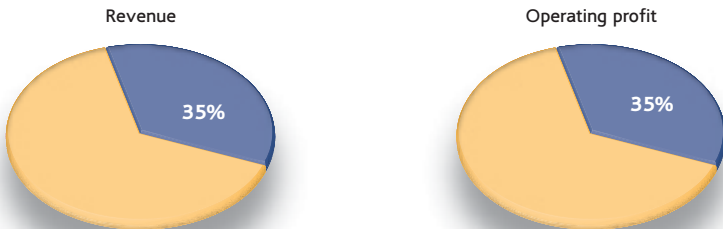


## Telecommunications

The Altron **telecommunications sector** generated revenue of R6 billion and operating profit of R539 million in the review period, representing 35% of total group revenue and operating profit alike. Relevant regulatory changes in the South African telecommunications market during the year included the entry of a second fixed-line operator, the enactment of the Electronic Communications Act and the advent of mobile number portability between cellular operators. Advanced technologies from broadband, high-speed digital portal access and wireless connectivity to ADSL offer significant and broad-based communications opportunities for our group.

**Altech Autopage Cellular**, the largest independent cellular services provider in South Africa, increased its subscriber base to over 800 000 from around 700 000 the previous year. The rising proportion of hybrid connections (post-paid and prepaid) has reduced average revenue per user but this was offset by growing numbers of high-end corporate and fixed cellular customers. The company expanded its national footprint to over 150 stores, supplemented by its own and third-party distribution channels. Recent competitive price reductions from major operators will benefit Altech Autopage Cellular through greater penetration and use of wireless data services, while the acquisition of a licence to offer value-added network services will enable it to capitalise

Contribution by telecommunications









period to capitalise on business opportunities in the Nigerian market and neighbouring east African countries. **Renergy Technologies**, a Powertech renewable energy operation, performed exceptionally well following improved demand and the introduction of new products and system solutions. Effective 1 February 2007, Altron and Reunert combined their telecoms cables operations in a new joint-venture company, **CBi electric Aberdare ATC Telecoms Cables**, and integrated Aberdare subsidiary Lambda Cables as a division of the new company. In its first month of operation, CBi electric Aberdare ATC Telecoms Cables performed above expectations and is well on track to becoming Africa's leading manufacturer and supplier of copper and optical fibre telecommunications cables.

## SUSTAINABILITY IN TELECOMMUNICATIONS – HARNESSING THE WIRELESS REVOLUTION

A massive revolution in wireless is under way, with myriad new technologies competing for visibility and dominance. Altron believes that judicious evaluation of these technologies and their potential markets taking into account the value inherent in our existing consumer bases, and striking at the right time, is the key to sustaining our growth in telecommunications.

We have carved out enviable positions in the world of 3G and traditional wireline through profitable and mature businesses.

Mobile Wimax, positioned as the first true competition to the maturing world of 3G is exploding worldwide, and Altech has secured a Wimax technology partnership with Korea's Samsung. To this end, Altech has also secured a licence from Icasa to build a test network, which is our first step towards larger strategic plans in this space. The network will be commissioned in Gauteng during the third quarter of 2007.

Similarly, meshed Wifi, another IP-based wireless

technology with particular application to cost effective urban and city deployment, offers opportunities. Altech secured a technology relationship with CityNet Wireless USA, a world leader in this field. Roll-outs in SA and Africa will start during the course of the year.

