



Visit us at  
www.amecor.com

INNOVATION THROUGH TECHNOLOGY

AMALGAMATED ELECTRONIC CORPORATION LIMITED

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

# UNAUDITED RESULTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

### GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2010 R'000	Unaudited Six months ended 30 September 2009 R'000	Audited Twelve months ended 31 March 2010 R'000
<b>Revenue</b>	<b>71 093</b>	67 389	139 906
Turnover	69 972	66 106	138 136
Cost of sales	(36 121)	(33 124)	(69 696)
<b>Gross profit</b>	<b>33 851</b>	32 982	68 440
Operating cost excluding depreciation and amortisation	(13 159)	(12 870)	(28 862)
<b>EBITDA</b>	<b>20 692</b>	20 112	39 578
Depreciation and amortisation	(1 177)	(1 186)	(2 397)
<b>Operating profit</b>	<b>19 515</b>	18 926	37 181
Finance income	718	964	1 396
Finance expenses	(525)	(1 218)	(1 431)
<b>Profit before taxation</b>	<b>19 708</b>	18 672	37 146
Taxation	(5 275)	(4 695)	(10 329)
<b>Profit for the period</b>	<b>14 433</b>	13 977	26 817
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>14 433</b>	13 977	26 817
<b>Attributable to:</b>			
Ordinary shareholders of Amecor	12 106	12 224	23 266
Non-controlling interest	2 327	1 753	3 551
<b>Total comprehensive income for the year</b>	<b>14 433</b>	13 977	26 817
Earnings per share (cents)	16,0	16,2	30,8
Diluted earnings per share (cents)	16,0	16,2	30,8

### GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2010 R'000	Audited 31 March 2010 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>84 116</b>	79 796
Property, plant and equipment	15 842	13 972
Intangible assets	13 971	11 521
Goodwill	54 034	54 034
Deferred tax asset	269	269
<b>Current assets</b>	<b>86 710</b>	88 540
Inventories	28 088	19 624
Receivables and other current assets	35 180	39 072
Taxation	2 273	2 951
Cash and cash equivalents	21 169	26 893
<b>Total assets</b>	<b>170 826</b>	168 336
<b>EQUITY AND LIABILITIES</b>		
Issued capital	72 610	72 610
Retained earnings	53 444	47 576
Non-controlling interest	16 573	15 097
<b>Total equity</b>	<b>142 627</b>	135 283

### MANAGEMENT COMMENTARY

Amalgamated Electronic Corporation Limited ("Amecor") specialises in:

- the design, development and manufacturing of RF (radio frequency) and GSM (global system for mobile communication) electronic security systems;
- network data communication;
- power generating; and
- voltage optimising equipment.

The core focus of the Group is to identify and meet the evolving international demand for radio and GSM communication equipment, electronic security based products, as well as power generating and voltage optimising equipment for both local and international markets. Amecor is devoted to keeping abreast of the latest technological advances, and proudly upholding its philosophy of *Innovation through Technology*.

Amecor's principal products and services include:

- design and manufacture of electronic security based products;
- subscription offering to licensed radio and GSM networks – radio transmitters linked to our licensed frequencies (annuity income);
- alternative power solutions including generators and UPS (uninterrupted power supply) systems; and
- power optimisation products, used to stabilise voltage consumption and reduce unnecessarily high electricity costs.

Amecor also invests in ongoing research and development into new product offerings, existing upgrades and product procurement.

#### Financial review

Amecor's headline earnings achieved for the six months ended 30 September 2010 was 16,0 cents per share (F2010: 16,2 cents). Turnover and profit before tax for the period under review was reported as:

- R70,0 million (F2010: R66,1 million); and
- R19,7 million (F2010: R18,7 million) respectively.

The analysis of turnover and total comprehensive income on a segmental basis is detailed herein.

Cash generated from operations was R12,8 million (F2010: R17,8 million) to total cash and cash equivalents recorded at R20,0 million (F2010: R19,8 million).

Net asset value per share increased to 188,8 cents (F2010: 164,4 cents) and tangible net asset value per share to 98,8 cents (F2010: 80,3 cents).

#### Operational review

##### FSK Electronics ("FSK")

FSK's turnover increased to R22,9 million (F2010: R21,4 million), contributing R6,4 million (F2010: R5,2 million) to the Group profits. The increase is attributed to the development and subsequent introduction of new products, specifically GSM technology, into the security markets.

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

Sabre experienced an increase in turnover, from R40,7 million in F2010 to R47,2 million during this reporting period and profit of R3,8 million (F2010: R2,9 million), resulting from additional network charges relating to the GSM product range and networks.

##### PDS Group

The PDS Group achieved a turnover of R47,2 million (F2010: R40,8 million) and contributed R2,3 million (F2010: R1,8 million) of profits attributable to Amecor shareholders. Durapower Manufacturing sales were negatively affected by the strong Rand, while Gillespie Diesel Services experienced an increase in demand for large industrial generator sets. Power Development Services posted a slight increase resulting from sales and service agreements concluded.

##### Amecor Power Services ("APS")

In F2010 contributed R5,6 million to turnover and R2,0 million to profits from supplying schools, hospitals, etc. with generators. This contract has however been suspended during this reporting period until future payment arrangements have been formalised and all existing outstanding debtors relating hereto have been settled.

##### Amecor Powerstar

Amecor Powerstar is in the development stage of launching. Introducing a new concept is not without its challenges, however the product has proven its capabilities in the U.K. and is currently rolling out in Australia.

The concept behind this technically engineered transformer is to reduce the incoming voltage supplied to customers by the national power utility Eskom, thereby in turn optimising the voltage to 220v from higher voltages delivered and in turn saving money on electricity KWh.

Given the increase in costs that have been awarded to Eskom; the compounded increase over three years will be 100%. Client savings could be realised by installing Powerstar units.

It is Amecor Powerstar's strategy to roll out the products to larger chain stores; the interest expressed by these companies contacted have been positive and the outlook looks promising.

##### 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 and has also committed a further R3,0 million to an additional surface mount production line.

### NOTES TO THE CONDENSED CONSOLIDATED

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

The net asset value per share is the value of the Group's assets, less the sum of the value of its liabilities, divided by the number of shares in issue at 30 September 2010.

	Unaudited 30 September 2010	Unaudited 30 September 2009	Audited 31 March 2010
Ordinary share capital and reserves (R'000)	142 627	124 210	135 283
Total number of shares in issue (000's) (net of treasury shares of 2,4 million, F2010: 2,4 million)	75 565	75 572	75 565
<b>NAV per share (cents)</b>	<b>188,8</b>	164,4	179,0
Ordinary share capital and reserves (R'000)	142 627	124 210	135 283
Goodwill	(54 034)	(54 034)	(54 034)
Intangible assets	(13 971)	(9 473)	(11 521)
<b>Tangible NAV</b>	<b>74 622</b>	60 703	69 728
Total number of shares in issue (000's) (net of treasury shares of 2,4 million, F2010: 2,4 million)	75 565	75 572	75 565
<b>Tangible NAV per share (cents)</b>	<b>98,8</b>	80,3	92,3

#### 4. Segmental analysis

The Group's operating segments and segmental information presented in the condensed consolidated results for the six months ended 30 September 2010 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 2010 R'000	Unaudited Six months ended 30 September 2009 R'000	Audited Twelve months ended 31 March 2010 R'000
<b>Segment turnover</b>			
Production and sales	70 041	62 113	125 142
Security and related production and sales	22 809	21 358	41 983
Supply and maintenance of alternative power sources	47 232	40 755	83 159
Network and annuity income	6 576	5 588	15 513
Corporate head office and other	3 858	11 998	20 912
Consolidation adjustments	(10 503)	(13 593)	(23 431)
<b>Total turnover</b>	<b>69 972</b>	66 106	138 136
<b>Comprehensive income</b>			
Production and sales	10 785	8 757	16 433
Security and related production and sales	6 376	5 239	9 305
Supply and maintenance of alternative power sources	4 409	3 518	7 128
Network and annuity income	3 793	2 899	8 418
Corporate head office and other	5 834	9 010	3 039
Consolidation adjustments	(5 979)	(6 689)	(1 073)
<b>Total comprehensive income</b>	<b>14 433</b>	13 977	26 817
<b>Income attributable to non-controlling shareholders</b>			
Supply and maintenance of alternative power sources	2 327	1 753	3 551
<b>Assets</b>			
Production and sales	103 053	93 809	100 976
Security and related production and sales	56 344	44 530	53 847
Supply and maintenance of alternative power sources	46 709	49 279	47 129
Network and annuity income	24 306	13 394	22 914
Corporate head office and other	106 940	107 480	107 050
Consolidation adjustments	(63 473)	(59 026)	(62 604)
<b>Total assets</b>	<b>170 826</b>	155 657	168 336
<b>Liabilities</b>			
Production and sales	(31 467)	(30 758)	(35 627)
Security and related production and sales	(17 768)	(11 099)	(18 947)
Supply and maintenance of alternative power sources	(13 699)	(19 659)	(16 680)
Network and annuity income	(410)	(416)	(352)
Corporate head office and other	(55 960)	(56 363)	(55 666)
Consolidation adjustments	59 638	56 090	58 592
<b>Total liabilities</b>	<b>(28 199)</b>	(31 447)	(33 053)

Retained earnings	53 444	47 576
Non-controlling interest	16 573	15 097
<b>Total equity</b>	<b>142 627</b>	<b>135 283</b>
<b>Non-current liabilities</b>	<b>9 712</b>	<b>9 942</b>
Interest bearing borrowings	6 884	7 114
Deferred tax liabilities	2 828	2 828
<b>Current liabilities</b>	<b>18 487</b>	<b>23 111</b>
Trade and other payables	14 733	18 060
Bank overdraft	1 143	48
Short-term portion of interest bearing borrowings	1 794	3 266
Taxation	817	1 737
<b>Total equity and liabilities</b>	<b>170 826</b>	<b>168 336</b>
Net asset value per share (cents)	188,8	179,0
Net number of shares in issue (000's)	75 565	75 565

### GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September 2010 R'000	Unaudited Six months ended 30 September 2009 R'000	Audited Twelve months ended 31 March 2010 R'000
Cash generated from operations	12 792	17 708	40 984
Net finance (expense)/income	193	(254)	(35)
Taxation paid	(5 517)	(3 480)	(8 174)
Dividends paid	(7 089)	(6 240)	(7 714)
<b>Net inflow from operating activities</b>	<b>379</b>	<b>7 734</b>	<b>25 061</b>
<b>Net outflow from investing activities</b>	<b>(5 496)</b>	<b>(3 997)</b>	<b>(12 980)</b>
<b>Net outflow from financing activities</b>	<b>(1 702)</b>	<b>(666)</b>	<b>(1 947)</b>
<b>Net movement in cash balances</b>	<b>(6 819)</b>	<b>3 071</b>	<b>10 134</b>
Cash and cash equivalents at beginning of the year	26 845	16 711	16 711
<b>Cash and cash equivalents at the end of the period</b>	<b>20 026</b>	<b>19 782</b>	<b>26 845</b>

### GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued capital R'000	Attributable to ordinary shareholders of Amecor R'000	Non- controlling interest R'000	Total equity R'000
<b>Balance at 1 April 2009</b>	71 904	30 550	13 020	115 474
Issue of shares in respect of share option	986	-	-	986
Treasury shares movement	(280)	-	-	(280)
Dividends paid	-	(6 240)	(1 474)	(7 714)
Total comprehensive income for the period	-	23 266	3 551	26 817
Total changes	706	17 026	2 077	19 809
<b>Balance at 1 April 2010</b>	<b>72 610</b>	<b>47 576</b>	<b>15 097</b>	<b>135 283</b>
Dividends paid	-	(6 238)	(851)	(7 089)
Total comprehensive income for the period	-	12 106	2 327	14 433
Total changes	-	5 868	1 476	7 344
<b>Balance at 30 September 2010</b>	<b>72 610</b>	<b>53 444</b>	<b>16 573</b>	<b>142 627</b>

R3,0 million to an additional surface mount production line.

### 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 2010 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 3 November 2010.

#### Basis of preparation

These condensed consolidated results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS") and containing information required by the International Accounting Standards 34 – Interim Financial Reporting ("IAS 34"), AC 500 standards, the Listings Requirements of the JSE Limited and in the manner required by the Companies Act. 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 2010. 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.

The accounting policies have been applied consistently by Group companies and have been applied consistently to all periods presented in these condensed consolidated financial statements. The comparative figures referred to in the commentary relate to the prior year equivalent interim period ("F2010").

#### 2. Earnings per share ("EPS")

EPS is based on the Group's profit for the six months ended 30 September 2010, divided by the weighted average number of shares in issue during the six month period.

	Unaudited Six months ended 30 September 2010	Unaudited Six months ended 30 September 2009	Audited Twelve months ended 31 March 2010
<b>Earnings:</b>			
Profit attributable to equity holders of Amecor (R'000)	12 106	12 224	23 266
Headline earnings (R'000)	12 106	12 224	23 266
Shares in issue			
Weighted average number of ordinary shares in issue (000's)	75 565	75 572	75 562
<b>Earnings per share (cents)</b>	<b>16,0</b>	<b>16,2</b>	<b>30,8</b>
<b>Diluted earnings per share</b>			
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)	75 565	75 572	75 562
<b>Diluted earnings per share (cents)</b>	<b>16,0</b>	<b>16,2</b>	<b>30,8</b>
<b>Headline earnings per share</b>			
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)	75 565	75 572	75 562
<b>Headline earnings per share (cents)</b>	<b>16,0</b>	<b>16,2</b>	<b>30,8</b>
<b>Diluted headline earnings per share</b>			
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)	75 565	75 572	75 562
<b>Diluted headline earnings per share (cents)</b>	<b>16,0</b>	<b>16,2</b>	<b>30,8</b>

Corporate head office and other	(55 960)	(56 363)	(55 666)
Consolidation adjustments	59 638	56 090	58 592
<b>Total liabilities</b>	<b>(28 199)</b>	<b>(31 447)</b>	<b>(33 053)</b>
<b>Depreciation and amortisation</b>			
Production and sales	(1 021)	(1 039)	(2 110)
Security and related production and sales	(708)	(834)	(1 482)
Supply and maintenance of alternative power sources	(313)	(205)	(628)
Network and annuity income	(51)	(73)	(121)
Corporate head office and other	(105)	(74)	(166)
<b>Total depreciation and amortisation</b>	<b>(1 177)</b>	<b>(1 186)</b>	<b>(2 397)</b>
<b>Net finance income/(expense)</b>			
Production and sales	503	(339)	484
Security and related production and sales	326	-	136
Supply and maintenance of alternative power sources	177	(339)	348
Network and annuity income	78	303	670
Corporate head office and other	(388)	(218)	(1 189)
<b>Total finance income/(expense)</b>	<b>193</b>	<b>(254)</b>	<b>(35)</b>

#### 5. Related party transactions

	Unaudited Six months ended 30 September 2010 R'000	Unaudited Six months ended 30 September 2009 R'000	Audited Twelve months ended 31 March 2010 R'000
Purchases from fellow subsidiary companies	775	7 413	13 750
Management fees	3 240	6 180	9 680
Operating lease	309	-	619

#### 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)
KA Vieira	(Operational director)

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

#### 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

#### HS Courtney

Chairman\*

Sandton

3 November 2010

#### DH Alexander

Chief executive

#### Directors

HS Courtney (Chairman)\*, DH Alexander, KA Colley, M Noge\*, KA Vieira (\* non-executive)

#### Auditors

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

#### Transfer Secretaries

Link Market Services (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000)

#### Registered Office

Resource House, 7 Spring Street, Rivonia 2196 (PO Box 1962, Rivonia, 2128)

#### Sponsor

Sasfin Capital (A division of Sasfin Bank Limited), 29 Scott Street, Waverly 2090 (PO Box 95104, Grant Park, 2051)