

# CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015  
AND DIVIDEND DECLARATION

## HIGHLIGHTS

- Group turnover up 18% to R61.1 million
- Cash generated from operations up 6% to R25.6 million
- EBITDA up 9% to R19.8 million
- Annuity income up 54%
- Continuing HEPS up 44% to 15.8 cents
- Interim dividend up 46% to 9.5 cents per share

Keith Vieira, Chief Executive Officer of Amecor commented:

*“Amecor’s leading position in Data Transmission technology in the security industry has been entrenched with the successful launch of new products in FSK and Group initiatives to further increase market share and new customer penetration. As a result Sabre continues to experience strong growth in subscriber numbers, annuity revenue and earnings.”*



# COMMENTARY

## GROUP OVERVIEW

Post the disposal of non-core assets in the last financial year ended 31 March 2015, Amecor now comprises two core businesses, Sabre Radio Networks ("Sabre") and FSK Electronics SA ("FSK").

Amecor continues to entrench itself as the leader in Data Transmission technology for the security industry with an increasing annuity base of customers utilising our network infrastructure.

Sabre is the largest security network provider in Southern Africa. It has a comprehensive network footprint of data transmission equipment enabling users, such as security companies, to route signals and data to their control centres. FSK is one of the leading designers and manufacturers of sophisticated data transmission technology primarily used in the security industry, to provide signal transmission networks to security companies.

FSK is now manufacturing and selling in excess of 20 000 individual items on average per month whilst Sabre is billing in excess of 600 000 networking units on its annuity base.

## OPERATIONAL REVIEW

Sabre launched various initiatives in the six months under review to expand its annuity billing footprint and as a result the annuity revenue increased 54% for the six months to 30 September 2015 compared to the previous corresponding period. Management is confident that these initiatives will continue to yield strong revenue growth for the balance of the 2016 financial year.

Sabre has also launched its data transmission technology services into Africa with revenue from the African region outside South Africa expected to show incremental growth for the balance of the 2016 financial year as the initiative gains traction. We are positive this expansion will establish Sabre as a market leader on the African continent in the longer term.

FSK will commence with the manufacture and distribution of the Rhino range of security panels, which include control panels, home automation and integrated security solutions for residential and commercial use which will be launched in January 2016. These products have been designed to meet the needs and requirements of the African market.

Amecor is investing in both the increase in production capacity as well as the automation of manufacturing processes to cater for the new products and service offerings mentioned above. The return on investment into infrastructure is only expected after the 2016 financial year.

## FINANCIAL REVIEW

### Summary results

With the focus now on the core Data Transmission and Networking business post the disposal of non-core assets, the Group continues to produce healthy top line growth, with turnover for the six months ended 30 September 2015 increasing by 18% to R61.1 million from the previous corresponding period.

EBITDA from continuing operations increased by 9% to R19.8 million, with additional costs for new systems and new products diluting some of the stellar growth in turnover. Costs incurred in cementing the growth in annuity revenue also reduced the EBITDA growth for the six-month period ended 30 September 2015, however, the earnings growth as a result of the increasing annuity revenue and market share is expected to continue beyond the 2016 financial year. The growth in operating expenses is expected to be significantly more tempered for the balance of the 2016 financial year.

Headline earnings per share from continuing operations increased 44% to 15.8 cents for the six months ended 30 September 2015 (F2014: 11.0 cents) as the Group benefited from both reduced depreciation resulting from assets that are fully written off as well as a lower interest expense due to a large portion of the corporate bond which was issued through the Private Placement Programme ("the Bond") being repaid in July 2015. Had the repayment of the Bond been at the beginning of the year on 1 April 2015, the headline earnings per share from continuing operations for the six months ended 30 September 2015 would have increased by an even greater amount from the previous corresponding period.

The financial results for the six months ended 30 September 2014 have been restated following the disposal of the PDS Group (comprising 50.2% of Power Development Services, 50.1% of Gillespie Diesel Services and 50.3% of Dura Manufacturing) effective 31 March 2015.

### Statement of cash flows

Healthy cash flow generation continues to be an ever-present theme within the Company, with R25.6 million of cash being generated from operations for the six months ended 30 September 2015, an increase of 6% over the previous corresponding period. The Company continues to be highly cash generative with a cash conversion ratio of 129% on EBITDA of R19.8 million.

The lower interest expense as a result of the Bond repayment made in July 2015 has further added to the Company's positive cash flow from operating activities and this positive impact on cash flows will continue for the balance of the 2016 financial year.

Cash and cash equivalents at 30 September 2015 decreased 11% to R36.3 million from R40.7 million at 31 March 2015 following Amecor's election to repay R32.5 million against the Bond in July 2015. The net cash position (cash less interest-bearing debt) at 30 September was R8.8 million which was a vast improvement from the negative R19.3 million at 31 March 2015, further highlighting the Company's strong financial position.

### Statement of financial position

Amecor's statement of financial position continues to be both highly solvent and liquid, with interest-bearing debt:equity of only 26% (57% at 31 March 2015). The Private Placement Programme matures in November 2016 and the Company is considering its options for future funding requirements, however, the Group is well positioned to meet the Bond repayment at maturity should the parties agree not to extend the current facility.



# FINANCIAL INFORMATION

## GROUP PROVISIONAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited six months ended 30 Sep 2015 R'000	Unaudited Restated six months ended 30 Sep 2014 R'000	Audited twelve months ended 31 Mar 2015 R'000
<b>Revenue</b>	<b>62 575</b>	52 621	114 432
Turnover	61 077	51 811	112 569
Cost of sales	<b>(25 355)</b>	(21 790)	(56 914)
<b>Gross profit</b>	<b>35 722</b>	30 021	55 655
Other income	330		–
Operating expenses	<b>(16 262)</b>	(11 919)	(33 285)
<b>Earnings before interest, taxation, depreciation and amortisation (“EBITDA”)</b>	<b>19 790</b>	18 102	22 370
Depreciation/amortisation	<b>(2 310)</b>	(4 266)	(4 560)
Impairment	–	–	(49 982)
<b>(Loss)/profit from operations</b>	<b>17 480</b>	13 836	(32 172)
Finance income	<b>1 168</b>	810	1 863
Finance costs	<b>(2 528)</b>	(3 258)	(6 808)
<b>(Loss)/profit before taxation</b>	<b>16 120</b>	11 388	(37 117)
Taxation	<b>(4 511)</b>	(3 189)	(1 628)
<b>(Loss)/profit from continuing operations</b>	<b>11 609</b>	8 199	(38 745)
<b>(Loss)/profit from discontinued operations</b>	–	5 001	(10 903)
Loss on disposal of subsidiary	–	–	(14 838)
(Loss)/profit from discontinued operations	–	5 001	3 935
<b>Total comprehensive (loss)/income for the period</b>	<b>11 609</b>	13 200	(49 648)
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of Amecor at the end of the period	<b>11 609</b>	10 709	(51 606)
Non-controlling interest	–	2 491	1 958
<b>Total</b>	<b>11 609</b>	13 200	(49 648)
<b>(Loss)/earnings per share (cents)</b>	<b>15.8</b>	14.4	(69.5)
Continued operations	<b>15.8</b>	11.0	(52.2)
Discontinued operations	–	3.4	(17.3)

## GROUP PROVISIONAL STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 Sep 2015 R'000	Unaudited Restated six months ended 30 Sep 2014 R'000	Audited twelve months ended 31 Mar 2015 R'000
<b>Net inflow/(outflow) from operating activities</b>	<b>11 772</b>	10 485	24 140
Cash generated from operations	<b>25 562</b>	24 195	47 549
Net finance cost	<b>(1 360)</b>	(2 448)	(4 629)
Taxation paid	<b>(6 485)</b>	(6 962)	(9 492)
Dividends paid	<b>(5 945)</b>	(4 300)	(9 288)
<b>Net inflow/(outflow) from investing activities</b>	<b>18 640</b>	(10 234)	(5 741)
<b>Net inflow/(outflow) from financing activities</b>	<b>(34 823)</b>	264	(451)
Movement in cash balances	<b>(4 411)</b>	515	17 948
Cash and cash equivalents at the beginning of the period	<b>40 736</b>	28 410	22 788
<b>Cash and cash equivalents at the end of the period</b>	<b>36 325</b>	28 925	40 736
Cash included in continuing operations	<b>36 325</b>	28 925	40 736
Cash included in discontinued operations	–	3 698	–
<b>Discontinued operation</b>		(4 778)	
Net outflow from operating activities		(4 361)	
Net outflow from investing activities		(319)	
Net outflow from financing activities		(98)	

## GROUP PROVISIONAL STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Sep 2015 R'000	Unaudited Restated as at 30 Sep 2014 R'000	Audited as at 31 Mar 2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>82 955</b>	150 203	80 125
Property, plant and equipment	14 776	33 008	14 686
Intangible assets	15 362	26 568	14 000
Goodwill	44 169	54 034	44 169
Other financial assets	–	33 684	
Deferred tax asset	8 648	2 909	7 270
<b>Current assets</b>	<b>78 551</b>	137 439	107 118
Inventories	9 010	34 507	12 354
Trade and other receivables	14 028	46 505	12 880
Other financial assets	14 234	16 200	36 637
Cash and cash equivalents	36 325	32 623	40 736
Taxation	4 954	7 604	4 511
<b>Total assets</b>	<b>161 506</b>	287 642	187 243
<b>EQUITY AND RESERVES</b>	<b>107 770</b>	194 685	104 430
Share capital	743	743	743
Share premium	67 339	69 890	69 663
Accumulated profit /(loss)	39 688	101 167	34 024
Equity attributable to Amecor shareholders	107 770	171 800	104 430
Non-controlling interest		22 885	–
<b>Non-current liabilities</b>	<b>29 786</b>	66 679	2 286
Borrowings	27 500	59 542	–
Deferred tax liability	2 286	7 137	2 286
<b>Current liabilities</b>	<b>23 950</b>	26 278	80 527
Trade and other payables	22 975	25 238	19 399
Taxation	975	191	1 128
Borrowings	–	849	60 000
<b>Total equity and liabilities</b>	<b>161 506</b>	287 642	187 243

## STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Accum- lated profit R'000	Attributable to Amecor shareholders R'000	Non- controlling interest R'000	Total R'000
Balance as at 1 April 2014 as restated	743	69 890	94 918	165 551	20 553	186 104
Dividends paid			(4 460)	(4 460)	(159)	(4 619)
Total comprehensive income			10 709	10 709	2 491	13 200
Total changes	–	–	6 249	6 249	2 332	8 581
<b>Balance as at 30 September 2014</b>	<b>743</b>	<b>69 890</b>	<b>101 167</b>	<b>171 800</b>	<b>22 885</b>	<b>194 685</b>
Balance as at 1 April 2014 as restated	743	69 890	94 918	165 551	20 553	186 104
Dividends paid			(9 288)	(9 288)	(1 093)	(10 381)
Total comprehensive loss for the year			(51 606)	(51 606)	1 958	(49 648)
Net movement – treasury shares		(227)		(227)		(227)
Disposal of subsidiary				–	(21 418)	(21 418)
Total changes		(227)	(60 894)	(61 121)	(20 553)	(81 674)
<b>Balance at 31 March 2015</b>	<b>743</b>	<b>69 663</b>	<b>34 024</b>	<b>104 430</b>	<b>–</b>	<b>104 430</b>
Dividends paid			(5 945)	(5 945)		(5 945)
Total comprehensive profit for the year			11 609	11 609		11 609
Net movement – treasury shares		(2 324)	–	(2 324)		(2 324)
Total changes		(2 324)	5 664	3 340		3 340
<b>Balance at 30 September 2015</b>	<b>743</b>	<b>67 339</b>	<b>39 688</b>	<b>107 770</b>		<b>107 770</b>

# NOTES TO THE CONDENSED PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS

## 1. EARNINGS PER SHARE

	<b>Unaudited six months ended 30 Sep 2015 R'000</b>	Unaudited Restated six months ended 30 Sep 2014 R'000	Audited twelve months ended 31 Mar 2015 R'000
<b>Earnings per share ("EPS")</b>			
<b>Earnings/(loss) per share</b>			
<b>Continuing operations</b>			
<i>Earnings/(loss):</i>			
Profit/(loss) attributable to Amecor shareholders	<b>11 609</b>	8 199	(38 745)
<i>Shares in issue:</i>			
Average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Basic earnings/(loss) per share (cents)</b>	<b>15.8</b>	11.0	(52.2)
<b>Diluted earnings/(loss) per share (cents)</b>	<b>15.8</b>	11.0	(52.2)
<b>Discontinued operations</b>			
<i>Profit/(loss):</i>			
Profit/(loss) attributable to Amecor shareholders		2 510	(12 861)
<i>Shares in issue:</i>			
Average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Basic profit/(loss) per share (cents)</b>	–	3.4	(17.3)
<b>Diluted profit/(loss) per share (cents)</b>	–	3.4	(17.3)
<b>Total earnings/(loss) per share</b>			
<i>Earnings/(loss):</i>			
Profit/(loss) attributable to Amecor shareholders	<b>11 609</b>	10 709	(51 606)
<i>Shares in issue:</i>			
Average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Basic earnings/(loss) per share (cents)</b>	<b>15.8</b>	14.4	(69.5)
<b>Diluted earnings/(loss) per share (cents)</b>	<b>15.8</b>	14.4	(69.5)

	Unaudited six months ended 30 Sep 2015 R'000	Unaudited Restated six months ended 30 Sep 2014 R'000	Audited twelve months ended 31 Mar 2015 R'000
<b>Headline earnings per share ("HEPS")</b>			
<b>Continuing headline earnings/(loss) per share</b>	<b>11 609</b>	8 199	(17 045)
Basic earnings/(loss)	<b>11 609</b>	8 199	(38 745)
Profit/(loss) on disposal of property, plant and equipment	–	–	48
Impairment: Building	–	–	17 431
Impairment: Intangible assets	–	–	12 659
Taxation on above (28%)	–	–	(8 438)
<b>Shares in issue:</b>			
Weighted average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Headline earnings per share (cents) – continuing operations</b>	<b>15.8</b>	11.0	(23.0)
<b>Diluted headline earnings/(loss) per share (cents)</b>	<b>15.8</b>	11.0	(23.0)
<b>Headline earnings per share – discontinued operation</b>	–	2 484	2 710
Basic earnings/(loss)	–	2 510	(12 861)
Loss on disposal of subsidiary	–	–	14 837
Impairment: Intangible assets	–	–	1 102
Profit on disposal of property, plant and equipment	–	(36)	(82)
Taxation on above (28%)	–	10	(286)
<b>Shares in issue:</b>			
Weighted average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Headline earnings per share (cents)</b>	–	3.3	3.7
<b>Diluted headline earnings per share (cents)</b>	–	3.3	3.7
<b>Total headline earnings/(loss) per share</b>	<b>11 609</b>	10 683	(14 337)
Basic earnings/(loss)	<b>11 609</b>	10 709	(51 606)
Loss on disposal of subsidiary	–	–	14 837
Profit on disposal of property, plant and equipment	–	(36)	(34)
Impairment: Building	–	–	17 431
Impairment: Intangible assets	–	–	13 759
Taxation on above (28%)	–	10	(8 724)
<b>Shares in issue:</b>			
Weighted average number of shares in issue ('000)	<b>73 269</b>	74 306	74 210
<b>Headline earnings/(loss) per share (cents)</b>	<b>15.8</b>	14.4	(19.3)
<b>Diluted headline earnings/(loss) per share (cents)</b>	<b>15.8</b>	14.4	(19.3)

## 2. NET ASSET VALUE ("NAV") PER SHARE

	Unaudited six months ended 30 Sep 2015	Unaudited Restated six months ended 30 Sep 2014	Audited twelve months ended 31 Mar 2015
Ordinary share capital and reserves (R'000)	<b>107 770</b>	194 682	104 430
Total number of shares in issue net of treasury shares ('000)	<b>73 269</b>	74 306	74 210
<b>NAV per share (cents)</b>	<b>147.1</b>	262.0	140.7
<b>Tangible net asset value ("TNAV") per share</b>			
Ordinary share capital and reserves (R'000)	<b>107 770</b>	194 682	104 430
Less: Intangible assets and goodwill	<b>(59 531)</b>	(80 602)	(58 169)
	<b>48 239</b>	114 080	46 261
Total number of shares in issue net of treasury shares ('000)	<b>73 269</b>	74 306	74 210
<b>TNAV per share (cents)</b>	<b>65.8</b>	153.5	62.3

# NOTES TO THE CONDENSED PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS

(continued)

## 3. SEGMENTAL REVENUE AND RESULTS

	Security R'000	Head office management subsidiary companies R'000	Intercompany elimination and consolidation R'000	Total R'000
<b>Continuing operations</b>				
<b>30 September 2015</b>				
Sales	64 205	347	(3 475)	61 077
Gross profit	35 598	347	(223)	35 722
EBITDA	22 034	4 296	(6 540)	19 790
Investment revenue	970	198		1 168
Finance cost	(14)	(2 514)		(2 528)
Depreciation and amortisation	(1 959)	(351)		(2 310)
Impairment				
Profit before taxation	21 031	1 629	(6 540)	16 120
Profit attributable to Amecor shareholders	16 520	1 629	(6 540)	11 609
Total assets	77 697	78 059	5 750	161 506
Total liabilities	13 101	38 352	2 283	53 736

### Continuing operations

#### 30 September 2014

Sales	52 338	7 685	(8 212)	51 811
Gross profit	29 895	6 954	(6 828)	30 021
EBITDA	18 870	4 908	(5 676)	18 102
Investment revenue	753	57		810
Finance cost	–	(3 258)		(3 258)
Depreciation and amortisation	(2 032)	(595)		(2 627)
Impairment		(1 639)		(1 639)
Profit before taxation	17 591	(527)	(5 677)	11 388
Profit attributable to Amecor shareholders	14 345	(469)	(5 677)	8 199
Total assets	140 304	202 370	(55 032)	287 642
Total liabilities	12 766	158 832	(78 641)	92 957

## CORPORATE INFORMATION

### 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" or "the Group")

#### Registered Office

Amecor House, 14 Richard Road, Industria North, 1709

(PO Box 720, Florida Hills, 1716)

#### Directors

KA Vieira, D Colley, CH Boule (Chairman)\*#, JF Evans\*#, W Kirsh\*, SD Shane\*, C Angel\* (alternate), D Strydom\*#, PFC Ying\*#, J Winer\*  
(\* Non-executive # Independent)

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

#### Company Secretary

Acorim Proprietary Limited

2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Road and Jan Smuts Avenue, Hyde Park, Johannesburg, 2196

(PO Box 41480, Craighall, 2024)

#### Auditors

Grant Thornton, 52 Corlett Drive, Wanderers Office Park, Illovo, 2196 (Private Bag X5, Northlands, 2116)

#### Transfer Secretaries

Link Market Services Proprietary Limited

13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)

#### Sponsor

Merchantec Capital

2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Road and Jan Smuts Avenue, Hyde Park, Johannesburg, 2196

(PO Box 41480, Craighall, 2024)

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