REUNERT

AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009 AND CASH DIVIDEND DECLARATION

REUNERT LIMITED

Incorporated in the Republic of South Africa   Registration number 1913/004355/06   Share Code: RLO   ISIN Code: ZAE000057428
("Reunert", "the group" and "the Company")

CBI-electric   NASHUA   REUTECH

Condensed group income statement

For the year ended 30 September

	Notes	2009 R million (Audited)	2008 R million (Audited)	% change
Revenue	1	10 270,8	10 921,1	(6)
Earnings before interest, tax, depreciation, amortisation, other income and dividends		1 200,3	1 488,7	(19)
Other income	1	36,5	172,0	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1	1 236,8	1 660,7	(26)
Depreciation and amortisation		96,4	86,6	11
Operating profit		1 140,4	1 574,1	(28)
Net interest and dividend income	2	108,2	60,3	79
Abnormal items	3	299,2	–	
Profit before taxation		1 547,8	1 634,4	(5)
Taxation		374,3	486,8	(23)
Profit after taxation		1 173,5	1 147,6	
Share of associate companies' profits		–	16,1	
Profit for the year		1 173,5	1 163,7	1
Profit for the year attributable to:				
Minority interests		9,0	7,1	27
Equity holders of Reunert Limited		1 164,5	1 156,6	1
		1 173,5	1 163,7	
Basic earnings per share (cents)	4 & 5	652,4	650,1	–
Diluted earnings per share (cents)	4 & 5	646,9	646,9	–
Headline earnings per share (cents)	4 & 5	651,6	651,9	–
Diluted headline earnings per share (cents)	4 & 5	646,2	648,7	–
Normalised headline earnings per share (cents)	4 & 5	499,5	630,1	(21)
Normalised diluted headline earnings per share (cents)	4 & 5	495,3	626,9	(21)
Cash dividend per ordinary share declared in respect of the year (cents)		253,0	319,0	(21)
Taxation rate		24,2	29,8	19
EBITDA as a % of revenue		12,0	15,2	(21)

Condensed group statement of changes in equity

For the year ended 30 September

	2009 R million (Audited)	2008 R million (Audited)
Share capital and premium		
Balance at the beginning of the year	106,9	90,8
Issue of shares	9,1	16,1
Balance at the end of the year	116,0	106,9
Share-based payment reserve		
Balance at the beginning of the year	664,3	649,9
Share-based payment expense and deferred tax there on	15,3	14,4
Balance at the end of the year	679,6	664,3
Fair value adjustment reserve*		
Balance at the beginning of the year	621,1	–
Arising on fair valuation of financial instruments	(321,9)	660,3
Deferred taxation on fair value loss/(gain)	39,2	(39,2)
Balance at the end of the year	338,4	621,1
Equity transaction with BEE partner		
Balance at the beginning of the year	(35,3)	–
Purchase of a portion of BEE partner's interest in a subsidiary not previously recognised as a minority	–	(35,3)
Balance at the end of the year	(35,3)	(35,3)
Treasury shares	(276,1)	(276,1)
Non-distributable reserves		
Balance at the beginning of the year	4,1	7,3
Foreign currency translation reserve	(0,9)	0,7
Reunert's share of previously equity-accounted associate's actuarially valued surplus of medical aid provision**	–	(3,9)
Transfer from retained earnings	8,7	–
Balance at the end of the year	11,9	4,1
Retained earnings		
Balance at the beginning of the year	2 590,4	1 997,1
Profit for the year	1 164,5	1 156,6
Reunert's share of previously equity-accounted associate's actuarially valued surplus of medical aid provision transferred from non-distributable reserves**	–	3,9
Transferred to non-distributable reserves	(8,7)	–
Cash dividends declared and paid	(546,3)	(567,2)
Balance at the end of the year	3 199,9	2 590,4
Equity attributable to equity holders of Reunert Limited	4 034,4	3 675,4
Minority interest		
Balance at the beginning of the year	20,7	14,4
Profit for the year	9,0	7,1
Dividends declared and paid	(4,0)	(1,8)
Minority interest introduced	1,0	1,0
Balance at the end of the year	26,7	20,7
Total equity at the end of the year	4 061,1	3 696,1

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

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

Supplementary information

For the year ended 30 September

R million (unless otherwise stated)	2009 (Audited)	2008 (Audited)
Net worth per share (cents)	2 258	2 060
Current ratio (including RCCF) (:1)	1,7	1,5
Current ratio (excluding RCCF) (:1)	2,3	2,0
Net number of ordinary shares in issue (million)	178,7	178,4
Number of ordinary shares in issue (million)	197,2	196,9
Less: Held by Bargenel Investments Limited (million)	(18,5)	(18,5)
Capital expenditure	87,1	117,1
– expansion	34,7	72,8
– replacement	52,4	44,3
Capital commitments in respect of property, plant and equipment	56,5	74,2
– contracted	17,9	9,0
– authorised not yet contracted	38,6	65,2
Commitments in respect of operating leases	91,2	90,9

Condensed group balance sheet

As at 30 September

	Notes	2009 R million (Audited)	2008 R million (Audited)
Non-current assets			
Property, plant and equipment and intangible assets		587,9	591,3
Goodwill	6	460,6	415,3
Investments and loans	7	853,9	865,3
RCCF accounts receivable		993,6	1 274,8
Deferred taxation		29,1	32,0
		2 925,1	3 178,7
Current assets			
Inventory and contracts in progress		696,2	979,7
Accounts receivable and derivative assets		1 665,7	1 935,3
RCCF accounts receivable		709,7	682,2
Non-current assets held for sale		–	23,1
Cash and cash equivalents		1 603,1	794,6
RCCF bank balances and cash		97,6	82,0
		4 772,3	4 496,9
Total assets		7 697,4	7 675,6
Equity attributable to equity holders of Reunert Limited			
Ordinary		4 033,7	3 674,7
Preference		0,7	0,7
		4 034,4	3 675,4
Minority interest		26,7	20,7
Total equity		4 061,1	3 696,1
Non-current liabilities			
Deferred taxation		140,3	208,2
Long-term borrowings	8	11,0	12,8
RCCF long-term borrowings	8	699,9	699,9
		851,2	920,9
Current liabilities			
Accounts payable, derivative liabilities, provisions and taxation		1 769,7	1 880,6
RCCF bank borrowings		1 012,3	1 164,4
Bank overdrafts and short-term portion of long-term borrowings (including finance leases)		3,1	13,6
		2 785,1	3 058,6
Total equity and liabilities		7 697,4	7 675,6

Condensed group cash flow statement

For the year ended 30 September

	2009 R million (Audited)	2008 R million (Audited)
EBITDA	1 236,8	1 660,7
Decrease/(increase) in net working capital	757,4	(327,7)
Decrease/(increase) in net working capital (excluding RCCF)	513,9	(295,2)
Decrease/(increase) in RCCF accounts receivable	243,5	(32,5)
Other (net)	42,6	17,9
Cash generated from operations	2 036,8	1 350,9
Net interest and dividend income (including associates)	108,2	147,2
Taxation paid	(477,5)	(410,8)
Dividends paid (including to minorities)	(550,3)	(569,0)
Net cash flows from operating activities	1 117,2	518,3
Net cash flows from investing activities	(130,8)	(921,3)
Net cash flows from financing activities	2,5	(380,3)
Increase/(decrease) in net cash resources	988,9	(783,3)
Net (borrowings)/cash resources at the beginning of the year	(300,5)	482,8
Net cash/(borrowings) resources at the end of the year	688,4	(300,5)
Cash and cash equivalents	1 603,1	794,6
Bank overdrafts	–	(12,7)
Net cash resources excluding RCCF	1 603,1	781,9
	(914,7)	(1 082,4)
RCCF bank balances and cash	97,6	82,0
RCCF short-term borrowings	(1 012,3)	(1 164,4)
Net cash/(borrowings) resources including RCCF net borrowings at the end of the year	688,4	(300,5)

Condensed segmental analysis

For the year ended 30 September

	2009 R million (Audited)	%	2008 R million (Audited)	%	% change
Revenue*					
CBI-electric	2 952,2	29	3 951,9	36	(25)
Nashua	6 364,9	62	6 445,2	58	(1)
Reutech	873,7	9	622,3	6	40
Total operations	10 190,8	100	11 019,4	100	(8)
NSN**	80,0		–		
Less: Reunert's attributable portion of associate companies' revenue	–		(98,3)		
Revenue as reported	10 270,8		10 921,1		(6)

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

***Revenue in the current year includes dividends in lieu of commission income received attributable to the investment in NSN (refer to notes 1 and 7). In 2008 this was disclosed as other income.*

	2009 R million (Audited)	%	2008 R million (Audited)	%	% change
Operating profit					
CBI-electric	393,3	36	675,3	46	(42)
Nashua	480,8	44	654,3	45	(27)
Reutech	212,0	20	136,9	9	55
Total operations	1 086,1	100	1 466,5	100	(26)
NSN*	54,3		139,0		(61)
Less: Reunert's attributable portion of associate companies' net operating profit	–		(31,4)		
Operating profit as reported	1 140,4		1 574,1		(28)

**Operating profit of NSN represents commission income and dividends in lieu of commission income (refer to notes 1 and 7). On a comparative basis the 2009 operating profit amounts to R96,5 million.*

Notes

	2009 R million (Audited)	2008 R million (Audited)
Note 1		
Other income and EBITDA		
EBITDA is stated after:		
– Cost of sales	7 585,4	7 915,4
– Other expenses excluding depreciation and amortisation	1 518,2	1 559,8
– Other income	36,5	172,0
Commission income*	–	139,0
Other	36,5	33,0
– Realised profit on foreign exchange and derivative instruments	37,9	20,6
– Unrealised (loss)/profit on foreign exchange and derivative instruments	(4,8)	22,2

**In terms of the agreement governing the commission income (the agreement) Nokia Siemens Networks SA (Pty) Limited (NSN) may pay a dividend to Reunert in lieu of the commission owing to Reunert by the Nokia Siemens Networks Group (NSN group).*

With effect from 1 October 2008 all income earned in terms of the agreement is included in revenue. Reunert received a dividend of R80 million from NSN in the current year. R25,7 million of this accrued in the 2008 financial year, while the balance of R54,3 million relates to the current financial year. On a comparative basis the commission income would have amounted to R96,5 million in the current year.

	2009	2008
Note 2		
Net interest and dividend income		
Interest received	128,9	99,3
– From RC & C Finance Company (Pty) Ltd (RCCF)	69,8	20,7
– External	59,1	78,6
Interest paid	(21,1)	(43,2)
Dividend income	0,4	4,2
Total	108,2	60,3
Note 3		
Abnormal items		
Gain on fair valuation of option in terms of agreement with NSN	299,2	–
Taxation	(37,4)	–
Net abnormal items after taxation	261,8	–
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)	178,5	177,9
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	1,5	0,9
Weighted average number of shares used to determine diluted basic, diluted headline, and diluted normalised headline earnings per share (millions of shares)	180,0	178,8
Note 5		
5.1 Headline earnings		
Profit attributable to equity holders of Reunert (IAS 33 basic earnings)	1 164,5	1 156,6
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Net surplus on dilution in and disposal of business	(1,3)	(1,5)
Net loss on disposal of property, plant and equipment and intangible assets	3,9	5,2
Taxation	(3,9)	(0,5)
Minority interest	(0,1)	–
Headline earnings	1 163,1	1 159,8
5.2 Normalised headline earnings		
Headline earnings (refer to note 5.1)	1 163,1	1 159,8
Normalised headline earnings are determined by eliminating the effect of the following items from attributable headline earnings:		
Fair value of option in terms of agreement with NSN	(299,2)	–
Taxation effect	37,4	–
BEE share of headline earnings adjustments	0,3	(0,4)
	901,6	1 159,4
Net economic interest in profit attributable to BEE partners (refer to note 9)	(10,0)	(38,5)
Normalised headline earnings	891,6	1 120,9
Note 6		
Goodwill		
Carrying value at the beginning of the year	415,3	372,8
Acquisitions of businesses	44,5	137,1
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)
Minor acquisitions in existing business and subsidiaries	0,8	–
Carrying value at the end of the year	460,6	415,3
Note 7		
Investments and loans		
Loans – at cost	52,1	52,3
Other unlisted investments – at cost	8,3	7,0
Financial instrument – NSN option – at fair value*	299,2	–
Financial instrument – investment in NSN – at fair value**, made up as follows:	494,3	806,0
Carrying value of NSN at the beginning of the year	806,0	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	(299,2)	660,3
Compensation received	(12,5)	–
Total carrying value	853,9	865,3
Directors' valuation of unlisted investments		
– Other unlisted investments (includes NSN at R793,5 million) (2008: R806,0 million)	801,8	813,0

**Reunert holds an option to sell its investment in NSN to the other shareholders of NSN, similarly, the other shareholders of NSN may call on Reunert to sell its shares in NSN. During the current year R12,5 million of compensation, as defined in the agreement with NSN group, was received in respect of a country, sales to whom ceased qualifying for commission. In terms of the agreement any compensation received reduces the minimum and maximum prices of the options. The minimum price of the put option is R793,5 million (2008: R806 million) and the maximum price of the call option is R947,5 million (2008: R960 million). The first time a sale may take place in terms of the agreement is 31 December 2010.*

***The fair value of the investment is the present value of the amount specified in the shareholders' agreement with NSN group, together with discounted cash flows of estimated future commissions.*

	2009	2008
Note 8		
RCCF and other long-term borrowings		
Total long-term borrowings (including finance leases)	711,0	713,6
Less: Short-term portion (including finance leases)	(0,1)	(0,9)
	710,9	712,7
Made up of:		
RCCF long-term borrowings	699,9	699,9
Other	11,0	12,8
	710,9	712,7

Note 9

BEE transactions

Certain BEE transactions involving the disposal of equity interests have not been recognised as minority interests because the significant risks and rewards of ownership of the equity have not passed to the BEE partners under International Financial Reporting Standards (IFRS).

Accordingly, their equity interests in subsidiaries have not been recognised in the group income statement and balance sheet.

The effect of this has been to not recognise the following:

	2009	2008
– Net economic interest in current year profit that is attributable to BEE partners	10,0	38,5
– Balance sheet interest that is economically attributable to BEE partners	115,0	95,3

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 (Act 61 of 1973) as amended ("Companies Act") 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 2009, have been consistently applied, except as detailed in note 1 in respect of income from the NSN group. These accounting policies comply with IFRS.

Note 11

Unconsolidated subsidiary

The financial results of Cafca Limited, 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 Blue Lake Investments

With effect from 1 October 2008 Nashua Mobile purchased 75% of the business of Blue Lake Investments (Pty) Ltd (Blue Lake), which is involved in least cost routing. The company was valued at R28 million. Nashua Mobile has provided R21,0 million in loan finance and the non-controlling shareholder has provided R7 million.

Acquisition of Nashua Franchise

With effect from 1 July 2009 Nashua Holdings has acquired a 60% share in Santogyn (Pty) Ltd (Nashua Central). RCCF provided R43,4 million in loan finance. Nashua Holdings contributed R3,0 million and the minority shareholders R2,0 million of equity.

	Blue Lake R million	Nashua Central R million	Total R million
Net assets acquired:			
Property, plant and equipment	–	1,4	1,4
Intangible assets	8,7	3,2	11,9
Goodwill	19,3	25,2	44,5
Inventory	–	9,7	9,7
Accounts receivable	–	14,3	14,3
Payables and provisions	–	(5,4)	(5,4)
Shareholders' loan	(7,0)	–	(7,0)
Cost of investment	21,0	48,4	69,4
Profit since acquisition	4,9	2,9	7,8
Revenue for the full year ended 30 September 2009 as though the acquisition date had been 1 October 2008	25,5	133,1	158,6
Profit for the full year ended 30 September 2009 as though the acquisition date had been 1 October 2008	4,9	14,7	19,6

Note 13

Related party transactions

The group entered into various transactions with related parties which occurred under terms that are no more favourable than those arranged with independent third parties.

Note 14

Events after balance sheet date

Reunert has concluded an agreement to acquire Siemens' remaining 60% stake in Siemens Enterprise Communications (Pty) Ltd. Final approval by the Competition Commission was granted on 29 October 2009.

Note 15

Audit opinion

The consolidated financial statements for the year have been audited by Deloitte & Touche and the accompanying unmodified audit report, as well as their unmodified audit report on this set of condensed financial information, is available for inspection at the Company's registered office.

COMMENTARY

In a year marked by turbulence in global financial markets, revenue and operating profit declined by 6% to R10,3 billion and 28% to R1,1 billion respectively. However, Reunert managed to improve its already strong financial position with cash holdings, excluding RC&C Finance, at the end of the period amounting to R1,6 billion reflecting effective management of working capital.

Headline earnings was unchanged at R1,2 billion while normalised earnings declined by 21% to R892 million. The noncash, mark-to-market accounting gain of an option that Reunert holds to sell its 40% interest in the South African operation of Nokia Siemens Networks mainly accounted for the difference.

Reutech had a very good year. Fuelled by exports at favourable exchange rates, revenue was up by 40% to R874 million while operating profit increased by 55% to R212 million.

Our radios, radars and fuses are now supplied to many countries around the globe. The mining surveillance radar, a safety product that we have developed, is being sold or leased to most multinational mining companies in increasing numbers.

Although prospects are good there is a risk that orders may not be received early enough for the full benefit to be realised in the new financial year.

Revenue and operating profit in the **Nashua group**, comprising Nashua, Nashua Mobile, Nashua Electronics and RC&C Finance declined 1% to R6,4 billion and 27% to R481 million respectively.

Nashua, the office automation business, increased market share in a tough market. The strengthening rand, necessitating price decreases, exerted pressure on revenue and margin.

Nashua Mobile, the cellular service provider business, continued to grow its base of high value customers, although churn increased from 12,8% to 13,6%. Bad debts as a percentage of revenue improved from 1,3% to 1,2%. During the year, three new outlets were opened essentially completing our roll-out of franchised stores.

Nashua Electronics exited the consumer electronics business after more than 40 years. The associated cost was in excess of R60 million. The activities in business systems were retained as was the online shop. We are confident that the restructured business, with estimated annual sales of R450 million, will be profitable and capable of strong growth.

RC&C Finance had a poor year. Bad debts escalated and resulted in significantly reduced earnings. Rates have been adjusted to reflect increased risk. Credit vetting has been tightened, resulting in a steady decline in the book. In the new year this business should be an improved contributor.

Prospects for the Nashua group are closely tied to the prosperity of the consumer. By eliminating non-performing activities, the group is well positioned to benefit from any uptick in the economy.

CBI-electric, our electrical engineering business, had a disappointing year. The low-voltage and energy-cable businesses, with their direct exposure to infrastructure development, experienced volume declines of up to 60%. The result was a slump in revenue to R3,0 billion and operating profit to R393 million.

Order books remain low but appear to have stabilised. Extensive restructuring was undertaken to size businesses appropriately. We continued our programme of capital expenditure to improve plant efficiencies.

The telecommunications cable joint venture with Altron had a good year. Both revenue and operating profit were up mainly due to increased demand for copper telecommunications cable. Fibre demand was subdued.

The medium-voltage business experienced strong growth, albeit off a low base. Our offering of quality product, coupled to short lead times and attractive pricing, is steadily gaining market share.

CBI-electric's fortunes are linked to a recovery in global commodity prices and a continuation of development of the local infrastructure. We have sufficient capacity to supply what is needed and the ability to react quickly to any change in demand.

Our investment in Nokia Siemens Networks in South Africa suffered a decline in revenue and profit. On a comparable basis, Reunert's attributable before tax earnings from NSN decreased by 31% from R139 million to R97 million. Lack of demand and competitive pressures, which are unlikely to abate, were the cause.

DIRECTORATE

Mr TS Munday was appointed chairman with effect 1 June 2009. We welcome Ms KW Mzondeki and Mr R van Rooyen who have joined the Reunert board on 1 November 2009. Mr KS Fuller and Mr MJ Shaw have reached retirement age and will retire at the forthcoming annual general meeting. Mr SD Jagoe has indicated that he will resign at the next board meeting to pursue his own consulting business overseas. We thank all three of them for their valued contributions and wish them well in the future.

PROSPECTS

Looking forward, it is our view that the economy has stabilised, although we do not expect any meaningful recovery in the short term. Actions taken to adjust to the lower volumes of the past year should have a positive impact on earnings.

The forecast financial information has not been reviewed or reported on by Reunert's auditors..

CASH DIVIDEND

Notice is hereby given that a final cash dividend, number 167, of 188 cents per share (2008: 241 cents per share) has been declared by the directors for the year ended 30 September 2009. In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 15 January 2010
First date of trading (ex dividend)	Monday, 18 January 2010
Record date	Friday, 22 January 2010
Payment date	Monday, 25 January 2010

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 18 January 2010 and Friday, 22 January 2010, both days inclusive.

On behalf of the board

Trevor Munday	**Gerrit Pretorius**	Sandton
Chairman	*Chief Executive*	17 November 2009

Directors: T S Munday (Chairman)*, G Pretorius (Chief Executive), B P Connellan*, K S Fuller*, B P Gallagher, S D Jagoe*, K J Makwetla*, T J Motsohi*, K W Mzondeki*, G J Oosthuizen, N D Orleyn**, D J Rawlinson, M J Shaw*, Dr J C van der Horst*, R Van Rooyen*

*Independent non-executive **Non-executive

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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, 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 2009 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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REUNERT LIMITED