

CONDENSED GROUP INCOME STATEMENT

For the six months ended 31 March

				Year ended	
		2009	2008	%	2008
Notes		R million (Unaudited)	R million (Unaudited)	change	R million (Audited)
Revenue	1	5 118,9	5 084,8	1	10 921,1
Earnings before interest, tax, depreciation, amortisation, other income and dividends		568,6	679,1	(16)	1 487,2
Other income	1	9,0	89,8		172,0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1	577,6	768,9	(25)	1 659,2
Depreciation and amortisation		46,3	39,9	16	86,6
Operating profit		531,3	729,0	(27)	1 572,6
Net interest and dividend income	2	51,6	30,6	69	60,3
Abnormal items	3	—	1,5		1,5
Profit before taxation		582,9	761,1	(23)	1 634,4
Taxation		163,5	247,7	(34)	486,8
Profit after taxation		419,4	513,4		1 147,6
Share of associate companies' profits		—	15,6		16,1
Profit for the period		419,4	529,0	(21)	1 163,7
Profit for the period attributable to:					
Minority interests		2,8	2,7	4	7,1
Equity holders of Reunert Limited		416,6	526,3	(21)	1 156,6
		419,4	529,0		1 163,7
Basic earnings per share (cents)	4	233,4	296,2	(21)	650,1
Diluted basic earnings per share (cents)	4	232,9	294,0	(21)	646,9
Headline earnings per share (cents)	4 & 5	233,5	296,1	(21)	651,9
Diluted headline earnings per share (cents)	4 & 5	232,9	294,0	(21)	648,7
Normalised headline earnings per share (cents)	4 & 5	232,2	277,5	(16)	630,1
Normalised diluted headline earnings per share (cents)	4 & 5	231,6	275,5	(16)	626,9
Cash dividend per ordinary share declared in respect of the period (cents)		65,0	78,0	(17)	319,0
Taxation rate excluding abnormal items (%)		28,0	32,6	14	29,8
EBITDA as a % of revenue		11,3	15,1	(25)	15,2

CONDENSED GROUP BALANCE SHEET

As at 31 March

				30 Sept	
		2009	2008	2008	
Notes		R million (Unaudited)	R million (Unaudited)	R million (Audited)	
Non-current assets					
Property, plant and equipment and Intangible assets		607,6	599,9		591,3
Goodwill	6	415,5	291,9		415,3
Investments and loans	7	866,6	1 482,5		865,3
RCCF accounts receivable		1 253,3	—		1 274,8
Deferred taxation		22,9	36,9		32,0
		3 165,9	2 411,2		3 178,7
Current assets					
Inventory and contracts in progress		799,2	961,5		979,7
Accounts receivable and derivative assets		1 598,5	1 951,3		1 935,3
RCCF accounts receivable		617,3	—		682,2
Non-current assets held for sale		—	—		23,1
Cash and cash equivalents		961,6	294,1		794,6
RCCF bank balances and cash		99,6	—		82,0
		4 076,2	3 206,9		4 496,9
Total assets		7 242,1	5 618,1		7 675,6
Equity attributable to equity holders of Reunert Limited					
Ordinary		3 672,4	3 125,0		3 674,7
Preference		0,7	0,7		0,7
		3 673,1	3 125,7		3 675,4
Minority interest		19,5	16,3		20,7
Total equity		3 692,6	3 142,0		3 696,1
Non-current liabilities					
Deferred taxation		182,7	155,7		208,2
Long-term borrowings	8	3,9	333,6		12,8
RCCF long-term borrowings	8	699,9	—		699,9
Vendor liability	12	7,0	—		—
		893,5	489,3		920,9
Current liabilities					
Accounts payable, derivative liabilities, provisions and taxation		1 620,8	1 822,7		1 880,6
RCCF bank borrowings		1 034,7	—		1 164,4
Bank overdrafts and short-term portion of long-term borrowings (including finance leases)	8	0,5	164,1		13,6
		2 656,0	1 986,8		3 058,6
Total equity and liabilities		7 242,1	5 618,1		7 675,6

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March

				Year ended	
		2009	2008	2008	
Notes		R million (Unaudited)	R million (Unaudited)	R million (Audited)	
Share capital and premium					
Balance at the beginning of the period		106,9	90,8		90,8
Issue of shares		3,1	1,2		16,1
Balance at the end of the period		110,0	92,0		106,9
Share-based payment reserve					
Balance at the beginning of the period		664,3	649,9		649,9
Share-based payment expense		6,9	6,2		14,4
Balance at the end of the period		671,2	656,1		664,3
Fair value adjustment reserve*					
Balance at the beginning of the period		621,1	—		—
Arising on fair valuation of financial instruments	7	—	591,7		660,3
Deferred taxation on fair value gain		—	(39,3)		(39,2)
Balance at the end of the period		621,1	552,4		621,1
Equity transaction with BEE partner					
Balance at the beginning of the period		(35,3)	—		—
Purchase of a portion of BEE partner's interest in a subsidiary not previously recognised as a minority	9	—	—		(35,3)
Balance at the end of the period		(35,3)	—		(35,3)
Treasury shares		(276,1)	(276,1)		(276,1)
Non-distributable reserves					
Balance at the beginning of the period		4,1	7,3		7,3
Translation reserve		1,3	(1,3)		0,7
Reunert's share of previously equity accounted associate's actuarially valued surplus of medical aid provision**		—	(3,9)		(3,9)
Balance at the end of the period		5,4	2,1		4,1
Retained earnings					
Balance at the beginning of the period		2 590,4	1 997,1		1 997,1
Profit for the period		416,6	526,3		1 156,6
Reunert's share of previously equity accounted associate's actuarially valued surplus of medical aid provision transferred from non-distributable reserves**		—	3,9		3,9
Cash dividends declared and paid		(430,2)	(428,1)		(567,2)
Balance at the end of the period		2 576,8	2 099,2		2 590,4
Equity attributable to equity holders of Reunert Limited		3 673,1	3 125,7		3 675,4
Minority interest					
Balance at the beginning of the period		20,7	14,4		14,4
Profit for the period		2,8	2,7		7,1
Dividends declared and paid		(4,0)	(1,8)		(1,8)
Minority interest introduced		—	1,0		1,0
Balance at the end of the period		19,5	16,3		20,7
Total equity at end of the period		3 692,6	3 142,0		3 696,1
*This reserve relates to fair value adjustments on financial assets designated as "available-for-sale" financial assets in terms of IAS 39.					
**Since Reunert's investment in NSN is no longer equity-accounted this reserve has been transferred to retained earnings.					

CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 31 March

				Year ended	
		2009	2008	2008	
Notes		R million (Unaudited)	R million (Unaudited)	R million (Audited)	
EBITDA		577,6	768,9		1 659,2
Decrease/(increase) in net working capital		480,6	(292,4)		(327,7)
Decrease/(increase) in net working capital (excluding RCCF)*		394,2	(292,4)		(295,2)
Decrease/(increase) in RCCF accounts receivable while a consolidated subsidiary		86,4	—		(32,5)
Cash generated from operations		1 058,2	476,5		1 331,5
Net interest and dividend income (including associates)		51,6	30,6		147,2
Taxation paid		(316,6)	(231,3)		(410,8)
Dividends paid (including to minorities)		(434,2)	(429,9)		(569,0)
Other (net)		8,4	6,1		19,4
Net cash flows from operating activities		367,4	(148,0)		518,3
Net cash flows from investing activities*		(35,4)	(129,1)		(921,3)
Net cash flows from financing activities*		(5,0)	88,4		(380,3)
Increase/(decrease) in net cash resources		327,0	(188,7)		(783,3)
Net (borrowings)/cash resources at the beginning of the period		(300,5)	482,8		482,8
Net cash/(borrowings) resources at the end of the period		26,5	294,1		(300,5)
Cash and cash equivalents		961,6	294,1		794,6
Bank overdrafts		—	—		(12,7)
Net cash resources excluding RCCF		961,6	294,1		781,9
		(935,1)	—		(1 082,4)
RCCF bank balances and cash		99,6	—		82,0
RCCF short-term borrowings		(1 034,7)	—		(1 164,4)
Net cash/(borrowings) resources including RCCF net borrowings at the end of the period		26,5	294,1		(300,5)
*In order to enhance disclosures the following amounts relating to debtors discounted by subsidiaries with RCCF, while it was an equity accounted associate, which did not entail a receipt or payment of cash and cash equivalents, have been included					
(Increase)/decrease in respect of short-term portion of accounts receivable		—	(20,3)		145,3
(included in working capital changes (excluding RCCF))		—	(20,3)		145,3
(Increase)/decrease in respect of long-term portion of accounts receivable (included in cash flows from investing activities)		—	(59,1)		235,5
Increase/(decrease) in respect of the borrowings (included in financing activities)		—	79,4		(380,8)
		—	—		—

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

				Year ended	
		2009	2008	2008	
Notes		R million (Unaudited)	R million (Unaudited)	R million (Audited)	
Note 1					
Other Income and EBITDA					
EBITDA is stated after:					
– Cost of sales		3 712,3	3 670,5		7 915,4
– Other expenses excluding depreciation and amortisation		871,8	793,4		1 561,3
– Other income		9,0	89,8		172,0
Commission income*		—	86,1		139,0
Other		9,0	3,7		33,0
– Realised profit on foreign exchange and derivative instruments		8,3	28,0		20,6
– Unrealised profit on foreign exchange and derivative instruments		25,5	30,2		22,2
*In terms of the agreement governing the commission income (the agreement) the Nokia Siemens Networks Group (NSN group) may pay a dividend to Reunert in lieu of the commission. Reunert received a dividend of R80 million from NSN group in the current period, which relates to sales revenue arising in the previous financial year, sales revenue in the six months to 31 March 2009 and future revenue. With effect from 1 October 2008 all income earned in terms of the agreement is included in revenue. In the current period the gross revenue amounts to R64,6 million.					

Note 2					
Net interest and dividend income					
Interest received		72,5	48,6		99,3
– From RC&C Finance Company (Pty) Ltd (RCCF) while a consolidated subsidiary		39,0	—		20,7
– External		33,5	48,6		78,6
Interest paid		(21,1)	(21,6)		(43,2)
Dividend income		0,2	3,6		4,2
Total		51,6	30,6		60,3
Note 3					
Abnormal Items					
Net surplus on dilution in and disposal of business (before and after tax)		—	1,5		1,5
Note 4					
Number of shares used to calculate earnings per share					
Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)		178,5	177,7		177,9
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)		0,4	1,3		0,9
Weighted average number of shares used to determine diluted basic, diluted headline, and diluted normalised headline earnings per share (millions of shares)		178,9	179,0		178,8

Note 5					
5.1 Headline earnings					
Profit attributable to equity holders of Reunert (IAS 33 basic earnings)		416,6	526,3		1 156,6
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:					
Net surplus on dilution in and disposal of business		—	(1,5)		(1,5)
Loss on disposal of property, plant and equipment and intangible assets		1,7	0,9		5,2
Other headline earnings adjustments		(1,3)	—		—
Taxation effect of adjustments		(0,3)	0,5		(0,5)
Headline earnings		416,7	526,2		1 159,8
5.2 Normalised headline earnings					
Headline earnings (refer to note 5.1)		416,7	526,2		1 159,8
Normalised headline earnings are determined by eliminating the effect of the following item from attributable headline earnings:					
BEE share adjustments		0,1	—		(0,4)
Net economic interest in profit that is attributable to BEE partners (refer to note 9)		416,8	526,2		1 159,4
		(2,4)	(33,0)		(38,5)
Normalised headline earnings		414,4	493,2		1 120,9
Note 6					
Goodwill					
Carrying value at the beginning of the period		415,3	372,8		372,8
Acquisitions of businesses and minority interests		0,2	13,7		137,1
Unamortised goodwill arising in a previous period on a further acquisition of NSN now transferred to investment in NSN (refer to note 7).		—	(94,6)		(94,6)
Carrying value at the end of the period		415,5	291,9		415,3

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

(CONTINUED)

				Year ended	
		2009	2008	2008	
Notes		R million (Unaudited)	R million (Unaudited)	R million (Audited)	
Note 7					
Investments and loans					
Unlisted associate companies – at cost plus equity-accounted earnings excluding goodwill		—	297,7		—
Other unlisted investments – at cost		8,3	7,0		7,0
Loans – at cost		52,3	—		52,3
Long-term accounts receivable		—	319,4		—
Financial instrument – Investment in NSN – at fair value*, made up as follows:		806,0	806,0		806,0
Carrying value of NSN at 1 October 2007, previously an unlisted company, now a financial instrument		119,7	119,7		119,7
Unamortised goodwill arising on a further acquisition in a previous period (refer to note 6).		94,6	94,6		94,6
Pre-acquisition dividend received from NSN		(68,6)	—		(68,6)
Fair value adjustment		660,3	591,7		660,3
Total carrying value		866,6	1 482,5		865,3
Directors' valuation of unlisted investments					
– Unlisted associate companies (2008: Quince Capital Holdings (Pty) Limited (Quince))**		—	404,0		—
– Other unlisted investments (includes NSN at R806,0 million)		814,3	813,0		813,0
*The fair value of the investment is the discounted cash flow of the minimum amount specified in the shareholders' agreement with NSN group, in the event of a sale to NSN group, together with an estimation of future commissions. The first time a sale may take place in terms of the agreement is 31 December 2010.					
**With effect from 1 June 2008, Reunert Limited bought the remaining 53% of Quince's share capital not previously owned.					
Note 8					
RCCF and other long-term borrowings					
Total long-term borrowings (including finance leases)		704,3	475,4		713,6
Less: Short-term portion (including finance leases)		(0,5)	(164,1)		(0,9)
		703,8	311,3		712,7
Loan repaid by BEE partner		—	22,3		—

COMMENTARY

Since the announcement of our 2008 results in November last year, market conditions have deteriorated radically. Consequently, revenue in the interim reporting period increased by only 1% to R5,1 billion compared to a year ago. The steep decline in volumes, specifically in our electrical engineering operations, resulted in operating profit decreasing by 27% to R531 million.

The lower levels of activity and prudent cash management have resulted in working capital decreasing with a corresponding increase in cash and cash equivalents to R962 million at the end of March. Net interest and dividend income increased by 69% and coupled with a lower tax rate, limited the decline in normalised headline earnings per share to 16% (232 cents per share).

THE CBI-ELECTRIC GROUP

Surprisingly the electrical engineering group, CBI-electric, excluding the telecommunication cables operation, which is directly exposed to infrastructure developments suffered significant volume declines. In addition, the collapse in the copper price led to once-off charges of R52 million.

Revenue decreased by 8% to R1,6 billion whilst operating profit dropped by 38%. The depreciation of the rand tended to offset some of the decline in volume preventing revenue from slipping further and as a result margins and cash flows held up remarkably well. Capital expenditure programs are being maintained.

Volume declines are attributable to fewer building plans approved, the slowdown in mining activities and destocking by customers. The demand for supertension cable is strong and a second production line has been commissioned. Unfortunately this will not be sufficient to compensate for the drop off in general demand for power cable.

The export of low-voltage products (circuit breakers for protection) remained strong despite the global economic downturn. Margins increased as a result of the weakening rand and bolstered the results.

The telecom cable operation performed better than in the comparable period. The demand for copper telecommunication cable was healthy while fibre demand remains subdued. Signs of increased demand for fibre cable are very positive based on the announced roll-outs of fibre networks for MTN, Vodacom and Neotel.

THE NASHUA GROUP

Revenue was up by 1% to R3,1 billion while operating profit was down by 13% to R269 million. Increased bad debts and lack of consumer financing negatively impacted results.

Our decision to exit the consumer electronics business was prudent and timeous. Exiting the business did not occur without cost, but positive results are expected going forward. From 1 April 2009, Panasonic Japan will distribute consumer products directly to the South African consumer market. Our cooperation with Panasonic will continue as we will be the sole representative of all business systems products. Building this business to acceptable levels of profitability is a priority.

Despite an increase in bad debts Nashua Mobile maintained profitability while increasing revenue marginally. Additional care is being taken to connect only credit worthy customers. It will be difficult to achieve future growth as subscribers cut back on airtime spend.

Office systems performed satisfactorily in an environment where customers found it very difficult to obtain finance. The relative change in the rand/yen versus the rand/euro exchange rate will enhance our competitive position in this business. We are confident that unit sales will increase going forward.

The finance company, in line with the difficulty of obtaining capital, tightened credit vetting criteria and adjusted margins to reflect increased risk. A conscious decision was taken to reduce the book in an orderly way. The benefits of this approach will be realised in future.

REUTECH

The first half of the year was a preparation period for Reutech to fulfil existing contract obligations. Deliveries commenced late in the second quarter and are now in full swing. Favourable exchange rates have been locked in for the remainder of the financial year. Reutech is expected to perform well ahead of last year.

NSN

Commission income, now disclosed as revenue and not other income, decreased from R86 million to R65 million on a comparable basis. The market is expected to remain subdued whilst competition is on the increase. Full year results are thus expected to be down compared to those of a year ago.

PROSPECTS

It is unlikely that the South African economy will turn positive in the short term. Recovery in South Africa will depend on a global recovery.

Previously we indicated that we were hopeful of achieving a result similar to that of the past financial year. The severity of the downturn will cause this to be challenging.

CASH DIVIDEND

Notice is hereby given that interim ordinary share dividend Number 166 of 65 cents per share (2008: 78 cents per share) has been declared by the directors for the six months ended 31 March 2009. In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade (cum dividend)	Thursday, 11 June 2009
First date of trading (ex dividend)	Friday, 12 June 2009
Record date	Friday, 19 June 2009
Payment date	Monday, 22 June 2009

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 12 June 2009 and Friday, 19 June 2009, both days inclusive.

On behalf of the board

Martin Shaw Chairman	Gerrit Pretorius Chief Executive
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Sandton, 13 May 2009

REUNERT LIMITED (“REUNERT”)

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*, TJ Motsohi*, TS Munday*, GJ Oosthuizen, ND Orleyn**, DJ Rawlinson, Dr JC van der Horst*

*Independent non-executive **Non-executive

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Sponsor: Rand Merchant Bank (A division of FirstRand Bank 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 2009 all such returns as are required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

JAF Simmonds
For Reunert Management Services Limited
Company Secretaries

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