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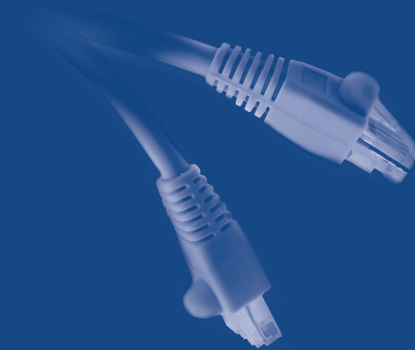
**UNAUDITED CONSOLIDATED
INTERIM FINANCIAL RESULTS**

for the six months ended

31 August 2009



Leading Technologies: Touching Lives





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= the power of
technology³

telecommunications + multi-media + information technology



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HIGHLIGHTS

Revenue
increases



Operating profit
up by
17%



Operating margin
up to
10%



Adjusted headline
earnings per
share up by
13%



Balance sheet
remains strong



Significant growth
in East Africa



Condensed consolidated statement of comprehensive income

Figures in R million	% Change	Six months ended 31 August 2009 (Unaudited)	Six months ended 31 August 2008 (Unaudited)	Year ended 28 February 2009 (Audited)
Revenue	4	4 732	4 533	9 164
Operating profit before capital items	17	479	409	874
Capital items (Note 1)		2	1	(2)
Results from operating activities		481	410	872
Finance income		14	24	68
Finance costs		(21)	(21)	(70)
Profit before taxation	15	474	413	870
Taxation		(120)	(102)	(226)
STC		(32)	(28)	(28)
Profit for the period	14	322	283	616
Other comprehensive income				
Foreign currency translation differences for foreign operations		(294)	59	(49)
Effective portion of changes in fair value of cash flow hedges		2	(4)	–
Other comprehensive income for the period, net of income tax		(292)	55	(49)
Total comprehensive income for the period		30	338	567
Profit attributable to:				
Non-controlling interest		38	30	67
Owners of the Company		284	253	549
Profit for the period		322	283	616
Total comprehensive income attributable to:				
Non-controlling interest		4	42	47
Owners of the Company		26	296	520
Total comprehensive income for the period		30	338	567
Basic earnings per share (cents)	12	294	262	569
Diluted basic earnings per share (cents)	13	283	252	545

Notes

Figures in R million	% Change	Six months ended 31 August 2009 (Unaudited)	Six months ended 31 August 2008 (Unaudited)	Year ended 28 February 2009 (Audited)
Headline earnings per share (cents)	12	292	261	571
Diluted headline earnings per share (cents)	12	281	251	547
Adjusted headline earnings per share (cents)	13	304	269	592
Diluted adjusted headline earnings per share (cents)	13	293	259	567

Basis of preparation

The unaudited interim financial results have been prepared in accordance with International Financial Reporting Standards (IFRS), and in terms of IAS 34.

The accounting policies used in the preparation of these interim results are consistent with those used in the annual financial statements for the year ended 28 February 2009.

Figures in R million

1. Capital items				
Net profit/(loss) on disposal of property, plant and equipment		2	1	(2)
2. Reconciliation between earnings and headline earnings				
Attributable earnings		284	253	549
Capital items – gross		(2)	(1)	2
Headline earnings		282	252	551
Dilutive earnings attributable to BBBEE minorities in a subsidiary		(3)	(2)	(6)
Fully diluted headline earnings		279	250	545
3. Reconciliation between earnings and and fully diluted earnings				
Attributable earnings		284	253	549
Additional earnings attributable to BBBEE minorities in a subsidiary		(3)	(2)	(6)
Fully diluted earnings		281	251	543
4. Reconciliation between earnings and adjusted headline earnings				
Attributable earnings		284	253	549
Capital items – gross		(2)	(1)	2
Amortisation of intangible assets arising on business combination		14	9	25
Tax effect of adjustments		(2)	(1)	(5)
Adjusted headline earnings		294	260	571
Additional earnings attributable to BBBEE minorities in a subsidiary		(3)	(2)	(6)
Fully adjusted diluted headline earnings		291	258	565

5. Dividends

It is group policy for dividends to be declared after the financial year.



Balance sheets

Figures in R million	Six months 31 August 2009 (Unaudited)	Six months 31 August 2008 (Unaudited)	Year 28 February 2009 (Audited)
ASSETS			
<i>Non-current assets</i>	2 147	1 694	2 071
Property, plant and equipment	940	628	837
Intangible assets, including goodwill	1 123	962	1 122
Deferred taxation	84	104	112
<i>Current assets</i>	2 114	2 253	2 885
Inventories	410	402	416
Trade and other receivables, including derivatives	1 244	1 256	1 248
Cash and cash equivalents	460	595	1 221
Assets classified as held-for-sale	–	–	107
TOTAL ASSETS	4 261	3 947	5 063
EQUITY AND LIABILITIES			
<i>Total equity</i>	2 279	2 103	2 547
Altech equity holders	1 945	1 905	2 249
Minority interest	334	198	298
<i>Non-current liabilities</i>	201	132	188
Interest-bearing loans	150	107	115
Deferred taxation	51	25	73
<i>Current liabilities</i>	1 781	1 712	2 300
Trade and other payables, including derivatives	1 620	1 573	1 827
Warranty provisions	14	18	18
Bank overdraft	–	–	310
Taxation payable	147	121	145
Liability classified as held-for-sale	–	–	28
TOTAL EQUITY AND LIABILITIES	4 261	3 947	5 063

Abridged cash flow statements

	Six months ended 31 August 2009 (Unaudited)	Six months ended 31 August 2008 (Unaudited)	Year ended 28 February 2009 (Audited)
Figures in R million			
Cash flows – operating activities	(115)	(197)	301
Cash generated by operations	575	444	1 050
Changes in working capital	(204)	(246)	(251)
Net financial (expense)/income	(7)	3	(2)
Taxation paid	(153)	(109)	(207)
Cash available – operating activities	211	92	590
Dividends paid			
– to Altech equity holders	(313)	(278)	(278)
– to minority interest	(13)	(11)	(11)
Cash flows – utilised in investing activities	(351)	(747)	(1 026)
Cash flows from/(applied in) financing activities	15	(52)	45
Decrease in net cash and cash equivalents	(451)	(996)	(680)
– at beginning of period	911	1 591	1 591
– at end of period	460	595	911

Supplementary information

	Six months 31 August 2009 (Unaudited)	Six months 31 August 2008 (Unaudited)	Year 28 February 2009 (Audited)
Figures in R million			
Depreciation and amortisation	97	77	191
Capital expenditure (excluding SEACOM see note Post-Balance sheet events)	272	139	385
Capital commitments	432	2	280
Lease commitments	200	176	214
Payable within the next 12 months:	85	72	78
– property	51	42	43
– plant, equipment and vehicles	34	30	35
Payable thereafter:	115	104	136
– property	85	102	98
– plant, equipment and vehicles	30	2	38
Net foreign exchange (losses)/gains	(36)	16	(6)
Weighted average number of shares (million)	96,725	96,495	96,530
Diluted average number of shares (million)	99,171	99,763	99,572
Shares in issue at end of period (million)	96,753	96,497	96,610
Ratios			
EBITDA	578	487	1 063
Operating margin	10,1%	9,0%	9,5%
ROCE	41,2%*	39,4%*	34,2%
ROE	29,2%*	26,4%*	24,3%
ROA	36,8%*	36,2%*	33,5%
Current ratio	1,2	1,3	1,3
Acid test ratio	1,0	1,1	1,1
NAV (cps)	2 008	1 974	2 328

* Annualised



Condensed consolidated statement of changes in equity

Figures in R million	Attributable to Altech equity holders				Total	Non-controlling interest	Total equity
	Share capital and premium	Treasury shares	Reserves	Retained earnings			
Balance at 29 February 2008 (audited)	3	(292)	73	2 171	1 955	72	2 027
Total comprehensive income for the period							
Profit for the period	–	–	–	253	253	30	283
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	–	(29)	–	(29)	(20)	(49)
Total other comprehensive income	–	–	(29)	–	(29)	(20)	(49)
Total comprehensive income for the period	–	–	(29)	253	224	10	234
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	(278)	(278)	(11)	(289)
Share-based payment transactions	–	–	4	–	4	–	4
Total contributions by and distributions to owners	–	–	4	(278)	(274)	(11)	(285)
Changes in ownership interests in subsidiaries							
Capital subscription received from minority shareholders	–	–	–	–	–	79	79
Minority interest on acquisition of subsidiaries	–	–	–	–	–	48	48
Total changes in ownership interests in subsidiaries	–	–	4	(278)	(274)	127	127
Total transactions with owners	–	–	8	(556)	(548)	116	(158)
Balance at 31 August 2008 (unaudited)	3	(292)	48	2 146	1 905	198	2 103
Total comprehensive income for the period							
Profit for the period	–	–	–	296	296	37	333
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	–	47	–	47	12	59
Effective portion of changes in fair value of cash flow hedges	–	–	(4)	–	(4)	–	(4)
Total other comprehensive income	–	–	43	–	43	12	55
Total comprehensive income for the period	–	–	43	296	339	49	388
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of share capital	4	–	–	–	4	–	4
Share-based payment transactions	–	–	1	–	1	–	1
Total contributions by and distributions to owners	4	–	1	–	5	–	5
Changes in ownership interests in subsidiaries							
Minority interest on acquisition of subsidiaries	–	–	–	–	–	51	51
Total changes in ownership interests in subsidiaries	–	–	–	–	–	51	51
Total transactions with owners	4	–	1	–	5	51	56
Balance at 28 February 2009 (audited)	7	(292)	92	2 442	2 249	298	2 547



Condensed consolidated statement of changes in equity CONTINUED

Figures in R million	Attributable to Altech equity holders				Total	Non-controlling interest	Total equity
	Share capital and premium	Treasury shares	Reserves	Retained earnings			
Total comprehensive income for the period							
Profit for the period	–	–	–	284	284	38	322
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	–	(260)	–	(260)	(34)	(294)
Effective portion of changes in fair value of cash flow hedges	–	–	2	–	2	–	2
Total other comprehensive income	–	–	(258)	–	(258)	(34)	(292)
Total comprehensive income for the period	–	–	(258)	284	26	4	30
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of share capital	5	–	–	–	5	–	5
Dividends to equity holders	–	–	–	(313)	(313)	(13)	(326)
Share-based payment transactions	–	–	1	–	1	–	1
Total contributions by and distributions to owners	5	–	1	(313)	(307)	(13)	(320)
Changes in ownership interests in subsidiaries							
Transactions with minorities	–	–	(23)	–	(23)	45	22
Total changes in ownership interests in subsidiaries	–	–	(23)	–	(23)	45	22
Total transactions with owners	5	–	(22)	(313)	(330)	32	(298)
Balance at 31 August 2009 (unaudited)	12	(292)	(188)	2 413	1 945	334	2 279

Segment analysis

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

IFRS 8 replaces IAS14 – Segment Reporting. The standard requires segmentation based on the group's internal organisation and reporting of revenue and operating income based upon internal accounting presentation.

The segment revenues, operating profit generated by and total assets of each of the group's reportable segments are summarised as follows:

Figures in R million	Six months to 31 August 2009	Revenue	
		Six months to 31 August 2008	12 months to 28 February 2009
Altech Autopage Cellular	2 796	2 573	5 264
Altech UEC Group	597	696	1 324
Altech Netstar Group	434	410	829
Kenya Data Networks	215	131	334
Other Altech Segments	728	773	1 539
Altech group	4 770	4 583	9 290
Corporate and Intersegment eliminations	(38)	(50)	(126)
Altech group	4 732	4 533	9 164

Figures in R million	Six months to 31 August 2009	Operating profit	
		Six months to 31 August 2008	12 months to 28 February 2009
Altech Autopage Cellular	145	136	296
Altech UEC Group	18	33	33
Altech Netstar Group	132	116	241
Kenya Data Networks	97	52	158
Other Altech Segments	102	67	152
Altech group	494	403	880
Corporate and Intersegment eliminations	(15)	6	(6,0)
Altech group	479	409	874

Revenues/operating profit/total assets from segments below the quantitative thresholds are attributable to smaller operating segments of the Altech group.

None of those segments has met any of the quantitative thresholds for determining reportable segments for the reportable periods.

Quantitative thresholds have been calculated based on totals for the Altech group.

Figures in R million	Six months to 31 August 2009	Six months to 31 August 2008	12 months to 28 February 2009
Segment operating profit can be reconciled to Group profit before taxation as follows:			
Segment operating profit	493	418	899
Reconciling items:			
Amortisation of intangibles raised on acquisitions	(14)	(9)	(25)
Group operating profit	479	409	874

Commentary

Message to our shareholders

The directors of Allied Technologies Limited (Altech) are pleased to report that the group has recorded another successful half-year for the six months ended 31 August 2009, with revenue of R4,7 billion, operating profit up 17% to R479 million, and adjusted headline earnings per share up 13% to 304 cents. The strong balance sheet underpins the group's expansion strategy, with notable progress in several areas during the half-year, particularly in Africa, as detailed under group highlights.

GROUP HIGHLIGHTS

CORPORATE FINANCE

Salient transactions and arrangements involving the Altech group during the six month period are as follows:

Investments into East Africa:

Altech's current major priority growth area is within the East African telecommunications sector. Significant focus has been given to Altech's East African subsidiaries, particularly in terms of capital injection for the roll-out of additional fibre and obtaining access to undersea cable bandwidth.

Altech's subsidiary Kenya Data Networks Limited (KDN) is the leading data network infrastructure operator in Kenya, with a nationwide fibre optic network. It is extending its coverage to neighbouring landlocked states, such as Uganda and Rwanda, and it is ideally positioned to link the new undersea cables landing at Mombasa, Kenya, to these and other states in the interior of East and Central Africa.

Accordingly, KDN has an extensive roll-out plan over the next few years in order to capitalise on the explosive growth opportunity offered by the expansion of data carrier demand in the region.

To this end, Altech has concluded the following deals:

- Altech has increased its economic stake in KDN by investing a further USD39,5 million into the company. The capital injection will be used to roll out the KDN network, further establishing KDN as the key provider of broadband in East Africa. The additional equity shares in KDN to be subscribed for by Altech will be non-voting, thus preserving the strong minority shareholder local influence in KDN through our strategic partners, the Sameer Group.
- In addition, Altech has acquired a further 1,8% (voting) equity holding share in KDN from a KDN minority shareholder, for approximately USD3,3 million. 50% of the shares will be paid for in cash over two years on the achievement of profit targets. The remaining 50% will be paid in Altech shares which are subject to a phased release process over three years. The combination of this transaction and the equity injection referred to above has increased Altech's economic interest in KDN from 51% to 60,8%.
- Altech has acquired significant bandwidth capacity on the SEACOM undersea cable system. The agreement sees Altech procuring two STM-16s from SEACOM (equivalent to 5 Gbps), with the option to upgrade, within three years, to double this capacity, to an STM-64. SEACOM has, in turn, purchased in excess of USD20 million of capacity on the East Africa terrestrial backbone network owned by KDN.
- Altech, through its subsidiary KDN, acquired an 8,5 % overall (10% of Kenya share) stake in The East Africa Marine System Limited (TEAMS) for an amount of USD11 million. This shareholding gives KDN 10,2 Gbps of bandwidth on the TEAMS undersea cable.
- Altech has established an international office in Mauritius to hold, co-ordinate and manage certain of its international assets. This is due to the increasing importance of the Altech group's international activities, in particular its African activities.



A further Altech deal concluded in the last six months was:

- Altech acquired 50% plus one share in NuPayment Solutions (Pty) Limited (NuPay) with effect from 1 June 2009. NuPay is a payments processing company focused on the automation of electronic debit orders, providing authenticated and non-authenticated managed transactions within the card-based and electronic funds transfer environments. The purchase consideration was R53,5 million in cash.

The following proposed transactions referred to in the 2009 annual report have been completed during the period under review:

- Effective 1 March 2009, Altech acquired 100% of the issued capital in Fleetcall (Pty) Limited (Fleetcall). The total maximum purchase price was R75 million, of which R35 million is held in escrow to be released to the vendors on Fleetcall achieving profit warranties, with a reduced payout if these warranties are not met.
- Altech acquired, through its Altech Netstar subsidiary the Netstar franchisees' businesses in Nelspruit (effective 1 April 2009) and Polokwane (effective 1 May 2009), as going concerns, for an aggregate maximum purchase consideration of approximately R7,8 million and R15,9 million, respectively.
- Effective 1 April 2009, Altech disposed of the Altech NamiTech South Africa and Altech Cardtronics businesses to Gemalto NV for a net consideration of R82,2 million (an increase of R3,7 million on the previously reported amount, based on closing audited adjustments). These businesses comprised all activities relating to the commercialisation, manufacturing and personalisation of secure and non-secure, chip and chipless, cards for the telecommunications, financial services, government, utility, security, and retail markets; recharge vouchers as well as related packaging and fulfillment services.
- Effective 1 March 2009, Altech acquired all the issued share capital of Lateral Technology Concepts (Pty) Limited, for a maximum total consideration of R45 million. R7,5 million was paid upfront and R37,5 million is held in escrow to be released to the vendors on achieving various profit warranties, with a reduced payout if these warranties are not met.

The following deal was concluded post the interim balance sheet date:

- In September 2009, Arrow Altech Distribution acquired 100% of the assets of the business of Components and System Design cc (CSD), for a cash purchase price of R2,2 million. CSD is a value-added distributor of electronic components, with in-depth expertise in the development of embedded microcontroller/processors and radio frequency designs.

TELECOMMUNICATIONS

Altech Autopage Cellular remains the largest independent service provider in South Africa in a telecommunications market that continues to evolve. During the period, the company performed well in the current market conditions and met expectations.

Altech Autopage Cellular connected 105 376 new contract subscribers during the first six months of the year, taking its total post-paid subscriber base to 850 433. The pre-paid subscriber base decreased on a net basis by 56 000 subscribers due to the Networks removing non-calling subscribers from their networks.

ARPU (Average Revenue Per User) has increased from February 2009, but has reduced slightly year-on-year. The above has been mitigated by increased data connections and growth in Value-Added Services.

Sales of electronic ATM pre-paid airtime showed continued growth during the period.

As previously indicated, Autopage had entered into a formal agreement with Neotel. To date Altech Autopage has shown good growth on behalf of Neotel, which comprises approximately 10% of Neotel's activated base.

Revenues from the sales of mobile data services through add-on data bundles and cellular data connections continue to grow on a monthly basis. The active broadband and data subscriber base is 82 500, a growth of 11% for the six months.

Altech Autopage Cellular maintains a base of approximately 150 retail stores. These stores are supported by an Autopage regional presence in Durban, Cape Town, Port Elizabeth, Bloemfontein and by the premium service provider, Altech Supercall. These channels are supplemented by third-party call centres and distributors of data products.

Altech Autopage Cellular's strategy to increase distribution through the outbound call centre operations has resulted in a call centre distribution channel of approximately 450 seats, connecting in excess of 50 417 connections year-to-date.

Altech Netstar delivered strong trading results for the period, managing to meet budget expectations despite the continued weak economic conditions and a decline in motor vehicle sales.

Altech Netstar has remained at the forefront of technology, by successfully launching the Cyber Sleuth Supreme, a new generation tracking device that combines RF and GSM/GPRS/GPS technologies, during the period. This product detects GSM jamming signals and automatically sends RF emergency signals, making it the first of its kind.

Internationally, testing of the Netstar GSM platform in Malaysia has proved successful, and roll-out is planned to start during the second half of the year.

The Altech Netstar Group now manages a base in excess of 470 000 vehicles with an estimated value of R6 billion.

Altech Netstar Fleet Solutions (AFNS) continues to deliver strong results. The comprehensive array of products, at attractive pricing levels, has ensured that ANFS continues to expand in a high growth market.

Altech Netstar Traffic is committed to launching its traffic information product and solutions imminently. After extensive testing of the technical data and systems, including the securing of key partnerships and alliances, Altech Netstar Traffic has the ability to become a strong revenue and profit driver for the Altech Netstar Group.

Altech Fleetcall performed exceptionally well under the period of review, as the leading commercial ICASA-licensed Radio Trunking Network operator in South Africa. The company provides comprehensive voice and data communication for telemetry, dispatching, alarm monitoring, fleet management, security and many more voice and data applications. Fleetcall has an impressive Blue Chip client base, and was recently selected by Bombela to provide seamless and instantaneous radio communication services for the Gautrain Rapid Rail Link.

Altech Alcom Matomo managed to meet the expected trading targets for the period. The company's leadership in the field of private radio communication networks for both voice and data, and recognised expertise in SCADA, place it in a strong position to ensure growth. The stable first half results are expected to continue through until year end.

Altech Alcom Radio Distributors (ARD) remains the exclusive Motorola distributor of two-way radio products for South and Southern Africa. Trading profits for the first half of the year were in line with budget, notwithstanding a slight reduction in sales revenue. ARD received the Motorola "Biggest European Middle East and Africa (EMEA) Distributor" award, for the fourth time. Notwithstanding the current economic downturn, results for the first half reflect sales and profits in line with expectations.



Altech Stream East Africa (ASEA) The East African operations have shown explosive growth for the period under review. The restructuring of the Internet Service Provider (ISP) entities in light of the arrival of submarine capacity into Converged Services Entities is nearing completion, while Kenya Data Networks (KDN) has managed to connect submarine capacity from Mombasa (Kenya) to Kampala (Uganda) and into Kigali (Rwanda) through its extensive 4 000 km terrestrial fibre network. Altech East Africa is seeing an explosion of demand, and the group is on track to achieve its targets for the year.

The group has received a full Network Operator licence for the DRC, and is currently examining several business cases to determine how to extract the maximum value in line with the overall Converged Services Strategy.

Through KDN, Altech currently provides the majority of backhaul capacity for the largest GSM operators in East Africa, namely Safaricom, Zain and Essar. KDN's interest in the TEAMS undersea cable and Altech's SEACOM bandwidth capacity acquisition, positions the Altech Group as arguably the second largest bandwidth holder on the African Continent.

Altech Technology Concepts, the internet technology solutions and broad-based IT company, has exceeded its profit targets for the first half of this financial year. It has seen a dramatic growth in its business, spearheaded by its flagship product TC Channel Bonding. This offering contributed substantially to a 50% increase in Internet traffic and a 43% increase in headcount over the last six months. This growth reflects the significant uptake of new business and the increasing number of clients choosing bonded ADSL Internet access over other more costly high-speed connectivity options. The company will continue to grow its infrastructure and resource base, in order to support the accelerated growth anticipated in the next six month period.

MULTI-MEDIA AND ELECTRONICS

Altech UEC recorded satisfactory results in the review period, reflecting continued strong demand for the advanced Set-Top Box (STB) decoder products and associated software it develops and manufactures. Realising the benefits from a period of intense R&D activity in the development of new products and technologies, Altech UEC has recently concluded a number of new contracts with Broadcasters in Eastern Europe, the Middle East and Africa, and is well positioned to capitalise on the opportunities presented by the South African Digital Terrestrial Television (DTT) migration programme. In order to meet additional demand for its products, Altech UEC has invested in manufacturing capacity in its Durban STB facility, as well as in additional manufacturing capacity in the Far East.

Altech MediaVerge continues to contribute strongly and has developed a range of value-added Commercial and e-Government products and services that will leverage off the South African DTT platform. Of particular interest, is the patented Media-kiosk concept that is a revolutionary solution to the problem of the secure distribution of media in emerging markets. The Media-kiosk allows for the download of any media, including video and audio files, documentation and presentations, from a hard drive in the kiosk onto a portable flash memory drive, for later replay in the home via a low cost set-top box. The solution addresses the security concerns of media owners through the application of secure Digital Rights Management and Content Management tools. Both local and international media distribution companies have expressed enthusiasm for the new market opportunities enabled by this locally-developed UEC product.

Altech Global Decoder Logistics' operating entities in Australia and South Africa, performed well during the period under review, delivering vital after sales product support and logistic solutions.



Arrow Altech Distribution maintained its market leadership position and delivered solid operational performance for the interim six months. Good growth was achieved in the mid-tier market, with a forward order book at acceptable levels.

Good working capital management, coupled with stringent cost control and improved profit margins has resulted in a strong balance sheet and sustained profitability. The company will continue its focus in offering value-added supply chain services and customised solutions to its broad base of customers in the Consumer, Automotive, Industrial, Contract Manufacturing, Telecommunications, Security, Mining, Metering and Military market segments.

TECHNOLOGY

Altech Information Technologies

With effect from 1 January 2008, all the Information Technology businesses within the Altech group were consolidated under one company, namely, Altech Technology Holdings. This company comprises the following divisions: Altech Isis, Altech West Africa and Altech Card Solutions.

Altech Isis' trading for the period has been satisfactory. The company is experiencing a significant increase in the supply of systems integration services to the telecommunications market. The addition of Kenya Data Networks (KDN) as a customer during the trading period has contributed positively, and will continue to do so in the following trading period. The company is making new in-roads with its real-time converged "Customer Care and Billing" product, supported by its systems integration and 24x7 support services.

Altech Card Solutions recorded an exceptional performance for the half-year. The sale of EFTPOS terminals and software solutions has been better than anticipated. The transaction switching business has experienced good growth, due to the addition of new customers during the trading period. The switching division is working on strategic projects that should make a substantial contribution in the second half of the year. The E-security business division performed better than expected, and is trading ahead of budget due to the increased business development initiatives in South Africa, West and East Africa.

Altech West Africa's pre-paid cellular voucher manufacturing facility in Lagos, Nigeria continues to maintain its position as the leading supplier of secure paper-based products. Increased regional business development initiatives have resulted in export orders for the trading period and further growth is expected.

Altech NuPay, the transaction service provider and switching company, acquired by Altech in June 2009, has managed to exceed its profit targets despite the global economic downturn. Exciting projects are underway to launch new reconciliation facilities to a broad market sector, as well as to individuals. This will open up a whole new dimension to the business. This product will also help other entities to assist their clients with better services and reconciliation mechanisms.

BUSINESS COMBINATIONS

Acquisition of 100% interest in Fleetcall (Proprietary) Limited

The group acquired 100% of the issued share capital of Fleetcall (Proprietary) Limited on 1 March 2009. The maximum purchase price is R75 million, payable in cash. The purchase price is payable as follows:

- First tranche: R48 million
- Second tranche: R24 million

The second tranche will be paid in terms of an earn-out mechanism over one year based on after tax profit targets for the year ending February 2010 being achieved.

The acquired business contributed revenues of R28 million and net profit after tax of R8 million to the group for the period 1 March 2009 – 31 August 2009.



These amounts have been calculated using the group's accounting policies.

Fleetcall is the largest Trunked Two-way Radio Operator in South Africa.

The acquiree's balance sheet at the date of acquisition is as follows:

	Carrying amount R'000
Property, plant and equipment	28
Inventories	1
Trade and other receivables	10
Trade and other payables	(11)
Deferred tax	(4)
Tax	(3)
Cash and cash equivalents	4
Net identifiable assets and liabilities	25
Goodwill on acquisition	45
Total consideration	70

The amount reflected above as goodwill on acquisition will be finally allocated between intangibles and goodwill prior to year-end.

Acquisition of 100% interest in Lateral Technology Concepts (Proprietary) Limited (Technology Concepts)

The group acquired 100% of the issued share capital of Technology Concepts on 1 March 2009. The maximum purchase price is R45 million, payable in cash as follows:

- Initial payment: R7,5 million
- The remaining maximum payments of R37,5 million will be paid in terms of an earn out mechanism over two years based on after tax profit targets for the year ending February 2010 and 2011 being achieved.

Technology Concepts is an established Information Technology business and corporate Internet Service Provider.

The acquired business contributed revenues of R14 million and net profit after tax of R2 million to the group for the period 1 March 2009 – 31 August 2009.

These amounts have been calculated using the group's accounting policies.

The acquiree's balance sheet at the date of acquisition is as follows:

	Carrying amount R'000
Property, plant and equipment	2
Inventories	1
Trade and other receivables	3
Trade and other payables	(2)
Cash and cash equivalents	–
Net identifiable assets and liabilities	4
Goodwill on acquisition	36
Total consideration	40



The amount reflected above as goodwill on acquisition will be finally allocated between intangibles and goodwill prior to year-end.

Acquisition of 50% plus one share interest in NuPay (Proprietary) Limited (NuPay)

The group acquired 50% plus 1 share of the issued share capital of NuPay on 1 June 2009 for a consideration of R53,5 million.

The acquired business contributed revenues of R24 million and net profit after tax of R2,5 million to the group for the period 1 June 2009 – 31 August 2009.

If the acquisition had occurred on 1 March 2009, group revenue and net profit after tax before allocations would have increased by R48 million and R5 million respectively.

These amounts have been calculated using the group's accounting policies.

The acquiree's balance sheet at the date of acquisition is as follows:

	Carrying amount R'000
Property, plant and equipment	5
Trade and other receivables	6
Trade and other payables	(10)
Cash and cash equivalents	3
Tax	(1)
Net identifiable assets and liabilities	3
Attributable to minorities	(1,5)
Goodwill on acquisition	52,0
Total consideration	53,5

The amount reflected above as goodwill on acquisition will be finally allocated between intangibles and goodwill prior to year-end.

Acquisition of the Altech Netstar franchisees in Nelspruit and Polokwane

During the period under review the group acquired 100% of the Altech Netstar franchisees in Nelspruit and Polokwane with effect from 1 April 2009 and 1 May 2009 respectively.

The acquired business contributed revenues of R6,5 million and net profit after tax of R0,9 million to the group for the period ended 31 August 2009.

If the acquisition had occurred on 1 March 2009, group revenue and net profit after tax before allocations would have increased by R11,4 million and R1,3 million respectively. These amounts have been calculated using the group's policies and by adjusting the results of the subsidiaries to reflect amortisation on the fair value adjustments to intangible assets from 1 March 2009, together with the consequential tax effects.

The acquirees' combined balance sheets at the date of acquisition were as follows:

	Rm
Total consideration	24
Fair value of net assets acquired	1
Intangible assets	23

Disposal of Namitech South Africa, a division of Altech Information Technologies (Proprietary) Limited

On 1 April 2009 the group disposed of the net assets of Namitech South Africa division for R82,2 million (an increase of R3,7 million on the previously reported amount, based on closing audited adjustments) to Gemalto. The net assets were shown as held for sale at 28 February 2009.

Post balance sheet events

Altech together with its partner, Sameer has acquired significant bandwidth capacity on the SEACOM undersea cable system. Altech/Sameer has procured two STM-16s from SEACOM (equivalent to 5 Gbps), for USD69,3 million payable by Altech and Sameer according to their 60%, 40% shareholding over a number of years with the option to upgrade within three years to double this capacity.

SEACOM, in return has invested in excess of USD20 million in capacity on the terrestrial fibre network of Kenya Data Networks (KDN).

DIRECTORATE

Dr HA Serebro retired as a non-executive director of Altech with effect from 31 July 2009 following his retirement as an executive director from the Altron group. The board thanks Dr Serebro for his significant contribution over the years.

BLACK ECONOMIC EMPOWERMENT

Through the implementation of the Altron Transformation Vision 2012, Altech is committed to empowerment through skills enhancement, representative shareholding for and widespread development of disadvantaged communities by focusing on areas with maximum long-term benefit.

A formal strategy has been implemented with measurable indicators, which will assist the Altech group to continue to achieve success in this area.

PROSPECTS

Our acquisitions, during the latter part of the last financial year, and the first half of this financial year, are all performing well, and individually and collectively promise to add significantly to our future trading performance.

As mentioned, our investment into East Africa has proven to be a resounding success and will undoubtedly be one of the future growth engines of the Altech group. Furthermore, our strategic alliance with SEACOM and TEAMS for marine bandwidth, place the Altech group in an extremely positive position, which bodes well for the future.

Our focus on expense reduction has placed us in an enviable position, has assisted in bolstering our performance, and has contributed positively to our Operating Margins. This will continue to support our drive for superior long-term group financial performance.

Our efforts to build special relationships, with customers and staff, have paid early dividends and will help to drive our results positively in the future.

With a strong order book and growing annuity revenue, the growth in East Africa, the liberalisation and deregulation of the telecommunications sector, Altech is well positioned for continued growth in its businesses for the remainder of the financial year.

By order of the board

Dr Hilton Davies
Non-executive Chairman

Craig Venter
Chief Executive Officer

Dr John Carstens
Chief Financial Officer



Directors

Dr HK Davies (*Non-executive Chairman*)[#]

CG Venter (*Chief Executive Officer*)

Dr JEW Carstens (*Chief Financial Officer*)

PMO Curle*

ML Leoka[#]

R Naidoo[#]

M Sindane[#]

ZJ Sithole[#]

AMR Smith^{#*}

RE Venter[#]

Dr WP Venter[#]

[#] *Non-executive*

* *British*

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