REUNERT

REUNERT LIMITED
Incorporated in the Republic of South Africa
Reg. No 1913/004355/06
Ordinary share Code: RLO
ISIN code: ZAE000057428
("Reunert", "the group" or "the company")

2014

AUDITED PRELIMINARY CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION

for the year ended 30 September

COMMENTARY

The sale of Nashua Mobile's subscriber bases to the mobile networks and Autopage was made unconditional after approval by the Competition Tribunal in late September. As a result, the sale transaction has been recognised in this set of results. Nashua Mobile has been presented as a discontinued operation, which is consistent with the disclosures made in our interim results. The sale process was professionally completed through careful planning and detailed project plans. The profit recognised in respect of the sale was R1,4 billion. Cash flows from the deal are expected to be somewhat higher and favourably positions Reunert to explore growth opportunities through investment.

Normalised headline earnings per share for the group, from all operations, decreased by 3% from 569,1 cents to 553,3 cents. Basic earnings per share for the group, on the same basis, increased by 104% to 1 201,6 cents, whilst headline earnings per share for the group decreased by 13% to 505,6 cents.

Revenue from continuing operations increased by 7% to R7,8 billion, whilst operating profit decreased by 8% to R1,0 billion. Basic earnings per share and headline earnings per share from continuing operations decreased by 52% to 235,4 cents and 19% to 391,2 cents, respectively.

Normalised headline earnings per share from continuing operations decreased by 7% from 469,9 cents to 439,0 cents.

REVIEW OF OPERATIONS

CBI-ELECTRIC

Revenue from the electrical businesses, including the telecoms joint venture increased by 3% to R3,6 billion. Despite the modest increase in revenue, operating profit decreased by 15% to R427,6 million. The industrial action in the metals' industry had a significant impact on the segment, which lost more than a month of production in the current year.

Revenue for the low voltage business was stable in the local market, but offshore operations remained under pressure. Further, higher material input costs due to the weaker rand resulted in slightly reduced margins. The CBI Solutions' business was awarded a number of contracts in the renewable energy sector, which increased revenues, although delays and contract overruns affected profitability.

African Cables had a difficult year. The lengthy mining sector strike coupled with the four-week metal industry strike in July 2014 had a negative effect on production, resulting in an 11% decline in output volumes. This was partially offset by improved performance in the power installations business, which achieved 15% growth in sales. The operation's strategic investment in a new high-voltage cable plant was commissioned this year and the first orders were completed by June. Pleasingly, African Cables maintained its market share despite strong local and international competition. A higher average copper price resulted in higher raw material costs and increased revenue, without any additional profit.

Telecom Cables continued to underperform mainly as result of extended labour action coupled with reduced copper cable volume requirements from Telkom.

NASHUA

Revenue increased marginally to R6,8 billion for the segment. However, excluding Nashua Mobile, revenue increased by 13% to R3,4 billion. Operating profit from continuing operations increased by 4% to R453,8 million, whilst operating profit, including Nashua Mobile, decreased by 2% to R637,5 million.

COMMENTARY CONTINUED

Increased competition and a difficult sales market resulted in a decline in new unit sales by Nashua Office Automation, although the large installed base sustained print volumes. Service and annuity income grew in line with expectations. However, operating margins were affected by the lower sales volumes as operating costs are largely fixed. Prodoc, the Swedish office automation company acquired in January this year did not perform to expectations.

Quince, the segment's asset-backed rental financing operation, delivered another strong performance with increased revenue and operating profit on the back of an 8% increase in the rental book, to R2,0 billion, over the prior reporting period.

Nashua Communications reported mixed results in the current year. Sales and installations of its VoIP solution continue to strengthen, while the Unify and PBX business remains subdued. The drop in interconnect rates in April provided margin expansion in the VoIP business, which improved operating profits for the year. The Unify business was right-sized in October 2013 and again in September 2014, which resulted in restructuring costs being incurred.

Pansolution's revenue and operating profit declined marginally as the market remained highly competitive.

REUTECH

Reutech's results were adversely affected by the depressed revenues in Fuchs as a result of the delay in the receipt of a large export order. Reutech Communications had a strong year. The acquisition of the high frequency radio business from SAAB Grintek in 2013 doubled the operation's revenue and secured its position and standing in the international market. Reutech Radar Systems performed to expectation. The mining surveillance radar business experienced a downturn in the international market as the mining sector contracted and capital investments were deferred. Consequently, fewer units than expected were sold. The tracker supply to the Touwsrivier solar plant was completed successfully at the expected margins. Reutech Solutions had a promising but difficult year primarily because of delays in expected contracts with parastatals.

PROSPECTS

Reunert will continue to pursue earnings growth, both organically and through synergistic acquisitions. The proceeds from the sale of the Nashua Mobile subscriber bases will introduce significant liquidity to the Reunert balance sheet. This provides the group with the means to seek meaningful future inorganic growth. The economic and social uncertainties that prevail will, however, make organic growth challenging. The group will retain its focus on cost control, effective working capital management and operational excellence.

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

DIRECTORATE

With effect from 21 November 2013 Messrs Alan Dickson and Mark Taylor were appointed to the board as executive directors and Mr Dickson was appointed Chief Executive Officer with effect from 1 October 2014.

With effect from 1 December 2013 Ms Sarita Martin was appointed to the board and the audit and risk committees.

Ms Louisa Mojela did not make herself available for re-election to the board at the AGM on 17 February 2014.

Ms Tasneem Abdool-Samad was appointed to the board, the audit and the risk committees with effect from 1 July 2014.

Mr David Rawlinson retired from the board and as Chief Executive Officer on 30 September 2014. The board extends its sincere appreciation to him for his services over the years and wishes him and his wife, Sue, all the best in their retirement.

CASH DIVIDEND

Notice is hereby given that a gross final cash dividend No 177 of 275 cents per ordinary share (2013: 275 cents per share) has been declared by the directors for the year ended 30 September 2014.

The dividend has been declared from income reserves and no secondary tax on companies' 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 187 634 146 ordinary shares. Reunert's income taxation 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, 9 January 2015
First date of trading (ex-dividend)	Monday, 12 January 2015
Record date	Friday, 16 January 2015
Payment date	Monday, 19 January 2015

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 12 January 2015 and Friday, 16 January 2015, both days inclusive.

On behalf of the board

Trevor Munday
Chairman

Alan Dickson
Chief Executive

Manuela Krog
Chief Financial Officer

Sandton

17 November 2014

FINANCIAL INFORMATION

Summarised group income statement

R million	Notes	2014	2013 (Restated)*	% change
Revenue		7 773,8	7 246,7	7
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		1 125,1	1 216,5	(8)
Depreciation and amortisation		108,1	114,0	
Operating profit	1	1 017,0	1 102,5	(8)
Net interest (expense)/income and dividend income	2	(9,9)	11,6	
Profit before abnormal items		1 007,1	1 114,1	(10)
Abnormal items	3	(326,9)	–	
Profit before taxation		680,2	1 114,1	(39)
Taxation		278,4	313,2	
Profit after taxation		401,8	800,9	(50)
Share of joint ventures' (loss)/profit	11	(11,8)	10,1	
Profit for the year from continuing operations		390,0	811,0	(52)
Profit for the year from discontinued operation	4	1 584,2	161,8	879
Profit for the year		1 974,2	972,8	103
Profit attributable to:				
Non-controlling interests		3,9	13,8	(72)
Equity holders of Reunert – from continuing operations		386,1	797,2	(52)
Equity holders of Reunert – from discontinued operation		1 584,2	161,8	879
Basic earnings per share from continuing operations (cents)	5	235,4	488,6	(52)
Diluted earnings per share from continuing operations (cents)	5	232,6	484,0	(52)
Basic earnings per share from discontinued operation (cents)	5	966,2	99,2	874
Diluted earnings per share from discontinued operation (cents)	5	954,5	98,3	872
Basic earnings per share (cents)	5	1 201,6	587,8	104
Diluted earnings per share (cents)	5	1 187,1	582,3	104

** Restated to reflect the reallocation of the results of Nashua Mobile Proprietary Limited (Nashua Mobile) to profit from discontinued operation and the adoption of the consolidation suite of accounting standards. Refer to Notes 4, 11 and 12 for additional information.*

SUMMARISED GROUP INCOME STATEMENT CONTINUED

Cents	Notes	2014	2013	% change
Other measures of earnings per share from continuing operations (cents)				
Headline earnings per share	5 & 6	391,2	484,0	(19)
Diluted headline earnings per share	5 & 6	386,5	479,5	(19)
Normalised headline earnings per share	5 & 6	439,0	469,9	(7)
Diluted normalised headline earnings per share	5 & 6	433,7	465,4	(7)
Other measures of earnings per share				
Headline earnings per share	5 & 6	505,6	583,2	(13)
Diluted headline earnings per share	5 & 6	499,5	577,7	(14)
Normalised headline earnings per share	5 & 6	553,3	569,1	(3)
Diluted normalised headline earnings per share	5 & 6	546,7	563,7	(3)
Cash dividend per ordinary share declared		370,0	370,0	–

Summarised group statement of comprehensive income

R million	2014	2013
Profit for the year	1 974,2	972,8
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	0,1	4,9
Total comprehensive income	1 974,3	977,7
Total comprehensive income attributable to:		
Non-controlling interests	2,7	13,8
Equity holders of Reunert – from continuing operations	387,4	802,1
Equity holders of Reunert – from discontinued operation	1 584,2	161,8

Summarised group balance sheet

R million	Notes	2014	2013 (Restated)*
Non-current assets			
Property, plant and equipment, investment properties and intangible assets		722,4	712,5
Goodwill	8	649,3	792,2
Investments and loans	9	91,6	128,7
Investment in joint ventures		148,5	170,1
Rental and finance lease receivables		1 465,3	1 378,2
Deferred taxation		51,1	55,3
		3 128,2	3 237,0
Current assets			
Inventory and contracts in progress		983,7	1 083,9
Rental and finance lease receivables		722,5	792,5
Accounts receivable, derivative assets and taxation		1 443,6	1 648,0
Cash and cash equivalents		697,0	611,2
Assets of discontinued operation	4	2 607,6	–
		6 454,4	4 135,6
Total assets		9 582,6	7 372,6
Equity attributable to equity holders of Reunert		6 269,4	4 877,9
Non-controlling interests		63,4	59,4
Total equity		6 332,8	4 937,3
Non-current liabilities			
Deferred taxation		121,2	131,7
Long-term borrowings	10	425,5	24,9
Non-current liabilities of discontinued operation	4	250,4	–
		797,1	156,6
Current liabilities			
Accounts payable, derivative liabilities, provisions and taxation		1 458,0	1 908,7
Bank overdrafts, short-term loans and current portion of long-term borrowings (including finance leases)		343,1	370,0
Current liabilities of discontinued operation	4	651,6	–
		2 452,7	2 278,7
Total equity and liabilities		9 582,6	7 372,6

* *Restated to reflect the adoption of the consolidation suite of accounting standards. Refer to Notes 11 and 12 for additional information.*

Summarised group cash flow statement

R million	2014	2013 (Restated)*
EBITDA	1 315,0	1 438,6
EBITDA from continuing operations	1 125,1	1 216,5
EBITDA from discontinued operation	189,9	222,1
Increase in net working capital	(43,8)	(149,2)
Other (net)	(93,2)	(10,5)
Cash generated from operations	1 178,0	1 278,9
Net interest (expense)/income and dividend income	(5,7)	15,7
Taxation paid	(332,4)	(361,1)
Dividends paid (including to non-controlling interests)	(612,3)	(612,8)
Net cash flows from operating activities	227,6	320,7
Net cash flows from investing activities	(488,5)	(692,3)
Capital expenditure	(122,1)	(172,4)
Net cash flows arising from acquisition of businesses	(218,9)	(238,6)
Movement in total rental and finance lease receivables	(191,9)	(287,5)
Non-current loans granted	(5,9)	(17,7)
Dividends received	38,4	–
Other	11,9	23,9
Net cash flows from financing activities	433,6	44,9
Shares issued	26,7	46,0
Long-term borrowings raised to fund the Quince book	403,7	–
Redemption of preference shares	–	(0,7)
Other	3,2	(0,4)
Increase/(decrease) in net cash resources	172,7	(326,7)
Net cash resources at the beginning of the year	241,8	568,5
Net cash resources at the end of the year	414,5	241,8
Cash and cash equivalents	697,0	611,2
Cash and cash equivalents of discontinued operation	51,7	–
Bank overdrafts	(33,7)	(369,4)
Quince short-term borrowings	(300,5)	–
Net cash resources at the end of the year	414,5	241,8

** Restated to reflect the adoption of the consolidation suite of accounting standards. Refer to Notes 11 and 12 for additional information.*

The cash flow statement includes the cashflows of all operations, including the discontinued operation, which has been recorded in terms of IFRS 5 – Non-Current Assets Held for Sale.

Summarised group statement of changes in equity

R million	2014	2013
Share capital and premium		
Balance at the beginning of the year	288,1	242,8
Issue of shares	26,7	46,0
Redemption of preference shares	–	(0,7)
Cancellation of issued shares	(20,7)	–
Balance at the end of the year	294,1	288,1
Share-based payment reserve		
Balance at the beginning of the year	–	766,9
Share-based payment expense	6,2	29,6
Transfer to retained earnings	(6,2)	(796,5)
Balance at the end of the year	–	–
Equity transactions with empowerment partner and non-controlling shareholders		
Balance at the beginning of the year	–	(34,9)
Acquisition of non-controlling interest	(6,8)	(0,2)
Transferred to retained earnings	6,8	35,1
Balance at the end of the year	–	–
Empowerment shares*	(276,1)	(276,1)
Treasury shares		
Balance at the beginning of the year	(1 253,6)	(1 253,6)
Cancellation of issued shares	940,9	–
Balance at the end of the year	(312,7)	(1 253,6)
Non-distributable reserves		
Balance at the beginning of the year	–	3,9
Transfer to retained earnings	–	(3,9)
Balance at the end of the year	–	–
Foreign currency translation reserves		
Balance at the beginning of the year	2,1	(2,8)
Other comprehensive income	1,3	4,9
Balance at the end of the year	3,4	2,1
Retained earnings		
Balance at the beginning of the year	6 117,4	4 996,2
Profit after taxation attributable to equity holders of Reunert	1 970,3	959,0
Cash dividends declared and paid	(606,2)	(603,1)
Cancellation of issued shares	(920,2)	–
Transfer (to)/from reserves	(0,6)	765,3
Balance at the end of the year	6 560,7	6 117,4

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY CONTINUED

R million	2014	2013
Equity attributable to equity holders of Reunert	6 269,4	4 877,9
Non-controlling interests		
Balance at the beginning of the year	59,4	56,1
Share of total comprehensive income	2,7	13,8
Dividends declared and paid	(6,1)	(9,7)
Non-controlling shareholder introduced	18,4	–
Settlement of non-controlling interest loan	(2,0)	–
Acquisition of non-controlling interest	(9,0)	(0,8)
Balance at the end of the year	63,4	59,4
Total equity at end of the year	6 332,8	4 937,3

** 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 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	2014	% of total	2013 (Restated)	% of total	% change
Revenue*					
CBI-electric	3 610,9	32	3 505,7	31	3
Nashua	6 787,2	59	6 748,4	60	1
Reutech	1 000,0	9	1 019,9	9	(2)
Other	16,6	–	12,9	–	29
Total operations	11 414,7	100	11 286,9	100	1
Revenue from equity accounted joint ventures	(292,8)		(345,0)		(15)
Revenue from discontinued operation	(3 348,1)		(3 695,2)		(9)
Revenue as reported	7 773,8		7 246,7		7
** Inter-segment revenue is immaterial and has not been separately disclosed.*					
Operating profit					
CBI-electric	427,6	36	505,5	38	(15)
Nashua[1]	637,5	53	647,7	49	(2)
Reutech	169,7	14	207,0	15	(18)
Other[1]	(35,5)	(3)	(29,9)	(2)	(19)
Total operations	1 199,3	100	1 330,3	100	(10)
Operating loss/(profit) from equity accounted joint ventures	1,4		(15,7)		(109)
Operating profit from discontinued operation	(183,7)		(212,1)		(13)
Operating profit as reported	1 017,0		1 102,5		(8)

1 Net interest charged to Quince through the group treasury function has been eliminated in line with the consolidation principles of IFRS. This amounted to R82,2 million (2013: R90,2 million).

R million	As at 30 September 2014	% of total	As at 30 September 2013 (Restated)	% of total
Total assets				
CBI-electric	1 922,3	20	1 935,4	26
Nashua	6 399,1	67	4 464,4	61
Reutech	651,0	7	727,2	10
Other#	610,2	6	245,6	3
Total assets as reported	9 582,6	100	7 372,6	100

 # Other includes bank balances of R380 million (2013: Rnil) as this segment manages the group's treasury function.

Notes

R million	2014	2013 (Restated)
1. OPERATING PROFIT		
Operating profit includes:		
– Cost of sales	5 143,4	4 637,4
– Realised (loss)/gain on foreign exchange and derivative instruments	(27,4)	8,1
– Unrealised gain on foreign exchange and derivative instruments	45,2	30,8
2. INTEREST AND DIVIDENDS		
Interest income	14,1	22,0
Interest expense	(24,6)	(10,9)
Dividend income	0,6	0,5
Total	(9,9)	11,6
3. ABNORMAL ITEMS		
Settlement provision raised in respect of ATC Pty Ltd (ATC)	(81,0)	–
Impairment of goodwill in subsidiaries	(245,9)	–
Taxation thereon	–	–
Net abnormal items after taxation	(326,9)	–

Settlement provision

In our interim announcement we drew attention to a formal complaint initiated by the Competition Commission against the cables industry and that ATC was included as a named party.

We stated that the allegations contained in the complaint were legacy issues that relate to tenders and contracts awarded in periods before December 2009. ATC has, on 17 November 2014, reached an in principle settlement with the Competition Commission.

The amount of the administrative penalty is R81,0 million, which due to its size and nature, has been reflected as an abnormal item in these results.

Goodwill impairment

Certain impairments were made to goodwill where the future value of discounted cash flows are not expected to exceed the carrying value thereof.

In CBI goodwill of R13,9 million was impaired, while within Nashua impairments of goodwill relate to Nashua Communications, certain Nashua franchises and Prodoc to the value of R232,0 million.

4. DISCONTINUED OPERATION

Earlier in the financial year, Nashua Mobile entered into separate and distinct sale agreements with the mobile network operators and Altech Autopage Cellular Pty Ltd in terms of which it disposed of its subscriber bases. The culmination of these transactions results in the disposal of the business of Nashua Mobile and its operations.

On 29 September 2014, after unconditional approval from the Competition Tribunal, the sale was recognised.

NOTES CONTINUED

4. DISCONTINUED OPERATION CONTINUED

Nashua Mobile is presented in the Nashua segment of the segmental analysis.

As a result the summarised group income statement and related notes have been restated to exclude the results of Nashua Mobile.

The summarised 12 month income statement, extracted cashflows and related notes of Nashua Mobile are presented below:

SUMMARISED INCOME STATEMENT

R million	2014	2013
Revenue	3 348,1	3 695,2
EBITDA	189,9	222,1
Operating profit	183,7	212,1
Profit for the year	1 584,2	161,8

SUMMARISED CASH FLOW STATEMENT

R million	2014	2013
Net cash flows from:		
Operating activities	183,1	330,4
Investing activities	4,3	(95,4)
Financing activities	–	–
Net cash flow	187,4	235,0

The major classes of assets and liabilities of Nashua Mobile at the end of the year were as follows:

R million	As at 30 September 2014
Non-current assets of discontinued operation	44,0
Current assets of discontinued operation	2 563,6
Non-current liabilities of discontinued operation	250,4
Current liabilities of discontinued operation	651,6

R million	2014	2013
5. 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)	164,0	163,1
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	2,0	1,6
Weighted average number of shares used to determine diluted basic, diluted headline and diluted normalised headline earnings per share (millions of shares)	166,0	164,7
6.1 HEADLINE EARNINGS		
Profit attributable to equity holders of Reunert from continuing operations	386,1	797,2
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Impairment of goodwill in subsidiaries (after a tax credit of Rnil)	245,9	–
Impairment of goodwill in equity accounted joint venture (after a tax credit of Rnil)	10,8	–
Impairment (reversal)/charge recognised for property, plant and equipment (after a tax charge of R0,6 million (2013: credit of R0,1 million))	(1,7)	0,3
Net loss/(gain) on disposal of property, plant and equipment and intangible assets (after a tax credit of R0,1 million (2013 charge of R0,8 million))	0,3	(7,4)
Gain on change in shareholding in unlisted investment (2013: after a tax charge of Rnil)	–	(0,2)
Gain on disposal of subsidiary (2013: after a tax charge of R0,5 million)	–	(0,2)
Headline earnings from continuing operations	641,4	789,7
Profit attributable to equity holders of Reunert from discontinued operation	1 584,2	161,8
Net gain on disposal of business (after a tax charge of R264,4 million (2013:Rnil))	(1 397,1)	–
Net loss on disposal of property, plant and equipment and intangible assets (after a tax credit of R0,2 million (2013: Rnil))	0,5	–
Headline earnings from discontinued operation	187,6	161,8
Headline earnings	829,0	951,5

NOTES CONTINUED

R million	2014	2013
6.2 NORMALISED HEADLINE EARNINGS#		
Headline earnings from continuing operations (refer to note 6.1)	641,4	789,7
It is the group's policy to determine normalised headline earnings by eliminating the effect of the following items from attributable headline earnings:		
Settlement provided in respect of ATC (after a tax credit of Rnil) (refer to note 3)[1]	81,0	–
Economic interest in the settlement provided in respect of ATC attributable to non-controlling interests with outstanding equity related loan accounts (refer to note 3)[1]	(8,2)	–
Net economic interest in profit attributable to non-controlling interests with outstanding equity related loan accounts (refer to note 7)[2]	5,5	(23,0)
Share of headline and normalised headline earnings adjustments[2]	–	(0,1)
Normalised headline earnings from continuing operations	719,7	766,6
Headline earnings attributable to equity holders of Reunert from discontinued operation	187,6	161,8
Normalised headline earnings	907,3	928,4
7. NON-CONTROLLING 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 non-controlling 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 (loss)/profit that is attributable to all affected non-controlling shareholders	(5,5)	23,0
– Balance sheet interest that is economically attributable to all affected non-controlling shareholders	102,0	147,3

The pro forma financial information has been prepared for illustrative purposes only to provide information on how the normalised earnings adjustments might have impacted on the financial results of the group. Because of its nature, the pro forma financial information may not be a fair reflection of the group's results of operation, financial position, changes in equity or cash flows.

The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with those applied in the published audited condensed consolidated provisional group results of the group and company for the year ended 30 September 2014.

There are no post balance sheet events which require adjustment to the pro forma financial information.

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listing Requirements.

The pro forma financial information should be read in conjunction with the unqualified Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at company's registered office.

1 *Once-off pro forma adjustments.*

2 *Recurring pro forma adjustments.*

R million	2014	2013
8. GOODWILL		
Carrying value at the beginning of the year	792,2	696,2
Acquisition of businesses	263,1	97,0
Adjustment to goodwill on finalisation of acquisitions made in the prior year	–	(1,0)
Goodwill impaired during the current year	(245,9)	–
Exchange differences on consolidation of foreign subsidiaries	(2,0)	–
Goodwill derecognised with discontinued operation	(158,1)	–
Carrying value at the end of the year	649,3	792,2
9. INVESTMENTS AND LOANS		
Loans – at cost	76,4	74,3
Investment in insurance cells – at fair value	13,5	52,7
Other unlisted investments – at cost	1,7	1,7
Carrying value at the end of the year	91,6	128,7
10. LONG-TERM BORROWINGS		
Total long-term borrowings (including finance leases)	434,4	25,5
Less: short-term portion (including finance leases)	(8,9)	(0,6)
	425,5	24,9

11. BASIS OF PREPARATION

These preliminary 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 Boards (IASB) in issue and effective for the group at 30 September 2014 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 (Chief Financial Officer).

The group's accounting policies, as per the audited annual financial statements for the year ended 30 September 2014, have been consistently applied except where the group adopted new or revised accounting standards. These accounting policies comply with IFRS.

NOTES CONTINUED

12. CHANGES IN ACCOUNTING POLICIES

The group has adopted the new, revised or amended accounting pronouncements as issued by the IASB which became effective to the group on 1 October 2013, including some of the more significant changes listed below:

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces IAS 27 – Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements and SIC 12 – Consolidation – Special Purpose Entities. IFRS 10 provides a single basis for consolidation with new criteria to determine whether entities in which the group has an interest should be consolidated.

The adoption of IFRS 10 has resulted in the groups' interest in insurance cell captives being recognised as long term investments instead of consolidated special purpose entities of the group.

As the insurance cell captives' assets consist of rand denominated cash and cash equivalents the carrying amounts approximate fair value because of the short-term nature of these instruments.

IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly-controlled Entities – Non-monetary Contributions by Ventures and changes the classification for joint operations.

Under IFRS 11, a joint arrangement is classified as either a joint operation or a joint venture based on the rights and obligations of the parties to the arrangement, the legal form of the joint arrangement and when relevant, other facts and circumstances. IFRS 11 removes the option to proportionately consolidate joint ventures and instead, all interests in joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of IFRS 11 has resulted in changes in accounting for the group's jointly controlled entities previously accounted for using the proportionate consolidation method and now will be accounted for using the equity method under IFRS 11.

Both these accounting standards have to be applied retrospectively in terms of their transitional provisions and accordingly the reported results of the comparative period were restated.

12. CHANGES IN ACCOUNTING POLICIES CONTINUED

The quantitative changes resulting from adopting these standards to the prior year summarised consolidated financial statements are set out below:

Adjustments to the summarised group balance sheet

R million () = decrease	At 30 September 2013
Non-current assets	165,2
Current assets	(235,6)
Non-current liabilities	(8,0)
Current liabilities	(62,4)

Adjustments to the summarised group income statement

R million () = decrease	For the year ended 30 September 2013
Revenue	(408,7)
EBITDA	(22,6)
Operating profit	(14,9)
Profit after taxation	(10,1)
Share of joint ventures' profits	10,1

Adjustments to the summarised group cash flow statement

R million () = decrease	For the year ended 30 September 2013
Cash generated from operations	(51,7)
Net cash flows from operating activities	(40,0)
Net cash flows from investing activities	4,2
Net cash flows from financing activities	–
Change in net cash resources	(35,8)

The adoption of the new, revised or amended accounting pronouncements did not have an impact on the Statement of Changes in Equity or the Statement of Comprehensive Income for the year ended 30 September 2013.

NOTES CONTINUED

13. UNCONSOLIDATED SUBSIDIARY

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

At 30 September 2014 Cafca's retained earnings amounted to US$12,1 million.

14. 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.

15. EVENTS AFTER BALANCE SHEET DATE

No events have occurred after the balance sheet date that require additional disclosure or adjustment to the results presented.

16. INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

These summarised preliminary consolidated group financial statements have been derived from the group's consolidated financial statements and are consistent in all material respects with the group's consolidated financial statements. The directors take full responsibility for the preparation of the summarised preliminary consolidated financial information. The auditors, Deloitte & Touche, have issued unmodified audit opinions on the group's consolidated financial statements and on these summarised preliminary consolidated financial statements for the year ended 30 September 2014, and the audit opinion on the group's consolidated financial statements are available for inspection at the issuer's registered office. Please refer to the auditor's report on these summarised preliminary consolidated group financial statements below.

The audit was conducted in accordance with the International Standards on Auditing. The auditors' report does not necessarily report on all information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuers registered office. Any reference to future performance included in this announcement has not been reviewed or reported on by the auditors.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REUNERT LIMITED

The summary consolidated financial statements of Reunert Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 30 September 2014, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Reunert Limited for the year ended 30 September 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 17 November 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Reunert Limited.

16. INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS CONTINUED

Directors' Responsibility for the Summary consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Reunert Limited for the year ended 30 September 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 17 November 2014 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Deloitte & Touche
Registered Auditor

Per: Patrick Smit
Partner
17 November 2014

Building 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton, 2196

SUPPLEMENTARY INFORMATION

R million (unless otherwise stated)	30 September 2014	30 September 2013 (Restated)
Net worth per share (cents)	3 816	2 980
Current ratio (:1)	2,6	1,8
Net number of ordinary shares in issue (million)	164,3	163,7
Number of ordinary shares in issue (million)	187,6	201,4
Less: Empowerment shares (million)	(18,5)	(18,5)
Less: Treasury shares (million)	(4,8)	(19,2)
Capital expenditure	122,1	172,4
– expansion	92,3	138,5
– replacement	29,8	33,9
Capital commitments in respect of property, plant and equipment	37,7	126,0
– contracted	21,4	50,5
– authorised not yet contracted	16,3	75,5
Commitments in respect of operating leases	74,7	127,6

DIRECTORS

TS Munday (Chairman)*, AE Dickson (Chief Executive), T Abdool-Samad*, SD Jagoe*, MC Krog (Chief Financial Officer), S Martin*, TJ Motsohi*, NDB Orleyn**, SG Pretorius*, MAR Taylor, R Van Rooyen*

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

REGISTERED OFFICE

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TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
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 year ended 30 September 2014 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

18 November 2014

www.reunert.co.za