

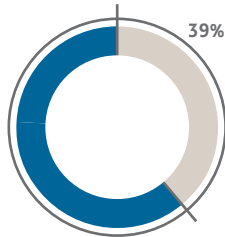
Review of operations continued

Powertech

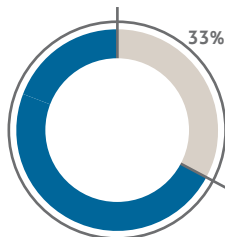
Powertech

Powertech produced disappointing results, predominantly due to the challenges experienced by its major contributor, Aberdare Cables. While most of the remaining Powertech businesses continued to perform well, the impact on Aberdare Cables of the significant slowdown in the building and construction industry as a whole, coupled with the sudden fall in copper prices during the second half, led to a significant drop in EBITDA at Powertech. Revenue grew strongly by 20% to R9.6 billion from R8 billion in the prior year. However, EBITDA declined by 28% from R1 029 million to R738 million. EBITDA margins reduced to 7.7% from the 12.8% achieved last year, partly as a result of once-off non-recurring charges relating to inventory write downs due to the dramatic fall in copper prices, and restructuring costs at Aberdare Cables. The remainder of the Powertech operations produced satisfactory results showing growth on the prior year.

Contribution to Altron revenue



Contribution to Altron EBITDA



20%

revenue growth to R9.6 billion



- » Most of Powertech's businesses performed well but the group's results were impacted by the challenges experienced at Aberdare Cables.



Powertech Cables

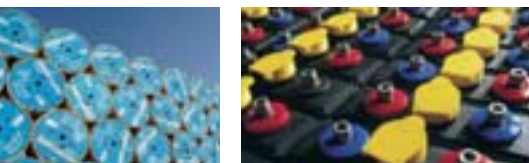
Although **Aberdare Cables** experienced a strong first half of the year, the slowdown in demand during the second half of the year was more dramatic than anticipated. Aberdare Cables' power cables business was struck by a confluence of three negative factors. Firstly, there was a dramatic contraction in the building and construction industry, which forms approximately 50% of Aberdare Cables' market. Secondly, there was a destocking of the distribution channel, which further restricted demand. Thirdly, the unprecedented fall in the copper price from around US\$9 000 per ton to US\$3 000 per ton compounded the first two factors as well as leading to inventory write downs on our stockholdings. Each of these factors negatively impacted gross margins, but the business also suffered from lower production volumes, resulting in factory underrecoveries, negatively impacting the operating margins. This resulted in Aberdare Cables taking dramatic action in order to rightsize the business for the new demand environment. This has included a significant reduction in production time, extended shutdowns over holiday periods and rationalisation of the businesses, the mothballing of certain facilities and a significant reduction in headcount. Our focus over the last six months has been on reducing working capital and controlling costs and we believe we are now well positioned to take advantage of future business opportunities.

Powertech Transformers

Powertech Transformers has performed well despite the changing market conditions marked by decreased demand in the building and construction as well as the mining sectors which negatively affected the **Desta Power Matla (DPM)** operation but were able to maintain its profit margins. The requirement for power transformer products from Eskom and the municipal market remained at acceptable levels although competition has increased from overseas suppliers.

Volatility in raw material prices and supply of, among others, core steel, copper, transformer insulation and transformer oil continued to impact operations and due to short supply the availability of these materials created challenges in ensuring availability for plant usage. DPM has received a Level 2 contributor rating for its broad-based black economic empowerment indicators through Empowerdex rating agency. Powertech Transformers are also in the process of finalising empowerment into the company's structure at shareholder level.

Review of operations continued



Powertech Batteries

Powertech Batteries experienced an exceptionally good year with strong revenue growth and enhanced profitability as a result of the recent capital expenditure programme. It continues to benefit from the expanded car pool created by the previous year's increased car sales.

The automotive replacement market remained buoyant throughout the year and important market share gains were made by Powertech Batteries. The severe cutbacks made by the automotive OE market had a lesser impact which was offset by the group's presence in the replacement market. The offshore automotive replacement operation performed satisfactorily, achieving its profitability targets.

Battery Technologies reported good results based predominantly on its growth in sub-Saharan Africa. The business divisions in the local telecommunications sector have been equally strong and the new product solution developments in respect of hybrid power systems have found wide acceptance in the markets in which it operates.

Rentech developed successful new products in respect of solar-powered traffic lights.

The modernisation and automation of the automotive factory at the Port Elizabeth plant is nearing completion. The first phase of the project, a fully automatic, continuous positive line, was commissioned at mid-year and has yielded satisfactory results in terms of quality of output, efficiencies and cost-savings. The second phase consisting of a pair of high-speed, fully automatic, assembly lines is in the final phases of commissioning and handover to production.

Powertech Industrial Group

Crabtree Electrical Accessories SA (Crabtree) reported an increase in revenue and profit compared to the prior year due to initiatives implemented during the year under review. In particular, the standby power business exceeded expectations and strong performances were delivered by the retail and lighting divisions. Despite strong competition from imports, the company maintained its leading position in its core market.

The second half of the year saw a marked deterioration in the building industry, especially in the residential sector and this materially affected the demand for Crabtree's products. The necessary steps have been taken to lessen the impact of the current conditions which are expected to prevail in the medium term.

Strike Technologies substantially exceeded its revenue and profit targets mainly due to the performance by its newly established energy solutions business, which includes the provision of standby power. Potential for significant growth arises for both Strike Technologies and Powertech Energy Solutions (PES) from the increased focus on energy conservation by utilities and their customers.

Powertech Calidus' continuing underperformance has resulted in a management restructuring. The company's core markets, principally the rail transportation and transformer industries, are expected to generate satisfactory demand in the next 12 months, albeit accompanied by some restrictions on material supply from overseas principals.

Tridonic.Atco SA, the lighting ballast business, had a steady year improving its performance marginally. However, the market remains extremely competitive.

Powertech Systems Integrators

Powertech IST continues to perform somewhat below expectations, mainly due to difficult trading conditions experienced by the Telecoms division. The economic slowdown as well as delays in project work has negatively impacted this operation although it has showed some improvement during the second half of the first full-year reporting period since Powertech acquired five of the seven businesses of IST Group (Pty) Limited, effective from 1 September 2007.

The postponed projects (which is expected to continue this year) and new initiatives resulted in a number of good prospects for Powertech IST. The order book on 1 March 2009 (orders in hand, to be executed during 2009) is already at a substantial portion of the budget for this year.

Powertech IST Data was hit the hardest by postponed projects at Eskom and strategy changes at Telkom SA. Many of the prospects are gaining momentum already and IST Data expects much improvement during this year.

Powertech IST Energy delivered a strong performance partly as a result of the current energy crisis, as well as the expansion of the business from telecontrol and protection systems to turnkey substations and turbine control systems. The electrical power infrastructure projects will continue to be the basis of this division's performance.

Powertech IST Otokon made a remarkable recovery after funds for Eskom's Demand Side Management projects dried up, some key senior staff were lost, and the co-generation projects were postponed. The division ended up delivering an EBITDA that is marginally lower than budget. It starts the new financial year with a healthy order book and prospect pipeline.

Powertech IST Telecom's access network solutions and power back-up systems performed satisfactorily under difficult market conditions in the telecom operator sector. Its endeavours to grow in the Value Added Telecommunication Services sector were costly and have not come to fruition yet resulting in a less than satisfactory performance. The business has been refocused and realigned for operational efficiency.

Powertech IST Industrial has completed some major projects and made good progress in the Environmental Pollution Control sector over the past three years. Its first large contract offshore for the refurbishment of electrostatic precipitator installations in Mali is nearing completion.

Technology Integrated Solutions (TIS) has been integrated into the Powertech System Integrators division from 1 March 2008 and has reported improved results compared to the prior year. Orders on hand to be executed during 2009 indicate a continuation of the growth for the year. TIS consists of TIS Energy, a division specialising in accessories for power networks; TIS Electronics, a harness design and manufacturing company, that specialises in wire and cable products; TIS Projects that operates in the electrical power and telecommunication network design and building industry, including all infrastructure for power and telecommunication lines, equipment installation, commissioning and maintenance. TIS Solutions is a new division focusing on network auditing, high-level training and network testing in the field of electrical transmission and distribution networks. TIS Telecom is the core business of this division that supplies connectivity accessories for telecommunication copper and fibre optic networks.