



AMALGAMATED ELECTRONIC CORPORATION LTD

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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")

GROUP CONDENSED CONSOLIDATED REVIEWED RESULTS FOR THE YEAR ENDED 31 MARCH 2012 AND DIVIDEND DECLARATION

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 March 2012 (Reviewed) R'000 | Year ended 31 March 2011 (Audited) R'000 |
|---|--|---|
| Revenue | 218 474 | 142 810 |
| Turnover | 214 982 | 140 732 |
| Cost of sales | (126 329) | (77 410) |
| Gross profit | 88 653 | 63 322 |
| Operating cost excluding depreciation and amortisation | (51 805) | (27 574) |
| EBITDA | 36 848 | 35 748 |
| Depreciation and amortisation | (3 554) | (3 279) |
| Operating profit | 33 294 | 32 469 |
| Finance income | 1 857 | 1 435 |
| Finance expenses | (3 190) | (962) |
| Profit before taxation | 31 961 | 32 942 |
| Taxation | (10 616) | (9 598) |
| Profit | 21 345 | 23 344 |
| Other comprehensive income | - | - |
| Total comprehensive income | 21 345 | 23 344 |
| Attributable to: | | |
| Ordinary shareholders of Amecor | 18 632 | 21 360 |
| Non-controlling interest | 2 713 | 1 984 |
| Profit and total comprehensive income for the year | 21 345 | 23 344 |
| Earnings per share (cents) | 3 | 25,0 |
| Diluted earnings per share (cents) | 3 | 25,0 |

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

| | 31 March 2012 (Reviewed) R'000 | 31 March 2011 (Audited) R'000 |
|-------------------------------------|--------------------------------------|-------------------------------------|
| ASSETS | | |
| Non-current assets | 101 749 | 85 939 |
| Property, plant and equipment | 22 497 | 16 811 |
| Intangible assets | 17 838 | 14 756 |
| Goodwill | 59 661 | 54 034 |
| Deferred tax asset | 1 753 | 338 |
| Current assets | 166 761 | 87 636 |
| Inventories | 44 931 | 22 325 |
| Trade and other receivables | 58 870 | 27 450 |
| Taxation | 3 328 | 2 837 |
| Cash and cash equivalents | 59 632 | 35 024 |
| Total assets | 268 510 | 173 575 |
| EQUITY AND LIABILITIES | | |
| Issued capital | 70 843 | 72 560 |
| Retained earnings | 75 506 | 62 915 |
| Non-controlling interest | 18 222 | 16 007 |
| Total equity | 164 571 | 151 482 |
| Non-current liabilities | 62 834 | 6 551 |
| Borrowings | 57 684 | 3 143 |
| Deferred tax liabilities | 5 150 | 3 408 |
| Current liabilities | 41 105 | 15 542 |
| Trade and other payables | 39 831 | 12 895 |
| Borrowings | 1 274 | 2 647 |
| Total equity and liabilities | 268 510 | 173 575 |

GROUP CONDENSED STATEMENT OF CASH FLOWS

| | Year ended 31 March 2012 (Reviewed) R'000 | Year ended 31 March 2011 (Audited) R'000 |
|---|--|---|
| Net inflow from operating activities | 11 325 | 21 924 |
| Cash generated from operations | 29 975 | 39 256 |
| Net finance (expense)/income | (1 333) | 473 |
| Taxation paid | (10 778) | (10 710) |
| Dividends paid | (6 539) | (7 095) |
| Net outflow from investing activities | (38 168) | (9 105) |
| Net inflow/(outflow) from financing activities | 51 451 | (4 640) |
| Net movement in cash balances | 24 608 | 8 179 |
| Cash and cash equivalents at the beginning of the year | 35 024 | 26 845 |
| Cash and cash equivalents at the end of the year | 59 632 | 35 024 |

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Issued capital (share capital and share premium) R'000 | Attributable to ordinary shareholders of Amecor R'000 | Non- controlling interest R'000 | Total equity R'000 |
|---------------------------------|---|---|--|--------------------------|
| Balance at 1 April 2010 | 72 610 | 47 576 | 15 097 | 135 283 |
| Dividends paid | - | (6 021) | (1 074) | (7 095) |
| Profit for the year | - | 21 360 | 1 984 | 23 344 |
| Treasury share purchase | (50) | - | - | (50) |
| Total changes | (50) | 15 339 | 910 | 16 199 |
| Balance at 1 April 2011 | 72 560 | 62 915 | 16 007 | 151 482 |
| Dividends paid | - | (6 041) | (498) | (6 539) |
| Profit for the year | - | 18 632 | 2 713 | 21 345 |
| Treasury share purchase | (1 717) | - | - | (1 717) |
| Total changes | (1 717) | 12 591 | 2 215 | 13 089 |
| Balance at 31 March 2012 | 70 843 | 75 506 | 18 222 | 164 571 |

Dividend declaration

The directors have elected to pay a single annual dividend in the amount of 8,0 cents (F2011: 8,0 cents) per ordinary share in respect of the year ended 31 March 2012. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African Dividend Withholding Tax ("DWT") rate is 15% and no credits in terms of Secondary Tax on Companies have been utilised. The net amount payable to shareholders who are not exempt from DWT is 6,8 cents per share, while it is 8,0 cents per share to those who are exempt from DWT.

The 77 985 337 ordinary shares in issue; the total dividend amount payable is R6 238 827.

| | F2013 | F2012 |
|--|-------------------------|--------|
| Distributable dividend (R'000) | 6 239 | 6 239 |
| Total number of shares in issue ('000) | 77 986 | 77 986 |
| Dividend payable per share (cents) | 8,0 | 8,0 |
| Declaration date | Wednesday, 27 June 2012 | |
| Last day to trade cum dividend | Friday, 13 July 2012 | |
| Trading ex dividend commences | Monday, 16 July 2012 | |
| Record date | Friday, 20 July 2012 | |
| Payment date | Monday, 23 July 2012 | |

Share certificates may not be dematerialised or rematerialised between Monday, 16 July 2012 and Friday, 20 July 2012, both dates inclusive.

MANAGEMENT COMMENTARY

General review

Amecor and its subsidiaries (collectively "the Amecor Group" or "the Group") is a South African group of companies specialising in the design, manufacture and distribution of leading brands within the electronic security and alternative energy industries.

During the year under review Amecor acquired the business ("the Secequip business") of Secequip Supplies Proprietary Limited registration number 1999/025079/07 ("Secequip"). The effective date of the acquisition of the Secequip business ("the Secequip transaction") was 1 October 2011. The Secequip business is the business of an importer and distributor of electronic products through its established national network of 13 branches. Details of the Secequip transaction are summarised below in note 4.

Financial review

Turnover increased by 53% to R215,0 million (F2011: R140,7 million). The increase on last year resulted primarily from the Secequip transaction and a growth in annuity income in Sabre Radio Networks. EBITDA increased by 3% to R36,8 million (F2011: R35,7 million). The production and sales element of the Group faced challenges in the current economic conditions, resulting in reduction in margins to remain competitive in the market. The Group, as a whole, experienced an increase in operating costs as a direct result of electricity rate hikes, higher salaries and wages, and increasing fuel prices. In addition, non-recurring costs were incurred in effecting the integration of the Secequip business into the Group.

Finance income increased by R0,5 million from R1,4 million in F2011 to R1,9 million, while finance costs rose to R3,2 million (F2011: R1,0 million). Both were attributable to the Bond issued by Amecor in the amount of R60,0 million as R17,0 million remains in treasury, attracting interest income. Quarterly interest payments are processed at an interest rate of 3-month JIBAR + 5%.

Income attributable to Amecor shareholders reduced from R21,4 million to R18,6 million and earnings per share was down 11,7% to 25,0 cents (F2011: 28,3 cents).

Cash generated from operations reduced from R39,3 million (F2011) to R30,0 million in the year under review. Working capital changes, as a direct result of the Secequip transaction, is the primary reason for this movement, resulting in an additional investment in working capital of R11,1 million.

Total interest-bearing debt of R59,0 million (F2011: R5,8 million) represents a Group debt to equity ratio of 35,8% (F2011: 3,8%). The Company issued a corporate bond through its Private Placement Programme in November 2011 raising R60,0 million ("the Bond issue"). The bond is repayable in 2016. The majority of the proceeds were used to acquire the Secequip business (R27,0 million), settle short-term debt and provide additional working capital within the Group.

Fixed assets increased by 33,8% to R22,5 million (F2011: R16,8 million) as a result of the purchase of a further property adjoining the existing premises, an additional Surface Mount production line and the replacement of several vehicles. A further R4,2 million was invested in research and development, and additional treasury shares to the value of R1,7 million were acquired on the open market at an average price of R1,80 per share.

Future capital commitments

To ensure the ongoing success of the Group through new and improved product development, the Group has budgeted a further R4,0 million to invest in product development in F2013.

Amecor, through its wholly-owned subsidiary Amecor Property Development Proprietary Limited, recently acquired the property adjoining the existing business premises in Industria. The Company intends to construct a new production plant adjoining the existing building out of the remaining proceeds of the Bond issue and to invest in additional stock items and products which will be distributed through the Secequip branch network. The plan is to extend the existing building and accommodate the Group's principal activities in one corporate campus. The estimated cost of this project is approximately R20,0 million.

Prospects

It is expected that the full economic benefits of the Secequip acquisition and integration will begin to be reflected in F2013. The FSK and PDS divisions are collectively expected to contribute steady income in line with the general economy and the modest recovery in infrastructure and security spend.

NOTES TO THE CONDENSED CONSOLIDATED REVIEWED FINANCIAL STATEMENTS

1. Significant accounting policies

Amecor is a company domiciled in South Africa. These condensed consolidated reviewed annual financial statements of the Amecor Group for the year ended 31 March 2012 comprise condensed consolidated reviewed annual financial statements of Amecor and its subsidiaries.

These condensed consolidated annual financial statements were authorised for issue by the board of directors on 25 June 2012. The reviewed condensed consolidated financial statements for the year ended 31 March 2012 were prepared by the financial director, Mrs Kerry Colley and have been reviewed by the Company's auditors, Mazars.

Basis of preparation

These condensed consolidated reviewed results have been prepared in accordance with the Framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS") and contain information required by the International Accounting Standards 34 - Interim Financial Reporting, the AC 500 standards issued by the Accounting Practices Board, and in compliance with the Listings Requirements of the JSE Limited. The review of the reviewed condensed consolidated financial statements has not been performed in terms of the requirements of the South African Companies Act, 71 of 2008, as amended. These condensed consolidated reviewed financial statements are prepared on the historical cost basis and do not include all of the information required for full financial statements. This announcement should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2011.

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

The accounting policies and methods of computation have been applied consistently by Group companies and have been applied consistently to all periods presented in these condensed consolidated reviewed financial statements. The new IFRS and interpretations that became effective for the year under review, have not had an effect on the Group's accounting policies. The comparative figures referred to in the commentary relate to the prior year equivalent period.

2. Review of results

Mazars has signed an unqualified review opinion on these condensed consolidated financial statements, as required by the JSE Limited. These financial statements have been approved by the board and condensed for the purposes of this report. The auditors review opinion is available for inspection at Amecor's registered office.

3. Earnings per share ("EPS")

EPS is based on the Group's profit for the year ended 31 March 2012, divided by the weighted average number of shares in issue during the year.

| | Profit attributable to equity holders of Amecor (Reviewed) R'000 | Weighted average number of shares in issue (net of treasury shares of 3,3 million) '000 | Earnings per share Cents |
|---|--|---|--------------------------------|
| F2012 | | | |
| Earnings | 18 632 | 74 677 | 25,0 |
| Diluted earnings | 18 632 | 74 677 | 25,0 |
| Headline earnings reconciliation | | | |
| Basic earnings | 18 632 | | |
| Less: Profit on sale of assets | (115) | | |
| Add back: Taxation on the above (28%) | 32 | | |
| Headline earnings | 18 549 | 74 677 | 24,8 |
| Diluted headline earnings | 18 549 | 74 677 | 24,8 |

| | Profit attributable to equity holders of Amecor (Audited) R'000 | Weighted average number of shares in issue (net of treasury shares of 2,4 million) '000 | Earnings per share Cents |
|---|---|---|--------------------------------|
| F2011 | | | |
| Earnings | 21 360 | 75 553 | 28,3 |
| Diluted earnings | 21 360 | 75 553 | 28,3 |
| Headline earnings reconciliation | | | |
| Basic earnings | 21 360 | | |
| Less: Profit on sale of assets | (248) | | |
| Add back: Taxation on the above (28%) | 69 | | |
| Headline earnings | 21 181 | 75 553 | 28,0 |
| Diluted headline earnings | 21 181 | 75 553 | 28,0 |

4. Acquisition of the Secequip business from Secequip

On 18 August 2011 Amecor entered into an agreement with Secequip to purchase the Secequip business consisting of the plant and equipment, stock, the customers, the intellectual property, the goodwill and the business name and logo ("the business assets"), and the continuing contracts, the employee liabilities and the employees, but excluding the debtors and other business liabilities of Secequip, as a going concern.

The Secequip business is that of an importer and distributor of electronic products, including the well-known Texecom range of products and related services and solutions to primarily the security industry and secondarily, the broader electronics industry. The Secequip business has an established network of 13 branches across South Africa together with a central warehouse and a country-wide sales and marketing team.

Details of the transaction

Amecor advanced a loan of R27 million (twenty seven million Rand) ("the loan") to Greater Gauteng Alarm Networks Proprietary Limited, registration number 2000/023652/07 ("GGAN"), an existing dormant subsidiary company of Amecor. GGAN's 1 000 ordinary shares are held as follows:

| | No. of shares | % |
|--|---------------|----|
| Amecor | 790 | 79 |
| Non-controlling shareholder (Secequip) | 210 | 21 |

The 21% non-controlling interest formed part of the transaction agreement, and the shares were issued at no value.

Purchase price allocation summary

| | Secequip business 1 October 2011 |
|---|-------------------------------------|
| Acquisition date | 1 October 2011 |
| Effective voting rights | 100% |
| At acquisition fair value | R'000 |
| Plant and equipment | 1 733 |
| Inventory | 19 640 |
| Net asset value ("NAV") | 21 373 |
| Less: Total purchase price discharged - cash | 27 000 |
| Goodwill on acquisition | 5 627 |
| Acquisition costs included in net administration and other operating expenses | 137 |
| Revenue since acquisition 1 October 2011 | 70 262 |
| Net profit since acquisition 1 October 2011 | 2 777 |

It is impracticable to determine the revenue or the net profit for the combined entity from the beginning of the financial period, as only certain assets were acquired from Secequip.

At the time of this announcement, the purchase price allocation had not yet been completed; an independent party has been assigned to attribute a value to the business name, logo and customer base acquired. Until such valuation has been concluded, the goodwill component of the purchase price allocation will assume the value of the business name, logo and customer base. Acquisition expenses incurred were expensed in operating expenses in the statement of comprehensive income. GGAN has subsequently changed its name to Secequip Proprietary Limited.

5. Property, plant and equipment

During the year under review, the Group purchased property, plant and equipment to the value of R6,9 million and recognised R1,7 million additions due to the acquisition of the Secequip business (note 4). There were no material disposals during the year.

6. Net asset value per share

| | Year ended 31 March 2012 (Reviewed) R'000 | Year ended 31 March 2011 (Audited) R'000 |
|--------------------------------------|--|---|
| Net asset value per share (cents) | 220,8 | 200,5 |
| Net number of shares in issue ('000) | 74 548 | 75 553 |

7. Segment analysis

The Group's operating segments and segmental information presented in the condensed consolidated reviewed results for the year ended 31 March 2012 represents the Group's management and internal reporting structure. Inter-segment transactions are concluded at arm's length terms and conditions.

| | Year ended 31 March 2012 (Reviewed) R'000 | Year ended 31 March 2011 (Audited) R'000 |
|--|--|---|
| Segment turnover | | |
| Security and related production and sales | 115 809 | 45 410 |
| Network and annuity income | 20 374 | 18 968 |
| Supply and maintenance of alternative power sources | 88 687 | 76 354 |
| Holding and management subsidiary companies | 16 106 | 8 668 |
| Consolidation adjustments | (25 994) | (8 668) |
| Total turnover | 214 982 | 140 732 |
| Comprehensive income | | |
| Security and related production and sales | 11 137 | 10 930 |
| Network and annuity income | 11 222 | 10 457 |
| Supply and maintenance of alternative power sources | 4 275 | 3 718 |
| Holding and management subsidiary companies | 3 817 | 5 145 |
| Consolidation adjustments | (9 106) | (6 906) |
| Total comprehensive income | 21 345 | 23 344 |
| Comprehensive income attributable to non-controlling shareholders | | |
| Supply and maintenance of alternative power sources | 2 713 | 1 984 |

| | F2012 R'000 | F2011 R'000 |
|---|------------------|-----------------|
| Assets | | |
| Security and related production and sales | 114 159 | 48 026 |
| Network and annuity income | 39 454 | 32 527 |
| Supply and maintenance of alternative power sources | 53 172 | 43 848 |
| Holding and management subsidiary companies | 143 659 | 104 698 |
| Consolidation adjustments | (81 934) | (55 524) |
| Total assets | 268 510 | 173 575 |
| Liabilities | | |
| Security and related production and sales | (62 267) | (4 895) |
| Network and annuity income | (1 033) | (1 966) |
| Supply and maintenance of alternative power sources | (17 797) | (11 750) |
| Holding and management subsidiary companies | (90 233) | (54 408) |
| Consolidation adjustments | 67 391 | 50 926 |
| Total liabilities | (103 939) | (22 093) |

8. Related party transactions