segment turnover			
Production and sales	143 867	204 496	70 443
Security and related production and sales	89 503	115 809	22 519
Supply and maintenance of alternative power sources	54 364	88 687	47 924
Network and annuity income	11 826	20 374	9 657
Corporate head office and other	6 467	16 106	7 342
Inter-company sales	(1 766)	(15 126)	(1 200)
Consolidation adjustments	(6 087)	(10 868)	(3 105)
Total turnover	154 307	214 982	83 137
Comprehensive income			
Production and sales	11 248	15 412	9 553
Security and related production and sales	6 967	11 137	5 251
Supply and maintenance of alternative power sources	4 281	4 275	4 302
Network and annuity income	7 392	11 222	5 112
Corporate head office and other	1 625	3 817	6 179
Consolidation adjustments	(3 766)	(9 106)	(6 437)
Total comprehensive income	16 499	21 345	14 407
Assets			
Production and sales	176 520	167 331	
Security and related production and sales	122 296	114 159	
Supply and maintenance of alternative power sources	54 224	53 172	
Network and annuity income	43 481	39 454	
Corporate head office and other	164 863	143 659	
Consolidation adjustments	(113 087)	(81 934)	
Total assets	271 777	268 510	

5. Related party transactions

	Unaudited Six months ended 30 September 2012 R'000	Audited Twelve months ended 31 March 2012 R'000	Unaudited Six months ended 30 September 2011 R'000
Purchases from fellow subsidiary companies	1 766	15 126	1 200
Management fees	5 907	10 420	3 105
Operating lease	568	578	422

6. Subsequent events

No material subsequent events have occurred to date.

7. Dividends

No interim dividend has been declared.

8. Directors

HS Courtney	(Non-executive chairman)
DH Alexander	(Chief executive officer)
KA Colley	(Financial director and company secretary)
M Noge	(Non-executive director)
CH Boule	(Non-executive director)
KA Vieira	(Operational director)
PFC Ying	(Non-executive director)
<i>All of the above directors are South African and are resident in South Africa.</i>	

9. Outlook

We remain optimistic 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, low-cost, high quality products, and commitment to operational improvement and expansion will ensure our ongoing success.

On behalf of the board

DH Alexander
Chief Executive Officer
Johannesburg
12 November 2012

KA Colley
Financial Director

Directors
HS Courtney (Chairman)*, DH Alexander, KA Colley, M Noge*, KA Vieira, CH Boule*#, PFC Ying*#
(*Non-executive, #Independent)

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

Transfer secretaries
Link Market Services Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 (PO Box 4844, Johannesburg 2000)

Registered office
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Sponsor
Sasfin Capital Limited (A division of Sasfin Limited), 29 Scott Street, Waverley 2090 (PO Box 95104, Grant Park 2051)