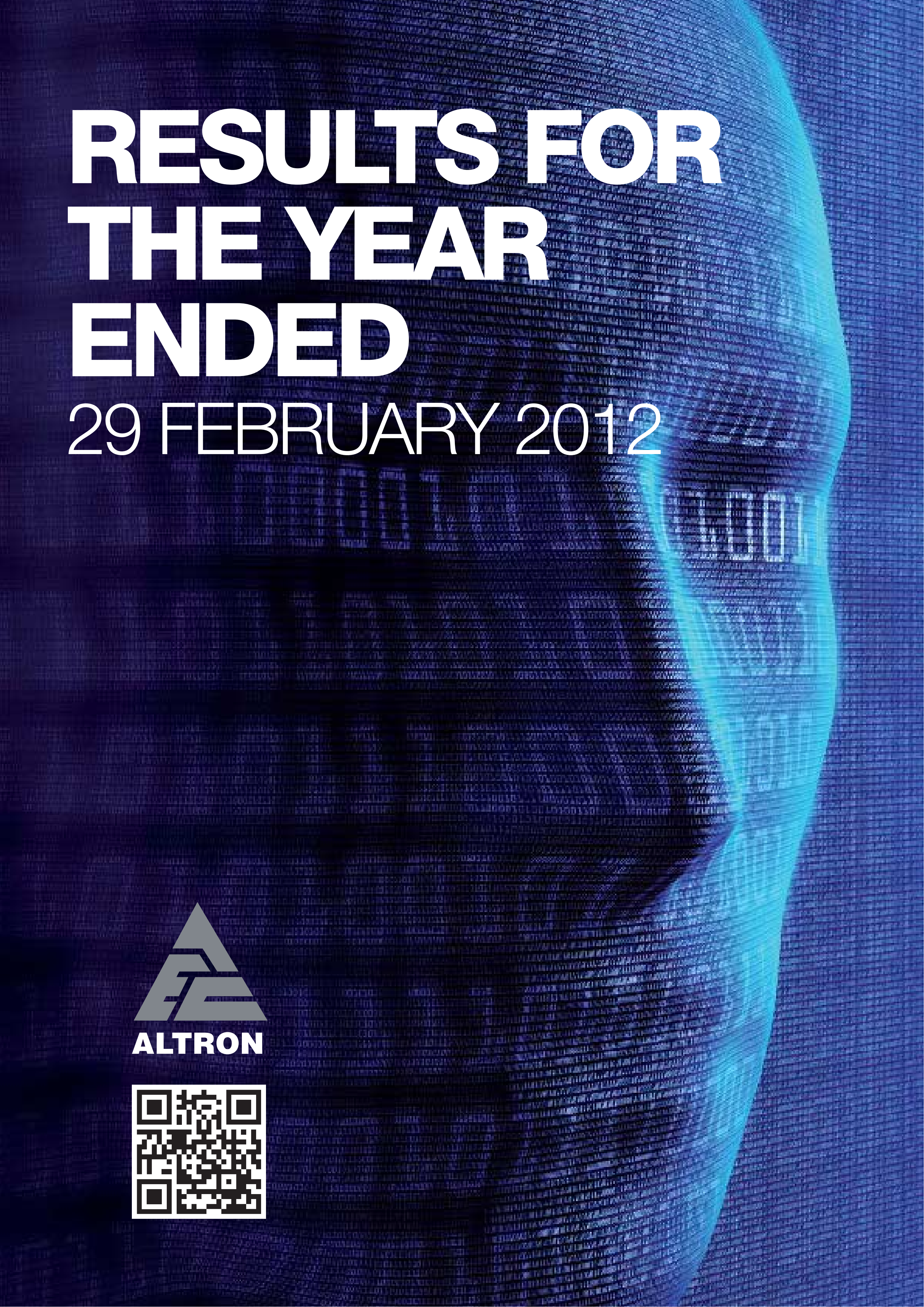
RESULTS FOR THE YEAR ENDED

29 FEBRUARY 2012



ALTRON

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: ZAE000029666

Contents

www.altron.com

Summarised consolidated statement of comprehensive income

R millions	% change	2012 (Audited)	2011 (Audited)
Revenue	3	**23 563**	22 810
EBITDA	(7)	**1 946**	2 099
Depreciation and amortisation		**(562)**	(575)
Operating profit before capital items	(9)	**1 384**	1 524
Capital items (Note 1)		**(900)**	(291)
Result from operating activities		**484**	1 233
Finance income		**71**	64
Finance expense		**(156)**	(163)
Share of (loss)/profit from associates		**(1)**	2
Profit before taxation		**398**	1 136
Taxation		**(477)**	(437)
(Loss)/profit for the year		**(79)**	699
Other comprehensive income/(loss)			
Foreign currency translation differences in respect of foreign operations		**95**	(312)
Effective portion of changes in the fair value of cash flow hedges		**–**	9
Income tax on other comprehensive income		**–**	(2)
Other comprehensive income/(loss) for the year, net of taxation		**95**	(305)
Total comprehensive income for the year		**16**	394
(Loss)/profit attributable to:			
Non-controlling interests		**(253)**	157
Altron equity holders		**174**	542
(Loss)/profit for the year		**(79)**	699
Total comprehensive income attributable to:			
Non-controlling interests		**(212)**	13
Altron equity holders		**228**	381
Total comprehensive income for the year		**16**	394
Basic earnings per share (cents)	(68)	**55**	172
Diluted basic earnings per share (cents)	(68)	**54**	168
Dividends per share paid (cents)		**108**	90
Dividends per share declared (cents)	(15)	**92**	108

Notes

Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the AC 500 series issued by the Accounting Practices Board, the JSE Listings Requirements and the South African Companies Act.

The accounting policies used in the preparation of these results are consistent with those used in the annual financial statements for the year ended 28 February 2011.

This report was compiled under supervision of Mr Alex Smith, CA, Chief Financial Officer, and Mr Arno Geldenhuys, CA(SA), Group Financial Manager.

Report of the independent auditor

The unmodified audit reports of KPMG Inc., the independent auditor, on the annual financial statements and the summarised financial statements contained herein for the year ended 29 February 2012, dated 7 May 2012, are available for inspection at the registered office of the company.

	% change	2012 (Audited)	2011 (Audited)
Headline earnings per share (cents)	(16)	**191**	228
Diluted headline earnings per share (cents)	(16)	**187**	223
Adjusted headline earnings per share (cents)	(15)	**210**	248
Adjusted diluted headline earnings per share (cents)	(15)	**206**	243

R millions	2012 (Audited)	2011 (Audited)
1. Capital items		
Net gain on disposal of property, plant and equipment	**36**	10
Impairment of property, plant and equipment	**(235)**	(14)
Impairment of goodwill	**(412)**	(276)
Impairment of intangibles	**(300)**	(11)
Profit on disposal of subsidiary	**14**	–
Impairment of investment	**(3)**	–
	(900)	(291)
2. Reconciliation between attributable earnings and headline earnings		
Attributable to Altron equity holders	**174**	542
Capital items – gross	**900**	291
Tax effect of capital items	**(10)**	–
Non-controlling interests in capital items	**(461)**	(114)
Headline earnings	**603**	719
3. Reconciliation between attributable earnings and diluted earnings		
Attributable to Altron equity holders	**174**	542
Dilutive earnings attributable to B-BBEE non-controlling interests in subsidiaries	**(4)**	(9)
Dilutive earnings attributable to dilutive options at subsidiary level	**–**	(3)
Non-controlling interests in adjustments	**–**	1
Diluted earnings	**170**	531
4. Reconciliation between headline earnings and diluted headline earnings		
Headline earnings	**603**	719
Dilutive earnings attributable to B-BBEE non-controlling interests in subsidiaries	**(4)**	(9)
Dilutive earnings attributable to dilutive options at subsidiary level	**(10)**	(6)
Non-controlling interests in adjustments	**4**	2
Diluted headline earnings	**593**	706
5. Reconciliation between headline earnings and adjusted headline earnings		
Adjusted headline earnings have been presented to demonstrate the impact of accounting charges on the headline earnings of the group. Headline earnings are reconciled to adjusted headline earnings as follows:		
Headline earnings	**603**	719
Amortisation of intangibles arising on business combinations	**94**	102
Expenses associated with B-BBEE transactions	**6**	4
IFRS 2 charge on B-BBEE transactions	**5**	7
Tax effect of adjustments	**(24)**	(27)
Non-controlling interests in adjustments	**(20)**	(22)
	664	783
6. Reconciliation between diluted headline earnings and adjusted diluted headline earnings		
Diluted headline earnings	**593**	706
Amortisation of intangibles arising on business combinations	**94**	102
Expenses associated with B-BBEE transactions	**6**	4
IFRS 2 charge on B-BBEE transactions	**5**	7
Tax effect of adjustments	**(24)**	(27)
Non-controlling interests in adjustments	**(20)**	(22)
	654	770

Fully diluted earnings, diluted headline earnings and adjusted diluted headline earnings have been calculated in accordance with IAS 33 – Earnings per Share, on the basis that:

- The recognition of the deferred sale of a 30% interest in Aberdare Cables to the Izingwe Consortium based on the assumption that the outstanding purchase price will be settled in cash for R71 million, adjusted for the dilutive effect of the option price at the Aberdare Cables level and after taking into account the 10% investment in the Izingwe Consortium by Power Technologies (Pty) Limited.
- The earnings effect of dilutive options at Allied Technologies Limited level.

7. Acquisitions of subsidiaries

Acquisitions of 100% interest in Security Partnership Limited and HealthOne

During the period the Bytes group acquired two operations, namely Security Partnership Limited and HealthOne, for an aggregate consideration of R96 million, of which R25 million is deferred.

The acquired businesses contributed revenue of R66 million and net profit after tax of R6 million to the group. If the acquisition had occurred on 1 March 2011, group revenue and net profit after tax would have increased by R42 million and R4 million respectively. These amounts have been calculated using the group's accounting policies.

Security Partnership Limited is a UK-based IT security specialist providing secure IT solutions and related managed services to corporate and public sector organisations. The full issued share capital was acquired effective 1 August 2011. HealthOne is an interactive clinical record system that improves practice efficiency and profitability and allows for smooth interoperability and exchange of information within a secure, non-intrusive environment. The operations of HealthOne were acquired effective 31 May 2011.

R millions	Recognised values	Fair value adjustments	Carrying amount
The acquirees' balance sheets at the date of acquisition were as follows:			
Intangible assets on acquisition	–	29	29
Trade and other receivables	15	–	15
Trade and other payables	(15)	–	(15)
Deferred tax	–	(7)	(7)
Tax	(1)	–	(1)
Cash and cash equivalents	16	–	16
Total net assets on acquisition	15	22	37
Goodwill arising on acquisition			59
Total purchase consideration			96
Less deferred purchase consideration			(25)
Consideration paid in cash			71
Less cash and cash equivalents in subsidiaries acquired			(16)
Net cash outflow on acquisitions			55

Acquisitions of 100% interest in Eyenza Mobile Money (Pty) Limited and SetOne GmbH

Effective 1 September 2011 the Altech Group acquired 100% of the issued share capital of Eyenza Mobile Money (Pty) Limited (Eyenza) for R4 million. Eyenza is a wallet-based, mobile money payments system that is targeted at the unbanked population of South Africa and Africa.

The Altech Group signed agreements with SetOne GmbH in August 2011 to acquire 80% of the shares in the company for a maximum purchase price of €3,96 million. In addition, the Altech board approved the exercise of a call option to purchase the remaining 20% of the shares on the same basis as the initial 80%. The call option was exercised on 27 September 2011. The total maximum purchase price for 100% of the shares in the company is €4,92 million (R45 million). €2,52 million was payable in cash upon fulfilment of the conditions precedent and the balance of €2,40 million is payable in terms of an earn-out over three years.

SetOne specialises in the manufacturing, repair and servicing of digital video broadcasting set-top box receivers. It has expertise and key skills in the supply chain design phase and product management of these products. SetOne has built partnerships, including licencing agreements, with key players in the sector's product and services value chain throughout Asia and Europe.

The maximum purchase price is €4,92 million, payable in cash. The purchase price is payable as follows:
- first tranche: €2,52 million (paid in October 2011)
- second tranche: €0,13 million (payable October 2012)
- third tranche: €1,33 million (payable October 2013)
- fourth tranche: €0,94 million (payable October 2014)

The second, third and fourth tranches will be paid in terms of an earn-out mechanism over three years based on after-tax profit targets for the financial years ended/ending February 2012, 2013 and 2014 being achieved.

The acquired business contributed revenue of R83 million and net profit after tax of R9 million to the group. If the acquisition had occurred on 1 March 2011, group revenue and net profit after tax would have increased/(decreased) by R67 million and (R14 million) respectively.

These amounts have been calculated using the group's accounting policies. A purchase price allocation will be performed in the next financial year.

	Recognised values	Fair value adjustments	Carrying amount
The acquirees' balance sheets at the date of acquisition were as follows:			
Property, plant and equipment	7	–	7
Intangible assets	8	–	8
Trade and other receivables	38	–	38
Non-current liabilities	(5)	–	(5)
Trade and other payables	(35)	–	(35)
Bank overdraft	(16)	–	(16)
Total net assets on acquisition	(3)	–	(3)
Goodwill arising on acquisition			56
Total purchase consideration			53
Bank overdraft acquired			16
Less deferred purchase consideration			(28)
Net cash outflow on acquisitions			41

8. Disposals

Disposal of 50.1% shareholding of the group's interest in Battech (Pty) Limited

In September 2011 the group signed agreements to sell 50.1% of its industrial battery business incorporating Battery Technologies, Rentech and Willard Industrial Division to EnerSys for R75 million.

The group now equity accounts for the investment as an investment in associate.

9. Assets and liabilities classified as held-for-sale

On 14 February 2012 the decision was taken to sell Altech West Africa Limited and the operation was subsequently classified as held-for-sale. The net asset value of the operation amounted to R68 million and the operation did not constitute a discontinued operation.

10. Post-balance sheet events

Effective 31 March 2012, Bytes Technology Group South Africa (Pty) Limited acquired the entire issued share capital of Unisys Africa (Pty) Limited ("Unisys Africa") for a cash consideration of R77 million. Unisys Africa provides IT services and technology offerings to customers in sub-Saharan Africa and the net asset value acquired amounted to R55 million.

Identification and valuation of intangible assets arising from the business combination will be performed during the first half of the 2013 financial year.

Summarised consolidated balance sheet

R millions	2012 (Audited)	2011 (Audited)
Assets		
Non-current assets	**4 695**	5 329
Property, plant and equipment	**2 300**	2 413
Intangible assets, including goodwill	**1 732**	2 274
Associates	**74**	10
Other investments	**233**	235
Rental finance advances	**67**	61
Loans receivable	**150**	134
Deferred taxation	**139**	202
Current assets	**7 585**	7 090
Inventories	**2 475**	2 336
Trade and other receivables, including derivatives	**3 872**	3 373
Assets classified as held-for-sale	**135**	–
Cash and cash equivalents	**1 103**	1 381
Total assets	**12 280**	12 419
Equity and liabilities		
Total equity	**5 813**	6 314
Non-current liabilities	**936**	1 020
Loans	**707**	758
Empowerment funding obligation	**47**	72
Provisions	**20**	23
Deferred income	**51**	46
Deferred taxation	**111**	121
Current liabilities	**5 531**	5 085
Loans	**613**	481
Empowerment funding obligation	**24**	17
Bank overdrafts	**550**	128
Trade and other payables, including derivatives	**4 079**	4 049
Provisions	**118**	164
Liabilities classified as held-for-sale	**67**	–
Taxation payable	**80**	246
Total equity and liabilities	**12 280**	12 419
Net asset value per share (cents)	**1 583**	1 607

Segmental report

Segment analysis

The segment information has been prepared in accordance with IFRS 8 – Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments.

The standard requires segmentation based on the group's internal organisation and reporting of revenue and EBITDA based upon internal accounting presentation.

Effective 1 March 2011 Altech Autopage Cellular (APC) purchased the business of Altech Technology Concepts (ATC). APC's revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) thus includes the results of ATC. APC's revenue and EBITDA for the prior year have therefore been restated.

The segment revenue and EBITDA generated by each of the group's reportable segments are summarised as follows:

	Revenue			EBITDA		
R millions	**2012**	**2011**	**Growth Cur/Pyr %**	**2012**	**2011**	**Growth Cur/Pyr %**
Powertech Cables Group	**4 364**	3 904	12	**104**	162	(36)
Powertech Transformers Group	**1 446**	1 305	11	**216**	212	2
Other Powertech Segments	**1 712**	1 905	(10)	**180**	165	9
Powertech Group	**7 522**	7 114	6	**500**	539	(7)
Bytes Technology Group UK Software	**1 168**	1 664	(30)	**37**	47	(21)
Bytes Document Solutions Group	**2 088**	2 036	3	**188**	201	(6)
Other Bytes Segments	**2 838**	2 367	20	**302**	226	34
Bytes Group	**6 094**	6 067	–	**527**	474	11
Altech Autopage Cellular	**6 069**	5 903	3	**266**	294	(10)
Altech UEC Group	**1 187**	1 145	4	**126**	82	54
Altech Netstar Group	**1 008**	944	7	**335**	331	1
Altech Converged Services (International)	**396**	426	(7)	**27**	131	(79)
Other Altech Segments	**1 312**	1 233	6	**165**	234	(29)
Altech Group	**9 972**	9 651	3	**919**	1 072	(14)
Corporate and financial services	**32**	46	(30)	**–**	14	(100)
Inter-segment revenue	**(57)**	(68)				
Altron Group	**23 563**	22 810	3	**1 946**	2 099	(7)

	12 months to 29 Feb 2012	**12 months to 28 Feb 2011**
Segment EBITDA can be reconciled to group operating profit before capital items as follows:		
Segment EBITDA	**1 946**	2 099
Reconciling items:		
Depreciation	**(396)**	(385)
Amortisation	**(166)**	(190)
Group operating profit before capital items	**1 384**	1 524

Summarised consolidated statement of cash flows

R millions	2012 (Audited)	2011 (Audited)
Cash flows from operating activities	**1**	1 077
Cash generated by operations	**1 955**	2 114
Net finance expense	**(86)**	(96)
Changes in working capital	**(725)**	(57)
Taxation paid	**(612)**	(419)
Cash available from operating activities	**532**	1 542
Dividends paid, including to non-controlling interests	**(531)**	(465)
Cash flows utilised in investing activities	**(768)**	(686)
Cash flows from/(utilised in) financing activities	**37**	(307)
Net (decrease)/increase in cash and cash equivalents	**(730)**	84
Net cash and cash equivalents at the beginning of the year	**1 253**	1 174
Effect of exchange rate fluctuations on cash held	**19**	(5)
Cash classified as held-for-sale	**11**	–
Net cash and cash equivalents at the end of the year	**553**	1 253

Operational contribution

R millions			% change	2012	% (Audited)	2011	% (Audited)
Revenue							
Altech			3	**9 972**	42	**9 651**	42
Bytes			–	**6 094**	26	**6 067**	27
Powertech			6	**7 522**	32	**7 114**	31
Corporate, financial services and eliminations				**(25)**	–	**(22)**	–
			3	**23 563**	100	**22 810**	100
Operating profit*							
Altech			(18)	**649**	47	**787**	52
Bytes			12	**424**	31	**378**	25
Powertech			(10)	**314**	22	**348**	23
Corporate and financial services				**(3)**	–	**11**	–
			(9)	**1 384**	100	**1 524**	100
Attributable headline earnings:	**% held at 29 Feb 2012**	% held at 28 Feb 2011					
Altech	**61,5**	61,5	(29)	**208**	34	**292**	41
Bytes	**100,0**	100,0	22	**253**	42	**208**	29
Powertech	**100,0**	100,0	(33)	**125**	21	**187**	26
Corporate and financial services	**100,0**	100,0		**17**	3	**32**	4
			(16)	**603**	100	**719**	100

** Operating profit is stated before capital items*

Supplementary information

R millions	2012 (Audited)	2011 (Audited)
Borrowings	**1 391**	1 328
– interest bearing	**1 076**	970
– non-interest bearing	**244**	269
– B-BBEE funding obligation	**71**	89
Depreciation	**396**	385
Amortisation	**166**	190
Net foreign exchange losses	**21**	36
Capital expenditure	**687**	648
Capital commitments	**161**	163
Lease commitments	**797**	777
Payable within the next 12 months:	**189**	217
– property	**169**	156
– plant, equipment and vehicles	**20**	61
Payable thereafter:	**608**	560
– property	**580**	456
– plant, equipment and vehicles	**28**	104
Unlisted investments (including associates)		
– Carrying amount	**307**	245
– Directors' valuation	**307**	246
Weighted average number of shares (millions)	**316**	316
– Ordinary shares	**102**	102
– Participating preference shares	**214**	214
Diluted average number of shares (millions)	**318**	317
Shares in issue at the end of the year (millions)	**316**	316
– Ordinary shares	**102**	102
– Participating preference shares	**214**	214
Ratios		
EBITDA margin (%)	**8,3**	9,2
ROCE (%)	**19,2**	19,9
ROE (%)	**11,6**	13,6
ROA (%)	**13,2**	14,6
RONA (%)	**19,1**	20,0
Borrowings ratio (%)	**23,9**	21,0
Current ratio	**1.4:1**	1.4:1
Acid test ratio	**0.9:1**	0.9:1

Summarised consolidated statement of changes in equity

R millions	Attributable to Altron equity holders: Share capital and premium	Treasury shares	Reserves	Retained earnings	Total	Non controlling interests	Total equity
Balance at 28 February 2010 (audited)	2 236	(299)	(1 259)	4 067	4 745	1 610	6 355
Total comprehensive income for the year							
Profit for the year	–	–	–	542	542	157	699
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	(168)	–	(168)	(144)	(312)
Effective portion of changes in the fair value of cash flow hedges	–	–	7	–	7	–	7
Total other comprehensive income	–	–	(161)	–	(161)	(144)	(305)
Total comprehensive income for the year	–	–	(161)	542	381	13	394
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	(284)	(284)	(181)	(465)
Issue of share capital	5	–	–	–	5	4	9
Share-based payment transactions	–	–	14	–	14	7	21
Total contributions by and distributions to owners	5	–	14	(284)	(265)	(170)	(435)
Changes in ownership interests in subsidiaries							
Introduction of non-controlling interests	–	–	214	–	214	(214)	–
Total changes in ownership interests in subsidiaries	–	–	214	–	214	(214)	–
Total transactions with owners	5	–	228	(284)	(51)	(384)	(435)
Balance at 28 February 2011 (audited)	**2 241**	**(299)**	**(1 192)**	**4 325**	**5 075**	**1 239**	**6 314**
Total comprehensive income for the year							
Profit for the year	**–**	**–**	**–**	**174**	**174**	**(253)**	**(79)**
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	**–**	**–**	**54**	**–**	**54**	**41**	**95**
Total other comprehensive income	**–**	**–**	**54**	**–**	**54**	**41**	**95**
Total comprehensive income for the year	**–**	**–**	**54**	**174**	**228**	**(212)**	**16**
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Issue of share capital	**3**	**–**	**–**	**–**	**3**	**–**	**3**
Dividends to equity holders	**–**	**–**	**–**	**(341)**	**(341)**	**(190)**	**(531)**
Share-based payment transactions	**–**	**–**	**27**	**–**	**27**	**6**	**33**
Total contributions by and distributions to owners	**3**	**–**	**27**	**(341)**	**(311)**	**(184)**	**(495)**
Changes in ownership interests in subsidiaries							
Buy-back of non-controlling interests	**–**	**–**	**11**	**–**	**11**	**(30)**	**(19)**
Disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Total changes in ownership interests in subsidiaries	**–**	**–**	**11**	**–**	**11**	**(33)**	**(22)**
Total transactions with owners	**3**	**–**	**38**	**(341)**	**(300)**	**(217)**	**(517)**
Balance at 29 February 2012 (Audited)	**2 244**	**(299)**	**(1 100)**	**4 158**	**5 003**	**810**	**5 813**

Message to shareholders

The Altron financial results for the year ended 29 February 2012 are reported in an integrated manner in accordance with the G3 Guidelines of the Global Reporting Initiative (GRI) as recommended by King III, reflecting those issues that are applicable and which materially affect or contribute to the sustainable development of Altron in terms of its financial and non-financial performance.

The majority of the group's businesses performed satisfactorily during the year under review. However, the overall results were negatively impacted by three underperforming businesses namely Altech's operations in East and West Africa, and Powertech's international cable businesses located in Spain and Portugal (Iberia).

Altron's revenue increased by 3% to R23.6 billion when compared to the prior year. Earnings before interest, tax, depreciation and amortisation (EBITDA) declined by 7% to R1,946 million, while operating profit before capital items was 9% lower. Within the group, Bytes again delivered a strong performance with most of its operations achieving good revenue and profit growth. Altech's results were dominated by poor performances in its East and West African operations with significant impairments impacting earnings. However, most of Altech's other businesses performed satisfactorily. The Powertech businesses, with the exception of the Cables group, performed well. The Cables group was negatively influenced by a poor performance at Aberdare International, caused by very difficult economic conditions in Iberia, while the local cable business also fell short of expectations albeit recording a much improved performance in the second half of the year. Consequently, Altron reported a 15% decline in adjusted diluted headline earnings per share for the financial year under review.

External factors

While the South African economy has grown during the past financial year, much of this growth has occurred in the retail sector with more muted growth evident in many other sectors. The effects of the Eurozone-crisis cannot be ignored, particularly the resulting market volatility that was evident in the last quarter of 2011. This resulted in commodity prices and emerging market currencies weakening, but we saw a recovery in January and February 2012 to the levels that existed at the half-year. The stronger currency and commodity prices have had a negative influence on South Africa's export competitiveness.

Despite interest rates remaining relatively low during the period under review, the building and construction sector continued to show no real signs of recovery. Residential property seems to have bottomed out, while the rate of decline in the commercial property sector appears to have slowed with sporadic signs of recovery. However, demand in the electrical infrastructure market remained relatively strong, led by spending by Eskom and certain municipalities. Parastatals in particular are providing encouraging support to locally-based manufacturing operations.

In the telecommunications sector, voice continues to play an important role, though competition is fierce and the Average Revenue per User (ARPU) is declining as a result of lower interconnect fees and a more cost conscious consumer. The real growth area remains the data market although margins have been under pressure over the last year with rapid declines in data package pricing in both the mobile and ISP spaces, locally as well as in the rest of sub-Saharan Africa.

New vehicle sales growth rates continued at strong levels through 2011, but are expected to moderate over the 2012 year. The insurance industry's new focus on telematics (monitoring driver behaviour) is likely to drive a new impetus in the vehicle tracking market.

The set-top box industry expects to benefit from the digital migration in South Africa and the rest of Africa with over 30 million set-top boxes needed on the continent. In addition, there are other global opportunities regarding the switch from analogue to digital broadcasting, particularly in Australia and the wider European market.

The information technology sector continued to show good growth, particularly in the retail and financial services markets, with these continuing their significant technology refresh programmes. This is presenting significant business opportunities, although the competition in these markets is intense. IT is becoming an increasingly important business enabler and the robust demand seen can be attributed partly to the strength of the rand (it is a good opportunity to purchase 'hard currency' priced products) and partly to the fact that no business can afford to delay IT spend for too long.

Financial overview

Income

While Altron's revenue increased by 3% to R23.6 billion from R22.8 billion, EBITDA declined by 7% to R1,946 million from R2,099 million reflecting an EBITDA margin of 8.3%, down from the previous 9.2%. Headline earnings per share declined by 16% to 191 cents, while adjusted diluted headline earnings per share declined by 15% to 206 cents.

Net finance expenses declined to R85 million from R99 million in the prior year as a result of lower average borrowings throughout the year and the benefit of lower interest rates. Capital items increased significantly due to the impairment of goodwill at Altech East and West Africa and the impairment of a substantial portion of the operating asset base in Altech East Africa. The net effect of the aforementioned resulted in the consolidated profit before tax declining by 65% to R398 million.

Due to the substantial impairments, the group incurred a loss after tax of R79 million. This was also impacted by a significant increase in the effective tax rate as a result of non-recognition of various deferred tax assets on losses in the underperforming operations and an increased STC charge on the higher dividends paid.

Adjusted diluted headline earnings per share decreased by 15% with the difference between this measure and headline earnings per share being attributable to various once-off transaction costs and the reduced dilutive effect of the B-BBEE structure at Aberdare Cables.

Cash management

Cash generated by operations of R1,955 million is slightly lower than in the prior year as a result of the reduced profitability levels, while we have also seen an increase in working capital of R725 million due to higher levels of receivables, partly due to strong last quarter sales, as well as increased inventory levels at a number of operations. Cash outflows on taxation were considerably higher than in previous years as a result of timing differences on the payment of tax, resulting in three payments as opposed to the usual two.

Investing activities, which principally related to capital expenditure, were up on the prior year at R768 million. Since 1 March 2011, Altech, predominantly in its East African operations, incurred capital expenditure of R365 million (including intangibles), while there was a further R223 million of capital expenditure within the Powertech group related to the rationalisation of the Aberdare Cables operations as well as the capital expenditure programme at Powertech Transformers.

The R37 million of cash derived from financing activities is predominantly due to the new local financing in Altech East Africa, partially offset by repayments of borrowings in the Bytes and Powertech groups.

Subsidiary review

Subsidiary income and growth

Altech revenue increased by 3% to R9.97 billion from prior year levels while EBITDA declined by 14% to R919 million with the EBITDA margin reducing from 11.1% to 9.2%. Headline earnings per share declined by 29%, while diluted adjusted headline earnings per share declined by 28%. The disappointing performances in the Altech East African and West African operations were offset to an extent by the majority of the remaining business units performing satisfactorily.

Altech Autopage Cellular increased revenue by 3%, but saw a 10% decrease in EBITDA compared to the prior year, which was mainly due to the losses made by Altech Technology Concepts which was merged with the Altech Autopage operations during the year under review. The business has seen ARPUs decline over the last year as a result of price deflation in a highly competitive environment. At 29 February 2012, the subscriber base was 1 031 995, with 91% being post-paid. Mobile and fixed data customer growth increased by 60% and 44% respectively compared to the previous year. The merger of Altech Technology Concepts and Altech Autopage Cellular will enable the entity to offer bundled services, eg converged voice and data to its large client base in the future.

The Altech Netstar group achieved revenue growth of 7%, primarily due to an impressive increase in the subscriber base at its fleet management business while EBITDA increased by 1% over the prior year. The stolen vehicle recovery business continued to perform well and has expanded its product range into insurance telematics through its partnership with Octo Telematics. International expansion and partnerships remain key strategic objectives for Altech Netstar.

Altech UEC's revenue increased marginally, by 4%, while EBITDA increased by a pleasing 54%. This significant improvement in profitability can be attributed to an improved performance out of the manufacturing operation following its move to new premises, the increased focus on software development for broadcasters, as well as the successful conclusion of the SetOne GmbH acquisition in Germany. Prospects for the business look favourable with the benefits of digital terrestrial television still to be realised and a continued focus on moving into the higher value-adding areas of the industry.

Arrow Altech Distribution continued to perform well, increasing revenue by 20% and EBITDA by 13%. It has been able to grow volumes further, notwithstanding the substantial increase achieved last year. This volume growth has primarily been achieved through its entry into the military and aerospace markets.

The Altech IT group improved revenue by 10% but EBITDA declined by 18% primarily as a result of the underperformance of its West African business which was affected by low margins on paper pre-paid recharge vouchers as well as a delay in orders for the supply of plastic chip card products to financial institutions. A decision has been made to dispose of this operation after impairing its goodwill amounting to R243 million. Altech Isis performed satisfactorily, and much focus is going into further diversifying its customer base. Altech Card Solutions continues to perform well on the back of good EFTPOS terminal sales, as well as good progress on the e-Security product ranges. Altech Swisttech, a recent acquisition, performed adequately, although it experienced margin pressures and the cancellation of a major project.

The Altech Converged Services International group reported extremely disappointing results with revenue declining by 7% and EBITDA by 79%. As a result it was necessary to impair the remaining goodwill, the intangibles and a portion of the property, plant and equipment amounting in total to R589 million (2011: R250 million). The investment is undergoing a period of consolidation and there will be significant challenges in improving its performance, particularly in the short term. A new management team has been appointed to resolve the existing operational and financial difficulties while there is increasing focus on network reliability, client requirements and relationships. Several key projects, notably the Nairobi data centre and the Kampala-Kigali fibre link, have recently been completed and are now generating revenue. Unfortunately these achievements have been offset by the recent loss of a key customer. A key objective and focus of management is to significantly increase revenue-generating traffic on the network.

Altech's return on equity declined to 21.2% as a result of the additional investments into the East African businesses as well as the reduced profitability of the group. Return on capital employed increased to 29.6% during the year under review.

The group's prospects will be greatly influenced by its ability to improve the results out of East Africa, which is viewed as a medium-term process, and the disposal of the West African operation. Nevertheless, the South African businesses remain strong and are well positioned to continue to deliver positive results.

Bytes reported good results and although revenue was flat at R6.1 billion, EBITDA grew impressively by 11% to R527 million with the EBITDA margin improving from 7.8% to 8.6%. Headline earnings for the Bytes group improved by a pleasing 22% to R253 million with the majority of operations performing commendably.

The one exception was Bytes Document Solutions' South African operations which reported no growth in revenue and EBITDA down by 11%. While the core Xerox business performed satisfactorily, both LaserCom and NOR Paper recorded disappointing performances. The closure of certain non-performing areas of the business as well as management changes will help reposition these businesses, and should see them produce more acceptable returns in the coming year.

Bytes Managed Solutions again produced an exceptional performance with significantly higher NCR equipment sales positively influencing revenue and EBITDA, which increased by 18% and 19% respectively. The business has been extremely successful in the last few years in both the retail and financial services markets, recently winning a key contract to refresh all of ABSA's ATMs over the next three years.

Bytes Systems Integration produced record results, with its African operations contributing substantially to the improvement in overall profits. Revenue increased by 19% and EBITDA by 27%. This business' outlook is promising and acquisition opportunities to enhance current offerings are being evaluated.

Bytes People Solutions performed well with revenue and EBITDA increasing at 15% and 17% respectively. The business won two key awards, namely the Best Sun Trainer for Oracle SA Award and the Best Overall Partner for Oracle in South Africa Award and has become a reliable supplier of 'learnerships' to corporate South Africa.

Bytes Connect saw a significant improvement in its EBITDA margins during the past year as it realised the benefits of the rationalisation of three operations into one. Revenue remained flat while EBITDA increased by an exceptional 128%. The outsourcing and networking businesses performed in line with expectations and the I-Contact business (previously Intelleca) delivered a pleasing contribution with a much reduced cost base after securing a number of new accounts.

Bytes Healthcare Solutions increased revenue by 5% and EBITDA by 10% which is pleasing considering it is already the industry's largest player. This was achieved through strong cost control and the business is in the process of repositioning itself through various new initiatives.

The Bytes UK operations delivered good results. While they experienced a 21% decline in revenue, EBITDA increased by 12%. This decline in revenue was attributable to the non-recurrence of some £57 million of revenue for Microsoft licenses from the UK's National Health Service (NHS). Excluding the NHS contribution in the prior year, revenue in the underlying business increased. The increase in profitability was due to an excellent contribution from the Document Solutions side of the business which was recognised by Xerox as the leading reseller in the UK and which more than doubled its EBITDA. Profitability was also assisted by the newly acquired Security Partnerships Limited, a business that distributes and provides services in the security software area. The acquisition is performing well against expectations and operates at attractive margins in a strong growth area within the IT sector.

Bytes has significantly improved its returns in the last 12 months due to strong cost control and an improved performance across its entire portfolio of businesses. ROE improved from 20.3% to 22.0%, while ROCE moved from 23.8% to 25.5%.

Bytes' prospects are viewed as positive as it builds on the momentum created over the last two years and its position as the largest South African-owned IT group. A new government sales team has been created which, together with the acquisition of Unisys Africa, an active participant in the public sector, hope to assist Bytes in penetrating this market in the medium term. Bytes is also actively pursuing various potential acquisition opportunities that will complement its current businesses.

Powertech revenue increased by 6% to R7.5 billion, while its EBITDA reduced by 7% to R500 million with the EBITDA margin declining from 7.6% to 6.7%. Headline earnings for the Powertech group declined by 33% due to a significantly higher effective tax rate as a result of non-recognition of various deferred tax assets on losses in underperforming operations as well as the non-recurrence of a large tax overprovision in the prior year. The majority of Powertech's businesses performed well during the year. The decline in profitability is mainly due to the weak demand in the Iberian segment of the Cables group. Excluding the Cables group, Powertech's EBITDA increased by 5%.

The Powertech Cables group experienced a 12% increase in revenue with revenue growth of around 17% in the South African operations offset by an 8% decline in the international operations. EBITDA declined by 36% as a result of the Iberian operations incurring significant losses. Both the Portuguese and Spanish economies are experiencing extremely difficult times, particularly given the focus on austerity measures in those countries. Aberdare Cables' operations in these territories are in the process of reviewing their business models and expanding their customer bases, focusing on export markets. The local operations growth in revenue principally came from a higher copper price and improved aluminium sales. The 5% decline in EBITDA levels was mainly driven by its poor performance in the first six months, which included the impact of the labour strikes in July. The business had an improved second half of the year with more consistent levels of revenue and gross profit.

The Powertech Transformers group produced a pleasing 11% increase in revenue and a 2% growth in EBITDA compared to the prior year. The Power division performed extremely well during the year off the back of increased capital expenditure by Eskom and the award of certain municipal tenders. The Distribution division performed satisfactorily, particularly when taking into account its exposure to the local building and construction industry. A new division for switchgear was established during the year and the first sales of these new products were recognised in the fourth quarter.

The Powertech Batteries group delivered a good performance despite an overall decline in revenue of 8%. This decline was largely attributable to 50.1% of the industrial side of the business being sold to Enersys in October 2011 and results in this part of the business now being equity accounted. The remaining automotive business had an excellent year. Overall EBITDA increased by 27%, reflecting continuing efficiency improvements in the manufacturing operations and a strong sales performance.

The Powertech Industrial group has now been restructured, with Strike moving to the Services group and Calidus to the Transformers group. Furthermore, the Crabtree sales operations have been combined with Aberdare in the Cables group. The remaining businesses performed in line with expectations.

Powertech System Integrators experienced a 7% increase in revenue over the prior year and a 30% increase in EBITDA, reflecting an upturn in the performance of Powertech IST. IST Data benefited from the continued delivery of a large Mobility contract and Otokon and the IST Energy division also exceeded expectations. Challenges remain in the Industrial and Telecoms business units as a result of project delays.

Powertech recently created an Africa division which is focused on providing an integrated power technologies solution into Africa. Powertech has, through its individual operations, been servicing African markets for many years, but it is believed that a consolidated approach will differentiate its product and services offering and increase competitiveness. The division is able to supply the full spectrum of products and services required in an infrastructure development project, from design to manufacturing and project management.

Powertech's ROE and ROCE continue to depress the group's overall return levels, primarily as a result of the under- performance of the Cables group. ROE declined to 4.9% while ROCE was 9.8%.

Powertech's prospects appear reasonable considering that there is continued emphasis on infrastructure spend in the country and good support from state-owned entities for local manufacturing operations. A key focus will be on improving the performance of its Iberian operations.

Corporate activity

The following transactions were concluded during the year under review:

- With effect from 1 March 2011, Altech entered into an agreement with a broad-based black economic empowerment group in terms of which the Southern Palace Group of Companies acquired an effective 25% plus one share equity holding in Altech Radio Holdings which had acquired the South African operations of Altech Alcom Matomo, Altech Alcom Radio Distributors and Altech Fleetcall. The vendor financed value of the assets concerned amounted to R405 million.
- Altech acquired the 25% equity interest of Pamodzi Investment Holdings (Pty) Limited in Altech Information Technologies (Pty) Limited, the holding company for Altech's information technology sub-group, effective 1 July 2011 for R37,5 million.
- Altech entered into a strategic collaboration with Intel Capital to accelerate the adoption of broadband services in Africa in the telecommunications, multimedia and IT sectors. The transaction included the investment by Intel Capital of US$5 million by way of a convertible loan at a fixed interest rate, convertible into Altech ordinary shares, at Intel Capital's election, after the first anniversary thereof.
- With effect from 1 August 2011, Bytes UK acquired 100% of the issued share capital of Security Partnership Limited, a company involved in the distribution of security software, for an upfront payment of £5 million, with the balance of up to £2 million being paid on achievement of certain earn-outs over the next two years.
- Altech acquired 100% of the equity in Eyenza Mobile Money (Pty) Limited, an e-wallet based payments system, for a nominal amount. The transaction was effective 1 September 2011.

- With effect from 1 September 2011, Altech entered into an agreement with a broad-based black economic empowerment group whereby a consortium led by Power Matla acquired an effective 25% plus one share equity holding in Altech UEC's African operations. The total value of the assets involved in this transaction was R509 million. Altech UEC's international business, outside of Africa, and its intellectual property rights have been retained by Altech.
- Powertech entered into a Joint Venture with EnerSys, by selling 50.1% of its industrial battery business incorporating Battery Technologies, Rentech and Willard Industrial division to EnerSys. The transaction was effective from 3 October 2011.
- Altech acquired 100% of SetOne GmbH, a German supplier of digital video broadcasting (DVB)-based products and solutions company. The acquisition involves an immediate cash outlay of approximately €2,52 million, followed by three annual payments totalling a maximum of approximately €2,34 million, linked to the achievement of specified profit levels by SetOne. This transaction was effective from 1 October 2011.

Corporate activity after the year-end

With effect from 1 April 2012, Bytes South Africa acquired 100% of the issued share capital of Unisys Africa, from Unisys Corporation and a local empowerment company, CyberKnowledge Systems Investments, for a purchase price of R77 million. The acquisition will provide the possibility for synergies and economies of scale between Unisys Africa's operations and the greater Bytes group.

Transformation

Altron's progress in terms of its broad-based black economic empowerment targets is ahead of schedule with the Altron group having achieved its Transformation Vision 2012 targets a year ahead of schedule. The most recent verifications provided by rating agencies confirmed Bytes as a level 2 contributor and both Powertech and Altech as level 3 contributors. The group's strategy in terms of transformation beyond 2012 is currently being formulated, with the focus being on the development, empowerment and retention of employees.

The environment

Altron continued to expand and build on its various environmental and sustainability initiatives during the year. An in-house data monitoring system was rolled out in October 2011 to improve the accuracy, reliability and consistency of environmental data. As part of the monitoring exercise, Altron will also be setting water and waste reduction targets in 2012 and considering the impact of the proposed new carbon tax.

The group participated in the Carbon Disclosure Programme (CDP) and was one of only five South African operations that voluntarily participated in the 2011 Water CDP project.

An extensive, internal and external stakeholder engagement process was initiated in September 2011 as part of an update to the group's sustainable business strategy. This overall review has led to a more simplified and consolidated strategy for the group going forward.

Corporate governance

The Altron group continues to enhance its governance structures and processes in accordance with international best practice and the recommendations set out in King III. During the year under review, Altron again achieved platinum status as awarded by Corporate Governance Accreditation in recognition of its corporate governance practices and procedures implemented throughout the company. Aside from having a non-executive chairman and lead independent director, 11 of the 16 directors on the Altron board are non-executive directors of which eight are classified as independent directors. Further to our SENS announcement published in May 2010, we continue to co-operate with the Competition Authorities regarding their investigations into alleged prohibited practices by Aberdare Cables and other competitors in the power cable market.

Outlook

As has been the case for the past 18 months, the focus of the group remains on profitable revenue growth, which is proving challenging in the current economic environment. At the same time, the necessary attention will continue to be focused on cost control as well as improving working capital management.

In the past year most of Altron's local businesses continued to perform well, while many of its international operations (excluding the UK operations) significantly underperformed. As a result, Altron's renewed focus will be on turning these businesses around, particularly Altech's East African and Powertech's Iberian cable operations.

There are however some significant business opportunities on the horizon including the convergence of various technologies, Bytes' acquisition strategy and the recovery of the building and construction sectors.

Directorate

On 19 May 2012, Mr Peter Curle will be retiring as a non-executive director of the company after 18 years of service on the board. Notwithstanding Peter's retirement from the Altron board, he will continue serving as a non-executive director on the Allied Technologies Limited (Altech) board and will consult to the wider Altron group on corporate finance-related matters.

Following 16 years of loyal service to the Altron group, seven of which was as an executive director of Altron, Mr Norbert Claussen, Chief Executive Officer of Powertech, resigned from his position at Powertech and as an executive director of Altron with effect from 30 June 2012 to take up an opportunity to become a shareholder in a business unrelated to Altron.

Mr Peter Wilmot will be retiring from the Altron board effective 20 July 2012. Mr Wilmot joined the Altron board in 2001 in the capacity of independent, non-executive director. He served as Chairman of the company's audit committee as well as a member of the remuneration committee and the risk management committee.

On 1 June 2012, Mr Grant Gelink will join the Altron board as an independent non-executive director. Grant is the current Chief Executive of Deloitte & Touche Southern Africa, from where he will be retiring on 31 May 2012. In addition to serving on the Altron risk management committee, Grant will be appointed as the Chairman of the Altron audit committee with effect from 21 July 2012.

The board wishes to express its gratitude to Messrs Curle, Claussen and Wilmot for their many years of devoted service and commitment towards the Altron group and welcomes Mr Gelink to the board.

Acknowledgements

The board would like to express its appreciation to all of its customers, staff, business partners, shareholders and other stakeholders for their support during the past year and for their continued belief in the future sustainability of the group and its strong underlying businesses.

Dividends

Notice is hereby given that on Monday, 7 May 2012, Altron declared an ordinary dividend (number 64) of 92 cents per ordinary share (2011: 108 cents) and a participating preference dividend (number 18) of 92 cents per participating preference share (2011: 108 cents) for the period 1 March 2011 to 29 February 2012, payable on Monday, 2 July 2012 to holders of the ordinary and participating preference shares recorded in the share register of the company at close of business on Friday, 29 June 2012.

The dividends have been declared out of income reserves and will be subject to dividends tax. The local dividends tax rate is 15%. The company has no secondary tax credits available.

Accordingly, the net local dividend amount is 78 cents per ordinary and participating preference shares for shareholders liable to pay the new dividends tax and 92 cents per ordinary and participating preference shares for shareholders exempt from paying the new dividends tax.

In terms of the dividends tax legislation, the dividends tax amount due will be withheld and paid over to the South African Revenue Service (SARS) by a nominee company, stockbroker or Central Security Depository Participant (CSDP) (collectively "Regulated Intermediary") on behalf of shareholders. However, all shareholders should declare their status to their Regulated Intermediary, as they may qualify for a reduced dividends tax rate or they may even be exempt from dividends tax.

Altron's issued share capital at the declaration date is 105 669 131 ordinary shares and 241 456 241 participating preference shares. Altron's tax reference number is 9725/149/71/1.

In compliance with the requirements of STRATE, the following dates are applicable:

Last day of trading to qualify for and participate in the dividend (*cum* dividend)	Friday, 22 June 2012
Trading *ex* dividend commences	Monday, 25 June 2012
Record date	Friday, 29 June 2012
Dividend payment date (electronic and certificated)	Monday, 2 July 2012

Dividend cheques in payment of these dividends to certificated shareholders will be posted to shareholders on or about Monday, 2 July 2012. Electronic payment to certificated shareholders will be undertaken simultaneously.

Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 2 July 2012.

In the case of certificated shareholders, notice of any change of address of shareholders must reach the transfer secretaries, Computershare Investor Services (Pty) Limited, on or before Friday, 22 June 2012. Share certificates may not be dematerialised or rematerialised from Monday, 25 June 2012 to Friday, 29 June 2012, both days inclusive.

In accordance with the company's memorandum of incorporation, dividends amounting to R30.00 or less due to any one holder of the company's ordinary or participating preference shares, held in certificated form, will not be paid, unless otherwise requested in writing, but will be aggregated with other such amounts and be donated to a charity nominated by the directors.

Annual general meeting

Altron's 66th annual general meeting will be held in The Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Friday, 20 July 2012 at 09:30. Further details on the company's annual general meeting will be contained in Altron's annual and statutory report to be posted to shareholders on or about 1 June 2012.

On behalf of the board

Dr Bill Venter	**Robert Venter**	**Alex Smith**
Chairman	Chief Executive	Chief Financial Officer

8 May 2012

Corporate information

Board of directors

Independent non-executive:

Mr NJ Adami
Mr MJ Leeming
Dr PM Maduna
Ms BJM Masekela
Ms DNM Mokhobo
Mr JRD Modise
Mr SN Susman
Mr PL Wilmot

Non-executive:

Dr WP Venter (Chairman)
Mr MC Berzack
Mr PMO Curle*

Executive:

Mr RE Venter (Chief Executive)
Mr RJ Abraham
Mr N Claussen
Mr AMR Smith*
Mr CG Venter
* British

Secretaries:

Altron Management Services (Pty) Limited
– Mr AG Johnston (Group Company Secretary)

Sponsor:

Investec Bank

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