

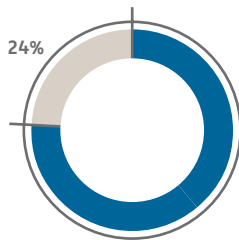
Review of operations continued



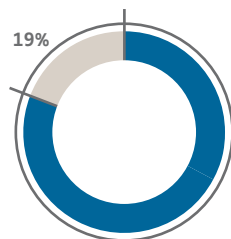
Bytes

Bytes' results came under pressure, largely due to the impact of the international financial crisis on its financial services and retail sector customers. Revenue grew by a satisfactory 16% to R6 billion, however EBITDA growth of only 3% to R427 million reflected the pricing pressures and competitive environment in the IT market. Notwithstanding, this, Bytes performed reasonably, particularly when compared to some of its competitors in the industry. Adjusted diluted headline earnings were in line with those reported last year, however, at headline earnings and attributable profit level the contribution from Bytes SA to Altron reduced following the exercise of Kagiso's option to acquire a further 22% equity interest in Bytes with effect from 1 July 2008. The economic slowdown and pressure on financial services institutions in particular have led to project delays and cancellations, impacting a number of Bytes' local businesses. Nevertheless excellent performances were delivered by Document Solutions and Managed Services, with Outsource Services and Healthcare Solutions producing strong results.

Contribution to Altron revenue



Contribution to Altron EBITDA



16%

increase in revenue to R4 billion



- » Bytes' results remained steady despite pressure in some of the sectors that the group serves.



Bytes UK

In the United Kingdom, Bytes Software Services performed exceptionally well, producing record results. The company continues to provide volume software licensing solutions for Microsoft as well as other software publishers such as IBM, Symantec, Oracle, Citrix and Adobe to corporate and public sector organisations. A pleasing factor during the year was the sustained increase in new customers secured.

The Xerox businesses in the UK underperformed, particularly from the last calendar quarter of 2008, due to both the deterioration of the UK economy and certain internal issues which have now been addressed.

In order to optimise cost and processing efficiencies, the back office functions of the various Xerox businesses are being consolidated and streamlined with those of the software business. A management restructuring of its three separate Xerox businesses, Planflow, Vantage and Xclusive, has been undertaken with the intention of delivering certain synergies and economies of scale which are expected to contribute to a much-improved performance in the coming year.

Bytes SA

Bytes Document Solutions (BDS), the exclusive distributor of Xerox equipment in South Africa and 26 African countries, reported outstanding results both in terms of revenue which improved by 28% and profits which increased by 18%. The results were significantly enhanced by the acquisition of NOR Paper, effective 1 July 2008. This acquisition exceeded expectations both in terms of its financial contribution and in extending BDS's customer base.

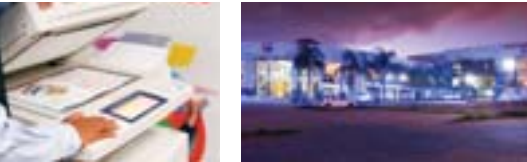
The objective of BDS to diversify the business in order to become less dependent on one single supplier has largely been achieved during the year. The Xerox dependent component now represents approximately 60% of the BDS revenue stream, meaningfully down from previous years.

Partly due to the Xerox catalogue of equipment offering being more competitive, BDS significantly grew its market share, both in terms of units and value.

According to independent research the increase achieved by BDS (Xerox) substantially outstripped that of any of its competitors.

The document services and outsourcing division delivered a steady year although a number of its largest customers were involved in reorganisation exercises which

Review of operations continued



dampened revenue growth within key account portfolios. Although the volume of documents printed increased significantly, in the laser-printing bureau, margin pressures were experienced.

Bytes Managed Services (Bytes MS), a workspace management and equipment maintenance organisation, performed strongly despite challenging trading conditions. Operating profit was improved with margins being sustained, essentially on the back of improved processes, a constant focus on operating efficiencies and various initiatives undertaken. In order to further counter pressures on margins, proactive service solutions and other innovative actions continue to be implemented.

Bytes MS has over 90 service points throughout South Africa and supports over 600 000 OEM devices on warranty and over 350 000 on maintenance contract. Being able to provide any customer with a reliable service on a national basis, as well as in certain neighbouring countries, positions Bytes MS as the leading provider in its field of operation.

Bytes Outsource Services (BOS), a services company focusing on infrastructure and call centre outsourcing, has shown good growth during the year under review and has been able to renew all its existing contracts during retendering processes. This has ensured that all contracts up for renewal during the year have been extended for periods ranging from three to five years. Annuity-based income, representing over 75% of all anticipated revenue over the next few years, has thus been secured.

Further business generated within the existing call centre operation, will improve the return on the infrastructure investment made over the past three years. New clients were secured at regular intervals throughout the year and the transition of these services has generally been well controlled.

The significant and sudden change in economic conditions has seen a renewed interest in outsourcing and 'off-shoring' as a cost-saving mechanism, particularly in US, UK and Europe-based entities. This presents BOS with significant opportunities in the second half of 2009 and into 2010.

Bytes Specialised Solutions (BSS) is the exclusive distributor for NCR and Teradata products and solutions in South Africa and selected neighbouring countries. The company markets, supports and maintains enterprise-wide information products and services. It delivers Enterprise Intelligence and Intelligent Self Service solutions that are driven by the needs of markets that typically serve a large base of consumers.

BSS experienced challenging market conditions in light of low transaction volumes in its retail ATM annuity business. This factor, coupled with certain operational challenges, has led to a re-examination of the business model, resulting in a new approach and strategy which is expected to ensure its sustainability. An unfavourable rand/dollar exchange rate and the effect of the economic meltdown, resulted in a postponement of new equipment purchases by various customers, most of whom operate in the financial services and retail sectors.

In spite of a disappointing performance in the past year, BSS is starting the new financial year with a good order book of over R40 million in the NCR Solutions business unit.

Bytes Healthcare Solutions (BHS) (formerly DHS) grew its revenue during the past year, notwithstanding static membership numbers in most medical schemes. Med-e-Mass, the healthcare software unit, increased its licensed customer base to 9 100 practitioners. Medical claim volumes processed by Digital Healthcare Switch grew marginally and averaged just

over six million transactions per month. Both operations were profitable and recorded their highest revenue and operating margins since the formation of the business in 2001.

The company's new switching and claims processing system, became fully operational during the year. Med-e-Mass successfully launched a financial transaction solution in partnership with Altech Card Technologies and Nedbank.

The company's business venture in Saudi Arabia was formally constituted and registered during the year under review under the name DHS Arabia Limited. A Saudi-based office-automation and communications technology business, Nasco Limited, is the company's 50% equity partner.

Bytes People Solutions (BPS) is the group's internationally accredited education, training, skills development and people consulting arm. Although BPS's results came under pressure this year, predominantly due to significant power cuts during the first half, it remains an industry leader that has built a credible track record over more than a decade by providing innovative human capital resource solutions and services to a large number of blue-chip companies throughout southern Africa.

As a primary driver in the area of skills development, more than 400 learners were trained in IT and related skills and placed in various companies during the year. In particular, the skills development aspect of B-BBEE initiatives is offered on an outsourced basis.

Bytes Systems Integration (BSI) experienced a difficult year, particularly as its offerings are most susceptible to the economic downturn. Facing potentially tough sales conditions ahead, BSI's management has undertaken various cost-saving measures in order to ensure increased profitable growth. The Axapta ERP division was disposed of at the end of the financial year, while the Enterprise Content Management division was closed during the period.

The Advanced Technology Services networking business continued to do well, with the NetApp storage division recording a good year with satisfactory growth in its annuity income. The SAMRAS municipal software business, with a client base of over 35 municipalities, returned satisfactory results, while the Microsoft Solutions and Process Management and Control units performed to budget. Kronos, the human capital management business, performed satisfactorily with some large clients secured in the Dubai region. The software integration business, in conjunction with sister company IST and Arivia.com has been awarded a 12-month project by Eskom worth approximately R150 million.

Bytes Communication Systems (BCS) offers services including IP and legacy voice equipment, unified communications, mobile communications, customer interaction centres, structured cabling, LAN-WAN data networks and infrastructure, and a comprehensive range of after-sales and managed services. During the year, BCS finalised the acquisition of contact centre and customer interaction experts, Intelleca. The year, however, presented many operating challenges, particularly given that Intelleca's main target market includes corporate clients who were most significantly affected by the rapid economic downturn. Notwithstanding this, the alignment of the two companies' products and services has significantly broadened the BCS solutions offering, as well as extended its customer base.

The company has managed to secure a contract with Bombela to deploy the full telephony solution for the Gautrain, and has been selected as the communications provider of choice by Thales to implement the communications requirements for the cargo area of the new King Shaka Airport in KZN.