Allied Electronics Corporation (Altron) is an **investment holding company** for a group of high-technology driven companies operating in the telecommunications, electronics, power electrical, information technology and multi-media industries. Employing some 14 000 people country-wide, corporate headquarters in Johannesburg oversee some 200 operations throughout South Africa and abroad. Altron enjoys **revenue of R9 billion** a year while **group exports contribute** more than **R1 billion** a year to Altron's globalisation thrust.

www.altron.co.za

Registration number 1947/024583/06

CONTENTS

THE FOUR MAJOR OPERATING SECTORS WITHIN THE GROUP ARE:

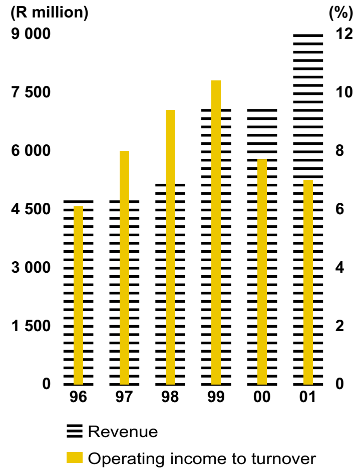
- Allied Technologies Limited **("Altech")**
- Bytes Technology Group Limited **("BTG")**
- Fintech Limited **("Fintech")**
- Power Technologies Limited **("Powertech")**

FINANCIAL HIGHLIGHTS

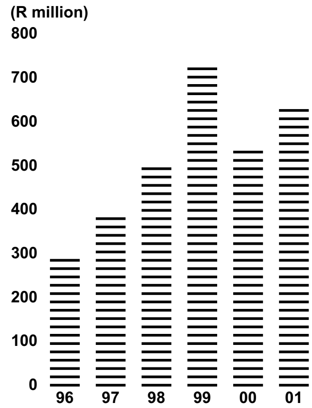
29%

INCREASE IN **REVENUE**
TO R9 BILLION

Revenue and operating income to turnover %

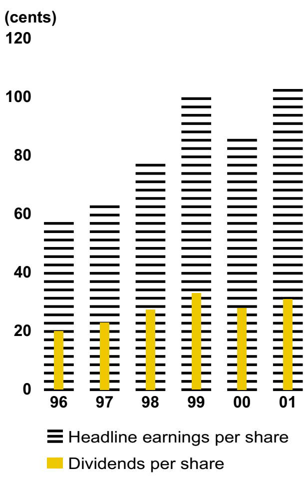


Operating income

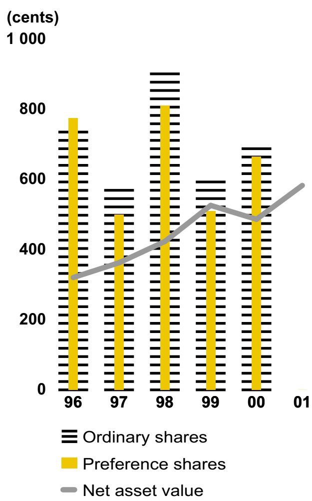


	2001 R000	2000 R000
Revenue	**8 973 640**	6 971 569
Operating income	**627 300**	540 227
Attributable earnings	**297 605**	255 415
Earnings per share (cents)	**103,3**	88,9
Headline earnings per share (cents)	**101,5**	85,2

Headline earnings per share and dividends per share



Market price per share and net asset value per share



19%

INCREASE IN **HEADLINE EARNINGS PER SHARE**
TO 101,5 CENTS

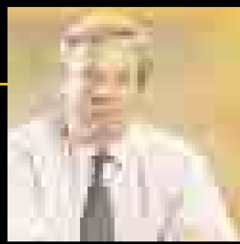
CORPORATE STRUCTURE

EXECUTIVE COMMITTEE


ROBERT VENTER


GAVIN ROCHUSSEN


DALI MPOFU


PETER CURLE


CRAIG VENTER


NORBERT CLAUSSEN


DAVID REDSHAW


IAN PENNEL

53,5%

ALTECH

TELECOMMUNICATIONS AND WIRELESS COMMUNICATIONS DIVISION

Alcatel Altech Telecoms
Alcatel Altech Swaziland
Alcatel Altech Lesotho
Comprehensive range of sophisticated professional telecommunications equipment and systems
Autopage Cellular
Supercall Cellular
Netstar
Cellular telephony and vehicle tracking and recovery systems

ELECTRONICS DIVISION

Arrow Altech Distribution
Arrow Altech Holdings
Distributors of a vast range of professional electronic components and products
Alcom Radio Distributors
Alcom Systems
Micro Press Tool
STC Frequency Technology
UEC Multi-media
MediaVerge Solutions
Design and manufacture of digital satellite decoders, capacitors, crystals, and plastic components, as well as the design, installation and commissioning of two-way radio equipment and systems

INFORMATION TECHNOLOGY DIVISION

Altech Smart Card Technologies
Africard
Isis
Keops Isis
Integrated computer systems solutions, electronic systems integration and smart-card technology systems

59,2%

POWERTECH

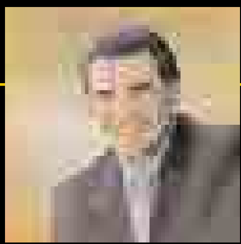
POWER ELECTRONICS

Aberdare Cables
Alcobre (Portugal)
Medium and low voltage power cables
ABB Powertech Transformers
Desta Power Matla
Power and distribution transformers
Willard Batteries
Sabat Battery
DC Power Systems
Dynamic (UK)
Automotive batteries and DC power systems
Tridonic
Lighting Technologies
Lighting control gear and light fittings
Crabtree Electrical Accessories
EPC
Strike Technologies
Whiteleys
Yelland Control
Electrical accessories
Voltex
Electrical distribution
Aberdare Plastics
Conduit, fittings and hose

TELECOMMUNICATIONS

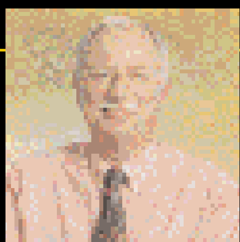
Aberdare Telecom Networks
Cables de Comunicaciones (Spain)
Raytech
Fibre optic and metallic cables and accessories
Lambda
Data cable systems
Battery Technologies
Standby power and rectifier systems
Rentech
Solar systems
Masts

CHAIRMAN'S OFFICE



Dr BILL VENTER

Dr HAROLD SEREBRO



DEON TROLLOPE

Corporate Mission

Altron's mission is to manifest the continued development of a significant South African-controlled group, able to supply a wide range of high-technology products through:

- *organic growth and by acquisition where appropriate, innovative technology, product line additions and response to market opportunities;*
- *a dynamic programme of technology development to ensure market leadership;*
- *improving productivity throughout the group's operations and honouring its commitment to quality;*
- *meeting customer needs. Customer satisfaction is taken personally and Altron is committed to providing superior value on a continuing basis;*
- *granting autonomy to managers of operating units, while centralised management provides direction and support. The result is a highly motivated and professional team;*
- *providing its employees with challenging but rewarding career and development opportunities;*
- *engendering a sense of pride, excitement and loyalty in all who are associated with the group;*
- *creating the best possible working conditions for all Altron's people;*
- *the promotion and expansion of export markets;*
- *import replacement and local manufacture, wherever viable; and*
- *being caring, responsible and supportive of the communities in which the group operates, responding meaningfully to the social responsibilities incumbent upon a large public corporation.*

64,3%

FINTECH

FINANCIAL SERVICES
Technologies Acceptances
Leasing and rental facilities
Spartan Computer Rentals
Computer rentals
Corporate Finance Solutions
Leasing and administration
services non-group products

54,2%

BTG

BTG UK
Microsoft licensing
and systems Integrator
BTG Networks
BTGNet
BTG Botswana
BTG East Coast
BTG Western Cape
Network solutions
and Maintenance
Corporate Internet provider
BTG Business Solutions
Spearhead Logistics
Uskotec
Software sales,
development, implementation
and application maintenance
SAP implementation (ERP)

National Data Systems
Exclusive distributor of NCR
products (ATMs) and services sale
and implementation of EFT
applications and scanners
NDS Specialised Services
Desktop services and support
Remote monitoring of
computer facilities
Xerox South Africa
Sole distributor of Xerox office
products and supplier of document
management services
Alcatel Business Systems
Business communication
solutions
Mediswitch
BTG Transactive
Business-to-Business
e-commerce

SIX-YEAR FINANCIAL REVIEW

	2001 R000	2000 R000	1999 R000	1998 R000	1997 R000	1996 R000
INCOME STATEMENT						
Revenue	**8 973 640**	6 971 569	6 992 769	5 216 473	4 708 775	4 706 192
Operating income	**627 300**	540 227	725 121	490 931	376 361	287 081
Investment income	**87 938**	41 179	40 845	25 631	18 724	25 748
(Finance costs)/interest received	**(5 970)**	81 434	108 989	49 659	23 292	(12 486)
Income from associated companies	**10 529**	14 730	6 558	(380)	1 915	1 542
Amortisation of goodwill	**(43 285)**	—	—	—	—	—
Exceptional items	**63 615**	10 751	26 718	57 645	(24 295)	(85 590)
Income before taxation	**740 127**	688 321	908 231	623 486	395 997	216 295
Taxation	**(157 411)**	(188 818)	(303 985)	(216 332)	(147 331)	(100 829)
Income after taxation	**582 716**	499 503	604 246	407 154	248 666	115 466
Attributable to outside shareholders	**(285 111)**	(244 088)	(342 058)	(226 047)	(133 715)	(43 804)
Earnings attributable to shareholders	**297 605**	255 415	262 188	181 107	114 951	71 662
Dividends	**88 711**	80 664	94 819	54 127	44 446	38 432
BALANCE SHEET						
Assets						
Fixed and non-current assets – including deferred recoverable taxation	**2 138 730**	1 717 691	1 514 873	1 110 116	1 002 176	1 126 135
Cash and cash equivalents	**1 081 901**	842 692	1 146 209	714 262	461 882	161 392
Other current assets	**2 992 951**	2 354 675	2 343 550	1 813 221	1 504 322	1 601 597
Total assets	**6 213 582**	4 915 058	5 004 632	3 637 599	2 968 380	2 889 124
Equity and liabilities						
Shareholders' equity	**1 666 547**	1 399 897	1 510 439	831 859	700 072	633 271
Outside shareholders' interest	**1 472 610**	1 300 053	1 301 784	980 914	808 969	730 706
Fixed capital	**3 139 157**	2 699 950	2 812 223	1 812 773	1 509 041	1 363 977
Long-term liabilities	**643 911**	384 900	182 851	182 364	238 785	314 073
Short-term loans	**136 901**	70 399	20 311	8 134	4 998	25 088
Borrowings	**780 812**	455 299	203 162	190 498	243 783	339 161
Current liabilities – including deferred taxation	**2 293 613**	1 759 809	1 989 247	1 634 328	1 215 556	1 185 986
Total equity and liabilities	**6 213 582**	4 915 058	5 004 632	3 637 599	2 968 380	2 889 124

DEFINITIONS

Earnings
Earnings attributable to shareholders as disclosed in the income statement.

Borrowings
All interest-bearing liabilities, including redeemable preference shares.

Capital employed
The total of fixed capital and borrowings which is equivalent to total assets less all liabilities which do not bear interest.

Fixed capital
Shareholders' equity interest, plus outside shareholders' equity interest in subsidiaries.

Total assets
Fixed assets, investments and loans, together with current assets.

Operating assets
Total assets less investments, loans and cash.

	2001	2000	1999	1998	1997	1996
RATIOS AND STATISTICS						
Earnings						
Basic earnings per share (cents)	**103,3**	88,9	104,4	93,3	59,5	37,2
Headline earnings per share (cents)	**101,5**	85,2	98,4	78,3	63,8	57,5
Dividend per share (cents)	**31,0**	28,0	33,0	27,5	23,0	20,0
Headline dividend cover (times)	**3,3**	3,0	3,0	2,8	2,8	2,9
Ordinary shares in issue (000)						
– at year end	**96 997**	96 973	96 931	96 795	96 603	96 142
– weighted average	**96 984**	96 878	96 823	96 740	96 526	96 065
Participating preference shares in issue (000)						
– at year end	**192 142**	190 926	190 376	99 862	96 603	96 142
– weighted average	**191 150**	190 563	154 227	97 382	96 525	96 065
Profitability						
Operating income to turnover (%)	**7,0**	7,7	10,4	9,4	8,0	6,1
Return on shareholders' equity (%)	**17,9**	18,2	17,4	21,8	16,4	11,3
Return on capital employed (%)	**20,0**	20,0	25,8	27,1	24,9	21,0
Return on operating assets (%)	**17,1**	18,6	22,2	18,8	16,7	17,2
Financial						
Borrowings ratio (%)	**24,9**	16,9	7,2	10,5	16,2	24,9
Current ratio	**1,7:1**	1,8:1	1,8:1	1,6:1	1,7:1	1,6:1
Acid test ratio	**1,3:1**	1,3:1	1,1:1	1,0:1	1,1:1	0,09:1
Shares						
Number of shareholders						
– ordinary shares	**510**	426	481	409	447	468
– participating preference shares	**2 184**	2 351	2 827	307	367	430
Net asset value per share (cents)	**582,6**	486,2	525,7	423,0	362,3	320,2
Price earnings ratio (times)						
– ordinary shares	**7,7**	7,8	5,8	9,6	9,4	19,4
– participating preference shares	**7,6**	7,5	4,9	8,7	8,4	20,8
Market value per share at year end (cents)						
– ordinary shares	**795**	695	605	900	560	725
– participating preference shares	**790**	665	510	810	500	775
Other						
Consumer price index (percentage increase)	**7,8**	2,4	8,6	5,4	9,8	9,9
Number of employees	**13 292**	12 625	13 066	11 080	10 891	13 190

DEFINITIONS

Acid test
The ratio of current assets excluding inventories to current liabilities.

Borrowings ratio
The percentage of borrowings to fixed capital.

Current ratio
The ratio of current assets to current liabilities.

Headline dividend cover
Headline earnings per share divided by dividends per share.

Market value per share
The sellers' price quoted by the JSE Securities Exchange.

Net asset value per share
Shareholders' equity divided by the number of shares in issue at year end.

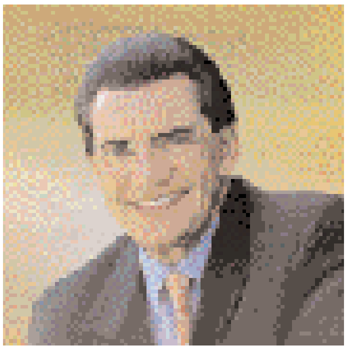
Price : earnings ratio
The market value per share divided by the earnings per share.

Return on capital employed
The percentage of operating income to capital employed.

Return on operating assets
The percentage of operating income to operating assets.

Return on shareholders' equity
The percentage of attributable earnings to shareholders' equity.

CHAIRMAN'S STATEMENT



Dr BILL VENTER

"THE GROUP IS EMBARKING ON A NEW AND EXCITING PHASE, DEVELOPING ITSELF AS A SIGNIFICANT GLOBAL PLAYER"

The past year has been one of significant transformation for the Altron group and a decisive one in its determination to become a global player in its chosen markets.

A number of important organisational changes have been put in place that position our businesses for the opportunities that lie ahead and I am pleased to report encouraging progress in the implementation of our strategies with their strong emphasis on profitable growth and long-term shareholder value.

As a result, Altron has emerged from 2000 more sharply focused and better positioned with an improved mix of businesses, a strengthened management team and an excellent set of year-end results.

Record sales of R9-billion for the year clearly indicate the successful route Altron has traversed during the past 36 years to further consolidate our position as one of the leading high-technology groups in Africa.

We have enjoyed many successes in business and our social consciousness and empowerment programmes continue to be a source of pride and progress, contributing to both the stability and well-being of our employees and to the people and economy of South Africa as a whole.

As highlighted at the interim stage, I said the time had arrived for a major revamping of our group through simplifying our structure by reducing the number of entry points available to investors and concentrating on selected core assets. Simply put, my vision for Altron in the new millennium is "evolutionary" rather than "revolutionary" and is aimed at producing a leaner, more focused, highly rated and successful group in the months and years ahead.

I am therefore pleased to report that these past several months were marked by the fast-paced first phase of this transformation process with the market responding favourably to our initial restructuring programmes.

To date, we have sold Altron's minority interest in Telemetrix plc, de-listed both Ventron and Autopage, disposed of certain non-core businesses, such as our lighting company, and transformed Fintech into a niche-based financial services company. In this regard, all of Fintech's information technology operations were sold to Bytes Technology Group (BTG), formerly USKO. In a move that led up to Ventron's delisting, a consortium led by the Venter family acquired Anglo American Industrial Corporation's (AMIC's) 30% interest in Ventron.

The foundations have thus been well laid to change the future orientation of our group into an organisation that will rely on the most valuable resource there is – brainpower. We intend to build on an unrestrained knowledge base that we believe will be capable of networking our unique high-technology business experience, creativity, ingenuity and entrepreneurship across global, cultural and geographic borders.
Our aim is to become an internationally recognised technology-based powerhouse with strong IT, financial services, power electronics and communications orientation.

Having set Altron on this exciting new course, the Altron board felt that the time had arrived to put a younger, experienced, knowledge-based management team in place which would identify strongly with our efforts to secure a pre-eminent position as a growth leader in the fast-growing, modern and efficient new-age digital network era of the 21st century.

In this regard, and effective 1 March this year, a number of important and dynamic operational management changes were announced by the board in the national media. Of significance was the decision to split the Altron Chairman and Chief Executive positions (which were previously both held by myself) to give younger management more operational responsibility. This is in line with international trends as well as the group's stringent adherence to good corporate governance procedures. In line with this, a short list of candidates was evaluated by the board and canvassing of various stakeholders was undertaken. After due consideration, a decision was made on several key management appointments. As a result, Robert Venter, 41, was appointed Chief Executive Officer of Altron, reporting to myself as Chairman of the group.

In line with this senior appointment, a new Executive Committee, with an average membership age of 40, has been formed to assume responsibility for the day-to-day operations of the group, including mergers and acquisitions, the group's globalisation programme and developing strategies for future growth. Investor relations will form an important platform of this new thrust.

CHAIRMAN'S STATEMENT

CONTINUED

The Executive Committee, under the chairmanship of Robert Venter, comprises Altron's Chief Financial Officer, Gavin Rochussen; Altech's Chief Executive, Craig Venter; the Executive Chairman of Bytes Technology Group, David Redshaw; newly appointed Fintech Chief Executive Officer, Ian Pennel; newly appointed Powertech Chief Executive Officer, Norbert Claussen; Altron Group Executive for Corporate Affairs, Advocate Dali Mpofu, and Director of Altron and Executive Director Corporate Finance for Altech, Peter Curle.

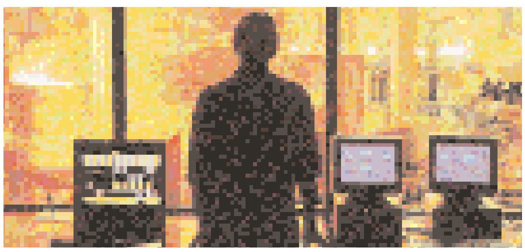
In addition to the above changes, a new Chairman's Committee, operating as "the Office of the Chairman" has been constituted, comprising of myself as Chairman, with Dr Harold Serebro and Deon Trollope as key members to guide and assist operating management in areas such as government and stakeholder relations, empowerment and strategy amongst others.

Having made all of these important management changes, I am especially thankful to all of them as well as to those key people who have contributed so crucially to Altron's "winning culture" and who have assisted me in creating this consistently successful, high-technology group. I know that I can rely on everyone to give the leadership of this new and youthful, carefully selected management team the strong support that I and Altron have enjoyed over the past four decades as they take our group forward to even greater heights.

In addition to these exciting management changes, Altron accelerated its transition to become more Internet focused. The high profile being accorded to e-business and e-commerce by the media and markets reflects the still largely untapped potential of the Internet and related "new age" technologies of voice and data convergence to fundamentally change the way in which companies and markets operate.

We welcome the fact that more than ever before, South Africa is a land of opportunity for those with the spirit to grasp the initiative and we at Altron are taking all the necessary steps to be a part of the destiny of this fine country and her people.

I firmly believe that South African business and industry must continue to play an integral role in President Thabo Mbeki's African Renaissance Programme and, during the period under review, Altron has made every endeavour to be at the heart of this. The convergence of democracy and enterprise has not been an easy rite of passage, particularly with prevailing high levels of violence, crime and corruption throughout the nation. Our group has, however, a number of initiatives in place to ensure that we



are not left behind in this ground-breaking transformation journey. We have accelerated up our employee equity programmes to meet government requirements and, towards the year-end, introduced a programme of cross-cultural training for all of our employees up to, and including, senior executive and chairman level. In its other endeavours, the group is helping to make South Africa a nation at work. Through its significant SMME and empowerment programmes, Altron is assisting others in enhancing our country's competitiveness and economic growth, and above all, helping to pave the way for a working and prosperous nation-wide community.

Coupled with this, both the Altron Charitable Trust and The Bill Venter Foundation continued to support development initiatives aimed at the alleviation of poverty and the upliftment of the communities in which the group's companies operate. A highlight of the year was the completion of the Bafazi primary and secondary school at Elliotdale in the Eastern Cape for the Bomvana nation, bringing the total number of schools already established for previously disadvantaged communities to seven. These schools currently offer education to some 6 000 previously disadvantaged children.

Apart from concentrating on education, our funding is aimed at a vast number of smaller projects. We take a non-commercial, but dispassionate, view of these programmes, which are non-publicity orientated, but rather focused at those ordinary and hardworking persons or groups who are dedicated to making a difference in our nation.

Looking to the future, we will continue to explore innovative ways to go to markets that will redefine the way business is done in the 21st century. Guided by that unique innovative and hard-working spirit that drives the Altron group, we are embarking on a new and exciting growth phase that will continue to set the standards for our industry in the years ahead. In my view, there has never been a better time to be part of the Altron group.

As Chairman of the board, I wish to thank my fellow directors and senior executives for their continuing loyalty and support. The pace of change will not always be easy. However, I am more excited about the new-look Altron than almost any other occurrence in our business history. I have learnt so much from Altron and I continue to be enriched by the friendship and loyalty of all those people with whom I come into contact. To all our directors, suppliers, customers and international associates, and especially the people of Altron – without your hard work, dedication, team spirit and enthusiasm, our group would certainly not be in a position to meet and exceed its objectives. I look forward to experiencing, together with you, the exciting growth that we will undoubtedly achieve in the years ahead. I will, of course, continue to interact with all of you, and I close with a warm and personal "thank you" from the depth of my heart for all that you have done to make my 36 years with Altron the best of my life.

Dr BILL VENTER

CHAIRMAN

8 June 2001

CHIEF EXECUTIVE'S STATEMENT

ROBERT VENTER

"WE HAVE ENTERED THE CURRENT YEAR WITH EXCELLENT MOMENTUM IN EACH OF OUR HIGH-TECHNOLOGY BUSINESSES"

Altron has emerged from 2000 reinvigorated and refocused with a solid business strategy that will guide us well into our next growth phase. New goals have been established and new leadership is in place. Throughout the group, our management team is wholly committed to reaching our targets for 2001/02 as Altron embraces the fast-growing telecommunications, multi-media, power electronics and information technology revolution. There is no doubt that we are rapidly becoming a healthier, stronger organisation, energised by a new entrepreneurial operating culture and fuelled by innovation, globalisation and diversity. All of this has been made possible by the confidence which the Board has placed in me and my management team to drive the group successfully into the 21st century. Our new executive committee is dedicated to the traditional values that built the group into what it is today. We must still apply the basic tenets that have driven our group in the past and adapt them to address the fast-moving business environment that we currently face. In so doing, I am confident that we will meet the many challenges which lie ahead.

I am excited about the opportunities for future development through organic growth and by working closely with our customers, our suppliers, our communities and our long-term strategic partners. We are solidly positioned to enhance the performance of our business plan while bringing value to all those who are associated with our group.

The Internet, in particular, is attractive to us as it continues to collapse the boundaries of time and distance whilst raising expectations for responsiveness and efficiency from our customers. We consider them to be our most valued partners. Not only do they invest in our products, services and systems to achieve new efficiencies and competitive advantages, but they partner with us for long-term success.

Our "customer centric" approach extends to all aspects of our organisation and, therefore, we are fully committed to the Internet to enhance these special relationships with our customers. The winners of the "new age" economies will certainly not be the companies that just strap an "e" onto old habits. They will be those companies which use technology to transform processes, products,

delivery and pricing – in short, the whole customer proposition. While there is e-energy bubbling throughout our group, and some of our companies are doing a great job of e-enabling existing businesses, we are striving for something more. The world is changing, our businesses are changing and that means we have to change as people, constantly learning, broadening our skills and continually opening our minds to new possibilities. Our former product-based approach was typical of the past century. We have to carefully evaluate it and create something new and sustainable – a nimble, responsive organisation focused on the needs of its customers which is aimed at taking advantage of the rapid changes in technologies around us. We are wholeheartedly embracing these new age technologies and our groundbreaking initiatives throughout the group will gather momentum during 2001 and beyond.

Growth requires change. Change is a natural part of the life cycle of a rapidly expanding and evolving high-technology group in its quest to provide digital convergence through faster, better communications, systems and services. I believe that the changes which we are effecting through our numerous companies will have a significant impact on our future development and will further strengthen our position as a leader in virtually all of the sectors in which we operate.

In an increasingly competitive world, the smallest edge can create the most telling advantage. Our loyal, dedicated and hard-working employees throughout the group are committed to making that difference.

The period under review was one of unprecedented activity and innovation as the group continued to drive the forces accelerating rapid change in the high-technology industry.

We entered the year with excellent momentum, both competitively and strategically in each of our key businesses.

EXPORTS Our export sales continued to flourish and I am pleased to report that export turnover topped the R1 billion mark for the first time. The foundation was laid for Altron's globalisation objectives, not only through exports, but also through the acquisition of foreign-based subsidiaries which will henceforth contribute additional annual turnover of R900 million. Altron won President Mbeki's annual Export Award in the "holding companies" category, while Altech subsidiary, UEC Multi-Media, took overall honours, winning both the President's Award for Export Achievement as well as the Technology Top 100 Award for its cutting-edge contribution to technology. Our group's profitable exports result from trading with as many as 72 countries with sales of products, turnkey systems and solutions into Africa equating to 52 percent of our group's worldwide exports. In addition, annualised revenue generated by offshore operations would have constituted approximately R907 million, allowing Altron to have, for the first time, in excess of 20 percent of its turnover accounted for by foreign revenues. We will continue building worldwide market presence while asserting our technological dominance and exploring new industry verticals.

FINANCIAL RESULTS Record foreign revenues during the year under review helped to cushion the impact which a weaker local economy had on some of our domestic sales.

As a result, Altron excelled under difficult market conditions in achieving pleasing results for the year ended 28 February with headline earnings per share increasing by 19,1% to 101,5 cents.

Group revenue improved by a 29% to a record R9 billion while operating income increased by 16,1% to R627 million. Attributable earnings rose by 16,5% to R298 million which translated into earnings per share of 103,3 cents, up from 88,9 cents.

Altron continues to maintain a strong balance sheet with net cash resources at year end at R1 billion. The net asset value per share rose from 486,2 cents to 582,6 cents – an improvement of 20%.

Although Altron is not immune to bleak economic conditions, the focused and global approach we have adopted will allow us to remain a success-orientated company strategically positioned for continuing growth during the current year.

REVIEW OF OPERATIONS Turning to my review of group operations, details of their performances are set out more fully on the pages which follow. However, I would prefer to provide a brief synopsis of their performances for the year here below:

Altech The Altech Group continued its major transformation from a technology conglomerate with diversified interests to a new-look, streamlined telecoms, multi-media, information technology (TMT) and electronics entity strongly focused on convergence. The key to Altech's success has been both its willingness and ability to constantly re-invent itself in a sector that is constantly re-inventing itself. Altech's significant strengths include vision, world-class technologies, internationally recognised partners, products and services, established and valued customer relationships as well as having the best people in the many industries it serves.

Despite the increasingly challenging economic climates, both locally and internationally, this winning formula once again enabled Altech to deliver above average financial results for the period under review, consolidating its position as the single most significant contributor to Altron's profits.

Powertech In a year characterised by challenging and adverse market conditions, particularly in the building and construction industries, Powertech was able to produce admirable double digit growth in revenues and operating profits.

Fintech The past financial year has been one of the most significant in the Fintech Group's history with its transformation from an information technology group into a niche-based financial services company.

Fintech's information technology businesses, including Xerox SA, NDS and Alcatel Business Systems, were sold to our Bytes Technology Group (BTG), formerly known as USKO. Fintech's financial services company, Technologies Acceptances, enjoyed a satisfactory year and solid growth is forecast for the group during the current financial year.

BTG As anticipated, BTG recorded disappointing results but a comprehensive restructuring programme has been put in place involving the recapitalisation of the company together with a rationalisation programme. Prospects for the current year indicate that BTG will henceforth be cash producing and should also earn profits.

OUTLOOK Altron has entered the current year with excellent momentum, both competitively and strategically, in each of our key high-technology businesses.
Our exports and revenues from foreign operations, especially, continue to flourish and our record foreign sales aptly demonstrate the power of our globalisation thrust. Current developments with the second telecom operator, the restructuring of the electricity distribution industry and the appointment of the third cellular licence operator together with recently announced GDFI projects, augur well for the group. Altron's growing global capability is expected to create exciting new market opportunities facilitating increased revenues and earnings. In the year ahead, the group will continue with its stated objectives in reviewing its structure and streamlining its businesses. Improved market conditions in the domestic economy, coupled with success in our export and globalisation programmes, give the directors confidence that growth will be achieved in the current financial year.

PEOPLE The success of Altron does not only come from our products, systems and services. It comes from the relationships, innovative thinking and diversity of people who contribute to the fun, success and energy of our group every single day.

It behoves me to both thank and pay tribute to all of our hardworking and talented employees who are embracing our new strategies and approach to a rapidly transforming South Africa with a commitment that has long distinguished our group from the rest of the pack.

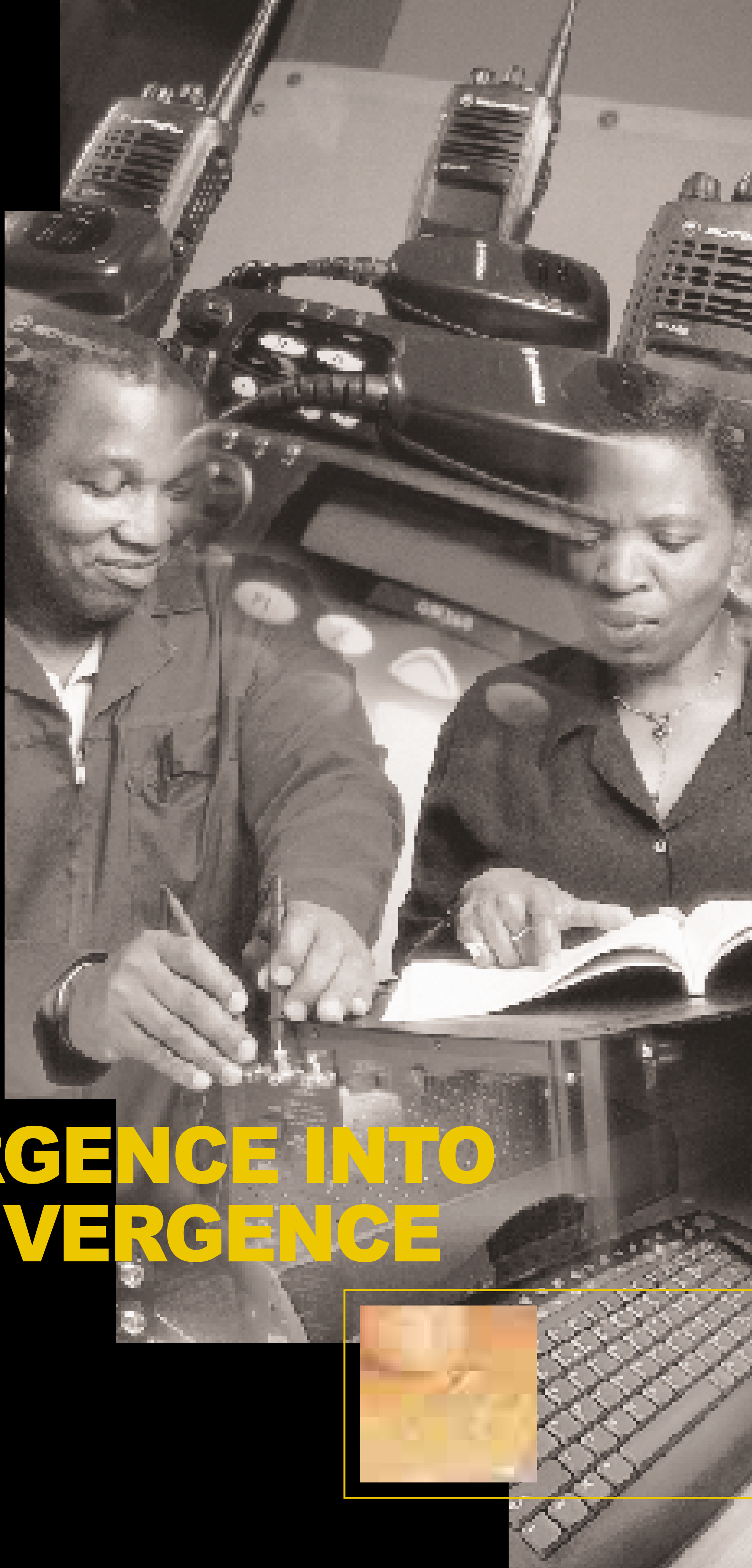
I also wish to thank all of my colleagues on the Board, the Executive Committee and the Office of the Chairman for their continuing loyalty and unwavering support in taking Altron into a new dimension of our globalisation vision.

Looking ahead, I am confident that with our increasing strength as one of Africa's largest and innovative high-technology groups, coupled with our rapidly growing global capability, we will continue our growth path for the benefit of our customers, our international associates, our people and our shareholders.

ROBERT E VENTER
CHIEF EXECUTIVE OFFICER

8 June 2001

ALTECH IS CAPITALISING ON THE EXCITING NEW TREND OF CONVERGENCE OF TELECOMMUNICATIONS, MULTIMEDIA AND TECHNOLOGY (TMT) TO ACHIEVE A STRATEGIC GLOBAL POSITION FOR ITSELF AND ITS VAST RANGE OF PRODUCTS, SERVICES AND SOLUTIONS.



E-MERGENCE INTO E-CONVERGENCE

REVIEW OF OPERATIONS

ALTECH

By focusing its business on the strategy of globalisation and TMT convergence, Altech has for the fifth successive year recorded excellent results as well as substantial growth. Headline earnings per share rose from 153,3 cents to 223,1 cents, an increase of 45,5%. Turnover increased by 21% to R3,7 billion (2000: R3 billion).

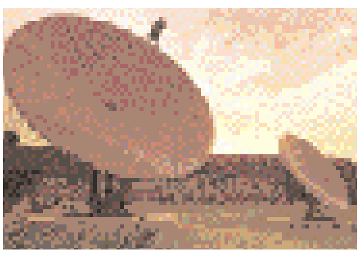
Autopage Cellular performed well, growing its base to more than 400 000 subscribers which allowed it to retain its position as southern Africa's largest dual independent service provider. **UEC Multi-Media**, Altech's multi-media operation, produced strong results and has now also expanded into the cable and terrestrial multi-media markets. **Arrow Altech Distribution**, having completed a restructure programme, is now performing according to plan, with a strong order book, and **Alcatel Altech Telecoms** continues to be a leader in the South African telecommunications market with tenders pending totalling more than R1,5 billion.

Altech's IT Division comprising **Isis, Keops Isis, Altech Smart Card Technologies** and **Africard** recorded satisfactory results and all the remaining companies produced good results. Exports totalling R485 million continue to be a major strategic objective for Altech and form part of its globalisation initiative. Several offshore acquisitions are currently being evaluated. Altech envisages that despite present uncertainties in the international TMT business climate, further real growth and earnings will be achieved in the current financial year.

ALTECH

	2001 R million	2000 R million
Revenue	**3 691**	3 059
Income before tax	**310**	285
Attributable earnings	**208**	160
Total assets	**1 777**	1 573

The group currently has a 53,5 percent shareholding in Altech.

POWERTECH'S SIGNIFICANT GLOBALISATION DRIVE HAS INCREASED THE GROUP'S FOREIGN REVENUES IN A YEAR CHARACTERISED BY CHALLENGING MARKET CONDITIONS IN THE POWER ELECTRICAL AND TELECOMMUNICATIONS MARKETS IN SOUTH AFRICA.

MOVING STREAMLINED AND FOCUSED INTO A NEW ERA

REVIEW OF OPERATIONS

POWERTECH

Powertech significantly increased its turnover by 36,8% to R3,4 billion from R2,5 billion and reported a headline earnings per share increase of 3,4% from 46,6 cents to 48,2 cents. Foreign revenues totalled R906 million with exports reaching a record R609 million.

As announced at the interim stage, Powertech acquired Cables de Comunicaciones Zaragoza SL, Spain, the leading Spanish metallic telecommunications and data cable manufacturer. This has further strengthened Powertech's globalisation initiatives. Powertech's transformer business, **ABB Powertech Transformers**, again exceeded all expectations and recorded another exceptionally good year of which export sales accounted for 70% of this company's turnover. The remainder of Powertech's power electronics business reported satisfactory results and several companies in the **Telecommunications Division** were successful in receiving accreditation with a host of international telecommunications companies. This placed Powertech in a favourable position to secure profitable export orders which offset the shortfall in local demand for certain products. Corning, the world's largest producer of fibre optic cables and products, has concluded an important alliance with Powertech.

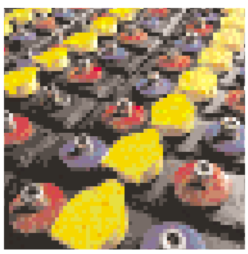
The loss making luminaire business was disposed of during the year under review. Powertech expects that the deregulation and liberalisation in the power electronic and telecommunications markets will provide further opportunities for broadening its customer base and so reducing its erstwhile dependency on individual customers. Powertech is well positioned to produce real growth in the year ahead.

POWERTECH

	2001 R million	2000 R million
Revenue	**3 352**	2 451
Income before tax	**200**	212
Attributable earnings	**116**	131
Total assets	**2 384**	1 868

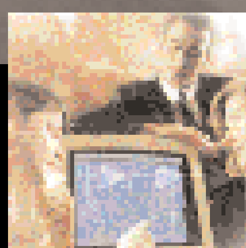
The group currently has a 59,2 percent shareholding in Powertech.






FINTECH HAS UNDERGONE EXTENSIVE TRANSFORMATION, EVOLVING FROM A BROADLY BASED TECHNOLOGY GROUP, INTO A FOCUSED FINANCIAL SERVICES OPERATION SERVING TECHNOLOGY MARKETS.

FINANCING TECHNOLOGY



REVIEW OF OPERATIONS

FINTECH

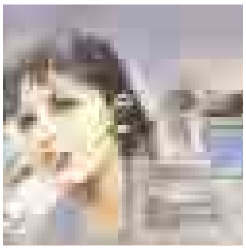
Fintech successfully completed its restructuring programme, through the sale of its IT and IT related interests to BTG, comprising **Xerox South Africa**, **National Data Systems** and **Alcatel Business Systems**, and is now a fully focused financial services company. The remaining non-core businesses were sold. Fintech, as reconstituted, achieved solid growth and reported an increase in pro forma headline earnings per share of 13,5% from 32,5 cents to 36,9 cents. Capital financed by Fintech increased by 36% from R624 million to R846 million.

Both growth in capital financed and earnings per share is expected from Fintech in the current financial year.

FINTECH

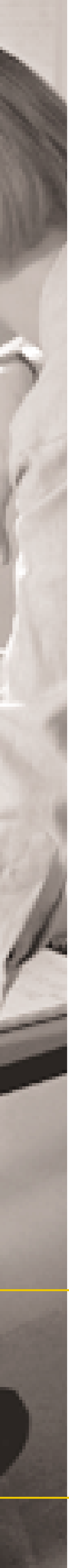
	2001 R million	2000 R million
Revenue	**1 526**	1 462
Income before tax	**312**	160
Attributable earnings	**255**	98
Total assets	**1 023**	1 318

The group currently has a 64,3 percent shareholding in Fintech.


SIGNIFICANT RESTRUCTURING AND REPOSITIONING AT BTG WILL ESTABLISH THE GROUP AS A SERIOUS PLAYER IN SOUTH AFRICA'S IT INDUSTRY.

MEETING THE CHALLENGES OF THE IT EVOLUTION



REVIEW OF OPERATIONS

BTG

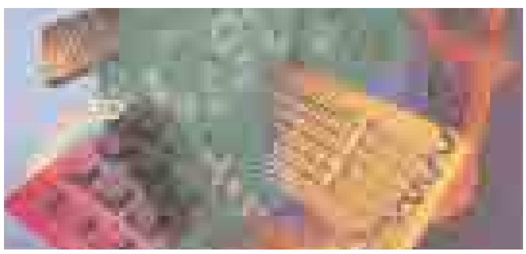
BTG recorded disappointing results reporting a headline loss per share of 5,2 cents for the year. A comprehensive restructuring programme was implemented during the year, which involved recapitalisation of the company together with a rationalisation exercise. A significant improvement was recorded in the second six months where a headline loss of R15 million was recorded compared to a R56 million headline loss in the first six months of the year under review. BTG acquired certain Fintech IT and IT related assets to create a focused IT vehicle with critical mass and a projected turnover in excess of R2 billion. Prospects for the current year indicate that BTG will henceforth be cash producing and should also earn profits.

BTG

	2001 R million	2000* R million
Revenue	**763**	1 209
Loss before tax	**114**	149
Attributable earnings	**(107)**	(161)
Total assets	**1 113****	278

The group currently has a 54,2 percent shareholding in BTG.

**17 months*
***includes the acquisition of the Fintech IT assets*



SHAREHOLDERS' ANALYSIS

AS AT 28 FEBRUARY 2001

SIZE OF HOLDINGS	Ordinary shares: Number of shareholders	%	Number of shares	% of shares in issue	Participating preference shares: Number of shareholders	%	Number of shares	% of shares in issue
1 – 500 shares	214	41,96	49 872	0,05	1 681	76,98	177 901	0,09
501 – 1 000 shares	99	19,40	83 728	0,09	166	7,60	125 174	0,07
1 001 – 5 000 shares	133	26,08	332 228	0,34	221	10,12	481 554	0,25
5 001 – 10 000 shares	19	3,73	144 374	0,15	44	2,01	315 315	0,16
10 001 – 50 000 shares	13	2,55	339 802	0,35	38	1,74	990 230	0,52
50 001 – 100 000 shares	9	1,77	609 902	0,63	6	0,27	465 761	0,24
Over 100 000 shares	23	4,51	95 437 609	98,39	28	1,28	189 586 024	98,67
	510	100,00	96 997 515	100,00	2 184	100,00	192 141 959	100,00

	Category of ordinary shareholders: Number of shareholders	%	Number of shares	%	Category of participating preference shareholders: Number of shareholders	%	Number of shares	%
Holding companies	2	0,39	57 894 289	59,69	2	0,09	50 279 256	26,17
Individuals	413	80,98	1 383 330	1,43	2 010	92,03	2 518 732	1,31
Banks and nominee companies	60	11,76	36 034 396	37,15	66	3,02	134 984 877	70,25
Insurance companies	1	0,20	2 000	—	—	—	—	—
Investment companies	3	0,59	5 300	—	9	0,41	1 233 788	0,64
Other corporate bodies	31	6,08	1 678 200	1,73	96	4,40	2 875 906	1,50
Pension funds	—	—	—	—	1	0,05	249 400	0,13
	510	100,00	96 997 515	100,00	2 184	100,00	192 141 959	100,00

SHAREHOLDER SPREAD	Public %	Non-public %
Ordinary shares	34,2	65,8
Participating preference shares	73,1	26,9

MAJOR SHAREHOLDERS HOLDING 5 PERCENT OR MORE OF THE COMPANY'S LISTED SECURITIES AS AT 28 FEBRUARY 2001

Name of shareholders	Ordinary: Number of shares	%	Participating preference: Number of shares	%
Biltron (Pty) Limited	31 723 241	32.70	30 392 400	15.82
Perrington Investments (Pty) Limited	26 171 048	26.98	19 886 856	10.35
Nedcor Bank Nominees Limited	11 716 083	12.08	30 681 876	15.97
Standard Bank Nominees (Tvl) (Pty) Limited	9 468 696	9.76	46 282 538	24.08
Transnet Pension Fund	—	—	14 959 949	7.79
Old Mutual Nominees (Pty) Limited	6 983 540	7.20	9 048 793	4.71
First National Nominees (Pty) Limited	—	—	11 550 116	6.01
Absa Nominees (Pty) Limited	—	—	10 959 020	5.70

STOCK EXCHANGE PERFORMANCE

	2001 Ordinary	2001 Participating preference	2000 Ordinary	2000 Participating preference	1999 Ordinary	1999 Participating preference	1998 Ordinary	1998 Participating preference	1997 Ordinary	1997 Participating preference	1996 Ordinary
Market value per share (cents)											
– at year end	**795**	**790**	695	665	605	510	900	810	560	500	725
– highest	**830**	**820**	920	750	1 400	1 195	1 100	975	960	810	1 000
– lowest	**520**	**485**	600	540	430	349	560	505	500	475	650
Number of shares traded (000)	**14 763**	**33 914**	16 152	74 917	13 407	38 084	10 869	7 546	5 773	5 715	4 213
Value of shares traded (R000)	**97 559**	**201 898**	116 063	472 975	116 131	209 386	94 690	60 942	36 448	36 649	57 150
Total volume traded as percentage of total issued shares (%)	**15,2**	**17,6**	16,6	39,2	13,8	20,0	11,2	7,5	6,0	5,9	4,4

VALUE ADDED STATEMENT

Value added is the measure of wealth the group has created in its operations by "adding value" to the cost of raw materials, products and services purchased. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the group for the replacement of assets and the further development of operations.

	2001 R million	**%**	2000 R million	%
Revenue	**8 974**		6 972	
Suppliers of materials and services	**(6 530)**		(4 952)	
	2 444		2 020	
Other income	**119**		163	
Total value added	**2 563**		2 183	
Applied as follows				
To remunerate employees	**1 656**	**64,6**	1 353	62,0
Salaries, wages, pensions and other benefits				
To reward providers of capital	**249**	**9,7**	190	8,7
Interest on loans	**6**		15	
Dividends to ordinary shareholders	**89**		81	
Dividends to outside shareholders of subsidiaries	**154**		94	
To the State	**157**	**6,1**	189	8,6
Company tax	**130**		171	
Secondary tax on companies	**27**		18	
To replace assets				
Depreciation	**160**	**6,3**	126	5,8
To expand the group	**341**	**13,3**	325	14,9
Net earnings retained – shareholders	**210**		174	
– outside shareholders	**131**		151	
	2 563	**100,0**	2 183	100,0

CORPORATE GOVERNANCE

The board of Altron subscribes to the values of good corporate governance espoused in the King Report. In so doing, the directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This is entrenched in the Altron group's established systems of internal control, procedures and policies governing corporate conduct.

All the key principles underlying the King recommendations have been reflected in Altron's Corporate Governance structures which are reviewed from time to time to take into account corporate changes and international developments in regard to corporate governance. The directors specifically report as follows:

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Shareholders are referred to the statement of approval of the annual financial statements set out on page 31 of the directors' report.

CHAIRMAN AND BOARD OF DIRECTORS

The board comprises nine non-executive directors, two of whom are chief executives of Altron's listed sub-holding companies, and four executive directors. The non-executive directors are of sufficient calibre and number for their views to carry significant weight in the board's decisions.

The board under the Chairmanship of Dr Bill Venter meets regularly, retains full and effective control over the group and monitors the executive management.

All directors have access to the advice and services of the group company secretary, who is responsible to the board for ensuring that procedures and applicable statutes and regulations are complied with. The board has established a number of committees in which the non-executives play an active role and which operate within the defined terms of reference laid down by the board:

Executive committee

This committee comprises the Chief Executive and certain senior executives of the group. It is responsible for the development of strategy and policy proposals for consideration by the board and the implementation of the board's directives.

Audit committee

The Audit Committee, which is chaired by a non-executive director, Mr D A Hawton, meets periodically with the group's external and internal auditors and Altron's executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment in the group is maintained. The committee also monitors proposed changes in accounting policy, reviews the internal audit functions and discusses the accounting implications of major transactions.

Remuneration committee

A Remuneration Committee consisting of a majority of non-executive directors is chaired by Mr L Boyd, a non-executive director. This committee in consultation, where necessary, with management ensures that the group's directors and senior executives are fairly rewarded for their individual contributions to the group's overall performance. This Remuneration Committee also reviews the remuneration of executive directors and senior management of the sub-holding groups; Altech, BTG, Powertech and Fintech.

INTERNAL CONTROLS AND INTERNAL AUDIT

Internal controls comprise methods and procedures adopted by management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements. The group's approach in this regard is further set out on page 31 of the directors' report dealing with the approval of the annual financial statements.

The internal audit function serves management and the board of directors by performing independent evaluations of the adequacy and effectiveness of group companies' controls, financial reporting mechanisms and records, information systems and operations and, in the reporting on the adequacy of these controls, provides additional assurance regarding the safeguarding of group assets and financial information.

The internal audit department is designed to respond to management's requirements while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its service. The internal and external auditors have unrestricted access to the Chairman of the Audit Committee.

ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation of the annual financial statements. Management fulfils its responsibilities by maintaining adequate accounting records to ensure the integrity of these annual financial statements. This is accomplished by systems of internal controls designed to provide reasonable, but not absolute, assurance as to the reliability of these financial statements. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. This is augmented by the Altron Group Policy Manual which outlines the Altron ethic and prescribed fundamental group policies and procedures and is regularly updated to take cognisance of changing circumstances in the financial and operational environment.

WORKER PARTICIPATION AND AFFIRMATIVE ACTION

Altron continues to promote a climate which encourages its employees to reach their maximum potential and to provide a shift from prescriptive to a more participative management style environment. The group has a variety of participative structures, at the various operating company levels, for handling issues which affect employees directly and significantly. These structures, which have been set up with trade unions and other employee representatives, are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and resolution of conflict. An affirmative action programme is in place and forms part of the group's business plan. Promotion shall, where possible, take place from within Altron and employees are given the opportunity to develop their potential.

CORPORATE CODE OF CONDUCT

Altron is committed to promoting the highest standards of behaviour and the group's Corporate Code of Conduct, which is outlined below, gives a clear guide as to the expected behaviour of all employees in their dealings with the group's stakeholders. This is further augmented by a detailed Code of Conduct, which forms part of the Altron Group Policy Manual and outlines the Altron ethos. All employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all reasonable circumstances is above reproach.

In addition, appropriate steps are taken to restrict senior employees from buying and selling shares in group companies during sensitive periods and prior to the announcement of financial results.

EMPLOYMENT EQUITY

Altron supports the government's initiative to achieve greater equity in the workplace and management of all group companies are fully committed to complying with the Employment Equity Act. Co-ordinating committees have been established within the group to ensure that group companies achieve their employment equity objectives and proper implementation thereof. The objectives include training and development programmes, appropriate sharing of information between employer and employee together with providing equal employment opportunities without discriminating against gender, race or physical disability. Progress is reported on a regular basis to the Boards, Executive Committees of Altron, Altech, BTG, Fintech and Powertech and the respective Audit Committees.

CORPORATE CODE OF CONDUCT

Altron is committed to excellence, integrity, professionalism and the growth and development of all its operations. The people of Altron are its most important asset and we expect our people to share in Altron's values and beliefs, in a manner which demonstrates:

- *respect for one another;*
- *honesty and integrity in dealings, not only with one another, but with all the Altron group's stakeholders;*
- *confidentiality and discretion in the use of information proprietary to the Altron group;*
- *avoidance of any conflict of interest which may interfere with the independent exercise of their judgement in the best interests of the Altron group;*
- *adherence to all laws and regulations determining the Altron group's legal and moral obligations;*
- *fostering a non-racial, non-discriminatory work and business environment in promoting a climate of harmony and tolerance.*

The Corporate Code of Conduct has the total commitment of the Altron board and we believe that it commits the group to the highest standards of behaviour expected by all its stakeholders. In response to the obligations this places on Altron as the controlling shareholder, it retains absolute authority over certain primary functions as the holding company:

- *policy and strategy;*
- *key operating standards; and*
- *acquisitions and disposals.*

ANNUAL FINANCIAL STATEMENTS

Contents

CERTIFICATE FROM THE COMPANY SECRETARIES

In terms of section 268G(d) of the Companies Act, 1973, as amended, we certify that, to the best of our knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 28 February 2001 all such returns as are required of a public company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up to date.

ALTRON MANAGEMENT SERVICES (PTY) LIMITED

SECRETARIES

per: SANDI LINFORD

GROUP SECRETARY

8 June 2001

GAVIN ROCHUSSEN *Chief Financial Officer*

SANDI LINFORD *Group Secretary*

REPORT OF THE INDEPENDENT AUDITORS

To the members of
ALLIED ELECTRONICS CORPORATION LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 28 to 65. 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 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 fairly present, in all material respects, the financial position of the company and the group at 28 February 2001, and the results of their operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act.

KPMG Inc.

KPMG Inc.
CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS AND AUDITORS

Johannesburg
8 June 2001

DIRECTORS' REPORT

To the members of

ALLIED ELECTRONICS CORPORATION LIMITED

The directors have pleasure in submitting the annual financial statements of the group for the year ended 28 February 2001.

NATURE OF BUSINESS

Altron is an investment holding company. Its principal listed subsidiaries, Allied Technologies Limited, Power Technologies Limited, Bytes Technology Group Limited and Fintech Limited, are invested in the professional electronics, telecommunications, power electrical and electrical appliances, and information technology industries.

FINANCIAL RESULTS

Group attributable earnings for the year ended 28 February 2001 were R298 million (2000: R255 million), representing earnings per share of 103,3 cents (2000: 88,9 cents).

Full details of the financial position and results of the group are set out in these financial statements.

DIVIDENDS

The following dividends were declared in respect of the year ended 28 February 2001:

- ordinary dividend No. 53 of 31 cents per share (2000: 28,0 cents); and
- participating preference dividend No. 7 of 31 cents per share (2000: 28,0 cents).

These dividends are payable on Friday 6 July 2001 to shareholders registered in the books of the company at the close of business on Friday 25 May 2001.

It remains policy to declare dividends annually at the time of announcing the group's results in May of each year.

SUBSIDIARIES, ASSOCIATE COMPANIES AND OTHER INVESTMENTS

Particulars of the principal subsidiaries of the group are given in Annexure 2 on page 63 whilst particulars of the associate companies and other investments are provided in Annexure 3 on page 64.

The attributable interest of the companies in the income and losses of their subsidiaries for the year ended 28 February 2001 is:

	2001 R000	2000 R000
Aggregate amount of income after taxation	**377 610**	279 509
Aggregate amount of losses after taxation	**80 005**	24 094

SHARE CAPITAL

Full details of the authorised, issued and unissued capital of the company at 28 February 2001 are contained in note 17 to the financial statements.

Repurchase of shares

During the period under review, the group under a general authority from shareholders, repurchased 1 846 162 Altron participating preference shares at an average price of R7,46 per share and 1 262 100 Altron ordinary shares at R7,80 per share. This represents 0,96% of the issued participating preference shares 1,3% of the issued ordinary shares respectively.

Share schemes

Particulars relating to the Altron Executive Share Option Scheme and The Allied Electronics Corporation Limited Share Trust are set out in note 17 to the financial statements.

At the date of this report, a total of 5 024 545 ordinary shares and 34 164 460 participating preference shares remain reserved for the purposes of the company's employee share schemes.

The remaining unissued ordinary shares and participating preference shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 1973, as amended, and which authority remains valid only until the next annual general meeting which will be held on Monday 16 July 2001. At that meeting, shareholders will be asked to continue to place the unissued ordinary and participating preference shares under the control of the directors. Shareholders will also be asked to waive their pre-emptive rights in favour of the directors to allot and issue ordinary and/or participating preference shares for cash as and when suitable circumstances arise.

DIRECTORATE

The names of the directors of the company in office at the date of this report appear on pages 63 to 64.

The following changes occurred to the composition of the board of directors from the beginning of the accounting period up to date of this report:

Appointments

27 September 2000	Advocate D C Mpofu – alternate to Dr H A Serebro
2 March 2001	G J Trollope – alternate to P M O Curle
15 March 2001	P L Wilmot

Resignations/withdrawals

7 June 2000	Dr D H Jacobson
12 February 2001	Dr T M G Sexwale

In terms of the company's articles of association, Mr P L Wilmot retires at the forthcoming annual general meeting and Messrs I M Ayob, L Boyd and G M Rochussen and Drs H A Serebro and W P Venter retire by rotation. All the retiring directors are eligible and available for re-election.

SECRETARIES

Altron Management Services (Pty) Limited act as secretaries to the company. The secretaries' business and postal addresses appear on page 70.

SEGMENTAL REPORTING

Segmental information is included in this annual report as part of the operational reviews and shareholders are referred to annexure 3 on page 64.

Headline earnings contributions to Altron were as follows:

	2001 R000	2000 R000
Altech	**125 211**	86 002
BTG	**(6 287)**	
Powertech	**76 436**	74 354
Fintech	**57 490**	65 134
Altron Corporate	**39 748**	20 503
	292 598	245 993

INSURANCE RISK MANAGEMENT

The group's risk management programme incorporates the integral elements of risk control and risk finance wherein conventional insurance protects its assets against high value losses which is substantiated by comprehensive levels of self-insurance. Fixed assets at all levels are insured on a replacement value basis.

The effectiveness of the group's policy on risk management is reflected in the keen rates currently charged by its insurers in return for a relatively low claims experience. A sophisticated risk appraisal and review programme, incorporating a system of performance measurement, not only serves to identify hazards and minimise losses but provides an equitable method of premium allocation based on practical achievement.

Operating sites are graded according to size/value and risk control audits are conducted on a regular basis – for the larger operations twice a year and the remainder averaging once a year.

DIRECTORS' INTERESTS

At 28 February 2001 the present directors of the company held direct and indirect beneficial interests, including family interests, in 59 349 253 of the company's issued ordinary shares (2000: 2 791 375 ordinary shares) and 50 620 340 of the company's issued participating preference shares (2000: 345 712). A total of 159 100 ordinary and 6 815 100 participating preference share options are allocated to executive directors in terms of the company's employee share schemes.

Chairman and director, Dr W P Venter, through his family and related trusts, is the controlling shareholder of the company.

At the date of this report, the directors' interest in the company's ordinary shares increased by a further 90 800 ordinary shares. The interest in the participating preference shares remained unchanged.

PURCHASE OF OWN SHARES

Shareholders will be asked at the forthcoming annual general meeting of the company to be held on Monday 16 July 2001 to consider the special resolution to grant a renewable general authority to the directors to acquire shares of the company.

The authority sought is that of a general authority which if granted will facilitate the repurchase of up to 20 percent of the issued shares by the company and/or the acquisition of such shares by any of its subsidiary companies on the JSE Securities Exchange South Africa ("JSE").

Purpose and intention

The reason for seeking a general authority is to provide the directors with the flexibility to repurchase shares should it be considered in the best interests of the company at any time while such general authority is in place.

Directors' responsibility and opinion

The directors of the company have considered all statements of fact and opinion in this annual report concerning the company and the proposed share repurchase authority and

- accept, individually and collectively, full responsibility for such statements;
- consider that to the best of their knowledge and belief there are no omissions of material facts or considerations relating to the company which would make any statement of fact or opinion relating to the company contained in this annual report, false or misleading; and
- as far as possible have made all reasonable enquiries in this regard.

Further, the directors are of the opinion, that:

- the issued share capital of the company is adequate for the purposes of the business of the company and its subsidiaries;
- the working capital available to the company and its subsidiaries is sufficient for the group's requirements for the foreseeable future;

- the consolidated assets of the company, fairly valued in accordance with generally accepted accounting practice, exceed the consolidated liabilities of the company; and
- the company will be able to pay its debts as they become due in the ordinary course of the business.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out in this report have been prepared in accordance with Generally Accepted Accounting Practice and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and the group.

These financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the company and the group have adequate resources in place to continue in operation for the foreseeable future.

The auditors have concurred with the directors' going-concern statement. The annual financial statements for the year ended 28 February 2001 which appear on pages 28 to 65 were approved by the board and signed on its behalf on 8 June 2001.

For: ALLIED ELECTRONICS CORPORATION LIMITED

Dr BILL VENTER
CHAIRMAN

ROBERT E VENTER
CHIEF EXECUTIVE OFFICER

GAVIN ROCHUSSEN
CHIEF FINANCIAL OFFICER

PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year except as shown in notes 10 and 18.4. The accounting policies of the subsidiaries and associates are consistent with those of the holding company.

STATEMENT OF COMPLIANCE

The financial statements and group financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act.

BASIS OF PREPARATION

The financial statements and group financial statements are prepared on the historical cost basis.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include the financial statements of the company and its subsidiaries. Where an investment in a subsidiary is acquired or disposed of during the financial year, its results are included from, or to, the date control became, or ceased to be, effective. All significant inter-company transactions are eliminated.

Accumulated depreciation of fixed assets relating to subsidiaries acquired is not set off against the original cost on acquisition.

Associates

An investment in an associate is a long-term investment in a company in which the group has significant influence but not control.

The equity method of accounting for associated enterprises is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate and up to the effective date of disposal. Equity accounted income for the year is transferred to the non-distributable reserve.

Goodwill arising on the acquisition of associates is included in the carrying amount of the associate and is treated in accordance with the group's accounting policy for goodwill.

The share of associated retained earnings and reserves is generally determined from the associate's latest audited financial statements but, in some instances, unaudited interim results are used. Dividends received from associates are included in income from investments.

Where the group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at nil value. Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate.

Joint ventures

Joint ventures are those enterprises over which the group exercises joint control in terms of a contractual agreement.

Joint ventures are proportionately consolidated, whereby the company's share of the joint venture's assets, liabilities, income, expenses and cash flows are combined with similar items, on a line-by-line basis, in the group's financial statements.

ADVANCES TO RENTAL FINANCE CUSTOMERS

Advances to rental finance customers are regarded as financing transactions, are supported by operating and finance leases and are stated at the outstanding capital balances.

Finance income earned is computed at the interest rates inherent in the contracts and is brought to income in proportion to the balance outstanding under each contract, by reference to the net present value of payments outstanding and is included in turnover.

CAPITALISATION OF BORROWINGS COSTS

Interest on borrowings raised specifically to finance the construction of assets to prepare them for sale or use, is capitalised up to the date that the assets are substantially complete.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated.

DEFERRED TAXATION

Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Taxable temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax basis used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are written off to the extent that it is no longer probable that the related tax benefit will be realised.

DISCONTINUING OPERATIONS

Discontinuing operations are significant, distinguishable components that have been sold or abandoned or are subject to a formal plan of disposal.

Discontinuing operations are separately recognised in the financial statements once management has made a commitment to discontinue the operation without a realistic possibility of withdrawal. Assets and liabilities of a discontinuing operation are measured at realisable value and are presented as a single net amount. The operating profit or loss of discontinuing operations up until the date of discontinuance is included in normal operating results. The profit or loss on discontinuance includes incremental costs directly related to the discontinuance.

EARNINGS PER SHARE

Earnings per share is the earnings attributable to shareholders for the year, in cents, divided by the weighted average number of shares in issue, adjusted for own shares held where appropriate.

Headline earnings per share is the earnings attributable to shareholders for the year, in cents, after adjusting for capital (non-recurring) items divided by the weighted average number of shares in issue, adjusted for own shares held where appropriate.

Fully diluted earnings per share is calculated on the maximum number of shares that would have been in issue at year end had all unexercised options which will be issued at less than the current year end net asset value, been exercised and other potential dilutions taken place at the beginning of the year.

EXCEPTIONAL ITEMS

Exceptional items are items of income or expenditure that arise from the ordinary activities of the group but are of such a size or nature that they are separately disclosed in order to assist in evaluating the group's performance.

FINANCIAL INSTRUMENTS

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Investments

Unlisted investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

Trade and other receivables

Trade and other receivables originated by the group are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value based on the relevant exchange rates at balance sheet date.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Derivative instruments

Derivative instruments are measured at fair value.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FIXED ASSETS

Land and buildings are included at cost to the group. Plant, vehicles and equipment are stated at cost less accumulated depreciation.

Patents, trademarks and copyrights are written off on acquisition.

Land is not depreciated. Buildings, plant, equipment and vehicles are depreciated at varying rates, on a straight-line basis over their expected useful lives, to estimated residual values. (Refer note 10 of the notes to the financial statements for the rates of depreciation used.) Surpluses and losses arising on disposal of fixed assets in the normal course of business are included in operating income.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. If a foreign currency 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.

Financial statements of independent foreign operations are translated using the 'temporal basis'. In terms of this basis, assets and liabilities are translated at rates of exchange ruling at the reporting date. Income, expenditures and cash flow items are translated at the weighted average rates of exchange during the period under review. Differences arising on translations are taken directly to non-distributable reserves.

GOODWILL

Goodwill is any excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life. Where the estimated useful life exceeds twenty years, annual impairment reviews are conducted to determine any impairment loss.

The calculation of the gain or loss on disposal of an entity includes the unamortised balance of the goodwill relating to that entity.

Negative goodwill arising on an acquisition represents any excess of the fair value of the group's share of the identifiable net assets acquired over the cost of the acquisition. Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. The balance of negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

IMPAIRMENT

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

INTANGIBLE ASSETS

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets acquired by the group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

The difference between the net disposal proceeds and the carrying amount of an intangible asset is the gain or loss on disposal of that asset. These gains and losses are recognised in income.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value taking account of market conditions and technology changes. Cost is determined on the first-in, first-out and average cost methods. Work and contracts in progress and finished goods include direct costs and an appropriate portion of attributable overhead expenditure, and are shown net of any payments received in advance. Where contracts in progress extend over more than one accounting period, interim profits are taken, based on the stage of completion of each contract, less provisions for anticipated losses.

INVESTMENTS

Investments are reflected at cost less amounts written off and provision for any permanent diminution in value. Income from investments is brought to account when the right to receive payment is established.

LEASES

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset.

The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated between period finance costs and liability to the lessor using the effective interest rate method.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly or is the economic reality of an acquisition.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are written off in the year in which they are incurred.

RETIREMENT FUNDING

All eligible employees are either members of pension schemes administered by Allied Electronics Corporation Limited or schemes within the various industries in which they are employed. These schemes are defined contribution plans; however, employees who were members of the Altron Group Pension Fund at 31 August 1996 are entitled to a defined benefit “underpin”. The group's contributions for current service costs, past service and any supplemental benefits or enhanced contributions are charged against income when due in accordance with the actuary's recommendations.

REVENUE

Revenue comprises net invoiced sales to customers excluding VAT, investment income and other non-operating income.

Sales to customers are recognised when the related products are shipped or services are rendered. Dividends and grants are recognised when the group’s right to receive the revenue is established. Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the asset.

SEGMENTAL REPORTING

The group is involved in the development, design, manufacture and distribution of technology-intensive products and systems for parastatals, commerce, mining, original equipment manufacturers, industry and distributors. The group is organised, on a primary basis, into the five segments set out in Annexure 3. On a secondary segment basis, the group reports the geographical location of where its sales revenues are generated. Further segmental information in respect of the listed subsidiary operations is given in operational reviews on pages 14 to 21.

PRESENTATION

Unless otherwise stated, all amounts in the annual financial statements are shown rounded off to the nearest R1 000. Where necessary, comparative amounts have been restated or regrouped to conform to changes in presentation in the current year to enhance comparability.

INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

		GROUP		COMPANY	
	Notes	**2001 R000**	2000 R000	**2001 R000**	2000 R000
Revenue	1	**8 973 640**	6 971 569	**—**	—
Operating costs		**8 346 340**	6 431 342	**344**	363
Material and services		**6 245 543**	4 804 354	**344**	363
Employees' remuneration		**1 655 755**	1 353 354	**—**	—
Depreciation		**160 425**	125 557	**—**	
Other operating costs		**430 577**	—	**—**	—
Net change in inventories		**(145 960)**	148 077	**—**	—
Operating income	2	**627 300**	540 227	**(344)**	(363)
Investment income	3	**87 938**	137 771	**90 352**	82 349
Finance costs	4	**(5 970)**	(15 158)	**—**	—
Income from associates		**10 529**	14 730	**—**	—
Amortisation of goodwill		**(43 285)**	—	**—**	—
Exceptional items	6	**63 615**	10 751	**36 662**	—
Income before taxation		**740 127**	688 321	**126 670**	81 986
Taxation	7	**(157 411)**	(188 818)	**(234)**	19
Income after taxation		**582 716**	499 503	**126 436**	82 005
Attributable to outside shareholders		**(285 111)**	(244 088)	**—**	—
Earnings attributable to shareholders		**297 605**	255 415	**126 436**	82 005
Basic earnings per share (cents)	8	**103,3**	88,9		
Headline earnings per share (cents)	8	**101,5**	85,2		
Diluted basic earnings per share (cents)	8	**101,0**	87,6		
Diluted headline earnings per share (cents)	8	**99,3**	83,9		
Dividend per share (cents)	9	**31,0**	28,0		
Headline dividend cover (times)		**3,3**	3,0		

BALANCE SHEETS

AT 28 FEBRUARY 2001

	Notes	GROUP 2001 R000	GROUP 2000 R000	COMPANY 2001 R000	COMPANY 2000 R000
ASSETS					
Non-current assets		**2 138 730**	1 717 691	**1 093 442**	748 068
Fixed assets	10	**672 391**	542 442	**153**	153
Goodwill	11	**256 344**	—	**—**	—
Negative goodwill	12	**(24 137)**	—	**—**	—
Interest in subsidiaries	13			**1 093 289**	747 915
Investment and loans	14	**300 811**	511 317	**—**	—
Advances to rental customers	14	**853 811**	623 980	**—**	—
Deferred recoverable taxation	22	**79 510**	39 952	**—**	—
Current assets		**4 074 852**	3 197 367	**89 449**	82 340
Inventories	15	**1 124 716**	1 120 323	**—**	—
Accounts receivable		**1 868 235**	1 234 352	**89 531**	82 340
Cash and cash equivalents	16	**1 081 901**	842 692	**(82)**	—
Total assets		**6 213 582**	4 915 058	**1 182 891**	830 408
EQUITY AND LIABILITIES					
Shareholders' equity		**1 666 547**	1 399 897	**1 092 904**	749 731
Share capital and premium	17	**730 641**	724 911	**730 641**	724 911
Reserves	18	**973 695**	674 986	**362 263**	24 820
		1 704 336	1 399 897	**1 092 904**	749 731
Own shares acquired	33	**37 789**	—	**—**	—
Outside shareholders' interest	19	**1 472 610**	1 300 053	**—**	—
Non-current liabilities		**694 127**	471 857	**—**	—
Long-term liabilities	20	**528 733**	371 589	**—**	—
Long-term provisions	23	**115 178**	46 920	**—**	—
Deferred taxation	22	**50 216**	53 348	**—**	—
Current liabilities		**2 380 298**	1 743 251	**89 987**	80 677
Short-term loans	20	**136 901**	70 399	**—**	—
Accounts payable		**1 805 518**	1 317 932	**148**	65
Provisions	23	**104 156**	89 651	**—**	—
Taxation payable		**89 585**	90 775	**206**	—
Dividend	9	**88 672**	80 612	**89 633**	80 612
Outside shareholders for dividends		**155 466**	93 882	**—**	—
Total equity and liabilities		**6 213 582**	4 915 058	**1 182 891**	830 408
Net asset value per share (cents)		**582,6**	486,2		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2001

	Share capital and premium	Non-distributable reserve	Distributable reserve	**Total**	Total
				2001	2000
	R000	R000	R000	**R000**	R000
GROUP					
Balance at beginning of year	724 911	128 371	577 354	**1 430 636**	1 510 439
Changes in accounting policy		10 005	(40 744)	**(30 739)**	(30 021)
Restated balance	724 911	138 376	536 610	**1 399 897**	1 480 418
Surplus on revaluation of property and investments	—	—	—	**—**	26 986
Equity accounted income	—	6 361	(6 361)	**—**	—
Undeclared preference dividends	—	728	(728)	**—**	—
Goodwill on acquisition of subsidiaries written off	—	—	—	**—**	(160 861)
Rights offer costs	—	(3 131)	—	**(3 131)**	—
Goodwill on acquisition of shares in associated companies written off	—	—	—	**—**	(120 477)
Unrealised and realised surplus on translation of foreign currency reserves	—	27 561	71 903	**99 464**	3 387
Other movements	—	(32 645)	26 127	**(6 518)**	(7 330)
Net gains and losses not recognised in the income statement	—	(1 126)	90 941	**89 815**	(258 295)
Earnings attributable to shareholders	—	—	297 605	**297 605**	255 415
Dividends	—	—	(88 711)	**(88 711)**	(80 664)
Issue of share capital	5 730	—	—	**5 730**	3 023
Balance at end of year	730 641	137 250	836 445	**1 704 336**	1 399 897
COMPANY					
Balance at beginning of year	724 911	5 060	19 760	**749 731**	745 367
Changes in accounting policy	—	—	—	**—**	—
Restated balance	724 911	5 060	19 760	**749 731**	745 367
Dividend in specie as result of restructuring	—	300 680	—	**300 680**	—
Earnings attributable to shareholders	—	—	126 436	**126 436**	82 005
Dividends	—	—	(89 673)	**(89 673)**	(80 664)
Issue of share capital	5 730	—	—	**5 730**	3 023
Balance at end of year	730 641	305 740	56 523	**1 092 904**	749 731

Refer to note 18.1 for an analysis of the non-distributable reserves balance.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

	Notes	GROUP 2001 R000	GROUP 2000 R000	COMPANY 2001 R000	COMPANY 2000 R000
Operating activities		**313 698**	115 963	**2 220**	(4 181)
Cash generated by operations	28	**623 993**	564 735	**(262)**	(317)
Interest received		**64 631**	96 592	**766**	—
Dividends received		**22 077**	38 939	**82 395**	91 029
Interest paid		**(5 970)**	(15 158)	**—**	
Taxation paid	29	**(216 500)**	(328 928)	**(28)**	(62)
Cash available from operating activities		**488 231**	356 180	**82 871**	90 650
Dividends paid					
– to shareholders		**(80 651)**	(94 831)	**(80 651)**	(94 831)
– to outside shareholders		**(93 882)**	(145 386)	**—**	—
Investing activities		**(408 126)**	(623 638)	**(349 111)**	(2 806)
Investment to maintain operations		**116 540**	(29 252)	**—**	—
Replacement of fixed assets		**(94 496)**	(86 106)	**—**	—
Disposal of fixed assets	30	**72 449**	18 324	**—**	—
Disposal of interest in subsidiary		**—**	3 237	**—**	—
Disposal of investments	31	**122 532**	6 200	**—**	—
Disposal of discontinuing operations	5	**16 055**	29 093	**—**	—
Investment to expand operations		**(524 666)**	(594 386)	**(349 111)**	(2 806)
Additions to fixed assets		**(96 220)**	(47 083)	**—**	—
Advances to rental finance customers		**(221 813)**	(129 804)	**—**	—
Other investing activities		**58 018**	(134 548)	**—**	—
Acquisition of operations	32	**(264 651)**	(282 951)	**(349 111)**	(2 806)
Financing activities		**264 767**	202 233	**346 809**	6 984
Long-term liabilities		**32 040**	171 198	**—**	—
Short-term loans		**65 696**	49 871	**—**	3 961
Share issues		**5 730**	3 023	**341 079**	3 023
Purchase of own shares	33	**(37 789)**	—	**5 730**	—
Changes in outside shareholders' interest		**199 090**	(21 859)	**—**	—
Cash resources					
Net funds generated		**170 339**	(305 442)	**(82)**	(3)
Cash and cash equivalents in acquisitions and disposals		**68 870**	1 925	**—**	—
Cash and cash equivalents					
– at beginning of year		**842 692**	1 146 209	**—**	3
– at end of year	16	**1 081 901**	842 692	**(82)**	—

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
1. REVENUE				
Goods sold	**7 274 350**	5 997 101	—	—
Services rendered	**1 566 145**	857 711	—	—
Rental finance income	**133 145**	116 757	—	—
	8 973 640	6 971 569	—	—
2. OPERATING INCOME				
Operating income is stated after taking account of the following items:				
2.1 Auditors' remuneration				
Audit fees	**9 123**	7 664	—	—
Fees for other services	**1 110**	485	—	—
	10 233	8 149	—	—
2.2 Directors' emoluments				
Executive directors				
– salaries and bonuses			**12 892**	11 724
– retirement, medical and other benefits			**3 495**	2 363
			16 387	14 087
Non-executive directors				
– fees			**92**	82
Total directors' emoluments			**16 479**	14 169
Less: paid by subsidiaries			**(16 387)**	(14 087)
Emoluments paid by the company			**92**	82
Benefits from share options exercised by directors during the year amounted to			**2 003**	2 621
See also directors' report.				
2.3 Fees payable				
Managerial fees	**4 559**	5 363		
Technical, consultancy and "know-how"	**40 074**	41 802		
	44 633	47 165		
2.4 Foreign exchange gains				
Realised	**31 034**	10 939	—	—
Unrealised	**20 173**	153	—	—
	51 207	11 092	—	—

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	R000	R000	**R000**	R000
2.5 Foreign exchange losses				
Realised	**4 314**	3 652	**—**	—
Unrealised	**3 185**	989	**—**	—
	7 499	4 641	**—**	—
2.6 Decrease in provisions	**(14 505)**	(9 290)	**—**	—
2.7 Operating lease charges				
Property	**64 528**	49 353	**—**	—
Plant, equipment and vehicles	**33 358**	20 660	**—**	—
	97 886	70 013	**—**	—
2.8 Other income				
Government grants and other allowances	**14 808**	17 839	**—**	—
2.9 Research and development expenditure	**67 446**	**53 017**	**—**	**—**
2.10 (Loss)/surplus on disposal of fixed assets				
Property	**(393)**	—	**—**	—
Plant, equipment and vehicles	**(5 294)**	5 017	**—**	—
	(5 687)	5 017	**—**	—

3. INVESTMENT INCOME

	GROUP 2001 R000	GROUP 2000 R000	COMPANY 2001 R000	COMPANY 2000 R000
Interest received	**65 861**	96 592	**766**	4
Income from subsidiaries				
– dividends	**—**	—	**89 586**	82 345
Income from associates				
– dividends	**9 239**	8 443	**—**	—
Income from other investments				
– dividends	**11 608**	30 496	**—**	—
Dividend from preference share investments accrued but not declared	**1 230**	2 240	**—**	—
	87 938	137 771	**90 352**	82 349

4. FINANCE COSTS

	GROUP 2001 R000	GROUP 2000 R000	COMPANY 2001 R000	COMPANY 2000 R000
Interest paid	**5 970**	15 158	**—**	—

5. DISCONTINUED OPERATIONS

5.1 In March 2000 the Powertech board of directors announced a plan to dispose of the U-Lite Luminaire division that manufactured lighting products. On 28 December 2000 the company signed a contract to sell the division for R20,2 million.

5.2 On 14 December 2000, the Fintech board of directors announced a plan to transform the group from being largely an information technology group to being a focused, niche-based financial services group. The result was the disposal of the group's non-financial services operations on 28 February 2001 to Bytes Technology Group (a subsidiary of Altron), and to other third parties. The proceeds on the sale to third parties amounted to R20,5 million.

5.3 The Bytes Technology Group board of directors announced a plan to dispose of the group's interest in the following associate companies and subsidiaries:

- Woza Internet January 2001
- SA Investor January 2001
- Orderpharm January 2001
- Bytes Technology Recruitment May 2000

Negotiations are still in progress on the disposal of the group's 50% minus one share interest in Woza and its 28% interest in Orderpharm. The group's 49% interest in SA Investor was disposed of at a nominal consideration of two rand. Consequently an impairment loss of R58 000 was incurred.

The board of directors also announced plans to close the following operations as it could not allow businesses with no reasonable likelihood of a return to profitability to continue in operation:

- Finestra June 2000
- Global Internet Access March 2000

The following operations, discontinued in the prior year, continued to contribute to the group's losses in the current year:

- E-Commerce Development
- E-Commerce Ventures
- Ulwazi Computer Solutions
- IT Gold

(Loss)/profit on discontinuance

The net assets of the discontinuing operations at the date of disposal were as follows:

	Luminaire division R000	Information technology R000	Total R000
Property, plant and equipment	3 700	4 731	8 431
Inventories	25 099	19 391	44 490
Trade receivables	15 816	43 079	58 895
Cash and cash equivalents	2 151	20 847	22 998
Deferred tax liability	—	(1)	(1)
Income tax liability	—	—	—
Trade payables	(13 708)	(47 530)	(61 238)
Bank overdraft	—	(4 178)	(4 178)
Attributable goodwill	—	(61 428)	(61 428)
	33 058	(25 089)	7 969
Proceeds on disposal	20 221	20 582	40 803
(Loss)/profit on discontinuance	(12 837)	45 671	32 834
Proceeds satisfied by:			
Cash	20 221	18 832	39 053
Deferred compensation	—	1 750	1 750
	20 221	20 582	40 803
Net cash inflow arising on discontinuance:			
Cash consideration	20 221	18 832	39 053
Cash and cash equivalents disposed of	(2 151)	(20 847)	(22 998)
	18 070	(2 015)	16 055

The results of continuing and discontinuing operations were as follows:

	Continuing operations		Discontinuing operations		Total	
	2001 R000	2000 R000	**2001 R000**	2000 R000	**2001 R000**	2000 R000
Income items						
Revenue	**8 783 216**	6 741 646	**190 424**	229 923	**8 973 640**	6 971 569
Operating expenses	**(8 133 030)**	(6 212 730)	**(213 310)**	(218 612)	**(8 346 340)**	(6 431 342)
Pre-tax profits from operating activities	**650 186**	528 916	**(22 886)**	11 311	**627 300**	540 227
Net finance and investment income	**100 924**	151 522	**(8 427)**	(14 179)	**92 497**	137 343
Amortisation of goodwill	**(29 709)**	—	**(13 576)**	—	**(43 285)**	—
Exceptional items	**89 970**	17 962	**(26 355)**	(7 211)	**63 615**	10 751
Profit before tax	**811 371**	698 400	**(71 244)**	(10 079)	**740 127**	688 321
Income tax expense	**(166 549)**	(174 179)	**9 138**	(14 639)	**(157 411)**	(188 818)
Profit/(loss) from operating activities after tax	**644 822**	524 221	**(62 106)**	(24 718)	**582 716**	499 503
Cash flows						
Net cash flows from operating activities	**356 953**	135 071	**(43 255)**	(19 108)	**313 698**	115 963
Net cash flows from investing activities	**(340 950)**	(622 829)	**(67 176)**	(809)	**(408 126)**	(623 638)
Net cash flows from financing activities	**191 918**	207 564	**72 849**	(5 331)	**264 767**	202 233

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
6. EXCEPTIONAL ITEMS				
Net surplus on disposal of operations	**32 834**	20 187	**—**	—
Net surplus on disposal of investments	**85 417**	—	**—**	—
Restructuring	**(5 136)**	—	**36 662**	—
Impairment losses	**(49 500)**	—	**—**	—
Loss from discontinuance	**—**	(7 211)	**—**	—
Deficit on sale of portion of subsidiary	**—**	(2 225)	**—**	—
Gross exceptional items	**63 615**	10 751	**36 662**	—
7. TAXATION				
7.1 Taxation charge				
Normal taxation	**172 909**	180 804	**232**	—
Deferred taxation	**(14 324)**	(7 660)	**—**	—
Adjustment to prior years				
– normal taxation	**(16 619)**	(3 234)	**2**	(19)
– deferred taxation	**(12 347)**	875	**—**	—
	129 619	170 785	**234**	(19)
Secondary tax on companies	**27 792**	18 033	**—**	—
	157 411	188 818	**234**	(19)
7.2 Reconciliation of rate of taxation	**%**	%		
South African normal tax rate	**30,0**	30,0		
Adjusted for:				
Disallowable expenditure	**3,7**	0,6		
Non-taxable income	**(14,6)**	(4,2)		
Decrease in deferred tax assets not raised	**5,2**	—		
Foreign tax rate differential	**(2,1)**	—		
Creation of tax losses	**—**	1,0		
Income from associates	**(0,7)**	(1,8)		
Investment and other allowances	**(1,0)**	(0,4)		
Prior year adjustments	**(3,0)**	(0,4)		
	(12,5)	(5,2)		
Secondary tax on companies	**3,8**	2,6		
Net reduction	**(8,7)**	(2,6)		
Effective tax rate	**21,3**	27,4		

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	R000	R000	**R000**	R000
7.3 Tax losses				
The estimated tax losses available for set-off against future taxable income are as follows:				
Total available tax losses	**198 017**	135 185		
Applied to reduce deferred taxation	**(42 615)**	(1 415)		
	155 402	133 770		
Attributable to outside shareholders	**(6 725)**	(21 246)		
	148 677	112 524		
8. EARNINGS PER SHARE				
8.1 Reconciliation between earnings and headline earnings				
Attributable earnings	**297 605**	256 584		
Adjustments for:				
Exceptional item – gross	**(63 615)**	(10 751)		
Amortisation of goodwill	**43 285**	—		
	(20 330)	(10 751)		
Tax effect of adjustments	**(7 690)**	(2 163)		
Outside shareholders' interest	**23 013**	2 323		
Headline earnings	**292 598**	245 993		
8.2 Reconciliation between number of shares used for earnings per share and diluted earnings per share				
Weighted average number of shares	**288 133 867**	287 441 842		
Dilutive options	**6 597 735**	5 606 235		
Number of shares to calculate dilution	**294 731 602**	293 048 077		

Basic attributable earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted attributable earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of not yet released purchased shares under the Executive Share Option Scheme, net of shares held by the scheme for releasing purposes.

Basic headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year. Diluted headline earnings per share is calculated by dividing headline earnings by the adjusted weighted average number of shares in issue.

9. DIVIDENDS

	GROUP 2001 R000	GROUP 2000 R000	COMPANY 2001 R000	COMPANY 2000 R000
Balance of prior year	**39**	53	**39**	53
Ordinary dividend No. 53 of 31,0 cents (2000: 28,0 cents per share)	**30 069**	27 152	**30 069**	27 152
Preference dividend No. 7 of 31,0 cents (2000: 28,0 cents per share)	**58 603**	53 459	**59 565**	53 459
	88 711	80 664	**89 673**	80 664

10. FIXED ASSETS

	Land and buildings R000	Plant and machinery R000	Other fixed assets R000	Total R000
Cost or valuation				
Balance at beginning of year	162 132	908 000	365 102	1 435 234
Additions at cost	2 160	81 639	96 946	180 745
Acquisition of subsidiaries	76 961	260 459	214 172	551 592
Disposals	(3 588)	(59 735)	(173 677)	(237 000)
Other movements	6 426	31 011	7 328	44 765
Balance at end of year	244 091	1 221 374	509 871	1 975 336
Accumulated depreciation				
Balance at beginning of year	11 287	648 484	233 021	892 792
Depreciation for the year	4 559	74 365	81 501	160 425
Acquisitions	28 476	215 414	114 882	358 772
Disposals	(1 176)	(54 518)	(104 760)	(160 454)
Other movements	3 421	34 752	13 237	51 410
Balance at end of year	46 567	918 497	337 881	1 302 945
Carrying amount at 28 February 2001	**197 524**	**302 877**	**171 990**	**672 391**
Carrying amount at 29 February 2000	150 845	259 516	132 081	542 442

Land and buildings held by the group were valued on an open-market value basis during the previous year, in continuation of existing use, by certified valuers – The Property Partnership.

Details of land and buildings are available, on request, for inspection at the registered office of the company.

Assets purchased under finance leases are not material and are included in the above amounts.

The expected useful lives used for calculating depreciation fall within the following ranges:
Buildings – 50 years; plant and equipment – 3 to 20 years; computer equipment – 3 to 5 years; furniture and fittings – 5 to 20 years; vehicles – 4 years.

Prior year adjustments

The group has changed its accounting policy relating to revaluation and depreciation of land and buildings owned and occupied by the group, to comply with the new Generally Accepted Accounting Practice. The effects of these adjustments are set out in note 18.4.

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
11. GOODWILL				
Reconciliation of the carrying amount of goodwill				
Cost				
Arising on acquisitions	**450 745**	—		
Eliminated on disposals and unbundling of investments by a subsidiary company	**(101 684)**	—		
At end of year	**349 061**	—		
Amortisation				
Arising on acquisitions	**20 499**	—		
Charge for the year	**52 218**	—		
At end of year	**72 717**	—		
Impairment of goodwill	**20 000**	—		
Goodwill arising on investments in subsidiaries:	**256 344**	—		
12. NEGATIVE GOODWILL				
Reconciliation of the carrying amount of goodwill				
Cost				
Arising on acquisitions	**33 069**	—		
Accumulated amount recognised as income				
Recognised as income during the year	**8 932**	—		

The negative goodwill arose out of the acquisition of an offshore entity and will be amortised evenly over the next two years.

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
13. INTEREST IN SUBSIDIARIES				
Shares at cost less amounts written off			**1 156 507**	506 716
Loans (from)/to subsidiaries			**(63 218)**	241 199
Investment in subsidiaries			**1 093 289**	747 915
Dividends receivable from subsidiaries (included under accounts receivable)			**89 531**	82 340
			1 182 820	830 255
Refer to Annexure 1 for details.				
14. INVESTMENTS AND LOANS				
14.1 Investments				
Listed	**160 968**	146 776		
Unlisted	**137 741**	354 595		
14.2 Loans				
Unsecured, interest free with no fixed terms of repayment	**2 102**	9 946		
14.3 Total investments and loans	**300 811**	511 317		
14.4 Advances to rental finance customers				
A subsidiary, Technologies Acceptances (Pty) Limited, provides finance to customers who wish to rent certain of the group's products.				
Refer to Annexure 2 for details.				
15. INVENTORIES				
Raw materials	**247 261**	268 963		
Work in progress	**240 907**	215 852		
Finished goods	**457 863**	384 721		
Merchandise	**154 105**	235 232		
Consumable stores	**24 580**	15 555		
	1 124 716	1 120 323		
Deducted from contracts in progress are receipts in advance amounting to	**54 024**	21 963		
Inventories carried at cost	**1 091 532**	850 392		
Inventories carried at net realisable value	**33 184**	269 931		
	1 124 716	1 120 323		
16. CASH AND CASH EQUIVALENTS				
Cash at bank and on deposit	**1 081 901**	842 692	**(82)**	—

	GROUP AND COMPANY			
	2001 Number of shares	2000 Number of shares	**2001 R000**	2000 R000
17. SHARE CAPITAL AND PREMIUM				
17.1 Authorised				
Ordinary shares of 2 cents each	**247 500 000**	247 500 000	**4 950**	4 950
Participating preference shares of 0,01 cent each	**500 000 000**	500 000 000	**50**	50
			5 000	5 000
17.2 Issued				
Ordinary shares				
In issue at beginning of year	**96 973 215**	96 830 615	**1 939**	1 937
Issued in terms of share schemes	**24 300**	142 600	**—**	2
In issue at end of year	**96 997 515**	96 973 215	**1 939**	1 939
Participating preference shares				
In issue at beginning of year	**190 925 959**	190 376 159	**19**	19
Issued in terms of share schemes	**1 216 000**	549 800	**—**	—
In issue at end of year	**192 141 959**	190 925 959	**19**	19
17.3 Share premium				
Balance at beginning of year			**722 953**	719 932
Share premium arising from issue of shares			**5 730**	3 021
Less goodwill written off				—
Balance at end of year			**728 683**	722 953
17.4 Total issued share capital and premium			**730 641**	724 911

	COMPANY	
	2001 Shares	2000 Shares
17.5 Unissued		
Ordinary shares		
Shares reserved to meet the requirements of:		
Altron Executive Share Option Scheme	**2 976 560**	2 979 060
– unexercised allocations of share options at various prices and expiry dates	**—**	2 500
– available for future allocation	**2 976 560**	2 976 560
Allied Electronics Corporation Limited Share Trust	**2 047 895**	2 069 695
– unexercised allocations of share options at various prices and expiry dates	**176 600**	200 700
– available for future allocation	**1 871 295**	1 868 995
Shares under the control of the directors until the forthcoming annual general meeting	**145 478 030**	145 478 030
	150 502 485	150 526 785
Participating preference shares		
Shares reserved to meet the requirements of:		
Altron Executive Share Option Scheme	**2 976 560**	2 979 060
– unexercised allocations of share options at various prices and expiry dates	**—**	2 500
– available for future allocation	**2 976 560**	2 976 560
Allied Electronics Corporation Limited Share Trust	**31 187 900**	32 401 400
– unexercised allocations of share options at various prices and expiry dates	**19 854 534**	20 761 334
– available for future allocation	**11 333 366**	11 640 066
Shares under control of the directors until the forthcoming annual general meeting	**273 693 581**	273 693 581
	307 858 041	309 074 041

	COMPANY		
	Share Scheme	Share Trust	Total share options
17.6 Employee share options – ordinary shares			
Number of options allocated at beginning of year	2 500	200 700	203 200
Number of options granted	—	—	—
Number of options lapsed/forfeited	—	(2 300)	(2 300)
Number of options exercised	(2 500)	(21 800)	(24 300)
Number of options allocated at end of year	—	176 600	176 600
17.7 Employee share options – participating preference shares			
Number of options allocated at beginning of year	2 500	20 761 334	20 763 834
Number of options granted	—	1 326 700	1 326 700
Number of options lapsed/forfeited	—	(1 020 000)	(1 020 000)
Number of options exercised	(2 500)	(1 213 500)	(1 216 000)
Number of options allocated at end of year	—	19 854 534	19 854 534

Note 1: *No share options were allocated to directors during the year under review.*

Note 2: *The market value of share options exercised by directors during the year under review amounted to R2 760 705. The subscription price of these shares were R1 564 875.*

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
18. RESERVES				
18.1 Non-distributable reserves				
Balance at year end	**137 250**	138 376	**305 740**	5 060
Surplus on revaluation and disposal of assets and investments	**42 082**	79 225	**305 740**	5 060
Capital redemption reserve fund	**1 368**	1 396	**—**	—
Undeclared preference dividends	**2 053**	1 288	**—**	—
Goodwill reversed on share liability	**7 307**	—	**—**	—
Equity accounted income	**15 740**	11 707	**—**	—
Loan acquired for no consideration	**4 614**	4 657	**—**	—
Rights issue cost	**(3 578)**	—	**—**	—
Unrealised surplus on translation of foreign currency	**67 664**	40 103	**—**	—
18.2 Distributable reserves				
Retained income	**836 445**	536 610	**56 523**	19 760
18.3 Total reserves	**973 695**	674 986	**362 263**	24 820

The accumulated distributable reserves, if declared as a cash dividend, would be subject to secondary tax on companies.

In the normal course of business, it is not expected that such a distribution from past distributable reserves will arise.

18.4 Change in accounting policy

The group changed its accounting policy in respect to the valuing and depreciation of land and buildings to conform with new accounting standards. The comparatives have been restated.

Distributable reserves

Previous revaluation reserves have been utilised to write down land and buildings to their original cost with adjustments being made through distributable reserves where sufficient non-distributable reserves were not available. Depreciation on buildings is recognised over the remaining estimated useful life.

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
Previously reported opening retained earnings	**577 354**	695 995		
Change in accounting policy	**(40 744)**	(7 406)		
Revaluation of land and buildings	**(74 069)**	(12 343)		
Depreciation of buildings	**(1 785)**	—		
Minority effect thereon	**35 110**	4 937		
Opening retained earnings as restated	**536 610**	688 589		
Non-distributable reserves				
The revaluation reserves have been utilised to write down land and buildings to their original cost				
Previously reported opening non-distributable reserves	**128 371**	92 556		
Change in accounting policy	**10 005**	(22 615)		
Revaluation of land and buildings	**22 954**	(29 676)		
Revaluation of land of associate	**(5 973)**	(5 973)		
Minority effect thereon	**(6 976)**	13 034		
Opening non-distributable reserves as restated	**138 376**	69 941		
19. OUTSIDE SHAREHOLDERS' INTEREST				
Equity interest	**1 376 236**	1 196 033		
Interest bearing loans	**53 466**	75 682		
Interest free loans	**42 908**	28 338		
	1 472 610	1 300 053		

	Terms of repayment	Rate of interest p.a.	GROUP 2001 R000	GROUP 2000 R000
20. BORROWINGS				
20.1 Long-term liabilities				
Unsecured				
Industrial Development Corporation of South Africa	Monthly amounts of R1 041 670 terminated June 2000	10,5	**—**	4 005
Deferred purchase price for businesses purchased	Settlement contingent on future profit warranties	Interest free	**25 750**	25 750
Other	Various	Various	**13 765**	1 609
Less payable within one year shown as short-term loans			**(16 811)**	(4 585)
Sale and leaseback	Various	Various	**21 039**	—
			43 743	26 779
20.2 Funding of rental book				
Various commercial banks			**484 990**	344 810
20.3 Total long-term liabilities			**528 733**	371 589
20.4 Short-term loans				
Current portion of long-term liabilities			**16 811**	4 585
Other unsecured loans			**120 090**	53 777
Ventron Corporation Limited			**—**	11 980
Ventech (Pty) Limited			**—**	57
			136 901	70 399
20.5 Borrowing facilities				
In terms of the articles of association, the borrowing powers of the company are unlimited				
Unutilised banking facilities			**1 779 000**	1 486 000

21. RETIREMENT BENEFIT INFORMATION

Many of the group's employees are members of either the Altron Group Pension Fund or the Altron Group Retirement Fund. Both of these funds are defined contribution funds and are governed by the Pension Funds Act, 1956 as amended. The net amount charged against income in respect of contributions amounted to R56,2 million (2000: R48,5 million). The contribution rate by the employers to the Altron Group Pension Fund was 9,75 percent to 29 February 2000, which was increased to 10 percent on 1 March 2000 and is calculated on the pensionable emoluments of members.

After acquisition of subsidiaries, certain employees remained members of their previous funds. A number of these were defined benefit plans, the benefits of these funds being fully funded and adequate reserves exist in these funds. The remaining employees participate in subsidiary provident funds and other benefit plans or pension fund arrangements set up in terms of industry requirements. The group's contribution to these other funds amounted to R19,2 million (2000: R18,4 million).

An employer contribution holiday was approved for the Bytes Technology Group Limited (BTG) in June 1995. As at 28 February 2001 the actuarial valuation of the BTG Provident Fund indicated an employer reserve of R17,6 million (2000: R26,0 million). At current contribution levels, it is estimated that the benefits of the contribution holiday will endure for approximately one year. The benefits of the contribution holiday to the company during the period amounted to R12,0 million (2000: R10,8 million).

This retirement fund surplus was not capitalised as required by AC116 as it was deemed by management to be inappropriate given the current uncertainty surrounding the amalgamation of the fund with that of parent company, Allied Electronics Corporation Limited.

The Altron group commissioned an actuarial valuation of the potential liabilities for the defined benefit 'underpin' and for post-retirement medical benefits, principally in connection with contributions by the Altron Group Pension Fund to the Altron Medical Aid Scheme relative to current employees and retirees. This report indicated that there were sufficient reserves to cover the defined benefit 'underpin' and the specified past-service contractual liability for post-retirement medical benefits.

It is the group accounting policy that provision be made for the net present value of future retirement funding obligations of group companies (for obligations not provided for by the Altron Group Pension Fund).

	GROUP	
	2001	2000
	R000	R000
22. DEFERRED TAXATION		
22.1 Deferred taxation movement		
Balance at beginning of year	**13 396**	25 650
Credited to the income statement		
– temporary differences	**(26 671)**	(6 785)
Credited to distributable reserves	**—**	(5 469)
Acquisitions	**(16 019)**	—
Balance at end of year	**(29 294)**	13 396
22.2 Deferred taxation balances		
Provisions for taxation on temporary differences resulting from:		
Fixed assets	**66 631**	67 003
Construction work in progress	**1 952**	1 885
Consumable stores	**53**	39
Receipts in advance	**(6 872)**	(4 534)
Debtors	**(8 094)**	(10 567)
Provisions	**(55 843)**	(31 911)
Tax losses	**(34 369)**	—
Other	**7 248**	(8 519)
Net deferred taxation	**(29 294)**	13 396
The above balance comprises:		
Deferred tax liabilities	**50 216**	53 348
Deferred recoverable taxation	**(79 510)**	(39 952)
Net position	**(29 294)**	13 396
23. PROVISIONS		
23.1 Long-term provisions		
Warranty	**34 561**	33 609
Restructuring	**60 000**	—
Retirement fund obligations	**20 617**	13 311
	115 178	46 920
23.2 Short-term provisions		
Warranty	**89 765**	70 733
Contract losses and other	**14 391**	18 918
	104 156	89 651

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	R000	R000	**R000**	R000
24. COMMITMENTS				
24.1 Capital expenditure				
Contracts for capital expenditure not provided for in the financial statements	**39 526**	26 447		
Capital expenditure authorised but not contracted for	**4 618**	6 541		
	44 144	32 988		
This expenditure will be incurred in the ensuing year and will be financed from existing cash resources.				
24.2 Amounts outstanding under operating lease agreements				
Payable within the next year:				
property	**64 092**	41 102		
plant, equipment and vehicles	**25 327**	29 126		
	89 419	70 228		
Payable thereafter:				
Property	**199 438**	120 674		
Plant, equipment and vehicles	**172 576**	26 237		
	372 014	146 911		
Total	**461 433**	217 139		
24.3 Contractual obligation until October 2002 to possibly acquire assets which at 28 February 2001 had a premium over market value of	**30 633**	4 221		

25. FOREIGN CURRENCY EXPOSURE

The group has entered into certain forward exchange contracts, which do not relate to specific items appearing on the balance sheet, but were entered into to cover foreign commitments not yet due. The contracts will be utilised for purposes of inventory procurement during 2001/2002.

The net liabilities are as follows:

	2001		2000	
	Foreign amount (000)	**Rand amount (000)**	Foreign amount (000)	Rand amount (000)
British pounds	**7 204**	**81 879**	7 983	81 002
US dollars	**26 298**	**207 439**	26 036	167 125
German marks	**—**	**—**	284	891
French francs	**897**	**4 110**	—	—
Euros	**18 729**	**130 234**	30 700	198 180
Japanese yen	**10 194**	**706**	11 056	640
Austrian schillings	**—**	**—**	386	187
Other	**—**	**5 580**		19 364
		429 948		467 389

26. FINANCIAL INSTRUMENTS

Exposure to currency, interest rate and credit risk arises in the normal course of the group's business. Forward exchange contracts are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates.

The principal or contract amounts of forward exchange contracts outstanding at balance sheet date were:

	GROUP	
	2001 R000	2000 R000
Foreign exchange contracts:		
– to pay	**703 056**	590 739
– to receive	**273 108**	364 995

26.1 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entity's functional currency: purchases, sales and borrowings. The currencies, giving rise to currency risk, in which the group primarily deals are UK pounds, US dollars and euros.

The group entities hedge trade creditors and borrowings denominated in a foreign currency.

26.2 Repricing analyses

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents and long-term liabilities. The interest rates applicable to these financial instruments compare favourably with those currently available in the market. Please refer to note 20 for interest rates applicable to long-term liabilities.

26.3 Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Credit guarantee insurance is taken against appropriate debtors.

Ownership of goods only passes on receipt of payment. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet. The maximum exposure to credit risk arising from derivative financial instruments is as follows:

	GROUP	
	2001	2000
	R000	R000
Amounts receivable under foreign exchange contracts	**273 108**	364 995

26.4 Fair values

The fair values of all financial instruments are substantially identical to carrying amounts reflected in the balance sheet.

27. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions with associates occurred under terms that are no less favourable than those arranged with third parties.

27.1 Associates

Details of investments in associates and joint ventures are disclosed in note 14 and Annexure 2 whilst income is disclosed in note 3.

The group purchased goods to the value of Rnil million (2000: R6 million) from and sold goods to the value of R300,5 million (2000: R290 million) to associates.

The outstanding balances at year end are as follows:

Included in trade and other receivables R47 million (2000: R63 million)

27.2 Subsidiaries

Details of income from and investment in subsidiaries are disclosed in notes 3 and 13 respectively, and in Annexure 1.

27.3 Directors

Details relating to directors' emoluments and shareholdings in the company are disclosed in notes 2 and the directors' report respectively.

27.4 Shareholders

The principal shareholders of the company are detailed in the Analysis of Shareholders on page 22 of the annual report.

27.5 Contingent liabilities and commitments

Details are disclosed in note 24.

	GROUP		COMPANY	
	2001 R000	2000 R000	**2001 R000**	2000 R000
28. CASH GENERATED BY OPERATIONS				
Operating income/(loss)	**627 300**	540 227	**(344)**	(363)
Adjustments for:				
Depreciation	**160 425**	125 557	**—**	—
Cash effect of exceptional items	**(5 856)**	(9 842)	**—**	—
Surplus/(loss) on disposal of fixed assets and investments	**5 687**	(8 217)	**—**	—
Movement in provisions and other non-cash items	**10 912**	(28 534)	**—**	—
Other non-cash movement	**(474)**	(4 120)	**—**	—
Operating income before movements in working capital	**797 994**	615 071	**(344)**	(363)
Increase in inventories	**81 145**	148 078	**—**	—
Increase in accounts receivable	**(425 249)**	(202 602)	**(1)**	4
Increase in accounts payable	**170 103**	4 188	**83**	42
	623 993	564 735	**(262)**	(317)

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	R000	R000	**R000**	R000
29. TAXATION PAID				
Amounts unpaid at beginning of year	**(90 775)**	(220 164)	**—**	(81)
Amounts charged to the income statement	**(184 082)**	(195 603)	**(234)**	19
Relating to acquisitions	**(31 228)**	(3 936)	**—**	—
Amounts unpaid at end of year	**89 585**	90 775	**206**	—
	(216 500)	(328 928)	**(28)**	(62)
30. DISPOSAL OF FIXED ASSETS				
Carrying amount of fixed assets	**76 696**	13 307	**—**	—
Surplus on disposal	**(4 247)**	5 017	**—**	—
	72 449	18 324	**—**	—
31. DISPOSAL OF INVESTMENTS				
Carrying amount of investments	**38 554**	150	**—**	—
Surplus on disposal of investments	**83 978**	6 050	**—**	—
	122 532	6 200	**—**	—
32. ACQUISITION OF SUBSIDIARIES				
Fixed assets	**(117 161)**	(774)	**—**	—
Other investments	**(10 230)**	—	**—**	—
Net working capital	**(131 474)**	(13 472)	**—**	—
Taxation and deferred tax	**(32 894)**	4 958	**—**	—
Provisions	**73 525**			
Net loans	**73 967**	—	**—**	—
Net cash	**(68 870)**	(1 925)	**—**	—
	(213 137)	(11 213)	**—**	—
Outside shareholders' interest	**16 972**	—		
Premium paid	**(75 231)**	(297 488)	**(349 111)**	(2 806)
Deferred purchase price	**—**	25 750	**—**	
Utilisation of investment in associates and subsidiaries	**6 745**	—	**—**	
Cash and cash equivalents paid	**(264 651)**	(282 951)	**(349 111)**	(2 806)

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	R000	R000	**R000**	R000
33. PURCHASE OF OWN SHARES				
Altron ordinary and participating preference shares purchased by subsidiary company	**23 698**	—	**—**	—
Powertech ordinary shares purchased by subsidiary company	**14 091**	—	**—**	—
	37 789	—	**—**	—

Annexure 1

SUBSIDIARIES

	Issued capital	Effective holding		Shares at cost less amounts written off		Net indebtedness	
		2001	2000	**2001**	2000	**2001**	2000
	R	**%**	%	**R000**	R000	**R000**	R000
Allied Technologies Limited (Altech)	525	**54**	54	**43 296**	16 675		—
Altron Finance (Pty) Limited – ordinary shares	5	**100**	100	**235**	235	**(63 218)**	119 993
Altron Finance (Pty) Limited – preference shares				**121 509**			
Altron Investment Holdings (Pty) Limited	—	**100**	100	**20 800**	—	**—**	—
Altron Management Services (Pty) Limited	10	**100**	100	**—**	—	**—**	—
Bilven (Pty) Limited	100	**100**	100	**13 263**	13 263	**—**	121 206
Bytes Technology Group Limited (BTG)	643 103	**54**	20	**466 101**	—	**—**	—
Fintech Limited (Fintech)	6 268	**64**	64	**89 091**	84 032	**—**	—
Power Technologies Limited (Powertech)	2 749	**59**	58	**402 087**	392 386	**—**	—
Other		**50**	50	**125**	125	**—**	—
				1156 507	506 716	**(63 218)**	241 199

Notes: *The above details are given in respect of interest in subsidiaries, where material. A full list of South African subsidiaries is available, on request, at the registered office of the company.*

All subsidiaries are incorporated in South Africa, unless otherwise stated.

Annexure 2

ASSOCIATE COMPANIES AND OTHER INVESTMENTS

	Altron effective interest		Investment at cost less amounts written off		Attributable share of retained income		Indebtedness		Total investment	
	2001 %	2000 %	**2001 R000**	2000 R000	**2001 R000**	2000 R000	**2001 R000**	2000 R000	**2001 R000**	2000 R000
Associate companies										
– Listed										
Voltex Holdings Limited	**20**	20	**131 462**	131 462	**29 455**	15 314	**—**	—	**160 917**	146 776
Other	**—**	—	**51**	—	**—**	—	**—**	—	**51**	—
Total	**—**	—	**131 513**	131 462	**29 455**	15 314	**—**	—	**160 968**	146 776
Market valuation									**123 971**	170 743
– Unlisted										
Aeromaritime International Management Services (Pty) Limited	**50**	50	**2**	2	**1 400**	1 368	**—**	—	**1 402**	1 370
Desta Power Matla Holdings (Pty) Limited (cumulative redeemable preference shares)	**—**	28	**—**	8 928	**—**	1 852	**—**	—	**—**	10 780
Kwezi Investments (SPV) (Pty) Limited (cumulative redeemable preference shares)	**—**		**60 102**	60 102	**—**	—	**4 220**	2 990	**64 322**	63 092
Other	**—**	—	**293**	—	**—**	—	**—**	—	**293**	—
			60 397	69 032	**1 400**	3 220	**4 220**	2 990	**66 017**	75 242
Directors' valuation									**66 017**	75 242
Other investments – unlisted										
Offshore Trust			**—**	15 830	**—**	186 435	**—**	15 000	**—**	217 265
Rethabile Telecoms Investment (Pty) Limited (cumulative redeemable preference shares)	**—**		**60 233**	60 388	**—**	—	**—**	—	**60 223**	60 388
Puisano Investment Holdings (Pty) Limited (cumulative redeemable preference shares)			**—**	1 700	**—**	—	**—**	—	**—**	1 700
Other			**11 501**	4	**—**	—	**2 102**	9 942	**13 603**	9 946
Total			**71 724**	77 922	**—**	186 435	**2 102**	24 942	**73 826**	289 299
Directors' valuation									**73 826**	289 299

Information in respect of interest in equity accounted associates

The group has an effective 20,0% (1999: 17,0%) holding in the listed company Voltex Holdings Limited (Voltex). In addition the group has a shareholders' agreement with The Bidvest Group Limited which also owns approximately 30% of Voltex, which gives Powertech joint but not unfettered control over Voltex. Equity income for the year is based on Voltex's reported results for the 12 months ended 31 December 2000.

The aggregate balance sheets of these associates are as follows:

	28 Feb 2001 (estimated and unaudited) R000	29 Feb 2000 (estimated and unaudited) R000
Non-current assets	**79 697**	87 950
Net current assets (excluding liquid resources)	**376 657**	282 509
Liquid resources	**94 456**	163 700
	550 810	534 159
Shareholders' equity	**520 068**	500 000
Outside shareholders' interest	**30 742**	34 159
	550 810	534 159

Annexure 3

SEGMENT REPORTING BUSINESS SEGMENTS

	Telecom-munications		Electronics		Power electronics		Information technology		Financial services		Corporate and eliminations		Consolidated	
	2001 Rm	2000 Rm	**2001 Rm**	2000 Rm	**2001 Rm**	2000 Rm	**2001 Rm**	2000 Rm	**2001 Rm**	2000 Rm	**2001 Rm**	2000 Rm	**2001 Rm**	2000 Rm
REVENUE														
External sales	**3 176**	2 371	**1 220**	886	**2 495**	2 134	**1 940**	1 509	**177**	117	**(34)**	(46)	**8 974**	6 971
Inter-segment sales	**14**	1	**282**	113	**—**	—	**—**	1	**—**	—	**(296)**	(115)	**—**	—
Total revenue	**3 190**	2 372	**1 502**	999	**2 495**	2 134	**1 940**	1 510	**177**	117	**(330)**	(161)	**8 974**	6 971
RESULT														
Operating income	**227**	172	**115**	53	**109**	127	**81**	133	**57**	51	**38**	4	**627**	540
Dividend income													**22**	41
Interest expense													**(6)**	(15)
Interest income													**65**	97
Interest in net income of associates													**11**	14
Goodwill amortised													**(43)**	—
Exceptional items													**64**	11
Income taxes													**(157)**	(188)
Net income													**583**	500
Segment assets	**1 495**	1 130	**504**	532	**1 378**	1 211	**1 968**	98	**1 022**	1 318	**(376)**	404	**5 991**	4 693
Investments in associates	**—**	—	**—**	—	**210**	214	**—**	—	**—**	—	**12**	8	**222**	222
Consolidated total assets													**6 213**	4 915
Segment liabilities	**1 027**	964	**284**	301	**355**	419	**1 020**	62	**852**	870	**(464)**	(401)	**3 074**	2 215
Capital expenditure	**51**	43	**9**	19	**65**	33	**65**	38			**1**		**191**	133
Depreciation	**42**	41	**14**	12	**52**	49	**51**	1			**1**		**160**	103
Non-cash expenses other than depreciation					**(4)**	6	**—**	—					**(4)**	6

SEGMENTAL ANALYSIS

GEOGRAPHICAL SEGMENTS

Revenue by market

The following table shows the distribution of the consolidated sales of the group by geographical market, regardless of where the goods were produced

	2001 R000	2000 R000
South Africa	**7 346**	6 212
Foreign countries	**1 628**	759
Total	**8 974**	6 971

Analyses of assets by geographical area

The following tables show the carrying amount of segment assets and additions to property, plant and intangible assets by geographical area in which the assets are located.

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2001 Rm	2000 Rm	**2001 Rm**	2000 Rm
South Africa	**4 817**	4 482	**184**	133
Europe	**1 174**	211	**7**	—
	5 991	4 693	**191**	133

Segment revenue and expense

Revenues and expenses that are directly attributable to segments are allocated to those segments. Those that are not directly attributable to segments are allocated on a reasonable basis.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and fixed assets, net of related allowances and provisions. While most such assets can be directly attributable to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities, and consist principally of accounts, wages, and taxes currently payable and accruals.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. These transfers occur at market prices and are eliminated on consolidation.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifty-fifth annual general meeting of shareholders of Allied Electronics Corporation Limited will be held at its corporate headquarters in the Wildman Room, 1st Floor, Altron House, 4 Sherborne Road, Parktown, Johannesburg on Monday 16 July 2001 at 09:00 to conduct the following business:

1. To receive and consider the annual financial statements for the year ended 28 February 2001.

2. To elect directors in accordance with the provisions of the company's articles of association.

3. To confirm the remuneration of non-executive directors for the past financial year.

4. To renew the general authority granted to directors to allot and issue the unissued ordinary and participating preference shares of the company, after providing for the allotment and issue of ordinary and participating preference shares in terms of the company's share schemes, upon such terms and conditions as they in their sole discretion may determine; subject to the provisions of the Companies Act, 1973, as amended, and the requirements of the JSE Securities Exchange South Africa ("JSE").

5. Subject to renewal of the general authority proposed in terms of 4. above and in terms of the Listings Requirements of the JSE, shareholders to grant a waiver in favour of the directors for the allotment and issue of ordinary and/or participating preference shares in the capital of the company for cash other than in the normal course by way of a rights offer or pursuant to the company's share schemes or acquisitions utilising such securities.

   The allotment and issue of shares for cash, as and when suitable situations arise, shall be subject to the following limitations:

   - this authority shall only be valid until the next annual general meeting of the company but shall not endure beyond the period of 15 months from the date set down for the fifty-fifth annual general meeting;
   - a paid press announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one year, 5 percent or more of the number of shares of that class in issue prior to any such issues;
   - that issues in the aggregate in any one financial year shall not exceed 15 percent of the number of shares of any class of the company's issued share capital; and
   - that, in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10 percent of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company.
   - that any such shares so issued for cash shall only be made to the "public" as defined by the JSE and will not result in an affected transaction.

   In terms of the JSE Listings Requirements, the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at this annual general meeting will be required for this authority to become effective.

6. **Special business**

   To consider and if deemed fit, passing, with or without modification the following special resolution.

   Special resolution

   "RESOLVED THAT the company and/or any of its subsidiary companies be and are hereby authorised by way of a general authority, subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE, to acquire ordinary and participating preference shares in its issued share capital from time to time, subject to the following limitations:

- the repurchase of shares will be implemented on the open market;
- this authority shall be valid only until the company's next annual general meeting provided that it will not extend beyond fifteen months from the date this authority is given;
- the share repurchase shall not, in the aggregate in any one financial year, exceed 40 percent of the company's issued share capital, provided that any general share repurchase may not exceed 20 percent of the issued share capital in any one year;
- no repurchase of shares shall be made at a price more than 10 percent above the weighted average value of such shares traded on the JSE, for the five business days immediately preceding the date of purchase."

The reason for the special resolution is to grant a renewable general authority to the directors to acquire ordinary and participating preference shares of the company which are in issue from time to time. The effect of this special resolution is to confer a general authority on the directors of the company and/or any of its subsidiary companies to repurchase ordinary and participating preference shares of the company which are in issue from time to time.

As stated in the Directors' Report, the directors are seeking a renewal of the general authority to provide them with the flexibility to repurchase shares should it be considered in the best interests of the company at any time while the general authority is in place.

Having considered the effect on the company of the maximum repurchase under this authority, the directors are of the opinion that:

- the company and the group will be able in the normal course of business to repay its debts for a period of 12 months from the date of this notice;
- the consolidated assets of the company and the group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the company and the group for a period of 12 months from the date of this notice;
- the share capital and reserves of the company and the group are considered adequate for the period of 12 months from the date of this notice; and
- the working capital of the company and the group are considered adequate for the period of 12 months from the date of this notice.

Ordinary and participating preference shareholders are entitled to attend and speak at the meeting, but only ordinary shareholders are entitled to vote.

Ordinary and participating preference shareholders may appoint a proxy to attend, speak and in respect of an ordinary shareholder, vote in their stead. A proxy need not be a shareholder of the company. Proxy forms should be forwarded to reach the company's transfer secretaries by not later than 09:00 on Friday 13 July 2001. The completion of a proxy form will not preclude a shareholder from attending the meeting.

By order of the board

ALTRON MANAGEMENT SERVICES (PTY) LIMITED
SECRETARIES

per: SANDI LINFORD
GROUP SECRETARY

8 June 2001

DIRECTORATE PROFILES

DR W P (BILL) VENTER O.M.S.G.

Date of birth:

29 July 1934

Qualifications:

DComm (hc); DSc (Eng)(hc); DBA (hc); CEng; Fellow IEE (UK); MIEE (SA); FIAC

Founder of Altron, through Allied Electric in 1965.

Chairman of **Altron** and Alcatel Altech Telecoms. Director of Altech, BTG, Powertech, Telemetrix plc, ABB Powertech Transformers, Aberdare Cables, UEC Multi-Media and Voltex Holdings. Director of Nedcor Bank Limited and Nedcor Limited.

Some 36 years devoted to entrepreneurial endeavours and initiatives in the electronics, telecommunications and power electrical industries, both in South Africa and abroad, firstly as design engineer then marketing manager and thereafter Chief Executive and latterly as Chairman of the Group. Dr Venter has played a significant role in developing the South African electronics and electrical industry into the key component of the national economy that it is today.

I M (ISMAIL) AYOB

Date of birth:

3 January 1942

Qualifications:

LLB (London) Barrister at Law; H Dip Tax Law; H Dip Co Law (Wits)

Titles:

Non-Executive Director of **Altron.**

Director and Chairman of several other South African companies.

Senior partner in the law firm, Ismail Ayob and Partners.

L (LESLIE) BOYD

Date of birth:

3 March 1937

Qualifications:

CEng; Fellow of the Institution of Metallurgists (UK)

Titles:

Non-Executive Director of **Altron**, Altech and Powertech.

Chairman of Altron's Remuneration Committee.

Executive Vice-Chairman of Anglo American plc.

Director of several other major South African companies.

Past President of SEIFSA (1980), founding President of SACOB, past Chairman (1996) of Business South Africa, past President of the South Africa Foundation (1998 and 1999) and a member of the board of the International Iron and Steel Institute and Co-Chairman of the Millennium Labour Council.

M C (MYRON) BERZACK

Date of birth:

30 May 1949

Titles:

Non-Executive director of **Altron** and Powertech

Chairman of Voltex Holdings and Non-Executive director of Amap

31 years experience in the cable manufacturing industry. 8 years experience in the electrical distribution industry.

P M O (PETER) CURLE

(alternate: G J (Deon) Trollope)

Date of birth:

19 May 1946

Qualifications:

MA (Oxon)

Titles:

Director of **Altron**

Altech Executive Director: Corporate Finance

Member of the Altron Executive Committee. Re-joined the group with effect from 1 April 1997, having previously served the group in a senior executive capacity from 1979 to 1986.

Experience:

30 years in merchant banking/corporate finance activities in South Africa and internationally.

D A (BUDDY) HAWTON

Date of birth:

8 July 1937

Qualification:

FCIS

Titles:

Non-Executive Director of **Altron**.

Chairman of the Altron Audit Committee and member of the Altron Remuneration Committee.

Executive Chairman of Kersaf.

Director of Standard Bank Investment Corporation, Liberty Life Association and several other major South African companies.

F (FELICIA) MABUZA-SUTTLE

Date of birth:

3 June 1950

Qualifications:

BA Journalism; MA Mass Communications

Titles:

Non-Executive Director of **Altron**.

Experience:

Business and Communications professional with more than 20 years experience in journalism, marketing, public relations, television production and customer service.

P D (DAVID) REDSHAW

Date of birth:

29 January 1942

Qualifications:

BA (Hons); ACMA

Titles:

Director of **Altron** and non-executive Chairman of Fintech

Chairman and Chief Executive of BTG

Alternate director of Powertech

Member of the Altron Executive Committee.

Experience:

37 years in senior financial and general management positions.

G M (GAVIN) ROCHUSSEN

Date of birth:

25 September 1959

Qualifications:

BComm; BAcc; CA(SA)

Titles:

Chief Financial Officer of **Altron,** Director of Altech, BTG, Powertech, Fintech, Autopage Holdings, UEC Multi-Media and Voltex Holdings.

Alternate Director of Telemetrix plc and Aberdare Cables.

Member of Altron Executive Committee, Chairman of Titan Investment Holdings Limited and Chairman of the Altron Group Pension Fund.

Experience:

Regional chairman of an international practice of business consultants, auditors and corporate advisors. 15 years financial management experience in the corporate environment and consulting to entrepreneurial business enterprises.

DR H A (HAROLD) SEREBRO

(alternate: Advocate DC (Dali) Mpofu)

Date of birth:

12 October 1938

Qualifications:

MB.BCh.; MD (Rand); FRCP (Canada); FACP (USA); Mi.Mkt.M

Titles:

Senior Executive Director of **Altron**.

Director of Altech, Autopage Holdings and BTG.

Experience:

19 years in the electronics industry with the Altron group.

C G (CRAIG) VENTER

Date of birth:

4 July 1962

Qualifications:

BSc (Econ)(UCLA); BA (Psychology)(UCLA); MBA (USC); MSc (Mgmt Science)(USC)

Titles:

Director of **Altron**.

Chief Executive of Altech.

Director of Alcatel Altech Telecoms, Netstar, Autopage Cellular and various other wholly-owned subsidiaries.

Chairman of Autopage Holdings, Arrow Altech Holdings, Alcom Systems, UEC Multi-Media and Keops Isis Industrial Information.

Member of the Altron Executive Committee.

Experience:

14 years in senior management positions in the Altech Group.

R E (ROBERT) VENTER

Date of birth:

7 May 1960

Qualifications:

BSc (Econ)(UCLA); MBA (UCLA) Dean's List

Titles:

Chief Executive of **Altron.**

Director of ABB Powertech Transformers, Altech, BTG, Fintech, Powertech, Telemetrix plc and Voltex Holdings.

Chairman of Aberdare Cables.

Chairman of the Altron Executive Committee.

Experience: Four years merchant banking experience in the United States, latterly as Vice-President, Bear Stearns and Co. Inc. Eleven years experience in senior management positions in the Powertech Group.

P L (PETER) WILMOT

Date of birth:

13 March 1940

Qualifications:

CA(SA)

Titles:

Non-Executive Director of **Altron,** Altech, BTG, Fintech and Powertech.

Member of the Altron Audit Committee.

Former chairman of Deloitte & Touche South Africa having had extensive experience in the accounting and auditing profession.

CORPORATE DATA

Shareholders' Diary

Financial year end	28 February 2001
Annual general meeting	16 July 2001

REPORTS AND FINANCIAL STATEMENTS

Preliminary reports and dividend announcements (published)	9 May 2001
Annual financial statements (mailed to shareholders)	31 May 2001
Interim reports	10 October 2001

DIVIDEND DETAILS

Dividend declared	9 May 2001
Last day to register	25 May 2001
Payable	6 July 2001

Currency

To facilitate the interpretation of this report by readers not familiar with the South African rand, we provide the following conversion guide:

At 28 February 2001, one rand was equal to:

	2001	2000
£	**0,0899**	0,0996
US$	**0,1299**	0,1576
DM	**0,2759**	0,1625
Euro	**0,1410**	0,3178
Fr.F	**0,9251**	1,0298
Yen	**15,2300**	17,2800

Administration

BUSINESS, SECRETARIES AND REGISTERED ADDRESS

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4 Sherborne Road

Parktown 2193

(PO Box 981, Houghton 1460) South Africa

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International 27 11 645-3600

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TRANSFER SECRETARIES

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AUDITORS

KPMG Inc

BANKERS

ABSA Bank Limited

FNB Corporate Bank
(a division of FirstRand Bank Limited)

Nedbank, a division of Nedcor Bank Limited

The Standard Bank of South Africa Limited

JOINT SPONSORS

ENF Sponsors (Pty) Limited

Nedcor Investment Bank Limited

ALTRON ANNUAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2001

Content prepared and compiled by the Altron Secretarial, Group Finance and Corporate Communications Departments

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ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa) (Registration No. 1947/024583/06)

FORM OF PROXY

FOR THE FIFTY-FIFTH ANNUAL GENERAL MEETING – FOR USE BY ORDINARY SHAREHOLDERS

I/We ____

(PLEASE PRINT)

of ____

being the holder(s) of ____________________ ordinary shares in the capital of the company do hereby appoint:

(SEE NOTE 1)

1. ____ or failing him,

2. ____ or failing him,

the Chairman of the annual general meeting as my/our proxy to attend and speak for me/us at the fifty-fifth annual general meeting of the company to be held on Monday 16 July 2001 at 09:00 and at any adjournment thereof, and to vote for me/us on my/our behalf or to abstain from voting as indicated below:

	Number of shares		
	For	**Against**	**Abstain**
1. Annual financial statements			
2. Election of directors – P L Wilmot			
– I M Ayob			
– L Boyd			
– G M Rochussen			
– H A Serebro			
– W P Venter			
3. Remuneration of non-executive directors			
4. Unissued shares			
5. Waiver of pre-emptive rights			
6. Special resolution			

Signed at ____________________ on ____________________ 2001

______________________________ Signature

______________________________ Assisted by me (WHERE APPLICABLE)

NOTES

1. An ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided and any such proxy need not be a shareholder of the company. Should a proxy not be specified, this will be exercised by the Chairman of the annual general meeting.
2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An ordinary shareholder or his proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.
3. If an ordinary shareholder does not indicate on this instrument that his proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the annual general meeting be proposed, the proxy shall be entitled to vote as he thinks fit.
4. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the Chairman of the annual general meeting.
5. This proxy form should be completed and returned to the company's transfer secretaries, Mercantile Registrars Limited, 8th Floor, 11 Diagonal Street, Johannesburg 2001 (PO Box 1053, Johannesburg 2000), so as to reach them by not later than Friday 13 July 2001 at 09:00.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST

ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa) (Registration No. 1947/024583/06)

FORM OF PROXY

FOR THE FIFTY-FIFTH ANNUAL GENERAL MEETING – FOR USE BY PARTICIPATING PREFERENCE SHAREHOLDERS

I/We ____

(PLEASE PRINT)

of ____

being the holder(s) of ____________ participating preference shares in the capital of the company do hereby appoint:

(SEE NOTE 1)

1. ____ or failing him,

2. ____ or failing him,

the Chairman of the annual general meeting as my/our proxy to attend and speak for me/us at the fifty-fifth annual general meeting of the company to be held on Monday 16 July 2001 at 09:00 and at any adjournment thereof.

Signed at ______________________ on ______________________ 2001

______________________ Signature

______________________ Assisted by me

(WHERE APPLICABLE)

NOTES

1. A participating preference shareholder may insert the name of a proxy or the names of two alternative proxies of the participating preference shareholder's choice in the space provided and any such proxy need not be a shareholder of the company. Should a proxy not be specified, this will be exercised by the Chairman of the annual general meeting.
2. A participating preference shareholder or his proxy is entitled to attendance at the annual general meeting, and to speak but not vote thereat in terms of the company's articles of association.
3. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the Chairman of the annual general meeting.
4. This proxy form should be completed and returned to the company's transfer secretaries, Mercantile Registrars Limited, 8th Floor, 11 Diagonal Street, Johannesburg 2001 (PO Box 1053, Johannesburg 2000), so as to reach them by not later than Friday 13 July 2001 at 09:00.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST