Building brands

ANNUAL REPORT 2004

AMALGAMATED APPLIANCE HOLDINGS LIMITED

AMALGAMATED APPLIANCE HOLDINGS LIMITED 2004 ANNUAL REPORT

www.amapholdings.co.za

AMALGAMATED APPLIANCE HOLDINGS LIMITED

AMALGAMATED APPLIANCE HOLDINGS LIMITED

82% Increase in **Revenue** to R2 002 million

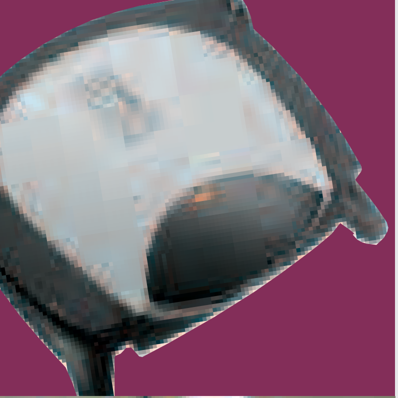
187% Increase in **Profit** after tax to R91,4 million

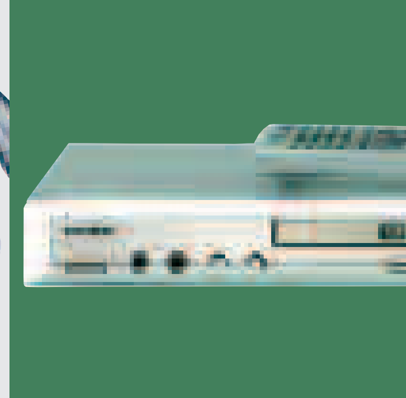
300% Increase in **Dividend** per share to 15 cents

179% Increase in **Headline earnings** per share

CONTENTS

www.amapholdings.co.za




salton Pineware Berda George Foreman

Pioneer sound. vision. soul SANSUI TEDELEX TURBODRYER

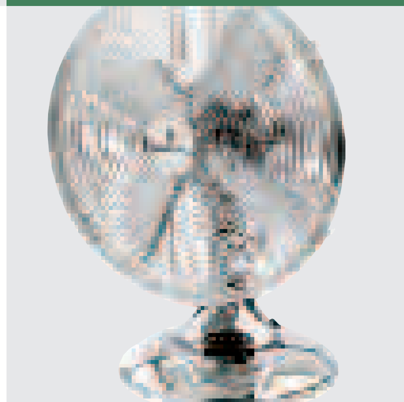
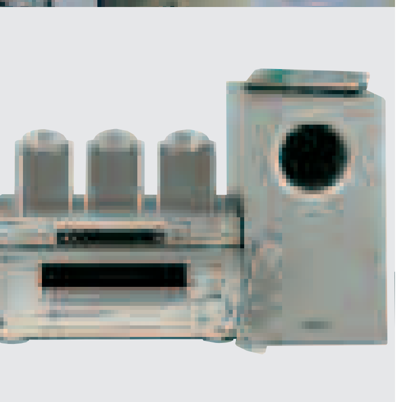
HAZ SINGER WESTPOINT

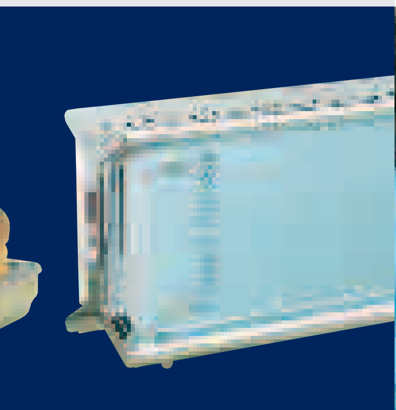
TOSHIBA brother VOLT LINE

Empisal STANTON TANNOY

REMINGTON GUARANTEED TO PERFORM USA BEHRINGER saisho HOOVER

POWERPOINT Russell Hobbs




PROFILE

Amalgamated Appliance Holdings Limited (AMAP) is a focused group specialising in importing, manufacturing and distributing household electrical durables locally and internationally. The areas of focus within the AMAP group are:

SMALL DOMESTIC APPLIANCE DIVISION

A wide range of branded small domestic appliances including garment care, beverage preparation, food preparation, table-top cooking, floor care, personal care, air handling and comfort, sewing and knitting, electrical accessories and contemporary lighting;

CONSUMER ELECTRONICS DIVISION

A range of branded equipment such as television sets, video recorders, DVD players, mini audio and car audio systems, home threatre, integrated sound systems, speakers and related accessories.

MANUFACTURING DIVISION

Focused manufacturing facilities for both the appliance and electronic group meeting all their requirements, including product development, international trading, exports and Original Equipment Manufacture (OEM).

CORPORATE SERVICES

Corporate services provides the group with essential services including treasury, logistics, human resource and secretarial services required to monitor and control a well-structured, growing company.

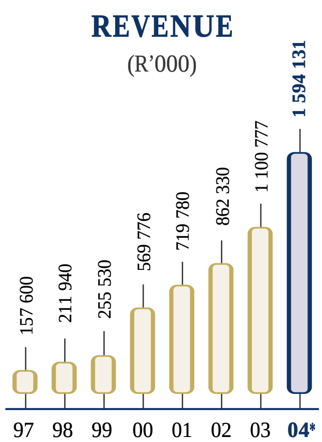
LEADING BRANDS

With strong brands the group has achieved optimal positioning in the local market, using its owned trade marks Empisal, Tedelex, Pineware, HAZ and Salton. Its international brands in the local market demonstrate the group's ability to secure powerful global agencies including Sansui, Hoover, Remington, Pioneer, Brother, Toshiba, Russell Hobbs and Tannoy.

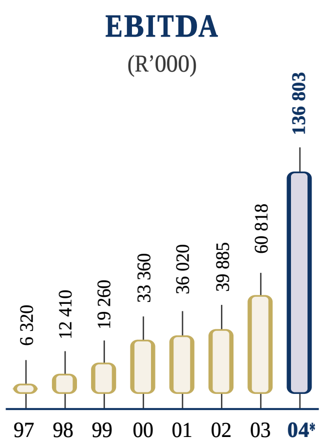
FINANCIAL HIGHLIGHTS

R'000	% Change	June-04 16 months	Feb-03 12 months*
Revenue	82	2 002 340	1 100 777
Operating profit	171	139 990	51 675
Net income after tax	187	91 396	31 812
EBITDA	159	157 519	60 818
Headline earnings	185	91 805	32 241
Earnings per share (cents)	181	45,0	16,0
Headline earnings per share (cents)	179	45,2	16,2
Diluted earnings per share (cents) – weighted	180	44,4	15,9
Dividend per share (cents)	300	15,0	3,75

**Restated, see note 25 to the annual financial statements.*



*12 months: July 2003 to June 2004



*12 months: July 2003 to June 2004

CHAIRMAN'S REVIEW

Reporting period

As a result of the change in year-end to coincide with Salton Inc. year-end, results reported are for a 16 month period.

Overview

An economic environment which encouraged consumer spending enabled the group to forge ahead on all fronts and to continue expanding sales and growing market penetration. Achievements for the 16 months include the attainment of revenues exceeding R2 billion, operating profits of R140 million and headline earnings of 45,2 cents.

A like-for-like period comparison for the 12 months ended June 2003 and June 2004 reflects the following highlights:

- Revenues increased by 35% to R1,6 billion
- Operating profit rose by 188% to R131,5 million
- Profit attributable to ordinary shareholders grew by 224% to R87,8 million

Operations

Manufacturing, marketing, distribution and service divisions continued to function extremely well and contributed meaningfully to AMAP's growing market share, in spite of increased levels of competition, and a proliferation of cheap imports. State of the art equipment and significant support from our world leading principals enabled the group to introduce new, high-quality products at true "value for money" levels, extending its brands' presence across an extensive dealer network.

Whilst export opportunities were curtailed as a consequence of the strong rand, certain strategic contracts were maintained, resulting in a loss for this division. However, this loss was easily absorbed by the buoyant performance locally.

Dividend

The strong balance sheet with more than R190 million cash on hand has allowed dividend cover to be reduced to three times and the board accordingly declared a dividend of 15 cents per share for the 16 month period.

The board

No changes have taken place during the period under review. The group is privileged to have outstanding non-executives who offer a wealth of both local and international business acumen. Their enthusiastic and willing participation at all levels of AMAP's activities adds great strength and vision and is warmly appreciated.

Thanks

Management and staff have worked tirelessly throughout a period that has placed great pressures on them and required much personal sacrifice. Their passion has played an invaluable part in the attainment of the record results reflected in this report. Loyal customers and suppliers have also played a significant role.

Social responsibility and labour relations

Labour relations throughout the group, particularly with the relevant unions, are well managed, which has a positive effect on employee morale. Labour turnover is insignificant and scarce skills are retained. Whilst a focused effort is directed at serious diseases, including aids, the group's productivity and personnel base to date has not been affected. The correct management of labour legislation remains a priority, with special attention given to equity and skills regulations. Improvements to our social investment profile are being made on an ongoing basis, with specific attention directed at improving education, lowering crime levels and the general upliftment of quality of life of the poor. The group is also aware of the potential benefits which can be derived from BEE opportunities, and these are being pursued.

Outlook

The current positive outlook for household finances, fuelled by increased disposable income, and low inflation and interest rates, should ensure a high level of expenditure on durables. A strong year-end order book driven by a successful stable of brands covering the entire purchasing public should see ongoing sound operating performance for the next reporting period.

JACK COHEN, Chairman

DIRECTORATE

Dedication: AMAP's ongoing success is attributable to the dedication and experience of its directorate, management and staff

EXECUTIVE DIRECTORS

01 Jack Cohen (72)*#
Executive chairman
BCom
Appointed to the board in 1997 as non-executive chairman. Appointed as executive director in 2002. 43 years experience in the electronics industry.

02 George Bernhardt (69)#
CEO – Manufacturing division
Appointed to the board in 1999. Appointed as CEO of manufacturing in 2002. 40 years' experience in electronics and manufacturing.

03 Allan Nossel (45)#◊
CEO – Electronics division
BComm, BAcc, CA(SA)
Appointed to the board in 1999.
Appointed as CEO of Electronics division in 2002. Extensive experience in stockbroking and corporate finance including treasury. Previously held the position as financial director to a major multi-national company. 12 years' experience in the electronics industry.

04 Spyros Scafidas (39)#◊
CEO – Appliance division
GrDip Mkt (IMM)
Appointed to the board in 1997 as managing director. Appointed as CEO of Appliance division in 2002. Served in various group roles in marketing, sales and general management. 17 years' experience in the small appliance industry.

NON-EXECUTIVE DIRECTORS

05 Myron Berzack (55)*†
Appointed to the board in 1998.
Chairman of audit committee.
Chairman of remuneration committee.

06 Sheldon Cohen (44)*◊
BA (Wits), MBA (Harvard)
Appointed to the board in 1997.
Chairman of risk management committee.

07 Leonhard Dreimann (55)
Deputy chairman
Appointed to the board in 1999.
USA.
CEO of Salton Inc (major shareholder).

08 Stanley Green (47)
BA, LLB
Alternate to Myron Berzack
Appointed to the board in 1998.

09 Meyer Kahn (65)
Non-executive director
BA(Law), MBA, DCom(hc), SOE
Appointed to the board in 2002.

10 Johan P Kieser (49)
Non-executive director
PMD (1979)
Appointed to the board in 2002.

11 Steven A Levitt (50)†*
Non-executive director
CA(SA)
Appointed to the board in 2001.

12 William B Rue (56)
Non-executive director
Appointed to the board in 2001.
USA.
President of Salton, Inc (major shareholder).

13 Engelbert Jansen van den Doornmalen (60)
Alternate to William B Rue
Appointed to the board in 2001.
Hong Kong.
Liaison director for Salton, Inc
Hong Kong operations.

CORPORATE SERVICES

Johan Deetlefs (57)#◊
BCom (Hons)
Human resources – Group

Bruce Drummond (47)#◊
BCom, FCIS
Finance – Group
Company secretary

Herman Ellis (47)#◊
Logistics – Group

Clive Kaplan (51)#◊
CA(SA)
Treasury – Group

OPERATIONAL MANAGEMENT

Joe Baros Araujo (38)
Account executive – Santronics

Greg Barter (51)
Managing director – Pioneer and Toshiba

Brian Coode (59)
CEng MIEE
Technical director – Manufacturing electronics

Francois Fourie (49)
Finance director – Manufacturing electronics

Steve Karele (47)#
CA(SA)
Manufacturing director – Electronics and Appliances

Avis Naidoo (49)
Sales director – Pioneer and Toshiba

Neville Oborn (51)#
Sales director – Electronics

Sada Pillay (36)
Service manager – Appliances

Ira Rajool (40)
Service manager – Electronics

Peter Shorten (51)
BSc (Mech Eng)
Engineering director – Manufacturing appliances

Michelle Snyders (40)
Marketing – Tedelex and Sansui

Theo Theodorou (44)
Sales director – Appliances

David Card (37)
Marketing executive – Appliances

Errol Burger (59)
Tedelex sales manager – Electronics

John Kannemeyer (57)
Purchasing and shipping manager – Manufacturing electronics

William Underwood (38)
BCompt CMA
Financial manager – Manufacturing appliances

Dinesh Santhilal (39)
Operations manager – Manufacturing appliances

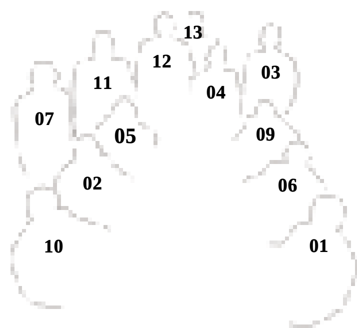
Sergio Marchetti (52)
Engineering manager – Electronics

Richard Cockshott (44)
Key accounts – Appliances

Mike Christofides (54)
National sales – Appliances

Craig van Niekerk (37)
General manager – Pace

*Remuneration committee
†Audit committee
#Executive committee
◊Risk management committee



Harnessing talents

REVIEW OF OPERATIONS

SMALL DOMESTIC APPLIANCE DIVISION

- APPLIANCES
  The appliances subdivision focuses on small domestic household appliances. The key brands, Salton, Pineware and Haz, are owned by AMAP and distributor agreements exist for Hoover, Russell Hobbs and Remington.

- ELECTRICAL ACCESSORIES
  This division concentrates on the sales and distribution of imported and locally sourced lighting and electrical accessory products through the country's major discount chains.

- SEWING MACHINES
  The sewing machine subdivision markets Brother premium machines through a network of approximately 70 professional distributors. It also markets the Empisal brand, which is aimed at the mass market. These machines are imported and distributed through furniture stores and discount chains.

The key to the success of the Appliance Division is its multi-brand strategy, in which each brand is aimed at a particular market niche and has its own marketing strategy.

NATURE OF BUSINESS

The Appliance Division distributes products primarily in three trading subdivisions, listed above.

REVIEW OF OPERATIONS

The division works continuously to enhance the power of its brands through targeted marketing and range extension within the selected product categories.

For the period under review, the division achieved satisfactory revenue growth for a number of reasons:

- The strengthening of the rand resulted in very aggressive price points being achieved, thus promoting increased consumer demand.
- Continued range extension within the Salton brand as well as aggressive promotional support resulted in significant brand growth and has entrenched Salton as the largest brand in the South African appliance industry.
- Continued emphasis was placed on broadening the Hoover range of floorcare appliances, allowing us to offer the market a full range of 12 models across all categories including hand-held vacuums, cylinder units, upright models as well as wet and dry drum types.

Focused brands

Theo Theodorou
Sales director

David Card
Marketing executive

Craig van Niekerk
General manager – Pace

Mike Christofides
National sales

Richard Cockshott
Key accounts

Sada Pillay
National service manager

- Both summer and winter seasons were exceptionally strong resulting in sound growth in seasonal products over the previous periods and a sold-out program in all fans and heating appliances.
- The George Foreman Lean Mean Fat Reducing Grilling Machines were launched over the Christmas period with unprecedented success. An innovative television campaign, coupled with nationwide in-store demonstrations, ensured that this range enjoyed huge consumer demand.
- Satisfying growth was also experienced in sewing machines where, after many periods as a stagnant category, renewed demand was enjoyed through first-time-electrified consumers purchasing product for home industry.
- The successful launch of Russell Hobbs at the premium end of the market contributed significantly toward record Christmas sales.
- The division's association with Salton Inc. has introduced support infrastructures in the form of international showrooms in the Far East, Europe and the Americas, as well as product innovations that have helped to set us apart from our competitors.
- The strength and commitment of the division's management and employees fosters an environment where individual performance is recognised and where innovation in the workplace is encouraged.

PROSPECTS

With all areas of the business showing growth and with consumer purchasing clearly driven towards branded product, the division's prospects remain encouraging for the period ahead. As consumer demand for the company's product remains at an all-time high, management is confident that the Appliance division will sustain its historic growth rate into the future.

CONSUMER ELECTRONICS DIVISION

- ENTRY LEVEL PRODUCT
  Caters to the various house brands of our retailers, which brands tend to be price driven.

- MID-MARKET PRODUCT
  Covers the full spectrum of TV, DVD, home theatre, audio and VCR for our mid-market brands – Sansui and Tedelex.

- TOP END BRANDS
  Focuses on the upper end of the market and includes a full range of "lifestyle" and audio and video products under the Pioneer and Toshiba brands.

- PROFESSIONAL EQUIPMENT
  Supplies and markets a range of professional audio and video equipment under the Behringer, Stanton, Pioneer and Sansui brands.

The key to the success of the Electronics Division is the investment in our brands' reputations and consumer awareness.

NATURE OF BUSINESS

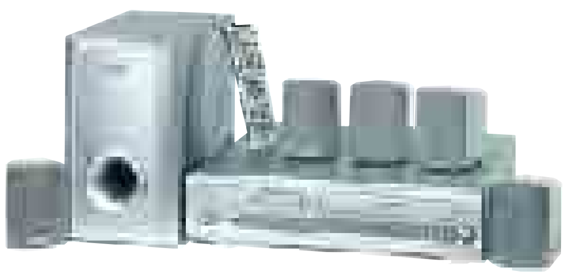
The Electronics Division distributes products across four distinct market segments, listed above.

Awareness is ensured by a series of highly targeted marketing strategies utilising billboard advertising, sponsorships and featured slots in specialist audio publications, together with a strong presence in the retail stores that carry our merchandise. Our brands' reputations are built around careful product selection based on many years of sourcing experience, together with our focus on current technology. This is complemented by our in-house after sales service and backup as well as our highly professional and motivated sales force.

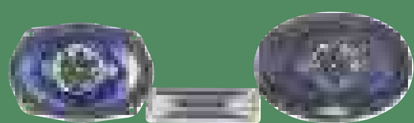
REVIEW OF OPERATIONS

The Electronics Division continued to gain market share in generally buoyant conditions..

Demand in the retail trade for audio-visual products during the period was particularly strong.



Market awareness

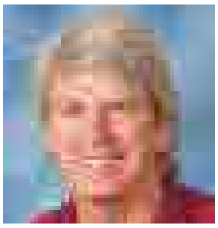




Neville Oborn
Sales director
Electronic division

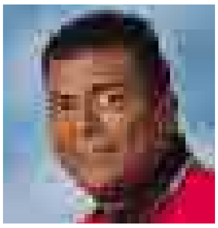
Errol Burger
Tedelex sales manager

Joe Baros Araujo
Account executive

Michelle Snyder
Marketing
Tedelex and Sansui



Greg Barter
Managing director
Pioneer and Toshiba



Avis Naidoo
Sales director
Pioneer and Toshiba

Ira Rajool
National service manager

We attribute this growth mainly to:

- Innovations in all aspects of audio visual products, in particular
  - DVD
  - Home theatre
  - Pure flat TVs
  - Plasma TVs
  - TFT/LCD multi media screens
  - FMP3 players
  - Rear projection TVs
- Lower interest rates and favourable product pricing fuelling consumer demand.
- Government electrification programs and new housing projects exacerbating the impact of general economic conditions by bringing new consumers into the market.

The division was perfectly positioned to take maximum advantage of the favourable market conditions due to:

- A strong infrastructure, which ensured quality after-sales service.
- Positioning and acceptance of our brands, in which we have continued to invest consistently.
- Support and commitment from our retail customer base and end consumers who increasingly appreciate the quality and value in our products.

PROSPECTS

All indications at present are that demand trends will continue.

In particular we expect sales growth to accelerate in pure flat and larger screen-size televisions and in TFT LCD multi media screens. The successful bid by South Africa for the 2010 World Cup Soccer tournament is a major positive factor going forward. Over the past several periods, Sansui and Tedelex brands have featured prominently around major soccer events in South Africa and are official suppliers to Orlando Pirates and Jomo Cosmos football clubs.

MANUFACTURING DIVISION

- FOCUSED PRODUCTION
  Optimise capacity utilisation and produce quality products at competitive costs.

- PRODUCT DEVELOPMENT
  Ongoing research, development and monitoring of quality products in line with world-class standards.

- ORIGINAL EQUIPMENT MANUFACTURE (OEM)
  Supply products to leading marketers in South Africa and internationally.

NATURE OF BUSINESS

The Manufacturing Division operates two world-class factories, the one producing appliances in Pinetown, KwaZulu-Natal, and the other television sets in Atlantis, Western Cape. Pinetown production includes kettles, frypans, tabletop cookers, heaters and floorcare products while Atlantis produces the full range of television technologies, utilising a fully automated circuit board plant. The plants function to global standards of process management and engineering and have been favourably assessed by several of the world-leading manufacturers in the field. The division has long-standing relationships and supply agreements with a broad range of international component manufacturers, which ensures continuity of supply, best prices and ongoing technology transfer. In addition to supplying the needs of the group's marketing divisions, AMAP's factories continue to supply product on an OEM basis to a number of leading marketers and distributors both in South Africa and abroad.

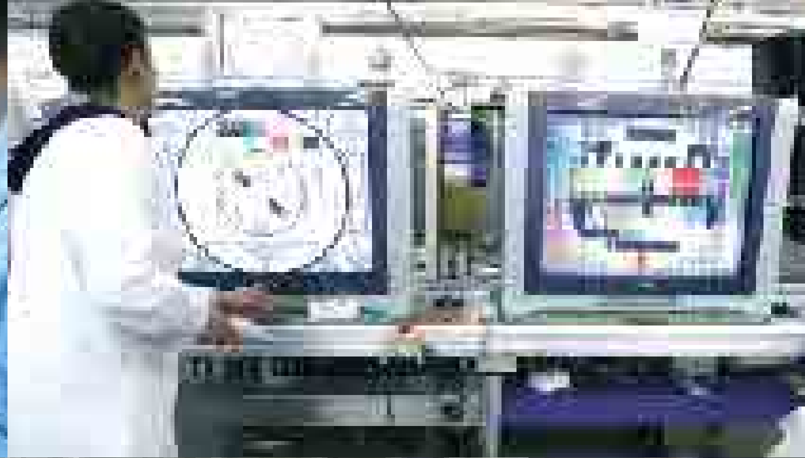
REVIEW OF OPERATIONS

Continued rand strength has extended the offsetting trends in both of our factories: in the case of television, it has continued to drive sales, allowing us to optimise capacity utilisation and generate excellent efficiencies; on the other hand, in appliances it has further challenged our ability to export competitively and, in addition, resulted in a re-evaluation of our product mix for the local market.

We have addressed the issue of the competitiveness of the Pinetown facility pro-actively, with a fundamental restructuring of manufacturing processes and overheads, a drive for material cost reductions and several initiatives to improve productivity. In specific key product categories, we have focused our engineering resources to improve competitiveness. This has resulted in major strides in value engineering on kettles as well as the launch of a new hotplate, carefully designed to be highly cost-efficient. In combination, we are confident that these ongoing efforts will position the appliance factory for sustained competitiveness.

At Atlantis, we achieved all-time record levels of production and cost competitiveness. Our recently installed auto-insertion plant reached full efficiency and we continued to upgrade the facility to maintain its capabilities. Quality levels, monitored in real-time via our field service database, were sustained at world standards.

Continued Innovation


Steve Karele
Manufacturing director

ATLANTIS (Western Cape)

Brian Coode
Technical director

John Kannemeyer
Purchasing and shipping manager

Sergio Marketti
Engineering manager

Francois Fourie
Finance director

PINETOWN (KwaZulu-Natal)

Peter Shorten
Engineering director

Dinesh Santhilal
Operations manager

William Underwood
Financial manager

CONTINUED INNOVATION

Our business is about manufacturing quality branded products. By remaining focused on our core business and investing in technology we will grow the size and value of our company.

PROSPECTS

The division is well equipped to meet the technical and logistical challenges of AMAP's expanding business and continues to contribute to the competitiveness of the group's product offering.

ADMINISTRATION

AMALGAMATED APPLIANCE HOLDINGS LIMITED
Registration number 1997/004130/06
("AMAP" or "the group")
ISIN: ZAE000012647
Share code: AMA

SECRETARY
Bruce Drummond
BComm FCIS

REGISTERED OFFICE AND POSTAL ADDRESSES
Physical
29 Heronmere Road
Reuven 2091

Postal
PO Box 39186
Booysens 2016

WEBSITES
www.amapholdings.co.za
www.amap.co.za
www.tedelex.com

EXTERNAL AUDITORS
Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead 2148

INTERNAL AUDITORS
Grant Thornton
137 Daisy Street
Cnr. Grayston Drive
Sandown 2196

TRANSFER SECRETARIES
Compushare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001

ATTORNEYS
Edward Nathan & Friedland Inc
4th Floor
The Forum
2 Maude Street
Sandown 2196

BANKERS
ABSA Bank Limited
21st Floor
Sanlam Centre
Cnr Jeppe and Von Wielligh Streets
Johannesburg 2001

Citibank NA
145 West Street
Sandown
Sandton 2196

First National Bank of Southern Africa Limited
6th Floor
4 First Place Bank City
Cnr Pritchard and Simmonds Streets
Johannesburg 2001

Nedcor Bank Limited
100 Main Street
Johannesburg 2001

The Standard Bank of South Africa Limited
Standard Bank Centre
9th Floor
5 Simmonds Street
Johannesburg 2001

SPONSORS
Bridge Capital Services (Pty) Limited
Building 22A
The Woodlands
Woodlands Drive
Woodmead 2148

EXECUTIVE COMMITTEE
Jack Cohen
George Bernhardt
Allan Nossel
Spyros Scafidas
Bruce Drummond
Clive Kaplan
Johan Deetlefs
Steve Karele
Herman Ellis
Neville Oborn

BOARD
Jack Cohen
Leonhard Dreimann
George Bernhardt
Allan Nossel
Spyros Scafidas
Myron Berzack
Sheldon Cohen
Meyer Kahn
Johan Kieser
Steven Levitt
William Rue
Engelbert Jansen van den Doornmalen (alternate)
Stanley Green (alternate)

AUDIT COMMITTEE
Myron Berzack
Steven Levitt

REMUNERATION COMMITTEE
Myron Berzack
Sheldon Cohen
Steven Levitt
Jack Cohen

RISK MANAGEMENT COMMITTEE
Sheldon Cohen
Allan Nossel
Spyros Scafidas
Bruce Drummond
Clive Kaplan
Johan Deetlefs
Herman Ellis

CORPORATE SERVICES

Bruce Drummond
Company secretary

Clive Kaplan
Treasury

Johan Deetlefs
Human resources

Herman Ellis
Logistics

Corporate services ensure effective monitoring and control of key operational activities.

CORPORATE SERVICES

GROUP SECRETARIAL AND FINANCE

Secretarial

The secretarial services department is responsible for all the statutory corporate secretarial compliance for the group.
The group at all levels subscribes to the spirit of good corporate governance as set out in the King Report and, in this regard, complies with the new JSE listing requirements.
AMAP was a finalist in the 5 year listed category Sustainable Growth Awards for 2004.

Finance and information systems

The financial results for the group are consolidated monthly for tabling to the executive committee as well as quarterly to the main board and audit committee.
A highly competent team supports the information systems and communications group network. During the period under review the two commercial divisions' computer networks were successfully integrated onto a single platform. This integration has yielded substantial savings as well as improved productivity within the group. The interactive website (www.amapholdings.co.za) provides company information, product knowledge and customer liaison.

GROUP TREASURY AND ASSET MANAGEMENT

The treasury function was centralised in the group some time ago and deals specifically with foreign exchange control and cash flow. Treasury includes liaison with the group's bankers and establishment and monitoring of facilities; management and control of group accounts receivable; monitoring of cash flows and cash management; group insurances and related risk management; overall stock control and forecasting, fixed asset control and financing; and forex management and control. Also falling under this service is the control and management of internal audit.
Going forward, the emphasis will be on further improving efficiencies and a more detailed focus on specialisation.

GROUP HUMAN RESOURCE

The human resource department focuses on employee relations, remuneration and administration of employee benefits, as well as training and development of employees.
During the year the integration of various divisional payrolls were consolidated resulting in better efficiencies and control.
In line with social investment profiles, the group assists Cida City Campus as well as other community projects.
The group is pursuing the potential benefits relating to BEE opportunities.

GROUP LOGISTICS/SERVICE DEPARTMENTS

Logistics

The group operates two main distribution centres, Cape Town and Johannesburg, to optimise customer service and logistics efficiencies. These centres have been equipped with state-of-the-art IT facilities, including a very effective bar code system to track each parcel from time of order to time of delivery. The warehouses are also equipped with digital CCTV cameras. Distribution of goods is outsourced and the group has an extremely sound partnership with its transport suppliers.

Service operation

The group provides full back-up service and stocks spares for all its products. We pride ourselves in providing excellent service to all our dealers and end customers. We have extensively equipped, wholly owned service centres in the main cities and use accredited agents in other areas.

CORPORATE GOVERNANCE

ENDORSEMENT OF KING II

The directors and staff of the AMAP group subscribe to the values of good corporate governance as set out in the King Report on Corporate Governance 2002 (King II) and JSE Securities Exchange requirements. In all dealings we strive to ensure that the interests of stakeholders are foremost in our decisions and that they are fully informed of the process.

By supporting the key principles contained in the code, directors and management accept the need to conduct the enterprise with integrity, accountability, transparency and equal opportunity in the conduct of the group's various business divisions. Specifically, the directors report the following:

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

Jack Cohen is the executive chairman, who is responsible for ensuring the effectiveness of governance practices within the group.

BOARD

The board of directors comprises four executive directors and seven non-executive directors chosen for their achievements, business acumen and skills. The board considers Myron Berzack, Meyer Kahn, Johan Kieser and Steven Levitt all independent non-executive directors as defined in King II, and Sheldon Cohen, Leonhard Dreimann and William Rue the balance of the non-executive directors. All directors bring an independent judgement to the issues of performance, strategy and resources including key appointments of directors and staff and standards of conduct within the company. Details of the executive and non-executive directors of the board are listed on page 6.

The board monitors compliance with policies and achievement against objectives by holding management accountable for its activity through the measurement and control of operations by regular reports to the board including quarterly performance reporting and budget updates.

All directors have access to the advice and services of the company secretary, Bruce Drummond, who is responsible for ensuring that board procedures, rules and regulations are complied with. Directors are entitled to seek independent professional advice about the group's affairs in the execution of their duties.

The board meets regularly (refer to the tables of attendance below). In addition, the articles of association of the company provide for material decisions taken between meetings to be confirmed by way of directors' resolutions.

	2003				2004		
Director	27.02	15.04	24.07	22.10	18.02	21.04	25.08
J Cohen	P	P	P	P	P	P	P
S G Bernhardt	P	P	P	P	P	P	P
A Nossel	P	P	P	P	P	P	P
S Scafidas	P	P	P	P	P	P	P
M Berzack	P	P	P	P	P	P	P
S Cohen	P	P	P	P	P	P	P
J M Kahn	P	P	P	P	P	P	P
J H Kieser	P	P	P	P	P	A	P
S A Levitt	P	P	P	P	P	P	P
L Dreimann (non-resident)	A	P	A	A	A	A	A
W B Rue (non-resident)	A	P	A	P	A	A	P
E Doornmalen (alt to W Rue) (non-resident)	P	A	A	P	A	A	A

P=Present A=Apologies

CORPORATE GOVERNANCE

(continued)

The group treasurer, Clive Kaplan, attends all board meetings by invitation.

Meetings are conducted in accordance with formal agendas, ensuring that all substantive matters are properly addressed. Standing subcommittees of AMAP have been appointed while ad hoc subcommittees are created as and when required. The chairman of the subcommittee sets the agenda for each meeting in consultation with the group executive chairman and company secretary. Any director may request that additional matters be added to the agenda. Board packs are circulated to the directors in advance of the meetings.

The non-executive directors take responsibility for ensuring that the chairman reviews all matters requiring the boards' attention. The board ensures that there is an appropriate balance of power and authority on the board so that no one individual or block of individuals can dominate the board's decision-making process.

BOARD COMMITTEES

Defined charters delegate specific responsibilities to each individual board committee.

FINANCIAL STATEMENTS

The financial statements as set out in this report have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice. They are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

The directors are responsible for ensuring that group companies maintain adequate records, and for reporting on the financial position of the group and the results of activities with accuracy and reliability. Financial reporting procedures are applied in the group at all levels to meet this responsibility. The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with South African auditing standards.

REMUNERATION COMMITTEE

The remuneration committee is chaired by Myron Berzack (non-executive director), and consists of two other non-executive directors, namely Sheldon Cohen and Steven Levitt and executive director Jack Cohen. It is responsible for the review and approval of the remuneration and terms of employment of all directors and senior executives. In order to promote director interests with shareholders, share incentives are considered critical elements of executive incentive pay. Two meetings are schedule annually, with ad hoc meetings convened as and when required.

	2003		2004		
Director	14.05	19.09	08.03	13.08	15.09
M Berzack	P	P	P	P	P
S Levitt	P	P	P	P	P
J Cohen	P	P	P	P	P
S Cohen	P	P	P	P	P

AUDIT COMMITTEE

The audit committee comprises Myron Berzack (non-executive director) (chairman) and Steven Levitt (non-executive director).

The committee monitors proposed changes in accounting policy, all published financial information, reviews the internal audit function (outsourced to Grant Thornton) and discusses the accounting implications of major transactions prior to board approval.

The audit committee meets quarterly with the group's external and internal auditors and the divisional financial managers to review accounting controls, disclosure requirements, corporate governance practices, auditing and financial matters and report to the board of directors on their findings. The external auditors are appointed each year, based on the recommendations of the audit committee.

The internal and external auditors have unrestricted access to the audit committee.

CORPORATE GOVERNANCE

(continued)

AUDIT COMMITTEE *(continued)*

	2003				2004			
Director	25.02	14.04	22.07	20.10	16.02	19.04	17.06	20.08
M Berzack	P	P	P	P	P	P	P	A
S Levitt	P	P	P	P	P	P	P	P
S Cohen (by invitation)	—	—	P	P	—	—	P	—

EXECUTIVE COMMITTEE

The executive committee comprises the executive directors, namely Jack Cohen (chairman), George Bernhardt, Allan Nossel and Spyros Scafidas and senior executives, namely Bruce Drummond, Johan Deetlefs, Herman Ellis, Clive Kaplan, Steve Karele and Neville Oborn. The committee monitors the operations of the group's divisions and control policies and decision making in accordance with the approvals framework approved by the board. The committee meets approximately monthly.

INTERNAL AUDIT

The internal audit function is outsourced to Grant Thornton who report directly to the executive chairman and audit committee. Annually, Grant Thornton will evaluate a proposed audit plan jointly with management that ensures sufficient evidence will be obtained to evaluate the effectiveness of the control process. The internal audit plan is determined annually, based on the relevant degree of inherent risk, which is reviewed and approved by the audit committee.

INTERNAL CONTROL

The directors and management maintain effective systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

Close day-to-day control of operations and procedures are maintained by senior management, producing monthly performance reports and management accounts for review by the board of directors and the executive committee. No significant internal control problems have come to the attention of the directors to indicate that a material breadown in the controls within the group has occurred during the year.

CODE OF ETHICS

All employees are required to maintain high ethical standards in ensuring that the group conducts its business in a proper and professional manner. The code controls the group's commitment to its shareholders, customers, suppliers and the broader community, as well as policies and guidelines regarding the personal conduct of management, officials and other employees. A policy is in place to restrict employees from dealing directly or indirectly in AMAP shares during sensitive periods and prior to the announcement of the financial results.

The board and its subcommittees deal with business ethics, stake holder accountability, including specialist areas such as health, safety, social, environmental and sustainability issues.

EMPLOYMENT EQUITY

The group continues to subscribe to the philosophy of employee upliftment and has dedicated resources to both training and development programmes to achieve demographic representation in its workforce. This philosophy has enabled AMAP to embrace the principles of the Skills Levy Act (with its training initiatives) and the Employment Equity Act. All employees may develop their full potential for themselves and the group.

A formal process is in place to share and discuss business issues with the unions and staff on a regular basis.

The group employs a variety of participating divisional structures which benefit employees and are designed to achieve sound employer/employee relations. The employment equity programme forms part of the group's training programme and business plan.

CORPORATE GOVERNANCE

(continued)

COMPANY SECRETARY

The company secretary is Bruce Drummond, who is required to ensure that the minutes of all shareholders' meetings, directors' meetings and meetings of any committee of the directors are properly recorded. Compliance with specific statutes, acts and reporting requirements.

RISK MANAGEMENT COMMITTEE

The focus of risk management in the group is on identifying, assessing, managing and monitoring material forms of risk encompassing all business aspects. The committee was formed in February 2003, chaired by Sheldon Cohen (non-executive director), one executive director attending each meeting, being either Allan Nossel or Spyros Scafidas, and four senior executives, namely Bruce Drummond, Johan Deetlefs, Herman Ellis and Clive Kaplan. The committee meets regularly and is responsible for monitoring key risk areas for which a group risk management matrix has been compiled, addressing the general business risks, credit risk, exchange rate exposure, insurable losses and interest rate and liquidity risks. The board is ultimately responsible.

	2003			2004			
Director	14.07	26.08	13.10	02.03	15.04	17.05	10.08
S Cohen	P	P	P	P	P	P	P
B Drummond	P	P	P	P	P	P	P
J Deetlefs	P	P	P	P	P	P	P
H Ellis	P	P	P	P	P	P	P
C Kaplan	P	P	P	P	P	P	P
A Nossel	A	A	A	P	A	P	P
S Scafidas	—	—	—	—	P	A	A

INSIDER TRADING

No employee may deal, directly or indirectly, in AMAP shares on the basis of unpublished price-sensitive information regarding the business or affairs of the group. No director or executive who participates in AMAP share incentive schemes may trade in AMAP shares during closed periods as defined in the new JSE Listings Requirements.

FRAUD AND ILLEGAL ACTS

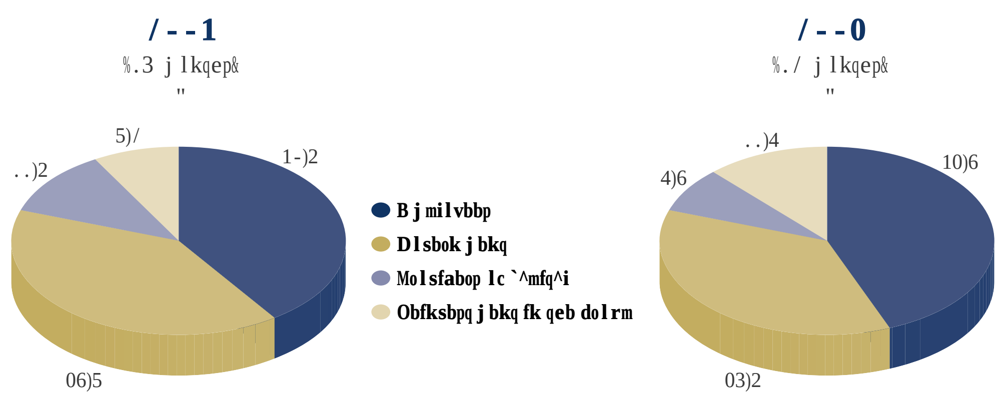
AMAP does not engage in or accept or condone the engaging in or any illegal acts in the conduct of its business. The directors' policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

GOING CONCERN

The directors confirm, giving due cognizance to the group's current financial position and cash flows, that the group is a going concern.

VALUE ADDED STATEMENT

	16 months June-04 R'000	Percentage	12 months Feb-03 R'000	Percentage
REVENUE	2 002 340		1 100 777	
Interest received	12 978		4 664	
Cost of materials, services and expenses	1 586 046		881 052	
VALUE ADDED	429 272	100	224 389	100
Distributed as follows:				
Employees				
– salaries and wages, commission and other benefits	174 069	40,5	98 493	43,9
Government				
– taxation	42 417	9,9	13 944	6,2
– STC	314	0,1	306	0,1
– PAYE	26 192	6,1	15 979	7,1
– customs duty, excise duty, VAT and import surcharge	101 625	23,7	51 930	23,1
Providers of capital				
– dividends	30 767	7,2	7 449	3,3
– interest paid	18 841	4,3	10 277	4,6
Reinvestment in the group				
– depreciation and amortization	17 529	4,1	9 143	4,1
– reinvestment for expansion	17 518	4,1	16 868	7,6
EMPLOYEES HEAD COUNT	1 457		1 094	



FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors of the company are responsible for the preparation of the annual financial statements and related financial information presented in this report.

The directors and management are responsible for the systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain effective accountability of all assets, prevent and detect material misstatement of error, fraud or loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The company and group annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate full and reasonable disclosure in line with the accounting policies of the group.

The directors are of the opinion that the business will be a going concern for the foreseeable future and accordingly the financial statements continue to be prepared on a going concern basis.

It is the responsibility of the independent auditors to report on the annual financial statements. This report to the members of the company is set out on page 30.

The annual financial statements set out on pages 31 to 59 were approved by the board of directors on 28 September 2004 and are signed on its behalf by:

J Cohen
Chairman

Johannesburg

CERTIFICATION BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm in terms of Section 268G(d) of the Companies Act, 1973 as amended, that for the 16 month period ended 30 June 2004, to the best of my knoweldge and belief, the company has lodged with the Registrar all such returns as are required by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

B Drummond BCISA
Company secretary

Johannesburg
28 September 2004

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AMALGAMATED APPLIANCE HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Amalgamated Appliance Holdings Limited set out on pages 31 to 59 for the 16 month period ended 30 June 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion the financial statements and the group financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004, and the results of their operations and cash flows for the period then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

Deloitte + Touche

Deloitte & Touche
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
28 September 2004

DIRECTORS' REPORT

for the sixteen month period ended 30 June 2004

Your directors have pleasure in submitting their report on the affairs of the company and group for the 16 month period ended 30 June 2004.

1. NATURE OF BUSINESS

   The main business of the group is in manufacturing, importing, exporting and distributing domestic appliances, television sets, audio and video products and electrical accessories.

2. GROUP RESULTS

   The company and group financial statements for the period under review are set out on pages 31 to 59.

   The group achieved excellent results for the 16 month period, reporting solid growth in revenue and operating income.

3. FINANCIAL OBJECTIVES

   The group's objectives are to maintain consistent long-term real growth in profit and earnings.

4. SHARE CAPITAL

	June-04 R'000	Feb-03 R'000
Authorised		
300 000 000 ordinary shares of 1 cent each	3 000	3 000
Issued		
212 189 689 ordinary shares of 1 cent each	2 122	2 074

   Issued share capital was increased during the period. For details refer note 14 on page 53 of the annual financial statements.

5. REVIEW OF OPERATIONS

   The group reported excellent results for the 16 month period as a whole, although the strength of the rand led to a decline in exports.

   The association with Salton over the last year has enabled the group to maximise its buying powers within the East and broaden its product range within the Appliance division.

6. DIRECTORATE AND SECRETARY

   Details of the non-executive and executive directors are stated on page 6 and details of the secretary and administration are stated on page 20.

7. INTEREST OF DIRECTORS

   The directors' interests, directly or indirectly, in the issued share capital of the company were as follows:

	Direct beneficial	Indirect beneficial
S G Bernhardt	342 382	—
M Berzack	—	38 589
J Cohen	—	8 265 476
S Cohen	—	332 811
S Green	1 079	—
S Levitt	111 095	—
A Nossel	118 338	1 944 837
S Scafidas	356 432	—
Total 2004	929 326	10 581 713
Total 2003	2 019 868	11 097 520

   A Nossel disposed of 63 115 shares valued at R228 888 between 25 August 2004 and 1 September 2004.

   There have been no other changes in the interests recorded above since 30 June 2004.

DIRECTORS' REPORT *(continued)*

for the sixteen month period ended 30 June 2004

8. DIVIDEND

The board of directors declared a dividend of 15 cents per share (2003: 3¾ cents per share), which represents three times cover for the 16 month period ended 30 June 2004. Refer to note 5 on page 46.

9. CORPORATE GOVERNANCE

The directors endorse the code of corporate practices and conduct as set out in the King Report on Corporate Governance. The group's position is set out on pages 23 to 26.

10. DATE OF INCORPORATION

The company was incorporated on 20 March 1997.

11. SUBSIDIARIES

The interest of the company in the aggregate net profit and losses after taxation of the subsidiaries is R91 396 000 (2003: R31 812 000). Details of subsidiaries are set out on page 59 to the annual financial statements.

	16 months June-04 R'000	12 months Feb-03 R'000
Net profit	91 396	31 839
Net losses	—	(27)
Profit attributable to ordinary shareholders	91 396	31 812

12. EMPLOYEE SHARE SCHEME

An employee share scheme, which has been in existence from the listing date, allows for broad participation in the equity of the company at all levels.

Share options granted	Allocation price Cents	Number
Allocation January 2000	75,0	3 457 600
Allocation October 2001	45,0	2 240 000
Allocation July 2002	75,0	2 684 400
Allocation September 2003	100,0	1 427 500
Allocation March 2004	252,0	2 000 000
Total options granted		11 809 500
Number of participants		101
Shares available		
Opening balance		8 680 498
Salton Inc offer		(2 656 232)
Capitalisation issue		234 159
Shares purchased during the period		821 287
Closing balance		7 079 712

DIRECTORS' REPORT *(continued)*

for the sixteen month period ended 30 June 2004

12. EMPLOYEE SHARE SCHEME *(continued)*

In line with the recent GAAP Monitoring Panel ruling with respect to consolidation of share incentive scheme trusts, the group changed its accounting policy in respect of its share incentive scheme trust ("share trust"). The share trust is now consolidated to the extent that the group issued share capital is under the control of the group. These shares are shown as treasury shares. The effects of the restatements are set out in note 25.2 on pages 57 and 58 to the annual financial statements.

13. SHAREHOLDING

The analysis of shareholders is detailed on page 60.

Salton Inc (Pifco Overseas Limited) is the major shareholder who currently holds 52% of the issued share capital.

14. NUMBER OF EMPLOYEES	June-04	Feb-03
Employee headcount	1 457	1 094

15. DIRECTORS' REMUNERATION

The details of the directors' remuneration and share options are tabled on pages 44 and 45.

16. SEGMENT REPORTING

As the group markets and distributes only Household Electrical Durables (HED), the directors have not disclosed segmental information as it would be meaningless (AC115).

INCOME STATEMENTS

for the sixteen month period ended 30 June 2004

		GROUP		COMPANY	
	Notes	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
Revenue	2	2 002 340	1 100 777	—	—
Operating income		139 990	51 675	—	—
Dividends received		—	—	31 828	7 775
Interest received	3.1	12 978	4 664	—	—
Interest paid	3.2	(18 841)	(10 277)	—	—
Profit before taxation		134 127	46 062	31 828	7 775
Income tax expense	4	(42 731)	(14 250)	—	—
Profit attributable to ordinary shareholders		91 396	31 812	31 828	7 775
Dividends proposed	5	30 767	7 449	31 828	7 775
Earnings per share		2004 Cents	2003 Cents		
Earnings per share – weighted	6.1	45,0	16,0		
Headline earnings per share – weighted	6.2	45,2	16,2		
Diluted earnings per share – weighted	6.3	44,4	15,9		
Diluted headline earnings per share – weighted	6.3	44,6	16,1		
Dividend per share	5	15,0	3,75		

BALANCE SHEETS

as at 30 June 2004

		GROUP		COMPANY	
	Notes	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
ASSETS					
Non-current assets		76 883	74 783	167 445	159 603
Property, plant and equipment	7	31 077	29 812	—	—
Trademarks	8.1	9 572	10 482	—	—
Goodwill	8.2	1 170	1 796	—	—
Interest in subsidiaries	9	—	—	164 863	159 603
Other financial assets	10	24 433	26 561	2 582	—
Deferred tax	11	10 631	6 132	—	—
Current assets		697 335	491 884	31 828	7 775
Inventories	12	273 186	208 788	—	—
Trade and other receivables	13	231 323	167 245	—	—
Bank and cash on hand		192 826	115 851	—	—
Dividend receivable		—	—	31 828	7 775
Total assets		774 218	566 667	199 273	167 378
EQUITY AND LIABILITIES					
Capital and reserves		322 935	240 248	198 885	167 378
Share capital	14	2 122	2 074	2 122	2 074
Share premium	15	162 741	157 529	162 741	157 529
Treasury shares		(7 285)	(6 081)	—	—
Fair value adjustment reserve		2 194	—	2 194	—
Accumulated profits		132 396	79 277	—	—
Shareholders for dividends		30 767	7 449	31 828	7 775
Non-current liabilities		3 969	4 560	388	—
Long-term borrowings	16	3 581	4 560	—	—
Deferred tax	11	388	—	388	—
Current liabilities		447 314	321 859	—	—
Trade and other payables	17	345 627	303 851	—	—
Derivative financial liability		46 850	—	—	—
Taxation		43 600	4 541	—	—
Short-term portion of long-term borrowings	16	794	583	—	—
Bank overdrafts	18	—	7 459	—	—
Provisions	19	10 443	5 425	—	—
Total equity and liabilities		774 218	566 667	199 273	167 378

STATEMENTS OF CHANGES IN EQUITY

for the sixteen month period ended 30 June 2004

	Share capital R'000	Share premium R'000	Treasury shares R'000	Fair value adjustment reserve R'000	Accumulated profits R'000	Shareholders for dividends R'000	Total R'000
GROUP							
Balance at 1 March 2002 as previously stated	2 042	154 905	—	—	53 109	5 105	215 161
Consolidation of share incentive trust	—	—	(5 977)	—	1 805	(104)	(4 276)
Balance at 1 March 2002 restated	2 042	154 905	(5 977)	—	54 914	5 001	210 885
Net profit for the period	—	—	—	—	31 812	—	31 812
Dividends	—	—	—	—	(7 775)	7 775	—
– less treasury shares	—	—	—	—	326	(326)	—
Dividend settled							
– cash election	—	—	—	—	—	(2 449)	(2 449)
Issue of share capital	32	2 624	(104)	—	—	(2 552)	—
	2 074	157 529	(6 081)	—	79 277	7 449	240 248
AC133 opening balance adjustment	—	—	—	1 397	(7 510)	—	(6 113)
Restated balance at 1 March 2003	2 074	157 529	(6 081)	1 397	71 767	7 449	234 135
Net profit for the period	—	—	—	—	70 404	—	70 404
Dividend settled							
– cash election	—	—	—	—	—	(2 515)	(2 515)
Issue of share capital	48	5 212	(326)	—	—	(4 934)	—
Net treasury movement	—	—	(878)	—	—	—	(878)
Fair value movement	—	—	—	909	—	—	909
Balance at 29 February 2004	2 122	162 741	(7 285)	2 306	142 171	—	302 055
Net profit for the period	—	—	—	—	20 992	—	20 992
Dividends	—	—	—	—	(30 767)	30 767	—
Fair value movement	—	—	—	(112)	—	—	(112)
Balance at 30 June 2004	2 122	162 741	(7 285)	2 194	132 396	30 767	322 935
COMPANY							
Balance at 1 March 2002 as previously stated	2 042	154 905	—	—	—	5 105	162 052
Net profit for the year	—	—	—	—	7 775	—	7 775
Dividends	—	—	—	—	(7 775)	7 775	—
Dividend settled							
– cash election	—	—	—	—	—	(2 449)	(2 449)
Issue of share capital	32	2 624	—	—	—	(2 656)	—
	2 074	157 529	—	—	—	7 775	167 378
AC133 opening balance adjustment	—	—	—	1 397	—	—	1 397
Restated balance at 1 March 2003	2 074	157 529	—	1 397	—	7 775	168 775
Net profit for the period	—	—	—	—	31 828	—	31 828
Fair value movement	—	—	—	797	—	—	797
Dividends	—	—	—	—	(31 828)	31 828	—
Dividend settled							
– cash election	—	—	—	—	—	(2 515)	(2 515)
Issue of share capital	48	5 212	—	—	—	(5 260)	—
Balance at 30 June 2004	2 122	162 741	—	2 194	—	31 828	198 885

CASH FLOW STATEMENTS

for the sixteen month period ended 30 June 2004

		GROUP		COMPANY	
	Notes	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		1 904 315	1 073 455	—	—
Cash paid to suppliers and employees		(1 789 962)	(1 007 389)	—	—
Cash generated from operations	A	114 353	66 066	—	—
Interest received		12 978	4 664	—	—
Interest paid		(18 841)	(10 277)	—	—
Dividends paid	B	(2 515)	(2 449)	(2 515)	(2 449)
Taxation paid	C	(4 951)	(393)	—	—
Net cash inflow/(outflow) from operating activities		101 024	57 611	(2 515)	(2 449)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of property, plant and equipment		(17 518)	(16 868)	—	—
Proceeds from the sale of property, plant and equipment		570	313	—	—
Acquisition of subsidiaries	D	—	(81)	—	—
Advance to Australian operation		—	(151)	—	—
Increase in other financial assets		2 004	(4 423)	—	—
Net cash outflow from investing activities		(14 944)	(21 210)	—	—
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in amounts due from subsidiary company		—	—	2 515	2 449
Net movement in treasury shares		(878)	—	—	—
(Decrease)/increase in long-term borrowings		(768)	4 032	—	—
Net cash (outflow)/inflow from financing activities		(1 646)	4 032	2 515	2 449
NET INCREASE IN CASH AND CASH EQUIVALENTS		84 434	40 433	—	—
Cash and cash equivalents at beginning of the period		108 392	67 959	—	—
Cash and cash equivalents at end of the period	E	192 826	108 392	—	—

NOTES TO THE CASH FLOW STATEMENTS

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS				
Profit before taxation	134 127	46 062	31 828	7 775
Adjusted for:				
Profit on disposal of property, plant and equipment	(310)	(39)	—	—
Depreciation and amortisation	17 529	9 143	—	—
Interest received	(12 978)	(4 664)	(31 828)	(7 775)
Pension fund contribution	4 175	—	—	—
Foreign exchange translation losses	15 313	717	—	—
Fair value adjustment on held-for-trading investment – Pension fund surplus	(1 673)	—	—	—
Interest paid	18 841	10 277	—	—
Operating profit before working capital changes	175 024	61 496	—	—
Working capital change				
Increase in inventories	(64 398)	(53 539)	—	—
Increase in accounts receivable	(64 078)	(11 481)	—	—
Decrease in accounts payable	67 805	69 590	—	—
Cash generated from operations	114 353	66 066	—	—
B. DIVIDENDS PAID				
Opening balance	7 449	5 105	7 775	5 105
Dividend proposed for the period	30 767	7 449	31 828	7 775
Capitalisation share issue	(4 934)	(2 656)	(5 260)	(2 656)
Closing balance	(30 767)	(7 449)	(31 828)	(7 775)
Dividend paid	2 515	2 449	2 515	2 449
C. TAXATION PAID				
Opening balance	4 541	120	—	—
Taxation per the income statement	44 010	4 814	—	—
Closing balance	(43 600)	(4 541)	—	—
Taxation paid	4 951	393	—	—
D. ACQUISITION OF SUBSIDIARIES				
Goodwill/deferred tax	—	(2 401)	—	—
Accounts payable	—	70	—	—
Cash	—	80	—	—
Investment in subsidiaries	—	(2 251)	—	—
Cash position	—	(80)	—	—
Movement in loans	—	2 250	—	—
	—	(81)	—	—
E. CASH AND CASH EQUIVALENTS				
Cash on hand and deposits	192 826	115 851	—	—
Short-term borrowings	—	(7 459)	—	—
Net cash and cash equivalents	192 826	108 392	—	—

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the sixteen month period ended 30 June 2004

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the South African Companies Act of 1973. In preparation of the consolidated annual financial statements uniform account policies have been applied throughout the group. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and are consistent in all material respects with those applied in the previous year, except as indicated in note 1.1. The presentation currency is in rand thousands, unless otherwise indicated. The functional currency of the holding company is rand.

1.1 Changes in accounting policies

Accounting policies applied are consistent with those applied in the 28 February 2003 annual report except for the changes as a result of the adoption of the accounting Standard on recognition and measurement of financial instruments (“AC133”) including amendments resulting from new and amended IFRSs issued up to 31 March 2004, and the consolidation of the share incentive trust.

In terms of AC133, all financial assets and financial liabilities are required to be classified into prescribed categories which determine their recognition and measurements criteria.

The group employee equity based compensation are administrated by a share incentive trust. This trust was previously not consolidated into the consolidated financial statements of the group. In the current year, the share incentive trust has been consolidated.

Except for the adoption of AC133, comparative information has been restated for changes in accounting policies. AC133 provides that changes resulting from the adoption of the standard be applied prospectively and therefore adjustments at 1 March 2003 has been acocunted for as an adjustment to opening accumulated profits.

The effect of these changes to accounting policies is detailed in note 25.

1.2 Basis of consolidation

The group annual financial statements incorporate the annual financial statements of the company and its subsidiaries. The results of the subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. Intragroup balances, all significant intragroup transactions and resulting unrealised profits are eliminated in full. Differences between the consideration paid for subsidiaries acquired and the net tangible asset values at the dates of acquisition are treated as goodwill as explained in note 1.5.

1.3 Revenue

Revenue comprises the invoiced value of goods supplied to customers excluding customer rebates, trade discount and value added tax, on date of delivery.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost to the group less accumulated depreciation. Depreciation is calculated on the straight-line basis at rates which will reduce the book value of the assets to estimated residual values at the end of their useful lives. Major improvements to buildings, plant and equipment are capitalised when economic value is added. Maintenance and repairs are expensed when incurred. Property is depreciated in line with AC135 investment property. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in income.

1.5 Trademarks and intangibles

Purchased trademarks are recognised as assets at their historical cost and are amortised over the shorter of their useful lives or 20 years. Goodwill represents the excess of the purchase consideration over the net tangible asset values of subsidiaries or businesses acquired, and is amortised over its useful life of 10 years on the straight-line basis. Restraint of trade payments are amortised on a straight-line basis over the restraint period. All trademarks and intangibles are assessed for impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

1. ACCOUNTING POLICIES *(continued)*

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value. The value is determined using the first-in, first-out method. The values of work in progress and finished goods include direct material, labour and appropriate overhead costs, these costs are based on rates applicable to normal production capacity. Adequate provision is made for obsolete and slow-moving inventory.

1.7 Foreign currency transactions and balances

It is the group policy to take cover in respect of all foreign liabilities.

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in the net profit for the period. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the costs of hedging are included in the measurement of the underlying transaction and the transaction is therefore recorded at the forward rate. On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

1.8 Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another Accounting Standard, in which case the impairment loss is treated as a revaluation decrease under the Standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another Standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other Standard.

1.9 Taxation

The change for taxation is based on the results for the period as adjusted for items which are non-assessable or disallowable.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the calculation of assessable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

1. ACCOUNTING POLICIES *(continued)*

1.10 Retirement benefits

The policy of the group is to provide retirement benefits for its employees. The group expense in respect of contributions to pension and provident funds is based on the current service cost and is charged against income in the period that they become payable.

1.11 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Foreign currency forward contracts protect the group from movements in exchange rates by establishing the rate of which a foreign currency asset or liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is off-set by a corresponding movement in the value of the forward exchange rate.

Financial assets

The prinicpal financial assets are bank balances and cash, trade receivables and equity investments.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Long-term investments, where the company is not in a position to exercise significant influence or joint control, are stated at cost less impairment loss, where the investment's carrying value exceeds its estimated recoverable amount.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts, and trade and other payables.

The accounting policy adopted for finance lease obligations is outlined in note 1.13.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

1.12 Derivative financial instruments

Deriative financial instruments are initially recorded at cost and are remeasured to fair value or subsequent reporting dates. Changes in fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to firm commitments and forecasted transactions are recognised directly in equity. If the hedged firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had been previously recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, are deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

1. ACCOUNTING POLICIES *(continued)*

1.12 Derivative financial instruments *(continued)*

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At the time any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

It is the policy of the group not to trade in derivative financial instruments for speculative purposes.

1.13 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are charged to income on the straight-line basis over the term of the relevant lease.

1.14 Provisions

Provisions are recognised when the group has a present constructive, business or legal obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's liability.

Provisions for restructuring costs are recognised when the group has a detailed formal plan for the restructuring and the group has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditure which are necessarily entailed by the restructuring and not associated with the ongoing activities of the enterprise.

1.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investment banks, net of bank overdrafts. In the balance sheet and cash flow statement, bank overdrafts are included in borrowings.

1.16 Research and development

Research and development costs are charged as an expense in the period in which they are incurred.

1.17 Treasury shares

Treasury shares represent shares in Amalgamated Appliance Holdings Limited that are held by subsidiary companies. These shares are held at cost and treated as a deduction against group reserves. Dividends relating to treasury shares are eliminated on consolidation.

1.18 Equity compensation benefits

The company grants share options to certain directors and employees under a share incentive scheme. The costs incurred in administering the scheme are expensed as incurred. No compensation cost is recognised in these financial statements for options or shares granted to employees from the share incentive trust.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
2. OPERATING INCOME				
Reconciliation of revenue to operating income				
Revenue	2 002 340	1 100 777	—	—
Cost of sales	1 514 820	870 257	—	—
Other direct operating expenses – administration	159 054	37 479	—	—
– distribution	65 296	39 628	—	—
Depreciation and amortisation expense	17 529	9 143	—	—
Research and development	1 516	1 070	—	—
Occupancy	7 186	3 095	—	—
Staff	96 949	88 430	—	—
Operating income	139 990	51 675	—	—
Operating income is stated after the following:				
Auditors' remuneration				
– Audit fees	1 521	1 000	—	—
– (Over)/underprovision in prior period	(136)	331	—	—
– Fees for other services	397	249	—	—
	1 782	1 580	—	—
Depreciation and amortisation				
– Office furniture and equipment	1 617	1 066	—	—
– Motor vehicles	532	203	—	—
– Plant	11 857	5 878	—	—
– Leasehold improvements	1 782	694	—	—
– Property	205	148	—	—
– Trademarks	910	686	—	—
– Goodwill	626	468	—	—
	17 529	9 143	—	—
Profit on disposal of property, plant and equipment				
– Property	75	—	—	—
– Plant and machinery	62	(35)	—	—
– Motor vehicles	159	62	—	—
– Office furniture and equipment	14	12	—	—
	310	39	—	—
Operating lease payments				
– Land and buildings	7 186	3 095	—	—
– Plant, machinery and motor vehicles	1 632	202	—	—
	8 818	3 297	—	—

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
2. OPERATING INCOME *(continued)*				
Consultants' fees				
– Technical	3 574	1 994	—	—
– Managerial	—	128	—	—
	3 574	2 122	—	—
Pension and provident fund contributions				
– Contributions	7 724	3 613	—	—
Foreign exchange translation				
– Losses	15 313	717	—	—

Directors' emoluments

Individual directors' emoluments (R'000)

	Fees for services	Basic salary	Bonuses	Expense allowance	Other benefits	Pension contributions	Total 2004	Total 2003
Executive								
J Cohen	—	1 596	3 180	9	35	35	4 855	1 234
F Thompson*	—	—	—	—	—	—	—	385
G Bernhardt	—	1 268	1 420	151	22	—	2 861	702
A Nossel	—	1 104	1 680	145	27	94	3 050	782
S Scafidas	—	1 099	1 633	149	28	96	3 005	747
Total	—	5 067	7 913	454	112	225	13 771	3 850
Non-executive								
M Berzack	42,7	—	—	—	—	—	42,7	32,5
S Cohen	48,7	—	—	—	—	—	48,7	22,5
L Dreimann	—	—	—	—	—	—	—	—
J Kieser	18,7	—	—	—	—	—	18,7	—
S Levitt	42,7	—	—	—	—	—	42,7	32,5
B Rue	—	—	—	—	—	—	—	—
M Kahn	18,7	—	—	—	—	—	18,7	7,5
Total	171,5	—	—	—	—	—	171,5	95,0

Resigned 31 July 2002.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

2. OPERATING INCOME *(continued)*

Share options

	Total options granted	Strike price R	Period	Exercised to date	Price at which exercised R	Date exercised	Gain on exercise R	Total options held June-04 R
Executive								
J Cohen	100 000	1,00	Jul-03	—	—	—	—	100 000
	350 000	2,52	Mar-04	—	—	—	—	350 000
G Bernhardt	400 000	0,75	Jan-00	83 280	2,00	Oct-03	1,25	194 320
				122 400	1,25	May-03	0,50	—
	200 000	0,45	Oct-01	92 523	2,0	Oct-03	1,55	46 267
				61 210	1,25	May-03	0,80	—
	200 000	0,75	Jul-03	61 200	1,25	May-03	0,50	138 800
	100 000	1,00	Jul-03	—	—	—	—	100 000
	350 000	2,52	Mar-04	—	—	—	—	350 000
S Scafidas	240 000	0,75	Jan-00	145 740	2,00	Oct-03	1,25	20 820
				73 440	1,25	May-03	0,50	—
	450 000	0,45	Oct-01	208 200	2,00	Oct-03	1,55	104 100
				137 700	1,25	May-03	0,80	—
	810 000	0,75	Jul-02	247 860	1,25	May-03	—	562 140
	100 000	1,00	Jul-03	—	—	—	—	100 000
	350 000	2,52	Mar-04	—	—	—	—	350 000
A Nossel	100 000	1,00	Jul-03	—	—	—	—	100 000
	350 000	2,52	Mar-04	—	—	—	—	350 000
Total	4 100 000			1 233 553				2 866 447

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
3. NET INTEREST PAID				
3.1 Interest received				
Bond deposit and other financial assets	9 024	2 327	—	—
Other	3 954	2 337	—	—
	12 978	4 664	—	—
3.2 Interest paid				
Interest paid on borrowings	(16 788)	(5 074)	—	—
Other	(2 053)	(5 203)	—	—
	(18 841)	(10 277)	—	—
Net interest paid	(5 863)	(5 613)	—	—

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
4. INCOME TAX EXPENSE				
Normal – current	46 362	4 541	—	—
Normal – prior	(2 666)	(33)	—	—
Deferred – current	(5 278)	9 407	—	—
Deferred – prior	3 999	29	—	—
Secondary taxation on company – current	314	306	—	—
	42 731	14 250	—	—
4.1 Taxation reconciliation				
Standard normal rate of taxation (%)	30,0	30,0	30,0	30,0
Taxation at standard rate	40 238	13 819	9 548	2 332
Adjusted for				
– movements in unrecorded assessed losses	—	(43)	—	—
– permanent differences	846	172	(9 548)	(2 332)
– prior period adjustment	1 333	(4)	—	—
– secondary taxation on company	314	306	—	—
– Taxation charged to profit	42 731	14 250	—	—
– Effective rate of taxation (%)	32	31	—	—
Estimated taxation losses available to offset against future taxation income:				
Opening balance	11 167	40 468	—	—
On acquisition of subsidiaries	—	18 667	—	—
Utilised	(6 976)	(37 304)	—	—
Not raised	—	(10 664)	—	—
Closing balance	4 191	11 167	—	—
Tax effect at standard normal rate of taxation	1 257	3 350	—	—
5. DIVIDENDS PROPOSED				
Current period	31 828	7 775	31 828	7 775
Treasury shares	(1 061)	(326)	—	—
The directors proposed a cash dividend of 15 cents per share (2003: 3¾ cents per share).				
	30 767	7 449	31 828	7 775

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000

6. EARNINGS PER SHARE

6.1 Earnings per share

The calculation of the earnings per share is based on the net income attributable to ordinary shareholders of R91 396 000 (2003: R31 812 000) and the weighted average number of 203 226 093 (2003: 198 787 849*) ordinary shares in issue during the respective periods.

6.2 Headline earnings per share

The calculation of headline earnings per share is based on the net income attributable to ordinary shareholders of R91 805 000 (2003: R32 241 000) adjusted by R217 000 (2003: R39 000) after tax in respect of profit on disposal of property, plant and equipment, amortisation of goodwill of R626 000 (2003: R468 000) and divided by the weighted average number of ordinary shares in issue during the respective periods.

6.3 Diluted earnings and headline earnings per share – weighted

The calculation of weighted diluted earnings per share and diluted headline earnings per share are based on the net income attributable to ordinary shareholders and headline earnings as defined below, divided by the diluted number of 205 796 607 (2003: 200 344 000*) ordinary shares.

Reconciliation between earnings and headline earnings	Profit before tax R'000	Taxation R'000	Net profit 2004 R'000	Net profit 2003 R'000
Per the financial statements	134 127	(42 731)	91 396	31 812
Adjustments:				
Profit on disposal of property, plant and equipment	(310)	93	(217)	(39)
Goodwill amortised	626	—	626	468
Headline earnings	134 443	(42 638)	91 805	32 241

**The number of shares have been restated as a result of the consolidation of the share incentive trust in the current year. Refer to the change in accounting policy note 25.2 for further details.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	Office furniture and equipment* R'000	Motor vehicles* R'000	Plant* R'000	Leasehold improve-ments R'000	Property R'000	Total R'000
7. PROPERTY, PLANT AND EQUIPMENT						
7.1 30 June 2004						
Cost						
Opening balance	11 391	2 538	46 094	7 121	7 733	74 877
Additions	3 955	1 024	11 341	911	287	17 518
Disposals	(151)	(349)	(1 759)	(18)	(51)	(2 328)
Closing balance	15 195	3 213	55 676	8 014	7 969	90 067
Accumulated depreciation						
Opening balance	8 945	1 529	29 776	2 400	2 415	45 065
Disposals	(110)	(190)	(1 750)	(18)	—	(2 068)
Depreciation for the period	1 617	532	11 857	1 782	205	15 993
Closing balance	10 452	1 871	39 883	4 164	2 620	58 990
Net book value – 30 June 2004	4 743	1 342	15 793	3 850	5 349	31 077
Net book value – 28 Febuary 2003	2 446	1 009	16 318	4 721	5 318	29 812
Depreciation rates (%)	20	20	10	10 – 50	2	
7.2 28 February 2003						
Cost						
Opening balance	10 072	2 787	37 428	1 830	7 267	59 384
Additions	1 355	284	9 472	5 291	466	16 868
Disposals	(36)	(533)	(806)	—	—	(1 375)
Closing balance	11 391	2 538	46 094	7 121	7 733	74 877
Accumulated depreciation						
Opening balance	7 896	1 696	24 612	1 706	2 267	38 177
Disposals	(17)	(370)	(714)	—	—	(1 101)
Depreciation for the period	1 066	203	5 878	694	148	7 989
Closing balance	8 945	1 529	29 776	2 400	2 415	45 065
Net book value – 28 February 2003	2 446	1 009	16 318	4 721	5 318	29 812
Net book value – 28 February 2002	2 176	1 091	12 816	124	5 000	21 207
Depreciation (%)	20	20	10	10 – 50	2	

Property, plant and equipment are encumbered as reflected in note 22.

**Includes leased assets – refer to note 7.4.*

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

7.3 Property

Property consists of:

– Buildings and land on portion 64 (a portion of portion 42) of the farm Melkpost No 4, Atlantis, Industrial Local Area, Cape Division. The property was acquired in December 1977 for R212 744.

7.4 Leased assets

The net book value of leased assets included in property, plant and equipment are:

Office furniture and equipment R368 003, Motor vehicles R1 359 731 , Plant R2 428 918.

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
8. TRADEMARKS AND INTANGIBLES				
8.1 Trademarks				
Opening balance	10 482	11 168	—	—
Amortised during the period	(910)	(686)	—	—
Closing balance	9 572	10 482	—	—
8.2 Goodwill				
Opening balance	1 796	2 264	—	—
Amortised during the period	(626)	(468)	—	—
Closing balance	1 170	1 796	—	—
Trademarks and intangibles	10 742	12 278	—	—
9. INTEREST IN SUBSIDIARIES				
Cost – unlisted	—	—	91 321	91 321
Amalgamated Appliances (Proprietary) Limited	—	—	33 421	33 421
Haz Products (Proprietary) Limited	—	—	—	—
Tedelex Trading (Proprietary) Limited	—	—	57 900	57 900
Loans to subsidiaries	—	—	73 542	68 282
Amalgamated Appliances (Proprietary) Limited	—	—	67 167	61 907
Haz Products (Proprietary) Limited	—	—	3 719	3 719
Tedelex Trading (Proprietary) Limited	—	—	2 656	2 656
Loans to subsidiaries are interest free and have no fixed terms of repayment. The directors value the interest in subsidiaries at R164 863 000 (2003: R159 603 000). Refer to page 59 for details of subsidiaries.				
Interest in subsidiaries	—	—	164 863	159 603

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
10. OTHER FINANCIAL ASSETS				
10.1 Loan to share incentive trust				
Refer to note 25.2 on change to accounting policy and comparatives restatement.				
10.2 Loans				
Loans to Tedelex Limited				
Opening balance	22 114	22 722	—	—
Repaid during the period	(2 502)	(129)	—	—
Interest charged	—	1 771	—	—
Acquisition purchase	—	(2 250)	—	—
Allocation of right of use of the pension fund surplus	(19 612)	—	—	—
During the period an amount of R2 502 000 was repaid by Tedelex Limited, the remaining balance of R19 612 000, representing the allocation of right of used of the pension fund surplus, was transferred to Amalgamated Appliance (Proprietary) Limited. Refer to note 10.3 below.				
Closing balance	—	22 114	—	—
10.3 Right of use of the pension fund surplus				
Opening balance	—	—	—	—
Allocation of right of use of the pension fund surplus	19 612	—	—	—
Contribution deductions	(3 983)	—	—	—
Fair value adjustment	1 673	—	—	—
Other transfers ex Tedelex Limited	(192)	—	—	—
The right of use of the pension fund surplus which existed in Tedelex Limited arose from the transfer from Tedelex Limited in settlement of their loans, following the confirmation received from the FSB on 25 June 2003 regarding the employee reserve surplus. The surplus will be utilised over a maximum period of five years. The rules of the fund have been amended accordingly.				
	17 110	—	—	—

The pension fund surplus comprises of 75% invested in an equity portfolio at fair value with a net return of 5,16% for the period. The remaining 25% is invested in a money market portfolio.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
10. OTHER FINANCIAL ASSETS *(continued)*				
10.4 Investment – Available-for-sale				
Opening balance	—	—	—	—
Fair value adjustment directly to equity				
– investment revaluation reserve	1 644	—	1 644	—
Movement during the period directly to equity	938	—	938	—
The company acquired a 12% holding in Yale Appliances (Pty) Limited for no consideration in 2001. The investments has been classified as an available-for-sale investment, in terms of the requirements of AC133. According to the group's accounting policy with respect to available-for-sale investments, unrealised gains and losses arising from changes in fair value are recognised directly to equity (fair value adjustment reserve).				
Refer to note 25.1 for the opening balance sheet effects with respect to the adoption of AC133.				
Closing balance	2 582	—	2 582	—
10.5 Trade finance				
Opening balance	3 880	4 446	—	—
Interest charged during the period	254	401	—	—
Repayment during the period	—	(250)	—	—
Exchange rate adjustment	(458)	(717)	—	—
The trade finance advance bears interest at 4,75% per annum with no fixed terms of repayment.				
The directors deem the fair value to approximate the carrying value. The loan is AUD denominated.				
Refer note 23.				
Closing balance	3 676	3 880	—	—

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
10. OTHER FINANCIAL ASSETS *(continued)*				
10.6 Furas Manufacturing SA (Proprietary) Limited				
Opening balance	567	—	—	—
Advances	498	567	—	—
Amalgamated Appliances (Proprietary) Limited has granted an interest free loan to Furas Manufacturing South Africa (Proprietary) Limited. The loan is unsecured. The directors are satisfied that the loan is recoverable.				
Closing balance	1 065	567	—	—
Total other financial assets	24 433	26 561	2 582	—
11. DEFERRED TAX				
Opening balance	6 132	13 167	—	—
Transitional adjustment	3 220	—	—	—
Traditional adjustment directly to equity	(247)	—	(247)	—
Acquisition of subsidiaries	—	2 401	—	—
Utilisation of deferred tax asset – current	5 278	(9 436)	—	—
– prior	(3 999)	—	—	—
Changed directly to equity	(141)	—	(141)	—
Closing net deferred tax	10 243	6 132	(388)	—
Deferred tax asset	10 631	6 132	—	—
Deferred tax liability	(388)	—	(388)	—
Represented by:				
– fair value adjustment on available-for-sale adjustment charged directly to equity	(388)	—	(388)	—
– provisions disallowed	10 162	5 163	—	—
– unutilised tax loss	1 257	3 350	—	—
– property, plant and equipment, trademarks and intangibles	(485)	(1 831)	—	—
– prepayments	(303)	(550)	—	—
	10 243	6 132	(388)	—
12. INVENTORIES				
Raw materials	70 645	55 428	—	—
Consumable stores	345	236	—	—
Finished goods	202 196	153 124	—	—
Inventories	273 186	208 788	—	—
– Inventories				
– at net realisable value	30 805	12 582	—	—
– at cost	242 381	196 206	—	—
Inventories at net realisable value and cost	273 186	208 788	—	—

Inventories are encumbered as reflected in note 22.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
13. TRADE AND OTHER RECEIVABLES				
Trade receivables	222 503	148 775	—	—
Other receivables	8 820	18 470	—	—
Trade and other receivables	231 323	167 245	—	—
Trade receivables have been ceded as reflected in note 22.				
14. SHARE CAPITAL				
Authorised				
300 000 000 ordinary shares of 1 cent each				
Authorised shares during that period	3 000	3 000	3 000	3 000
Issued				
207 339 859 (2003: 204 197 714) ordinary shares of				
1 cent each Issued shares at the beginning of the period	2 074	2 042	2 074	2 042
Shares issued during the period	48	32	48	32
In terms of ordinary resolution number 6 dated 23 June 2003 for the capitalisation shares issued for dividends, an amount of 4 849 876 par value shares were issued at a premium of 107,5 cents per share on 17 June 2003.				
Issued shares at end of period	2 122	2 074	2 122	2 074
The directors have the authority to issue the unissued share capital. Refer page 61 resolution number 6.				
15. SHARE PREMIUM				
Opening balance	157 529	154 905	157 529	154 905
Premium on shares issued during the period	5 212	2 624	5 212	2 624
Closing balance	162 741	157 529	162 741	157 529
16 LONG-TERM BORROWINGS				
Amounts payable under finance leases	4 375	5 143	—	—
Amounts payable within one period	794	583	—	—
Long-term borrowings	3 581	4 560	—	—
It is the group's policy to lease certain of its motor vehicles under finance leases. The average lease term is five years with the average monthly instalment of approximately R43 000 (2003: R24 000). For the period ended June 2004 the average effective borrowing rate was 12,3% (2003: 14,5%) per annum. Interest rates are linked to the prime overdraft rate.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
17. TRADE AND OTHER PAYABLES				
Trade payables	251 695	232 246	—	—
Loan from Salton Inc.	12 410	11 306	—	—
Accruals	81 522	60 299	—	—
Accounts payable	345 627	303 851	—	—
Loan from Salton Inc. is unsecured with 60 day credit terms.				
18. BANK OVERDRAFTS				
Bank overdrafts	—	7 459	—	—
The facilities with the various banks which include bank overdrafts, call loans, short-term loans, foreign finance and letters of credit are as follows:				
ABSA Bank Limited	61 600	61 600	—	—
Citibank	110 600	—	—	—
First National Bank Limited	40 000	35 600	—	—
Nedcor Bank Limited	40 800	40 800	—	—
Standard Bank of South Africa Limited	87 000	87 000	—	—
Banking facilities	340 000	225 000	—	—
The outstanding balances incur interest at the prime overdraft rate.				

R'000	Warranty provisions	Other	Total
19. PROVISIONS			
Opening balance	4 299	1 126	5 425
Additional provision for the period	31 438	1 199	32 637
Utilisation of provision	(26 377)	(1 242)	(27 619)
Closing balance	9 360	1 083	10 443

The warranty provision represents management's best estimate of the group's liability under 12 months warranties granted on electrical products and based on prior experience and industry averages for defective products.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

	GROUP		COMPANY	
	16 months June-04 R'000	12 months Feb-03 R'000	16 months June-04 R'000	12 months Feb-03 R'000
20. COMMITMENTS				
20.1 Capital expenditure				
Authorised but not contracted	374	358	—	—
This capital expenditure is to be financed from internal resources.				
	374	358	—	—
20.2 Lease commitments – operating				
The future operating lease commitments for the group are R30 580 000 (2003: R35 479 000) for property and R2 868 000 (2003: R2 948 000) for plant, equipment and motor vehicles.				
Due as follows:				
– Within one years	6 653	5 845	—	—
– Two to five years	26 795	32 582	—	—
	33 448	38 427	—	—

21. RETIREMENT BENEFITS

The group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of defined contribution schemes administered by the company.

The assets of these schemes are held in administered trust funds separate from the group's assets. Scheme assets primarily consist of listed shares and fixed income securities. The funds are governed by the Pension Funds Act of 1956.

22. SECURITY

In order to secure necessary funding for operations, the banks, during the period 1 Mach 2003 to 30 June 2004 had in their favour a first mortgage bond registered over the group's property, cession of trade receivables and a general notarial bond passed over the group's inventories, plant and equipment. With effect from 1 July 2004 the banks have released all security previously held. Refer note 7, 12, 13.

23. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, and loans to and from subsidiaries, leases and hire-purchase agreements.

In respect of all other financial instruments mentioned above, book value approximates fair value.

Derivative instruments are used by the group for hedging purposes. Such instruments used by the group are forward exchange contracts. The group does not speculate in the trading of derivative instruments.

Foreign currency management

Trade exposure

The group's policy is to cover forward all trade commitments. Each division manages its own trade exposure. In this regard the group has entered into certain forward exchange contracts to cover foreign commitments not yet due and proceeds not yet received. The risk of having to close out these contracts is considered to be low.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

23. FINANCIAL RISK MANAGEMENT *(continued)*

Foreign currency management *(continued)*

The amounts represent the net rand equivalents of commitments to purchase and sell foreign currencies. The contracts will be utilised during the next 12 months. Accordingly, the average rates shown include the cost of forward cover for periods up to 12 months. Details of these contracts are as follows:

			Foreign currency		Market value		Fair value adjustment	
	2004	2003	2004	2003	2004	2003	2004	2003
Currency	R'000	R'000			R'000	R'000	R'000	R'000
British sterling	3 326	5 246	274	332	3 127	4 236	(199)	(1 010)
Euro	4 483	1 768	523	184	4 044	1 180	(439)	(588)
Hong Kong dollar	356	374	401	301	321	314	(35)	(60)
US dollar	520 239	87 051	75 670	9 290	474 062	77 987	(46 177)	(9 064)
Japanese yen	—	168	—	2 304	—	160	—	(8)

Trade finance

The amount reflected under trade finance is valued at spot rate at period end. The loan is AUD843 923 (2003: AUD790 659) and the rand equivalent is R3 676 000.

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments.

Trade accounts receivable consists mainly of large corporate customers. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for both specific and general bad debts and at the period end, management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a bad debt provision.

It is group policy to deposit short-term cash investments with major banks.

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

24. RELATED PARTY TRANSACTIONS

Related party transactions

During the period the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

R'000	Loans to (from)		Sales		Purchases		Interest/Other	
Related party	June-04	Feb-03	June-04	Feb-03	June-04	Feb-03	June-04	Feb-03
Yale	3 676	3 880	—	468	1 183	—	254	401
Tedelex Limited	—	22 114	—	—	—	—	—	1 774
Salton Inc	(12 410)	(11 306)	—	10 000	41 398	36 092	—	—

25. CHANGES IN ACCOUNTING POLICIES AND OTHER PRIOR YEAR ADJUSTMENTS

25.1 Adoption of the South African Accounting Standard on recognition and measurement of financial instruments (AC133)

In the current year, the group has adopted the South African Accounting Standard AC133 including amendments resulting from new and amended IFRS's issued up to 31 March 2004 for the first time:

Adoption of this Standard has resulted in some changes in the detailed application of the group's accounting policies and some modifications to financial statement presentation.

AC133 has introduced a comprehensive framework for accounting for all financial instruments. The group's detailed accounting policies in respect of such instruments are set out in note 1 on page 39. The principal effects of the adoption of AC133 have been that the majority of the group's investments in securities are now carried at fair value, and that derivative financial instruments have been brought on balance sheet at fair value.

Opening transitional adjustments

The effects of the remeasurement of investments to fair value and bringing the derivative financial instruments on balance sheet at fair value have been recognised with effect from 1 March 2003, as AC133 provides that changes resulting from the adoption of the Standard be applied prospectively.

The impact of adopting AC133 on the opening retained earnings is detailed as follows:

	Gross R'000	Taxation R'000	Accumulated profits R'000
Fair value adjustment to derivatives and other financial instruments	(10 730)	3 220	(7 510)

The effects on the balance sheet due to the adoption of AC133 and related adjustments to the comparative balance sheet not reflected in retained earnings can be summarised as follows:

	Gross R'000	Taxation R'000	Fair value adjustment reserve R'000
Excess of fair value of available -for-sale investments over cost	1 644	(247)	1 397

These changes in policy have resulted in a decrease in profits after taxation reported in 2004 of R24 063 000, an increase in the fair value adjustment reserve after taxation for the period of R797 000.

25.2 Consolidation of the share incentive trusts

In line with the recent GAAP Monitoring Panel ruling with respect to consolidation of share incentive scheme trusts, the group changed its accounting policy in respect of its share incentive scheme trust ("share trust"). The share trust is now consolidated to the extent that the group issued share capital is under the control of the group. These shares are shown as treasury shares.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the sixteen month period ended 30 June 2004

25. CHANGES IN ACCOUNTING POLICIES AND OTHER PRIOR YEAR ADJUSTMENTS *(continued)*

25.2 Consolidation of the share incentive trusts *(continued)*

The effects of the restatements are set out below:

	As previously stated R'000	Adjustment R'000	Restated R'000
Balance sheet			
Assets			
Other financial assets			
Share incentive scheme	30 837	(4 276)	26 561
Equity and liabilities			
Treasury shares	—	6 081	6 081
Accumulated profits (opening)	77 146	2 131	79 277
Shareholders for dividends	7 775	(326)	7 449

There was no effect on the income statement in either year.

Number of shares			
Shares in issue – weighted ('000)	206 292	(7 505)	198 787
Diluted number of shares – weighted ('000)	206 292	(5 948)	200 344
Earnings per share			
Basic earnings per share (cents)	15,4	0,6	16,0
Diluted basic earnings per share (cents)	15,4	0,5	15,9
Headline earnings per share (cents)	15,6	0,6	16,2
Diluted headline earnings per share (cents)	15,6	0,5	16,1

26. COMPARATIVE FIGURES

Comparative figures have been restated where necessary in order to facilitate more meaningful comparisons.

The effects of the restatements are set out below:

	As previously stated R'000	Adjustment R'000	Restated R'000
Income tax expense			
Taxation at standard rate	13 810	9	13 819
Permanent differences	181	(9)	172

27. SUBSEQUENT EVENTS

With effect from 1 July 2004 the banking consortium agreed to release all securities previously held.

No other events material to the understanding of this report have occurred in the period between the financial period end and the date of this report.

INTEREST IN SUBSIDIARIES

Name of subsidiary company	Date and place of incorporation	Issued ordinary share capital	Holding (%)	Effective date of becoming a subsidiary	Principal business
1. DIRECT					
Amalgamated Appliances (Proprietary) Limited (Reg no 1991/004931/07)	6 September 1991 Pretoria	3	100	March 1997	Small appliance manufacturer and distributor
Haz Products (Proprietary) Limited (Reg no 1980/006458/07)	24 July 1980 Pretoria	300	100	March 1997	Investment company
Tedelex Trading (Proprietary) Limited (Reg no 1996/014667/07)	25 October 1996 Pretoria	1	100	July 1999	Manufacturer and distributor
2. INDIRECT					
Africatek (Proprietary) Limited (Reg no 1998/025128/07)	15 December 1998 Pretoria	100	100	July 1999	Distributor
Appliances on Line (Proprietary) Limited (Reg no 1998/016078/07)	17 August 1998 Pretoria	1	100	August 1998	Dormant
Amalgamated Appliance Limited UK (Reg no 4195991)	6 April 2001 United Kingdom	2	100	April 2001	Distributor
Amalgamated Appliances Swaziland (Proprietary) Limited (Reg no 1/1992)	6 January 1992 Swaziland	2	100	March 1997	Dormant
Cape Cabinets (Proprietary) Limited (Reg no 1975/000672/07)	5 March 1975 Pretoria	"A" shares 3 040 "B" shares 960	100	July 1999	Dormant
Empisal (Proprietary) Limited (Reg no 1950/036126/07)	20 February 1950 Pretoria	20 000	100	July 1999	Distributor
Enzio De Villiers and Company (Proprietary) Limited (Reg no 1956/002029/07)	13 August 1956 Pretoria	Ord. 2 000 Prefs. 33 000	100	July 1999	Manufacturer
SMC Kidz (Proprietary) Limited (Reg no 1996/002096/06)	21 February 1996 Pretoria	1	100	December 2002	Distributor
Singer Appliance Group (ACN100 092 644)	3 April 2002 Australia	100	100	April 2002	Investment
Tedelex (Proprietary) Limited (Reg no 89/237)	15 August 1989 Lesotho	1 000	100	July 1999	Dormant
Tedelex (Botswana) (Proprietary) Limited (Reg no 94/642)	22 April 1994 Botswana	2	100	July 1999	Dormant
Tedelex Manufacturing (Proprietary) Limited (Reg no 1969/000612/07)	14 January 1969 Pretoria	100	100	July 1999	Dormant
Tedelex Properties (Atlantis) (Proprietary) Limited (Reg no 1971/002455/07)	1 March 1971 Pretoria	2	100	July 1999	Property owning
Tedelex Properties (Proprietary) Limited (Reg no 1968/007860/07)	15 July 1968 Pretoria	200	100	December 2002	

ANALYSIS OF SHAREHOLDERS

	Number of shareholders	Percentage	Number of shares	Percentage
Hong Kong	2	0,11	112 046 855	52,80
South Africa	1 956	99,70	96 929 879	45,68
United Kingdom	2	0,11	2 935 907	1,39
United States of America	1	0,04	142 094	0,07
Other	1	0,04	135 000	0,06
	1 962	100,00	212 189 735	100,00
HOLDINGS				
1 to 1 000	798	40,67	239 935	0,11
1 001 to 10 000	821	41,85	3 251 362	1,53
10 001 to 100 000	260	13,25	7 454 180	3,51
100 001 to 1 000 000	63	3,21	19 078 179	8,99
1 000 001 shares and over	20	1,02	182 166 079	85,86
	1 962	100,00	212 189 735	100,00
CATEGORY OF SHAREHOLDERS				
Banks	23	1,17	4 988 313	2,35
Close corporations	46	2,34	10 634 954	5,01
Endowment fund	2	0,10	610 724	0,29
Individuals	1 654	84,30	15 529 719	7,32
Insurance company	2	0,10	9 185 498	4,33
Investment company	7	0,36	6 659 702	3,14
Mutual fund	21	1,07	24 219 717	11,41
Nominees and trusts	105	5,35	1 904 749	0,90
Other corporations	33	1,68	827 012	0,39
Pension fund	4	0,20	1 162 524	0,55
Private company	58	2,96	14 268 165	6,72
Public company	6	0,31	115 118 946	54,25
Share trust	1	0,05	7 079 712	3,34
	1 962	100,00	212 189 735	100,00
SHAREHOLDERS' SPREAD				
Major shareholders beneficially interested in more than 3,3% of the company's listed securities				
Salton Inc./Pifco Overseas Limited (formerly Salton Hong Kong Limited)			111 544 628	52,57
Sanlam			10 954 200	5,16
Old Mutual Group			9 995 753	4,71
Ellerine Bros. (Pty) Limited			8 646 294	4,07
Reach High cc (J Cohen)			8 265 476	3,90
Amalgamated Appliance Holdings Share Trust			7 079 712	3,34
Investec			7 012 598	3,30

	2004	2003
STOCK EXCHANGE PERFORMANCE		
Market price per share (cents)		
– at period end	310	109
– highest	325	125
– lowest	91	50
Number of shares traded (000)	69 699	7 382
Value of shares traded (R'000)	160 266	6 562
Number of shares in issue (000)	212 190	207 340
Volume traded as a percentage of total shares in issue (%)	32,8	3,6

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifth annual general meeting of the company will be held in the boardroom of Amalgamated Appliance Holdings Limited at Tedelex House, 29 Heronmere Road, Reuven, Johannesburg at 09:00 on Wednesday, 27 October 2004 for the following reasons:

1. To receive and consider the annual financial statements for the 16 month period ended 30 June 2004.
2. To elect the following directors who retire by rotation in terms of the company's articles of association and being eligible, offer themselves for re-election (abbreviated CV's appear on page 6 of the annual report):

   2.1 Mr J Cohen

   2.2 Mr S G Bernhardt

   2.3 Mr A Nossel

   2.4 Mr S Scafidas
3. To re-elect Deloitte & Touche as auditors of the company for the ensuing period and approve the auditors' remuneration.
4. To confirm the remuneration of the directors.
5. To place the unissued shares of the company under the control of the directors, who shall be authorised to allot and issue these shares on such terms and conditions and at such times as they deem fit, subject to the Companies Act, 61 of 1973, as amended and the JSE Securities Exchange South Africa regulations, until the next annual general meeting of the company.
6. To renew the general authority granted by the shareholders to the directors to issue the unissued ordinary shares for cash from time to time and on such terms and conditions as are suitable.

   "RESOLVED THAT the directors of AMAP be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares of the capital of AMAP for cash, as and when the directors consider it appropriate, to persons qualifying as public shareholders excluding related parties subject to the limitations imposed by the JSE's Listings Requirements:

   - that this authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date that this authority is given;
   - that a paid press announcement providing full details including the effect on net asset value and earnings per ordinary share respectively, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class of AMAP's issued share capital in issue, prior to the issue;
   - that the number of ordinary shares issued for cash shall not in the aggregate in any one financial year exceed 15% of the number of AMAP's issued ordinary share capital, adjusted, if applicable, to take into account the existence or issue of shares that are compulsorily convertible into shares, or a rights issue (announced and irrevocable and underwritten) or shares issued in terms of a concluded transaction;
   - the securities must be of a class already in issue;
   - that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares in question, as determined over the 30 days prior to the date that the price of this issue is determined or agreed by the directors; and
   - in terms of the JSE's Listings Requirements, the approval of 75% of the votes cast by the shareholders present or represented by proxy at the annual general meeting is required for the authority in this ordinary resolution to become effective."
7. To amend the share trust scheme

   With effect from the date of the passing of this resolution the provisions of clause 21.3 of the deed constituting the Amalgamated Appliance Holdings Limited Share Trust adopted by the company on 3 April 1997 shall be deleted and replaced with the following clause:

   "21.3 The trustees shall in consultation with the directors determine, in respect of each option issued in accordance with the provisions of the scheme, the date or dates upon which such option shall be capable of being exercise by the beneficiary to whom such option is granted (the "vesting date"), provided:

21.3.1 the trustees shall be entitled if in their opinion special circumstances exist and in consequence of which they consider it reasonable to permit the exercise of the option (in whole or in part) prior to the vesting date on which it could be otherwise exercised, permit such exercise, including, without limitation, if so determined by the trustees, at any time after an offer to all shareholders of the company (other than the offeror), to acquire their shares, or a scheme of arrangement between the company and its shareholders (or any class of them), or any other scheme or arrangement including the sale, reorganisation or reconstruction of the company's share capital by virtue of which control of the company would pass, becomes unconditional (whether in its original or revised form), or is sanctioned by the court, as the case may be;

21.3.2 A beneficiary shall be entitled to exercise any option in full subject to it not having passed:

21.3.2.1 within 12 (twelve) months after becoming a retired employee or a retrenched employee. If the beneficiary does not exercise the option within such period, it shall lapse; and

21.3.2.2 within 24 (twenty-four) months after the death of the employee concerned. If the estate does not exercise the option within such 24 (twenty-four) month period, it shall lapse."

8. SPECIAL RESOLUTION NUMBER 1

To consider and, if deemed fit, pass the following special resolution with or without modification:

"RESOLVED THAT the company hereby approves, as a general approval as contemplated in sections 85(2) and 85(3) of the Companies Act, 61 of 1973, as amended ("the Companies Act"), the acquisition from time to time, by the company and/or any of its subsidiary companies, of issued shares of the company upon such terms and conditions and in such amounts as the directors of the company may from time to time decide ("the approval"):

– any such repurchase of shares is effected through the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
– the company is authorised thereto by its articles of association;
– the general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
– provided that the acquisition may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the issued shares for the 5 (five) business days immediately preceding the date on which any acquisition by the company and/or any of its subsidiary companies is effected;
– at any point in time the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
– after such repurchase the company still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
– the company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
– acquisitions of shares in any one financial year may not exceed 20% of the company's issued share capital pursuant to this general authority;
– subsidiaries of the company shall not acquire, in aggregate, more than 10% of the company's issued share capital; and
– an announcement will be made to shareholders on each and every occasion on which the company repurchases 3% or more of the issued share capital of the company from time to time."

In terms of the Listings Requirements of the JSE, on the date of this notice the directors consider that were the company to effect the maximum repurchase contemplated above:

– the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;

– the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest annual group financial statements;

– the ordinary capital and reserves of the company and the group for a period of 12 months after the date of the notice for the annual general meeting will be adequate; and

– the working capital of the company and the group for a period of 12 months after the date of the notice of the annual general meeting will be adequate.

Shareholders' attention is drawn to the following relevant general information:

– Directors and management (refer to page 6 of the company's annual report).

– Major shareholders (refer to page 60 of the company's annual report).

– Directors' interests in securities (refer to page 45 of the company's annual report).

– Share capital of the company (refer to page 53 of the company's annual report).

– Responsibility statement (refer to page 29 of the company's annual report).

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. No repurchase of shares under this authority will be implemented until such time as the company's sponsor has confirmed in writing to the JSE that the above working capital statement is valid.

Reasons and effect

The reason for and effect of the passing of the aforesaid special resolution is so as to enable the company and/or any of its subsidiary companies to acquire the issued shares of the company from time to time upon the terms and conditions and in the amounts as the directors of the company may from time to time decide, subject to the requirements of the Companies Act and the JSE Securities Exchange South Africa at any time while the general authority exists.

9. To transact such business as may be transacted at an ordinary general meeting.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting but wish to be represented thereat must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received at the registered office of the company at least 48 hours, excluding Saturdays, Sundays and public holidays, before the annual general meeting.

Dematerialised shareholders who wish to attend the general meeting must requested their Central Securities Depository Participant (CSDP) or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and the CSDP or broker.

Additional proxy forms are available on request from: The company secretary, PO Box 39186, Booysens 2016.

By order of the board

B Drummond BCom FCIS
Company secretary

Johannesburg
28 September 2004

SHAREHOLDERS' DIARY

Financial period end	30 June 2004
Annual general meeting	27 October 2004
Preliminary profit announcement	Published August 2004
Financial statements	Published August 2004
Final dividend declared	August 2004
Interim profit announcement	February 2005

AMALGAMATED APPLIANCE HOLDINGS LIMITED

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

FOR USE BY CERTIFICATED AND OWN NAME DEMATERIALISED SHAREHOLDERS

I/We

(name/s in block letters)

of

(address)

being a member of AMAP and entitled to votes, hereby appoint:

1. or failing him

2. or failing him

the chairman of the annual general meeting, as my/our proxy to attend and speak and vote for me/us on my/our behalf of the annual general meeting of AMAP to be held at the company's boardroom at 29 Heronmere Road, Reuven, Johannesburg on Wednesday, 27 October 2004 at 09:00 and at any adjournment/s thereof.

		In favour of	Against	Abstain
Resolution 1. To approve the financial statements for the period ended 30 June 2004				
Resolution 2. To re-elect directors retiring by rotation	1. J Cohen			
	2. S G Bernhardt			
	3. A Nossel			
	4. S Scafidas			
Resolution 3. To re-elect Deloittes as auditors to the company				
Resolution 4. To confirm remuneration of the directors				
Resolution 5. To place unissued shares under he control of the directors				
Resolution 6. To renew general authority to directors to issued unissued ordinary shares				
Resolution 7. To amend the share trust scheme signed on 3 April 1997, replacing point 21.3 with new point 21.3				
Special resolution 1. To renew the general authority for the company to repurchase its own shares				

(Indicate instructions to proxy by way of a cross in the spaces provided above.)
Unles otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2004

Signature

Instructions on signing and lodging the form of proxy

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend, speak and vote (on a poll) in his/her stead. The proxy need not be a member of the company.
2. A shareholder may insert the name(s) of two alternative proxies (neither of whom need be a shareholder of the company) in the space provided, with or without deleting the words "chairman of the annual general meeting". The person whose name stands first on the form of proxy and has not been deleted and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the annual general meeting.
3. A shareholder's instruction to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box/boxes provided. If a proxy form, fully signed, is lodged without specific directions as to which way the proxy is to vote, the chairman of the annual general meeting will be deemed to have been authorised as he/she thinks fit. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
4. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.
5. When there are joint holders of shares, all joint shareholders must sign the form of proxy.
6. The completion and lodging of this form of proxy will not preclude the shareholder, who grants this proxy, from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries.
8. Where this form is signed under power of attorney, such power of attorney must accompany this form unless it has been previously registered with the company or the transfer secretaries.
9. A minor must be assisted by his/her parent or guardian unless the relevant document establishing his/her legal capacity has been produced or registered by the transfer secretaries.
10. Completed forms of proxy must be forwarded to the registered office of the company so as to be received at least 48 hours, excluding Saturdays, Sundays and public holidays, before the annual general meeting.

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

CONTACT DETAILS

AMALGAMATED APPLIANCES (PTY) LIMITED

Head office
29 Heronmere Road
Reuven 2091
Tel: (011) 490 9000
Fax: (011) 490 9115
email: marketing@amap.co.za

Empisal head office
Tel: (011) 490 9301/2
Fax: (011) 683 6471
email: empisal@amap.co.za

Bloemfontein
21 Harvey Hive
64 Harvey Road
Bloemfontein
Tel: (051) 448 1349

Cape Town
24 Losack Avenue
Epping 2
Cape Town
Tel: (021) 535 0600
Fax: (021) 535 0610

Durban
30 Hillclimb Road
Westmead
Pinetown
Tel: (031) 700 6170
Fax: (031) 700 6182

TEDELEX TRADING (PTY) LIMITED

Tedelex head office
29 Heronmere Road
Reuven 2091
Tel: (011) 490 9261/58
Fax: (011) 490 9289
email: tedelexsales@amap.co.za

Cape Town
Christopher Starke Street
Atlantis 7349
Sales: Tel: (021) 577 3672
Fax (021) 577 3677
Factory: Tel (021) 573 9300
Fax (021) 577 3380

Durban
13 Henwood Road
Pinetown 3610
Tel: (031) 702 1311
Fax: (031) 702 8443

SANSUI/PIONEER

Head office
Santronics
29 Heronmere Road
Reuven 2091
Santronics/Sansui
Tel: (011) 490 9141/29
Fax: (011) 490 9194
email: neville@amap.co.za

Pioneer
Tel: (011) 490 9188/9
Fax: (011) 490 5899
email: sales.africatek@amap.co.za

Bloemfontein
Tel/Fax: (051) 433 1145
email: gavinhes@mweb.co.za

Cape Town
Tel/Fax: (021) 712 5519

Port Elizabeth
Fax: (041) 457 3963