

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2007



Revenue
up
19%

Normalised headline
earnings per share up
16%

CONDENSED GROUP INCOME STATEMENT

for the six months ended 31 March 2007

	Notes	2007 R million	2006 R million	% change	Year ended 30 Sept 2006 R million (Audited)
Revenue		4 654,3	3 910,9	19	8 236,4
Earnings before interest, tax, depreciation and amortisation (EBITDA)		643,2 (35,6)	551,0 (27,0)	17 (32)	1 335,9 (63,2)
Operating profit	1	607,6	524,0	16	1 272,7
Net interest and dividend income	2	27,1	33,2	(18)	64,9
Profit before abnormal items		634,7	557,2	14	1 337,6
Abnormal items	3	(572,4)	3,3		1,6
Profit before taxation		62,3	560,5	(89)	1 339,2
Taxation	4	(200,8)	(202,0)	1	(500,5)
(Loss)/profit after taxation		(138,5)	358,5		838,7
Share of associate company's profit	2	64,4	53,3	21	95,2
(Loss)/profit for the period		(74,1)	411,8		933,9
(Loss)/profit for the period attributable to:					
– Minority interests		3,1	3,0	(3)	11,1
– Equity holders of Reunert Limited		(77,2)	408,8		922,8
		(74,1)	411,8		933,9
Basic (loss)/earnings per share (cents)	5	(43,7)	234,1		527,0
Diluted basic (loss)/earnings per share (cents)	5	(42,2)	231,0		522,4
Headline (loss)/earnings per share (cents)	5 & 6	(66,5)	232,6		524,6
Diluted headline (loss)/earnings per share (cents)	5 & 6	(64,1)	229,5		520,0
Normalised basic earnings per share (cents)	5 & 6	275,5	223,6	23	497,7
Normalised headline earnings per share (cents)	5 & 6	258,3	222,2	16	495,3
Normalised diluted basic earnings per share (cents)	5 & 6	265,6	220,6	20	493,3
Normalised diluted headline earnings per share (cents)	5 & 6	249,0	219,2	14	490,9
Dividend per ordinary share declared in respect of the period (cents)		73,0	63,0	16	273,0
Special dividend per share declared (cents)					200,0
Taxation rate excluding abnormal items and STC on the special dividend (%)		34,1	36,3	6	34,2
EBITDA as a % of revenue		13,8	14,1	(2)	16,2

CONDENSED GROUP BALANCE SHEET

as at 31 March 2007

	Notes	2007 R million	2006 R million	30 Sept 2006 R million (Audited)
Non-current assets				
Property, plant and equipment and intangible assets		545,8	360,9	467,3
Goodwill	7	336,9	329,8	326,8
Investments and loans	8	211,3	106,8	148,8
RC&C Finance Company accounts receivable		1 155,4	889,7	985,3
Deferred taxation		69,4	37,5	59,1
		2 318,8	1 724,7	1 987,3
Current assets				
Inventory and contracts in progress		786,6	555,2	809,0
Accounts receivable and derivative assets		1 425,1	1 098,5	1 462,7
RC&C Finance Company accounts receivable		445,0	346,0	418,5
Non-current assets held for sale		—	2,9	2,6
Cash and cash equivalents		72,5	676,4	969,3
		2 729,2	2 679,0	3 662,1
Total assets		5 048,0	4 403,7	5 649,4
Equity attributable to equity holders of Reunert Limited				
Ordinary		1 870,6	1 660,1	1 680,2
Preference		0,7	0,7	0,7
		1 871,3	1 660,8	1 680,9
Minority interest		31,4	30,2	38,2
Total equity		1 902,7	1 691,0	1 719,1
Non-current liabilities				
Long-term borrowings	9	114,4	115,4	115,0
Deferred taxation		147,1	78,6	141,6
		261,5	194,0	256,6
Current liabilities				
Accounts payable, derivative liabilities, provisions and taxation		1 669,8	1 407,1	2 068,1
RC&C Finance Company bank borrowings	10	1 198,0	1 096,0	1 187,9
Shareholders for dividend		—	—	390,7
Bank overdrafts and short-term portion of long-term borrowings		16,0	15,6	27,0
		2 883,8	2 518,7	3 673,7
Total equity and liabilities		5 048,0	4 403,7	5 649,4

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2007

		2007 R million	2006 R million	Year ended 30 Sept 2006 R million (Audited)
Share capital and premium		82,3	60,0	76,9
Balance at the beginning of the period		76,9	49,4	49,4
Issue of shares		5,4	10,6	27,5
Share-based payment reserves		651,5	35,6	40,4
Balance at the beginning of the period		40,4	30,8	30,8
Share-based payment charges		611,1	4,8	9,6
Treasury shares		(276,1)	(282,0)	(282,0)
Balance at the beginning of the period		(282,0)	(282,0)	(282,0)
Shares bought back and cancelled		5,9	—	—
Non-distributable reserves		169,2	70,1	104,8
Balance at the beginning of the period		104,8	67,3	67,3
Transfer from accumulated profit		64,4	5,3	39,2
Translation reserve		—	—	0,8
Fair value adjustments		—	(2,5)	(2,5)
Accumulated profit		1 244,4	1 777,1	1 740,8
Balance at the beginning of the period		1 740,8	1 696,2	1 696,2
(Loss)/Profit for the period		(77,2)	408,8	922,8
Transfer to non-distributable reserves		(64,4)	(5,3)	(39,2)
Dividends declared		(354,8)	(322,6)	(839,0)
Equity attributable to equity holders of Reunert Limited		1 871,3	1 660,8	1 680,9
Minority interest		31,4	30,2	38,2
Balance at the beginning of the period		38,2	43,0	43,0
Profit for the period		3,1	3,0	11,1
Dividends declared		(4,5)	(15,8)	(15,9)
Minorities bought out		(5,4)	—	—
Total equity at end of the period		1 902,7	1 691,0	1 719,1

CONDENSED GROUP CASH FLOW STATEMENT

for the six months ended 31 March 2007

	2007 R million	2006 R million	Year ended 30 Sept 2006 R million (Audited)
EBITDA	643,2	551,0	1 335,9
Increase in net working capital	(411,1)	(394,1)	(628,4)
Increase in RC&C Finance Company accounts receivable	(196,6)	(207,5)	(375,6)
Increase in other working capital	(214,5)	(186,6)	(252,8)
Cash generated from operations	232,1	156,9	707,5
Net interest and dividend income (including associates)	27,1	81,2	120,9
Taxation paid	(340,3)	(210,5)	(347,4)
Dividends paid (including to minorities)	(750,1)	(338,4)	(464,2)
Other (net)	2,8	4,9	(4,3)
Net cash flows from operating activities	(828,4)	(305,9)	12,5
Net cash flows from investing activities	(78,2)	(40,4)	(185,7)
Net cash flows from financing activities	11,3	10,7	27,0
Net decrease in cash and cash equivalents	(895,3)	(335,6)	(146,2)
Net short-term bank borrowings at beginning of the period	(230,2)	(84,0)	(84,0)
Net short-term bank borrowings at end of the period	(1 125,5)	(419,6)	(230,2)
Cash and cash equivalents (note 10)	72,5	676,4	969,3
Bank overdrafts	—	—	(11,6)
Cash and cash equivalents (net)	72,5	676,4	957,7
RC&C Finance Company bank borrowings (note 10)	(1 198,0)	(1 096,0)	(1 187,9)
Net short-term bank borrowings at end of the period	(1 125,5)	(419,6)	(230,2)

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

	2007 R million	2006 R million	30 Sept 2006 R million (Audited)
Note 1			
Operating profit			
Operating profit is stated after:			
– Cost of sales	3 355,5	2 684,4	5 647,9
– Other expenses excluding depreciation and amortisation	640,8	688,1	1 401,6
– Other income	(26,4)	(4,9)	(15,7)
– Realised loss/(profit) on foreign exchange and derivative instruments	50,7	(21,2)	(65,6)
– Unrealised (profit)/loss on foreign exchange and derivative instruments	(9,5)	13,5	(67,7)
Note 2			
Net interest and dividend income			
Interest received	40,0	43,4	92,9
– From RC&C Finance Company	25,4	25,5	57,2
– External	14,6	17,9	35,7
Interest paid	(16,6)	(13,5)	(34,9)
Dividend income other than from associate company	3,7	3,3	6,9
Total	27,1	33,2	64,9
Dividend income from associate company included in share of associate company's profit	—	48,0	56,0
Note 3			
Abnormal items			
Black Economic Empowerment (BEE) charge – share-based payment	(556,6)	—	—
Employee shares charge	(50,3)	—	—
Surplus on sale of property, plant & equipment and intangible assets	34,5	—	—
Surplus on sale of investments	—	3,3	5,0
Impairment of goodwill	—	—	(3,4)
Total before taxation	(572,4)	3,3	1,6
Taxation	15,9	(0,5)	—
Total	(556,5)	2,8	1,6

The BEE deal of Reunert Limited (Reunert) was approved by shareholders on 6 February 2007. Due to the sale of Bargenel Investments Limited (Bargenel), which holds 18,5 million shares in Reunert, to the BEE partners, Peotona Group Holdings (Pty) Ltd (Peotona) and the Rebatona Educational Trust, at a 10% discount on the Reunert share price, a share-based payment expense (IFRS 2) of R557 million has been recognised. This expense differs from the amount disclosed in the circular to shareholders issued on 13 December 2006 largely as a result of the movement in the Reunert share price up to the date of the approval of this transaction. IFRS requires that this transaction is not accounted for as a sale, since the preference shares issued by Bargenel to Reunert, financing the purchase of Bargenel, have not been fully repaid and conditions are attached to the unpaid portion, notwithstanding that the reality of this transaction is in fact a sale.			
All employees in the Reunert group who currently do not participate in any other share incentive scheme will be awarded 100 Reunert shares which will be held in a trust for a period of 5 years. The employees will only be able to sell the shares after 5 years, but have full rights to receive all dividends declared during the 5 year period. The resultant charge to the Reunert group and related deferred tax asset have been raised on the difference between the fair value of a Reunert share on 6 February 2007 (R83,90) and its cost price of 10 cents each.			
Note 4			
Taxation			
The tax charge for the year ended 30 September 2006 includes Secondary Tax on Companies in respect of the special dividend amounting to R43,7 million (nil for six months to 31 March 2007 and 31 March 2006).			
Note 5			
Number of shares used to calculate earnings per share			
Weighted average number of shares in issue used to determine basic earnings per share, headline earnings per share, normalised basic earnings per share and normalised headline earnings per share (millions of shares)	176,5	174,6	175,1
Adjusted by the dilutive effect of:			
– Unexercised share options granted (millions of shares)	2,1	2,4	1,5
– The notional unencumbered Reunert shares held by Bargenel (millions of shares)*	4,5	—	—
Weighted average number of shares used to determine diluted basic, normalised diluted basic, diluted headline and normalised diluted headline earnings per share (millions of shares)	183,1	177,0	176,6
*The notional unencumbered Reunert shares represent the number (based on the period end share price) of the 18,5 million treasury shares held by Bargenel that could be settled out of the period end equity value of Bargenel (note 3).			
Note 6.1			
Headline earnings			
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:			
(Loss)/Profit attributable to equity holders of Reunert Limited	(77,2)	408,8	922,8
Surplus on sale of investments	—	(3,3)	(5,0)
(Surplus)/loss on disposal of property, plant and equipment	(36,1)	0,3	(2,6)
Impairment of goodwill	—	—	3,4
Taxation	(4,1)	0,5	—
Headline (loss)/earnings	(117,4)	406,3	918,6
Note 6.2			
Normalised earnings			
Normalised earnings are determined by deducting from attributable earnings the interest in profit that is economically attributable to BEE partners (note 11), the costs associated with the BEE deal (note 3) and the issue of Reunert shares to group employees (note 3):			
(Loss)/Profit attributable to equity holders of Reunert Limited	(77,2)	408,8	922,8
Interest in profit that is economically attributable to BEE partners	(32,0)	(18,4)	(51,4)
BEE shares charge	556,6	—	—
Employee shares charge	50,3	—	—
Deferred tax on employee shares charge	(11,4)	—	—
Normalised earnings (basic and diluted)	486,3	390,4	871,4
Normalised headline earnings are determined by deducting from headline earnings the interest in profit that is economically attributable to BEE partners (note 11), the costs associated with the BEE deal (note 3) and the issue of Reunert shares to group employees (note 3):			
Headline (loss)/earnings	(117,4)	406,3	918,6
Interest in profit that is economically attributable to BEE partners	(22,2)	(18,4)	(51,4)
BEE shares charge	556,6	—	—
Employee shares charge	50,3	—	—
Deferred tax on employee shares charge	(11,4)	—	—
Normalised headline earnings (basic and diluted)	455,9	387,9	867,2
Note 7			
Goodwill			
Carrying value at the beginning of the period	326,8	329,0	329,0
Acquisitions of businesses, associates and subsidiaries	10,1	0,8	1,2
Impairments	—	—	(3,4)
Carrying value at the end of the period	336,9	329,8	326,8

	2007 R million	2006 R million	30 Sept 2006 R million (Audited)
Note 8			
Investments and loans			
Unlisted associate company – at cost excluding goodwill plus equity accounted earnings	190,4	92,1	126,0
Other unlisted investments – at cost	7,1	0,7	0,3
Loans – at cost	13,8	14,0	22,5
Total carrying values	211,3	106,8	148,8
Directors' valuation of unlisted investments			
– Unlisted associate company	520,0	520,0	520,0
– Other unlisted investments	7,1	0,7	0,3
Note 9			
Long-term borrowings			
Total long-term borrowing	107,7	122,9	115,5
Less: Short-term portion	(15,8)	(14,9)	(15,2)
	91,9	108,0	100,3
Loan repaid by BEE partner	22,3	7,1	14,5
Total finance leases	0,4	1,0	0,4
Less: Short-term portion	(0,2)	(0,7)	(0,2)
	114,4	115,4	115,0

The group entered into an agreement with Powerhouse Utilities (Pty) Ltd (Powerhouse) whereby, on 1 December 2004, 25,1% of the shares of ATC (Pty) Ltd (ATC) were sold to Powerhouse at a cost of R130 million. IFRS requires that this transaction is not accounted for as a sale, since the bank loan has not been fully repaid by Powerhouse and conditions are attached to the unpaid portion, notwithstanding that the economic reality of this transaction is in fact a sale.			
The long-term borrowing relates to funding provided by Nedbank Limited (Nedbank) to Powerhouse for their purchase of 25,1% of ATC. The loan is guaranteed by Reunert and, in terms of current accounting practices for this transaction, is recognised on the balance sheet.			
Repayment of the loan by the BEE partner represents a portion of dividends paid by ATC to Powerhouse, which have been used to repay part of the loan from Nedbank to Powerhouse. In terms of current accounting practice for this transaction, this is to be reflected as a long-term liability on the balance sheet. When the significant risks and rewards of ownership in the equity of ATC are deemed to have passed to the BEE partner, then this portion of the loan repaid by Powerhouse will be transferred to minority interest.			
Note 10			
Group cash resources/borrowings			
Total RC&C Finance Company borrowings at end of the period	1 469,0	1 096,0	1 254,3
Less: Funded out of other Reunert cash resources (see below)	(271,0)	—	(66,4)
RC&C Finance Company bank borrowings at end of the period	1 198,0	1 096,0	1 187,9
Total Reunert net cash resources at end of the period	343,5	676,4	1 024,1
Less: Utilised to fund RC&C Finance Company (see above)	(271,0)	—	(66,4)
	72,5	676,4	957,7
Note 11			
BEE transactions			
As referred to in note 9 certain BEE transactions involving the disposal of equity interests have not been recognised because the significant risks and rewards of ownership of the equity has been deemed not to have passed to the BEE partners. Accordingly, the 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:			
– Interest in current period profit that is economically attributable to BEE partners	32,0	18,4	51,4
– Balance sheet interest that is economically attributable to BEE partners	122,7	88,7	106,3
Note 12			
Basis of preparation			
These condensed interim group financial statements have been prepared in terms of IAS 34 "Interim Financial Reporting" as well as in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations, the Companies Act of South Africa, Act 61 of 1973, as amended and the Listing 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 2006 have been consistently applied. These condensed interim financial statements have not been reviewed or audited by the group's auditors.			
Note 13			
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.			
Note 14			
Corporate activity			
A new joint venture, CBI-Electric Aberdare ATC Telecom Cables (Pty) Ltd, was started between the telecom cable divisions of ATC and Aberdare Cables (Pty) Ltd (Aberdare), each holding a 50% share in the joint venture. ATC contributed all its property, plant and equipment (PPE) (R114 million) and intangible assets (R9 million) to the value of R123 million. Aberdare has also contributed PPE (R106,2 million), intangible assets (R3,3 million) and cash (R13,5 million) to the value of R123 million. The balance sheet and income statement of the joint venture have been proportionately consolidated from the effective date (1 February 2007).			
Note 15			
Subsequent event			
Reunert has entered into an agreement, with an effective date of 1 May 2007, whereby RC&C Finance Company (Pty) Ltd (RC&C) has been sold to Quince Capital Holdings Ltd (Quince Capital) at a value of R375 million in exchange for a 49,9% share in Quince Capital. The consortium led by PSG Group Limited (PSG) will subscribe for the balance of the shares in Quince Capital by contributing cash to the value of R379 million. This transaction will result in Reunert recognising a profit on sale of RC&C of approximately R226 million. Quince Capital will be regarded as an associate company and its results will be equity accounted in Reunert's group results. Quince Capital has been granted a bridging bank loan facility amounting to R1,4 billion and a securitisation facility of R5 billion. The bridging facility will lapse once the securitisation has been completed. Reunert has provided a guarantee to the bank for the bridging finance.			

SUPPLEMENTARY INFORMATION

for the six months ended 31 March 2007

	2007	2006	30 Sept 2006 R million
--	------	------	------------------------------

Dividend per share up 16%

www.reunert.com

COMMENT

Reunert grew revenue by 19% to R4,65 billion in the first six months to 31 March 2007 over the comparative period in 2006. Operating profit improved by 16% from R524 million to R607,6 million. Depreciation charges increased as a result of higher capital expenditure to provide for a stronger demand in infrastructure related projects. Interest income, compared with the same period a year ago, declined due to the payment of a special dividend in December 2006. Net profit attributable to Reunert shareholders increased from R411,8 million to R516,9 million before accounting for share-based payment charges relating to the BEE deal and the issue of shares to employees. Operational results were characterised by strong performances from the Electrical Engineering, Defence and Telecommunications businesses. Electronics, and in particular, the Consumer Products segment, were affected by the gradual slowdown of spending in the consumer market. Office Systems had the benefit of a performance bonus on the finalisation of the discounting deal in the finance company.

ELECTRONICS

Nashua, the office automation business, took over management responsibility for Acuo Technologies, our high-tech computer science and networking activity based in Stellenbosch. Although dilutive in the short term, the benefits to Nashua customers are already evident.

Consumer Products and Services were adversely impacted by slow sales of consumer electronic products. Margins are under constant pressure and unlikely to improve in the near term. Cellular activity at Nashua Mobile continues at an acceptable level amid signs of increased competition for high-value customers. The provision of data services, to a certain extent, offset this negative trend.

Telecommunications, represented by our 40% interest in Siemens Telecommunications, performed well on ongoing strong demand from its major customers. The second network operator should fuel demand for the products and services of this company in the future.

The Defence division, Reutech, is well positioned for superior performance this year and going forward. Strategic repositioning is nearing completion and bodes well for the future.

ELECTRICAL ENGINEERING

Electrical Engineering experienced strong growth in revenues. Demand is expected to increase, as is competition. Emphasis is on efficiency and streamlining of distribution and sales networks.

CORPORATE ACTIVITIES

Effective 1 February 2007, the telecommunications cable business, ATC, was merged with that of Aberdare. Market conditions improved materially and, despite sharing 50% of profits going forward, the deal is expected to be earnings enhancing.

Quince Capital, the venture with PSG in financial services, became effective 1 May 2007. Access to ongoing funding has been put in place and the business is poised for growth. The transaction is expected to marginally dilute financial performance over the next 12 to 18 months.

The BEE deal in which a 10% stake in Reunert has been sold to the Rebatona Educational Trust and Peotona has been fully implemented and the financial statements reflect the cost thereof. We are confident that tangible value will be added by this partnership.

PROSPECTS

Growth in normalised headline earnings per share for the full year is anticipated to be in line with the increase achieved in the first six months.

This statement has not been audited or reviewed by the external auditors.

DIVIDEND

Notice is hereby given that interim ordinary share dividend No 162 of 73 cents per share (2006: 63 cents per share) has been declared by the directors for the six months ended 31 March 2007. In compliance with the requirements of STRATE, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 15 June 2007
First date of trading (ex dividend)	Monday, 18 June 2007
Record date	Friday, 22 June 2007
Payment date	Monday, 25 June 2007

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 18 June 2007 and Friday, 22 June 2007, both days inclusive.

On behalf of the board

Martin Shaw
Chairman

Gerrit Pretorius
Chief executive

Sandton, 17 May 2007

REUNERT LIMITED

Incorporated in the Republic of South Africa (Registration number 1913/004355/06)

Share code: RLO ISIN code: ZAE000057428

Directors: MJ Shaw (Chairman)*, G Pretorius (Chief Executive), BP Connellan*, KS Fuller*, BP Gallagher, SD Jagoe*, KJ Makwetla*, KC Morolo*, GJ Oosthuizen, DJ Rawlinson, Dr JC van der Horst*

*Non-executive

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

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

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

Secretaries' certification:

In terms of Section 268 G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the six months ended 31 March 2007 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.

JAF Simmonds

For Reunert Management Services Limited
Company Secretary

Enquiries:

Carina de Klerk +27 11 517 9000 or e-mail invest@reunert.co.za.
For background information on Reunert visit our website at www.reunert.com.

Hierdie verslag is ook in Afrikaans beskikbaar.

