AUDITED GROUP RESULTS

AND CASH DIVIDEND DECLARATION

for the year ended 30 September 2013

125 YEARS REUNERT

REUNERT LIMITED

Contents

125 YEARS

REUNERT

REUNERT LIMITED

Incorporated in the Republic of South Africa
Reg. no: 1913/004355/06
Share Code: RLO ISIN code: ZAE000057428
("Reunert", "the group" or "the company")

REUNERT IS 125 THIS YEAR. ESTABLISHED IN 1888 BY THEODORE REUNERT AND OTTO LENZ, THE COMPANY HAS CONTRIBUTED IN NUMEROUS WAYS TO THE SOUTH AFRICAN ECONOMY OVER THE YEARS. THE GROUP WAS LISTED ON THE JSE IN 1948 AND IS INCLUDED IN THE INDUSTRIAL GOODS AND SERVICES (ELECTRONIC AND ELECTRICAL EQUIPMENT) SECTOR OF THE JSE.

Today we manage a diversified portfolio of businesses in the fields of electrical engineering, office systems and telecommunications, and defence and allied technologies. The group operates mainly in South Africa with minor operations situated in Australia, Lesotho, USA and Zimbabwe.

The group's principle objectives are to deliver sustainable growth in its businesses and in earnings. We endeavour to seek meaningful growth opportunities that are either compatible with our leading competencies or that are sensible, strategically aligned extensions of our existing businesses.

125 YEARS REUNERT

REUNERT LIMITED

Other

- Group administration
- Property portfolio

CBI electric

Electrical engineering

- CBI-ELECTRIC: African Cables
- CBI-ELECTRIC: Low Voltage
- CBI-ELECTRIC: ATC Aberdare Telecom Cables (50%)

NASHUA

Information & communications technologies

- NASHUA (Office Automation)
- NASHUA MOBILE
- NASHUA COMMUNICATIONS
- PANSOLUTIONS
- QUINCE

REUTECH

Defence & allied electronics

- REUTECH RADAR
- REUTECH COMMUNICATIONS
- REUTECH SOLUTIONS
- FUCHS ELECTRONICS
- RC&C MANUFACTURING

R11,3 bn
(2012: R11,7 bn)
REVENUE

R1,3 bn
(2012: R1,5 bn)
OPERATING PROFIT

569,1 cents
(2012: 644,4 cents)
NORMALISED HEADLINE EARNINGS PER SHARE

6 645
(2012: 6 654)
TOTAL NUMBER OF EMPLOYEES

370 cents
(2012: 370 cents)
TOTAL DIVIDEND PER SHARE

Commentary

Revenue reduced by 3% from R11,7 billion to R11,4 billion. This decrease was predominantly in the CBI-electric (4%) and Nashua (6%) segments, which were offset, in part, by an increase in revenue from the Reutech segment (27%).

Operating profit declined by 13% to R1,3 billion reflecting the compression experienced in margins due to sales price pressure and increasing costs.

Normalised headline earnings per share declined by 12% from 644 cents to 569 cents.

Profit for the year reduced by 10% to R959 million, while headline earnings per share decreased by 11% to 583 cents compared to 658 cents in the prior year.

Net cash resources at 30 September 2013 amounted to R330 million whilst cash generated from operations amounted to R1,3 billion.

REVIEW OF OPERATIONS

CBI-ELECTRIC

The delay in the expected rollout of national infrastructure projects and reduced capital expansion in the mining industry resulted in CBI-electric not quite meeting expectations this year. This is reflected in the decrease in revenue of 4% to R3,5 billion.

Operating profit decreased by 15% to R506 million from R593 million as a consequence of the reduction in revenue combined with margin pressures and an unfavourable product mix in African Cables.

The low voltage business continued to experience strong demand for its products from export markets and the weakening rand assisted in improving margins. Exports, in the main, comprise sales of electrical protection equipment for the continued rollout of the 4G telecommunication network in Europe and sales of product into Africa. Unfortunately the Australian subsidiary continued to be negatively affected by a slow-down of mining industry in that country resulting in a lower profit than that achieved in 2012.

The delays in various national projects and tenders affected the energy cables business and an unfavourable product mix affected margins. The power installation division was underutilised due to the delays in significant projects, although maintenance and repair work continued at normal levels. Further, the strike within the port and transport sector affected production within African Cables in October 2012, which was not recovered over the year.

The telecommunication cables operation experienced stagnant market conditions caused by the delay in infrastructure programmes. Delays in the implementation of the national broadband strategy led to lower than anticipated orders for copper cable. Fibre optic cable demand improved but international competition suppressed margins.

NASHUA

Nashua experienced a challenging year. The race for customers within the telecommunications industry, declining business confidence and the impact of the weaker rand affected its performance. Revenue decreased by 6% to R6,8 billion, while operating profit declined by 24% from R839 million to R636 million.

The office automation business reflected largely static revenues and a decrease in operating profit. Although an increase in unit sales was reported, this was offset by cost increases due to a weaker rand and supplier price increases, which in a difficult and competitive market could not be passed onto customers. The business of Nashua North was acquired, with effect from 1 July 2013, which provides the business with direct access to a strong market.

Nashua Mobile experienced strong headwinds as competition between mobile operators intensified in a saturated cellular industry. The further reduction in mobile interconnect rates had an adverse impact on revenue. Operating profit was dampened by reduced margins due to lower discount rates from Vodacom.

The businesses of Nashua ECN and Nashua Communications were merged into a single operation with effect from 1 October 2012. Continued growth in the voice network and solid progress in the Panasonic product set was offset by a decline in the Siemens Enterprise Communications product sales and margins, which led to lower revenue and operating profit for the year.

Pansolutions experienced another tough year. Revenue and operating profit declined as the market remained highly competitive and margins contracted. The office automation dealer channel has settled and should provide a suitable base to build from in future.

Quince, the segment's financing operation, had a strong performance with increased revenue and improved margins. The rental book increased by 26% to R1,8 billion, R125 million of which is attributable to the acquisition of Nashua North.

REUTECH

Reutech recorded a stellar performance in the current financial year, increasing revenue by 27% from R806 million to just over R1 billion. Significant export orders and a weaker rand boosted operating profits by 38% to R207 million. The increase in revenue is largely due to the continued demand for mining surveillance radars, revenues from high frequency communication radios and the execution of orders by Fuchs.

PROSPECTS

The economic and social uncertainties that prevailed at our 2012 financial year-end continue and the uncertain landscape remains at the date of this report. Consequently, it is difficult to speak of prospects for the forthcoming financial year with clarity and confidence. However, we will continue to act in a considered fashion, with foresight and will pursue sustainable earnings growth.

The financial information on which the above forecast is based has not been reviewed or reported on by the company's external auditors.

DIRECTORATE AND SECRETARIAL

With effect from 7 December 2012 Mr Trevor Munday was appointed as a member of the audit committee.

Mr Pat Gallagher retired from the board on 28 March 2013. The board extends its thanks to him for his service over the years and wish him and his wife all the best in their retirement.

With effect from 1 April 2013 Ms Louisa Mojela was appointed to the board and audit committee.

With effect from 17 May 2013 Ms Yolanda Cuba resigned from the board and audit committee. The board wishes her well in her future endeavours.

CASH DIVIDEND

Notice is hereby given that a gross final cash dividend No 175 of 275 cents per ordinary share (2012: 275 cents per share) has been declared by the directors for the year ended 30 September 2013, bringing the total cash dividend for the year to 370 cents per share (2012: 370 cents per share).

The dividend has been declared from income reserves and no STC credits have been used.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from, or who do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 15% thus amounts to 233,75 cents per share.

The issued share capital at the declaration date is 201 408 185 ordinary shares. Reunert's income tax reference number is 9100/101/71/7P.

In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 10 January 2014
First date of trading (ex dividend)	Monday, 13 January 2014
Record date	Friday, 17 January 2014
Payment date	Monday, 20 January 2014

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 13 January 2014 and Friday, 17 January 2014, both dates inclusive.

On behalf of the board

Trevor Munday
Chairman

David Rawlinson
Chief Executive

Manuela Krog
Chief Financial Officer

Sandton

20 November 2013

Financial information

Summarised group income statement

R million	Notes	2013	% change	2012
Revenue		11 350,6	(3)	11 662,2
Earnings before interest, taxation, depreciation, amortisation, other income and dividends		1 420,3	(13)	1 629,7
Other income		40,9		31,0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		1 461,2	(12)	1 660,7
Depreciation and amortisation		131,7	(3)	136,1
Operating profit	1	1 329,5	(13)	1 524,6
Net interest and dividend income	2	15,7	(62)	41,8
Profit before taxation		1 345,2	(14)	1 566,4
Taxation		372,4	(23)	483,8
Profit for the year		972,8	(10)	1 082,6
Profit attributable to:				
Non-controlling interests		13,8	(13)	15,9
Equity holders of Reunert		959,0	(10)	1 066,7
Basic earnings per share (cents)	3 & 4	587,8	(11)	658,2
Diluted earnings per share (cents)	3 & 4	582,3	(11)	654,2
Headline earnings per share (cents)	3 & 4	583,2	(11)	658,3
Diluted headline earnings per share (cents)	3 & 4	577,7	(12)	654,3
Normalised headline earnings per share (cents)	3 & 4	569,1	(12)	644,4
Normalised diluted headline earnings per share (cents)	3 & 4	563,7	(12)	640,5
Cash dividend per ordinary share declared (cents)		370,0	–	370,0

Summarised group statement of comprehensive income

R million	2013	2012
Profit for the year	972,8	1 082,6
Other comprehensive income, net of taxation:		
Items that may be reclassified subsequently to profit or loss		
Gains arising from translating the financial results of foreign subsidiaries	4,9	–*
Total comprehensive income	977,7	1 082,6
Total comprehensive income attributable to:		
Non-controlling interests	13,8	15,9
Equity holders of Reunert	963,9	1 066,7

** Nil due to rounding.*

Summarised group balance sheet

R million	Notes	2013	2012
Non-current assets			
Property, plant and equipment and intangible assets		759,0	706,8
Goodwill	6	803,0	707,0
Investments and loans	7	76,3	64,3
Rental and finance lease receivables		1 378,2	1 066,5
Deferred taxation		55,3	33,3
Non-current assets		3 071,8	2 577,9
Current assets			
Inventory and contracts in progress		1 163,3	969,3
Rental and finance lease receivables		792,5	695,7
Accounts receivable, derivative assets and taxation		1 716,2	1 648,2
Cash and cash equivalents		699,2	696,9
Current assets		4 371,2	4 010,1
Total assets		7 443,0	6 588,0
Equity attributable to equity holders of Reunert			
Ordinary		4 877,9	4 441,7
Preference		–	0,7
		4 877,9	4 442,4
Non-controlling interests		59,4	56,1
Total equity		4 937,3	4 498,5
Non-current liabilities			
Deferred taxation		139,7	127,4
Long-term borrowings	8	24,9	25,4
Non-current liabilities		164,6	152,8
Current liabilities			
Accounts payable, derivative liabilities, provisions and taxation		1 971,1	1 860,1
Bank overdrafts and current portion of long-term borrowings (including finance leases)		370,0	76,6
Current liabilities		2 341,1	1 936,7
Total equity and liabilities		7 443,0	6 588,0

Summarised group cash flow statement

R million	2013	Restated* 2012
EBITDA	1 461,2	1 660,7
Increase in net working capital	(144,5)	(191,6)
Other (net)	13,7	26,2
Cash generated from operations	1 330,4	1 495,3
Net interest and dividend income	15,7	41,8
Taxation paid	(372,8)	(447,2)
Dividends paid (including to non-controlling shareholders)	(612,8)	(577,4)
Net cash flows from operating activities	360,5	512,5
Net cash flows from investing activities	(696,3)	(498,5)
Capital expenditure	(176,4)	(106,5)
Net cash flows from acquisition of businesses	(238,6)	(76,8)
Movement in total rental and finance lease receivables	(287,5)	(207,3)
Payment of outstanding purchase consideration for prior year acquisitions	–	(91,5)
Non-current loans granted	(17,7)	(28,5)
Other	23,9	12,1
Net cash flows from financing activities	44,9	42,1
Shares issued	46,0	42,5
Redemption of preference shares	(0,7)	–
Other	(0,4)	(0,4)
(Decrease)/increase in net cash resources	(290,9)	56,1
Net cash resources at the beginning of the year	620,7	564,6
Net cash resources at the end of the year	329,8	620,7
Cash and cash equivalents	699,2	696,9
Bank overdrafts	(369,4)	(76,2)
Net cash resources at the end of the year	329,8	620,7

* *It is the group's view that rental and finance leases provided to customers are investing activities due to the long-term nature of these advances. Accordingly the prior year cash flow statement was restated to reflect the movement in these amounts from operating activities to investing activities.*

The impact of the restatement is R207,3 million and is detailed below:

	Previously reported	Restated
Increase in net working capital	(398,9)	(191,6)
Cash generated from operations	1 288,0	1 495,3
Net cash inflow from operating activities	305,2	512,5
Movement in total rental and finance lease receivables	–	(207,3)
Net cash outflow from investing activities	(291,2)	(498,5)

Summarised group statement of changes in equity

R million	2013	2012
Share capital		
Balance at the beginning of the year	242,8	200,3
Issue of shares	46,0	42,5
Redemption of preference shares	(0,7)	–
Balance at the end of the year	288,1	242,8
Share-based payment reserve		
Balance at the beginning of the year	766,9	751,0
Share-based payment expense and deferred taxation thereon	29,6	15,9
Transfer to retained earnings	(796,5)	–
Balance at the end of the year	–	766,9
Equity transactions with empowerment partner and non-controlling shareholders		
Balance at the beginning of the year	(34,9)	(35,3)
Acquisition of non-controlling interest	(0,2)	0,4
Transfer to retained earnings	35,1	–
Balance at the end of the year	–	(34,9)
Empowerment shares*	(276,1)	(276,1)
Treasury shares	(1 253,6)	(1 253,6)
Non-distributable reserves		
Balance at the beginning of the year	3,9	3,9
Transfer to retained earnings	(3,9)	–
Balance at the end of the year	–	3,9
Foreign currency translation reserves		
Balance at the beginning of the year	(2,8)	(2,8)
Other comprehensive income	4,9	–
Balance at the end of the year	2,1	(2,8)
Retained earnings		
Balance at the beginning of the year	4 996,2	4 493,0
Profit for the year attributable to equity holders of Reunert	959,0	1 066,7
Cash dividends declared and paid	(603,1)	(563,5)
Transfer from reserves	765,3	–
Balance at the end of the year	6 117,4	4 996,2
Equity attributable to equity holders of Reunert	4 877,9	4 442,4
Non-controlling interests		
Balance at the beginning of the year	56,1	55,2
Share of total comprehensive income	13,8	15,9
Dividends declared and paid	(9,7)	(13,9)
Acquisition of non-controlling interest	(0,8)	(1,1)
Balance at the end of the year	59,4	56,1
Total equity at end of the year	4 937,3	4 498,5

* *These are shares held by Bargenel Investments Limited (Bargenel), a company sold by Reunert to an accredited empowerment partner in 2007. Until the amount owing by the empowerment partner is repaid to Reunert, Bargenel is to be consolidated by the group as the significant risks and rewards of ownership of the equity have not passed to the empowerment partner.*

Summarised segmental analysis

R million	2013	% of total	% change	2012	% of total
Revenue*					
CBI-electric	3 505,7	31	(4)	3 634,3	31
Nashua	6 812,1	60	(6)	7 218,3	62
Reutech	1 019,9	9	27	805,7	7
Other	12,9	–	231	3,9	–
Revenue as reported	11 350,6	100	(3)	11 662,2	100
** Inter-segment revenue is immaterial and has not been separately disclosed.*					
Operating profit					
CBI-electric	505,5	38	(15)	592,9	39
Nashua	636,1	48	(24)	838,6	55
Reutech	207,3	16	38	150,5	10
Other	(19,4)	(2)	66	(57,4)	(4)
Operating profit as reported	1 329,5	100	(13)	1 524,6	100

R million	2013	% of total		2012	% of total
Total assets					
CBI-electric	2 003,0	27		1 515,2	23
Nashua	4 468,9	60		4 101,6	62
Reutech	727,2	10		598,2	9
Other*	243,9	3		373,0	6
Total assets as reported	7 443,0	100		6 588,0	100

** Included in Other are bank balances of Rnil (2012: R206,4 million) held by the group's treasury.*

Notes

R million	2013	2012
1. OPERATING PROFIT		
Operating profit includes:		
– Cost of sales	7 943,4	8 130,9
– Realised gain/(loss) on foreign exchange and derivative instruments	8,0	(0,1)
– Unrealised gain on foreign exchange and derivative instruments	30,5	14,3
2. NET INTEREST AND DIVIDEND INCOME		
Interest income	26,3	52,0
Interest expense	(11,1)	(10,7)
Dividend income	0,5	0,5
Total	15,7	41,8
3. 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)	163,1	162,0
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	1,6	1,0
Weighted average number of shares used to determine diluted basic, diluted headline and diluted normalised headline earnings per share (millions of shares)	164,7	163,0
4.1 HEADLINE EARNINGS		
Profit attributable to equity holders of Reunert	959,0	1 066,7
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Net gain on disposal of property, plant and equipment and intangible assets (after tax charge of R0,8 million (2012: R0,3 million))	(7,4)	(1,0)
Gain on change in shareholding in investment (after tax charge of Rnil)	(0,2)	(0,3)
Impairment charge recognised for property, plant and equipment (after tax credit of R0,1 million (2012: R0,5 million))	0,3	1,4
Gain on disposal of subsidiary (after tax charge of R0,5 million)	(0,2)	–
Headline earnings	951,5	1 066,8
4.2 NORMALISED HEADLINE EARNINGS		
Headline earnings (refer to note 4.1)	951,5	1 066,8
It is the group's policy to determine normalised headline earnings by eliminating the effect of the following items from attributable headline earnings:		
Net economic interest in profit attributable to minority interests with outstanding equity related loan accounts (refer to note 5)	(23,0)	(22,2)
Share of headline earnings adjustments	(0,1)	(0,3)
Normalised headline earnings	928,4	1 044,3

R million	2013	2012
5. MINORITY INTERESTS WITH OUTSTANDING EQUITY RELATED LOAN ACCOUNTS		
It is the group's policy that where the significant risks and rewards of ownership in respect of equity interests have not passed to the minority shareholders, these are not recognised as non-controlling interests.		
Had the non-controlling interests been recognised, the effect would be the following:		
– Net economic interest in current year profit that is attributable to all affected minority shareholders	23,0	22,2
– Balance sheet interest that is economically attributable to all affected minority shareholders	147,3	107,7
6. GOODWILL		
Carrying value at the beginning of the year	707,0	654,9
Acquisition of businesses	97,0	44,0
Adjustment to goodwill on finalisation of acquisitions made in the prior year	(1,0)	8,1
Carrying value at the end of the year	803,0	707,0
7. INVESTMENTS AND LOANS		
Loans – at cost	74,6	62,6
Other unlisted investments – at cost	1,7	1,7
Carrying value at the end of the year	76,3	64,3
8. LONG-TERM BORROWINGS		
Total long-term borrowings (including finance leases)	25,5	25,8
Less: short-term portion (including finance leases)	(0,6)	(0,4)
	24,9	25,4

NOTES CONTINUED

9. BASIS OF PREPARATION

These summarised consolidated financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 September 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committees and Financial Reporting pronouncements as issued by the Financial Reporting Standards Council. This summarised consolidated information has been prepared using the information as required by IAS 34 – Interim Financial Reporting, and complies with the Listings Requirements of the JSE Limited and the requirements of the Companies Act, No. 71 of 2008 of South Africa. This report was compiled under the supervision of MC Krog CA (SA) (Chief Financial Officer). These financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended 30 September 2013.

The group's accounting policies, as per the audited annual financial statements for the year ended 30 September 2013, have been consistently applied, except for the amendments to the presentation of other comprehensive income in terms of IAS 1 – Presentation of Financial Statements. These accounting policies comply with IFRS.

10. UNCONSOLIDATED SUBSIDIARY

The financial results of Cafca Limited, a subsidiary incorporated in Zimbabwe, have not been consolidated as the group does not have management control. The amounts involved are not material to the group's results.

At 30 September 2013 Cafca's retained earnings amounted to US$10,1 million.

11. RELATED PARTY TRANSACTIONS

The group entered into various transactions with related parties, which occurred in the ordinary course of business and under terms that are no more favourable than those arranged with independent third parties.

12. EVENTS AFTER BALANCE SHEET DATE

No events have occurred after the balance sheet date that require additional disclosure or adjustment to the annual financial statements.

13. AUDIT OPINION

The auditors, Deloitte & Touche, have issued unmodified audit opinions on the group's financial statements and on these summarised financial statements for the year ended 30 September 2013. The audit was conducted in accordance with the International Standards on Auditing. Copies of their audit opinions are available for inspection at the company's registered office.

The auditors' report does not necessarily cover all information contained in this announcement/financial report. Shareholders are therefore advised to that in order to obtain a full understanding of the nature of the auditors' work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

Any reference to future performance included in this announcement has not been reviewed or reported on by the auditors.

Supplementary information

R million (unless otherwise stated)	2013	2012
Net worth per share (cents)	2 980	2 732
Current ratio (:1)	2,2	2,1
Net number of ordinary shares in issue (million)	163,7	162,6
Number of ordinary shares in issue (million)	201,4	200,3
Less: Empowerment Shares (million)	(18,5)	(18,5)
Less: Treasury shares (million)	(19,2)	(19,2)
Capital expenditure	176,4	106,5
– expansion	138,5	79,9
– replacement	37,9	26,6
Capital commitments in respect of property, plant and equipment	127,2	78,3
– contracted	51,7	16,5
– authorised not yet contracted	75,5	61,8
Commitments in respect of operating leases	128,4	99,2

DIRECTORS

TS Munday (Chairman)*
DJ Rawlinson (Chief Executive)
SD Jagoe*
MC Krog (Chief Financial Officer)
LM Mojela*
TJ Motsohi*
NDB Orleyn**
SG Pretorius*
Dr JC van der Horst*
R Van Rooyen*

** Independent non-executive ** Non-executive*

REGISTERED OFFICE

Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead
Sandton
Telephone +27 11 517 9000

PO Box 784391
Sandton
2146

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

SECRETARIES' CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, we certify that, to the best of our knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial period ended 30 September 2013 all such returns and notices as are required of a public company in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.

Karen Louw
For **Reunert Management Services Proprietary Limited**
Group Company Secretaries

ENQUIRIES

Carina de Klerk +27 11 517 9000 or e-mail invest@reunert.co.za
For more information log on to the Reunert website at **www.reunert.com**

STUDIO⑤

www.reunert.co.za

125 YEARS

REUNERT

REUNERT LIMITED