

Value added statement

The measure of the value created by the group is the amount of value added by its diverse manufacturing, distribution and other activities to the cost of raw materials, products and services purchased. This statement shows the total value created and how it was distributed.

	2007		2006	
	R millions	%	R millions	%
Revenue from continuing operations	17 126		13 913	
Paid to suppliers for material and services	(12 707)		(10 296)	
Value added	4 419		3 617	
Income from investments*	136		144	
Total value created	4 555		3 761	
Value distribution				
Employees	2 736	60	2 492	66
Capital providers	445	10	335	9
Finance costs	56		53	
Dividends to Altron shareholders	216		176	
Dividends to minority shareholders in subsidiaries	173		106	
Central and local government	606	13	440	12
Company taxation	493		338	
Secondary taxation on companies	58		35	
Rates and taxes; licences and levies	34		49	
Skills development levy	27		25	
Subsidies granted by the government	(6)		(7)	
Corporate social investment (CSI)**	14	—	10	—
Reinvested in the group to maintain and develop operations	754	17	484	13
Depreciation and amortisation	235		213	
Retained profit	589		318	
Deferred taxation	(70)		(47)	
	4 555	100	3 761	100
Value added ratios				
Number of employees***	11 871		11 874	
Revenue per employee (Rand)	1 442 675		1 171 720	
Value created per employee (Rand)	383 708		316 742	
Corporate social investment – % of profit after tax	1.3		1.3	

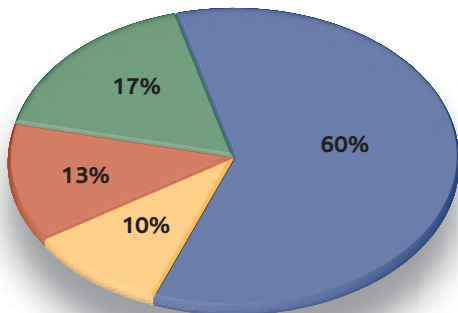
*Income from investments includes interest received, dividend income and share of associates' profits.

**CSI includes education, training and social upliftment projects.

***These are permanent group employees.

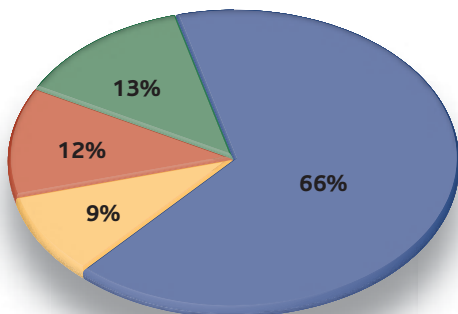


2007



- Employees
- Capital providers
- Central and local government
- Reinvested in the group to maintain and develop operations

2006



Altron is at the forefront of supporting the government's thrust to develop South Africa's infrastructure for the benefit of its citizens. We do this through our core businesses of telecommunications, power electronics and multi-media, and information technology. Through various products and services, Altron is contributing to bridging the digital divide, the creation of a knowledge economy, technological innovation and the economic growth of South Africa.

Research and development

Intellectual property

Innovation is a primary driver of value creation for Altron in certain sectors of its business, particularly the high-tech operations. The trademarks, patents and registered designs held by the Altron group include:

Trademarks	
Allied Electronics Corporation	23
Altech group	318
Powertech group	407
Bytes group	174
Patents	
Altech group	13
Powertech group	15
Bytes group	3
Registered designs	
Altech group	5
Powertech group	120

*These numbers do not include the copyright held by the various operations

The Altron group's expenditure in respect of trademarks, patents and registered designs, including litigation matters and the protection and enforcement of its intellectual property rights worldwide amounted to over R1 million during the year under review. As part of its research and development costs, this expenditure is essential, given the high-tech environment in which the group operates. This amount includes the renewal of Altron's trademarks, patents and designs, as well as defensive company names and domain names, where appropriate. When new products are developed, the protection of the new technology or aesthetic and functional designs will be considered and, where they are novel, patent and registered design applications will be filed.

In a landscape where multiple new, diverse and powerful technologies can appear with breathtaking rapidity, it is crucial that the group differentiate itself through innovation in order to defend more closely existing markets and to quickly exploit new ones.

Consequently, particularly in high-tech business environments such as **Altech**, there is a strong focus on nurturing and stimulating innovation and new ideas across the group, from new product development to acquisition opportunities. Altech hosts regular strategy sessions that focus on new product development, and substantial funds have been allocated to global product, market and technology research in order to disseminate the best of breed innovation from around the world, with the intent of catalysing internal innovation.

Aberdare, in co-operation with the South African Bureau of Standards (SABS – the national standards organisation) serves on a number of

International Electrotechnical Commission (IEC) cable working groups, one of which deals with the development of test methods for cables in fire situations. Aberdare works closely with the South African Council for Scientific and Industrial Research (CSIR) and various major universities and technikons in the quest to continuously upgrade its product range and manufacturing capabilities. Aberdare is determined to retain its position as a leader in the cable industry through the development of cost-effective solutions to common problems faced by many of the world's developing nations, and by working closely with customers to meet their every possible need.

An integral part of your day

When you get into your car to drive to the office, it could be a **Sabat** or **Willard** battery that gets you going. Your **Altech Netstar** tracker unit provides peace of mind that if your car is stolen, it will be found.

Driving to work, you may think about the **Altech Alcom Matomo** two-way radio systems in place to facilitate police and emergency services for the entire Gauteng and Cape metropolitan areas and how this will make lives easier for so many people travelling on our roads and those who might require emergency services.

Arriving at the office, you are reminded of the role of **Crabtree's** electrical accessories as you flip switches for lights and computer equipment. You may thank **ABB Powertech** and **Aberdare** for their supply of power, distribution transformers and services to Eskom in electrifying our cities and towns.

You could also be using a product from the **Bytes** group and its many software partners, including Microsoft, as you draft and send your first e-mail message for the day.

Doing business in this electronic world would be impossible without the suppliers of hardware, software, network infrastructure management, data warehousing, licensing and IT back-up systems . . . many of them Bytes companies such as **Bytes Systems Integration**, **Bytes Managed Services** and **Bytes Outsource Services**, etc.

The colour prints of your presentation and photocopies of media clippings may have been stored on a Xerox electronic document management system supplied by **Bytes Document Solutions**.

As a signal flickers on your PABX prompts you to check your voicemail messages you realise the role **Bytes Communication Systems** play in equipping your office environment with their unified messaging and voice-over data transmission.

As your cellphone starts ringing, it may be **Altech Autopage** or **Altech Supercall** that acts as your independent service provider handling all your transactional administration, while **Altech NamITech** is the supplier of your SIM card and where required your prepaid voucher.

When you draw cash at an ATM, you may well be using National Cash Registers (NCR) machines, distributed by **Bytes Specialised Solutions**. In your local supermarket, the till may be operating on an NCR point-of-sale system that also accepts bank card payments, supplied by **Altech Card Solutions**. In fact, one of **Altech's** IT card businesses is involved in almost every card-related transaction you might consider, from ATMs to credit cards.

Walk into any business or facility and chances are you'll be surrounded by equipment supplied by **Crabtree**, **Tridonic**, **ABB Powertech**, **Battery Technologies** and **Aberdare**, which all play an important role in the supply of electrical accessories, standby power, process control and cabling for theatres, buildings and even large industrial sites. **Digital Healthcare Solutions** plays a significant role in simplifying doctors and medical accounts procedures.

When your children watch cartoons on satellite, you're seeing **Altech UEC** and its custom-designed and personalised set-top boxes in action.

This is the value proposition of the Altron group.

