

REUNERT

REUNERT LIMITED

REVIEWED

RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

- Headline earnings per share up **51%**
- Dividend per share for year up **33%**

GROUP INCOME STATEMENT

Year ended 30 September

Notes	2004 R million (Reviewed)	2003 R million (Audited)	% change
Revenue	6 247,3	6 103,9	2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	811,9	712,3	14
Depreciation	57,9	58,4	(1)
Operating profit before amortisation of goodwill	754,0	653,9	15
Amortisation of goodwill	53,5	46,2	16
Operating profit	700,5	607,7	15
Net interest and dividend income	65,1	45,2	44
Profit before abnormal items	765,6	652,9	17
Abnormal items	6,0	-	-
Profit before taxation	771,6	652,9	18
Taxation	309,0	224,4	38
Profit after taxation	462,6	428,5	8
Share of associate companies' profits/(losses)	66,8	(82,6)	-
Profit after tax including associate companies	529,4	345,9	53
Earnings attributable to outside shareholders in subsidiaries	51,0	50,5	1
Earnings attributable to ordinary shareholders in Reunert Limited	478,4	295,4	62
Basic earnings per share (cents)	251,9	156,9	61
Diluted basic earnings per share (cents)	248,4	154,7	61
Headline earnings per share (cents)	277,5	183,5	51
Diluted headline earnings per share (cents)	273,6	181,0	51
Dividends per ordinary share declared in respect of the current year (cents)	160,0	120,0	33
Taxation rate excluding amortisation and abnormal items (%)	37,6	32,1	-
EBITDA as a % of turnover	13,0	11,7	-

Note 1
OPERATING PROFIT
Operating profit is stated after:

- Cost of sales	4 268,4	4 185,7
- Other income	(10,2)	(14,6)
- Other expenses excluding depreciation and amortisation	1 177,2	1 220,5

Note 2
NET INTEREST AND DIVIDEND INCOME

Interest received	47,8	95,1
- from RC&C Finance Company	18,6	51,8
- external	29,2	43,3
Interest paid	(10,1)	(50,1)
Dividend income other than from associates	27,4	0,2
Total	65,1	45,2

Note 3
ABNORMAL ITEMS

Profit on sale of properties	21,1	-
Impairment of plant and equipment	(1,1)	-
Impairment of goodwill in an associate	(14,0)	-
Total before taxation	6,0	-
Taxation	(1,4)	-
Total	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)	189,9	188,3
Adjusted by the dilutive effect of unexercised share options granted to certain group employees (millions of shares)	2,7	2,6
Weighted average number of shares used to determine diluted earnings per share and diluted headline earnings per share (millions of shares)	192,6	190,9

Note 5
HEADLINE EARNINGS
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:

Earnings attributable to ordinary shareholders	478,4	295,4
Surplus on sale of property, plant and equipment	(21,7)	(0,2)
Goodwill amortisation	53,5	50,3
Impairments (note 3)	15,1	-
Taxation	1,6	0,1
Headline earnings	526,9	345,6

Note 6
GOODWILL

Carrying value at the beginning of the year	306,9	360,0
Acquisitions of businesses, associates and subsidiaries	80,8	6,4
Adjustment to the purchase price of a business acquired in a prior year	1,6	(9,2)
Amortisation for the year	(53,5)	(46,2)
Losses in associates	-	(4,1)
Impairments	(14,0)	-
Carrying value at the end of the year	321,8	306,9

Goodwill is amortised over periods varying between one and ten years. In terms of International Financial Reporting Standard (IFRS) 3, goodwill acquired on or after 31 March 2004 has not been amortised, but has been subjected to an impairment test.

Note 7
INVESTMENTS

At cost plus equity accounted earnings excluding goodwill	109,9	20,8
Listed - at market valuation	16,6	-
Unlisted - at directors' valuation	536,5	540,8

Note 8
RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE

Collectable within one year	137,0	434,2
Collectable after one year	391,5	785,8
Total	528,5	1 220,0

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.

Note 9
GROUP CASH RESOURCES/BORROWINGS

Total RC&C Finance Company borrowings at year-end per that company's balance sheet	314,1	1 088,0
Less: Funded out of other Reunert cash resources	-	(187,3)
RC&C Finance Company bank borrowings at year-end	314,1	900,7

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.

Note 10

ACCOUNTING POLICIES

Reunert has adopted Statements of Generally Accepted Accounting Practice (GAAP) which became effective during the current financial year. This has resulted in changes to accounting policies. In terms of IFRS 3, goodwill on subsidiaries or associates acquired on or after 31 March 2004 has not been amortised but has been subjected to an impairment test. Reunert also adopted AC132 - Consolidated financial statements and accounting for investments in subsidiaries, in so far as it requires a share trust which meets the definition of a subsidiary to be consolidated and there is no profit effect resulting from this change. The group's accounting policies are in accordance with SA GAAP and, except for the above changes, are consistent with those of the prior period. This report has been prepared in accordance with AC127 on Interim Financial Reporting.

Note 11

MAJOR ACQUISITIONS

In October 2003 the group acquired 32% of the share capital of C S Holdings at a cost of R42,9 million, including goodwill of R21,2 million. Reunert has recently accepted the Bytes Technology Group offer for its C S Holdings shares resulting in a total loss of R31,2 million should the offer become unconditional. This offer is worth approximately R11,7 million. In July 2004 100% of the share capital of Heinemann Australia was purchased for R25,1 million. This included goodwill of R1,3 million. In September 2004 the remaining 50% of Afcab Holdings (owner of 100% of African Cables) not owned by the group was purchased from Pirelli. Goodwill on this transaction amounted to R58,3 million and the total cost was R166,2 million.

GROUP BALANCE SHEET

at 30 September

Notes	30 Sept 2004 R million (Reviewed)	30 Sept 2003 R million (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	196,2	213,7
Goodwill	321,8	306,9
Investments	109,9	20,8
RC&C Finance Company accounts receivable	528,5	1 220,0
Deferred taxation	56,2	33,1
	1 212,6	1 794,5
CURRENT ASSETS		
Inventory and contracts in progress	491,9	531,8
Accounts receivable and derivative assets	928,7	826,7
Cash and cash equivalents (net)	280,9	481,4
	1 701,5	1 839,9
TOTAL ASSETS	2 914,1	3 634,4
SHAREHOLDERS' FUNDS		
Ordinary	932,8	1 155,8
Preference	0,7	0,7
	933,5	1 156,5
Outside shareholders in subsidiaries	39,7	121,2
	973,2	1 277,7
NON-CURRENT LIABILITIES		
Deferred taxation	44,3	63,8
CURRENT LIABILITIES		
RC&C Finance Company short-term borrowings	9	314,1
Accounts payable, derivative liabilities, provisions and taxation	1 582,5	1 392,2
	1 896,6	2 292,9
TOTAL EQUITY AND LIABILITIES	2 914,1	3 634,4

SEGMENTAL ANALYSIS

Year ended 30 September

	2004 R million (Reviewed)	%	2003 R million (Audited)	%	% change
Revenue	1 456,7	19	1 367,7	18	7
ELECTRICAL ENGINEERING	1 456,7	19	1 367,7	18	7
ELECTRONICS					
Office systems	1 071,0	14	952,9	13	12
Consumer products and services	3 382,7	44	3 192,5	42	6
Telecommunications	1 321,1	17	1 413,7	19	(7)
Reutech	443,0	6	615,7	8	(28)
Total Electronics	6 217,8	81	6 174,8	82	1
Total operations	7 674,5	100	7 542,5	100	2
Less: Reunert's attributable portion of associate companies' revenue	(1 427,2)		(1 438,6)		
Revenue as reported	6 247,3		6 103,9		2
Operating profit before goodwill amortisation	217,1	25	195,2	34	11
ELECTRICAL ENGINEERING	217,1	25	195,2	34	11
ELECTRONICS					
Office systems	226,3	26	157,4	27	44
Consumer products and services	250,9	29	173,7	30	44
Telecommunications	130,2	15	(64,6)	(11)	302
Reutech	48,5	5	117,9	20	(59)
Total Electronics	655,9	75	384,4	66	71
Total operations	873,0	100	579,6	100	51
Less: Reunert's attributable portion of associate companies' net operating (profit)/loss	(119,0)		74,3		
Operating profit before amortisation of goodwill as reported	754,0		653,9		15

GROUP CASH FLOW INFORMATION

Year ended 30 September

	2004 R million (Reviewed)	2003 R million (Audited)
EBITDA	811,9	712,3
Decrease/(increase) in net working capital	804,5	(59,3)
Decrease/(increase) in RC&C Finance Company accounts receivable*	691,5	(269,8)
Decrease in other working capital	113,0	210,5
Cash generated from operations	1 616,4	653,0
Net interest and dividends received	65,1	45,2
Taxation paid	(313,5)	(178,7)
Dividends paid (Including outside shareholders)	(268,1)	(258,4)
Net cash inflow from operating activities	1 099,9	261,1
Net asset additions	(15,0)	(40,3)
Acquisition of subsidiaries, businesses and other investments	(239,4)	(61,3)
Share buy back - capital portion	(247,2)	-
- dividend portion	(229,4)	-
Other (net)	17,2	(21,5)
NET INCREASE IN CASH AND CASH EQUIVALENTS	386,1	138,0
NET BORROWINGS AT BEGINNING OF THE YEAR	(419,3)	(557,3)
NET BORROWINGS AT END OF THE YEAR	(33,2)	(419,3)
CASH RESOURCES OF THE GROUP		
Cash and cash equivalents (net) (note 9)	280,9	481,4
BORROWINGS OF THE GROUP		
RC&C Finance Company short-term borrowings (note 9)	(314,1)	(900,7)
NET BORROWINGS AT END OF THE YEAR	(33,2)	(419,3)

* 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

Year ended 30 September

	30 Sept 2004 R million (Reviewed)	30 Sept 2003 R million (Audited)
Balance at beginning of year as previously reported	1 156,5	1 071,1
Adjustment to opening accumulated profit due to changes in accounting policies	-	6,7
Net profit for the year	478,4	295,4
Dividends paid	(243,5)	(226,2)
Issue of shares in terms of Share Option Scheme	18,7	11,0
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	-	(1,5)
Balance at end of year	933,5	1 156,5

SUPPLEMENTARY INFORMATION

Year ended 30 September

R million (unless otherwise stated)	2004	2003
Net asset value per share (cents) including goodwill	543	612
Net asset value per share (cents) excluding goodwill	356	450
Current ratio including short-term portion of RC&C Finance Company accounts receivable (:1)	1,3	1,6
Net number of ordinary shares in issue (million)	171,8	188,8
Number of ordinary shares in issue (million)	190,8	206,0
Less: Held by subsidiary (million)	(19,0)	(17,2)
Capital expenditure	48,8	44,6
- expansion	28,7	27,1
- replacement	20,1	17,5
Capital commitments	25,1	16,6
- contracted	22,4	16,2
- authorised not yet contracted	2,7	0,4
Commitments in respect of operating leases	36,4	81,4
Contingent liabilities	9,6	3,7

COMMENTARY

Headline earnings per share increased by 51% from 184 cents to 278 cents. This significant improvement stems from good performances by the group's managed operations and a return to profitability at Siemens Telecommunications.

Strong cash generation during the year enabled the company to propose a share buyback to shareholders of 10% of the issued shares in the company through which the company returned R477 million to shareholders during September 2004. Dividends declared (excluding the dividend portion of the share buyback) for the year have increased by 33% to 160 cents per share.

Review of operations

ELECTRICAL ENGINEERING

Divisional turnover grew 7% to R1,5 billion and operating profit by 11% to R217 million. African Cables benefited from strong demand for energy cable. The building boom has resulted in increased demand on South Africa's electrical distribution infrastructure with the power cable network being upgraded in large parts of the country. Equipment is being installed at African Cables to increase capacity.

Circuit Breaker Industries also benefited from the strong demand and increased sales volumes and operating profits. Export sales have grown and the recent acquisition of Heinemann Australia will provide the necessary base for growth in that region.

ATC continues to operate in a subdued market but operating results improved considerably during the year. The company was awarded part of the Telkom optical fibre contract and as costs are largely fixed, any increase in volume will result in improved profitability.

ELECTRONICS

The electronics division increased operating profits by 71% to R656 million on a similar turnover to that achieved in the previous year.

The market for office automation equipment has remained strong and market share gains have been made in the competitive laser colour printer market. Office systems represented by Nashua and its associated finance company reported a 44% increase in operating profit. RC & C Finance Company sold its rental book in December 2003 which also contributed to this improvement.

Consumer products and services increased turnover by 6% to R3,4 billion with a 44% increase in operating profit. The improvement was mainly due to the turnaround at Reunert Consumer and Commercial Holdings. Improved inventory management greatly reduced the risks associated with currency fluctuations. The multi-brand strategy has also enabled the operation to service the entire consumer electronic market.

Nashua Mobile had another good year with contract subscribers increasing to 361 000.

TELECOMMUNICATIONS

Associate company Siemens Telecommunications returned to profitability this year with a very strong performance. Order intake has remained high and the prospects in both fixed line and wireless business are encouraging. The company has been selected to roll out Africa's first 3G network with switch-on anticipated in December 2004.

REUTECH

Reutech's performance has been disappointing with operating profit reducing from R118 million in 2003 to R49 million. Order intake this year did not meet expectations with both exports and profit being negatively affected by the strong rand.

Prospects

The board is confident that Reunert will achieve continued earnings growth in the new financial year. Focus remains on ensuring longer-term sustainable growth in headline earnings per share.

Dividend

Notice is hereby given that a final dividend No. 157 of 120 cents per share (2003: 88 cents per share) has been declared by the directors for the financial year ended 30 September 2004. In compliance with the requirements of STRATE, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 14 January 2005
First date of trading (ex dividend)	Monday, 17 January 2005
Record date	Friday, 21 January 2005
Payment date	Monday, 24 January 2005

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 17 January 2005 and Friday, 21 January 2005, both days inclusive.

ON BEHALF OF THE BOARD

Derek Cooper
Chairman
Gerrit Pretorius
Chief Executive

Sandton, 15 November 2004

Secretaries' certification

For the year ended 30 September 2004

The company has lodged with the Registrar all such returns as are required by a public company in terms of the Companies Act.

RG Drakes

For Reunert Management Services Limited
Company Secretaries

Reviewed results

The above results have been reviewed by the group auditors, Messrs Deloitte & Touche, and a copy of their unqualified review report is available for inspection at the company's registered office