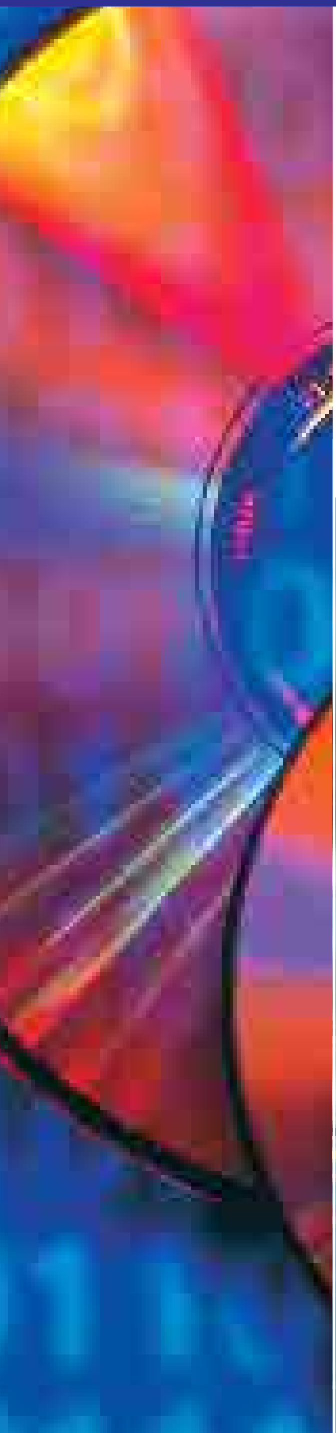
PROUDLY SOUTH AFRICAN

ALTRON

ALLIED ELECTRONICS CORPORATION LIMITED

Abridged consolidated interim financial results for the six months ended 31 August 2003



Financial Highlights

- Headline earnings per share up 10.1%
- Working capital improved
- Cash resources of R1.6 billion
- Acquisition opportunities being pursued

INCOME STATEMENT

Figures in R000	% Change	Six months ended 31.8.03 (Unaudited)	Six months ended 31.8.02 (Unaudited)	Year ended 28.2.03 (Audited)
Revenue	(18.3)	**5 064 038**	6 200 361	11 397 337
– Continuing operations	(14.1)	**5 064 038**	5 894 192	11 034 657
– Discontinued operations		**–**	306 169	362 680
Operating income	(18.9)	**330 069**	406 920	911 621
– Continuing operations	(14.5)	**330 069**	386 236	883 686
– Discontinued operations		**–**	20 684	27 935
Net interest income		**50 989**	43 812	79 163
Income from associates		**4 357**	464	18 864
Investment income		**16 636**	3 369	17 481
Income before goodwill amortisation and exceptional items	(11.6)	**402 051**	454 565	1 027 129
Goodwill amortised		**(68 413)**	(31 687)	(104 951)
Exceptional items (Note 1)		**37 198**	301 941	244 217
Income before taxation		**370 836**	724 819	1 166 395
Taxation		**(121 655)**	(145 582)	(288 091)
Income after taxation		**249 181**	579 237	878 304
Attributable to outside shareholders		**(79 381)**	(270 401)	(413 950)
Attributable earnings		**169 800**	308 836	464 354
Basic earnings per share (cents)		**62.5**	114.9	172.5
Headline earnings per share (cents)	10.1	**64.1**	58.2	149.4
– Continuing operations	12.3	**64.1**	57.1	147.9
– Discontinued operations		**–**	1.1	1.5
Weighted average number of shares in issue (000)				
– ordinary shares		**93 928**	93 914	93 920
– participating preference shares		**177 664**	174 925	175 291

Notes:

1. *Exceptional items*

Net surplus on disposal of operations	***2 661***	*322 329*	*306 927*
Net surplus/(loss) on disposal of investments	***33 379***	*(20 264)*	*(20 264)*
Impairment losses	***–***	*–*	*(17 412)*
Net profit/(loss) arising on disposals and closures	***1 158***	*(124)*	*(25 034)*
	37 198	*301 941*	*244 217*

2. *Reconciliation between attributable earnings and headline earnings*

Attributable earnings	***169 800***	*308 836*	*464 354*
Goodwill amortised	***65 221***	*28 495*	*98 562*
Goodwill amortised on investment in associate	***3 192***	*3 192*	*6 389*
Share of associates' exceptional items and goodwill	***517***	*–*	*1 767*
Exceptional items – gross	***(37 198)***	*(301 941)*	*(244 217)*
Surplus on disposal of property, plant and equipment	***(749)***	*(3 181)*	*(2 509)*
	200 783	*35 401*	*324 346*
Tax effect of above adjustments	***624***	*865*	*(4 024)*
Outside shareholders' interest	***(27 217)***	*120 300*	*81 805*
Headline earnings	***174 190***	*156 566*	*402 127*

3. *Accounting policies*

   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 2003, except for the following:

   - *The adoption of AC133 on Financial Instruments. In terms of the statement comparative years have not been restated. However the closing balances of financial instruments from the previous year have been revalued, resulting in a decrease of R17 million to the group's opening accumulated reserves. (See statement of changes in equity).*
   - *Previously the 50% shareholding in ABB Powertech Transformers and Tridonic SA were fully consolidated. Due to changes in circumstances the investments are now proportionately consolidated with effect 1 March 2003.*

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	31.8.03 (Unaudited)	31.8.02 (Unaudited)	28.2.03 (Audited)
Assets			
Non-current assets	**1 650 680**	2 269 464	1 723 092
Property, plant and equipment	**628 224**	673 902	665 874
Net goodwill	**514 359**	238 500	470 935
Advances to rental finance customers	**216 372**	1 103 644	285 969
Investments and loans	**200 047**	142 048	184 820
Deferred taxation	**91 678**	111 370	115 494
Current assets	**4 410 639**	4 996 746	4 453 262
Inventories	**1 005 101**	1 167 434	1 077 405
Accounts receivable	**1 768 892**	2 590 157	1 866 347
Cash and cash equivalents	**1 636 646**	1 239 155	1 509 510
Total assets	**6 061 319**	7 266 210	6 176 354
Equity and liabilities			
Ordinary shareholders' interest	**2 299 370**	2 213 157	2 266 999
– Share capital, premium and reserves	**2 537 657**	2 451 444	2 505 286
– Own shares acquired	**(238 287)**	(238 287)	(238 287)
Outside shareholders' interest	**1 038 015**	1 197 839	1 290 677
Non-current liabilities	**289 949**	1 030 650	368 331
Deferred taxation	**20 661**	54 169	32 682
Current liabilities	**2 413 324**	2 770 395	2 217 665
Total equity and liabilities	**6 061 319**	7 266 210	6 176 354
Net asset value per share (cents)	**839.7**	820.4	837.0
Shares in issue at end of period (000)			
– ordinary shares	**93 928**	93 928	93 928
– participating preference shares	**179 892**	175 844	176 933

SUPPLEMENTARY INFORMATION

Figures in R000	Six months ended 31.8.03 (Unaudited)	Six months ended 31.8.02 (Unaudited)	Year ended 28.2.03 (Audited)
Borrowings	**218 402**	922 650	281 120
– interest bearing	**212 818**	916 404	275 656
– non-interest bearing	**5 584**	6 246	5 464
Capital commitments	**49 341**	38 562	32 235
Capital expenditure	**62 511**	79 961	200 175
Contingent liabilities	**–**	5 081	15 000
Depreciation	**63 236**	70 756	161 816
Net foreign exchange losses	**(10 059)**	(7 041)	(38 186)
Lease commitments	**242 972**	320 776	267 669
Unlisted investments			
– carrying amount	**200 047**	142 048	184 820
– directors' valuation	**200 047**	142 048	184 820

CASH FLOW STATEMENT

Figures in R000	Six months ended 31.8.03 (Unaudited)	Six months ended 31.8.02 (Unaudited)	Year ended 28.2.03 (Audited)
Operating activities	**336 816**	64 099	709 883
Cash generated by operations	**368 172**	465 799	1 055 522
Net investment income	**63 501**	45 349	87 037
Changes in working capital	**194 120**	(178 787)	(7 451)
Taxation paid	**(95 653)**	(71 084)	(201 689)
Cash available from operating activities	**530 140**	261 277	933 419
Dividends paid, including to outside shareholders	**(193 324)**	(197 178)	(223 536)
Investing activities	**(195 842)**	(283 648)	(16 981)
Financing activities	**35 728**	14 458	(592 680)
Net funds generated/(utilised)	**176 702**	(205 091)	100 222
Cash and cash equivalents – beginning of period	**1 509 510**	1 444 246	1 444 246
Translation of foreign cash	**(38 128)**	–	(34 958)
Proportionately consolidated cash	**(11 438)**	–	–
Cash and cash equivalents – end of period	**1 636 646**	1 239 155	1 509 510

STATEMENT OF CHANGES IN EQUITY

Figures in R000	Share capital	Non-distributable reserves	Accumulated reserves	Total
Balance at 28 February 2002 (audited)	757 887	259 992	1 165 483	**2 183 362**
Profit attributable to shareholders			308 836	**308 836**
Dividend paid			(99 659)	**(99 659)**
Net gains not recognised in the income statement		51 882		**51 882**
Issue of share capital	7 023			**7 023**
Transfer between reserves		(49)	49	**–**
Balance at 31 August 2002 (unaudited)	764 910	311 825	1 374 709	**2 451 444**
Profit attributable to shareholders			155 518	**155 518**
Net (losses)/gains not recognised in the income statement		(117 265)	10 084	**(107 181)**
Issue of share capital	5 505			**5 505**
Transfer between reserves		26 045	(26 045)	**–**
Balance at 28 February 2003 (audited)	770 415	220 605	1 514 266	**2 505 286**
Adjustment to opening accumulated reserves due to adoption of AC133 (see note 3)			(17 133)	**(17 133)**
Profit attributable to shareholders			169 800	**169 800**
Dividend paid			(117 357)	**(117 357)**
Net losses not recognised in the income statement		(16 801)		**(16 801)**
Issue of share capital	13 862			**13 862**
Balance at 31 August 2003 (unaudited)	784 277	203 804	1 549 576	**2 537 657**

OPERATIONAL CONTRIBUTION

Figures in R000	% held at 31.8.03	Six months ended 31.8.03 (Unaudited)	%	Six months ended 31.8.02 (Unaudited)	%	Year ended 28.2.03 (Audited)	%
Revenue:							
Altech		**1 960 759**	**38.7**	2 113 124	34.1	4 056 081	35.6
Powertech		**1 763 537**	**34.8**	2 212 113	35.7	4 116 627	36.1
BTG		**1 322 532**	**26.1**	1 767 738	28.5	3 035 128	26.6
Corporate and Financial Services		**17 210**	**0.4**	107 386	1.7	189 501	1.7
		5 064 038	**100.0**	6 200 361	100.0	11 397 337	100.0
Operating income:							
Altech		**159 541**	**48.3**	170 651	41.9	406 778	44.6
Powertech		**100 185**	**30.4**	120 980	29.7	266 962	29.3
BTG		**77 146**	**23.4**	79 026	19.4	183 180	20.1
Corporate and Financial Services		**(6 803)**	**(2.1)**	36 263	9.0	54 701	6.0
		330 069	**100.0**	406 920	100.0	911 621	100.0
Headline earnings:							
Altech	**53.4**	**80 869**	**46.4**	76 637	48.9	192 272	47.8
Powertech	**100.0**	**73 055**	**41.9**	46 936	30.0	126 424	31.4
BTG	**54.9**	**20 610**	**11.8**	19 504	12.5	60 306	15.0
Corporate and Financial Services	**100.0**	**(344)**	**(0.1)**	13 489	8.6	23 125	5.8
		174 190	**100.0**	156 566	100.0	402 127	100.0

SEGMENTAL ANALYSIS

Figures in R000	Six months ended 31.8.03 (Unaudited)	%	Six months ended 31.8.02 (Unaudited)	%	Year ended 28.2.03 (Audited)	%
Revenue:						
Telecommunications	**1 782 076**	**35.2**	1 957 378	31.6	3 858 582	33.9
Electronics and Multimedia	**1 825 044**	**36.0**	2 299 911	37.1	4 155 472	36.4
Information Technology	**1 442 147**	**28.5**	1 912 532	30.8	3 320 426	29.1
Corporate and Financial Services	**14 771**	**0.3**	30 540	0.5	62 857	0.6
	5 064 038	**100.0**	6 200 361	100.0	11 397 337	100.0
Operating income:						
Telecommunications	**99 490**	**30.1**	96 360	23.7	226 987	24.9
Electronics and Multimedia	**151 707**	**46.0**	178 239	43.8	373 804	41.0
Information Technology	**85 761**	**26.0**	93 321	22.9	216 446	23.7
Corporate and Financial Services	**(6 889)**	**(2.1)**	39 000	9.6	94 384	10.4
	330 069	**100.0**	406 920	100.0	911 621	100.0

FINANCIAL OVERVIEW

The Altron Group has recorded satisfactory results for the six months ended 31 August 2003 despite difficult trading conditions which saw our international competitiveness impacted by the strengthening of the rand and local high interest rates constraining growth.

Headline earnings per share increased by 10.1% to 64.1 cents with revenue 18.3% down from R6.2 billion to R5 billion largely due to the disposal of Alcatel Altech Telecoms, the securitisation of the Fintech assets as well as accounting changes in some of our jointly managed operations that has resulted in formerly fully consolidated operations being partially consolidated for the first time. These changes, together with the effect of the strengthening rand were partially offset by the implementation of AC133 resulting in a decline in operating income of 18.9% from R407 million to R330 million. If the above factors were excluded from the prior year, to provide a meaningful comparison, revenue and operating income decreased by 9.3% and 9.8% respectively.

The effect of high interest rates and rand strength has been felt throughout the economy and Altron's operations have not escaped their impact. Altron's revenues from exports and foreign operations have consequently declined from 31% to 16% of total revenues. This has been partially compensated for through aggressive expansion into local markets.

The group's balance sheet remains strong with cash and cash equivalents increasing from R1.2 billion to R1.6 billion with strong cash generation in all operations coupled with pleasing improvements in working capital management. The reduction in non-current liabilities and assets is principally due to the securitisation of R680 million of the Fintech asset based financing book which resulted in a corresponding reduction in its related liabilities.

BUSINESS ACTIVITIES

TELECOMMUNICATIONS

Global telecommunication markets remained under pressure and Altron's telecommunications interests, representing 30.1% of total group operating income at R99 million for the six months under review continued to experience difficult trading conditions with revenue at 35.2% or R1.8 billion of the group's total revenue compared with the 31.6% contribution for the prior period. Powertech's telecommunications cable businesses in Spain and South Africa, which were impacted by the deterioration of global and local markets resulted in capacity being reduced to achieve an approximate break-even result. The **Battery Group** recorded an improved performance compared to the prior period which was largely due to increased demand from GSM operators and accelerated exports into Africa.

Autopage Cellular, in the Altech group, has again performed ahead of expectations in an increasingly competitive environment and reported a healthy increase of more than 11 500 net subscribers. The total subscriber base of Autopage Cellular now exceeds 465 000. The focus remains on acquiring subscribers with high airtime revenues per subscriber (ARPU) and the churn management projects have resulted in lower churn percentages being achieved both at Autopage Cellular and Supercall Cellular.

Netstar, also in the Altech group and a leader in stolen vehicle tracking and recovery in southern Africa, maintained its strong market share and recorded good growth in its subscriber base during the reporting period. The company now services a total of 264 000 vehicles valued at in excess of R31 billion. The Malaysian operation is growing satisfactorily with in excess of 6 000 vehicles on the system and 100 recoveries after the first year of operation.

Looking ahead, the focus for growth will be on Africa and in broadening the spectrum of communication services on offer. The local telecommunications market is becoming increasingly deregulated and continues to provide opportunities for service providers such as Autopage Cellular to leverage its significant subscriber penetration towards the broader communications market. The infrastructural telecommunications sector is expected to remain difficult during the second half with some improvement expected during the course of the next financial year when the benefit of a recovery in global markets is expected to filter through.

POWER ELECTRONICS AND MULTI-MEDIA

Altron's power electronics and multi-media sector has recorded a contribution of 36% to total revenue, down from R2.3 billion to R1.8 billion for the six months under review due to the impact of the stronger rand on export sales and consequent increased international competition in selected market segments. During the past six months, this sector contributed R151 million or 46% to the group's total operating income compared to the 43.8% for the previous comparable period.

Power Electronics

Powertech's power electronics businesses, particularly **Aberdare Power Cables, ABB Powertech Transformers** and the **Industrial Group** have recorded strong performances despite less buoyant sales of low voltage products due to high interest rates which have impacted activity in the building and construction sector. The demand for medium voltage products remains positive, especially in the mining sector.

The automotive and industrial interests within the Battery Group recorded a satisfactory performance. Demand within the local power infrastructural markets is expected to remain strong for the remainder of the financial year.

Multi-Media

UEC Technologies (UEC), in the Altech group, posted acceptable results for the first six months notwithstanding tough economic conditions and the negative effect of the strong rand on exports. Prospects for the second six months of this financial year look positive for UEC with major orders received from Foxtel in Australia, RCN in the USA, Euskatel in Spain, Sky Brazil and Sky Mexico. **Arrow Altech Distribution,** also in the Altech Group, exceeded expectations in managing its working capital during the period and achieved good results despite the globally depressed conditions in the electronics industry.

INFORMATION TECHNOLOGY

Information technology (IT) contributed 28.5% of Altron's total revenue, reflecting a decrease from R1,9 billion for the prior reporting period to R1,4 billion. This was due to significantly reduced revenues from BTG's UK based businesses as a result of lower revenue generation as well as changes in the accounting for Microsoft licensing revenues. This sector contributed 26% to total operating income which declined from R93 million to R86 million when compared to the prior year. In respect of the South African and other African businesses, a better than predicted performance was achieved with broadly based improvements being recorded by most operations. To ensure continued growth in profitability, operational improvements are being implemented, both locally and overseas.

It is BTG's strategic intent to introduce a major black empowerment partner with a meaningful equity holding.

Altech Card Solutions maintained its well established position within its sector despite the competitive market conditions in which it operates. **Keops Altech** received several contracts during the period under review, including two large aluminium smelter upgrade projects for Mozal and Hillside Aluminium. It is expected that, notwithstanding the lack-lustre conditions in the IT industry, Altron's IT operations will be achieving earnings growth for the full year.

Altech's proposed acquisition of a majority holding in the share capital of **NamITech**, which was announced on 6 May 2003 is proceeding to the Competition Tribunal after a negative recommendation by the Competition Commission.

FINANCIAL SERVICES AND CORPORATE

Fintech

The office automation leasing market remains sluggish and has impacted the level of new capital financed which is 20% lower compared to the corresponding levels achieved in the prior year. Despite the adverse conditions, **Fintech Receivables 1,** the asset-based financing securitisation vehicle, performed impressively and met the performance parameters set for the structure and the rating accorded to the notes in issue. Additional structures are currently being established to address future growth and should be in place shortly increasing overall financing capacity by R820 million.

TRANSFORMATION/BLACK ECONOMIC EMPOWERMENT

Altron is keeping in close contact with and is directly participating in developments regarding transformation in the ICT sector. The group is currently finalising internal policy in this regard. Various negotiations are currently under way to introduce meaningful black economic empowerment across the group.

OUTLOOK

The corrective action taken in rightsizing certain operations, particularly those in the infrastructural telecommunications sector, are expected to show benefit in the second half of the year. In addition, order books are at a satisfactory level which is encouraging, and coupled with good progress in the penetration of new markets, it is anticipated that for the year ending February 2004, group earnings will be at similar levels to that of the previous year.

On behalf of the board

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

13 October 2003