



AMALGAMATED APPLIANCE HOLDINGS LIMITED

Registration number: 1997/004130/06 ISIN: ZAE000012647 Share code: AMA ("AMAP" or "the Group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

• Total comprehensive income
R24,5 million for the period

• Headline earnings per share increased
by **148% to 11,7 cents** per share

• Cash of **R90,6 million** generated
from operating activities

• Net cash on hand **R198,8 million**

• Interim result highlights relate to continuing and discontinuing operations.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME				
	Unaudited 6 months 31 December 2009 R'000	Restated* unaudited 6 months 31 December 2008 R'000	Restated* audited 12 months 30 June 2009 R'000	% change
Continuing operations				
Revenue	(35) 399 652	612 489	1 044 294	
Operating profit/(loss)	32 136	(54 052)	(73 845)	
Impairment of goodwill and trademarks	—	—	(5 766)	
Restructuring costs – operations	(734)	(5 626)	(7 820)	
Fair value adjustments on financial instruments	(1 096)	(5 768)	909	
Net interest received/(paid)	3 872	(3 590)	(2 694)	
Profit/(loss) before taxation	150 34 178	(69 036)	(89 216)	
Taxation	(10 116)	19 794	25 821	
Profit/(loss) for the period from continuing operations	149 24 062	(49 242)	(63 395)	
Discontinued operations				
Profit/(loss) from discontinuing operations	475	(1 250)	(5 621)	
Profit/(loss) for the period	149 24 537	(50 492)	(69 016)	
Other comprehensive income				
Total comprehensive income/(loss) for the period	149 24 537	(50 492)	(69 016)	
From continuing and discontinuing operations				
Basic profit/(loss) per share – (cents)	149 11,8	(24,2)	(33,1)	
Diluted basic profit/(loss) per share – (cents)	148 11,7	(24,2)	(33,1)	
From continuing operations				
Basic profit/(loss) per share – (cents)	149 11,5	(23,6)	(30,4)	
Diluted basic profit/(loss) per share – (cents)	149 11,5	(23,6)	(30,4)	
From discontinued operations				
Basic profit/(loss) per share – (cents)	138 0,2	(0,6)	(2,7)	
Diluted basic profit/(loss) per share – (cents)	138 0,2	(0,6)	(2,7)	

* Restatement – refer to the restatement note.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION				
	Unaudited as at 31 December 2009 R'000	Unaudited as at 31 December 2008 R'000	Audited as at 30 June 2009 R'000	
ASSETS				
Non-current assets	76 339	92 858	87 459	
Property, plant and equipment	10 892	15 355	11 890	
Goodwill	—	1 170	—	
Trademarks	1 645	4 596	1 645	
Investment in associate	—	2 326	—	
Deferred taxation	63 802	69 411	73 924	
Current assets	572 821	628 034	514 244	
Inventories	132 208	242 780	154 293	
Trade and other receivables	196 482	238 869	187 289	
Taxation prepaid	6 652	3 520	6 649	
Bank and cash on hand	195 711	116 229	124 943	
	531 053	601 398	473 174	
Current assets classified as held for sale	41 768	26 636	41 070	
Total assets	649 160	720 892	601 703	
EQUITY AND LIABILITIES				
Total equity	459 877	457 332	438 672	
Capital and reserves	459 877	457 332	438 672	
Non-current liabilities	1 066	1 779	1 433	
Long-term borrowings	319	1 667	676	
Deferred taxation	747	112	757	
Current liabilities	188 217	263 185	161 598	
Trade and other payables	119 772	145 862	96 729	
Derivative financial liability	2 797	6 271	2 077	
Capital distribution and dividends payable	157	159	157	
Taxation	—	8 371	318	
Bank overdraft	82	74 176	868	
Short-term portion of long-term liability	—	1 791	1 125	
Provisions	22 010	17 507	19 254	
Liabilities directly associated with assets classified as held for sale	145 583	232 819	120 528	
Total equity and liabilities	649 160	720 892	601 703	

CONDENSED GROUP STATEMENT OF CASH FLOWS				
	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000	
Cash flow from operating activities	90 561	63 487	138 591	
Cash generated/(utilised) by trading	36 028	(60 207)	(77 848)	
Working capital changes	51 331	132 327	230 699	
Cash generated by operations	87 359	72 120	152 851	
Net interest received/(paid)	3 872	(3 588)	(2 694)	
Taxation paid	(670)	(5 045)	(11 564)	
Dividends paid and capital distribution	—	—	(2)	
Cash flow used in investing activities	(1 171)	(902)	(301)	
Additions to property, plant and equipment	(1 809)	(1 593)	(2 636)	
Proceeds on disposal of property, plant and equipment	638	691	2 335	
Cash flow used in financing activities	(5 870)	(2 469)	(5 524)	
Net movement in treasury shares	(4 143)	40	74	
Decrease in long-term borrowings	(1 727)	(2 509)	(5 598)	
Net increase in cash and cash equivalents	83 520	60 116	132 766	
Cash surplus/(deficit) beginning of year	115 316	(17 450)	(17 450)	
Cash surplus at the end of the year	198 836	42 666	115 316	

NOTES TO THE CONDENSED GROUP STATEMENT OF CASH FLOWS				
	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000	
Cash flow from operating activities	90 561	63 487	138 591	
– Continuing operations	77 549	63 207	126 447	
– Discontinuing operations	13 012	280	12 144	
Cash flow used in investing activities	(1 171)	(902)	(301)	
– Continuing operations	(1 136)	(895)	(3 090)	
– Discontinuing operations	(35)	(7)	2 789	
Cash flow used in financing activities	(5 870)	(2 469)	(5 524)	
– Continuing operations	(4 801)	(1 125)	(2 747)	
– Discontinuing operations	(1 069)	(1 344)	(2 777)	
Cash surplus/(deficit) at the end of the year	198 836	42 666	115 316	
– Continuing operations	195 687	42 053	124 075	
– Discontinuing operations	3 149	613	(8 759)	

SUPPLEMENTARY INFORMATION				
	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000	% change
Shares in issue (000's)	212 190	211 190	211 190	
Shares in issue – weighted (000's)	208 550	208 419	208 469	
Diluted number of shares – weighted (000's)	209 064	208 449	208 575	
Net asset value per share (cents)	217	217	208	
Cost of sales (R'000) – continuing operations	278 239	573 559	891 233	
Cost of sales (R'000) – discontinuing operations	71 153	1 861	26 422	
Net inventory (reversal)/raised – continuing operations	3 402	69 969	28 080	
Net inventory (reversal)/raised – discontinuing operations	—	—	48	
Interest received (R'000) – continuing operations	(4 606)	(4 946)	(8 450)	
Interest received (R'000) – discontinuing operations	(5)	(2)	(38)	
Interest paid (R'000) – continuing operations	734	8 536	11 144	
Interest paid (R'000) – discontinuing operations	7	—	38	
Capital expenditure (R'000) – continuing operations	1 746	1 586	2 583	
Capital expenditure (R'000) – discontinuing operations	63	7	52	
Capital commitments (R'000) – continuing operations	455	395	892	
Depreciation, amortisation and impairment charge (R'000) – continuing operations	2 311	3 144	10 424	
Depreciation, amortisation and impairment charge (R'000) – discontinuing operations	—	1 668	1 668	
Operating lease commitments (R'000) – continuing operations	16 367	23 668	19 004	
Profit/(loss) (R'000) – continuing operations	24 062	(49 242)	(63 395)	
Profit on disposal of property, plant and equipment (R'000) – continuing operations	(174)	(242)	(83)	
Impairment of goodwill (R'000) – continuing operations	—	—	1 170	
Impairment of trade marks (R'000) – continuing operations	—	—	4 596	
Total tax effects on adjustments (R'000) – continuing operations	49	68	(1 264)	
Headline profit/(loss) (R'000) – continuing operations	23 937	(49 416)	(58 976)	
Headline profit/(loss) per share – (cents) – continuing operations	148 11,5	(23,7)	(28,3)	
Diluted headline profit/(loss) per share – (cents) – continuing operations	148 11,4	(23,7)	(28,3)	
Profit/(loss) (R'000) – discontinuing operations	475	(1 250)	(5 621)	
Profit on disposal of property, plant and equipment (R'000) – discontinuing operations	(1)	—	(19)	
Impairment of property, plant and equipment (R'000) – discontinuing operations	—	—	179	
Total tax effects on adjustments (R'000) – discontinuing operations	—	—	(45)	
Headline profit/(loss) (R'000) – discontinuing operations	474	(1 250)	(5 506)	
Headline profit/(loss) per share – (cents) – discontinuing operations	138 0,2	(0,6)	(2,6)	
Diluted headline profit/(loss) per share – (cents) – discontinuing operations	138 0,2	(0,6)	(2,6)	
Headline profit/(loss) per share – (cents) – continuing and discontinuing operations	148 11,7	(24,3)	(30,9)	
Diluted headline profit/(loss) per share – (cents) – continuing and discontinuing operations	148 11,6	(24,3)	(30,9)	

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY				
	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000	
Balance as at 1 July	438 672	506 337	506 337	
Total comprehensive income/(loss) for the period	24 537	(50 492)	(69 016)	
Net treasury movement	(4 143)	40	74	
Share based payment	811	1 447	1 277	
Balance at period end	459 877	457 332	438 672	

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY				
	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000	
Assets classified as held for sale	21 912	21 839	21 878	
Property, plant and equipment	—	(3 731)	—	
Investment in associate	360	331	24	
Deferred taxation	2 506	651	9 038	
Inventory	13 841	6 929	10 129	
Trade and other receivables	—	4	—	
Taxation prepaid	3 149	613	1	
Bank and cash on hand	—	—	—	
Assets classified as held for sale	41 768	26 636	41 070	
Liabilities directly associated with assets classified as held for sale	(2 174)	(3 158)	(2 780)	
Long-term borrowings	(2 681)	(2 003)	(2 499)	
Trade, other payables and provisions	(36 441)	(1 032)	(25 230)	
Taxation	(89)	(89)	(89)	
Investment in associate	—	1 405	—	
Bank overdraft	—	—	(8 760)	
Short-term portion of long-term liability	(1 249)	(2 767)	(1 712)	
Liabilities directly associated with assets classified as held for sale	(42 634)	(7 644)	(41 070)	
Net investment in associate	—	2 326	—	
Net assets/(liabilities) classified as held for sale	(866)	18 991	—	

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY				
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Trading environment

The retail industry performed below expectations during 2009. Sales were affected by the high number of retrainments, inflation and stringent monetary policies resulting in a contraction of 4,9% in retail sales compared to 2008. Fierce competition occurred with companies striving to maintain market share in a competitive environment.

Commentary

The Board is pleased to announce the Group's interim results for the six months ended 31 December 2009 ("the period"). Strategically the Group continued to focus and invest in its brands. AMAP's policy of above and below the line advertising and promotion of its brands resulted in the Group increasing its market share over the festive season and maintaining its price integrity.

The Group enjoyed solid trading results and a return to profitability over the period. Furthermore, revenue and stock levels were in line with targets and the Group's customers reported enduring sell through of the Group's products over the festive season.

The consumer electronics business has been shut down and replaced with a brand royalty business. This means the business no longer holds stock nor debtors but earns a royalty from the Group's brands. The electronic service operation has been outsourced and the service provider is being closely managed to ensure that they comply with the service level agreements.

As previously stated, the directors have decided to exit the electronics manufacturing business and sell the property on which it operates. It is the Group's intention to dispose of the business by the end of June 2010. Consequently this business and the property on which it operates are classified as "discontinued operations" in the statement of comprehensive income and "held for sale" in the statement of financial position.

Financial performance

Statement of comprehensive income (continuing operations)

Headline earnings per share from continuing operations improved by 148% to 11,5 cents per share (2008: loss per share 23,7 cents).

While gross revenue was 35% lower than the prior period, there was a significant improvement in the gross margin as a result of the closure of the consumer electronics business and the move to a brand royalty business. Expenditure was rigorously controlled and the operating profit increased by R86,2 million to R32,1 million (2008: loss R54,1 million).

Total comprehensive income for the period from continuing and discontinuing operations amounted to a profit of R24,5 million (2008: loss R50,5 million).

Statement of financial position (continuing operations)

Ongoing working capital management ensured positive results on the statement of financial position.

Trade and other receivables reduced by R42,4 million to R196,5 million (2008: R238,9 million) in line with lower turnover, similarly there was a slight decrease of R4,7 million in trade payables to R119,8 million (2008: R124,5 million).

Exiting the traditional method of selling from stock, as was practised in the consumer electronics business, as well as improved product category management resulted in inventories decreasing by R110,6 million to R132,2 million (2008: R242,8 million).

The positive working capital improvements culminated in cash on hand of R195,7 million at the end of the period (2008: R42,1 million).

Cash flow

During the period the Group was able to generate R90,6 million (2008: R63,5 million) from operating activities.

Introduction of strategic partner

The Bidvest Group Limited ("Bidvest") acquired a 28% interest in the Group during November 2009. Bidvest's skill and expertise is expected to provide invaluable strategic support to the Group. Bidvest's proven track record highlights its ability to add value through strategic input.

Prospects

Indications are that the retail business environment will remain extremely challenging going forward with a strong possibility of further contraction, consequently the Group has invoked numerous projects to secure its future revenue, which include:

- Continued investment in its brands;
- Expansion of product categories;
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