

- Revenue up **21%**
- Operating profit up **29%**
- Headline earnings per share down **20%**

GROUP INCOME STATEMENT

Year ended 30 September

	Notes	2003 R million (Audited)	2002 R million (Audited)	% change
Revenue		6 103,9	5 062,9	21
Earnings before interest, tax, depreciation and amortisation (EBITDA)		712,3	559,7	27
Depreciation		58,4	46,2	26
Operating profit before amortisation of goodwill		653,9	513,5	27
Amortisation of goodwill		46,2	41,4	12
Operating profit	1	607,7	472,1	29
Net interest and dividend income	2	45,2	36,5	24
Profit before abnormal item		652,9	508,6	28
Abnormal item	3	-	(18,7)	
Profit before taxation		652,9	489,9	33
Taxation		224,4	177,3	27
Profit after taxation		428,5	312,6	37
Share of associate companies' (losses)/profits		(82,6)	89,6	
Profit after tax including associate companies		345,9	402,2	(14)
Earnings attributable to outside shareholders in subsidiaries		50,5	31,6	60
Earnings attributable to ordinary shareholders in Reunert Limited		295,4	370,6	(20)
Basic earnings per share (cents)	4	156,9	198,1	(21)
Diluted basic earnings per share (cents)	4	154,7	194,6	(21)
Headline earnings per share (cents)	5	183,5	229,5	(20)
Diluted headline earnings per share (cents)	5	181,0	225,4	(20)
Dividend per ordinary share proposed/declared for the current year (cents)		120,0	118,0	
Taxation rate excluding amortisation and abnormal items (%)		32,1	32,2	
EBITDA as a % of turnover		11,7	11,1	

Note 1

OPERATING PROFIT
Operating profit is stated after:

- Cost of sales	4 185,7	3 639,7
- Other income	(14,6)	(21,8)
- Other expenses excluding depreciation and amortisation	1 220,5	885,3
- Net impact on income for the year of the effect of AC133 (note 10)	44,5	

Note 2

NET INTEREST AND DIVIDEND INCOME

Interest received	95,1	55,8
- from RC&C Finance Company	51,8	23,0
- external	43,3	32,8
Interest paid	(50,1)	(22,7)
Dividend income other than from associates	0,2	3,4
Total	45,2	36,5
Dividend income from associates included in share of associate companies' profits	-	108,4

Note 3

ABNORMAL ITEM
The group's attributable share of the impairment of fixed assets in an equity accounted associate

Taxation	-	(18,7)
Total	-	(18,7)

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)	188,3	187,0
Adjusted by the dilutive effect of unexercised share options granted to certain group employees (millions of shares)	2,6	3,4
Weighted average number of shares used to determine diluted earnings per share and diluted headline earnings per share (millions of shares)	190,9	190,4

Note 5

HEADLINE EARNINGS
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:

Earnings attributable to ordinary shareholders	295,4	370,6
Goodwill	50,3	41,4
Attributable portion of impairment (note 3)	-	18,7
Other (net)	(0,1)	(1,4)
Headline earnings	345,6	429,3

Note 6

GOODWILL

Carrying value at the beginning of the year	360,0	10,9
Add: Acquisitions of businesses, associates and subsidiaries	6,4	390,5
Less: Adjustment to the purchase price of a business acquired in the prior year	(9,2)	-
Less: Amortisation for the year	(46,2)	(41,4)
Attributable to losses in associate	(4,1)	-
Carrying value at the end of the year	306,9	360,0

Goodwill is written off over periods varying between one and ten years.

Note 7

INVESTMENTS

At cost plus equity accounted earnings excluding goodwill	20,8	151,6
At directors' valuation	520,0	586,9

Note 8

RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE

Collectable within one year	434,2	338,2
Collectable after one year	785,8	615,7
Total	1 220,0	953,9

Accounts receivable mainly consists of discounted deals that comprise 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.

Note 9

GROUP CASH RESOURCES/BORROWINGS

Total RC&C Finance Company borrowings at year-end per that company's balance sheet	1 088,0	838,0
Less: Funded out of other Reunert cash resources (see below)	(187,3)	-
RC&C Finance Company bank borrowings at year-end	900,7	838,0

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 down these facilities. 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.

Total Reunert net cash resources at year end	668,7	280,7
Less: Utilised to fund RC&C Finance Company (see above)	(187,3)	-
Total	481,4	280,7

Note 10

ACCOUNTING POLICIES
Reunert has adopted both South African Statements of Generally Accepted Accounting Practice (SA GAAP) which became effective during the current financial year. This has resulted in changes to accounting policies. The main change involves the adoption of AC133 on financial instruments. In terms of the transitional provisions of this statement the comparative figures do not need to be restated, however the statement does require the balances at the end of the previous financial year to be valued in terms of the statement.

This has resulted in an increase in the group's accumulated profit at 1 October 2002 of R6,7 million. (See group statement of changes in equity.) The effect in the current year has been to reduce operating profit by R44,5 million, the tax charge by R13,3 million and earnings attributable to ordinary shareholders by R31,2 million.

The group's accounting policies are in accordance with SA GAAP and, except for the above changes, are consistent with those of the prior year. The group's results have been prepared in accordance with AC127 on interim financial reporting.

Note 11

MAJOR ACQUISITION
In December 2002 the group acquired Marconi Plc's 51% shareholding in ATC (Pty) Limited at a cost of R43,4 million. In July 2003 the group acquired the effective 10,5% shareholding that Pirelli held in ATC. This brought the group's total shareholding to 100%. In August 2003 Reunert sold to Kgorong Investment Holdings (Pty) Limited, a black-owned group, an effective 25,1% of ATC for R22,8 million. This reduced the Reunert group's effective holding in ATC to 74,9%. In total negative goodwill of R8,4 million arose on these transactions.

GROUP BALANCE SHEET

at 30 September

	Notes	2003 R million (Audited)	2002 R million (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		213,7	157,1
Goodwill	6	306,9	360,0
Investments	7	20,8	151,6
RC&C Finance Company accounts receivable	8	1 220,0	953,9
Deferred taxation assets		33,1	25,9
		1 794,5	1 648,5
CURRENT ASSETS			
Inventory and contracts in progress		531,8	659,8
Accounts receivable and derivative assets		826,7	712,9
Cash and cash equivalents (net)	9	481,4	280,7
		1 839,9	1 653,4
TOTAL ASSETS		3 634,4	3 301,9
SHAREHOLDERS' FUNDS			
Ordinary		1 390,4	1 305,0
Reunert Limited shares held by a subsidiary		(234,6)	(234,6)
Preference		0,7	0,7
		1 156,5	1 071,1
Outside shareholders in subsidiaries		121,2	103,5
		1 277,7	1 174,6
NON-CURRENT LIABILITIES			
Deferred taxation liabilities		63,8	45,9
CURRENT LIABILITIES			
RC&C Finance Company short-term borrowings	9	900,7	838,0
Accounts payable, derivative liabilities, provisions and taxation		1 392,2	1 243,4
		2 292,9	2 081,4
TOTAL EQUITY AND LIABILITIES		3 634,4	3 301,9

SEGMENTAL ANALYSIS

Year ended 30 September

	2003 R million (Audited)	%	2002 R million (Audited)	%	% change
Revenue					
ELECTRICAL ENGINEERING	1 367,7	18	1 185,1	17	15
ELECTRONICS					
Office systems	952,9	13	876,6	12	9
Consumer products and services	3 192,5	42	2 782,1	39	15
Information and communication technologies	1 413,7	19	1 959,5	27	(28)
Reutech	615,7	8	375,3	5	64
Total Electronics	6 174,8	82	5 993,5	83	3
Total operations	7 542,5	100	7 178,6	100	5
Less: Reunert's attributable portion of associate companies' revenue	(1 438,6)		(2 115,7)		
Revenue as reported	6 103,9		5 062,9		21

Operating profit before goodwill amortisation

ELECTRICAL ENGINEERING	195,2	34	122,4	18	60
ELECTRONICS					
Office systems	157,4	27	147,2	21	7
Consumer products and services	173,7	30	175,2	25	(1)
Information and communication technologies	(64,6)	(11)	209,0	30	(131)
Reutech	117,9	20	38,5	6	206
Total Electronics	384,4	66	569,9	82	(33)
Total operations	579,6	100	692,3	100	(16)
Less: Reunert's attributable portion of associate companies' net operating loss/(profit)	74,3		(178,8)		
Operating profit before amortisation of goodwill as reported	653,9		513,5		27

GROUP CASH FLOW INFORMATION

Year ended 30 September

	2003 R million (Audited)	2002 R million (Audited)
EBITDA	712,3	559,7
Increase in net working capital	(59,3)	(366,0)
Increase in RC&C Finance Company accounts receivable	(269,8)	(208,8)
Decrease/(increase) in other working capital	210,5	(157,2)
Cash generated from operations	653,0	193,7
Net interest and dividends received (including associates)	45,2	144,9
Taxation paid	(178,7)	(209,0)
Dividends paid (including outside shareholders)	(258,4)	(201,0)
Net cash inflow/(outflow) from operating activities	261,1	(71,4)
Net asset additions	(40,3)	(38,2)
Acquisitions of subsidiaries, businesses and other investments	(61,3)	(442,9)
Other (net)	(21,5)	29,5
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	138,0	(523,0)
NET BORROWINGS AT BEGINNING OF THE YEAR	(557,3)	(34,3)
NET BORROWINGS AT END OF THE YEAR	(419,3)	(557,3)
CASH RESOURCES OF THE GROUP		
Cash and cash equivalents (net)	481,4	280,7
BORROWINGS OF THE GROUP		
RC&C Finance Company short-term borrowings	(900,7)	(838,0)
NET BORROWINGS AT END OF THE YEAR	(419,3)	(557,3)

GROUP STATEMENT OF CHANGES IN EQUITY

Year ended 30 September

	2003 R million (Audited)	2002 R million (Audited)
Balance at beginning of year as previously reported	1 071,1	878,5
Adjustment to opening accumulated profit due to changes in accounting policies (note 10)	6,7	-
Net profit for the year	295,4	370,6
Dividends paid	(226,2)	(181,4)
Issue of shares in terms of Share Option Scheme	11,0	2,8
Other	(1,5)	0,6
Balance at end of year	1 156,5	1 071,1

SUPPLEMENTARY INFORMATION

Year ended 30 September

R million (unless otherwise stated)	2003	2002
Net asset value per share (cents) including goodwill	612	572
Net asset value per share (cents) excluding goodwill	450	380
Current ratio including short-term portion of RC&C Finance Company accounts receivable (:1)	1,6	1,6
Net number of ordinary shares in issue (million)	188,8	187,3
Number of ordinary shares in issue (million)	206,0	204,5
Less: Held by subsidiary (million)	(17,2)	(17,2)
Capital expenditure	44,6	42,0
- expansion	27,1	26,1
- replacement	17,5	15,9
Capital commitments	16,6	18,9
- contracted	16,2	9,4
- authorised not yet contracted	0,4	9,5
Commitments in respect of operating leases	81,4	65,2
Contingent liabilities	3,7	0,3

COMMENTS

The strong performance of the Reunert-managed businesses was insufficient to offset the difficulties experienced by our associate company, Siemens Telecommunications.

Headline earnings per share declined by 20% mainly as a result of losses incurred by Siemens Telecommunications and adjustments necessitated by the application of the AC 133 accounting standard which contributed to seven of the 20% headline earnings per share decline.

Review of operations

ELECTRICAL ENGINEERING
Strong demand and gains in market share and efficiencies drove Circuit Breaker Industries (CBI) and African Cables to achieve record profits. The continuing slump in demand for telecommunications cables, however, necessitated a major restructuring of ATC to ensure prospects for profitable future trading.

Exports increased in volume, but declined in rand value as CBI's products gained acceptance from its international customer base. Production capacity had to be increased to meet this demand. Product offering has been expanded by the addition of motor control systems.

African Cables continued on its path of strong growth. Its dominance in the high-value cable market stood it in good stead.

ATC incurred substantial trading and restructuring losses. Trading will remain under pressure, but the restructuring has resulted in the business turning profitable. The cash flow generation has been pleasing and this is anticipated to continue.

ELECTRONICS

All businesses except consumer electronics performed above expectations.

Nashua and Nashua Mobile experienced excellent growth, which, coupled with sound cost containment, contributed strongly to group results. Synergies between these two companies' customer base continues to be explored.

Panasonic's consumer electronics felt the brunt of the strengthening rand. Products had to be sold for below cost as a result of forward cover taken out to guard against a weakening rand. A review of the hedging strategy has reduced risk in this regard, while also ensuring no unacceptable exposure should the rand weaken.

In the Reutech stable, Fuchs Electronics, Reutech Radar Systems (RRS) and Reunert Defence Logistics (RDL) all had a good year. Reutech Defence Industries (RDI), however, suffered from a lack of orders, which led to a downscaling of its manufacturing capacity.

The results of Fuchs were negatively affected by the exchange rate. Products are sold in American dollars at internationally competitive prices. The rationalisation of production facilities will improve its competitiveness. RRS delivered the first optronic radar tracker system to the South African Navy on schedule. This four-year project is nearing completion and meeting all expectations. RDL continues to make inroads into the commercial sector. The company's involvement in infrastructural projects increased and is now expected to constitute a significant part of its future business portfolio.

The top priority for the Reutech division remains the ongoing challenge of maintaining strong order books. Due to the peculiar nature of these specialist companies, however, most notably the long lead times involved in securing and fulfilling specialised customer orders, the vast majority of income streams come in intermittent waves. It is therefore virtually impossible to avoid volatility in earnings.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Siemens Telecommunications posted significant losses in the past year. We are confident that the causes which led to this disappointing performance have been identified and dealt with by management. Prospects are good and profitable trading is once more expected from this strong business.

Prospects

Siemens Telecommunications, ATC and Panasonic are all expected to return to profitability and should therefore influence group results positively for the new financial year. All other businesses are expected to produce moderate growth over this year's high base with the exception of Reutech, which will be hard-pressed to repeat its recent past performance. Consequently, continued growth should be achieved in the new financial year.

Dividend

Notice is hereby given that a final dividend No. 155 of 88 cents per share (2002: 88 cents per share) has been declared by the directors for the financial year ended 30 September 2003. In compliance with the requirements of STRATE, the following dates are applicable:

Last date to trade (cum dividend)	Friday 16 January 2004
First date of trading (ex dividend)	Monday 19 January 2004
Record date	Friday 23 January 2004
Payment date	Monday 26 January 2004

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 19 January 2004 and Friday, 23 January 2004, both days inclusive.

ON BEHALF OF THE BOARD

Derek Cooper
Chairman
Gerrit Pretorius
Chief Executive

Sandton, 26 November 2003

Secretaries' certification

For the year ended 30 September 2003
The company has lodged with the Registrar all such returns as are required by a public company in terms of the Companies Act.