

## To the members of Allied Electronics Corporation Limited

The directors have pleasure in submitting the annual financial statements of the Altron group for the year ended 28 February 2006.

### NATURE OF BUSINESS

Altron is an investment holding company. Its principal subsidiaries, Allied Technologies Limited, Power Technologies (Pty) Limited and Bytes Technology Group Limited, are invested in the power electronics, telecommunications, multi-media and information technology industries.

### FINANCIAL RESULTS

Group attributable earnings for the year ended 28 February 2006 were R494 million (2005: R448 million), representing earnings per share of 176 cents (2005: 162 cents). Headline earnings per share were at 189 cents (2005: 162 cents).

Full details of the financial position and results of the Altron group are set out in these financial statements.

### DIVIDENDS

The following dividends were declared in respect of the year ended 28 February 2006:

- ordinary dividend No. 58 of 78.0 cents per share (2005: 63.0 cents); and
- participating preference dividend No. 12 of 78.0 cents per share (2005: 63.0 cents).

It remains policy to declare dividends annually at the time of announcing the Altron group's results in May of each year.

### SUBSIDIARIES, ASSOCIATE COMPANIES AND OTHER INVESTMENTS

Particulars of the principal subsidiaries of the Altron group are given on page 169 whilst particulars of the associate companies, joint ventures and other investments are provided in Annexure 1 on page 154.

The attributable interest of the companies in the income and losses of their subsidiaries for the year ended 28 February 2006 is:

	2006 R million	2005 R million
Aggregate amount of income after taxation	878	695
Aggregate amount of losses after taxation	127	99

### Digital Healthcare Solutions (Pty) Limited (DHS)

On 26 April 2005, BTG SA acquired the entire issued share capital of DHS for a consideration of R132.2 million. Of the shares acquired, 39.13% were previously owned by BTG with the balance being acquired from various third parties. The consideration was settled out of BTG SA's existing cash resources.

### Econet Wireless Global Limited

On 1st September 2005, Altech disposed of its 50% plus one share interest in Econet Wireless Global Limited (EWG) to the remaining shareholders of EWG for US\$87.5 million (R561 million).

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## Purchase of 6.7% of BTG

During the period under review, the company took advantage of several opportunities to purchase 6.7% of the issued share capital of BTG on the open market at a cost of R118.17 million.

## SHARE CAPITAL

Full details of the authorised, issued and unissued capital of the company at 28 February 2006 are contained in note 9 to the financial statements.

## Share schemes

Particulars relating to the Altron Share Incentive Scheme and The Allied Electronics Corporation Limited Share Trust are set out in note 9.6 to the financial statements.

At the date of this report, a total of 4 847 855 ordinary shares and 15 495 042 participating preference shares remain reserved for the purposes of the company's employee share schemes.

The remaining unissued ordinary shares and participating preference shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 1973, as amended, and which authority remains valid only until the next annual general meeting which will be held on Friday, 14 July 2006. At that meeting, shareholders will be asked to place 10% of the unissued ordinary and participating preference shares under the control of the directors. Shareholders will also be asked to waive their pre-emptive rights in favour of the directors to allot and issue ordinary and/or participating preference shares for cash as and when suitable circumstances arise.

## DIRECTORATE

The Altron directorate is referred to on pages 184 to 187 of this report.

## Appointments:

12 October 2005	Mr N Claussen
	Mr MJ Lamberti

## Resignations:

30 June 2005	Mr IM Ayob
10 October 2005	Mr DA Hawton

In terms of the company's articles of association, Messrs N Claussen and MJ Lamberti retire at the forthcoming annual general meeting and Messrs RE Venter, PMO Curle, DC Mpofu and Ms DC Radley retire by rotation. All the retiring directors are eligible and available for re-election. Their profiles appear on pages 184 to 187.

## SECRETARIES

Altron Management Services (Pty) Limited act as secretaries to the company. The secretaries' business and postal addresses appear on page 197 of this annual report.

## SEGMENTAL REPORTING

Segmental information is included in this annual report as part of the operational reviews and shareholders are referred to annexure 2 on page 158.

Headline earnings contributions to Altron were as follows:

	2006 R million	2005 R million
Altech	214	192
BTG	111	73
Powertech	170	150
Corporate	34	30

## DIRECTORS' INTERESTS

At 28 February 2006 the present directors of the company held direct and indirect beneficial interests, including family interests, in 59 791 936 of the company's issued ordinary shares (2005: 59 751 636 ordinary shares) and 34 511 558 of the company's issued participating preference shares (2005: 34 491 192). Details of shares held per individual director are listed below. A total of 3 684 381 participating preference share options and conditional rights are allocated to directors in terms of the company's employee share schemes.

Chairman and director, Dr WP Venter, through his family and related trusts, is the controlling shareholder of the company.

Direct beneficial		
Name of director	Ordinary shares	Participating preference shares
Dr WP Venter	2 641 639	8 039
MC Berzack	—	426 332
Dr HA Serebro	495 163	1 555
MJ Leeming	2 500	—
RE Venter	—	45 366

Indirect beneficial		
Name of director	Ordinary shares	Participating preference shares
Dr WP Venter	56 649 124	34 029 256
Dr HA Serebro	1 010	1 010
MJ Leeming	2 500	—

At the date of this report, these interests remain unchanged.

## RESOLUTIONS

The company passed and registered two special resolutions on 26 July 2005, one approving the acquisition by the company or any of its subsidiaries of the company's shares and the other adopting amended articles of association.

At subsidiary level, Altech passed and registered two special resolutions on 5 October 2005, one approving the acquisition by Altech or any of its subsidiaries of Altech's shares and the other adopting amended articles of association.

BTG passed and registered one special resolution on 21 July 2005 adopting substituted articles of association.

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Altron group, were passed by the company or its subsidiaries during the period covered by this annual report.

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out in this annual report have been prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and the Altron group.

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These financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the company and the Altron group have adequate resources in place to continue in operation for the foreseeable future.

The auditors have concurred with the directors' going-concern statement. The annual financial statements for the year ended 28 February 2006 which appear on pages 111 to 170 were approved by the board and signed on its behalf on 8 May 2006.

For: **Allied Electronics Corporation Limited**



**Dr Bill Venter** (Chairman)



**RE Venter** (Chief Executive)



**DC Radley** (Chief Financial Officer)