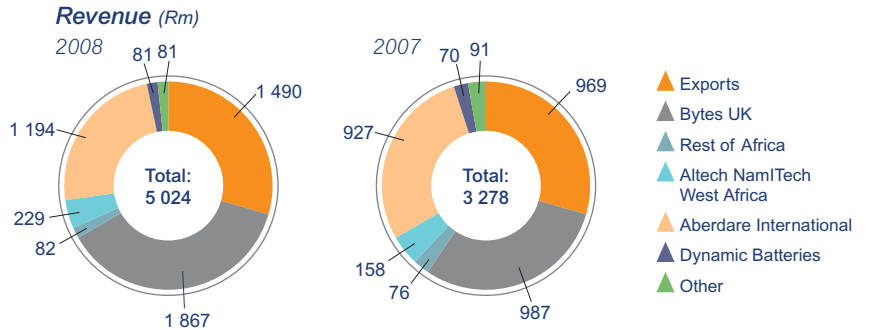


Segmental review

Geographic segmentation

- ▶ Foreign operations and exports grow to 23% of revenue
- ▶ Bytes expands UK businesses to become leading Xerox concessionaire in the United Kingdom
- ▶ Powertech increases stake in CdC Zaragoza, Spain to 100%
- ▶ Altech makes further investment in Altech NamITech West Africa
- ▶ Powertech purchases Swanib Cables, Namibia
- ▶ Battery Technologies establishes offices in Nigeria and Tanzania
- ▶ Altech acquires 51% controlling interest in three subsidiaries of the Sameer ICT Group in Kenya
- ▶ Powertech Transformers establishes office in Kenya and Uganda
- ▶ Powertech establishes Aberdare Hong Kong office
- ▶ Altech UEC India established and subcontract manufacturing facilities approved in Thailand and China
- ▶ Altech rolls out broadband network in Kigali, Rwanda.



Altron's **Telecommunications** sector currently contributes 35% to Altron's revenue and 33% towards operating profit compared to 35% and 35% respectively the previous year, with the majority of the contribution currently being generated in the South African market. While we will continue to strive to grow both the revenue and profitability of the South African businesses, there are clearly excellent opportunities in Africa, both in terms of our existing businesses and complementary operations that are placed higher up the value chain.

Currently our operations in this sector are dominated by Altech Autopage Cellular and Altech Netstar. These are relatively mature businesses that nevertheless continue to grow strongly, but the real growth opportunities lie in the provision of broadband services. In South Africa we are currently testing Wimax technologies in partnership with Samsung and have recently had our test licence period extended. In the African market we are in the process of setting up a broadband network in Rwanda through Altech Stream and have recently completed the acquisition of a controlling interest in three subsidiaries of the ICT Sameer Group in East Africa, giving us immediate critical mass in that market. These new ventures are expected to contribute strongly in the years to come and further opportunities are being identified and pursued.

The group's telecoms cable joint venture with Reunert is benefiting from the liberalisation of the local telecommunications market as a number of operators look to build their own fixed line networks. Telkom continues to be the largest player in the market but significant orders are starting to flow from Neotel, InfraCo, Vodacom and MTN.

The **Power Electronics** sector maintained its position as the largest contributor to the group's revenue, accounting for 38%, consistent with the prior year. This sector contributes 46% towards total operating profit, up from 43% the previous year. In light of increased capital expenditure on infrastructure projects and the escalation in Eskom and municipalities' demand for products, it is expected that this sector's contribution could further increase.

The upward revision of Eskom's five-year rolling forecast for capital expansion is expected to benefit the group's power cable and transformer businesses. The power supply issues facing our country have resulted in a substantial increase in demand for alternative power supply solution products, including standby batteries and solar solutions, as well as energy-saving lighting options. The recently acquired IST business has, through its design solutions service, seen an increase in demand for alternative power supply in a number of forms, the most material of which are some gas turbine projects. The group's cable businesses in the Iberian Peninsula performed above expectations and is expanding its current product range and geographic reach. The focus on infrastructure development, both locally and internationally, is expected to continue in the medium term.

Increased demand from both local and international satellite television operators for set top boxes has resulted in the group outsourcing some production to the Far East. The digitisation of the South African terrestrial television signal presents a significant opportunity and we currently await government's pronouncements on the technical specifications and funding

arrangements of this programme. As the only South African manufacturer of this equipment we are well placed to benefit from this opportunity.

The **Information Technology** sector has contributed 27% towards the group's total revenue compared to 28% in the previous year and its contribution to operating profit at 22% has decreased compared to 23% last year. The geographical contribution shift is attributed to a significant improvement from the Bytes UK business operations and the fact that local operations are experiencing margin pressure due to competitive market conditions. The strengthening US dollar and euro has impacted on imported products in many of the companies in the group that distribute international products.

We believe this sector is ripe for consolidation and we are currently evaluating two acquisition opportunities.

Our information technology businesses are working closely with our telecommunications businesses that are pursuing broadband opportunities, with a view to creating a very powerful market offering in terms of a full service solution.

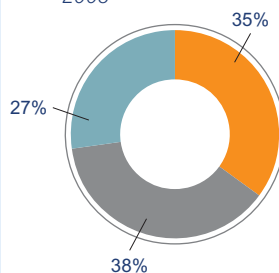
Our UK operations in this sector have had a good year and are becoming the leading key players in a relatively fragmented market. Further consolidation opportunities are being pursued in this market.

Business segmentation

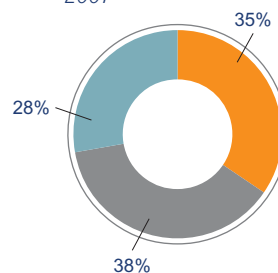


Revenue

2008



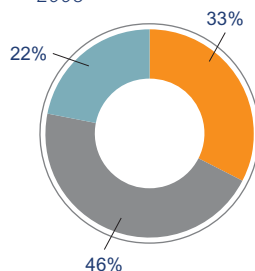
2007



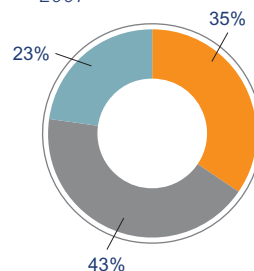
▲ Telecommunications
▲ Power electronics and multimedia
▲ Information technology
Eliminations (1%) in 2007

Operating profit*

2008



2007



▲ Telecommunications
▲ Power electronics and multimedia
▲ Information technology
Corporate, financial services and eliminations of (1%) in each year

*Operating profit is stated before capital items.