

INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2001

	Notes	G R O U P		C O M P A N Y	
		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

		G R O U P		C O M P A N Y	
	Notes	2001 R000	2000 R000	2001 R000	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
	R000	R000	R000	2001 R000	2000 R000
G R O U P					
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
C O M P A N Y					
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

		G R O U P		C O M P A N Y	
	Notes	2001 R000	2000 R000	2001 R000	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

	G R O U P		C O M P A N Y	
	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	—	—
	<u>8 973 640</u>	<u>6 971 569</u>	<u>—</u>	<u>—</u>
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	—	—
	<u>10 233</u>	<u>8 149</u>	<u>—</u>	<u>—</u>
2.2 Directors' emoluments				
<i>Executive directors</i>				
– salaries and bonuses			12 892	11 724
– retirement, medical and other benefits			3 495	2 363
			<u>16 387</u>	<u>14 087</u>
<i>Non-executive directors</i>				
– fees			92	82
Total directors' emoluments			16 479	14 169
Less: paid by subsidiaries			(16 387)	(14 087)
			<u>92</u>	<u>82</u>
Emoluments paid by the company				
Benefits from share options exercised by directors during the year amounted to			2 003	2 621
			<u>2 003</u>	<u>2 621</u>
See also directors' report.				
2.3 Fees payable				
Managerial fees	4 559	5 363		
Technical, consultancy and "know-how"	40 074	41 802		
	<u>44 633</u>	<u>47 165</u>		
2.4 Foreign exchange gains				
Realised	31 034	10 939	—	—
Unrealised	20 173	153	—	—
	<u>51 207</u>	<u>11 092</u>	<u>—</u>	<u>—</u>

	G R O U P		C O M P A N Y	
	2001 R000	2000 R000	2001 R000	2000 R000
2.5 Foreign exchange losses				
Realised	4 314	3 652	—	—
Unrealised	3 185	989	—	—
	<u>7 499</u>	<u>4 641</u>	<u>—</u>	<u>—</u>
2.6 Decrease in provisions	<u>(14 505)</u>	<u>(9 290)</u>	<u>—</u>	<u>—</u>
2.7 Operating lease charges				
Property	64 528	49 353	—	—
Plant, equipment and vehicles	33 358	20 660	—	—
	<u>97 886</u>	<u>70 013</u>	<u>—</u>	<u>—</u>
2.8 Other income				
Government grants and other allowances	14 808	17 839	—	—
2.9 Research and development expenditure	<u>67 446</u>	<u>53 017</u>	<u>—</u>	<u>—</u>
2.10 (Loss)/surplus on disposal of fixed assets				
Property	(393)	—	—	—
Plant, equipment and vehicles	(5 294)	5 017	—	—
	<u>(5 687)</u>	<u>5 017</u>	<u>—</u>	<u>—</u>
3. INVESTMENT INCOME				
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	—	—
	<u>87 938</u>	<u>137 771</u>	<u>90 352</u>	<u>82 349</u>
4. FINANCE COSTS				
Interest paid	<u>5 970</u>	<u>15 158</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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	2000	2001	2000	2001	2000
	R000	R000	R000	R000	R000	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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	G R O U P		C O M P A N Y	
	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		

	G R O U P		C O M P A N Y	
	2001 R000	2000 R000	2001 R000	2000 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)		
	<u>155 402</u>	<u>133 770</u>		
Attributable to outside shareholders	(6 725)	(21 246)		
	<u>148 677</u>	<u>112 524</u>		
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	—		
	<u>(20 330)</u>	<u>(10 751)</u>		
Tax effect of adjustments	(7 690)	(2 163)		
Outside shareholders' interest	23 013	2 323		
	<u>292 598</u>	<u>245 993</u>		
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		
	<u>294 731 602</u>	<u>293 048 077</u>		
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				
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
	<u>88 711</u>	<u>80 664</u>	<u>89 673</u>	<u>80 664</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	Land and buildings R000	Plant and machinery R000	Other fixed assets R000	Total R000
10. FIXED ASSETS				
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.

	G R O U P		C O M P A N Y	
	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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	G R O U P		C O M P A N Y	
	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
			<u>5 000</u>	<u>5 000</u>
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
	<u>96 997 515</u>	<u>96 973 215</u>	<u>1 939</u>	<u>1 939</u>
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	—	—
	<u>192 141 959</u>	<u>190 925 959</u>	<u>19</u>	<u>19</u>
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			<u>—</u>	<u>—</u>
Balance at end of year			<u>728 683</u>	<u>722 953</u>
17.4 Total issued share capital and premium			<u>730 641</u>	<u>724 911</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	C O M P A N Y	
	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

C O M P A N Y

Share Share Total
Scheme Trust 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.

G R O U P

C O M P A N Y

	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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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.

	G R O U P		C O M P A N Y	
	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		
<i>Non-distributable reserves</i>				
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		

				G R O U P	
		Terms of repayment	Rate of interest p.a.	2001 R000	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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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).

	G R O U P	
	2001 R000	2000 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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	G R O U P		C O M P A N Y	
	2001 R000	2000 R000	2001 R000	2000 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		
	<u>44 144</u>	<u>32 988</u>		
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		
	<u>89 419</u>	<u>70 228</u>		
Payable thereafter:				
Property	199 438	120 674		
Plant, equipment and vehicles	172 576	26 237		
	<u>372 014</u>	<u>146 911</u>		
Total	<u>461 433</u>	<u>217 139</u>		
24.3 Contractual obligation until October 2002 to possibly acquire assets which at 28 February 2001 had a premium over market value of				
	<u>30 633</u>	<u>4 221</u>		

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:

	G R O U P	
	2001 R000	2000 R000
Foreign exchange contracts:		
– to pay	703 056	590 739
– to receive	273 108	364 995

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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:

	G R O U P	
	2001 R000	2000 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.

	G R O U P		C O M P A N Y	
	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)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	G R O U P		C O M P A N Y	
	2001 R000	2000 R000	2001 R000	2000 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	—
	<u>(216 500)</u>	<u>(328 928)</u>	<u>(28)</u>	<u>(62)</u>
30. DISPOSAL OF FIXED ASSETS				
Carrying amount of fixed assets	76 696	13 307	—	—
Surplus on disposal	(4 247)	5 017	—	—
	<u>72 449</u>	<u>18 324</u>	<u>—</u>	<u>—</u>
31. DISPOSAL OF INVESTMENTS				
Carrying amount of investments	38 554	150	—	—
Surplus on disposal of investments	83 978	6 050	—	—
	<u>122 532</u>	<u>6 200</u>	<u>—</u>	<u>—</u>
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)	—	—
	<u>(213 137)</u>	<u>(11 213)</u>	<u>—</u>	<u>—</u>
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	—	—	—
	<u>(264 651)</u>	<u>(282 951)</u>	<u>(349 111)</u>	<u>(2 806)</u>

	G R O U P		C O M P A N Y	
	2001 R000	2000 R000	2001 R000	2000 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	—	—	—
	<u>37 789</u>	<u>—</u>	<u>—</u>	<u>—</u>

ANNEXURE TO THE FINANCIAL STATEMENTS

Annexure 1

SUBSIDIARIES

	Issued capital	Effective holding		Shares at cost less amounts written off		Net indebtedness	
	R	2001 %	2000 %	2001 R000	2000 R000	2001 R000	2000 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 TO THE FINANCIAL STATEMENTS

CONTINUED

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

Altron House

4 Sherborne Road

Parktown 2193

(PO Box 981, Houghton 1460) South Africa

Telephone: National (011) 645-3600
International 27 11 645-3600

Telefax: (011) 482-6489

TRANSFER SECRETARIES

Mercantile Registrars Limited

8th Floor

11 Diagonal Street

Johannesburg 2001

(PO Box 1053, Johannesburg 2000) South Africa

Telephone: National (011) 370-500
International 27 11 370-5000

Telefax: (011) 370-5271/2

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

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.