

**CONDENSED GROUP INCOME STATEMENT**

for the year ended 30 June 2009

	% change	Reviewed 30 June 2009 R'000	Restated 30 June 2008 R'000
<b>Continuing operations</b>			
Revenue	(35)	1 044 294	1 606 642
Operating loss		(71 448)	(7 327)
Impairment of goodwill and trademarks		(5 766)	—
Restructuring costs – operations		(7 820)	(9 607)
Net write down of inventory		(2 397)	(23 300)
Fair value adjustments on financial instruments		909	33 673
Net interest paid		(2 694)	(12 833)
Loss before taxation	(360)	(89 216)	(19 394)
Taxation		25 821	5 174
Loss for the year from continuing operations	(346)	(63 395)	(14 220)
<b>Discontinued operations</b>			
Loss from discontinuing operations		(5 621)	(3 680)
<b>Loss for the year from continuing and discontinued operations attributable to shareholders</b>			
	(286)	(69 016)	(17 900)
<b>Loss per share</b>			
<b>From continuing and discontinued operations</b>			
Basic loss per share (cents)	(285)	(33,1)	(8,6)
Diluted basic loss per share (cents)	(289)	(33,1)	(8,5)
<b>From continuing operations</b>			
Basic loss per share (cents)	(347)	(30,4)	(6,8)
Diluted basic loss per share (cents)	(347)	(30,4)	(6,8)
<b>From discontinued operations</b>			
Basic loss per share (cents)	(50)	(2,7)	(1,8)
Diluted basic loss per share (cents)	(59)	(2,7)	(1,7)

**CONDENSED GROUP BALANCE SHEET**

as at 30 June 2009

	Reviewed 30 June 2009 R'000	Audited 30 June 2008 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	11 890	40 861
Goodwill	—	1 170
Trademarks	1 645	4 596
Deferred taxation	73 924	37 098
<b>Current assets</b>	514 244	729 817
Inventories	154 293	365 188
Trade and other receivables	187 289	307 304
Taxation prepaid	6 649	3 521
Bank and cash on hand	124 943	53 804
Assets classified as held for sale	41 070	—
<b>Total assets</b>	601 703	813 542
<b>EQUITY AND LIABILITIES</b>		
Total equity	438 672	506 337
Capital and reserves	438 672	506 337
<b>Non-current liabilities</b>		
Long-term borrowings	1 433	8 988
Deferred taxation	676	6 826
<b>Current liabilities</b>	161 598	298 217
Trade and other payables	96 729	207 749
Derivative financial liability	2 077	1 704
Capital distribution and dividends payable	157	159
Taxation	318	1 090
Bank overdraft	868	71 254
Short-term portion of long-term liability	1 125	5 065
Provisions	19 254	11 196
Liabilities directly associated with assets classified as held for sale	41 070	—
<b>Total equity and liabilities</b>	601 703	813 542

**CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2009

	Reviewed 30 June 2009 R'000	Audited 30 June 2008 R'000
Balance as at 1 July	506 337	551 163
Net loss for the year	(69 016)	(17 900)
Capital distribution	—	(25 482)
Net treasury movement	74	(2 384)
Share based payment	1 277	920
Balance at year end	438 672	506 337

**CHANGES TO COMPARATIVE INFORMATION**

Comparative information has been reclassified for the treatment of Tedex Manufacturing (Pty) Limited, Tedex Properties (Atlantis) (Pty) Limited and the Atlantis TV factory operations (a division of Tedex Trading (Pty) Limited) as discontinued operations.

	30 June 2008		
	Audited previously stated R'000	Reclassified discontinued operations R'000	Restated R'000
<b>Revenue</b>	1 662 931	56 289	1 606 642
Operating profit/(loss)	26 689	34 016	(7 327)
Restructuring costs – operations	(12 500)	(2 893)	(9 607)
Net write down of inventory	(23 419)	(119)	(23 300)
Fair value adjustments on financial instruments	(2 823)	(36 496)	33 673
Net interest paid	(12 971)	(138)	(12 833)
Loss before taxation	(25 024)	(5 630)	(19 394)
Taxation	7 124	1 950	5 174
<b>Loss from continuing operations</b>			(14 220)
<b>Loss from discontinued operations</b>		(3 680)	
<b>Loss from continuing and discontinued operations</b>	(17 900)	(3 680)	(14 220)

The reclassifications have no impact on the balance sheet.

**SUPPLEMENTARY INFORMATION**

for the year ended 30 June 2009

**Discontinued operations and assets classified as held for sale**

Following the decision to dispose of Tedex Manufacturing (Pty) Limited and Tedex Properties (Atlantis) (Pty) Limited and the Atlantis TV factory operation (a division of Tedex Trading (Pty) Limited), these two entities and the Atlantis TV factory have been classified as discontinued in the current year and prior year has been reclassified accordingly.

	Reviewed Total discontinued operation R'000	Reviewed Tedex Properties (Atlantis) (Pty) Limited R'000	Reviewed Tedex Manufacturing (Pty) Limited R'000	Reviewed Atlantis TV factory operation <sup>1</sup> R'000
<b>For the year ended 30 June 2009</b>				
<b>Revenue</b>	18 584	—	—	18 584
Operating (loss)/profit	(8 031)	2 155	1 349	(11 534)
Restructuring costs – operations	(1 296)	—	—	(1 296)
Net write up/(write down) of inventory	635	—	(373)	1 008
Fair value adjustments on financial instruments	885	—	—	885
Net interest received/(paid)	—	—	38	(38)
(Loss)/profit before taxation	(7 807)	2 155	1 014	(10 975)
Taxation	2 186	(603)	(284)	3 073
<b>(Loss)/profit from discontinuing operations</b>	(5 621)	1 552	730	(7 902)

**The major classes of assets and liabilities classified as held for sale as follows:**

	Reviewed Total held for sale R'000	Reviewed Tedex Properties (Atlantis) (Pty) Limited R'000	Reviewed Tedex Manufacturing (Pty) Limited R'000	Reviewed Atlantis TV factory operation <sup>1</sup> R'000
<b>As at 30 June 2009</b>				
<b>Assets classified as held for sale</b>				
Property, plant and equipment	21 878	11 707	10 171	—
Deferred taxation	24	—	24	—
Inventories	9 038	—	299	8 739
Trade and other receivables	10 129	—	761	9 368
Bank and cash on hand	1	—	1	—
<b>Assets classified as held for sale</b>	41 070	11 707	11 256	18 107
<b>Liabilities directly associated with assets classified as held for sale</b>				
Long-term borrowings	(2 780)	—	(2 780)	—
Deferred taxation	(2 499)	(2 024)	(475)	—
Trade and other payables	(25 230)	(9 683)	(5 904)	(9 643)
Taxation	(89)	—	(89)	—
Bank overdraft	(8 760)	—	(296)	(8 464)
Short-term portion of long-term liability	(1 712)	—	(1 712)	—
Liabilities directly associated with assets classified as held for sale	(41 070)	(11 707)	(11 256)	(18 107)

<sup>1</sup> Atlantis TV factory operation is a division of Tedex Trading (Pty) Limited.

**Directors**  
PL Campher (Chairman), AS Coward, MG Crow, WA du Plessis, S Karele, SA Levitt, SH Müller, DB Oliver, DD Tabata \*Non-executive

**Secretary**  
BG Drummond

**Transfer secretaries**  
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Bridge Capital Advisors (Pty) Limited, 2nd Floor, 27 Fricker Road, Illovo Boulevard, Illovo 2196

**AMALGAMATED APPLIANCE HOLDINGS LIMITED**

Registration number: 1997/004130/06 ISIN: ZAE00012647 Share code: AMA ("AMAP" or "the Group")

**REVIEWED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2009****Highlights**

- R230,7 million working capital improvement from operations
- R124,1 million net cash on hand
- R210,9 million inventory reduction
- Restructuring finalised

**Notes**

- Basis of preparation**  
The condensed financial statements have been prepared in accordance with:  
• IAS 34: *Interim Financial Reporting* using accounting policies that are in accordance with IFRS and consistent with those applied in the prior year;  
• The requirements of the South African Companies Act, 61 of 1973, as amended; and  
• The Listings Requirements of the JSE Limited.
- Auditor's review opinion**  
These results have been reviewed by independent external auditors Deloitte & Touche and their unmodified review opinion is available for inspection at the registered office. Their review was in accordance with ISRE 2410: *Review of Interim Financial Information* Performed by the Independent Auditor of the Entity.
- Diluted basic and headline loss per share**  
Diluted basic and headline loss per share is determined by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. This has an anti-dilutive effect.
- Related party transactions**  
The Group entered into various related party transactions. These transactions are no less favourable than those arranged with third parties.
- Contingent liability**  
As disclosed in the Group's annual report for the year ended 30 June 2008 and its interim results, SARS issued a letter of intent in February 2007 to levy customs and excise on a wholly owned subsidiary for R28,3 million. The subsidiary has raised a formal objection, in line with the professional advice of its external legal customs duty advisers, and remains confident that its objection will be upheld.  
  
There is no obligation, current or pending, which is considered likely to have a material adverse effect on the Group.
- Assets classified as held for sale**  
In line with the Group strategy to focus on sales and marketing it was decided in December 2008 to transfer the assets of Tedex Manufacturing (Pty) Limited, Tedex Properties (Atlantis) (Pty) Limited and the Atlantis TV factory operation (a division of Tedex Trading (Pty) Limited) to assets held for sale in line with the requirements of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*.
- Restatement of prior year figures**  
Comparative information has been reclassified to account for discontinued operations and assets held for sale as described in note 6 above.
- Segmental reporting**  
The Group markets and distributes consumer durables predominantly in Southern Africa and therefore the board does not consider the disclosure of segmental information in terms of IAS 14: *Segment Reporting*, to be meaningful.
- Subsequent events**  
No events material to the understanding of the report have occurred during the period between 30 June 2009 and the date of this report.

**Reviewed consolidated results for the year ended 30 June 2009****Trading environment**

The year under review was defined by the economic recession and its impact on the consumer goods sector. The consumer was forced to "buy down" and the industry was obliged to transform accordingly. Retailers restructured their businesses and cash generation became a prerequisite resulting in pressure being placed on the distributors.

**Commentary**

The need to discount the Intellipower power inverter grade of products had the most significant impact on the business. The downturn resulted in reduced demand on the national electricity grid and power outages ceased. Furthermore, as a result of the drop in world battery prices due to the fall in commodity prices of lead and copper and the fact that stock received was not of the required specification (which is the subject of a claim for refund) the company decided to discount the product. The loss attributable to this product line amounted to R65,7 million before tax (2008: Profit before tax R14,4 million).

Fierce competition necessitated that the Group change its model of selling consumer electronic products to the retail trade. The Group no longer procures and warehouses product based on market research or demand. Instead orders are now only placed on a "back to back" basis. This change resulted in substantial staff retrenchments, stock clearance sales and forex losses.

As part of the Group restructuring all trading has been channelled to one company. In line with this strategy trademarks and goodwill to the value of R5,8 million (2008: Nil) before tax were fully impaired.

The change of the consumer electronic sales model together with the programme initiated in the prior year to integrate the back office functions and reduce fixed overheads has seen the staff complement reduce from 466 employees to 204 employees excluding manufacturing staff.

The impact of the downturn also resulted in short time, layoffs and retrenchments at the Group's appliance factory in Pinetown and electronics factory in Atlantis.

Negotiations with various interested parties were initiated for the sale of the Tedex Manufacturing (Pty) Limited, Tedex Properties (Atlantis) (Pty) Limited and the Atlantis TV factory operation (a division of Tedex Trading (Pty) Limited). These assets are therefore classified as "held for sale" in the balance sheet.

The Group has also embarked on a programme to outsource the electronics service operation. This project is underway and has been completed in the first quarter of the new financial year.

On the positive side, housewares under the Russell Hobbs brand was launched during May 2009. Feedback from consumers and the retail trade has been good and all indications are that the introduction of this new product category bodes well for the future.

Sales in the categories of small domestic appliances and sewing machines continue to be pleasing. Whilst year on year revenue was slightly lower, gross profits grew marginally and the brands maintained their respective market shares.

**Financial performance**  
*(Income statement (continuing operations))*

Changing the method for the sale of consumer electronic goods is primarily responsible for the 35% reduction in revenue on the prior year. This together with the discounting of the Intellipower product also had a significant impact on the Group's gross margin which declined from 18,3% to 14,7% for the year.

Restructuring costs incurred amounted to R7,8 million (2008: R9,6 million). The effect of the retrenchments and cost savings will result in lower running costs into the future.

The total charge to the income statement in respect of IFRS 2: *Share Based Payments*, for the year amounted to R1,3 million (2008: R0,9 million).

The fair value adjustment in terms of IAS 39: *Financial Instruments: Recognition and Measurement*, amounted to a profit of R0,9 million (2008: Profit of R33,7 million). In the prior year, the Group reported a loss of R2,8 million as the discontinuing operations had reported a loss of R36,5 million.

Net finance costs reduced from R12,8 million to R2,7 million due to cash generated from trading.

**www.amap.co.za****SUPPLEMENTARY INFORMATION (continued)**

for the year ended 30 June 2009

	% change	Reviewed 30 June 2009 R'000	Restated 30 June 2008 R'000
Shares in issue (000's)		211 190	211 190
Shares in issue – weighted (000's)		208 469	208 646
Diluted number of shares – weighted (000's)		208 575	210 435
Net asset value per share (cents)		208	240
Cost of sales (R'000) – continuing operations		891 233	1 313 097
Cost of sales (R'000) – discontinued operations		26 422	58 196
Interest received (R'000) – continuing operations		(8 450)	(3 913)
Interest received (R'000) – discontinued operations		(38)	—
Interest paid (R'000) – continuing operations		11 144	16 746
Interest paid (R'000) – discontinued operations		38	138
Capital expenditure (R'000) – continuing operations		2 584	7 131
Capital expenditure (R'000) – discontinued operations		52	2 700
Capital commitments (R'000) – continuing operations		892	1 098
Depreciation, amortisation and impairment charge (R'000) – continuing operations		10 424	10 689
Depreciation, amortisation and impairment charge (R'000) – discontinued operations		1 668	3 585
Operating lease commitments (R'000) – continuing operations		19 004	28 061
<b>Loss attributable to ordinary shareholders (R'000) – continuing operations</b>			
(Profit)/loss on disposal of property, plant and equipment (R'000) – continuing operations		(83)	156
Impairment of goodwill (R'000) – continuing operations		1 170	—
Impairment of trademarks (R'000) – continuing operations		4 596	—
Impairment of property, plant and equipment (R'000) – continuing operations		—	2 157
Total tax effects on adjustments (R'000) – continuing operations		(1 264)	(648)
<b>Headline loss (R'000) – continuing operations</b>		(58 976)	(12 555)
Headline loss per share (cents) – continuing operations	(372)	(28,3)	(6,0)
Diluted headline loss per share (cents) – continuing operations	(372)	(28,3)	(6,0)
<b>Loss attributable to ordinary shareholders (R'000) – discontinued operations</b>			
(Profit)/loss on disposal of property, plant and equipment (R'000) – discontinued operations		(19)	26
Impairment of property, plant and equipment (R'000) – discontinued operations		179	304
Total tax effects on adjustments (R'000) – discontinued operations		(45)	(92)
<b>Headline (loss)/profit (R'000) – discontinued operations</b>		(5 506)	(3 442)
Headline loss per share (cents) – discontinued operations	(60)	(2,6)	(1,6)
Diluted headline loss per share (cents) – discontinued operations	(60)	(2,6)	(1,6)
Headline loss per share (cents) – continuing and discontinued operations	(301)	(30,9)	(7,7)
Diluted headline loss per share (cents) – continuing and discontinued operations	(307)	(30,9)	(7,6)

**CONDENSED GROUP CASH FLOW STATEMENT**

for the year ended 30 June 2009

	Reviewed 30 June 2009 R'000	Audited 30 June 2008 R'000
<b>Cash flow from operating activities</b>		
Cash (utilised)/generated by trading	(77 848)	5 213
Working capital changes	230 699	(97 100)
Cash generated/(utilised) by operations	152 851	(91 887)
Net interest paid	(2 694)	(12 971)
Taxation paid	(11 564)	(37 384)
Dividends paid and capital distribution	(2)	(25 449)
<b>Cash flow from investing activities</b>	(301)	(9 179)
Additions to property, plant and equipment	(2 636)	(9 831)
Proceeds on disposal of property, plant and equipment	2 335	652
<b>Cash flow from financing activities</b>	(5 524)	(1 427)
Net movement in treasury shares	74	(2 384)
(Decrease)/increase in long-term borrowings	(5 598)	957
<b>Net increase/(decrease) in cash and cash equivalents</b>	132 766	(178 297)
Cash (deficit)/surplus beginning of year	(17 450)	160 847
<b>Cash surplus/(deficit) at the end of the year</b>	115 316	(17 450)

**NOTES TO THE CONDENSED GROUP CASH FLOW STATEMENT**

for the year ended 30 June 2009

	Reviewed 30 June 2009 R'000	Restated 30 June 2008 R'000
<b>Cash flow from operating activities</b>		
– Continuing operations	138 591	(167 691)
– Discontinuing operations	12 247	(174 770)
<b>Cash flow from investing activities</b>	(301)	(9 179)
– Continuing operations	(3 090)	(6 527)
– Discontinuing operations	2 789	(2 652)
<b>Cash flow from financing activities</b>	(5 524)	(1 427)
– Continuing operations	(2 747)	(1 893)
– Discontinuing operations	(2 777)	