altron

2018

ANNUAL STATUTORY REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2018

LETTER FROM THE CHAIRMAN

Altron House
4 Sherborne Road
Parktown
2193

26 June 2018

Dear Shareholder

ALLIED ELECTRONICS CORPORATION LIMITED ("ALTRON") – 2018 ANNUAL GENERAL MEETING

On behalf of the board of directors of Altron, I have pleasure in extending an invitation to you to attend Altron's annual general meeting, which will be held on Wednesday, 1 August 2018 at 09:00 in The Altron Boardroom, 5 Winchester Road, Parktown. If you are unable to attend, please arrange to vote by proxy in accordance with the instructions on the proxy form.

Again, Altron will, subject to the requirements set out in the notice of annual general meeting, be making provision for its shareholders or their proxies to participate in the annual general meeting by way of electronic communication. For further details in this regard, please refer to Altron's notice of annual general meeting which accompanies this letter.

The board recognises the importance of its shareholders' presence at the annual general meeting. This is an opportunity for shareholders to participate in discussions relating to items included in the notice of meeting. In addition, the chairpersons of the board appointed and statutory committees, senior members of management, as well as the external auditor and head of internal audit will be present to respond to any questions from shareholders.

The notice of meeting and explanatory notes, which accompany this letter, set out the effects of all proposed resolutions included in the notice. In addition to the aforegoing, Altron's 2018 audited annual financial statements and Integrated Annual Report are available on the company's website at www.altron.com or available on request at wgroenewald@altron.com

I look forward to your presence at the meeting.

Yours faithfully

Mr MJ Leeming
Chairman

NOTICE OF
ANNUAL GENERAL MEETING

Allied Electronics Corporation Limited
Incorporated in the Republic of South Africa
(Registration number 1947/024583/06)
(Share code: AEL) ISIN: ZAE000191342
("Altron" or "the company")

Notice is hereby given to shareholders recorded in the company's securities register on Friday, 15 June 2018 that the 72nd annual general meeting of the shareholders of Altron will be held in The Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg, on Wednesday, 1 August 2018 at 09:00, to (i) deal with such business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No. 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited ("JSE Listings Requirements") on which exchange the company's A ordinary shares are listed, which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 20 July 2018. The last day to trade in order to be eligible to attend and vote at the annual general meeting is Tuesday, 17 July 2018.

Kindly note that in terms of section 63(1) of the Act, meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the ordinary and special resolutions which accompany this notice convening the annual general meeting.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' reports for the year ended 28 February 2018, are presented to shareholders.

A summary of the annual financial statements accompanying this notice of annual general meeting are marked Annexure "A". The complete annual financial statements are set out on the company's website at www.altron.com.

ORDINARY RESOLUTIONS

2. ORDINARY RESOLUTION NUMBER 1: ELECTION OF DIRECTOR

"Resolved that Ms BJ Francis, a director of the company who, being eligible, has offered herself for election, is elected by way of a separate resolution to fill a single vacancy, in terms of articles 25.5 and 25.6.1 of the company's memorandum of incorporation."

A brief biography in respect of Ms Francis' election is set out in Annexure "B" hereto.

3. ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.6: RE-ELECTION OF DIRECTORS

"Resolved that the following directors of the company, who, being eligible, have offered themselves for re-election, are re-elected by separate resolutions, and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, in terms of articles 25.6.1 and 25.17 of the company's memorandum of incorporation:

2.1 Mr MJ Leeming

2.2 Mr GG Gelink

2.3 Dr PM Maduna

2.4 Ms DNM Mokhobo

2.5 Mr RE Venter

2.6 Dr WP Venter"

Brief biographies in respect of each director offering himself/herself for re-election are set out in Annexure "B" hereto.

NOTICE OF
ANNUAL GENERAL MEETING (continued)

4. ORDINARY RESOLUTION NUMBER 3: APPOINTMENT OF EXTERNAL AUDITOR

"Resolved that, upon the recommendation of the current Altron audit committee, PricewaterhouseCoopers Inc. ("PwC") is appointed as the independent registered auditor of the company (to report on the financial year ending 28 February 2019) until the conclusion of the next annual general meeting, with Ms AM Motaung as the designated auditor."

5. ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.3: ELECTION OF AUDIT COMMITTEE MEMBERS

"Resolved that the following independent non-executive directors are elected as members of the Altron audit committee, in terms of section 94(2) of the Act, by separate resolutions and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with effect from the end of this annual general meeting:

4.1 Mr GG Gelink*

4.2 Mr SW van Graan

4.3 Ms BJ Francis*"

**Subject to their election/re-election as directors pursuant to ordinary resolutions numbers 1 and 2.2 respectively.*

Brief biographies of those independent non-executive directors offering themselves for election as members of the Altron audit committee are enclosed in the Altron 2018 Governance Report contained on the company's website at www.altron.com and/or as part of Annexure "B" hereto.

6. ORDINARY RESOLUTION NUMBER 5: ENDORSEMENT OF ALTRON GROUP REMUNERATION POLICY

"Resolved, by way of a non-binding advisory vote, that the Altron Group Remuneration Policy, available on the company's website at www.altron.com, be and is hereby endorsed."

7. ORDINARY RESOLUTION NUMBER 6: ENDORSEMENT OF IMPLEMENTATION OF ALTRON GROUP REMUNERATION POLICY

"Resolved, by way of a non-binding advisory vote, that the implementation of the Altron Group Remuneration Policy, details of which are set out in the Altron Remuneration Report for the year ended 28 February 2018, available on the company's website at www.altron.com, be and is hereby endorsed".

8. ORDINARY RESOLUTION NUMBER 7: GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED A ORDINARY SHARES

"Resolved that, as required by and subject to the memorandum of incorporation and the requirements of the Act and the JSE Listings Requirements, from time to time, the directors are, as a general authority and approval, authorised, as they in their discretion think fit, to allot and issue the unissued A ordinary shares of the company, subject to the following:

- the authority shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this annual general meeting;
- issues in terms of this authority will not, in any financial year, in aggregate, exceed 5% of the number of A ordinary shares in the company's issued A ordinary share capital as at 28 February 2018 (excluding treasury shares)."

SPECIAL RESOLUTIONS

9 SPECIAL RESOLUTION NUMBER 1: REMUNERATION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN

"Resolved, in terms of article 28.1 of the company's memorandum of incorporation, that the remuneration payable, with effect from 1 September 2018, to Altron's independent non-executive chairman for his services as a director and chairman of the company, be set as follows:

Remuneration payable to independent non-executive chairman*	Proposed annual fee R (excl. VAT)
Altron independent non-executive chairman	1 050 000

**These fees are exclusive of Value Added Tax ("VAT") which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution represents a 5% increase on the chairman's fees which were approved by* *shareholders at the annual general meeting held on 17 July 2017.*

10. SPECIAL RESOLUTION NUMBER 2: REMUNERATION OF NON-EXECUTIVE DIRECTORS

"Resolved, in terms of article 28.1 of the company's memorandum of incorporation, that the remuneration payable, with effect from 1 September 2018, to Altron's non-executive directors for their services as non-executives directors of the company, be set as follows:

Remuneration payable to non-executive directors for their services as directors*	Proposed annual fee per member R (excl. VAT)
Altron non-executive directors	276 000

**These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution represents a 4.9% increase on the non-executive directors' fees which were approved by shareholders at the annual general meeting held on 17 July 2017.*

11. SPECIAL RESOLUTION NUMBER 3: REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS PARTICIPATING IN STATUTORY AND BOARD COMMITTEES

"Resolved, in terms of article 28.1 of the company's memorandum of incorporation, that the remuneration payable, with effect from 1 September 2018, to the Altron non-executive directors who participate in the company's statutory and board committees, be set as follows:

Remuneration payable to non-executive directors for participating in statutory and board committees*[1]	Proposed annual fee R (excl. VAT)	Proposed attendance fee/meeting R (excl. VAT)[2]
Altron audit committee chairman	245 000	–
Altron audit committee member	125 000	–
Altron remuneration committee chairman	225 000	–
Altron remuneration committee member	105 000	–
Altron risk management committee chairman	133 000	–
Altron risk management committee member	72 000	–
Altron nomination committee chairman	133 000	–
Altron nomination committee member	72 000	–
Altron social and ethics committee chairman	133 000	–
Altron social and ethics committee member	72 000	–
Altron investment committee chairman[2]	133 000	30 000
Altron investment committee member[2]	72 000	30 000

**These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fees set out in this resolution represent a circa 4.6% – 5.9% increase on the committee fees which were approved by shareholders at the annual general meeting held on 17 July 2017.*

[1]*Each of the statutory committees meet at least two to three times per annum.*

[2]*The Investment Committee meets twice per annum, as well as on an ad hoc basis and as and when required. Per-attendance fee for additional meetings held during the year outside of standing meetings.*

NOTICE OF
ANNUAL GENERAL MEETING (continued)

12. SPECIAL RESOLUTION NUMBER 4: REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FOR PARTICIPATING IN SPECIAL/UNSCHEDULED BOARD MEETINGS AND AD-HOC STRATEGIC PLANNING SESSIONS

"Resolved, in terms of article 28.1 of the company's memorandum of incorporation, that the remuneration payable, with effect from 1 September 2018, to the Altron non-executive directors who participate in special/unscheduled board meetings and *ad hoc* strategic planning sessions, be set as follows:

Remuneration payable to non-executive directors for participating in special/ unscheduled board meetings and *ad hoc* strategic planning sessions*	Proposed attendance fee/meeting/ session R (excl. VAT)
Altron non-executive directors participation in special/unscheduled board meetings and *ad hoc* strategic planning sessions	32 000

**These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution represents a 6.7% increase on the non-executive directors' fees which were approved by shareholders at the annual general meeting held on 17 July 2017.*

13. SPECIAL RESOLUTION NUMBER 5: FINANCIAL ASSISTANCE TO EMPLOYEE SHARE SCHEME BENEFICIARIES AND RELATED OR INTER-RELATED COMPANIES AND CORPORATIONS

"Resolved that the board of directors of the company may, to the extent required by sections 44 and 45 of the Act and subject to compliance with the requirements (if applicable) of the:

(i) company's memorandum of incorporation;

(ii) the Act; and

(iii) JSE Listings Requirements,

from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to –

5.1 any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company for any purpose or in connection with, any matter, including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities in the company or any related or inter-related company; and

5.2 any of the present or future directors or prescribed officers (or any person related to any of them or to any company or entity related or inter-related to any of them), or to any other person who is or may be a participant in any of the Altron group's current or future employee share plans or other employee incentive schemes, or any share scheme trust or other entity facilitating any such scheme, for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the company or a related or inter-related company or entity or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Act,

provided that this authority shall expire at the earlier of the second anniversary of the date of the adoption of this special resolution number 5 or the date of the annual general meeting of the company to be held in 2019."

VOTING AND PROXIES

In terms of, among others, the Act and the JSE Listings Requirements, no voting rights attaching to the treasury shares held by Altron or shares held by a share trust or scheme (save for those shares held in favour of employees to which voting rights have already accrued) and unlisted securities, as applicable, may be exercised.

A ordinary shareholders holding dematerialised shares in their own name, or who hold shares that are not dematerialised, who are entitled to attend, speak and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote in their stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. Proxy forms for use by A ordinary shareholders at the annual general meeting are attached.

Shareholders holding dematerialised shares but not in their own name must furnish their Participant (previously CSDP) or broker with their instructions for voting at the annual general meeting should they wish to vote. If your Participant or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, to complete the relevant form of proxy attached. Unless you advise your Participant or broker, in terms of the agreement between you and your Participant or broker by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your Participant or broker will assume you do not wish to attend the annual general meeting or send a proxy. If you wish to attend the annual general meeting or send a proxy, you must request your Participant or broker to issue the necessary letter of representation to you.

Shareholders holding dematerialised shares in their own name, or who hold shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with, or mail it to, the transfer secretaries.

It is requested that for administrative purposes only, proxy forms should be forwarded to reach the company's transfer secretaries at the address given below by no later than 09:00 on Tuesday, 31 July 2018. Should your proxy forms not be returned to the transfer secretaries by the aforesaid date and time, the proxy forms may be handed to the chairman of the annual general meeting before the meeting is due to commence.

Please note that the company intends to make provision for shareholders of the company, or their proxies, who are entitled to attend thereat, to participate in the annual general meeting by way of a teleconference call, provided that the shareholders or their CSDP or broker (as the case may be) must give written notice to the company, per the Group Company Secretary, c/o Mr WK Groenewald, either by e-mail at wgroenewald@altron.com or at the address given below (by way of physical delivery or post) and such notice must be received by the company by not later than 48 hours prior to the date of the annual general meeting. If no notice is received by the company at least 48 hours prior to the date of the annual general meeting, then the company shall not make provision for shareholders to participate in the annual general meeting by way of a teleconference call. However, if the company timeously receives the above notice, then the company will provide a teleconference facility and furnish the shareholders or their CSDP or broker (as the case may be) with the dialling code and pin number.

Shareholders participating in this manner will still need to appoint a proxy to vote on their behalf at the annual general meeting. Access to this means of electronic communication will be at the expense of the Altron shareholder. Altron shareholders and their proxies will not be entitled to vote electronically at the annual general meeting.

NOTICE OF
ANNUAL GENERAL MEETING (continued)

The annual general meeting may not begin until at least three shareholders entitled to attend and vote at that meeting are present in person and sufficient persons are present (in person or by proxy) at the annual general meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the annual general meeting. A matter to be decided at the annual general meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or by proxy) to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect at the time the matter is called on the agenda.

By order of the board

Allied Electronics Corporation Limited
Secretaries

per: **Mr WK Groenewald FCIS**

Group Company Secretary
Altron House
4 Sherborne Road
Parktown, 2193
(PO Box 981, Houghton, 2041)

26 June 2018

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

ANNUAL GENERAL MEETING
EXPLANATORY NOTES

ORDINARY RESOLUTIONS NUMBERS 1 AND 2.1 TO 2.6 – ELECTION AND RE-ELECTION OF DIRECTORS

In accordance with article 25.5 of the company's memorandum of incorporation the authority of the directors to fill a vacancy on the board on a temporary basis, as set out in section 68(3) of the Companies Act, 71 of 2008 ("the Act") is not limited or restricted by the memorandum of incorporation, provided that such directors must be elected by the shareholders at the next annual general meeting of the company. Ms BJ Francis, appointed by the board as set out in section 68 of the Act is to be elected by shareholders at the annual general meeting in terms of article 25.5 of the company's memorandum of incorporation.

In accordance with the company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for election or re-election, as the case may be. The directors who are to retire are firstly those who have been appointed to fill a casual vacancy and secondly those who have held their positions the longest period since their last election. In addition thereto and if at the date of any annual general meeting of the company, any director will have reached the age of 70 years or older and/or held office for an aggregate period of nine years since his/her first election or appointment, he/she shall retire at such meeting, either as one of the directors to retire in pursuance of the aforegoing or additionally thereto, and being eligible, may offer themselves for election or re-election. Mr MJ Leeming, Mr GG Gelink, Dr PM Maduna, Ms DNM Mokhobo, Mr RE Venter and Dr WP Venter retire from the board in accordance with articles 25.6.1 and 25.17 of the company's memorandum of incorporation.

A brief biography in respect of each director offering himself for re-election is set out in Annexure "B" hereto.

The nomination committee of the board of directors of the company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that the re-election of the candidates referred to above would enable the company to:

- responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the board.

In addition, the nomination committee of the company has conducted an assessment of the performance of each of the retiring directors and has reviewed the skills, knowledge, experience, diversity and demographics represented on the board. The nomination committee has satisfied itself that none of the independent non-executive directors' independence of character and judgement has in any way been affected or impaired by their length of service on the board. Having received the results of these assessments and reviews, the board is satisfied that each of the directors standing for re-election, performance continues to be effective and demonstrates commitment to their roles.

Accordingly, the board recommends to shareholders the election of the director referred to in ordinary resolution number 1 and re-election of the retiring directors referred to in ordinary resolutions numbers 2.1 to 2.6, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act No. 71 of 2008, as amended ("the Act").

ORDINARY RESOLUTION NUMBER 3 – APPOINTMENT OF EXTERNAL AUDITOR

PricewaterhouseCoopers Inc. ("PwC") has indicated its willingness to be appointed as Altron's external auditor and ordinary resolution number 3 proposes the appointment of that firm as the company's external auditor until the conclusion of the next annual general meeting.

At an Altron audit committee meeting held on 19 June 2018, the committee considered the independence of the external auditor, PwC, in accordance with sections 90 and 94 of the Act. In assessing the independence of the external auditor, the audit committee satisfied itself that PwC:

- does not hold a financial interest (either directly or indirectly) in Altron;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Altron;
- is not economically dependent on Altron, having specific regard to the quantum of the audit fees to be paid by Altron and its sub-holding companies to PwC during the next financial year in relation to its total fee base;

ANNUAL GENERAL MEETING EXPLANATORY NOTES (continued)

- does not provide consulting or non-audit-related services to Altron or its sub-holding companies which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of the external auditor for non-audit-related services and which could compromise or impair the external auditors' independence (see Audit Committee report as set out on the company's website at www.altron.com); and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Altron or its sub-holding companies.

Accordingly, the Altron audit committee has satisfied itself that PwC is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants (IFAC) and nominated the appointment of PwC as independent registered auditor to Altron, to report on the financial year ending 28 February 2019 until the conclusion of the 2019 annual general meeting.

Furthermore, the Altron audit committee has executed its responsibilities in assessing the suitability of the external auditor and designated individual auditor as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements by considering the relevant information pursuant to paragraph 22.15(h) of the JSE Listings Requirements. The Altron audit committee has satisfied itself that PwC as external auditor and Ms AM Motaung, as the designated individual auditor, are appropriate and that PwC is accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.3 – ELECTION OF AUDIT COMMITTEE MEMBERS

In terms of section 94(2) of the Act, the audit committee is a statutory committee elected by the shareholders at each annual general meeting. Part 5.3 of the King IV Report on Corporate Governance for South Africa 2016 ("King IV™") likewise requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith, the nomination committee should present shareholders with suitable candidates for election as audit committee members.

In terms of the Regulations published pursuant to the Act, at least one-third of the members of the company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the CVs of the proposed members set out in Annexure "B" hereto and in the audit committee report which appears on the company's website at www.altron.com, they have experience in audit, accounting, economics, commerce and general industry, among others.

At a meeting of the nomination committee held on 8 May 2018, as well as subsequent deliberation, the committee satisfied itself that, among others, the independent, non-executive directors offering themselves for election as members of the Altron audit committee:

- are independent non-executive directors as contemplated in King IV™ and the JSE Listings Requirements;
- are suitably qualified and experienced for audit committee membership (see the report of the audit committee which is set out on the company's website at www.altron.com) as well as the CVs set out in Annexure "B" hereto;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the company;
- collectively possess skills which are appropriate to the company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the company; and
- adequately keep up to date with key developments affecting their required skills set.

For further details regarding the performance of the audit committee during the period under review, please refer to the report of the audit committee which is set out on the company's website at www.altron.com.

ORDINARY RESOLUTION NUMBER 5 – ENDORSEMENT OF ALTRON GROUP REMUNERATION POLICY

Principle 14 (paragraphs 36-39) of King IV™, dealing with Remuneration Governance, read in conjunction with paragraph 3.84(k) of the JSE Listings Requirements, requires companies to every year table their remuneration policy to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted in the remuneration of, among others, executive directors and on their implementation.

Altron's remuneration policy, which is titled "The Altron 2018 Remuneration Policy", is available on the company's website at www.altron.com. The remuneration policy deals with, *inter alia*, Altron's approach towards remuneration governance, reward philosophy and strategy and guidelines on the various components making up the remuneration packages of Altron group employees including the remuneration arrangements in place for non-executive directors.

Please note that the remuneration to be paid to non-executive directors for their services as directors for the 12 months commencing 1 September 2018 will require the approval of the shareholders by special resolution (special resolutions numbers 1 to 4), in terms of the Act, such remuneration having been benchmarked in relation to other similar sized public listed companies in South Africa.

Ordinary resolution number 5 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, Altron undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV™ and the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 6 – ENDORSEMENT OF IMPLEMENTATION OF ALTRON GROUP REMUNERATION POLICY

Similar to the explanatory notes provided for ordinary resolution number 5 above, Principle 14 (paragraphs 36 – 39) of King IV™, dealing with Remuneration Governance, read in conjunction with paragraph 3.84(k) of the JSE Listings Requirements, requires companies to every year seek an advisory vote from their shareholders on the implementation of the company's remuneration policy during the period under review. This vote allows shareholders to express their views on the extent of implementation of the company's remuneration policy, but will not be binding on the company.

The implementation of Altron's remuneration policy which is detailed in the Altron 2018 Remuneration Report for the period ended 28 February 2018, is available on the company's website at www.altron.com.

Please note that the remuneration paid to non-executive directors for their services as directors was approved by the shareholders by way of separate special resolutions at the annual general meeting which took place on 17 July 2017.

Ordinary resolution number 6 is non-binding and of an advisory nature only and failure to pass this resolution will therefore not, have any legal consequences relating to existing arrangements. However, Altron undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV™ and the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 7 – GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED A ORDINARY SHARES

In terms of article 5.8 of the company's memorandum of incorporation, read with the JSE Listings Requirements, the shareholders may authorise the directors to allot and issue the authorised but unissued shares, as the directors in their discretion think fit, provided that such transaction/s have been approved by the JSE.

The existing general authorities granted by the shareholders at the previous annual general meeting, held on 17 July 2017, will expire at the annual general meeting to be held on 1 August 2018, unless renewed.

The authorities will be subject to the Act and the JSE Listings Requirements. The aggregate number of A ordinary shares able to be allotted and issued in terms of this authority is limited as set out in the resolution.

ANNUAL GENERAL MEETING
EXPLANATORY NOTES (continued)

SPECIAL RESOLUTIONS NUMBERS 1 TO 4 – REMUNERATION OF NON-EXECUTIVE DIRECTORS INCLUDING THE NON-EXECUTIVE CHAIRMAN

In terms of section 66(8) – (9) of the Act, remuneration may only be paid to directors, for their service as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation.

The reason for proposing special resolutions numbers 1, 2, 3 and 4 is to approve the remuneration paid to non-executive directors, so as to ensure that such remuneration remains generally market-related and accords with the increasing level of responsibility being placed on directors.

Altron's remuneration committee is satisfied, having considered external remuneration benchmarking reports with regard to non-executive directors' remuneration, that overall the proposed remuneration is relative to the median remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their services as directors.

The reason for proposing special resolution number 4 is to set a fee over and above the remuneration ordinarily paid to the non-executive directors, for participating in special/unscheduled board meetings and *ad hoc* strategic planning sessions.

The proposed remuneration in special resolutions numbers 1, 2, 3 and 4 was accepted by the board (with the non-executive directors abstaining from voting) after a recommendation by the remuneration committee. Consequently, special resolutions numbers 1 to 4 are recommended by the company's board of directors for shareholder approval.

All remuneration as per the above will take effect from 1 September 2018.

Full particulars of all remuneration of non-executive directors for their services as directors, paid during the past year, as well as the process followed by the remuneration committee in recommending the remuneration of non-executive directors for their service as directors, are contained on pages 13 to 20 of the Altron Remuneration Report forming part of the 2018 Integrated Annual Report, which can be found on the company's website at www.altron.com.

SPECIAL RESOLUTION NUMBER 5 – FINANCIAL ASSISTANCE TO EMPLOYEE SHARE SCHEME BENEFICIARIES AND RELATED OR INTER-RELATED COMPANIES AND CORPORATIONS

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on an interpretation thereof, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, among others, its subsidiaries, to a member of such related or inter-related corporation, and to a person related to any such company, corporation or member, for any purpose.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, a member of a related or inter-related company or corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

(a) immediately after providing the financial assistance, the company will satisfy the solvency and liquidity test as contemplated in the Act; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Act (provided that financial assistance may only be provided to Altron directors and prescribed officers as beneficiaries participating in an Altron group share incentive scheme as set out below). Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of the company or another company related or inter-related to it. Under the Act, the company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, among others, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 5.

Sections 44 and 45 contain exemptions in respect of employee share or other employee incentive schemes that satisfy the requirements of section 97 of the Act. To the extent that any Altron group employee share plans or other employee incentive scheme do not constitute employee share schemes as defined in the Act, that satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under any such plans or schemes will, among others, also require approval by special resolution. Accordingly, special resolution number 5 authorises financial assistance to any of the company's directors or prescribed officers (or any person related to any of them or to any company or entity related or inter-related to them), or to any other person who is a participant in any of the Altron group's share plans or other employee incentive schemes or the share scheme trust or other entity facilitating any such scheme, in order to facilitate their participation in any such plans or schemes that do not satisfy the requirements of section 97 of the Act.

PASSING OF RESOLUTIONS

All ordinary resolutions will, in terms of the Act, require the support of more than 50% of the voting rights of shareholders exercised thereon, to be approved.

In order for the special resolutions to be approved, the support of at least 75% of the total voting rights exercised thereon at the meeting will, in terms of the Act, be required.

ANNEXURE A
SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% Change	2018 (Audited) R millions	2017 (Audited) R millions
CONTINUING OPERATIONS			
Revenue	6	**14 743**	13 892
Operating costs before capital items		**(13 708)**	(12 942)
Earnings before interest, tax, depreciation, amortisation and capital items (EBITDA before capital items)	9	**1 035**	950
Depreciation and amortisation		**(252)**	(222)
Operating profit before capital items	8	**783**	728
Capital items (Note 1)		**(38)**	8
Result from operating activities	1	**745**	736
Finance income		**164**	218
Finance expense		**(342)**	(441)
Share of profit of equity-accounted investees, net of taxation		**(1)**	–
Profit before taxation	10	**566**	513
Taxation		**(145)**	(98)
Profit for the year from continuing operations	1	**421**	415
DISCONTINUED OPERATIONS			
Revenue		**2 938**	5 825
Operating costs before capital items		**(2 930)**	(5 935)
EBITDA before capital items		**8**	(110)
Depreciation and amortisation		**–**	–
Operating profit/(loss) before capital items	107	**8**	(110)
Capital items (Note 1)		**(271)**	(496)
Result from operating activities		**(263)**	(606)
Finance income		**56**	45
Finance expense		**(77)**	(117)
Loss before taxation		**(284)**	(678)
Taxation		**31**	(39)
Loss for the year from discontinued operations		**(253)**	(717)
Profit/(loss) for the year from total operations		**168**	(302)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit asset		**(5)**	26
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences in respect of foreign operations		**(62)**	(59)
Realisation of foreign currency translation reserve on disposal of subsidiaries		**–**	(154)
Effective portion of changes in the fair value of cash flow hedges		**2**	(7)
Transfer to reserves		**(3)**	–
Other comprehensive income for the year, net of taxation		**(68)**	(194)
Total comprehensive income for the year		**100**	(496)

	% Change	2018 (Audited) R millions	2017 (Audited) R millions
Profit/(loss) attributable to:			
Non-controlling interests		**(19)**	(117)
Non-controlling interests from continuing operations		**17**	20
Non-controlling interests from discontinued operations		**(36)**	(137)
Altron equity holders		**187**	(185)
Altron equity holders from continuing operations		**404**	395
Altron equity holders from discontinued operations		**(217)**	(580)
Profit/(loss) for the year from total operations		**168**	(302)
Total comprehensive income attributable to:			
Non-controlling interests		**(18)**	(118)
Non-controlling interests from continuing operations		**17**	20
Non-controlling interests from discontinued operations		**(35)**	(138)
Altron equity holders		**118**	(378)
Altron equity holders from continuing operations		**356**	341
Altron equity holders from discontinued operations		**(238)**	(719)
Total comprehensive income for the year		**100**	(496)
Basic earnings per share from continuing operations (cents)	(7)	**109**	117
Diluted earnings per share from continuing operations (cents)	(7)	**108**	116
Basic loss per share from discontinued operations (cents)	66	**(58)**	(171)
Diluted loss per share from discontinued operations (cents)	66	**(58)**	(171)
Basic earnings/(loss) per share from total operations (cents)	194	**51**	(54)
Diluted earnings/(loss) per share from total operations (cents)	191	**50**	(55)

SUMMARISED CONSOLIDATED BALANCE SHEET

	2018 (Audited) R millions	2017 (Audited) R millions
Assets		
Non-current assets	**3 709**	2 816
Property, plant and equipment	**615**	569
Intangible assets, including goodwill	**1 669**	1 029
Equity-accounted investments	**20**	23
Other investments	**468**	302
Rental finance advances	**98**	113
Non current receivables and other assets	**461**	404
Defined benefit asset	**164**	178
Deferred taxation	**214**	198
Current assets	**5 749**	6 735
Inventories	**993**	1 046
Trade and other receivables, including derivatives	**3 270**	2 669
Assets classified as held-for-sale	**714**	1 644
Taxation receivable	**4**	3
Cash and cash equivalents	**768**	1 373
Total assets	**9 458**	9 551
Equity and liabilities		
Total equity	**2 545**	2 028
Non-current liabilities	**1 491**	1 971
Loans	**1 413**	1 923
Provisions	**5**	5
Deferred taxation	**73**	43
Current liabilities	**5 422**	5 552
Loans	**314**	312
Bank overdraft	**972**	956
Trade and other payables, including derivatives	**3 582**	3 177
Provisions	**20**	16
Liabilities classified as held-for-sale	**465**	1 024
Taxation payable	**69**	67
Total equity and liabilities	**9 458**	9 551
Net asset value per share (cents)	**752**	669

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Altron equity holders						
	Share capital and premium R millions	Treasury shares R millions	Reserves R millions	Retained earnings R millions	Total R millions	Non-controlling interests R millions	Total equity R millions
Balance at 29 February 2016 (Audited)	2 735	(299)	(2 320)	2 731	**2 847**	(111)	**2 736**
Total comprehensive income for the year							
Loss for the year	–	–	–	(185)	**(185)**	(117)	**(302)**
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	(60)	–	**(60)**	–	**(60)**
Realisation of foreign currency translation reserve on disposal of subsidiaries	–	–	(153)	–	**(153)**	–	**(153)**
Remeasurement of net defined benefit asset	–	–	26	–	**26**	–	**26**
Effective portion of changes in the fair value of cash flow hedges	–	–	(6)	–	**(6)**	(1)	**(7)**
Reclassification of statutory reserves on disposal	–	–	190	(190)	**–**	–	**–**
Total other comprehensive income	–	–	(3)	(190)	**(193)**	(1)	**(194)**
Total comprehensive income for the year	–	–	(3)	(375)	**(378)**	(118)	**(496)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	–	**–**	(4)	**(4)**
Issue of share capital	12	–	(12)	–	**–**	–	**–**
Share-based payment transactions	–	–	11	–	**11**	1	**12**
Total contributions by and distributions to owners	12	–	(1)	–	**11**	(3)	**8**
Changes in ownership interests in subsidiaries							
Buy-back of non-controlling interest	–	–	(212)	–	**(212)**	200	**(12)**
Non controlling interests of subsidiaries disposed	–	–	–	–	**–**	(208)	**(208)**
Total changes in ownership interests in subsidiaries	–	–	(212)	–	**(212)**	(8)	**(220)**
Total transactions with owners	12	–	(213)	–	**(201)**	(11)	**(212)**
Balance at 28 February 2017 (Audited)	2 747	(299)	(2 536)	2 356	**2 268**	(240)	**2 028**
Total comprehensive income for the year							
Profit for the year	–	–	–	187	**187**	(19)	**168**
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	(62)	–	**(62)**	–	**(62)**
Remeasurement of net defined benefit asset	–	–	(5)	–	**(5)**	–	**(5)**
Effective portion of changes in the fair value of cash flow hedges	–	–	1	–	**1**	1	**2**
Transfer to reserves	–	–	(3)		**(3)**	–	**(3)**
Total other comprehensive income	–	–	(69)	–	**(69)**	1	**(68)**
Total comprehensive income for the year	–	–	(69)	187	**118**	(18)	**100**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	–	**–**	(5)	**(5)**
Issue of share capital	413	–	(13)	–	**400**	–	**400**
Share-based payment transactions	–	–	20	–	**20**	–	**20**
Total contributions by and distributions to owners	413	–	7	–	**420**	(5)	**415**
Changes in ownership interests in subsidiaries							
Buy-back of non-controlling interest	–	–	(16)	–	**(16)**	16	**–**
Acquisition of subsidiary	–	–	–	–	**–**	2	**2**
Total changes in ownership interests in subsidiaries	–	–	(16)	–	**(16)**	18	**2**
Total transactions with owners	413	–	(9)	–	**404**	13	**417**
Balance at 28 February 2018 (Audited)	3 160	(299)	(2 614)	2 543	**2 790**	(245)	**2 545**

Dividends per share declared (cents) – nil (2017: nil)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 (Audited) R millions	2017 (Audited) R millions
Cash flows from operating activities	**581**	94
Cash generated by operations	**1 233**	1 308
Interest received	**178**	241
Interest paid	**(417)**	(557)
Dividends received from equity accounted investees and other investments	**32**	23
Changes in working capital	**(298)**	(821)
Taxation paid	**(141)**	(96)
Dividends paid, including to non-controlling interests	**(6)**	(4)
Cash flows (utilised in)/generated from investing activities	**(970)**	1 580
Proceeds on the disposal of subsidiaries and businesses net of cash	**233**	2 060
Acquisition of subsidiaries, net of cash	**(698)**	–
Additions to intangible assets	**(84)**	(123)
Additions to property, plant and equipment	**(193)**	(191)
Investment in contract fulfilment costs	**(257)**	(237)
Other investing activities	**29**	71
Cash flows utilised in financing activities	**(160)**	(1 479)
Loans repaid	**(627)**	(3 532)
Proceeds from share issue	**400**	–
Loans advanced	**67**	2 065
Other financing activities	**–**	(12)
Net (decrease)/increase in cash and cash equivalents	**(549)**	195
Net cash and cash equivalents at the beginning of the year	**329**	326
Cash and cash equivalents at the beginning of the year	**417**	206
Cash previously classified as held-for-sale	**(88)**	120
Effect of exchange rate fluctuations on cash held	**16**	(192)
Cash classified as held-for-sale	**–**	88
Net cash and cash equivalents at the end of the year	**(204)**	417

NOTES

BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements.

This report was compiled under the supervision of Mr Tim Jacobs CA (SA), Acting Chief Financial Officer.

REPORT OF THE INDEPENDENT AUDITORS

These summarised consolidated financial statements for the year ended 28 February 2018 have been audited by KPMG Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's report.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

	Movement year on year	**2018 (Audited)**	2017 (Audited)
Headline earnings per share from continuing operations (cents)	4%	**119**	114
Normalised headline earnings per share from continuing operations (cents)	16%	**135**	116
Headline earnings/(loss) per share from discontinued operations (cents)	105%	**2**	(43)
Headline earnings per share from total operations (cents)	70%	**121**	71
Diluted headline earnings per share from total operations (cents)	69%	**120**	71

1. CAPITAL ITEMS

CONTINUING OPERATIONS

	2018	2017
Net profit on disposal of property, plant and equipment	**1**	1
Reversal of impairment	**–**	10
Impairment of property, plant and equipment	**(17)**	(3)
Impairment of goodwill	**(30)**	–
Profit on disposal of subsidiary and businesses	**–**	2
Reversal of provision related to East Africa disposal	**10**	–
Impairment of historic proceeds receivable	**(2)**	–
Impairment of equity-accounted investment	**–**	(2)
	(38)	8

NOTES
(continued)

1. CAPITAL ITEMS (CONTINUED)

	Movement year on year	2018 (Audited)	2017 (Audited)
DISCONTINUED OPERATIONS			
(Loss)/profit on disposal of discontinued operations		**(90)**	22
Impairment of intangible assets		**(6)**	(16)
Net profit on disposal of property, plant and equipment		**–**	12
Release of foreign currency translation surplus		**–**	22
Release of discontinuance provision		**–**	12
Impairment of held-for-sale disposal groups		**(175)**	(548)
		(271)	(496)
TOTAL		**(309)**	(488)

2. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS

	2018 (Audited)	2017 (Audited)
Attributable to Altron equity holders	**187**	(185)
Capital items – gross	**309**	488
Tax effect of capital items	**(22)**	11
Non-controlling interests in capital items	**(26)**	(74)
Headline earnings	**448**	240

3. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS

	2018 (Audited)	2017 (Audited)
Attributable to Altron equity holders	**404**	395
Capital items – gross	**38**	(8)
Tax effect of capital items	**(1)**	–
Headline earnings	**441**	387

4. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS

	2018 (Audited)	2017 (Audited)
Attributable to Altron equity holders	**(217)**	(580)
Capital items – gross	**271**	496
Tax effect of capital items	**(21)**	11
Non-controlling interests in capital items	**(26)**	(74)
Headline earnings	**7**	(147)

5. RECONCILIATION BETWEEN HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS

Normalised headline earnings from continuing operations have been presented to demonstrate the impact of material once-off costs on the headline earnings of the group.

The presentation of normalised headline earnings is not an IFRS requirement.

	2018 (Audited)	2017 (Audited)
Headline earnings from continuing operations	**441**	387
Foreign currency gains on deferred acquisition liability	**(6)**	–
Retrenchment and restructuring costs	**77**	–
Acquisition related costs	**8**	–
Contribution from closed businesses	**–**	6
Tax effect of adjustments	**(20)**	(2)
	500	391

6. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND DILUTED EARNINGS

There were no reconciling items between attributable earnings and diluted earnings

7. ACQUISITION OF SUBSIDIARIES AND BUSINESS

Acquisition of Fleet Logistics (Pty) Limited ("EZY2C")

Effective 1 July 2017, Altech Netstar acquired 100% of the issued share capital of EZY2C in Australia, a provider of fleet and asset management solutions, for a purchase price of A$15,9 million, of which A$8,7 million was paid upfront and the remainder is payable and determined on the achievement of certain earn-out targets over the next two years. The acquisition contributed revenue of R54 million and a net profit after tax of R16 million to the group. If the company was acquired on 1 March 2017, the contributed revenue would have been R75 million and the net profit after tax would have been R18 million. Goodwill of R140 million was recognised and relates to a premium paid to increase our footprint in Australia.

These amounts as indicated above have been calculated using the group's accounting policies:

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition and a reconciliation of the cash outflow for the acquisition:	Carrying amount R millions	Fair value adjustments R millions	Recognised values R millions
Non-current assets	1	17	18
Current assets	11	–	11
Non-current liabilities	–	(5)	(5)
Current liabilities	(5)	–	(5)
Total net assets on acquisition	7	12	19
Goodwill on acquisition			140
Total purchase consideration			159
Less: Cash and cash equivalents in subsidiaries and businesses acquired			(2)
Less: Deferred purchase consideration			(70)
Net cash outflow on acquisitions			87

Acquisition of Blenheim Group Limited ("Phoenix")

On 1 October 2017, Bytes Technology Group Limited (Bytes UK) acquired 100% of the issued share capital of Blenheim Group Limited.

Blenheim is the holding company of Phoenix Software Limited, a business focused on the resale of software products and associated services.

The purchase consideration paid of GBP35,9 million was funded from a combination of cash resources in Bytes UK, existing group facilities and a new trade finance facility in Bytes UK. The acquisition contributed revenue of R843 million and a net profit after tax of R18 million to the group.

If the company was acquired on 1 March 2017, the contributed revenue would have been R2,283 million and the net profit after tax would have been R59 million.

Goodwill of R415 million was recognised and relates to a premium paid to increase our footprint in the United Kingdom.

NOTES
(continued)

These amounts as indicated above have been calculated using the group's accounting policies:

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition and a reconciliation of the cash outflow for the acquisition:	Carrying amount R millions	Fair value adjustments R millions	Recognised values R millions
Non-current assets	24	241	265
Current assets	320	–	320
Non-current liabilities	(2)	(41)	(43)
Current liabilities	(305)	–	(305)
Total net assets on acquisition	37	200	237
Goodwill on acquisition			415
Total purchase consideration			652
Less: Cash and cash equivalents in subsidiaries and businesses acquired			(72)
Net cash outflow on acquisitions			580

8. DISPOSAL OF SUBSIDIARIES AND BUSINESSES

All the operations listed below formed part of the Powertech group, which has been disclosed as a discontinued operation. These disposals were completed as part of the group’s stated intention of reducing its exposure to the manufacturing sector.

DISPOSAL OF 100% INTEREST IN THE AUTO X (PTY) LTD GROUP (POWERTECH BATTERY GROUP)

Effective 1 July 2017, Powertech Industries (Pty) Ltd disposed of 100% of its equity interest in the Auto X group for R324 million.

R188 million was received on the effective date, while the balance of the proceeds will be settled out of actual receipts received by Auto X from the Automotive Production Development Programme.
This receivable is in the form of a preference share, with a carrying value of R91 million at 28 February 2018. The preference share receivable in Auto X is included in other investments on the group’s balance sheet.

DISPOSAL OF 100% INTEREST IN WEBROY (PTY) LTD (“WEBROY”)

Effective 1 March 2017, Powertech Industries disposed of 100% of its equity interest in Webroy for R11 million.

DISPOSAL OF 100% INTEREST IN POWERTECH SYSTEM INTEGRATORS (PTY) LTD (“PTSI”)

Effective 1 August 2017, Power Technologies (Pty) Ltd disposed of 100% of its equity interest in PTSI for R20 million.

DISPOSAL OF QUADPRO SOUTH AFRICA (PTY) LTD (“QUADPRO”)

Effective 31 October 2017, Power Technologies (Pty) Ltd disposed of 100% of its equity interest in Quadpro for R10 million.

DISPOSAL OF SWANIB CABLES (PTY) LTD (“SWANIB”)

Effective 1 September 2017, Power Technologies International Holdings (Pty) Ltd disposed of 100% of its equity interest in Swanib for R56 million.

DISPOSAL OF CRABTREE, A DIVISION OF POWERTECH INDUSTRIES (PTY) LTD

Effective 1 February 2018, Powertech Industries disposed of its Crabtree division for R40 million.

The table below summarises the assets and liabilities of the operations disposed during the year and a reconciliation of the cash proceeds received on disposal:

	R million
Non-current assets	126
Current assets	680
Non-current liabilities	(1)
Current liabilities	(289)
Disposal value	516
Less: Preference share receivable	(80)
Less: Proceeds receivable	(16)
Loss on disposal of subsidiaries and businesses	(88)
Cash and cash equivalents disposed	(116)
Proceeds received on disposal	216

9. DISCONTINUED OPERATIONS

IMPAIRMENT OF HELD-FOR-SALE DISPOSAL GROUPS

Previously, the decision was taken to dispose of the Powertech group and the Multimedia group and, as a result, these businesses have been classified as discontinued operations. The relevant requirements of IFRS 5 have been met for this classification.

The disposal groups are stated at fair value less costs to sell. The non-recurring fair value measurement of the disposal groups was determined with reference to amongst other things indicative offers from prospective buyers and any shortfall to the carrying value was then impaired.

The impairments reflect a decline in expected proceeds due to the prolonged disposal processes, the performance of the operations and the uncertainties in the local macro-economic environment.

Management believe that the conclusion of the remaining disposals will be effected within the next 12 months.

The Powertech and Mutimedia group businesses were previously classified as held-for-sale as well as discontinued operations.

Net assets of disposal group held-for-sale:

	2018 R millions Total	2017 R millions Total
Assets classified as held-for-sale	**714**	1 644
Non-current assets	**129**	392
Current assets	**585**	1 252
Liabilities classified as held-for-sale	**(465)**	(1 024)
Non-current liabilities	**(5)**	(16)
Current liabilities	**(460)**	(1 008)

NOTES
(continued)

Breakdown of disposal groups held-for-sale:

	2018 R millions Powertech Transformers	2018 R millions Multimedia Group	2018 R millions Other	2018 R millions Total
	670	**228**	**138**	**1 036**
Non-current assets	**224**	**60**	**5**	**289**
Current assets	**446**	**168**	**133**	**747**
Impairment of held for sale disposal group				**(322)**
Assets classified as held-for-sale				**714**
Liabilities classified as held-for-sale	**(263)**	**(160)**	**(42)**	**(465)**
Non-current liabilities	**–**	**(5)**	**–**	**(5)**
Current liabilities	**(263)**	**(155)**	**(42)**	**(460)**

Breakdown of disposal groups held-for-sale:

	2017 R millions	2017 R millions	2017 R millions	2017 R millions	2017 R millions	2017 R millions
	Powertech System Integrators	Powertech Battery Group	Powertech Transformers	Multimedia Group	Other	Total
	182	498	805	348	359	2 192
Non-current assets	25	164	307	141	216	853
Current assets	157	334	498	207	143	1 339
Impairment of held for sale disposal group						(548)
Assets classified as held-for-sale						1 644
Liabilities classified as held-for-sale	(109)	(124)	(276)	(290)	(225)	(1 024)
Non-current liabilities	–	–	(5)	(9)	(2)	(16)
Current liabilities	(109)	(124)	(271)	(281)	(223)	(1 008)

Cash flows of discontinued operations:

	2018 R millions	2017 R millions
Net cash utilised in operating activities	**(178)**	(21)
Net cash generated from investing activities	**186**	878
Net cash utilised in financing activities	**(9)**	(20)
Net cash flow for the year	**(1)**	837

10. POST BALANCE SHEET EVENTS

Meaningful progress has been made with regards to the fulfilment of the conditions precedent to the Powertech Transformers transaction. The last of the conditions precedent is expected to be fulfilled by 31 July 2018.

11. RELATED PARTY TRANSACTIONS

The group entered into various sale and purchase transactions with related parties in the ordinary course of business.

Exposure to Credit Risk: Gross trade receivable with Thobela Telecoms ("TT")

Altech Radio Holdings ("ARH") holds a jointly controlled interest in TT. TT is the vehicle through which the City of Tshwane ("CoT") has contracted for the procurement and installation of a fibre broadband network ("CoT project"). ARH has in turn been contracted by TT to complete implementation of the CoT project. In the current year, CoT initiated legal proceedings to halt progress on the project combined with a review of the tender given concerns over internal CoT irregularities related to the tender process.

As at year end a balance of R265 million remains outstanding from TT.

Internal legal counsel as well as management's external legal representatives have been continuously involved in the legal dispute with CoT on behalf of ARH, TT and the other partners.

There are currently settlement discussions between CoT, TT and ARH in an attempt to reach a conclusion on the matter and recover the outstanding balance. Should the settlement discussions not succeed CoT's court review application will be heard during May 2018. Management believe the possibility of CoT's review application succeeding is remote.

As at year-end management has not raised a provision in respect of the outstanding balance of R265 million from TT.

The nature of all other related party transactions is consistent with those reported previously.

12. FINANCIAL INSTRUMENTS AT FAIR VALUE

The group measures two preference share investments, its derivative foreign exchange contracts used for hedging and contingent purchase considerations at fair value.

The TAR ("Technology Acceptance Receivable") preference share investment is disclosed as a Level 3 financial asset in terms of the fair value hierarchy with fair valuation inputs which are not based on observable market data (unobservable inputs). A discounted cash flow valuation model is used to determine fair value with key inputs being discount and perpetuity growth rates as well as revenue growth rates. The fair value of the preference share investment was revalued in the current year and resulted in no profit or loss on remeasurement. The fair value of the preference share investment remained at R21 million at year end.

The contingent purchase considerations (earn-out on acquisitions) are disclosed as Level 3 financial liabilities in terms of the fair value hierarchy with fair valuation inputs which are not based on observable market data (unobservable inputs). A discounted cash flow valuation model is used to determine fair value with key inputs being forecast revenue growth rates, forecast profit margins and discount rates. The fair value of the contingent purchase considerations was assessed as R66 million at year end which resulted in a remeasurement loss of R2 million.

The derivative foreign exchange contracts used for hedging working capital exposures are disclosed as Level 2 financial instruments in terms of the fair value hierarchy with fair valuation inputs (other than quoted prices) that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) as well as foreign exchange.

A market comparison technique is used to determine fair value. The fair value of the derivative foreign exchange contracts was assessed as R72 million (liability) at year end which resulted in a remeasurement loss of R41 million.

The preference share investment in Auto X is disclosed as a level 3 financial assets in terms of the fair value hierarchy with fair valuation inputs which are not based on observable market data (unobservable inputs). A discounted cash flow valuation model is used to determine fair value with key inputs being discount rates and the estimated timing and quantum of anticipated cash flows from the Automotive Production Development Programme.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy for the year ended 28 February 2018.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full preliminary report is available on the issuers website, at the issuers registered office and upon request.

13. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The group is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 March 2018, and IFRS 16 Leases from 1 March 2019. The group has made an initial assessment of the impact that the standards will have on its financial statements and is in the process of quantifying the impact on equity as at 1 March 2018 and 1 March 2019. Further the group is in the process of implementing changes to its processes relating to revenue, financial instruments and leases.

NOTES
(continued)

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (SALE OF GOODS, SERVICES)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The group is in the process of implementing changes to our processes related to revenue recognition and the control activities within them. This includes the development of new policies based on the five step model provided in the new revenue standard, training, ongoing contract review and gathering of information for disclosures.

i. Sale of goods and rendering of services

For the sale of goods, revenue is predominantly recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. Our initial assessment indicates that contracts may include more performance obligations than what is currently recognised under IAS 18, while other areas of the business may see separate revenue streams combined into a single performance obligation. This may result in a change in the timing of revenue recognition. The group has a number of contracts that have variable transaction prices. The application of the constraint may change the amount and timing of revenue recognised.

ii. Rendering of services

The group is involved in performing various services. Revenue is currently recognised using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the group sells the services in separate transactions. The group is in the process of re-assessing the methodologies used for measuring progress for revenues recognised over time. This may result in changes to the timing of revenue recognised from services rendered.

iii. Transition

The group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 March 2018). As a result, the group will not apply the requirements of IFRS 15 to the comparative period presented.

iv. Disclosures

The group has assessed the impact of the new disclosure requirements on its financial statements and will be revising related accounting policies; providing additional disclosures for performance obligations, contract assets and contract liabilities and significant judgement and estimates related to revenue recognition.

IFRS 16 LEASES

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the group's borrowing rate at 1 March 2019, the composition of the Group's lease portfolio at that date, the group's latest assessment of whether it will exercise any lease renewal options and the extent to which the group chooses to use practical expedients and recognition exemptions.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

i. Determining whether an arrangement contains a lease

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 March 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

ii. Transition

As a lessee, the group will apply the standard using the modified retrospective approach with optional practical expedients. The lessee applies the election consistently to all of its leases. The group plans to apply IFRS 16 initially on 1 March 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 March 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The group is assessing the potential impact of using these practical expedients. The group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: recognition and measurement.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, FEC's and share linked incentives ("SLI") hedges that are managed on a fair value basis. At 28 February 2018, the group had investments classified as available-for-sale with a fair value of R206 million that are held for long-term strategic purposes. Under IFRS 9, the group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, loss allowances will be measured on the life time ECLs basis. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The group will be applying a lifetime ECL model for its trade receivables and contract assets without a significant financing component and also, it has chosen to apply this policy for its trade receivables and contract assets with a significant financing component. The group is in the process of refining its impairment model under IFRS 9.

NOTES (continued)

iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The group has not designated any financial liabilities at FVTPL and it has no current intention to do so.

iv. Hedge accounting

When initially applying IFRS 9, the group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The group has chosen to apply the new requirements of IFRS 9. IFRS 9 requires the group to ensure that hedge accounting relationships are aligned with the group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting. The group does not currently undertake hedges of such risk components.

The group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. The group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Under IAS 39, the change in fair value of the forward element of the forward exchange contracts ('forward points') is recognised immediately in profit or loss.

The group is in the process of re-evaluating its hedge accounting policies in terms of IFRS 9 and has not yet quantified the impact.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The group's assessment included an analysis to identify data gaps against current processes and the group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 March 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application (1 March 2018).
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

OTHER STANDARDS

The following relevant amended standards and interpretations are not expected to have a significant impact on the group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

14. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing total shareholders equity excluding non-controlling interest by the number of shares in issue.

15. NORMALISED CONTINUING OPERATIONS

Normalised revenue and EBITDA before capital items from continuing operations have been presented to demonstrate the impact of material once-off costs on the group.

The presentation of normalised revenue and EBITDA before capital items is not an IFRS requirement.

	% Change	2018 (Audited)	2017 (Audited)
Revenue:			
Continuing operations revenue	6%	**14 743**	13 892
Autopage		**-**	(316)
NOR paper		**-**	(271)
Normalised operations revenue*	11%	**14 743**	13 305
EBITDA before capital items			
Continuing operations EBITDA before capital items	9%	**1 035**	950
Contribution from closed businesses		**-**	6
Foreign currency gains on deferred acquisition liability		**(6)**	-
Retrenchment and restructuring costs		**77**	-
Acquisition related costs		**8**	-
Normalised EBITDA before capital items **	17%	**1 114**	956

* *Normalised revenue is stated for continuing operations adjusting for the businesses that were disposed of in the previous financial year*

** *Normalised EBITDA is stated for continuing operations before capital items and non-operational once-off costs relating to retrenchments, acquisition related costs, foreign currency profits on transaction funding as well as certain restructuring costs*

SEGMENT ANALYSIS

The segment information has been prepared in accordance with IFRS 8 – Operating Segments which defines the requirements for the disclosure of financial information of an entity's operating segments.

The standard requires segmentation based on the group's internal organisation and reporting of revenue and EBITDA before capital items based upon internal accounting presentation.

	Revenue			EBITDA before capital items		
	February 2018	February 2017	Growth	**February 2018**	February 2017	Growth
Altech Radio Holdings	**1 155**	1 127	2%	**80**	84	(5%)
Bytes Document Solutions	**1 353**	1 365	(1%)	**70**	57	23%
Bytes Managed Solutions	**1 027**	1 321	(22%)	**74**	89	(17%)
Bytes People Solutions	**438**	426	3%	**29**	41	(29%)
Bytes Secure Transaction Solutions	**1 073**	992	8%	**253**	212	19%
Bytes Systems Integration SA Group*	**1 897**	1 943	(2%)	**123**	102	21%
Altron ICT South African operations	**6 943**	7 174	(3%)	**629**	585	8%
Bytes Technology Group UK	**6 088**	4 504	35%	**206**	171	20%
Other International operations	**244**	284	(14%)	**16**	20	(20%)
Altron ICT International operations	**6 332**	4 788	32%	**222**	191	16%
Shared Services and corporate	**–**	5	(100%)	**33**	17	94%
Altron ICT	**13 275**	11 967	11%	**884**	793	11%
Altech Netstar	**1 378**	1 224	13%	**291**	266	9%
Altech Arrow	**560**	602	(7%)	**33**	40	(18%)
Corporate and financial services	**(470)**	(488)	4%	**(94)**	(143)	34%
Normalised Continuing Operations	**14 743**	13 305	11%	**1 114**	956	17%
Autopage	**–**	316		**–**	3	
NOR Paper	**–**	271		**–**	(9)	
Foreign currency gains on deferred acquisition liability	**–**	–		**6**	–	
Retrenchment and restructuring costs	**–**	–		**(77)**	–	
Acquisition related costs	**–**	–		**(8)**	–	
Continuing operations as reported	**14 743**	13 892	6%	**1 035**	950	9%

	Revenue			EBITDA before capital items		
	February 2018	February 2017	Growth	**February 2018**	February 2017	Growth
Altech Multimedia	**974**	1 225	(20%)	**44**	21	110%
Altech Autopage	**–**	–		**(23)**	(78)	71%
Powertech Cables	**103**	1 836	(94%)	**5**	46	(89%)
Powertech Transformers	**1 015**	1 041	(2%)	**(28)**	(73)	62%
Powertech Battery	**344**	944	(64%)	**33**	78	(58%)
Powertech System Integrators	**241**	583	(59%)	**(11)**	(52)	79%
Other Powertech Segments	**261**	196	33%	**(12)**	(52)	77%
Powertech Group	**1 964**	4 600	(57%)	**(13)**	(53)	75%
Discontinued Operations	**2 938**	5 825	(50%)	**8**	(110)	107%
Altron Group	**17 681**	19 717	(10%)	**1 043**	840	24%

Segment EBITDA before capital items can be reconciled to operating profit before capital items as follows:	**February 2018**	February 2017
EBITDA before capital items	1 043	840
Reconciling items:		
Depreciation	(149)	(136)
Amortisation	(103)	(86)
Total operating profit before capital items	791	618
Discontinued operations (loss)/profit before capital items	(8)	110
Continuing operations profit before capital items	783	728

** Bytes Systems Integration and Bytes Universal Systems were merged into one segment effective 1 October 2017.*

SUPPLEMENTARY INFORMATION (TOTAL OPERATIONS)

	2018 (Audited)	2017 (Audited)
Depreciation	**149**	136
Amortisation	**103**	86
Net foreign exchange losses	**44**	226
Cashflow movements		
Capital expenditure (including intangibles)	**277**	314
Net additions to contract fulfilment costs	**58**	20
Additions to contract fulfilment costs	**257**	237
Net expensing of contract fulfilment costs during the year	**(199)**	(216)
Terminations of contract fulfilment costs	**–**	(1)
Capital commitments	**–**	21
Lease commitments	**513**	465
Payable within the next 12 months:	**180**	147
Payable thereafter:	**333**	318
Weighted average number of shares (millions)	**370**	338
Diluted average number of shares (millions)	**372**	340
Shares in issue at the end of the year (millions)	**371**	339
Ratios		
EBITDA margin	**5.9%**	4.3%
ROCE	**18.5%**	14.5%
ROE	**16.7%**	11.4%
ROA	**10.2%**	8.3%
RONA	**15.5%**	12.2%
Current ratio	**1.1:1**	1.2:1
Acid test ratio	**0.9:1**	1:1

Definitions:

Contract fulfilment costs

Contract fulfilment costs include hardware, fitment, commissions and other costs directly attributable to the negotiation and conclusion of customer service contracts. These costs are expensed over the expected period of the customer service contract.

ANNEXURE B
RÉSUMÉS

Name	**MJ (Mike) Leeming**
Joined Altron board	2002
Positions	Chairman of Altron; Chairman of the Altron nomination committee; Member of the Altron audit committee; and Member of the Altron remuneration committee.
Qualifications and experience	BCom (Rhodes); MCom (Wits); FIBSA; FCMA; AMP (Harvard). Mike has many years' experience in the banking industry (previously chief operating officer of Nedcor Bank Limited) and has held many directorships. Independent non-executive director, Woolworths Holdings Limited (2004 – 2016) Independent non-executive director, Imperial Holdings Limited (2002 – 2015) Independent non-executive director, AECI Limited (2002 – 2014) Director, Nedcor Limited (1999–2002) Director, Nedcor Bank Limited (1995–2002)
Name	**BJ (Berenice) Francis**
Joined Altron board	2018
Positions	Independent non-executive director of Altron; Member of the Altron audit committee; and Member of the Altron risk management committee.
Qualifications and experience	BCompt (Hons) UNISA; MBA (IE Business School) and is a Certified Internal Auditor (CIA). Berenice has over 20 years' experience in the implementation of governance, risk and compliance frameworks across various sectors. She is currently the Group Commercial Executive of Imperial Holdings Limited ("Imperial") and is a member of a number of Imperial group boards and oversight committees. Previously, Berenice held executive risk officer positions at the State IT Agency (SITA) and the City of Johannesburg. She has also held non-executive director positions at National Treasury, the Department of Communications and the Universal Service and Access Agency of SA (USAASA). Berenice is the current President of the Institute of Risk Management South Africa (IRMSA) and a previous board member of the Institute of Internal Auditors (IIASA).

ANNEXURE B RÉSUMÉS (continued)

Name	**GG (Grant) Gelink**
Joined Altron board	2012
Positions	Independent non-executive director of Altron; Chairman of the Altron audit committee; Member of the Altron remuneration committee; and Member of the Altron nomination committee.
Qualifications and experience	CA (SA); BCompt (Hons) (Unisa); BCom (UND) (Hons) (Unisa); HDip Education (Unisa); and Dip Public Administration (Peninsula Technical College). Independent non-executive director, First Rand Limited (2013 – present) Independent non-executive director, Grindrod Limited (2013 – present) Independent non-executive director, Santam Limited (2012 – present) Independent non-executive director, MTN Zakhele Limited (2012 – 2018), MTN Zakhele Futhi Limited (2018 – present) Independent non-executive director, Eqstra (2012 – 2015) Chief executive, Deloitte Southern Africa (2006 to 2012) Chairman, African Children's Feeding Scheme (2006 to 2012) Grant was a high school teacher in Durban for six years and later joined Deloitte where he gained extensive experience over 26 years.
Name:	**Dr PM (Penuell) Maduna**
Joined Altron board:	2004
Positions:	Independent non-executive director of Altron; Member of the Altron nomination committee; and Member of the Altron remuneration committee.
Qualifications and experience:	Bluris (Unisa); LLB (Zimbabwe); LLM (Wits); HDip Tax Law (Wits); and LLD (Unisa). Penuell is a former member of the ANC's Constitutional Committee and National Executive Committee, former Deputy Minister of the Department of Home Affairs (1994 to 1996) and former Minister of the Departments of Minerals and Energy (1996 to 1999) and Justice and Constitutional Development (1999 to 2004). Penuell is an admitted attorney, notary and conveyancer. Deputy chairman and partner, Bowman Gilfillan (present) Currently, Penuell is also a non-executive director of Eland Platinum Holdings Limited, chairman of SAB Zenzele Holdings Limited and deputy chairman of Sasol Oil Proprietary Limited.

Name:	**DNM (Dawn) Mokhobo**
Joined Altron board:	2008
Positions:	Independent non-executive director of Altron; Chairman of the Altron social and ethics committee; and Member of the Altron risk management committee.
Qualifications and experience:	BA (SocSci), UNIN; and Programme in Strategic Transformation, Graduate School of Business (Stellenbosch). Dawn is one of South Africa's leading managers and businesswomen, with a highly successful and pioneering career spanning the public, private and parastatal sectors. Her talents and accomplishments were recognised in particular by her appointment as the first black woman to the management board of Eskom, as executive director in charge of growth and development. Dawn has worked as a senior manager and senior general manager (human resources) for Eskom and as senior divisional health education manager for the Anglo-American Corporation. Dawn is also the founder of Nozala Investments Limited.
Name:	**SW (Stewart) van Graan**
Joined Altron board:	2017
Positions:	Independent non-executive director of Altron; Member of the Altron audit committee; Member of the Altron risk management committee; Member of the Altron investment committee; and Member of the Altron social and ethics committee.
Qualifications and experience:	BCom (Hons) in Systems and Technology (UCT), Programme for Management Development (Cape Town Graduate School of Business). Stewart was formerly the Managing Director of Dell in South Africa and the former General Manager of Dell's business in Africa. Prior to leaving Dell in April 2017, he was the Vice President for the Enterprise Solutions business in Dell's EMEA Emerging Markets. He previously served as the chairperson of Dell in South Africa and the Dell Khulisa Academy. He also served on the advisory board of the University of Stellenbosch Business School. Prior to joining Dell, he spent 23 years at IBM in various positions, both locally and internationally. Stewart is currently a non-executive director of BankservAfrica and Old Mutual Limited. He also serves on the board of Christel House school (NPO) in Cape Town.

ANNEXURE B
RÉSUMÉS (continued)

Name:	**RE (Robert) Venter**
Joined Altron board:	1997
Positions:	Non-executive director of Altron; Chairman of the Altron risk management committee; Member of the Altron nomination committee; Member of the Altron remuneration committee; and Member of the Altron investment committee.
Qualifications and experience:	BA (Econ) (UCLA); MBA (UCLA) Dean's List. Four years' merchant banking experience in the United States, the latter part as Vice-President, Bear Stearns and Co. Inc (1987 to 1990). 27 years' experience in senior management positions in the Altron group. Chief Executive Officer of Aberdare Cables (1993 – 1996) Chief Executive Officer of Powertech (1996 to 2001) Chief Executive of Altron (2001 to 2017) Robbie currently serves as the chairman of Bytes UK.

Name:	**Dr WP (Bill) Venter**
Joined Altron board:	1980
Positions:	Non-executive director of Altron (Chairman Emeritus)
Qualifications and experience:	DPhil (BusMan) (UJ); MPhil (BusMan) (UJ – *cum laude*); MBA (Wales); DCom (hc) (UP, UFS and UPE); DSc (Eng) (hc) (Natal); DEng (hc) (Wits); C Eng (UK); and F.I.E.E. (UK). Bill is a UK-qualified chartered engineer and founder of Altron, through Allied Electric in 1965 and recipient of the Order of Meritorious Service (Gold), as awarded by the State President of South Africa for his significant contribution to South Africa's electronics and telecoms industries. He has devoted some 51 years to entrepreneurial and managerial endeavours and initiatives in the electronics, telecommunications and power electrical industries, both in South Africa and the UK, firstly as an electrical design engineer at GEC, then marketing manager at STC (SA) and thereafter as founder, chief executive and chairman of the Altron group until February 2017. Previously, Bill was the chairman of the CSIR, director of AMIC Limited, Nedcor Bank Limited and director of the Export Council of South Africa as well as a member of the State President's Economic Advisory committee.

ALTRON BOARD OF DIRECTORS AND PRESCRIBED OFFICERS

ALTRON BOARD OF DIRECTORS AS AT 28 FEBRUARY 2018

Mr MJ Leeming:	Independent non-executive chairman
Mr M Nyati:	Chief executive
Mr AC Ball:	Non-executive director
Mr BW Dawson:	Non-executive director
Mr GG Gelink:	Independent non-executive director
Dr PM Maduna:	Independent non-executive director
Ms DNM Mokhobo:	Independent non-executive director
Mr S Sithole:	Non-executive director
Mr SW van Graan:	Independent non-executive director
Mr RE Venter:	Non-executive director
Dr WP Venter:	Non-executive director

Note – Mr AMR Smith resigned as Chief Financial Officer and finance director effective 28 February 2018.

ALTRON DIRECTOR(S) APPOINTED AFTER 28 FEBRUARY 2018

Ms BJ Francis	Independent non-executive director

ALTRON PRESCRIBED OFFICERS AS AT 28 FEBRUARY 2018

Mr AJ Holden:	Chief Operating Officer
Mr MCS Govender:	Group executive: Shared Services
Ms DS Mashishi:	Group executive: Human Capital
Ms MZ Maubane:	Group executive: Marketing, PR and Communications

CORPORATE DATA AND ADMINISTRATION

SHAREHOLDERS' DIARY

Financial year-end	28 February 2018
Annual general meeting	Wednesday, 1 August 2018

Reports and financial statements

Summarised annual financial statements and dividend announcement (published on SENS and website)	Thursday, 10 May 2018
Summarised annual financial statements (posted on website)	Thursday, 10 May 2018
Complete annual financial statements (posted on website only)	Tuesday, 26 June 2018
Interim results announcement (expected)	Wednesday, 24 October 2018

ADMINISTRATION

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Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

South Africa
Telephone: (+27) 11 370 5000
Telefax: (+27) 11 370 5271/2

Auditors

PwC Inc. at 26 June 2018

Bankers

Absa Bank Limited
FNB Corporate Bank (a division of FirstRand Bank Limited)
Nedbank, a division of Nedcor Bank Limited
The Standard Bank of South Africa Limited
Investec Bank Limited

Sponsor

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CURRENCY

To facilitate the interpretation of this report by readers not familiar with the South African rand, we provide the following conversion guide:

At 28 February 2018 one rand was equal to:

	2018	2017
GBP	**0.06156**	0.06145
US$	**0.08472**	0.07608
Euro	**0.06946**	0.07191
Yen	**9.0373**	8.5775

FORM OF PROXY

Allied Electronics Corporation Limited

Incorporated in the Republic of South Africa
(Registration number 1947/024583/06)
(Share code: AEL) ISIN: ZAE000191342
("Altron" or "the company")

FORM OF PROXY FOR THE 72nd ANNUAL GENERAL MEETING TO BE HELD IN THE ALTRON BOARDROOM, 5 WINCHESTER ROAD, PARKTOWN, JOHANNESBURG, ON WEDNESDAY, 1 AUGUST 2018 AT 09:00 – FOR USE BY CERTIFICATED A ORDINARY SHAREHOLDERS AND DEMATERIALISED A ORDINARY SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

Holders of dematerialised A ordinary shares other than "own name" registration must inform their Participant (previously CSDP) or broker of their intention to attend the annual general meeting and request their Participant to issue them with the necessary authorisation to attend the annual general meeting in person or provide their Participant or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

I/We

(Please print)

of (address)

Telephone number Cell Phone number E-mail address

1. or failing him/her,

2. or failing him/her,

the chairman of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the 72nd annual general meeting of the company which will be held on Wednesday, 1 August 2018 at 09:00 and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

	Number of A ordinary shares		
	For	**Against**	**Abstain**
2. Ordinary resolution number 1: Election of director			
Ms BJ Francis			
3. Ordinary resolutions numbers 2.1 to 2.6: Re-Election of directors			
2.1: Mr MJ Leeming			
2.2: Mr GG Gelink			
2.3: Dr PM Maduna			
2.4: Ms DNM Mokhobo			
2.5: Mr RE Venter			
2.6: Dr WP Venter			
4. Ordinary resolution number 3: Appointment of external auditor and noting of appointment of designated auditor			
5. Ordinary resolutions numbers 4.1 to 4.3: Election of audit committee members			
4.1: Mr GG Gelink			
4.2: Mr SW van Graan			
4.3: Ms BJ Francis			
6. Ordinary resolution number 5: Endorsement of Altron Group Remuneration Policy			
7. Ordinary resolution number 6: Endorsement of Implementation of Altron Group Remuneration Policy			
8. Ordinary resolution number 7: General authority to directors to allot and issue authorised but unissued A ordinary shares			
9. Special resolution number 1: Remuneration of independent non-executive chairman			
10. Special resolution number 2: Remuneration of non-executive directors			
11. Special resolution number 3: Remuneration payable to non-executive directors participating in statutory and board committees			
12. Special resolution number 4: Remuneration payable to non-executive directors for participating in special/unscheduled board meetings and *ad hoc* strategic planning sessions			
13. Special resolution number 5: Financial assistance to employee share scheme beneficiaries and related or inter-related companies and corporations			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

Signed at on 2018.

Signature

Assisted by me (where applicable)

NOTES TO THE FORM OF PROXY

Notes to form of proxy and summary of applicable rights established by section 58 of the Companies Act, 2008 ("Companies Act")

1. An A ordinary shareholder holding dematerialised shares by "own name" registration, or who holds shares that are not dematerialised, is entitled to appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder. Such A ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the A ordinary shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting", provided that any such deletion must be signed in full by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting. A proxy need not be a shareholder of the company.
2. All resolutions put to the vote shall be decided by way of a poll. An A ordinary shareholder is entitled on a poll, to 1 (one) vote per A ordinary share held. An A ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the A ordinary shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the annual general meeting in respect of the shareholder's votes, except in the case where the chairman of the annual general meeting is the proxy. An A ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the A ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the A ordinary shareholder.
3. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.
5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the chairman of the annual general meeting.
6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.
7. When there are joint holders of shares, any one holder may sign the proxy form.
8. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
9. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person other than the chairman of the annual general meeting.
10. The appointment of a proxy or proxies:
    a. is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    b. is revocable in which case the shareholder may revoke the proxy appointment by:
    i. cancelling it in writing or making a later inconsistent appointment of a proxy; and
    ii. delivering a copy of the revocation instrument to the proxy and to the company.
11. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to:
    a. the shareholder; or
    b. the proxy or proxies, if the shareholder has directed the company to do so in writing and has paid any reasonable fee charged by the company for doing so.
12. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
13. It is requested that this proxy form should be completed and returned to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), so as to reach them, for administrative purposes only, by no later than Tuesday, 31 July 2018 at 09:00. Should this form of proxy not be returned to the transfer secretaries by the aforesaid date and time, it may be handed to the chairman of the annual general meeting before that meeting is due to commence.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.

Altron House
4 Sherborne Road, Parktown 2193
Gauteng SOUTH AFRICA

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