

- Headline earnings per share up **31%**
- Dividend per share up **30%**

GROUP INCOME STATEMENT

Six months ended 31 March

	Notes	2005 R million (Unaudited)	2004 R million (Unaudited)	% change	Year ended 30 Sept 2004 R million (Audited)
Revenue		3 276,0	3 011,9	9	6 247,3
Earnings before interest, tax, depreciation and amortisation (EBITDA)		459,9	390,4	18	811,9
Depreciation		26,9	25,7	5	57,9
Operating profit before amortisation of goodwill		433,0	364,7	19	754,0
Amortisation of goodwill	10	–	25,2	–	53,5
Operating profit	1	433,0	339,5	28	700,5
Net interest and dividend income	2	16,5	28,5	(42)	65,1
Profit before abnormal item		449,5	368,0	22	765,6
Abnormal items	3	–	20,3		6,0
Profit before taxation		449,5	388,3	16	771,6
Taxation		156,1	141,5	10	309,0
Profit after taxation		293,4	246,8	19	462,6
Share of associate companies' profits		29,6	33,1	(11)	66,8
Profit after tax including associate companies		323,0	279,9	15	529,4
Earnings attributable to outside shareholders in subsidiaries		9,8	23,9	(59)	51,0
Earnings attributable to ordinary shareholders in Reunert Limited		313,2	256,0	22	478,4
Basic earnings per share (cents)	4	181,2	135,0	34	251,9
Diluted basic earnings per share (cents)	4	178,8	133,2	34	248,4
Headline earnings per share (cents)	4 & 5	181,2	138,7	31	277,5
Diluted headline earnings per share (cents)	4 & 5	178,8	136,9	31	273,6
Dividends per ordinary share declared in respect of the period (cents)		52,0	40,0	30	160,0
Taxation rate excluding amortisation and abnormal items (%)		34,7	35,6		37,6
EBITDA as a % of turnover		14,0	13,0		13,0

Note 1 OPERATING PROFIT Operating profit is stated after: – Cost of sales – Other income – Other expenses excluding depreciation and amortisation								
		2 239,4	2 119,1		4 268,4			
		(6,1)	(28,1)		(10,2)			
		582,8	530,5		1 177,2			

Note 2 NET INTEREST AND DIVIDEND INCOME Interest received – RC&C Finance Company – external Interest paid Dividend income other than from associates Total								
		18,2	25,8		47,8			
		10,2	9,8		18,6			
		8,0	16,0		29,2			
		(10,5)	(8,7)		(10,1)			
		8,8	11,4		27,4			
		16,5	28,5		65,1			

Dividend income from associate included in share of associate companies profit		40,0	–		–
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Note 3 ABNORMAL ITEMS Surplus on the sale of properties Impairment of plant and equipment Impairment of goodwill in associate								
		–	20,3		21,1			
		–	–		(1,1)			
		–	–		(14,0)			

Total before taxation		–	20,3		6,0
Taxation		–	(1,4)		(1,4)
Total		–	18,9		4,6

Note 4 NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE Weighted average number of shares in issue used to determine basic earnings per share and headline earnings per share (millions of shares) Adjusted by the dilutive effect of unexercised share options granted to certain group employees (millions of shares) Weighted average number of shares used to determine diluted earnings per share and diluted headline earnings per share (millions of shares)								
		172,8	189,6		189,9			
		2,4	2,5		2,7			
		175,2	192,1		192,6			

Note 5 HEADLINE EARNINGS Headline earnings are determined by eliminating the effect of the following items in attributable earnings: Earnings attributable to ordinary shareholders Surplus on sale of property, plant and equipment Goodwill amortisation Impairment (note 3) Taxation								
		313,2	256,0		478,4			
		(0,1)	(18,9)		(21,7)			
		–	25,2		53,5			
		–	–		15,1			
		0,1	0,7		1,6			
		313,2	263,0		526,9			

Note 6 GOODWILL Carrying value at the beginning of the year (Disposals)/acquisitions of businesses, associates and subsidiaries Adjustment to the purchase price of a business acquired in a prior period Amortisation for the period Impairments								
		321,8	306,9		306,9			
		(68,6)	31,6		80,8			
		–	(0,5)		1,6			
		–	(25,2)		(53,5)			
		–	–		(14,0)			
		253,2	312,8		321,8			

Goodwill in the prior period was amortised over periods varying between one and ten years. In terms of AC140 on business combinations, goodwill acquired on or after 31 March 2004 up until 30 September 2004 (note 10) was not amortised, but was subjected to an impairment test. From 1 October 2004 goodwill has not been amortised, but has been subjected to an impairment review.					
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Note 7 INVESTMENTS At cost plus equity accounted earnings excluding goodwill Listed – at market valuation Unlisted – at directors' valuation								
		110,2	70,4		109,9			
		21,2	30,5		16,6			
		542,2	541,9		536,5			

Note 8 RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE Collectable within one year Collectable after one year								
		197,8	54,3		137,0			
		563,0	181,9		391,5			
		760,8	236,2		528,5			

Accounts receivable mainly comprise of discounted deals that consist of the present value of discounted rental agreements which are repayable over varying periods up to a maximum of five years from the balance sheet date.					
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Note 9 RC&C FINANCE COMPANY BORROWINGS RC&C Finance Company has total long-term banking facilities of R900 million. The banks which have granted these facilities are contractually bound to provide these on a long term basis but they may give notice to run these down. Once notice has been given these facilities reduce to zero in line with the reduction in the underlying rental debtors over a maximum of five years.								
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Note 10
ACCOUNTING POLICIES
The group's accounting policies are in accordance with South African Statements of Generally Accepted Accounting Practice and are consistent with those of the prior year except that in terms of AC 140 goodwill has not been amortised in the current period. All goodwill has been subjected to an impairment review. AC 140 has been applied prospectively and accordingly no comparative figures have been restated.
This report has been prepared in accordance with AC 127 on interim financial reporting.

Note 11 MAJOR ACQUISITION On 1 December 2004 Reunert reacquired the 25,1% indirect shareholding that Kgorong Investment Holdings (Pty) Limited held in ATC (Pty) Limited. At the same date ATC acquired the business of African Cables Limited as a going concern and Powerhouse Utilities (Pty) Limited, a black owned company subscribed for new shares in ATC (Pty) Limited resulting in it holding a 25,1% stake in the restructured cable entity.				
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GROUP BALANCE SHEET

At 31 March

	Notes	2005 R million (Unaudited)	2004 R million (Unaudited)	At 30 Sept 2004 R million (Audited)
NON-CURRENT ASSETS				
Property, plant and equipment		192,5	201,4	196,2
Goodwill	6	253,2	312,8	321,8
Investments	7	110,2	70,4	109,9
RC&C Finance Company accounts receivable	8	760,8	236,2	528,5
Deferred taxation		46,7	32,6	56,2
		1 363,4	853,4	1 212,6
CURRENT ASSETS				
Inventory and contracts in progress		518,6	442,6	491,9
Accounts receivable and derivative assets		962,0	790,8	928,7
Cash and cash equivalents (net)		319,1	688,8	280,9
		1 799,7	1 922,2	1 701,5
		3 163,1	2 775,6	2 914,1
TOTAL ASSETS				
SHAREHOLDERS' FUNDS				
Ordinary		1 057,8	1 255,6	932,8
Preference		0,7	0,7	0,7
		1 058,5	1 256,3	933,5
Outside shareholders in subsidiaries		96,9	120,5	39,7
		1 155,4	1 376,8	973,2
NON-CURRENT LIABILITIES				
Deferred taxation		46,6	60,3	44,3
CURRENT LIABILITIES				
RC&C Finance Company short-term borrowings	9	625,1	44,5	314,1
Accounts payable, derivative liabilities, provisions and taxation		1 336,0	1 294,0	1 582,5
		1 961,1	1 338,5	1 896,6
		3 163,1	2 775,6	2 914,1
TOTAL EQUITY AND LIABILITIES				

SEGMENTAL ANALYSIS

Six months ended 31 March

	2005 R million (Unaudited)	%	2004 R million (Unaudited)	%	% change	Year ended 30 Sept 2004 R million (Audited)
Revenue						
ELECTRICAL ENGINEERING	876,8	22	667,1	18	31	1 456,7
ELECTRONICS						
Office Systems	418,9	11	501,8	13	(17)	1 071,0
Consumer products and services	1 847,2	46	1 664,2	45	11	3 382,7
Telecommunications	704,2	18	704,1	19	–	1 321,1
Reutech	133,1	3	178,7	5	(26)	443,0
TOTAL ELECTRONICS	3 103,4	78	3 048,8	82	2	6 217,8
Total operations	3 980,2	100	3 715,9	100	7	7 674,5
Less: Reunert's attributable portion of associate companies' revenue	(704,2)		(704,0)			(1 427,2)
REVENUE AS REPORTED	3 276,0		3 011,9		9	6 247,3
OPERATING PROFIT BEFORE GOODWILL AMORTISATION						
ELECTRICAL ENGINEERING	170,5	35	114,1	27	49	217,1
ELECTRONICS						
Office Systems	110,9	23	85,4	20	30	226,3
Consumer products and services	155,9	32	150,0	36	4	250,9
Telecommunications	52,3	11	56,4	13	(7)	130,2
Reutech	(3,9)	(1)	15,8	4	(125)	48,5
TOTAL ELECTRONICS	315,2	65	307,6	73	2	655,9
Total operations	485,7	100	421,7	100	15	873,0
Less: Reunert's attributable portion of associate companies' net operating profit	(52,7)		(57,0)			(119,0)
OPERATING PROFIT BEFORE AMORTISATION OF GOODWILL AS REPORTED	433,0		364,7		19	754,0

GROUP CASH FLOW INFORMATION

Six months ended 31 March

	2005 R million (Unaudited)	2004 R million (Unaudited)	Year ended 30 Sept 2004 R million (Audited)
EBITDA	459,9	390,4	811,9
(Increase)/decrease in net working capital	(311,7)	1 064,9	804,5
(Increase)/decrease in RC&C Finance Company accounts receivable*	(232,3)	983,8	691,5
(Increase)/decrease in other working capital	(79,4)	81,1	113,0
Cash generated from operations	148,2	1 455,3	1 616,4
Net interest and dividends received (including associates)	56,5	28,5	65,1
Taxation paid	(243,8)	(198,7)	(313,5)
Dividends paid (including outside shareholders)	(217,7)	(191,9)	(268,1)
Net cash (outflow)/inflow from operating activities	(256,8)	1 093,2	1 099,9
Net asset additions	(22,5)	7,0	(15,0)
Acquisition of subsidiaries, businesses and other investments	(3,8)	(47,4)	(239,4)
Share buy back – capital portion	–	–	(247,2)
– dividend portion	–	–	(229,4)
Other (net)	10,3	10,8	17,2
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(272,8)	1 063,6	386,1
NET BORROWINGS AT BEGINNING OF THE PERIOD	(33,2)	(419,3)	(419,3)
NET (BORROWINGS)/CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(306,0)	644,3	(33,2)
CASH RESOURCES OF THE GROUP			
Cash and cash equivalents (net)	319,1	688,8	280,9
BORROWINGS OF THE GROUP			
RC&C Finance Company short-term borrowings	(625,1)	(44,5)	(314,1)
Net (borrowings)/cash and cash equivalents at end of the period	(306,0)	644,3	(33,2)

* In December 2003 R1 255,5 million was received on the sale of the RC&C Finance Company debtors book.

GROUP STATEMENT OF CHANGES IN EQUITY

Six months ended 31 March

	2005 R million (Unaudited)	2004 R million (Unaudited)	Year ended 30 Sept 2004 R million (Audited)
Balance at beginning of year as previously reported	933,5	1 156,5	1 156,5
Net profit for the period	313,2	256,0	478,4
Dividends paid	(208,0)	(167,3)	(243,5)
Issue of shares in terms of share option scheme	16,5	11,9	18,7
Reunert Limited shares bought back by subsidiary as part of the share buy back	–	–	(47,4)
Shares cancelled in terms of the share buy back	–	–	–
– Capital portion	–	–	(199,8)
– Dividend portion	–	–	(229,4)
Other	3,3	(0,8)	–
Balance at end of the period	1 058,5	1 256,3	933,5

SUPPLEMENTARY INFORMATION

Six months ended 31 March

R million (unless otherwise stated)	2005 (Unaudited)	2004 (Unaudited)	Year ended 30 Sept 2004 (Audited)
Net asset value per share (cents) including goodwill	609	660	543
Net asset value per share (cents) excluding goodwill	463	495	356
Current ratio including short-term portion of RC&C Finance Company accounts receivable (:1)	1,5	1,5	1,3
Net number of ordinary shares in issue (million)	173,7	190,3	171,8
Number of ordinary shares in issue (million)	192,7	207,5	190,8
Less: Held by subsidiary (million)	(19,0)	(17,2)	(19,0)
Capital expenditure	23,6	20,7	48,8
– expansion	12,7	9,9	28,7
– replacement	10,9	10,8	20,1
Capital commitments	22,3	20,4	25,1
– contracted	13,4	10,3	22,4
– authorised not yet contracted	8,9	10,1	2,7
Commitments in respect of operating leases	30,3	39,4	36,4
Contingent liabilities	6,9	3,7	9,6

COMMENTARY

Report to shareholders

Reunert is pleased to announce headline earnings per share growth of 31% for the six months to March 2005.

Turnover increased by 9% and operating profit by 28% as a result of sound performances from all operations except the Group's defence businesses. Associate company, Siemens Telecommunications, performed well but profitability was marginally below the previous year. Minority share of profits decreased as a result of the acquisition of Pirelli's 50% share of African Cables. The Group posted a 19% increase at the headline earnings level. The reduced number of ordinary shares in issue following the share buyback completed in 2004 contributed a further 12% to the growth in headline earnings per share.

Positive cash flow increased the Group's cash resources to R319 million in spite of higher tax and dividend payments made during the period under review.

Review of operations

ELECTRICAL ENGINEERING

The electrical engineering market continued to expand which enabled the division to increase turnover by 31%. Expense levels were well controlled resulting in a 49% increase in operating profit.

African Cables, which has entered into an empowerment deal with Powerhouse Utilities, maintained its growth in earnings as the market for power cable remained firm. Municipalities have continued upgrading and expanding their electrical infrastructures.

Circuit Breaker Industries performed well. The buoyant residential market and the acquisition of Heinemann Electric in Australia contributed to earnings and profit growth. Demand from the mining sector has not grown as the strength of the rand continues to affect this industry.

Although the market for telecommunication cables remained