Allied Electronics Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)

Reviewed consolidated annual financial results for the year ended 29 February 2004

Income statement

Figures in Rmillions

	% Change	**2004** (Reviewed)	2003 (Audited)
Revenue		**10,045**	11,397
- Continuing operations	(9%)	10,045	11,034
- Discontinued operations		-	363
Operating income before goodwill amortisation and capital items		**718**	909
- Continuing operations	(11%)	718	807
- Discontinued operations		-	28
- Surplus from Benefit Fund		-	74
Net interest income		**93**	79
Income from associates		**9**	19
Investment income		**26**	17
Income before goodwill amortisation and capital items		**846**	1,024
Goodwill amortised and impaired		**(134)**	(105)
Capital items (Note 1)		**34**	247
Income before taxation		**746**	1,166
Taxation		**(252)**	(288)
Income after taxation		**494**	878
Attributable to outside shareholders		**(152)**	(414)
Attributable earnings		**342**	464
Basic earnings per share (cents)		**125**	**173**
Headline earnings per share (cents)	(7%)	**139**	**149**
Adjusted headline earnings per share (cents)	2%	**139**	**137**
Dividends per share (cents)			
- paid		**43**	**37**
- proposed	21%	**52**	**43**
Weighted average number of shares in issue (millions)			
- ordinary shares		**94**	**94**
- participating preference shares		**179**	**175**

Notes:

1 *Capital items*

	2004	2003
Net gain on disposal of operations	**-**	307
Net loss on disposal of investments	**-**	(20)
Impairment losses	**(10)**	(17)
Net gain/(loss) on partial disposal of interest in subsidiaries	**43**	(25)
Net gain on disposal of property,plant and equipment	**1**	2
	34	247

2 *Reconciliation between earnings and headline earnings*

Income statement Figures in Rmillions

	% Change	2004 (Reviewed)	2003 (Audited)
Attributable earnings		**342**	464
Goodwill amortised and impaired		**134**	105
Capital items - gross		**(34)**	(247)
Share of associates goodwill amortised		**1**	2
Tax effect of above adjustments		**(1)**	(4)
Outside shareholders' interest of adjustments		**(63)**	82
Headline earnings		**379**	402

3 Reconciliation between headline earnings and adjusted headline earnings

	2004	2003
Headline earnings	**379**	402
Surplus on liquidation of group benefit fund	**-**	(74)
Tax effect	**-**	22
Outside shareholders' interest of adjustments	**-**	18
Adjusted headline earnings	**379**	368

The principles applied in determining adjusted headline earnings per share are consistent with those applied in prior years. The directors are of the opinion that the disclosure of adjusted headline earnings per share in the prior year, which is in addition to disclosure required by South African Statements of Generally Accepted Accounting Practice, provides shareholders with a more meaningful assessment of the sustainable earnings of the group.

4 Accounting policies

The annual results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The accounting policies used in the preparation of the annual financial results are consistent with those used in the annual financial statements for the year ended 28 February 2003, except for the following:

- the adoption of AC 133 - C101Financial Instruments In terms of the statement comparative years have not been restated. However the closing balances of financial instruments from the prevous year have been fair valued, resulting in a decrease of R17 million to the group's opening accumulated reserves.

- previously the 50% shareholding in ABB Powertech and Tridonic SA were fully consolidated. Due to changes in circumstances the investments are now proportionately consolidated with effect from 1 March 2003.

5 *It is group policy for a dividend to be declared after the end of the financial year.*

6 *Diluted earnings per share and diluted headline earnings per share are not materially different from basic earnings per share and headline earnings per share respectively.*

Balance sheet		Figures in Rmillions
	2004	2003
	(Reviewed)	(Audited)
Assets		
Non-current assets	**1,604**	1,723
Property, plant, equipment and intangible assets	**678**	666
Net goodwill	**455**	471
Rental finance advances	**189**	286
Associates and other investments	**183**	185
Deferred taxation	**99**	115
Current assets	**4,451**	4,453
Inventories	**905**	1,077
Accounts receivable	**1,542**	1,866
Net cash and cash equivalents	**2,004**	1,510
Total assets	**6,055**	6,176
Equity and liabilities		
Ordinary shareholders' interest	**2,475**	2,267
Share capital, premium and reserves	**2,713**	2,505
Own shares acquired	**(238)**	(238)
Outside shareholders' interest	**1,082**	1,291
Non-current liabilities	**287**	368
Deferred taxation	**31**	33
Current liabilities	**2,180**	2,217
Total equity and liabilities	**6,055**	6,176
Net asset value per share (cents)	**901**	837
Shares in issue at end of period (millions)		
- ordinary shares	**94**	94
- participating preference shares	**180**	177

Statement of changes in equity

Figures in Rmillions

	Share capital	Non-distributable reserve	Distributable reserves	**Total**
Balance at 28 February 2002 (audited)	758	260	1,165	**2,183**
Attributable earnings			464	**464**
Dividend paid			(99)	**(99)**
Net (losses)/gains not recognised in the income statement		(65)	10	**(55)**
Issue of shares	12			**-**
Transfer between reserves		26	(26)	**-**
Balance at 28 February 2003 (audited)	770	221	1,514	**2,505**
Adoption of AC 133 (note 4)			(17)	**(17)**
Attributable earnings			342	**342**
Dividend paid			(117)	**(117)**
Net losses not recognised in the income statement		(18)	-	**(18)**
Issue of shares	19			**19**
Transfer between reserves		(40)	40	**-**
Cash flow hedging reserve		(1)		**(1)**
Balance at 29 February 2004 (reviewed)	789	162	1,762	**2,713**

Cash flow statement

Figures in Rmillions

	2004 (Reviewed)	2003 (Audited)
Operating activities	**778**	710
Cash generated by operations	**778**	1,056
Net investment income	**106**	87
Changes in working capital	**387**	(7)
Taxation paid	**(295)**	(202)
Cash available from operating activities	**976**	934
Dividends paid, including to outside shareholders	**(198)**	(224)
Investing activities	**(310)**	(27)
Financing activities	**68**	(582)
Net cash generated	**536**	101
Cash and cash equivalents - beginning of year	**1,510**	1,444
Translation of foreign cash	**(4)**	(35)
Effect on cash of adopting proportionate consolidation	**(38)**	-
Cash and cash equivalents - end of year	**2,004**	1,510

Segmental analysis

Figures in Rmillions

	2004 (Reviewed)	%	2003 (Audited)	%
Revenue:				
Telecommunications	**3,756**	**37%**	3,859	34%
Electronics & Multimedia	**3,604**	**36%**	4,155	36%
Information technology	**2,848**	**28%**	3,320	29%
Corporate, financial services and eliminations	**(163)**	**(1%)**	63	1%
	10,045	**100%**	11,397	100%
Operating income: *				
Telecommunications	**253**	**35%**	227	25%
Electronics & Multimedia	**229**	**32%**	371	41%
Information technology	**216**	**30%**	217	24%
Corporate and financial services	**20**	**3%**	94	10%
	718	**100%**	909	100%

Operational contribution

Figures in Rmillions

	% held at 2004	2004 (Reviewed)	%	2003 (Audited)	%
Revenue:					
Altech		**4,143**	**41%**	4,056	36%
Powertech		**3,332**	**33%**	4,117	36%
BTG		**2,607**	**26%**	3,035	27%
Corporate and financial services		**(37)**	**-**	189	1%
		10,045	**100%**	11,397	100%
Operating income: *					
Altech		**333**	**46%**	407	45%
Powertech		**207**	**29%**	267	29%
BTG		**185**	**26%**	183	20%
Corporate and financial services		**(7)**	**(1%)**	52	6%
		718	**100%**	909	100%
Headline earnings:					
Altech	**53.4%**	**170**	**45%**	192	48%
Powertech **	**100.0%**	**146**	**38%**	127	31%
BTG	**54.6%**	**56**	**15%**	60	15%
Corporate and financial services	**100.0%**	**7**	**2%**	23	6%
		379	**100%**	402	100%

Notes:

* Operating income is stated before goodwill amortisation and capital items

** Prior year comparitive includes 59.2% of Powertech for four months, wholly owned thereafter.

Supplementary information

Figures in Rmillions

	2004 (Reviewed)	2003 (Audited)
Borrowings	**524**	475
- interest bearing	**521**	445
- non-interest bearing	**3**	30
Capital commitments	**80**	32
Capital expenditure	**220**	202
Contingent liabilities	**27**	15
Depreciation	**129**	162
Lease commitments	**292**	268
Unlisted investments		
- Carrying amount	**183**	185
- Directors' valuation	**287**	185

Allied Electronics Corporation Limited

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
(Share code: ATN) (ISIN: ZAE000029658)
(Share code: ATNP) (ISIN: ZAE000029669)

Consolidated financial results for the year ended 29 February 2004.

Message to our shareholders

Headlines

Adjusted HEPS up by 2%

NAV per share up by 8%

Dividend increased by 21%

Cash balances at R2 billion

Unprecedented BEE activities

Financial overview

The Altron Group posted a satisfactory set of results for the year ended 29 February 2004 despite challenging conditions in some of its market sectors, the continuing effects of a strong rand environment and the ongoing stagnation of the global telecommunications industry. The group's balance sheet remains solid with cash and cash equivalents increasing from R1.5 billion to break through the R2 billion-mark for the first time, enabling the group to take advantage of further acquisition opportunities. This was largely achieved on the back of strong operating cash generation, coupled with significant improvements in working capital management.

Adjusted headline earnings per share increased by 2% rising from 137 cents to 139 cents after excluding the once-off gain from the distribution from the Altron Group Benefit Fund in the previous year. Revenue from continuing operations declined by 9% from R11 billion to R10 billion due to the proportional consolidation of our jointly managed operations for the first time, together with the effect of the strong rand with operating income from continuing operations declining by 11% from R807 million to R718 million.

Operating margins were maintained at levels compared to last year of 7.1%. Net asset value per share rose by 8% to 901 cents from 837 cents, notwithstanding substantial goodwill amortisation during the year. The dividends have been increased by 21% to 52 cents per share from 43 cents per share.

Altech's operations continued to deliver good financial results, with some excellent individual performances, offset by the effect of the appreciating rand on the performance of UEC. Altech's revenue from continuing operations increased by 11% to R4.1 billion with an operating profit of R333 million. This resulted in adjusted headline earnings per share of 302 cents, a reduction of 6% when compared to the prior year. Strong cash generation enabled Altech to build its cash and cash equivalents to R1.5 billion as at 29 February 2004. Altech increased its dividend by 15% to 143.75 cents per share.

The acquisition by Altech of a controlling shareholding in NamITech Holdings Limited (NamITech) for approximately R526 million, announced on 6 May 2003, was approved by the Competition Tribunal at end February 2004. This enabled completion and payment of the NamITech transaction to take place on 5 March 2004. Subsequent to year end Pamodzi Investment Holdings ("Pamodzi") has acquired a 25.01% effective shareholding interest in Altech Data (Pty) Limited (Altech Data), the holding company for Altech's other information technology businesses.

BTG reported a good performance, particularly from local operations, reflecting growth in adjusted headline earnings per share of 27% to 67.9 cents with its board expressing confidence for the year ahead. Effective June 2003, BTG acquired the 50% of Xerox SA that it did not own for a consideration of R235 million. On 1 March 2004 **BTG** welcomed on board an empowerment partner by announcing its agreement with Kagiso Trust Investments (KTI) whereby it acquires a 27% holding in **Bytes SA** for R228 million. BTG declared an increased dividend of 37% amounting to 22 cents per share.

Altron's wholly-owned subsidiary, **Powertech**, posted satisfactory results despite the continued downturn in the telecommunications sector and the strong rand. The Power Electronics businesses continued to perform and make a significant contribution to Powertech's results. **Financial Services** reported broadly neutral results when compared to the prior year which was in line with expectations.

Black Economic Empowerment

One of the key building blocks of Altron's strategy is the group's strong commitment to the national imperatives of transformation and black economic empowerment. This is clearly reflected through the group's involvement in the development of the ICT Charter, where the Working Group is chaired by Altron Executive Director of Corporate Affairs, Adv. Dali Mpofu. During the year under review, our internal BEE Charter, entitled the Altron Transformation Vision 2010, was approved and adopted by the Altech, BTG, Powertech and Altron boards.

Further black economic empowerment partnerships were formed during the year, including the acquisition by the Motoma ICT Group of a 30% stake of Alcom Systems to form a strong business partnership. The black economic empowerment transactions announced subsequent to year end include:

- Pamodzi acquiring a 25.01% effective shareholding interest in Altech Data, the holding company for Altech's other information technology businesses. Pamodzi also acquired an effective 28% shareholding interest in NamITech associated with the Altech acquisition of NamITech.

- Kagiso acquiring a 27% holding in Bytes SA for R228 million. This includes the operations of Bytes Documents Solutions (Xerox); Bytes Specialised Solutions (previously known as National Data Systems); Bytes Communication Systems; Bytes Technology Networks; Bytes Business Solutions and Bytes Software, which will all be housed in a new subsidiary, Bytes Technology Group South Africa (Bytes SA).
- Kagiso acquiring a 25.1% interest in Powertech's subsidiary, Battery Technologies.
- The purchase by the Izingwe Consortium, headed by Sipho Pityana, of a 30% equity holding in Aberdare Cables in a transaction valued at R165 million.

Business activities

Telecommunications

Altron's telecommunications interests represented 35% of total group operating income at R253 million for the year under review compared to 25% at R227 million the previous year. Revenue contribution was at R3.8 billion which formed 37% of the group's total revenue compared to a 34% contribution for the prior year.

Autopage Cellular, one of the largest independent cellular service providers in South Africa, reported an excellent performance. The subscriber base increased to over 560 000 and showed a substantial increase in high-value contract subscribers. Autopage Cellular has ensured that the majority of its airtime profit margin levels are protected going forward after successfully negotiating agreements with South African cellular operators for the renewal of long-term service provider arrangements. These will provide Altech with an appropriate exit mechanism for parts of its business in what could become a potentially challenging cellular market at that time.

Netstar recorded another year of significant growth and maintained its position as the leader in vehicle tracking and recovery in South Africa. New products and service developments are expected to broaden Netstar's penetration in the local market. **Alcom Matomo** (formerly Alcom Systems) experienced a successful year with the highlight being receipt of the award of the contract for the R506 million digital 2-way TETRA-radio project for the South African Police Services in Gauteng.

The continued stagnation in the global telecommunications market impacted **Powertech's** telecommunications activities. **Aberdare Telecom Networks** underwent further rationalisation in order to meet the protracted lower demand from local and international markets. **Lambda Cables** recorded a satisfactory performance while **Aberdare Cables**' offshore operations, **Cables de Comunicaciones, Zaragoza** and **Alcobre** continued to experience difficult market conditions.

Battery Technologies enjoyed success during the year under review and exceeded its profit expectations. An important development for Battery Technologies was the conclusion of an empowerment transaction which resulted in Kagiso Ventures Limited acquiring 20% of Battery Technologies' equity. Post year end this was increased to 25.1%. **Rentech**, our solar-systems business, benefited from greater focus on exports into sub-Saharan Africa through participation in a number of new projects in Gambia, Tanzania, Botswana and Lesotho.

Power Electronics and Multi-media

Altron's power electronics and multi-media sector has reported a contribution of 36% or R3.6 billion to total revenue for the year under review compared to 36% last year. During the year under review, this sector contributed R229 million or 32% to the group's total operating income compared to the 41% for the previous year. Although there was no impact on headline earnings, the reported sales and operating income at **ABB Powertech Transformers** and **Tridonic SA** have been impacted by the move to proportionately consolidate these operations. The impact of the strong rand environment also had a negative effect on **UEC Multi-Media** (UEC).

Aberdare Power Cables reported a strong performance in a competitive market. Continued focus on customer service levels and high-quality products have paid dividends, while business alliances have been further cemented and expanded into Eskom, municipalities, major industries and the mining sector.

The domestic market for power transformers has seen a promising upward trend mainly in the small to medium transformer sector, whilst large transformers produced satisfactory results. Although ABB Powertech Transformers experienced an upswing in orders, there is little doubt that the electrical infrastructure within municipalities is suffering as a result of a lack of maintenance and refurbishment as well as curtailed expansion. Looking forward, this should create an environment for new opportunities. The power distribution transformer business, **Desta Power Matla**, performed well with local demand remaining buoyant.

Powertech's **Industrial Group** continued to perform satisfactorily during the period under review with **Crabtree Electrical Accessories SA**, in particular, reporting good results due to a healthy construction industry benefiting from recent interest rate cuts.

Yelland Control, which specialises in the automation of manufacturing processes, experienced somewhat difficult trading conditions. **Whiteley's,** a supplier of insulation materials to the power and distribution transformer markets, reported good results due to increased electrification demands. Tridonic SA again reported reasonable results despite an extremely competitive environment.

Trading conditions remained difficult for South African exporters over the past year and, as a major exporter, UEC was also affected by the volatile strong rand. While manufacturing volumes were 39% up over the previous year, rand revenues remained flat and margins were impacted. UEC has been restructured to enhance efficiencies and to ensure that it remains competitive in the current strong rand environment. **Arrow Altech Distribution** met its growth and profit targets despite the lowering of its prices throughout the past financial year in line with the strong rand.

Information Technology

Information technology (IT) contributed 28% of Altron's total revenue, compared to 29% for the prior reporting period. This sector contributed 30% to total operating income or R216 million compared to 24% the prior year. Local operations produced significantly improved results. The United Kingdom business environment has shown some improvement, resulting in the BTG UK operations returning to profitability, but much work remains to raise this to acceptable levels.

Significant operational efficiencies have been achieved across a broad front during the year, with most operations realising rationalisation and synergistic savings.

As a result of the conclusion of the **NamITech** transaction, the IT Division of Altech should now record revenue in excess of R1 billion per annum. In parallel with this process, the existing Information Technology Division of Altech was restructured. The acquisition positions Altech at the forefront of the Europay/MasterCard/Visa (EMV) banking transformation process in Africa while enhancing the group's investment in the telecommunications industry via its offerings of pre-paid voucher solutions, cellular (SIM) cards and secure mobile banking solutions.

Financial Services and Corporate

Fintech Receivables 1, the asset-based financing securitisation vehicle, has continued to perform in line with expectations and met all performance parameters set for the structure. The level of new capital financed was 6% lower than the prior year due to the generally lower levels of new business activity. The lower landed cost of imported equipment as a result of the strong rand and the convergence of technology whereby fewer units of lower values are financed, also impacted overall levels of new capital financed. New credit control systems have improved the overall ageing of the leases under management by Fintech.

Outlook

The directors remain confident about the prospects of the group's various businesses. The strength of our group's balance sheet, positions us favourably to take advantage of further investment opportunities that may arise. The South African economy remains strong and the medium-term outlook is positive, which is reflected in increased orders on hand as we enter the new year. Earnings improvement is foreseen during the next financial year.

Dividends

The following dividends are declared in respect of the year ended 29 February 2004:

- ordinary dividend No. 56 of 52.0 cents per share (2003: 43.0 cents); and
- participating preference dividend No. 10 of 52.0 cents per share (2003: 43.0 cents).

The above dividends are payable as follows:	**2004**
Last day for trading to qualify for and participate in the dividend (*cum* dividend)	Friday 25 June
Trading *ex* dividend commences	Monday 28 June
Record Date	Friday 2 July
Dividend payment date (electronic and certificated register)	Monday 5 July

Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker, credited on Monday 5 July 2004.

In the case of certificated shareholders, notice of any change of address of shareholders must reach the transfer secretaries, Computershare Limited, P O Box 16051, Marshalltown 2017, on or before Friday 25 June 2004. Share certificates may not be dematerialised or rematerialised from Monday 28 June 2004 to Friday 2 July 2004, both days inclusive.

On behalf of the board

Dr Bill Venter	Robert Venter	Diane Radley
Chairman	*Chief Executive*	*Chief Financial Officer*

12 May 2004