REVIEWED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2008 AND CASH DIVIDEND DECLARATION

REUNERT
REUNERT LIMITED

Incorporated in the Republic of South Africa   Registration number 1913/004355/06   Share Code: RLO   ISIN Code: ZAE000057428

- Revenue up 14%
- Normalised headline earnings per share up 10%
- Final dividend maintained at 241 cents per share

Condensed group income statement

For the year ended 30 September

	Notes	2008 R million (Reviewed)	2007 R million (Audited)	% change
Revenue		10 921,1	9 574,4	14
Earnings before interest, tax, depreciation, amortisation, other income and dividends		1 487,2	1 340,6	11
Other income	1	172,0	52,4	228
Earnings before interest, tax, depreciation and amortisation and dividends (EBITDA)	1	1 659,2	1 393,0	19
Depreciation and amortisation		86,6	74,3	17
Operating profit		1 572,6	1 318,7	19
Net interest and dividend income	2	60,3	54,8	10
Abnormal items	3	1,5	(447,6)	
Profit before taxation		1 634,4	925,9	77
Taxation		486,8	427,4	14
Profit after taxation		1 147,6	498,5	130
Share of associate companies' profits	1 & 2	16,1	148,4	(89)
Profit for the year		1 163,7	646,9	80
Profit for the year attributable to:				
Minority interests		7,1	7,6	(7)
Equity holders of Reunert Limited		1 156,6	639,3	
		1 163,7	646,9	
Basic earnings per share (cents)	4	650,1	361,7	80
Diluted basic earnings per share (cents)	4	646,9	356,5	81
Headline earnings per share (cents)	4 & 5	651,9	272,4	139
Diluted headline earnings per share (cents)	4 & 5	648,7	268,4	142
Normalised headline earnings per share (cents)	4 & 5	630,1	570,3	10
Normalised diluted headline earnings per share (cents)	4 & 5	626,9	562,0	12
Cash dividend per ordinary share declared in respect of the year (cents)		319,0	314,0	2
Taxation rate excluding abnormal items (%)		29,8	32,2	7
EBITDA as a % of revenue		15,2	14,5	4

Condensed group statement of changes in equity

For the year ended 30 September

	Notes	2008 R million (Reviewed)	2007 R million (Audited)
Share capital and premium			
Balance at the beginning of the year		90,8	76,9
Issue of shares		16,1	14,0
Shares cancelled in terms of buy-back of treasury shares-capital portion		–	(0,1)
Balance at the end of the year		106,9	90,8
Share-based payment reserve			
Balance at the beginning of the year		649,9	40,4
Share-based payment expense		14,4	607,4
Contribution by Reunert to employees of joint venture and associate in terms of broad-based scheme		–	2,1
Balance at the end of the year		664,3	649,9
Fair value adjustment reserve*			
Balance at the beginning of the year		–	–
Arising on fair valuation of financial instruments	7	660,3	–
Deferred taxation on fair value gain		(39,2)	–
Balance at the end of the year		621,1	–
Equity transaction with BEE partner			
Balance at the beginning of the year		–	–
Purchase of a portion of BEE partner's interest in a subsidiary not previously recognised as a minority	8	(35,3)	–
Balance at the end of the year		(35,3)	–
Treasury shares			
Balance at the beginning of the year	9	(276,1)	(282,0)
Shares cancelled in terms of buy-back of treasury shares – capital portion		–	0,1
Shares cancelled in terms of buy-back of treasury shares – dividend portion		–	5,8
Balance at the end of the year		(276,1)	(276,1)
Non-distributable reserves			
Balance at the beginning of the year – restated**		7,3	3,7
Balance at the beginning of the year – as previously reported		–	104,8
Share of associate company's retained earnings at the beginning of the year transferred to retained earnings		–	(101,1)
Translation reserve		0,7	(0,3)
Reunert's share of previously equity-accounted associate's actuarially valued surplus of medical aid provision***		(3,9)	3,9
Balance at the end of the year		4,1	7,3
Retained earnings			
Balance at the beginning of the year – restated*		1 997,1	1 841,9
Balance at the beginning of the year – as previously reported		1 997,1	1 740,8
Share of associate company's retained earnings at the beginning of the year transferred from non-distributable reserves		–	101,1
Profit for the year		1 156,6	639,3
Reunert's share of previously equity-accounted associate's actuarially valued surplus of medical aid provision transferred from non-distributable reserves***		3,9	–
Cash dividends declared and paid		(567,2)	(478,3)
Shares cancelled in terms of buy-back of treasury shares – dividend portion		–	(5,8)
Balance at the end of the year		2 590,4	1 997,1
Equity attributable to equity holders of Reunert Limited		3 675,4	2 469,0
Minority interest			
Balance at the beginning of the year		14,4	38,2
Profit for the year		7,1	7,6
Dividends declared and paid		(1,8)	(4,5)
Net movement in minorities		1,0	(26,9)
Balance at the end of the year		20,7	14,4
Total equity at the end of the year		3 696,1	2 483,4

*This reserve relates to fair value adjustments on financial assets designated as "available-for-sale" financial assets in terms of IAS 39.

**This information has been restated to reflect the change in accounting policy that took place in the prior year whereby the group's share of the associate Company's retained earnings were previously transferred to a non-distributable reserve.

***Since Reunert's investment in NSN is no longer equity-accounted this reserve has been transferred to retained earnings (refer to note 7).

Supplementary information

For the year ended 30 September

R million (unless otherwise stated)	Note	2008 (Reviewed)	2007 (Audited)
Net worth per share (cents)		2 060	1 390
Current ratio (including RCCF) (:1)		1,5	1,7
Current ratio (excluding RCCF) (:1)		2,0	1,7
Net number of ordinary shares in issue (million)		178,4	177,7
Number of ordinary shares in issue (million)		196,9	196,2
Less: Held by Bargenel Investments Limited (Bargenel) (million)	9	(18,5)	(18,5)
Capital expenditure		117,1	149,0
– expansion		72,8	86,9
– replacement		44,3	62,1
Capital commitments in respect of property, plant and equipment		74,2	80,2
– contracted		9,0	54,5
– authorised not yet contracted		65,2	25,7
Commitments in respect of operating leases		90,9	97,1

Condensed group balance sheet

As at 30 September

	Notes	2008 R million (Reviewed)	2007 R million (Audited)
Non-current assets			
Property, plant and equipment and intangible assets		591,3	578,7
Goodwill	6	415,3	372,8
Investments and loans	7	865,3	727,9
RCCF accounts receivable		1 274,8	–
Deferred taxation		32,0	37,9
		3 178,7	1 717,3
Current assets			
Inventory and contracts in progress		979,7	915,1
Accounts receivable and derivative assets		1 935,3	1 716,1
RCCF accounts receivable		682,2	–
Non-current assets held for sale		23,1	–
Cash and cash equivalents		794,6	530,6
RCCF bank balances and cash		82,0	–
		4 496,9	3 161,8
Total assets		7 675,6	4 879,1
Equity attributable to equity holders of Reunert Limited			
Ordinary		3 674,7	2 468,3
Preference		0,7	0,7
		3 675,4	2 469,0
Minority interest		20,7	14,4
Total equity		3 696,1	2 483,4
Non-current liabilities			
Deferred taxation		208,2	115,8
Long-term borrowings	8	12,8	278,8
RCCF long-term borrowings	8	699,9	–
		920,9	394,6
Current liabilities			
Accounts payable, derivative liabilities, provisions and taxation		1 880,6	1 822,9
RCCF bank borrowings	8	1 164,4	–
Bank overdrafts and short-term portion of long-term borrowings		13,6	178,2
		3 058,6	2 001,1
Total equity and liabilities		7 675,6	4 879,1

Condensed group cash flow statement

For the year ended 30 September

	2008 R million (Reviewed)	2007 R million (Audited)
EBITDA	1 659,2	1 393,0
Increase in net working capital	(327,7)	(739,7)
Increase in net working capital (excluding RC&C Finance Company (Pty) Ltd (RCCF))	(295,2)	(439,0)
Increase in RCCF accounts receivable while a consolidated subsidiary (refer to note 12)	(32,5)	(300,7)
Cash generated from operations	1 331,5	653,3
Net interest and dividend income (including from associates)	147,2	200,8
Taxation paid	(410,8)	(568,6)
Dividends paid (including to minorities)	(569,0)	(879,3)
Other (net)	19,4	23,7
Net cash flows from operating activities	518,3	(570,1)
Net cash flows from investing activities	(921,3)	1 008,6
Net cash flows from financing activities	(380,3)	274,5
(Decrease)/increase in net cash resources	(783,3)	713,0
Net cash resources/(borrowings) at the beginning of the year	482,8	(230,2)
Net (borrowings)/cash resources at the end of the year	(300,5)	482,8
Cash and cash equivalents	794,6	530,6
Bank overdrafts	(12,7)	(47,8)
Net cash resources excluding RCCF	781,9	482,8
	(1 082,4)	–
RCCF bank balances and cash	82,0	–
RCCF short-term borrowings	(1 164,4)	–
Net (borrowings)/cash resources including RCCF net bank borrowings at the end of the year	(300,5)	482,8

Condensed segmental analysis

For the year ended 30 September

	2008 R million (Reviewed)	%	2007 R million (Audited)	%	% change
Revenue*					
CBI-electric**	3 951,9	36	3 315,1	29	19
Nashua	6 445,2	58	5 816,3	52	11
NSN***	–	–	1 712,9	15	
Reutech	622,3	6	490,5	4	27
Total operations	11 019,4	100	11 334,8	100	(3)
Less: Reunert's attributable portion of associate companies' revenue	(98,3)		(1 760,4)		
Revenue as reported	10 921,1		9 574,4		14

*Inter-segment revenue is immaterial and has not been disclosed.

**Revenue for the year ended 30 September 2007 included an amount of R96,3 million for inventory sold at book value by ATC (Pty) Limited to CBI-electric Aberdare ATC Telecom Cables (Pty) Limited.

***Revenue excludes commission received from Nokia Siemens Networks South Africa (Pty) Limited (NSN) (refer to note 1). Revenue of NSN in 2008 is not included due to the change in the nature of the investment and the resultant accounting treatment of the investment in NSN (refer to note 7).

	2008 R million (Reviewed)	%	2007 R million (Audited)	%	% change
Operating profit					
CBI-electric	675,3	42	553,9	36	22
Nashua	652,8	41	674,7	44	(3)
NSN*	139,0	9	211,2	13	(34)
Reutech	136,9	8	109,2	7	25
Total operations	1 604,0	100	1 549,0	100	4
Less: Reunert's attributable portion of associate companies' net operating profit	(31,4)		(230,3)		
Operating profit as reported	1 572,6		1 318,7		19

*Operating profit in 2008 represents commission received, whereas the 2007 figures represent 40% of the NSN operating profit (refer to notes 1 and 7).

Notes

	2008 R million (Reviewed)	2007 R million (Audited)
Note 1		
Other income and EBITDA		
EBITDA is stated after:		
– Cost of sales	7 915,4	6 763,1
– Other expenses excluding depreciation and amortisation	1 561,3	1 369,8
– Other income	172,0	52,4
Commission income	139,0	–
Other	33,0	52,4
– Realised (profit)/loss on foreign exchange and derivative instruments	(20,6)	106,9
– Unrealised profit on foreign exchange and derivative instruments	(22,2)	(6,0)

The commission income is in respect of commission earned from the Nokia Siemens Networks Group (NSN group) based on the sales revenue for the sub-region of which South Africa forms part. The commission is related to Reunert's investment in NSN. The current year's share of associate companies' profit does not include any income in respect of NSN due to the change in the nature of the investment (refer to notes 2 and 7).

	2008 R million (Reviewed)	2007 R million (Audited)
Note 2		
Net interest and dividend income		
Interest received	99,3	104,3
– From RCCF while a consolidated subsidiary (refer to note 12)	20,7	43,5
– External	78,6	60,8
Interest paid	(43,2)	(57,2)
Dividend income other than from associate companies	4,2	7,7
Total	60,3	54,8
Dividend income from associate companies included in share of associate companies' profits	–	146,0

Notes (continued)

	2008 R million (Reviewed)	2007 R million (Audited)
Note 3		
Abnormal items		
Net surplus on dilution in and disposal of business	1,5	118,1
Surplus on sale of non-current assets to CBI-electric Aberdare ATC Telecom Cables (Pty) Limited	–	34,5
Black Economic Empowerment (BEE) expense – share-based payment (refer to note 9)	–	(556,6)
Share-based payment expense in terms of broad-based scheme to group employees (refer to note 9)	–	(42,2)
Net impairments	–	(1,4)
Total before taxation	1,5	(447,6)
Taxation	–	14,7
Minority interest	–	0,2
Total	1,5	(432,7)
Note 4		
Number of shares used to calculate earnings per share		
Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)	177,9	176,7
Adjusted by the dilutive effect of:		
– Unexercised share options granted (millions of shares)	0,9	1,5
– The notional unencumbered Reunert Limited (Reunert) shares held by Bargenel (millions of shares)*	–	1,1
Weighted average number of shares used to determine diluted basic, diluted headline, and normalised diluted headline earnings per share (millions of shares)	178,8	179,3

*The notional unencumbered Reunert shares represent the number (based on the year's average share price) of the 18,5 million treasury shares held by Bargenel that could be settled out of the year end equity value of Bargenel.

	2008 R million (Reviewed)	2007 R million (Audited)
Note 5.1		
Headline earnings		
Profit attributable to equity holders of Reunert – IAS 33 basic earnings	1 156,6	639,3
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Net surplus on dilution in and disposal of business	(1,5)	(118,1)
Loss/(surplus) on disposal of property, plant and equipment and intangible assets	5,2	(35,2)
Net impairments	–	1,4
Taxation effect of adjustments	(0,5)	(6,1)
Headline earnings	1 159,8	481,3
Note 5.2		
Normalised headline earnings		
Headline earnings (refer to note 5.1)	1 159,8	481,3
Normalised headline earnings are determined by eliminating the effect of the following items from attributable headline earnings:		
BEE share of headline and normalised headline earnings adjustments	(0,4)	8,2
BEE expense – share-based payment	–	556,6
Share-based payment expense in terms of broad-based scheme to group employees	–	42,2
Contribution by Reunert to employees of joint venture and associate	–	2,1
Minority effect of adjustments	–	(0,1)
Taxation effect of adjustments	–	(9,1)
	1 159,4	1 081,2
Net economic interest in profit that is attributable to BEE partners (refer to note 9)	(38,5)	(73,5)
Normalised headline earnings (basic and diluted)	1 120,9	1 007,7
Note 6		
Goodwill		
Carrying value at the beginning of the year	372,8	326,8
Acquisitions of businesses and minority interests	137,1	45,7
Unamortised goodwill arising in a previous period on a further acquisition of NSN now transferred to investment in NSN (refer to note 7)	(94,6)	–
Negative goodwill taken to profit in terms of IFRS 3	–	1,1
Impairments	–	(0,8)
Carrying value at the end of the year	415,3	372,8
Note 7		
Investments and loans		
Unlisted associate companies – at cost plus equity accounted earnings excluding goodwill	–	400,3
– NSN*	–	119,7
– Quince Capital Holdings (Pty) Limited (Quince)(refer to note 12)	–	280,6
Other unlisted investments – at cost	7,0	7,0
Loans – at cost	52,3	54,5
Long-term accounts receivable (refer to note 8)	–	266,1
Financial instrument – investment in NSN – at fair value*	806,0	–
Carrying value of NSN at 1 October 2007, previously an unlisted associate company, now a financial instrument	119,7	–
Unamortised goodwill arising on a further acquisition in a previous period (refer to note 6)	94,6	–
Pre- acquisition dividend received from NSN	(68,6)	–
Fair value adjustment	660,3	–
Total carrying value	865,3	727,9
Directors' valuation of unlisted investments		
– Unlisted associate companies (2007: NSN and Quince)	–	908,0
– Other unlisted investments (2008 includes NSN at R806,0 million)	813,0	7,0

*Following the post merger restructuring within the NSN group, with effect from 1 October 2007, the nature of the investment in NSN and the income received (refer to note 1) has changed. Significant influence ceased as Reunert no longer has representation on the board of directors, even though Reunert retained a 40% legal ownership. The investment in NSN has consequently been reclassified as a financial instrument, and designated as "available-for-sale", as defined in IAS 39 – Financial Instruments: Recognition and Measurement.

Due to a change in the shareholders agreement, Reunert now earns commission on sales of NSN products. Future commissions are expected to replace dividend flows.

Previously income relating to the investment in NSN was recognised in terms of the equity method and included in share of associate companies' profits in the income statement.

The fair value of the investment is the discounted cash flow of the minimum amount specified in the shareholders' agreement in the event of a sale to NSN group,together with an estimation of future commissions. The first time a sale may take place in terms of the agreement is 31 December 2010.

	2008 R million (Reviewed)	2007 R million (Audited)
Note 8		
Long-term borrowings		
Total long-term borrowings (including finance leases)	13,7	386,9
Less: Short-term portion (including finance leases)	(0,9)	(130,4)
	12,8	256,5
Loan repaid by BEE partner*	–	22,3
	12,8	278,8

*Loan repaid by BEE partner represented a portion of the dividends paid by ATC to Powerhouse, which were used to repay a portion of the loan. In terms of current accounting practice, this was reflected as a long-term liability on the Reunert balance sheet.

The long-term borrowings in the previous year was an obligation to RCCF, which is now a consolidated subsidiary (refer to note 12). Various operations in the group dealing in office equipment discounted debtors with RCCF on the basis that the risk of bad debts was carried by the Reunert group operations. In terms of current accounting practice, these debtors could not be derecognised by the Reunert group operations, accordingly the long-term portion of the debtors were included in long-term accounts receivable, the short-term portion in accounts receivable and the outstanding balance of cash received from RCCF in long-term borrowings.

The increase in borrowings arose due to Quince becoming a consolidated subsidiary (refer to note 12). Previously it was an equity accounted associate. It is difficult to quantify the exact effect on earnings per share and headline earnings per share, however, since Quince became a subsidiary it has made a positive contribution to earnings.

The group entered into an agreement with Powerhouse Utilities (Pty) Limited (Powerhouse), whereby on 1 December 2004, 25,1% of the A shares of ATC (Pty) Ltd (ATC) were sold to Powerhouse at a cost of R130 million. IFRS requires that this transaction is not accounted for as a sale, since the loan has not been fully paid by Powerhouse and conditions are attached to the unpaid portion, notwithstanding that the economic reality of this transaction is, in fact, a sale.

With effect 1 April 2008, Reunert bought back 15,0% of ATC's A shares from Powerhouse for R117 million leaving Powerhouse with a 10,1% shareholding (refer to statement of changes in equity).

Note 9

BEE transactions

Reunert's BEE deal was approved by shareholders on 6 February 2007, Due to the sale of Bargenel to the BEE partners, the shareholders of Peotona Group Holdings (Pty) Limited (Peotona) and the Rebatona Educational Trust, a share-based payment expense (in terms of IFRS 2) of R556,6 million was recognised in the previous financial year. The sale by Bargenel, which holds 18,5 million shares in Reunert was done at a 10% discount to the Reunert share price. IFRS requires that this disposal not be accounted for as a sale, since the preference shares issued by Bargenel to Reunert, financing the purchase of Bargenel have not been fully repaid and conditions are attached to the unpaid portion, notwithstanding that the economic reality of this transaction is, in fact a sale.

All employees in the Reunert group who did not participate in any other share incentive scheme were awarded 100 Reunert shares each which are held in trust for a period of five years. The employees will only be able to sell the shares after five years, but have full rights to receive all dividends declared during the five-year period. The resultant expense to the Reunert group has been raised on the difference between the fair value of a Reunert share on 6 February 2007 (R83,90) and its cost price of 10 cents each. A deferred tax asset has been raised as a result of the tax deduction, which occurs in the future.

As referred to in note 8 certain BEE transactions involving the disposal of equity interests are not recognised because the significant risk and rewards of ownership of the equity have been deemed not to have passed to the BEE partners, until the shares have been fully paid for. Accordingly, the equity interests in the affected subsidiaries have not been recognised in the group income statement and balance sheet.

	2008 R million (Reviewed)	2007 R million (Audited)
The effect of this has been to not recognise the following:		
– Net economic interest in current year profit that is attributable to BEE partners	38,5	73,5
– Balance sheet interest that is economically attributable to BEE partners	95,3	161,8

Notes (continued)

Note 10

Basis of preparation

These condensed group financial statements have been prepared in terms of IAS 34 – *Interim Financial Reporting* as well as in compliance with the Companies Act of South Africa, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited.

The group's accounting policies, as set out in the audited annual financial statements for the year ended 30 September 2007, which comply with IFRS, have been consistently applied. IFRS 7 – *Financial Instruments: Disclosures* was adopted during the current year

Note 11

Unconsolidated subsidiary

The financial results of Cafca Limited (Cafca), a subsidiary incorporated in Zimbabwe, have not been consolidated in the group results as the directors believe there is a lack of control as defined in IAS 27 – *Consolidated and Separate Financial Statements*, and the amounts involved are not material to the group's results.

Note 12

Major corporate activity

Acquisition of Nashua franchise

With effect from 1 November 2007 Nashua Holdings (Pty) Limited (Nashua) purchased 51% of Zevoli 151 (Pty) Limited (Nashua West Rand franchise). Nashua provided R20,4 million of loan finance to the other shareholders. The minority shareholders provided R1,0 million of equity.

Acquisition of Moeller

With effect from 1 April 2008 the business and net assets of Moeller Electric (Pty) Limited (Moeller) were purchased by CBI-electric: low voltage division of Reunert Limited for R25,6 million.

Acquisition of Quince

With affect from 1 June 2008 Reunert bought the 53% of Quince's share capital not previously owned by it. Simultaneously, Quince sold its investments in ZS Rational and Scripfin to PSG Group Limited (PSG). Quince retained its 100% ownership of RCCF. The values placed on the respective businesses were the same as those used when the businesses were sold to Quince in 2007. Reunert paid cash of R218,9 million to the previous shareholders and took over a loan obligation of R219,0 million from PSG.

	Nashua Franchise R million	Moeller R million	Quince R million	Total R million
Net assets acquired:				
Property, plant and equipment	2,2	6,2	3,1	11,5
Intangible assets	–	6,0	4,0	10,0
Goodwill	12,7	–	124,4	137,1
Inventory	4,9	11,1	–	16,0
Accounts receivable	5,0	12,8	227,8	245,6
RCCF accounts receivable	–	–	1 924,5	1 924,5
Net cash	–	–	73,7	73,7
Payables and provisions	(4,2)	(10,3)	(25,5)	(40,0)
Amounts due to bankers and short-term loans	–	–	(858,4)	(858,4)
Long-term loans	(0,2)	(0,2)	(700,3)	(700,7)
Taxation	–	–	(4,9)	(4,9)
Deferred tax	–	–	(50,6)	(50,6)
Attributable share of net assets at date of acquisition (decrease in investment in associate)	–	–	(279,9)	(279,9)
Cost of investment	20,4	25,6	437,9	483,9
(Loss)/profit since acquisition	(1,3)	1,5	16,5	16,7
Revenue for the full year ended 30 September 2008 as though the acquisition date had been 1 October 2007	58,7	80,4	295,6	434,7
(Loss)/profit for the full year ended 30 September 2008 as though the acquisition date had been 1 October 2007	(1,3)	1,4	39,5	39,6

COMMENTARY

Despite turbulent markets and growing economic uncertainty, Reunert has increased revenue and operating profit for the eighth year in a row. Revenue increased by 14% to R10,92 billion. On a like-for-like basis, operating profit increased by 9%. The reported number of R1,57 billion, an increase of 19%, includes R139 million commission earned on our investment in NSN. Previously, Reunert's share of NSN's net income was disclosed as income from associates.

Normalised headline earnings improved by 11% to R1,12 billion. Strong cash generation led to net cash resources at the end of the year, excluding RCCF borrowing, amounting to R782 million.

CBI-ELECTRIC

The electrical group had a good year. Revenue increased by 19% to R3,95 billion, while operating profit grew from R554 million to R675 million, an increase of 22%. Both energy cables and the low-voltage businesses experienced buoyant market conditions.

The **low voltage business** in particular benefited from strong exports and operating profit improved by 45%. The acquisition of the Moeller business strengthened our position in the motor control market.

The **energy cable business** had a record breaking performance, improving revenue by 43%. In select cases where capacity was stretched, cables were sourced from other manufacturers. We believe our cautious approach to increasing capacity will, in the light of recent economic developments, prove to be appropriate. Towards the latter part of the year demand softened noticeably while the international copper price collapsed in line with most other commodities. However, the weakening of the rand has kept the rand copper price more stable.

Telecommunications cables, our joint venture company with Aberdare, had a subdued year mainly due to Telkom buying less copper cable than previously. Revenue was down 19%, leading to a decline in operating profit of 18%. Sales of fibre cable picked up and this trend is expected to continue. Capital is being invested to increase capacity for instrumentation cable, which is experiencing strong domestic and foreign demand. Exports of instrumentation and optic fibre cable are expected to continue growing, offsetting the decline in demand from Telkom.

At this stage, it is difficult to gauge what impact global economic conditions will have on infrastructure development in South Africa, although, early signs indicate that revenue in CBI-electric may decline.

NASHUA

The **Nashua** group of companies, being more directly exposed to the consumer, had a tough year. Bad debts have become an issue emphasizing the need to concentrate on quality rather than the quantity of deals.

Office automation, which once again includes RCCF, experienced good revenue growth of 12%. However, operating profit declined by 12%, partly as a result of a more competitive environment as well as a significant increase in bad debts.

The relationship between the rand/euro versus the rand/yen negatively affected product pricing, rendering us non-competitive in many instances. Recent exchange rate developments may improve that situation going forward.

On the financing side, rates have been adjusted upward to reflect the increased risk associated with lending.

Following the subprime crisis and the curtailment of securitisation, the joint venture in Quince Capital with PSG was reversed on 31 May 2008. Limited funds of R700 million were raised by securitising a portion of the book and Reunert used its balance sheet to provide the additional funding to finance the balance of the book. This is a temporary measure and action is under way to obtain external funding in due course.

Nashua Mobile had a strong year in business volume with revenue up by 15%, while operating profit increased by 8%. The increase in churn is a major concern, especially since it is mostly debt related. Average revenue per user is still at an industry high increasing from R443 to R472 per user per month. Going forward the focus is on retaining quality customers.

Nashua Electronics, distributing mainly Panasonic products, had a tough year. The range of consumer electronic products is not price competitive in the South African market, especially when compounded by a tightening in consumer spending. Firm management ensured a breakeven position which is a commendable performance in that industry. However, the business model needs to be improved.

REUTECH

Reutech met expectations contributing R137 million to operating profits. **Precision products**, with its range of Fuchs fuzes, in particular did well and secured orders stretching well into the 2010 financial year. The **communications** business with its VHF/UHF radios continues to benefit from long standing local and international relationships. Exports are brisk and will continue to grow.

The Department of Communication is in the process of converting the country's analogue television broadcasting to the digital format. The **radar systems** business in Stellenbosch has developed a set-top-box product and production has started. We are confident that we will participate in the migration to digital television broadcasting with the market conservatively valued at R7 billion spread over a four to five year period. The mining surveillance radar systems gained a strong foothold in most of the major mining groups – locally as well as overseas.

Our defence arm is strong, well positioned in focused areas and engaged in long-term development programs that will ensure future revenue streams. The percentage contribution from this division to Reunert is expected to grow.

INVESTMENTS

NSN remains the dominant supplier of telecommunications network infrastructure in southern Africa. Revenue was flat in line with the previous year. Market shares remained high and unchanged. Commission income derived from revenue is included in operating profit.

Sales are expected to remain high as Vodacom, Telkom and Neotel upgrade or expand their networks. NSN products are world class and in demand, boding well for future revenue streams.

DIRECTORATE

We are pleased to welcome Messrs Thabang Motsohi and Trevor Munday who joined the board as independent non-executive directors on 1 June 2008.

PROSPECTS

The global financial crisis has placed a premium on strong cash flows and liquidity. Lower levels of economic activity are expected in a deteriorating global and domestic macro-economic environment. Although South Africa has so far been relatively sheltered from the worldwide turmoil, inflation is well above target levels, and interest rates are at a level last seen in the nineties.

Given this environment, it is difficult to predict with any certainty what the impact will be in the 2009 financial year. Dividend cover has been increased and may well have to be further increased in the future given the uncertain economic and liquidity landscape.

REVIEWED RESULTS

The above results have been reviewed by the group auditors, Deloitte & Touche, and a copy of their unmodified review report is available for inspection at the company's registered office.

CASH DIVIDEND

Notice is hereby given that a final cash dividend, number 165, of 241 cents per share (2007: 241 cents per share) has been declared by the directors for the year ended 30 September 2008. In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 9 January 2009
First date of trading (ex dividend)	Monday, 12 January 2009
Record date	Friday, 16 January 2009
Payment date	Monday, 19 January 2009

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 12 January 2009 and Friday, 16 January 2009, both days inclusive.

On behalf of the board

Martin Shaw
Chairman

Gerrit Pretorius
Chief Executive

Sandton
24 November 2008

Directors: M J Shaw (Chairman) *, G Pretorius (Chief Executive), B P Connellan *, K S Fuller *, B P Gallagher, S D Jagoe*, K J Makwetla*, T J Motsohi*, T S Munday*, G J Oosthuizen, N D Orleyn**, D J Rawlinson, Dr J C van der Horst *
*Independent non-executive **Non-executive

Registered office: Lincoln Wood Office Park, 6 - 10 Woodlands Drive, Woodmead, Sandton. PO Box 784391, Sandton, 2146. Telephone +27 11 517 9000

Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001. P O Box 61051, Marshalltown, 2107

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited),

Secretaries' certification: In terms of Section 268 G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the year ended 30 September 2008 all such returns as are required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

J A F Simmonds
For Reunert Management Services Limited
Company Secretaries

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For more information log on to the Reunert website www.reunert.com

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BASTION GRAPHICS