

Notes to the financial statements

for the year ended 28 February 2009

1. ACCOUNTING POLICIES

Please refer to the group accounting policies on pages 130 to 137.

2. INTEREST IN SUBSIDIARIES

	Issued capital R millions	Effective holding		Shares at cost less amounts written off		Indebtedness	
		2009 %	2008 %	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Allied Technologies Limited	7	62	62	235 095	223 225	—	—
Bytes Technology Group (Pty) Limited	737	100	100	2 016 937	2 016 863	—	—
Power Technologies (Pty) Limited	411	100	100	249 869	249 869	568 575	567 473
Altron Finance (Pty) Limited – ordinary shares	—	100	100	235	235	223 364	211 453
Altron Finance (Pty) Limited – preference shares	—	100	100	121 509	121 509	—	—
Investment in subsidiaries – share-based payments	—	—	—	46 078	2 593	—	—
Venopt (Pty) Limited	—	*	—	421	—	—	—
Other	3	100	100	—	3	—	—
				2 670 144	2 614 297	791 939	778 926
Less: Current portion disclosed as current assets						241 939	228 926
Non-current loans						550 000	550 000

Notes

The above details are given in respect of interests in subsidiaries, where material. A full list of South African subsidiaries is available on request, at the registered office of the company. All subsidiaries are incorporated in South Africa.

* Special purpose entity owning 22% of Bytes Technology Group South Africa (Pty) Limited and beneficially owned by Kagiso Strategic Investments (Pty) Limited. The entity is recognised as a subsidiary of the company by virtue of the put option issued in favour of a financial institution in respect of the preference share capital funding of the entity (refer to note 5).

	2009 R'000	2008 R'000
3. LOANS		
Unsecured bank loans	567 212	566 132
Current portion reflected as current liabilities	(17 212)	(16 132)
Non-current loans	550 000	550 000

The loan bears interest at the rate of JIBAR + 0.95% payable quarterly in arrear and the capital amount is repayable on 2 September 2010.

4. SHARE CAPITAL AND PREMIUM

Please refer to the group note 10 on page 154.

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for the year ended 28 February 2009

	2009 R'000	2008 R'000
5. DERIVATIVE LIABILITY		
Fair value at inception recognised as investment in subsidiary	421	—
Fair value adjustment recognised through income statement	1 354	—
Fair value at the end of the year	1 775	—
In terms of the Bytes B-BBEE transaction with Kagiso, Altron was required to write a put option to the financial institution in respect of the perpetual non-cumulative preference shares issued by Venopt (refer group note 12 on page 161). The put option was initially recognised at fair value on the date that it was written. Subsequent to initial recognition, Altron measures the put option at its fair value at each balance sheet date and recognises the resulting fair value adjustment in the income statement. The fair value of the put option is determined at each balance sheet date using a European option pricing model. The fair value assumptions utilised in the valuation of the option were as follows:	At balance sheet date	On initial recognition
Underlying preference share value including dividends receivable	R165 million	R154 million
Risk-free interest rate (%)	8.06	9.54
Option life (years)	4.34	5
Dividend yield	70% of prime	70% of prime
Expected volatility (%)	30	28
The value of the put option changes in response to an underlying variable namely, the value of the preference shares, which is impacted by the dividend flows on the Bytes SA shares held by Venopt.		

	2009 R'000	2008 R'000
6. TAXATION		
Current tax	1 550	796
Secondary tax on companies	5 226	—
	6 776	796
	%	%
Reconciliation of rate of taxation		
South African normal tax rate	28.0	29.0
Non-taxable income	(27.8)	(28.8)
Non-deductible expenses	0.1	—
Secondary tax on companies	0.9	—
Effective tax rate	1.2	0.2

	2009 R'000	2008 R'000
7. GROUP SHARE-BASED PAYMENTS		
Details of employee share options granted by the company are reflected in group notes 10.6 to 10.8 on pages 155 to 157.		
Options granted under the conditional rights scheme are subject to a recharge arrangement with participating subsidiaries upon exercise of the options by employees of those companies and have been accounted for as follows:		
Group share scheme recharge receivable at fair value	—	45 333
Deferred group share scheme recharge pending settlement	—	(20 169)
Cumulative equity-settled charge recognised by subsidiaries and receivable per balance sheet	—	25 164
The fair value of the recharge receivable under the conditional rights scheme is determined based upon the Black-Scholes model.		
The fair value of the receivable is remeasured at each balance sheet date and at settlement date.		
The model inputs were as follows:		
Share price (Rand)	19.20	36.00
Exercise price (Rand)	21.50 to 30.75	22.50 to 30.75
Terms (years)	1.41 to 4.41	0.95 to 3.73
Volatility	30.00% to 48.00%	23.35% to 26.97%
Dividend yield	8.13%	3.28%
Risk-free interest rate	8.07%	9.6%
8. TAXATION PAID	R'000	R'000
Taxation payable at the beginning of the year	153	23
Charge per income statement	6 776	796
Taxation payable at the end of the year	(1 579)	(153)
	5 350	666
9. RELATED PARTIES		
The company has a related party relationship with its subsidiaries (see note 3)		
Dividends		
The company received dividends from subsidiaries	545 661	383 265
Interest		
The company received interest from subsidiaries	76 745	34 119
Shareholders		
The principal shareholders of the company are detailed in the analyses of shareholders on pages 86 to 88 of the annual report.		
Directors		
The company has a related party relationship with its directors (see note 20 of the group accounts).		
Directors' interests are disclosed in the directors' report.		
10. FINANCIAL RISK MANAGEMENT		
Financial risk management and related disclosures have been dealt with in the group financial statements.		