

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 company")

UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2011 R'000	Audited Twelve months ended 31 March 2011 R'000	Unaudited Six months ended 30 September 2010 R'000
Revenue	84 081	142 810	71 093
Turnover	83 137	140 732	69 972
Cost of sales	(44 623)	(77 410)	(36 121)
Gross profit	38 514	63 322	33 851
Operating cost excluding depreciation and amortisation	(16 868)	(27 574)	(13 159)
EBITDA	21 646	35 748	20 692
Depreciation and amortisation	(1 775)	(3 279)	(1 177)
Operating profit before interest and taxation	19 871	32 469	19 515
Finance income	747	1 435	718
Finance expenses	(213)	(962)	(525)
Profit before taxation	20 405	32 942	19 708
Taxation	(5 998)	(9 598)	(5 275)
Profit for the period	14 407	23 344	14 433
Other comprehensive income	-	-	-
Total comprehensive income for the year	14 407	23 344	14 433
Profit and total comprehensive income attributable to:			
Ordinary shareholders of Amecor	12 264	21 360	12 106
Non-controlling interest	2 143	1 984	2 327
Total comprehensive income for the year	14 407	23 344	14 433
Earnings per share (cents)	16,3	28,3	16,0
Diluted earnings per share (cents)	16,3	28,3	16,0

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2011 R'000	Audited 31 March 2011 R'000
ASSETS		
Non-current assets	87 872	85 939
Property, plant and equipment	16 715	16 811
Intangible assets	16 669	14 756
Goodwill	54 034	54 034
Deferred tax asset	454	338
Current assets	95 008	87 636
Inventories	22 230	22 325
Receivables and other current assets	36 539	27 450
Taxation	3 964	2 837
Cash and cash equivalents	32 275	35 024
Total assets	182 880	173 575
EQUITY AND LIABILITIES		
Share capital	71 943	72 560
Retained earnings	69 212	62 915
Non-controlling interest	17 762	16 007
Total equity and reserves	158 917	151 482
Non-current liabilities	6 865	6 551
Borrowings	3 412	3 143
Deferred tax liabilities	3 453	3 408
Current liabilities	17 098	15 542
Trade and other payables	14 359	12 895
Taxation	867	-
Short-term portion of borrowings	1 872	2 647
Total equity and liabilities	182 880	173 575

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September 2011 R'000	Audited Twelve months ended 31 March 2011 R'000	Unaudited Six months ended 30 September 2010 R'000
Cash generated by operations	14 017	39 256	12 792
Net finance (expense)/income	535	473	193
Taxation paid	(6 230)	(10 710)	(5 517)
Dividends paid	(6 355)	(7 095)	(7 089)
Net inflow from operating activities	1 967	21 924	379
Net outflow from investing activities	(3 593)	(9 105)	(5 496)
Net outflow from financing activities	(1 123)	(4 640)	(1 702)
Net movement in cash balances	(2 749)	8 179	(6 819)
Cash and cash equivalents at beginning of the year	35 024	26 845	26 845
Cash and cash equivalents at the end of the period	32 275	35 024	20 026

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Retained earnings 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)
Total comprehensive income	-	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	-	(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 30 September 2011	71 943	69 212	17 762	158 917

MANAGEMENT COMMENTARY

Amecor and its subsidiaries (collectively "the Group") specialise in:

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

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*.

In keeping with our strategy to further grow the Group, Amecor acquired the business of Secequip Supplies (Proprietary) Limited ("Secequip") through its subsidiary, Greater Gauteng Alarm Networks (Proprietary) Limited, effective 1 October 2011.

Amecor also invests in ongoing research and development into new product offerings, existing upgrades and product procurement. Secequip is an importer and distributor of electronic security equipment which includes highly sophisticated cameras, the well-known Texecom range of products as well as offering related services and solutions to the security and broader electronics industry. The range of Secequip products is complementary to (and not in competition with) the Amecor product range. Secequip has an established network of 13 branches nationally together with a central warehouse and a countrywide sales and marketing team. The addition of Secequip will assist in providing the existing Amecor Group with a national footprint to distribute products and services throughout South Africa.

Financial review

Amecor's headline earnings achieved for the six months ended 30 September 2011 was 16,3 cents per share (F2011: 16,0 cents). Turnover and profit before tax for the period under review was reported as:

- R83,1 million (F2011: R70,0 million); and
- R20,4 million (F2011: R19,7 million) respectively.

Increase in turnover and gross profit was primarily attributable to the increase in network fees through Sabre Radio Networks (Pty) Limited and turnover generated through Amecor Power Services.

The increase in operational expenditure to R16,9 million (F2011: R13,2 million) may be attributed to the relocation of alternative power-based subsidiary, Gillespie Diesel Services, into bigger premises which resulted in higher rentals. Increased electricity costs and a greater staff complement have also impacted on the entire Group. Finance expenses reduced as a result of the bond over the property being settled and general borrowings reducing within the Group.

Depreciation and amortisation increased 51% from R1,2 million in F2011 to R1,8 million in the current period pursuant to the investment in additional property, plant and equipment acquired in the F2011 year.

Intangible assets increased as a result of further product development and the implementation of a new interactive website for the Group.

A rise to R36,5 million in receivables (F2011: R27,4 million) is proportionate to the increase in turnover which is recoverable within the 30 days of the reporting period.

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

A reduction in contributing profits in the PDS group impacted negatively on the dividends distributed to the non-controlling shareholders.

Cash generated by operations was R14,0 million (F2011: R12,8 million) and total cash and cash equivalents retained in the sum of R32,3 million (F2011: R20,0 million).

Cash flows from investing activities was less than the prior period due to replacement of PDS group vehicle fleet in F2011, whilst R617 000 contributed to an outflow in financing activities to acquire treasury shares in financing activities (F2011: R50 000).

Net asset value per share increased to 211,3 cents (F2011: 188,8 cents) and tangible net asset value per share to 117,3 cents (F2011: 98,8 cents).

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

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 2011 comprise the company and its subsidiaries.

These condensed consolidated interim results were authorised for issue by the board of directors on 7 November 2011. The unaudited condensed consolidated financial statements for the six months ended 30 September 2011 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 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 2011. The estimates and underlying assumptions are revised 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 financial statements. The comparative figures referred to in the commentary relate to the prior year equivalent interim period.

2. Earnings per share ("EPS")

	Unaudited Six months ended 30 September 2011	Audited Twelve months ended 31 March 2011	Unaudited Six months ended 30 September 2010
Earnings:			
Profit attributable to equity holders of Amecor (R'000)	12 264	21 360	12 106
Shares in issue			
Weighted average number of ordinary shares in issue (000's)	75 205	75 553	75 565
Earnings and diluted earnings per share (cents)	16,3	28,3	16,0
Headline earnings per share			
Profit attributable to equity holders of Amecor (R'000)	12 264	21 360	12 106
Less: profit on sale of property, plant and equipment	-	(248)	-
Tax effect of adjustment	-	69	-
Headline earnings (R'000)	12 264	21 181	12 106
Weighted average number of ordinary shares in issue (000's)	75 205	75 553	75 565
Headline and diluted headline earnings per share (cents)	16,3	28,0	16,0

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

	Unaudited 30 September 2011	Audited 31 March 2011	Unaudited 30 September 2010
Ordinary share capital and reserves (R'000)	158 917	151 482	142 627
Total number of shares in issue (000's) (net of treasury shares of 2,8 million F2011: 2,4 million)	75 205	75 553	75 565
NAV per share (cents)	211,3	200,5	188,8
Ordinary share capital and reserves (R'000)	158 917	151 482	142 627
Goodwill	(54 034)	(54 034)	(54 034)
Intangible assets	(16 669)	(14 756)	(13 971)
Tangible NAV	88 214	82 692	74 622
Total number of shares in issue (000's) (net of treasury shares of 2,4 million F2011: 2,4 million)	75 205	75 553	75 565
Tangible NAV per share (cents)	117,3	109,5	98,8

4. Segmental analysis

The Group's operating segments and segmental information presented in the condensed consolidated results for the six months ended 30 September 2011 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 2011 R'000	Audited Twelve months ended 31 March 2011 R'000	Unaudited Six months ended 30 September 2010 R'000
Segment turnover			
Production and sales	70 443	121 764	70 041
Security and related production and sales	22 519	45 410	22 809
Supply and maintenance of alternative power sources	47 924	76 354	47 232
Network and annuity income	9 657	18 968	6 576
Corporate head office and other	7 342	8 668	3 858
Consolidation adjustments	(4 305)	(8 668)	(10 503)
Total turnover	83 137	140 732	69 972
Comprehensive income			
Production and sales	9 553	14 648	10 785
Security and related production and sales	5 251	10 930	6 376
Supply and maintenance of alternative power sources	4 302	3 718	4 409
Network and annuity income	5 112	10 457	3 793
Corporate head office and other	6 179	5 145	5 834
Consolidation adjustments	(6 437)	(6 906)	(5 979)
Total comprehensive income	14 407	23 344	14 433
Income attributable to non-controlling shareholders			
Supply and maintenance of alternative power sources	2 143	1 984	2 327
Assets			
Production and sales	101 878	91 874	103 053
Security and related production and sales	50 857	48 026	56 344
Supply and maintenance of alternative power sources	51 021	43 848	46 709
Network and annuity income	33 400	32 527	24 306
Corporate head office and other	105 257	104 698	106 940
Consolidation adjustments	(57 655)	(55 524)	(63 473)
Total assets	182 880	173 575	170 826

5. Related party transactions

	Unaudited Six months ended 30 September 2011 R'000	Audited Twelve months ended 31 March 2011 R'000	Unaudited Six months ended 30 September 2010 R'000
Purchases from fellow subsidiary companies	1 200	11 348	775
Management fees	3 105	7 928	3 240
Operating lease	422	874	309

6. Subsequent events

Subsequent to this reporting date, the Secequip transaction has been completed and implemented.

7. Dividends

No interim dividend has been declared.

8. Directors

DH Alexander (Chief executive officer)
KA Colley (Financial director and company secretary)
KA Vieira (Operational director)
HS Courtney (Non-executive chairman)
M Noge (Non-executive director)
CH Boule (Non-executive 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
8 November 2011

DH Alexander Chief Executive

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

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

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