



(Incorporated in the Republic of South Africa)
 (Registration number 1947/024583/06)
 ISIN: ZAE000029658
 JSE Code: ATN

Abridged consolidated interim financial results for the six months ended 31 August 2002

- Revenue up 24% ↑
- Operating Income up 24% ↑
- Headline earnings per share up 15% ↑
- Net asset value per share up 34% ↑

Income statement

Figures in R000

	% Change	Six months ended 31.08.02 (Unaudited)	Six months ended 31.08.01 (Unaudited)	Year ended 28.02.02 (Audited)
Revenue	23.8	6,200,361	5,008,111	9,899,547
- Continuing operations		5,894,192	4,633,978	9,405,030
- Discontinued operations		306,169	374,133	494,517
Operating income	23.6	406,920	329,336	762,876
- Continuing operations		386,236	331,652	751,000
- Discontinued operations		20,684	(2,316)	11,876
Net interest income		43,812	38,066	68,965
- Continuing operations		43,542	27,895	52,677
- Discontinued operations		270	10,171	16,288
Income from associates		464	9,498	23,990
investment income		3,369	6,341	22,329
Income before goodwill amortisation and exceptional items	18.6	454,565	383,241	878,160
- Continuing operations		433,611	375,386	849,996
- Discontinued operations		20,954	7,855	28,164

Goodwill amortised		(31,687)	(51,065)	(48,550)
Exceptional items (note 1)		301,941	(6,862)	(83,923)
- Continuing operations		301,941	(6,862)	(31,101)
- Discontinued operations		-	-	(52,822)
Income before taxation	122.8	724,819	325,314	745,687
- Continuing operations		703,865	317,459	770,345
- Discontinued operations		20,954	7,855	(24,658)
Taxation		145,582	103,407	195,371
- Continuing operations		139,346	94,294	166,991
- Discontinued operations		6,236	9,113	28,380
Income after taxation	161.0	579,237	221,907	550,316
- Continuing operations		564,519	223,165	603,354
- Discontinued operations		14,718	(1,258)	(53,038)
Attributable to outside share holders		(270,401)	(118,384)	(242,309)
- Continuing operations		(258,784)	(111,304)	(277,206)
- Discontinued operations		(11,617)	(7,080)	34,897
Attributable earnings	198.3	308,836	103,523	308,007
- Continuing operations		305,735	111,861	326,148
- Discontinued operations		3,101	(8,338)	(18,141)
Basic earnings per share (cents)	214.4	114.9	36.5	111.9
Headline earnings per share (cents)	15.0	59.0	51.3	129.5
- Continuing operations		57.9	54.3	131.5
- Discontinued operations		1.1	(3.0)	(2.0)
Weighted average number of shares in issue (000)				
- ordinary shares		93,914	95,479	94,689
- participating preference shares		174,925	187,832	180,519

Notes:

1. Exceptional items

Net surplus/(loss) on disposal of operations	322,329	33,966	(22,471)
Net surplus/(loss) on disposal of investments/property	-	3,554	(30,025)
Impairment losses	(20,264)	(11,275)	4,488
Settlement of obligation to acquire assets at a premium over market value	-	(38,600)	(36,400)
Other	(124)	5,493	485
	301,941	(6,862)	(83,923)

2. Reconciliation between earnings and headline earnings

Attributable earnings	308,836	103,523	308,007
Goodwill amortised	31,687	51,065	48,550
Exceptional items - gross	(301,941)	6,862	83,923
Tax effect of above adjustments	-	(2,881)	(13,237)

Outside shareholders' interest	120,110	(13,278)	(70,954)
Headline earnings	158,692	145,361	356,289
- Continuing operations	155,591	153,699	361,937
- Discontinued operations	3,101	(8,338)	(5,648)

3. The unaudited interim financial results have been prepared in accordance with South African statements of Generally Accepted Accounting Practice. The accounting policies used in the preparation of the unaudited interim financial results are consistent with those used in the annual financial statements for the year ended 28 February 2002.

4. 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.

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

Balance sheet

Figures in R000

	Six months ended 31.08.02 (Unaudited)	Six months ended 31.08.01 (Unaudited)	Year ended 28.02.02 (Audited)
Assets			
<i>Non-current assets</i>	2,269,464	2,225,941	2,302,110
Fixed assets	673,902	649,743	701,845
Net Goodwill	238,500	198,545	265,109
Advance to rental finance customers	1,103,644	966,028	1,041,833
Investments and loans	142,048	342,793	166,539
Deferred taxation	111,370	68,832	126,784
<i>Current assets</i>	4,996,746	3,937,230	4,678,233
Inventories	1,167,434	1,039,937	1,106,345
Accounts receivable	2,590,157	1,806,063	2,127,642
Net cash and cash equivalents	1,239,155	1,091,230	1,444,246
<i>Total assets</i>	7,266,210	6,163,171	6,980,343
Equity and liabilities			
<i>Ordinary shareholders' interest</i>	2,213,158	1,631,482	1,945,075
Shares capital, premium and reserves	2,451,445	1,854,972	2,183,362
Own shares acquired	(238,287)	(223,490)	(238,287)
<i>Outside shareholders' interest</i>	1,197,839	1,625,580	1,635,780
<i>Non-current liabilities</i>	1,030,650	819,438	892,303
Deferred taxation	54,169	53,476	49,524
<i>Current liabilities</i>	2,770,394	2,033,195	2,457,661

<i>Total equity and liabilities</i>	<u>7,266,210</u>	<u>6,163,171</u>	<u>6,980,343</u>
Net asset value per share (cents)	820.4	612.7	725.1
Shares in issue at end of period (000)			
- ordinary shares	93,928	93,875	93,902
- participating preference shares	175,844	172,424	174,344

Statement of changes in equity

Figures in R00

	Share capital	Non-distributable reserve	Accumulated reserves	Total
Balance at 28 February 2001 (audited)	<u>730,641</u>	<u>137,250</u>	<u>931,052</u>	<u>1,798,943</u>
Attributable to shareholders	-	-	103,523	103,523
Dividend paid	-	-	(89,723)	(89,723)
Net gains/(losses) not recognised in the income statement	-	35,655	(5,302)	30,353
Issue of shares	11,876	-	-	11,876
Balance at 31 August 2001 (unaudited)	<u>742,517</u>	<u>172,905</u>	<u>939,550</u>	<u>1,854,972</u>
Attributable to shareholders	-	-	204,484	204,484
Net gains/(losses) not recognised in the income statement	-	115,305	(6,769)	108,536
Issue of shares	15,370	-	-	15,370
Transfer between reserves	-	(28,218)	28,218	-
Balance at 28 February 2002 (audited)	<u>757,887</u>	<u>259,992</u>	<u>1,165,483</u>	<u>2,183,362</u>
Attributable to shareholders	-	-	308,836	308,836
Dividend paid	-	-	(99,658)	(99,658)
Net gains not recognised in the income statement	-	51,882	-	51,882
Issue of shares	7,023	-	-	7,023
Transfer between reserves	-	(49)	49	-
Balance at 31 August 2002 (unaudited)	<u>764,910</u>	<u>311,825</u>	<u>1,374,710</u>	<u>2,451,445</u>

Cash flow statement

Figures in R000

	Six months ended 31.08.02 (Unaudited)	Six months ended 31.08.01 (Unaudited)	Year ended 28.02.01 (Audited)
Operating activities	64,099	317,704	542,244
Cash generated by operations	465,799	468,249	821,023
Net investment income	45,349	38,967	82,226

Changes in working capital	(178,787)	147,402	238,578
Taxation paid	(71,084)	(92,358)	(247,362)
Cash available from operating activities	261,277	562,260	894,465
Dividends paid, including to outside shareholders	(197,178)	(244,556)	(352,221)
Investing activities	(283,648)	(376,301)	(228,363)
Financing activities	14,458	67,926	(51,293)
Net funds (utilised)/generated	(205,091)	9,329	262,588
Cash and cash equivalents - beginning of period	1,444,246	1,081,901	1,081,901
Translation of foreign cash	-	-	99,757
Cash and cash equivalents - end of period	1,239,155	1,091,230	1,444,246

Segmental analysis

Figures in R00

	Six months ended 31.08.02 (Unaudited)	%	Six months ended 31.08.01 (Unaudited)	%	Year ended 28.02.02 Audited	%
Revenue						
Telecommunications	1,957,378	31.6	1,848,085	36.9	3,460,839	35.0
Electronics & Multimedia	2,299,911	37.1	1,913,452	38.2	3,823,720	38.6
Information technology	1,912,532	30.8	1,243,650	24.8	2,567,105	25.9
Corporate and financial services	30,540	0.5	2,924	0.1	47,883	0.5
	6,200,361	100.0	5,008,111	100.0	9,899,547	100.0
Operating income:						
Telecommunications (note 1)	96,360	23.7	138,333	42.0	280,943	36.8
Electronics & Multimedia (note 1)	178,239	43.8	97,868	29.7	262,106	34.4
Information technology	93,321	22.9	50,849	15.4	136,319	17.9
Corporate and financial services (note 2)	39,000	9.6	42,286	12.9	83,508	10.9
	406,920	100.0	329,336	100.0	762,876	100.0

Notes:

1. Prior year comparative reflects Altron's 59.2% share
2. Prior year comparative reflects Altron's 64.3% share

Operational contribution

Figures in R00

Six months ended	Six months ended	Year ended
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	31.08.02 (Unaudited)	%	31.08.01 (Unaudited)	%	28.02.02 (Audited)	%	
Revenue							
Altech	2,113,124	34.1	1,853,732	37.0	3,604,705	36.4	
Powertech	2,212,113	35.7	1,919,901	38.3	3,737,180	37.8	
BTG	1,767,738	28.5	1,138,640	22.8	2,341,499	23.7	
Corporate and financial services	107,386	1.7	95,838	1.9	216,163	2.2	
	6,200,361	100.0	5,008,111	100.0	9,899,547	100.0	
Headline earnings	% held at 31.08.02						
Altech	53.5	76,667	48.3	63,781	43.9	150,661	42.3
Powertech (Note 1)	100.0	49,022	30.9	34,143	23.5	95,951	26.9
BTG	54.7	19,514	12.3	11,697	8.0	52,174	14.6
Corporate and financial services (Note 2)	100.0	13,489	8.5	35,740	24.6	57,503	16.2
		158,692	100.0	145,361	100.0	356,289	100.0

Notes:

1. Prior year comparative reflects Altron's 59.2% share
2. Prior year comparative reflects Altron's 64.3% share

Supplementary information

Figures in R000

	Six months ended 31.08.02 (Unaudited)	Six months ended 31.08.01 (Unaudited)	Year ended 28.02.02 (Audited)
Borrowings	922,650	721,207	783,531
- interest bearing	922,650	706,124	775,531
- non-interest bearing	-	15,083	8,000
Capital commitments	38,562	41,028	46,891
Capital expenditure	79,961	68,731	255,443
Contingent liabilities	-	17,651	-
Depreciation	70,756	66,120	153,640
Lease commitments	320,776	267,459	285,088
Listed investments			
- carrying amount	-	160,394	-
- market valuation	-	124,390	-
Unlisted investments			

- Carrying amount	142,048	342,793	166,539
- directors' valuation	142,048	342,793	166,539

Message to our shareholders

Overview

The Altron Group showed continued strong resilience to both local and international trading conditions. Subsequent to the acquisition of the Fintech and Powertech minorities Altron has transformed from an investment holding company to an operating company with substantial assets. A pleasing set of results for the half year to 31 August 2002 were reported. Worldwide market conditions in the telecommunications and information technology sectors continued to deteriorate during the period under review while the South African market was further impacted by rising inflation and a continued slow down of the growth in the gross domestic product. Notwithstanding these difficult trading conditions, Altron recorded good results for the six months to August 2002. Revenue increased by 23.8% from R5 billion to R6.2 billion while operating income improved by 23.6% from R329 million to R407 million. Due to a higher tax rate, headline earnings per share, although satisfying, did not reflect the same growth levels that were achieved at the revenue and operating income levels and increased by 15% from 51.3 cents to 59 cents. Cash and cash equivalents were at R1.2 billion and net asset value per share increased 34% from 612.7 cents to 820.4 cents. Revenues from exports and foreign operations totalled 31% of overall revenues for the period under review.

Business activities

Telecommunications

The downturn in the global telecommunications market continues unabated. Altron's telecommunications interests, representing 31.6% of total group revenue and 23.7% of total group operating income, were not immune to these trends and saw a drop in operating income of 30% from its telecommunications businesses when compared to the prior period. The overall impact was partially offset by the significant performances delivered by Altech's wholly-owned subsidiaries, **Autopage Cellular** and **Netstar**.

The timely sale of Altech's 40% holding in Alcatel Altech Telecoms to Alcatel CIT of France for R335 million substantially lessened Altron's exposure to the infrastructure network

telecommunications market. This was concluded on 12 July 2002.

Autopage Cellular performed ahead of expectations in a market which has undergone significant restructuring since the entry of Cell C in late 2001. Netstar achieved remarkable growth resulting in a subscriber base of over 200 000 and is now the market leader with a market share of over 46%. The Malaysian Netstar venture is now well underway and this augurs well for future annuity income. Similar global ventures are currently being negotiated.

The overcapacity in the international telecommunications industry, together with sluggish demand from Telkom and delays concerning licence awards for the Second Network Operator, negatively impacted **Powertech's** telecommunication businesses during the first six months. Significant downsizing and rationalisation programmes were implemented, primarily in the **Aberdare Cables** optical fibre and copper telecommunication cable businesses. New markets in Africa, the Middle East and Asia Pacific are being explored by **Aberdare Telecom Networks** with initial orders having been received from Nigeria, the Middle East and Lesotho. **Cables de Comunicaciones in Zaragoza**, the group's Spanish cable manufacturer, has successfully diversified into railway telecommunication cable for high speed train requirements in Spain and the United Kingdom. **Battery Technologies** performed satisfactorily while **Rentech** benefited from the award of a sizable tender for Lesotho Telecoms during the first six months. **Lambda Cables** recorded excellent results for the period under review achieving revenues and profits well ahead of budget and that of the previous period.

The prospects for the telecommunications industry are expected to remain sluggish due to worldwide overcapacity. Continuing local and global economic uncertainty leaves little doubt that the coming months will be challenging. However, given the efforts made by group operations to find new markets and reduce the cost base, the group remains positive with regards to the medium- and long-term prospects for its telecommunications' businesses.

Electronics and Multi-media

Altron recorded a 21% increase in revenue from R1.9 billion to R2.3 billion by the group's electronics and multi-media sector for the six months under review. Electronics and multi-media represents 37% of group revenue and reported a steep rise in operating income of 82% to R178 million for the past six months compared to R98 million for the previous comparable period. These exceptional results largely offset the impact the down turn in the telecoms industry had on the group's performance.

Most of Powertech's businesses operating in the electronics sector, particularly **Aberdare**

Power Cables, ABB Powertech Transformers and the **Industrial Group** have recorded exceptionally strong performances for the period under review.

Municipalities have started to invest substantially in maintaining their existing networks while sizable projects in the sub-Saharan region, such as Mozal II and Scorpion, coupled with exports to China Light & Power in Hong Kong, have provided buoyant market conditions far exceeding forecast expectations for the power cables business. **Tridonic SA** also recorded a strong first half and it is anticipated that this will continue for the remainder of the year.

Powertech's **DC Power Systems**, together with the industrial batteries businesses performed satisfactorily but the automotive battery market continues to be overtraded, especially in the United Kingdom where action has been taken to reduce the cost base.

Arrow Altech Distribution capitalised on its dominant position in the domestic electronic component market and surpassed expectations for its profits and cash flow despite depressed industry conditions. **UEC Multi-Media (UEC)** exceeded its forecast profit before tax, and recorded a satisfactory increase in revenue, despite difficult market conditions. It is encouraging to note that UEC's major customers such as MultiChoice Africa and Foxtel Australia are ordering product volumes higher than the corresponding period last year. UEC is presently responding to several opportunities in the USA cable market.

Information technology

Information technology, the second largest contributor to revenue in the group at 30.8% of the total, recorded significant growth in operating income of 82.9% to R93.3 million from R51. The broadly based improvement in results achieved, following **BTG's** major restructuring some 18 months ago, has continued with increased momentum during the period under review. As recently announced, BTG has concluded the acquisition of **Plato Computer Services**, an IT services company in the United Kingdom for £22.5 million as an initial cash purchase consideration and an additional cash consideration not exceeding £5.5 million based on the earnings before interest and tax of Plato for the 12 months ending 31 December 2002.

ISIS Information Systems performed well for the review period and is increasing its share of the export market. **Keops Isis Industrial Information Systems** performed above expectation. **Altech Card Solutions (ACS)** has consolidated its dominant position within its areas of operation and has performed well for the review period.

Altech has entered into an agreement to acquire the country's foremost electronic funds

transfer and bill payment processing services business, **Prism TranSwitch Services (Pty) Limited**, from Prism Holdings Limited for a consideration of R47 million. Subject to certain conditions, the sale will become effective on 1 December 2002.

Financial Services and Corporate

Altron's financial services business recorded a 12% increase in revenue and operating profit for the six months under review. Altron has subsequently disposed of the management and administration business of **Fintech** to a consortium comprising Gensec Bank, Altron and Fintech management for R13 million, whilst retaining the asset based financing book and related profits. This sale is in line with Altron's policy of focusing on core operations. In addition, Fintech is exploring alternative capital raising options, including securitisation of its asset based financing book and an announcement will be made shortly in this regard.

Recent payments to acquire the minority shareholdings of Fintech and Powertech, reduced interest income earned by Altron Finance.

Outlook

Unlike many companies around the world that are active in the diversified high technology arena, Altron remains with a strong and well-structured balance sheet, which provides the capacity to take advantage of further acquisition opportunities.

Market conditions are expected to remain difficult. However, with group wide order books at a satisfactory level, overall growth should be achieved for the twelve month period to 28 February 2003.

On behalf of the board
Dr Bill Venter
Chairman

Robert Venter
Chief Executive Officer

DC Radley
Chief Financial officer

14 October 2002

Directors:

Dr WP Venter (Chairman), RE Venter (Chief Executive), IM Ayob, MC Berzack, PMO Curle* (alternate: GJ Trollope), DA Hawton, MJ Leeming, DC Radley, PD Redshaw*, GM Rochussen, Dr HA Serebro (alternate: Adv DC Mpofo), CG Venter, PL Wilmot

Secretaries: Altron Management Services (Pty) Limited: Ms SF Linford, Group Secretary

* British

