



- **HEPS increases by 17%**
- **Revenue growth of 14%**
- **Operating income exceeds R1 billion**
- **Strong balance sheet with cash on hand of over R2 billion**
- **Dividend up 24%**

Message to our shareholders

Your directors are pleased to report that Altron has posted strong results for the financial year ended 28 February 2006.

Key market conditions

The South African economy remained buoyant during the year under review, characterised by a continuing strength of the rand, lower than expected inflation, stable interest rates and sharply higher equity markets. Government's announcements concerning accelerated infrastructure spend has reinforced its commitment to reach the targeted GDP growth of 5%-6% per annum.

The draft Broad Based Black Economic Empowerment (BBBEE) Codes of Good Practice released by the Department of Trade and Industry in December 2005, provide more certainty as to how the BBBEE scorecards will be measured, but it is clear that in their present form the significant administrative and cost implications of these codes will need to be addressed.

Momentum towards a liberalised market within the **Telecommunications** sector accelerated during the period under review with the formal introduction of the second network operator, mobile number portability (expected in July 2006), the handset subsidies investigation, the Electronic Communications Bill and ICASA's stated desire to licence additional operators in the satellite television broadcast market. The Altron group, particularly through Altech and to a lesser degree BTG, is well positioned to benefit from this trend. The mobile telecommunications market, both in South Africa and in Africa, continues to demonstrate healthy growth.

The favourable conditions in the **Power Electronics and Multi-media** sector have continued due to increased capital expenditure on infrastructure projects. In addition, there has been accelerated spending on increasing power generation and distribution capacity and on improving the reliability of the country's power transmission and distribution network. The building and construction industry has maintained good growth levels. This has resulted in increased opportunities for group companies involved in infrastructure development, particularly Powertech. However, import competition, particularly from China and other emerging markets, remains a threat and requires focus on manufacturing efficiencies, innovative design and customer service. Within the multi-media environment, market demands are stimulating growth for higher functionality set-top boxes such as personal video recorders, which has had a beneficial impact on Altech's results.

The outlook for the **Information Technology** sector is improving with increased local spend on information technology evident as current levels of company profitability provide the capacity for investment. This is well demonstrated in the results of our BTG subsidiary. However, the slower than anticipated adoption of the global EMV (Eurocard/Mastercard/Visa) standard in the domestic banking environment has impacted demand for secure cards in the short term. Opportunities are evident for continued consolidation within the local information technology sector which will provide further potential for the Altron group to enhance critical mass and broaden product portfolios.

Financial overview

In accordance with JSE Limited Listings Requirements the Altron group is reporting under International Financial Reporting Standards (IFRS) and has restated the prior year's results to comply with IFRS.

Altron has shown pleasing growth for the year ended 28 February 2006 with revenues rising by 14% to R14.0 billion from R12.2 billion in the prior year and operating income exceeding R1 billion for the first time. Headline earnings per share, at 189c, increased by 17% on the prior year. A deferred tax asset has been raised in the current year relating to the acquired CS Holdings businesses which have returned to profitability as well as tax losses incurred in some Altech subsidiaries which are anticipated to be utilised in the short term. The positive impact of this on Altron's results has been partially offset by trading losses in the first six months of the year at Aberdare Telecoms which are non-recurring as the operation was subsequently closed, effective 31 August 2005.

The slight operating margin decrease from 7.9% to 7.4%, caused by declines in the overall operating margins at Altech and Powertech were mitigated to some extent by improved margins at BTG's operations. On a continuing basis, adjusting for the closure of the Aberdare Telecoms business and the divestiture of Econet Wireless Global Ltd (EWG), operating margins are at 7.8%.

Profit before tax increased by some 15% to R1.1 billion partly due to profits from the disposal of Altech's shareholding in EWG as well as the non-recurrence of the prior year's goodwill write-down on BTG's offshore operation, Plato. This increase was partially offset by a goodwill impairment of R82 million at Altech NamITech. These factors, together with a lower effective tax rate during the year, resulted in an increase in profit after tax of 26% to R751 million and a rise in attributable earnings of 10% to R494 million. Headline earnings grew by 19% to R529 million, reflecting the underlying and satisfactory trading performance.

Sound working capital management throughout the Altron group was reflected in improved year-end cash balances. The net investment in working capital improved from 22 days in the prior year to 15 days in the year under review. Altron's annualised return on equity has increased to 16.9%, return on capital employed has improved to 22.7% and return on operating assets reached 20.6%. The balance sheet remains strong with cash at R2.2 billion, compared to R1.5 billion in the prior year. Altron has remained committed to investing in capacity within its operations and incurred capital expenditure of R315 million during the year under review.

Altech results for the year ended 28 February 2006 reflected a growth in headline earnings per share of 12% to 379 cents per share. This was driven by better-than-expected performances from most of its operating companies including Altech Autopage Cellular, Altech Netstar, Altech Card Solutions and Altech Isis. Altech NamITech experienced pricing pressures coupled with some management issues which adversely impacted the South African operations, in particular. As a result of this underperformance and the resultant closure of certain operations, a goodwill impairment of R82 million has been recorded in the current year. The necessary corrective actions have been taken at Altech NamITech in terms of management changes, a business realignment and a restructuring exercise in order to reposition Altech NamITech as a strong contributor to the group.

Revenue increased by 9% to R6.0 billion from R5.5 billion for the prior year with operating income at R485 million. Altech's balance sheet remains strong with a net asset value of 1 721 cents per share and cash of R1.5 billion. Return on shareholder's equity is over 22%. During the year under review a five-year service provider and incentive agreement, with an option to renew for a further five years, was signed between Altech Autopage Cellular and Vodacom. Agreements are

also in place with Cell C and MTN, the latter having also been signed during the year under review. Altech disposed of its 50% plus 1 share in EWG for a cash consideration of US\$87.5 million plus interest, generating a consolidated profit of R129 million on the disposal of this investment.

BTG reported a strong performance for the year under review with headline earnings per share growing by 48% to 127.7 cents from 86.4 cents. On an adjusted basis, when excluding the once-off impact of raising a deferred tax asset, headline earnings per share increased by 27% to 109.4 cents. Revenue increased by 19% to R3.5 billion compared to R2.9 billion for the prior year, reflecting organic growth of 10%, the inclusion of the businesses acquired from CS Holdings for the full year, and the consolidation of 100% of Digital Healthcare Solutions revenues. Operating income improved by 28% from R221 million to R282 million compared to the previous year as a result of margin improvements at all the BTG operations, as well as the return to profitability of the BTG UK operations.

All the South African operations performed commendably. Cash generated by these companies was strong at R329 million and resulted in a pleasing net funds position of R77 million as of 28 February 2006.

Powertech's results for the year under review reflect positive performances from its operating business units, including ABB Powertech Transformers, Aberdare Cables, the Powertech Battery Group and the Powertech Industrial Group. Revenue increased by 19% to R4.5 billion from R3.7 billion and operating income grew by 14% from R248 million to R280 million notwithstanding increased margin pressure from imports. For the most part, the rising price of copper was passed on to customers in accordance with supply agreements which resulted in some lower recorded margins. The Aberdare Cables power cable business delivered good results for the year but the continued downturn in the telecoms market required a restructure of the copper and fibre telecom cables operations resulting in the closure of the manufacturing plant in Port Elizabeth.

Our **finance operations** produced an improved contribution to the group results. This was mainly due to higher secondary rental income. During the year, Altron disposed of its 33% stake in Fintech (Pty) Limited to Fintech management and Sanlam Investment Management, in line with the group's long-term objectives. Fintech Receivables 1 (FR1), Altron's securitised interest in the financing book, is amortising in line with expectations. Moody's recently re-rated the FR1 Class B Secured Floating Rate Notes to A3.za from Baa2.za. Future funding requirements for BTG products is being provided by the Technologies Acceptances Receivables warehouse now housed within BTG.

Black Economic Empowerment (BEE)

The Altron Transformation Vision 2010 document, which is essentially a group internal charter and scorecard, reflects Altron's commitment to Black Economic Empowerment (BEE). Through its anchor partnerships with leading empowerment firms Pamodzi, Kagiso and Izingwe, significant value is being added in terms of commercial input and in meeting various Altron Transformation Vision 2010 targets on the broader BEE indicators, namely skills development, employment equity, affirmative procurement, enterprise development and corporate social investment. The Altron Transformation Vision 2010 is a dynamic document that will be aligned with the ICT charter and the Department of Trade and Industry's Broad Based BEE Codes of Good Practice, once these are finalised.

Corporate activity

During the year, the following transactions and developments took place:

- Altech Autopage Cellular successfully concluded 5-year service provider and incentive agreements with Vodacom and MTN;
- Altron increased its holding in BTG to 57.6% with the acquisition of 11 million shares for a consideration of R118 million;
- BTG purchased Altron's interest in the funding structure of BTG's inter group lease financing business for R43 million;
- BTG SA increased its shareholding in Digital Healthcare Solutions from 39.3% to 100%;
- Powertech acquired Calidus Von Roll Isola (Pty) Ltd, a leader in the electrical insulation business for a consideration of R32 million; and
- Altech disposed of its 50% plus 1 share in EWG to the remaining EWG shareholders for a consideration of US\$87.5 million, plus interest.

Subsequent to year end, the following transactions took place:

- Altech purchased MobiMaster, a specialist telecommunications real-time converged (pre- and post paid) billing system provider business from listed French company, Linedata Services; and
- BTG acquired Xclusive Solutions, a leading provider of document and print solutions and Xerox partner in the United Kingdom, for an initial consideration of £3.2 million that could increase to a maximum of £4.5 million depending on future profit performance.

Outlook

Your directors remain positive about the short to medium-term outlook for the Altron group's businesses based on the following factors:

- the government's commitment to increased investment in the country's power generation, transmission and distribution capacity;
- the forecast for infrastructure spend required to meet the needs of the Soccer World Cup 2010;
- the continuing strong conditions in the building and construction industries,
- the conversion of the financial industry to the EMV standard;
- the deregulation of and growth in the rapidly expanding South African telecoms industry;
- and
- the improving business environment in the IT sector.

As a result, your directors expect further real growth in earnings for the year ahead.

Acknowledgements

The board expresses its appreciation to all its stakeholders, customers, staff, business partners and shareholders, for their ongoing contributions and support which enabled our group to continue to grow as one of the leading ICT and power electronics groups in Africa.

Directorate

Shareholders are referred to the SENS announcement published on 3 May 2006 which advised that Mr Douglas Ramaphosa had been appointed to the Altron board as an alternate director to Dr H A Serebro. Douglas joined Altron as the Group Executive: Corporate Affairs effective 1 May 2006.

Dividends

The following dividends are hereby declared for the year ended 28 February 2006:

- ordinary dividend No. 58 of 78 cents per share (2005:63 cents);
- participating preference dividend No.12 of 78 cents per share (2005:63 cents).

The above dividends are payable as follows:

Last day of trading to qualify for and participate in the dividend (*cum dividend*): Friday, 23 June 2006

Trading ex dividend commences:

Monday, 26 June 2006

Record date:

Friday, 30 June 2006

Dividend payment date (electronic and certified)

Monday, 3 July 2006

Dividend cheques in payment of these dividends to certificated shareholders will be posted to shareholders on or about Monday, 3 July 2006. Electronic payment to certificated shareholders will be undertaken simultaneously.

Shareholders who have dematerialised their share certificates will have their accounts at their central securities depository participant or broker credited on Monday, 3 July 2006.

In the case of certificated shareholders, notice of any change of address of shareholders must reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, on or before Friday 23 June 2006. Share certificates may not be de-materialised or re-materialised from Monday, 26 June 2006 to Friday 30 June 2006, both days inclusive.

Annual General Meeting

The company's 60th annual general meeting will be held in the Boardroom, Altech Corporate Offices, 79 Central Street, Houghton, Johannesburg on Friday 14 July 2006 at 09:30. Further details on the company's annual general meeting will be contained in Altron's annual report to be posted to shareholders on or about 31 May 2006.

On behalf of the board

Dr Bill Venter

Robert Venter

Diane Radley

Chairman

Chief Executive

Chief Financial Officer

8 May 2006

Abridged audited consolidated financial statements for the year ended 28 February 2006

Abridged income statements	R millions		
	%	2006	2005
	Change	(Audited)	(IFRS restated)
Revenue	14%	13,969	12,206
Operating profit before capital items		1,040	963
Investment income		112	100
Finance costs		(53)	(62)
Share of profit from associates		32	24
Capital items (Note 1)		(54)	(90)
Profit before taxation		1,077	935
Taxation		(326)	(339)
Profit for the year	26%	751	596
Attributable to minority shareholders		257	148
Attributable to Altron equity holders		494	448
Basic earnings per share (cents)	9%	176	162
Diluted basic earnings per share (cents)	8%	168	155
Dividends per share paid (cents)		63	52
Dividends per share declared (cents)		78	63
Weighted average number of shares in issue (millions)		280	276
Ordinary shares		94	94
Participating preference shares		186	182
Diluted average number of shares (millions)		283	282

Abridged balance sheets

R millions

	2006 (Audited)	2005 (IFRS restated)
Assets		
<i>Non-current assets</i>	2,114	2,413
Property, plant and equipment	905	848
Intangible assets	773	925
Associates and other investments	228	453
Rental finance advances	90	75
Deferred taxation	118	112
<i>Current assets</i>	5,423	4,542
Inventories	1,295	1,158
Accounts receivable	1,976	1,864
Cash and cash equivalents	2,152	1,520
Total assets	7,537	6,955
Equity and liabilities		
<i>Total equity</i>	4,034	3,643
<i>Non-current liabilities</i>	343	799
Loans	124	544
Empowerment funding obligation	173	172
Provisions	25	30
Deferred taxation	21	53
<i>Current liabilities</i>	3,160	2,513
Loans	238	59
Trade and other payables	2,680	2,223
Provisions	55	67
Taxation payable	187	164
Total equity and liabilities	7,537	6,955
Net asset value per share (cents)	1,040	963
Shares in issue at end of year (millions)	282	278
- ordinary shares	94	94
- participating preference shares	188	184

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

Abridged statements of changes in equity							R millions	
	Attributable to equity holders of Altron					Minority interest	Total equity	
	Share capital and premium	Treasury shares	Reserves	Retained earnings	Total			
Balance at 29 February 2004 (IFRS restated)	789	(222)	247	1,712	2,526	1,037	3,563	
Profit for the year				448	448	148	596	
Dividends				(143)	(143)	(81)	(224)	
Issue of share capital	17				17		17	
Foreign currency translation differences			(35)		(35)	13	(22)	
Release of translation surpluses			(67)		(67)	-	(67)	
Cash flow hedging reserve			1		1	1	2	
Share based payments			1		1	1	2	
Fair value of investments			(16)		(16)		(16)	
Change in shareholding of subsidiaries			(53)		(53)	(210)	(263)	
Minorities arising on acquisitions					-	55	55	
Transfer between reserves			(22)	22	-		-	
Balance at 28 February 2005 (IFRS restated)	806	(222)	56	2,039	2,679	964	3,643	
Profit for the year				494	494	257	751	
Dividends				(176)	(176)	(106)	(282)	
Issue of share capital	21				21		21	
Foreign currency translation differences			(3)		(3)	(1)	(4)	
Release of translation surpluses			(9)		(9)	-	(9)	
Cash flow hedging reserve			(3)		(3)	(1)	(4)	
Share based payments			2		2	-	2	
Fair value of investments			8		8	-	8	
Change in shareholding of subsidiaries			(82)		(82)	-	(82)	
Disposal of subsidiary					-	(10)	(10)	
Balance at 28 February 2006 (Audited)	827	(222)	(31)	2,357	2,931	1,103	4,034	

Abridged cash flow statements**R millions**

	2006	2005
	(Audited)	(IFRS restated)
Cash flows from operating activities	819	750
Cash generated by operations	1,179	1,122
Net investment income	39	40
Changes in working capital	233	78
Taxation paid	(350)	(266)
Cash available from operating activities	1,101	974
Dividends paid, including to minority shareholders	(282)	(224)
Cash flows from investing activities	(62)	(1,381)
Cash flows from financing activities	(122)	155
Net increase/(decrease) in cash and cash equivalents	635	(476)
Cash and cash equivalents - beginning of year	1,520	2,004
Translation differences of foreign cash	(3)	(8)
Cash and cash equivalents - end of year	2,152	1,520

Notes

		2006	2005
		(Audited)	(IFRS restated)
Headline earnings per share (cents)	17%	189	162
Diluted headline earnings per share (cents)	16%	178	153

1. Capital items

Net gain on disposal of property, plant and equipment	7	7
Impairment losses	(100)	(200)
Goodwill adjustment on utilisation of at acquisition tax losses	(38)	(4)
Net gain/(loss) on disposal and closure of businesses	68	(4)
Release of restructure provision	-	44
Foreign currency translation reserve realised	<u>9</u>	<u>67</u>
	(54)	(90)

2. Reconciliation between earnings and headline earnings

Attributable to Altron equity holders	494	448
Capital items - gross	54	90
Tax effect of capital items	9	(10)
Minority interest in capital items	(28)	(83)
Headline earnings	<u>529</u>	<u>445</u>

3. Reconciliation between attributable earnings and diluted earnings

Attributable to Altron equity holders	494	448
Additional earnings attributable to BEE minorities in subsidiaries	(28)	(18)
Minority interest in adjustments	12	9
Dilution in earnings of subsidiary dilutive options	(3)	(1)
Diluted earnings	<u>475</u>	<u>438</u>

4. Reconciliation between headline earnings and diluted headline earnings

Attributable to Altron equity holders	529	445
Additional earnings attributable to BEE minorities in subsidiaries	(38)	(19)
Minority interest in adjustments	16	9
Dilution in earnings of subsidiary dilutive options	(3)	(5)
Diluted headline earnings	<u>504</u>	<u>430</u>

Fully diluted earnings and diluted headline earnings have been calculated in accordance with IAS 33 - Earnings per share on the basis that:

- Kagiso Strategic Investments Pty) Ltd exercised its full option on 22% of the shares in Bytes Technology Group South Africa (Pty) Ltd effective 1 March 2004 adjusted for the dilutive effect of the option price at BTG SA level.
- The recognition of the deferred sale of 30% interest of the Izingwe Consortium in Aberdare Cables based on the assumption that a portion of the purchase price will be settled in cash of R173 million. The effective option was antidilutive in the current and prior year and consequently no dilution was calculated.
- The dilution in earnings of subsidiary dilutive options.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

1. Basis of preparation

The group has adopted International Financial Reporting Standards (IFRS) for the year ended 28 February 2006.

The abridged consolidated financial statements have been prepared on the basis of IFRS and interpretation statements in issue and effective at 28 February 2006.

The abridged consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting and in compliance with the listing requirements of the JSE Limited.

Accounting policies adopted under IFRS have been applied consistently in preparing the financial statements for the year ended 28 February 2006, the comparative information for the year ended 28 February 2005 and the opening balance sheet on 1 March 2004.

An explanation of how the transition to IFRS has affected the previously reported financial position and performance of the group is provided below.

2. Significant changes to the group's accounting policies as a result of the adoption of IFRS and other adjustments

Foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Rands at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Rands at rates approximating the foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity - foreign currency translation reserve. The foreign currency translation reserve applicable to a foreign operation is released to the income statement upon disposal of that foreign operation. The functional currency of all entities in the group has also been reconsidered.

Previously, the non-monetary assets and liabilities of all foreign subsidiaries considered to be integrated foreign operations were translated at historic exchange rates, and the foreign exchange gains and losses arising on translation of monetary assets and liabilities were recognised in operating income.

Goodwill

All business combinations are accounted for by applying the "purchase method". Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of business combinations that have occurred since the IFRS transition date, 1 March 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired.

From 1 March 2004 goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but tested annually for impairment.

Previously goodwill arising on each acquisition was amortised over its useful life on a straight line basis and subjected to annual impairment testing.

The group made an election in terms of IFRS 1 that in respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under SA GAAP on 1 March 2004. The classification and accounting treatment of business combinations that occurred prior to 1 March 2004 has not been reconsidered in preparing the groups opening IFRS balance sheet at 1 March 2004.

Premiums and discounts arising on subsequent purchases from, or sales to, minorities.

Any increase or decrease in ownership interests in subsidiaries without a change in control are recognised as equity transactions in the consolidated financial statements.

Accordingly any premium or discount on subsequent purchases or sales of equity instruments from or to minority interests are recognised directly in the equity of the parent shareholder.

Previously premiums on subsequent sales of equity instruments to minorities were taken to profit as a capital item in the income statement and premiums on subsequent purchases of equity instruments were classified as goodwill.

Intangible assets

Intangible assets other than goodwill that are acquired by the group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested annually for impairment.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently as follows:

Patents and trademarks	5 years
Distribution rights	indefinite life

Previously distribution rights were included with goodwill and not separately identified on the balance sheet and amortised to the income statement as part of goodwill amortisation on a straight line basis over the useful life of the intangible asset.

Share-based payment transactions

The fair value of share options and deferred delivery shares granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. This accounting policy has been applied to all equity instruments granted after 7 November 2002 that had not yet vested at 1 January 2005. The fair value of share based payments was not recognised under the group's previous accounting policies.

Black Economic Empowerment (BEE) transactions

Where goods or services are considered to have been received from BEE partners as consideration for equity instruments of the group, these transactions are accounted for as share based payment transactions, even when the entity cannot specifically identify the goods or services received. This accounting policy is applicable to equity instruments that had not vested by 1 January 2005 (as above) and consequently had no impact on the group.

Straight-lining of operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Past practice, whereby operating lease payments were expensed on a payments basis, was based on an interpretation that was generally accepted in the South African financial reporting community. This interpretation considered the contractual payments basis as being most representative of the time pattern of the entity's benefit obtained from the leased property. The global spotlight has led to the view that the entity is obliged to adopt the straight-line basis of accounting for all lease payments. The adjustment has been made as required by IAS 8 - Accounting Policies, changes in accounting estimates and errors, with the necessary restatement of comparative figures.

Designation and fair valuing of available-for-sale investments

Available-for-sale investments are non-derivative financial assets other than:

- (a) those that the group upon initial recognition designates as at fair value through profit or loss;
- (b) held to maturity assets; and
- (c) those that meet the definition of loans and receivables.

Gains or losses from fair valuing these available-for-sale investments are recognised directly in equity.

The investments in Fintech Receivables 1 and Technologies Acceptances Receivables meet this criteria and as such have been designated as available-for-sale assets and are measured at fair value. The comparative figures have been restated.

3. Reconciliation of equity

In R millions	28-Feb 2005	1-Mar 2004
Equity previously reported under SA GAAP	3,566	3,571
Impact of adopting IFRS and other adjustments	77	(8)
Equity reported under IFRS	<u>3,643</u>	<u>3,563</u>

Equity adjustments

Retained earnings:

Net reversal of goodwill amortised and impaired	96	-
Expensing of share based payments	(2)	-
Foreign operations	3	-
Property, plant and equipment	1	-
Intangible assets	(2)	-
Operating leases	(13)	(9)
Minorities share of adjustments	(40)	4
Share based payment reserve	1	-
Foreign currency translation reserve	(3)	-
Fair value reserve	26	42
Treasury shares reclassified	16	16
Premium/discount on minority equity transactions	(16)	(16)
Minorities shareholder loans reclassified	(31)	(41)
Minorities share of adjustments	41	(4)
	<u>77</u>	<u>(8)</u>

Assets and liabilities adjustments

Property, plant and equipment	1	-
Intangible assets and goodwill	94	-
Associates and other investments	30	49
Deferred tax	(1)	(5)
Non-current loans	(31)	(41)
Accounts payable	(16)	(11)
	<u>77</u>	<u>(8)</u>

4. Reconciliation of profit for the year ended 28 February 2005

	As reported previously (Audited)	Effect of IFRS	IFRS restated
Operating profit before capital items	968	(5)	963
Investment income	100	-	100
Finance costs	(62)	-	(62)
Share of profits from associates	24	-	24
Goodwill adjusted and impaired	(300)	96	(204)
Capital items	114	-	114
Profit before taxation	844	91	935
Taxation	(340)	1	(339)
Profit for the year	504	92	596
Attributable to :			
Minority shareholders	104	44	148
Altron equity holders	400	48	448
EPS	145	17	162
HEPS	161	1	162

5. Reclassification of finance lease receivables and payables

Previously certain finance lease receivables and payables were offset, these have been grossed up and reported separately as the criteria for offset are no longer considered applicable.

The effect of the reclassification at 28 February 2005 is as follows:

Assets

Decrease in rental finance advances	(31)
Increase in accounts receivable (short term portion of rental finance advances)	84
	<u>53</u>

Liabilities

Increase in non-current loans	24
Increase in current loans	29
	<u>53</u>

Business segmental analysis

R millions

	2006	%	2005	%
	(Audited)		(IFRS restated)	
Revenue:				
Telecommunications	5,387	39%	4,713	39%
Power electronics & multimedia	4,402	31%	3,723	31%
Information technology	4,270	31%	3,835	31%
Corporate, financial services and eliminations	(90)	(1%)	(65)	(1%)
	<u>13,969</u>	<u>100%</u>	<u>12,206</u>	<u>100%</u>
Operating profit *				
Telecommunications	449	43%	356	37%
Power electronics & multimedia	276	27%	227	23%
Information technology	321	31%	372	39%
Corporate and financial services	(6)	(1%)	8	1%
	<u>1,040</u>	<u>100%</u>	<u>963</u>	<u>100%</u>

* Operating profit is stated before capital items

Operational contribution

R millions

	2006	%	2005	%	
	(Audited)		(IFRS restated)		
Revenue:					
Altech	6,041	43%	5,552	45%	
BTG	3,470	25%	2,906	24%	
Powertech, corporate, financial services and eliminations	4,458	32%	3,748	31%	
	<u>13,969</u>	<u>100%</u>	<u>12,206</u>	<u>100%</u>	
Operating profit *					
Altech	485	47%	491	51%	
BTG	282	27%	221	23%	
Powertech, corporate and financial services	273	26%	251	26%	
	<u>1,040</u>	<u>100%</u>	<u>963</u>	<u>100%</u>	
Headline earnings:					
	% held at 2006				
Altech	57.7%	214	40%	192	43%
BTG	57.6%	111	21%	73	16%
Powertech, corporate and financial services	100.0%	204	39%	180	41%
		<u>529</u>	<u>100%</u>	<u>445</u>	<u>100%</u>

* Operating profit is stated before capital items

Supplementary information

R millions

	2006	2005
	(Audited)	(IFRS restated)
Depreciation and amortisation	213	192
Capital expenditure	315	333
Contingent liabilities	27	27
Capital commitments	70	77
Lease commitments	484	442
Payable within the next 12 months:	117	133
- property	84	92
- plant, equipment and vehicles	33	41
Payable thereafter:	367	309
- property	348	273
- plant, equipment and vehicles	19	36
Unlisted associates and investments		
- Carrying amount	228	453
- Directors' valuation	235	479