



UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

AMALGAMATED APPLIANCE HOLDINGS LIMITED

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



it's what's on the outside that counts



CONDENSED GROUP INCOME STATEMENT

for the period ended 31 December 2008

	% change	Unaudited 6 months 31 December 2008 R'000	Restated unaudited 6 months 31 December 2007 R'000	Restated audited 12 months 30 June 2008 R'000
Revenue	(33)	612 489	907 809	1 606 642
Operating (loss)/profit		(3 299)	(589)	30 908
Restructuring costs – operations		(5 625)	(9 900)	(9 807)
Net write down of inventory		(50 753)	(6 067)	(23 419)
Fair value adjustments on financial instruments		(5 768)	2 863	(2 823)
Net interest paid		(3 590)	(5 644)	(12 833)
Loss before tax	(276)	(69 036)	(18 337)	(17 774)
Taxation		19 794	4 222	4 681
Loss for the period from continuing operations	(249)	(49 242)	(14 115)	(13 093)
Discontinued operations (Loss)/profit from discontinuing operations		(1 250)	987	(4 807)
Loss for the period from continuing and discontinuing operations	(285)	(50 492)	(13 128)	(17 900)
Loss per share				
From continuing and discontinuing operations				
Basic loss per share – (cents)	(285)	(24.2)	(6.3)	(8.6)
Diluted basic loss per share – (cents)	(284)	(24.2)	(6.3)	(8.6)
From continuing operations				
Basic loss per share – (cents)	(250)	(23.6)	(6.8)	(6.3)
Diluted basic loss per share – (cents)	(250)	(23.6)	(6.8)	(6.2)

CONDENSED GROUP BALANCE SHEET

as at 31 December 2008

	Unaudited 6 months 31 December 2008 R'000	Unaudited 6 months 31 December 2007 R'000	Audited 12 months 30 June 2008 R'000
ASSETS			
Non-current assets	115 028	78 490	83 725
Property, plant and equipment	15 355	47 464	40 861
Goodwill	1 170	1 170	1 170
Trademarks	4 596	4 596	4 596
Investments in associates	2 326	—	—
Deferred taxation	69 411	25 260	37 098
Non-current assets classified as held for sale	22 170	—	—
Current assets	605 864	983 256	729 817
Inventories	242 780	419 009	365 188
Trade and other receivables	238 869	324 462	307 304
Taxation prepaid	3 520	3 518	3 521
Derivative financial asset	—	1 520	—
Bank and cash on hand	116 229	234 747	53 804
Current assets classified as held for sale	4 466	—	—
Total assets	720 892	1 061 746	813 542
EQUITY AND LIABILITIES			
Total equity	457 332	510 367	506 337
Capital and reserves	457 332	510 367	506 337
Non-current liabilities	6 940	12 905	8 988
Long-term borrowings	1 667	9 941	6 826
Deferred taxation	112	2 964	2 162
Non-current liabilities directly associated with assets classified as held for sale	5 161	—	—
Current liabilities	256 620	538 474	298 217
Trade, other payables and provisions	145 822	297 224	207 749
Derivative financial liability	6 271	—	1 704
Capital distribution and dividends payable	159	172	159
Taxation	8 371	938	1 090
Bank overdraft	74 176	219 253	71 254
Short-term portion of long-term liability	1 791	4 422	5 065
Provisions	17 507	16 465	11 196
Liabilities directly associated with assets classified as held for sale	2 483	—	—
Total equity and liabilities	720 892	1 061 746	813 542

CONDENSED GROUP CASH FLOW STATEMENT

for the period ended 31 December 2008

	Unaudited 6 months 31 December 2008 R'000	Unaudited 6 months 31 December 2007 R'000	Audited 12 months 30 June 2008 R'000
Cash flow from operating activities	63 487	(139 256)	(167 691)
Cash (utilised)/generated by trading	(60 207)	1 916	5 213
Working capital changes	132 327	(81 800)	(97 100)
Cash generated/(utilised) by operations	72 120	(79 884)	(91 887)
Net interest paid	(3 588)	(5 738)	(12 971)
Taxation paid	(5 045)	(28 198)	(37 384)
Capital distribution and dividends paid	(902)	(7 096)	(9 179)
Proceeds from disposal of property, plant and equipment	(1 593)	(7 234)	(9 831)
Cash flow from investing activities	(2 469)	1 000	(1 427)
Net movement in treasury shares	40	(2 431)	(2 384)
(Decrease)/increase in long-term borrowings	(2 509)	3 431	957
Net increase/(decrease) in cash and cash equivalents	60 116	(145 352)	(178 297)
Cash (deficit)/surplus beginning of period	(17 450)	160 847	160 847
Cash surplus/(deficit) at the end of the period	42 666	15 495	(17 450)

NOTES TO THE CONDENSED GROUP CASH FLOW STATEMENT

for the period ended 31 December 2008

	Unaudited 6 months 31 December 2008 R'000	Unaudited 6 months 31 December 2007 R'000	Unaudited 12 months 30 June 2008 R'000
Cash flow from operating activities	63 487	(139 256)	(167 691)
– Continuing operations	63 207	(143 856)	(172 608)
– Discontinuing operations	280	4 600	4 917
Cash flow from investing activities	(902)	(7 096)	(9 179)
– Continuing operations	(895)	(4 693)	(6 528)
– Discontinuing operations	(7)	(2 403)	(2 651)
Cash flow from financing activities	(2 469)	1 000	(1 427)
– Continuing operations	(1 125)	(764)	(1 893)
– Discontinuing operations	(1 344)	1 764	466

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2008

	Unaudited 6 months 31 December 2008 R'000	Unaudited 6 months 31 December 2007 R'000	Audited 12 months 30 June 2008 R'000
Balance as at 1 July	506 337	551 163	551 163
Net loss for the period	(50 492)	(13 128)	(17 900)
Capital distribution	—	(25 462)	(25 462)
Net treasury movement	40	(2 431)	(2 384)
Share-based payment	1 447	225	920
Balance at period end	457 332	510 367	506 337

Trading environment

The trading environment in the consumer goods sector during the reporting period was characterised by fierce competition between distributors for a share of the smaller market and tight stock controls exercised by retailers. The combined effect resulted in sales in the fourth quarter of the calendar year being below expectations. Consequently, the decision made by the Board at the beginning of 2008 to rationalise and restructure the organisation is proving to be beneficial.

Operational review

Russell Hobbs continued to increase its market share during the period and the Group's strategy of having a bouquet of offerings through Salton, Pineware and George Foreman was successful with revenue from these goods increasing compared to the previous period. The decision to narrow the range of electronic goods and only trade in products that achieve required returns resulted in a significant drop in television and audio revenue.

Furthermore, the discontinuation of load shedding and extremely low sales compelled the Board to write down the Group's power inverter stock to net realisable value. As at 1 December 2008, the statutory legal entities within the Group were combined so that all trading now takes place through one company, namely Tedelex Trading (Pty) Limited. The benefits of this reorganisation will be derived in the second half of the current financial year.

Financial performance

Group revenue for the period was 33% lower compared to the prior year, primarily as a result of lower television and audio sales. Gross margins were lower due to the write down of the power inverter stock by an additional R74.5 million and the clearing out of excess audio and television stock.

Restructuring costs incurred amounted to R5.6 million.

Notwithstanding the poor trading results, the Group generated cash from operations for the period of R72.1 million (2007: utilised R79.9 million). This was driven by targeted restructuring initiatives and improved debtor and inventory management resulting in net cash on hand of R42.7 million (2007: R15.5 million).

The way forward

The Group remains fully committed to delivering sustainable value to its stakeholders. In line with the Group's strategy to focus on the marketing of branded products, exploratory discussions have been entered into for the sale of its Atlantis manufacturing operation. Furthermore, an agreement has also been reached relating to the sale of the Atlantis Manufacturing property. The sale of the property will generate a significant cash inflow and further reduce the Group's working capital requirements.

The economic climate suggests that trading conditions will not improve in the short term. Consequently the Group will remain focused on cost reductions, cash management and maintaining its relatively ungeared balance sheet.

AMAP believe that by continuing to focus and invest in its brands as well as delivering superior service to its customers, the Group will be well placed to face challenges and return to profitability in the near future.

Changes to the Board and senior management

- The following changes to the Board have taken place since the date of our last report:
- Spyros Scafidas resigned as non-executive director of the Group with effect from 31 October 2008
 - Steven Karele was appointed as Chief Financial Officer and executive director with effect from 1 December 2008
 - Murray Graham Crow was appointed as executive director with effect from 1 December 2008
 - Byron Nichles resigned as Group Chief Financial Officer and executive director with effect from 31 December 2008

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 IFRS 8 to be meaningful.

Corporate governance

The Group subscribes to the spirit of good corporate governance as set out in the King II Report and accepts the need to conduct the enterprise with integrity, transparency and equal opportunity.

NOTES

1. Basis of preparation

- The interim report is prepared in accordance with:
- IAS 34 *Interim Financial Reporting*;
 - The requirements of the South African Companies Act, 61 of 1973, as amended; and
 - The Listings Requirements of the JSE Limited.

These financial statements incorporate accounting policies that are consistent with those used in preparing the financial results for the year ended 30 June 2008.

2. Related-party transactions

The company entered into various related-party transactions. These transactions are no less favourable than those arranged with third parties.

3. Contingent liability

As disclosed in the Group's annual report for the year ended 30 June 2007, SARS issued a letter of intent in February 2007 to levy customs and excise on a wholly owned subsidiary for R29 million. The subsidiary has raised a formal objection, in line with professional advice from 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 an adverse effect on the Group.

4. Assets classified as held for sale

During the period under review it was decided to transfer the assets of the Atlantis manufacturing operation and the Atlantis property to assets held for sale in line with the requirements of IFRS 5. The proposed split of the manufacturing operation transaction once complete is expected to compose of 80% held for sale and 20% investment in associate.

5. Discontinued operations

The results have been adjusted for the effect of the assets held for sale in note 4 above.

Subsequent events

Apart from the entering of an agreement to dispose of the Atlantis manufacturing property, no other events material to the understanding of the report have occurred in the period between 31 December 2008 and the date of this report.

For and on behalf of the board

Leon Campher

Non-executive Chairman

Alan Coward

Group Chief Executive Officer

Johannesburg

6 March 2009

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Directors: *PL Campher (Chairman), AS Coward, MG Crow, *WA du Plessis, S Karele, *SA Levitt, *SH Müller, DB Oliver *Non-executive
Secretary: BG Drummond **Transfer secretaries:** Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 • PO Box 61051, Marshalltown 2107
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Sponsor: Bridge Capital Advisors (Pty) Limited, 2nd Floor, 27 Fricker Road, Illovo Boulevard, Illovo 2196

SUPPLEMENTARY INFORMATION

for the period ended 31 December 2008

	Unaudited 6 months 31 December 2008 R'000	Restated unaudited 6 months 31 December 2007 R'000	Restated audited 12 months 30 June 2008 R'000
Shares in issue (000's)	211 190	212 190	211 190
Shares in issue – weighted (000's)	208 419	208 928	208 646
Diluted number of shares – weighted (000's)	208 449	209 103	210 435
Net assets value per share (cents)	217	241	240
Cost of sales (R'000) – continuing operations	573 559	803 596	1 364 181
Cost of sales (R'000) – discontinuing operations	1 861	(1 484)	7 112
Interest received (R'000) – continuing operations	(4 946)	(2 830)	(3 913)
Interest received (R'000) – discontinuing operations	(2)	—	—
Interest paid (R'000) – continuing operations	(8 536)	(8 474)	(16 746)
Interest paid (R'000) – discontinuing operations	—	(94)	(138)
Capital expenditure (R'000) – continuing operations	1 586	4 793	7 131
Capital expenditure (R'000) – discontinuing operations	7	2 441	2 700
Capital commitments (R'000) – continuing operations	395	780	1 098
Depreciation, amortisation and impairment charge (R'000) – continuing operations	3 144	4 110	10 689
Depreciation, amortisation and impairment charge (R'000) – discontinuing operations	1 667	1 624	3 585
Finance and operating lease commitments (R'000) – continuing operations	23 668	37 215	28 061
Loss attributable to ordinary shareholders (R'000) – continuing operations	(49 242)	(14 115)	(13 093)
(Profit)/loss on disposal of property, plant and equipment (R'000) – continuing operations	(242)	16	156
Impairment of property, plant and equipment and trademarks (R'000) – continuing operations	—	—	2 157
Total tax effects on adjustments (R'000) – continuing operations	68	(5)	(648)
Headline loss (R'000) – continuing operations	(49 416)	(14 104)	(11 428)
Headline loss per share – (cents) – continuing operations	(23.7)	(6.8)	(5.5)
Diluted headline loss per share – (cents) – continuing operations	(23.7)	(6.7)	(5.4)
(Loss)/profit attributable to ordinary shareholders (R'000) – discontinuing operations	(1 250)	987	(4 807)
Loss on disposal of property, plant and equipment (R'000) – discontinuing operations	—	21	26
Impairment of property, plant and equipment and trademarks (R'000) – discontinuing operations	—	—	304
Total tax effects on adjustments (R'000) – discontinuing operations	—	(6)	(92)
Headline (loss)/profit (R'000) – discontinuing operations	(1 250)	1 002	(4 569)
Headline (loss)/earnings per share – (cents) – discontinuing operations	(0.6)	0.5	(2.2)
Diluted headline (loss)/earnings per share – (cents) – discontinuing operations	(0.6)	0.5	(2.2)

Changes to comparative information

Comparative information has been restated for the treatment of Tedelex Manufacturing (Pty) Limited and Tedelex Properties (Atlantis) (Pty) Limited as discontinued operations.

	6 months – 31 December 2007			12 months – 30 June 2008		
	Unaudited 6 months 31 December 2007 R'000	Restated reclassified 6 months 31 December 2007 R'000	Restated unaudited 6 months 31 December 2007 R'000	Audited 12 months 30 June 2008 R'000	Restated reclassified 12 months 30 June 2008 R'000	Restated audited 12 months 30 June 2008 R'000
Revenue	954 709	46 900	907 809	1 662 931	56 289	