

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2017

R million	% change	Audited 2017	Audited 2016
CONTINUING OPERATIONS			
Revenue	(3)	13 892	14 357
Earnings before interest, tax, depreciation, amortisation and capital items (EBITDA before capital items)	7	950	888
Depreciation and amortisation		(222)	(186)
Operating profit before capital items	4	728	702
Capital items (note 1)		8	(69)
Result from operating activities	16	736	633
Finance income		218	149
Finance expense		(441)	(310)
Share of profit of equity-accounted investees, net of taxation		-	2
Profit before taxation	8	513	474
Taxation		(98)	(114)
Profit for the year from continuing operations	15	415	360
DISCONTINUED OPERATIONS			
Revenue		5 825	12 235
EBITDA before capital items		(110)	(512)
Depreciation and amortisation		-	(264)
Operating loss before capital items	86	(110)	(776)
Capital items (note 1)		(496)	(439)
Result from operating activities		(606)	(1 215)
Finance income		45	44
Finance expense		(117)	(375)
Share of profit of equity-accounted investees, net of taxation		-	16
Loss before taxation		(678)	(1 530)
Taxation		(39)	70
Loss for the year from discontinued operations		(717)	(1 460)
Loss for the year from total operations		(302)	(1 100)

R million	Audited 2017	Audited 2016
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurement of net defined benefit asset	26	60
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences in respect of foreign operations	(60)	100
Realisation of foreign currency translation reserve on disposal and closure of subsidiaries	(153)	(13)
Effective portion of changes in the fair value of cash flow hedges	(7)	4
Other comprehensive income for the year, net of taxation	(194)	151
Total comprehensive income for the year	(496)	(949)
Loss attributable to:		
Non-controlling interests	(117)	(227)
Non-controlling interests from continuing operations	20	6
Non-controlling interests from discontinued operations	(137)	(233)
Altron equity holders	(185)	(873)
Altron equity holders from continuing operations	395	354
Altron equity holders from discontinued operations	(580)	(1 227)
Loss for the year from total operations	(302)	(1 100)
Total comprehensive income attributable to:		
Non-controlling interests	(118)	(229)
Non-controlling interests from continuing operations	20	6
Non-controlling interests from discontinued operations	(138)	(235)
Altron equity holders	(378)	(720)
Altron equity holders from continuing operations	341	469
Altron equity holders from discontinued operations	(719)	(1 189)
Total comprehensive income for the year	(496)	(949)
Basic earnings per share from continuing operations	(cents) 117	105
Diluted basic earnings per share from continuing operations	(cents) 116	104
Basic loss per share from discontinued operations	(cents) (171)	(364)
Diluted basic loss per share from discontinued operations	(cents) (171)	(359)
Basic loss per share from total operations	(cents) (54)	(259)
Diluted basic loss per share from total operations	(cents) (55)	(256)

SUMMARISED CONSOLIDATED BALANCE SHEET

at 28 February 2017

R million	Audited 2017	Audited 2016
ASSETS		
Non-current assets	2 816	2 804
Property, plant and equipment	569	618
Intangible assets, including goodwill	1 029	1 042
Equity-accounted investments	23	4
Other investments	302	199
Rental finance advances	113	129
Non-current receivables and other assets	404	345
Defined benefit asset	178	211
Deferred taxation	198	256
Current assets	6 735	11 643
Inventories	1 046	1 152
Trade and other receivables, including derivatives	2 669	4 004
Assets classified as held-for-sale	1 644	4 996
Taxation receivable	3	–
Cash and cash equivalents	1 373	1 491
Total assets	9 551	14 447
EQUITY AND LIABILITIES		
Total equity	2 028	2 736
Non-current liabilities	1 971	2 714
Loans	1 923	2 675
Provisions	5	5
Deferred taxation	43	34
Current liabilities	5 552	8 997
Loans	312	1 003
Bank overdraft	956	1 285
Trade and other payables, including derivatives	3 177	4 504
Provisions	16	2
Liabilities classified as held-for-sale	1 024	2 058
Taxation payable	67	145
Total equity and liabilities	9 551	14 447
Net asset value per share (cents)	669	845

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

R million	Attributable to Altron equity holders				Total	Non-controlling interests	Total equity
	Share capital and premium	Treasury shares	Reserves	Retained earnings			
Balance at 28 February 2015 (Audited)	2 735	(299)	(2 505)	3 708	3 639	123	3 762
Total comprehensive income for the year							
Loss for the year	-	-	-	(873)	(873)	(227)	(1 100)
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	-	-	102	-	102	(2)	100
Realisation of foreign currency translation reserve on disposal of subsidiary	-	-	(13)	-	(13)	-	(13)
Remeasurement of net defined benefit asset	-	-	60	-	60	-	60
Effective portion of changes in the fair value of cash flow hedges	-	-	4	-	4	-	4
Total other comprehensive income	-	-	153	-	153	(2)	151
Total comprehensive income for the year	-	-	153	(873)	(720)	(229)	(949)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	(104)	(104)	(3)	(107)
Share-based payment transactions	-	-	32	-	32	1	33
Total contributions by and distributions to owners	-	-	32	(104)	(72)	(2)	(74)
Changes in ownership interests in subsidiaries							
Buy-back of non-controlling interest	-	-	-	-	-	(3)	(3)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(3)	(3)
Total transactions with owners	-	-	32	(104)	(72)	(5)	(77)
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	-	12
Share-based payment transactions	-	-	(1)	-	(1)	1	-
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

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

R million	Audited 2017	Audited 2016
Cash flows from operating activities	94	1 253
Cash generated by operations	1 308	528
Interest received	241	180
Interest paid	(557)	(678)
Dividends received from equity accounted investees and other investments	23	39
Changes in working capital	(821)	1 443
Taxation paid	(96)	(152)
Cash available from operating activities	98	1 360
Dividends paid, including to non-controlling interests	(4)	(107)
Cash flows from/(utilised in) investing activities	1 580	(1 121)
Proceeds on the disposal of subsidiaries, associate and businesses net of cash disposed of	2 060	49
Additions to intangible assets	(123)	(131)
Additions to property, plant and equipment	(191)	(338)
Other investing activities	(166)	(701)
Cash flows utilised in financing activities	(1 479)	(117)
Loans repaid	(3 532)	(253)
Loans advanced	2 065	136
Other financing activities	(12)	-
Net increase in cash and cash equivalents	195	15
Net cash and cash equivalents at the beginning of the year	326	291
Cash and cash equivalents at the beginning of the year	206	-
Cash previously classified as held-for-sale	120	-
Effect of exchange rate fluctuations on cash held	(192)	20
Cash classified as held-for-sale	88	(120)
Net cash and cash equivalents at the end of the year	417	206

NOTES

BASIS OF PREPARATION

The preliminary 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 preliminary summarised 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 annual financial statements.

This report was compiled under the supervision of Mr Alex Smith CA, Chief Financial Officer.

REPORT OF THE INDEPENDENT AUDITORS

These preliminary summarised financial statements for the year ended 28 February 2017 have been audited by KPMG Inc., the independent auditors, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these preliminary summarised consolidated financial statements were derived. A copy of the auditor's report on the preliminary summarised consolidated financial statements and of the auditor's report on the annual 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.

R million		% Movement year on year	Audited 2017	Audited 2016
Headline earnings per share from continuing operations	(cents)	(10)	114	126
Headline loss per share from discontinued operations	(cents)	84	(43)	(271)
Headline earnings/(loss) per share from total operations	(cents)	149	71	(145)
Diluted headline earnings/(loss) per share from total operations	(cents)	149	71	(143)

NOTES CONTINUED

R million	Audited 2017	Audited 2016
1. CAPITAL ITEMS		
CONTINUING OPERATIONS		
Net profit/(loss) on disposal of property, plant and equipment	1	(5)
Reversal of impairment	10	–
Impairment of property, plant and equipment	(3)	–
Impairment of goodwill	–	(51)
Impairment of intangible assets	–	(22)
Profit on disposal of subsidiary and businesses	2	9
Impairment of equity-accounted investment	(2)	–
	8	(69)
DISCONTINUED OPERATIONS		
Profit on disposal of discontinued operations	22	309
Impairment of property, plant and equipment	–	(60)
Impairment of intangible assets	(16)	(78)
Net profit on disposal of property, plant and equipment	12	5
Release of foreign currency translation surplus	22	–
Release of discontinuance provision	12	–
Impairment of held-for-sale disposal groups	(548)	(385)
Impairment of equity-accounted investment	–	(51)
Impairment of goodwill	–	(179)
	(496)	(439)
Total	(488)	(508)
2. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS		
Attributable to Altron equity holders	(185)	(873)
Capital items – gross	488	508
Tax effect of capital items	11	(52)
Non-controlling interests in capital items	(74)	(71)
Headline earnings	240	(488)
3. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS		
Attributable to Altron equity holders	395	354
Capital items – gross	(8)	69
Tax effect of capital items	–	2
Headline earnings	387	425
4. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS		
Attributable to Altron equity holders	(580)	(1 227)
Capital items – gross	496	439
Tax effect of capital items	11	(54)
Non-controlling interests in capital items	(74)	(71)
Headline earnings	(147)	(913)

NOTES CONTINUED

5. RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND DILUTED EARNINGS

There were no reconciling items between attributable earnings and diluted earnings

6. DISPOSAL OF SUBSIDIARIES AND BUSINESSES

Disposal of the Aberdare group

Effective 30 June 2016, Power Technologies disposed of 75% of its 70% equity interest in Aberdare Cables. Aberdare International also disposed of 100% of its equity interest in Aberdare Europe. These operations formed part of the Powertech group, which has been disclosed as a discontinued operation. The disposal did not include the group's 50% shareholding in the CBI Telecom Cables joint venture. As part of the transaction the group has the option to dispose of its remaining 17.5% investment in Aberdare Cables to the acquiror at the same value as the initial transaction two years after the conclusion of a new B-BBEE structure which occurred on 28 February 2017. The remaining interest in the Aberdare group is included in other investments on the group balance sheet.

Proceeds received on disposal are as follows:

R million	2017
Non-current assets	410
Property, plant and equipment	386
Other	24
Current assets	1 919
Inventories	920
Trade and other receivables, including derivatives	988
Other	11
Non-current liabilities	(16)
Loans	(10)
Other	(6)
Current liabilities	(1 216)
Bank overdraft	(160)
Trade and other payables, including derivatives	(1 031)
Other	(25)
Disposal value	1 097
Less: Non-controlling interest de-recognised	(208)
Less: Investment in Aberdare Cables (17.5%)	(94)
Less: Proceeds receivable	(7)
Profit on disposal of subsidiaries	36
Realisation of foreign currency translation surplus on disposal	(132)
Net cash disposed	151
Loans settled	85
Proceeds received on disposal	928

Disposal of Strike Technologies, a division of Powertech System Integrators (Pty) Ltd

Effective 30 June 2016, Powertech System Integrators disposed of its Strike Technologies division for R16 million. This operation formed part of the Powertech group, which has been disclosed as a discontinued operation.

NOTES CONTINUED

6. DISPOSAL OF SUBSIDIARIES AND BUSINESSES CONTINUED

Disposal of Technology Integrated Solutions ("TIS"), a division of Powertech System Integrators (Pty) Ltd

Effective 30 November 2016, Powertech System Integrators disposed of its TIS division for R27 million. This operation formed part of the Powertech group, which has been disclosed as a discontinued operation.

R million	2017
Proceeds received on the disposals are as follows:	
Non-current assets	11
Current assets	51
Current liabilities	(5)
Disposal value	57
Loss on disposal of subsidiaries and businesses	(14)
Proceeds receivable	(21)
Proceeds received on disposals	22

Proceeds on disposal of Altech Autopage

Proceeds amounting to R1.3 billion were received in the current year for the Altech Autopage disposal that was effective in the prior year.

7. DISCONTINUED OPERATIONS

Impairment of held-for-sale disposal groups

The carrying value of each distinct operation was compared to the latest offer 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.

During the previous financial year, the decision was taken to dispose of the Powertech group and the UEC 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.

Management believe that the conclusion of the remaining disposals will be effected in the 2018 financial year.

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

The comparative held-for-sale information also included the Altech Autopage business which was disposed of in the previous financial year.

Net assets of disposal groups held-for-sale:

R million	2017	2016
Assets classified as held-for-sale	1 644	4 996
Non-current assets	392	1 320
Current assets	1 252	3 676
Liabilities classified as held-for-sale	(1 024)	(2 058)
Non-current liabilities	(16)	(56)
Current liabilities	(1 008)	(2 002)

NOTES CONTINUED

7. DISCONTINUED OPERATIONS CONTINUED

Breakdown of disposal groups held-for-sale:

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

R million	2017	2016
Cash flows of discontinued operations:		
Net cash (utilised in)/generated from operating activities	(21)	424
Net cash generated from/(utilised in) investing activities	878	(509)
Net cash utilised in financing activities	(20)	(75)
Net cash flow for the year	837	(160)

8. POST BALANCE SHEET EVENTS

Post year end and in accordance with the circular issued to shareholders on or about 9 February 2017, the Altron group bought back all of the issued N shares in exchange for the issue of new A shares. All of the N shares were then cancelled. Following the implementation of this transaction the total number of shares in issue reduced from 370 million to 319 million.

As part of the transaction Value Capital Partners then injected R400 million of equity funding in exchange for 54 million A shares. Following the implementation of the transaction the number of shares in issue has increased to 373 million in total and 345 million net of treasury shares.

9. RELATED PARTY TRANSACTIONS

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

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

NOTES CONTINUED

10. FINANCIAL INSTRUMENTS AT FAIR VALUE

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

The 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 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 consideration was assessed as R29 million at year-end which resulted in a remeasurement profit of R5 million during the year.

The derivative foreign exchange contracts used for hedging 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. The fair value of the derivative foreign exchange contracts was assessed at R75 million (liability) at year-end which resulted in a remeasurement loss of R65 million.

A market comparison technique is used to determine fair value.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy for the year-ended 28 February 2017.

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.

11. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Management is in the process of assessing the possible impact of the application of IFRS 9, 15 and 16 that is not yet effective at year-end.

SEGMENTAL REPORT

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 based upon internal accounting presentation.

R million	Revenue			EBITDA		
	February 2017	February 2016	% Growth	February 2017	February 2016	% Growth
Altech Autopage Group*	316	5 188	(94)	(75)	(209)	64
Altech Multimedia Group**	1 225	1 030	19	3	(160)	102
Altech Netstar Group	1 224	1 161	5	266	252	6
Systems Integration Group	1 545	1 497	3	63	65	(3)
Radio Holdings Group	1 127	953	18	84	75	12
Other Altech Segments	602	419	44	40	32	25
Altech Group	6 039	10 248	(41)	381	55	593
Bytes Technology Group UK Software	4 084	3 554	15	136	132	3
Bytes Document Solutions Group	1 636	2 117	(23)	48	84	(43)
Bytes Managed Solutions	1 321	1 528	(14)	89	135	(34)
Bytes Secure Transaction Solutions	992	837	19	212	192	10
Bytes Universal Systems	669	703	(5)	63	73	(14)
Other Bytes Segments	864	741	17	89	54	65
Bytes Group	9 566	9 480	1	637	670	(5)
Powertech Cables Group	1 836	4 370	(58)	42	(3)	1 500
Powertech Transformers Group	1 041	881	18	(75)	(156)	52
Powertech Battery Group	944	931	1	76	74	3
Powertech System integrators	583	770	(24)	(53)	(9)	(489)
Other Powertech Segments	197	233	(15)	(57)	(62)	8
Powertech Group**	4 601	7 185	(36)	(67)	(156)	57
Corporate, consolidation and financial services	(489)	(321)		(111)	(193)	42
Altron Group	19 717	26 592	(26)	840	376	123

* In the prior year the majority of this segment was included in the discontinued operations.

** These segments formed part of the discontinued operations.

Segment EBITDA can be reconciled to operating profit before capital items as follows:

R million	2017	2016
EBITDA	840	376
Reconciling items:		
Depreciation	(136)	(285)
Amortisation	(86)	(165)
Total operating profit/(loss) before capital items	618	(74)
Discontinued operations operating loss before capital items	110	776
Continuing operations operating profit before capital items	728	702

SUPPLEMENTARY INFORMATION

Total operations

R million	Audited 2017	Audited 2016
Depreciation	136	285
Amortisation	86	165
Net foreign exchange losses/(profit)	226	(41)
Cash flow movements		
Capital expenditure (including intangibles)	314	468
Net additions to contract fulfilment costs	20	383
Additions to contract fulfilment costs	237	634
Net expensing of contract fulfilment costs during the year	(216)	(167)
Terminations of contract fulfilment costs	(1)	(84)
Capital commitments	21	55
Lease commitments	465	604
Payable within the next 12 months	147	241
Payable thereafter	318	363
Weighted average number of shares (millions)	338	337
Diluted average number of shares (millions)	340	341
Shares in issue at the end of the year (millions)	339	337
Ratios		
EBITDA margin (%)	4,3	1,4
Normalised EBITDA margin (%)	4,3	2,5
ROCE (%)	14,5	(1,2)
ROE (%)	11,4	(19,8)
ROA (%)	8,3	(0,6)
RONA (%)	12,2	(0,7)
Current ratio	1,2:1	1,3:1
Acid test ratio	1:1	1,2:1

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.