

REUNERT

Headline earnings
per share up

46%

REUNERT LIMITED

Final dividend
per share up

42%



GROUP INCOME STATEMENT

for the year ended 30 September 2005

	Notes	2005 R million (Reviewed)	2004 R million (Audited)	% change
Revenue		7 036,9	6 247,3	13
Earnings before interest, tax, depreciation and amortisation (EBITDA)		961,8	811,9	18
Depreciation and amortisation		56,3	57,9	(3)
Operating profit before abnormal items and amortisation of goodwill		905,5	754,0	20
Amortisation of goodwill			53,5	-
Operating profit	1	905,5	700,5	29
Net interest and dividend income	2	50,2	65,1	(23)
Profit before abnormal items		955,7	765,6	25
Abnormal items	3	3,9	6,0	-
Profit before taxation		959,6	771,6	24
Taxation		319,1	309,0	3
Profit after taxation		640,5	462,6	38
Share of associate companies' profits		79,2	66,8	19
Profit after tax including associate companies		719,7	529,4	36
Earnings attributable to outside shareholders in subsidiaries		10,5	51,0	(79)
Earnings attributable to ordinary shareholders in Reunert Limited		709,2	478,4	48
Basic earnings per share (cents)	4	409,0	251,9	62
Diluted basic earnings per share (cents)	4	404,2	248,8	62
Headline earnings per share (cents)	5	406,0	277,5	46
Diluted headline earnings per share (cents)	5	401,2	274,0	46
Dividend per ordinary share proposed/declared for the current year (cents)		222,0	160,0	39
Taxation rate excluding amortisation and abnormal items		33,4	37,6	-
EBITDA as a % of revenue		13,7	13,0	-

Note 1
Operating profit
Operating profit is stated after:
- Cost of sales 4 830,2 (15,5) 4 268,4 (10,2)
- Other income
- Other expenses excluding depreciation, amortisation and impairments 1 260,4 1 177,2

Note 2
Net interest and dividend income
Interest received 60,7 47,8
- from RC&C Finance Company 30,1 18,6
- external 30,6 29,2
Interest paid (23,3) (10,1)
Dividend income other than from associates 12,8 27,4
Total 50,2 65,1

Note 3
Abnormal items
Surplus on sale of properties - 21,1
Surplus on sale of investment 6,4 -
Impairment of plant and equipment (4,9) (1,1)
Negative goodwill taken to profit 2,4 -
Impairment of goodwill in an associate - (14,0)
Total before taxation 3,9 6,0
Taxation 1,4 (1,4)
Total 5,3 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) 173,4 189,9
Adjusted by the dilutive effect of unexercised share options granted to certain group employees (millions of shares) 2,1 2,4
Weighted average number of shares used to determine diluted earnings per share and diluted headline earnings per share (millions of shares) 175,5 192,3
The prior year number of shares used to calculate diluted earnings and diluted headline earnings per share has been restated as a result of the early adoption of IFRS 2 on Share-based payments, as required by IAS 33 on Earnings per share.

Note 5
Headline Earnings
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:
Earnings attributable to ordinary shareholders 709,2 478,4
Loss/(surplus) on sale of property, plant and equipment 0,2 (21,7)
Surplus on sale of investment (6,4) -
Goodwill amortisation 53,5
Negative goodwill reflected in abnormal items (2,4) -
Impairments 4,9 15,1
Tax (1,5) 1,6
Headline earnings 704,0 526,9

Note 6
Investments and loans
Unlisted associate company - at cost plus equity accounted earnings excluding goodwill 86,8 76,8
Listed associate company - at directors valuation 11,7
Other unlisted investments - at cost 0,7 2,4
Listed investment held for sale - at market value 7,8 4,9
Loans - at cost 20,9 14,1
Total carrying values 116,2 109,9
Directors' valuations of unlisted investments
Unlisted associate 520,0 520,0
Unlisted investments 0,7 2,4

Note 7
RC&C Finance Company accounts receivable
Accounts receivable mainly comprise 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 8
RC&C Finance Company short-term bank borrowings
RC&C Finance Company has total long-term banking facilities of R1 200 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 9
Accounting policies
Reunert has adopted certain Statements of Generally Accepted Accounting Practice (GAAP) during the current financial year. This has resulted in changes to accounting policies which are detailed below:
During the year the International Financial Reporting Standard IFRS 2 (AC 139) on Share-based payments was early adopted. In terms of this standard all share-options granted after 7 November 2002 must be recognised as an expense over the vesting period of the share-option. This resulted in a R6,7 million expense which was recognised in the current year.

GAAP requires the reversal of the sale of the black economic empowerment (BEE) transaction relating to African Cables, where the purchase consideration has not been fully paid for by the BEE partner and conditions are attached to the unpaid portion, notwithstanding that the legal effect of this transaction is in fact a sale. The earnings attributable to the BEE partner are included in arriving at the earnings attributable to shareholders in Reunert Limited and an equity instrument of R24,1 million, which values the BEE deal in terms of IFRS 2, has been expensed in arriving at operating profit in the current year. When dividends are paid to these BEE partners they are treated as an appropriation of profit.
During the year the International Financial Reporting Standard IFRS 3 (AC 140) on Business Combinations was adopted. In terms of this standard all existing negative goodwill at 1 October 2004 (R3,0 million) was transferred to

opening accumulated profit. Thereafter negative goodwill must be reflected in income in the year in which it arises. In addition, goodwill is no longer amortised, but is subjected to an annual impairment test.

The group's accounting policies are in accordance with South African GAAP and, except for the above changes, are consistent with those of the prior year. This report has been prepared in terms of AC 127 on Interim Financial Reporting.

Note 10

Acquisitions

In January 2005 the business of Nashua Direct, a division of Nashua Office Automation was merged with that of Kopano, an independent franchise dealing in Nashua products to form Kopano Copier Company (Pty) Limited, trading as Nashua Kopano. Nashua Direct contributed 74% of the net assets of the new business and Kopano 26%, the latter amounting to R5,6 million. The respective share holdings are in the same ratio.

Note 11

Restatement

The previous annual financial statements included a provision for debtors' recourse guarantee. This R46,6 million provision was no longer required following the realisation of RC&C Finance Company's debtors book in December 2003 and has been adjusted in the group statement of changes in equity. This amount had previously been reflected as a provision.

GROUP BALANCE SHEET

as at 30 September 2005

	Notes	2005 R million (Reviewed)	2004 R million (Audited) Restated
Non-current assets			
Property, plant and equipment		191,9	196,2
Goodwill		329,0	324,8
Investments and loans	6	116,2	109,9
RC&C Finance Company accounts receivable	7	726,0	391,5
Deferred taxation		42,4	56,2
		1 405,5	1 078,6
Current assets			
Inventory and contracts in progress		559,6	491,9
Accounts receivable and derivative assets		1 004,9	928,7
RC&C Finance Company accounts receivable	7	302,2	137,0
Cash and cash equivalents		784,4	451,3
		2 651,1	2 008,9
Total assets		4 056,6	3 087,5
Shareholders' funds			
Ordinary		1 452,8	982,4
Preference		0,7	0,7
		1 453,5	983,1
Outside shareholders in subsidiaries		42,5	39,7
		1 496,0	1 022,8
Non-current liabilities			
Deferred taxation		51,4	44,3
Long-term borrowings		111,4	-
Current liabilities			
Bank overdrafts and short-term portion of long-term borrowings		20,2	170,4
RC&C Finance Company short-term bank borrowings	8	866,8	314,1
Accounts payable, derivative liabilities, provisions and taxation		1 510,8	1 535,9
		2 397,8	2 020,4
Total equity and liabilities		4 056,6	3 087,5

SEGMENTAL ANALYSIS

for the year ended 30 September 2005

	2005 R million (Reviewed)	%	2004 R million (Audited)	%	% change
Revenue					
Electrical Engineering	1 986,7	25	1 456,7	20	36
Electronics					
Office systems	981,3	12	1 071,0	15	(8)
Consumer products and services	3 770,5	47	3 382,7	46	11
Telecommunications	993,0	12	931,8	13	7
Reutech	298,4	4	443,0	6	(33)
Total Electronics	6 043,2	75	5 828,5	80	4
Total operations	8 029,9	100	7 285,2	100	10
Less: Reunert's attributable portion of associate companies' revenue	(993,0)		(1 037,9)		13
Revenue as reported	7 036,9		6 247,3		
Operating profit before abnormal items and goodwill amortisation					
Electrical Engineering	324,0	31	217,1	25	49
Electronics					
Office systems	256,3	25	226,3	26	13
Consumer products and services	324,2	31	250,9	29	29
Telecommunications	131,9	13	130,2	15	1
Reutech	1,7	-	48,5	5	(96)
Total Electronics	714,1	69	655,9	75	9
Total operations	1 038,1	100	873,0	100	19
Less: Reunert's attributable portion of associate companies' net operating profit	(132,6)		(119,0)		
Operating profit before abnormal items and goodwill amortisation as reported	905,5		754,0		20

GROUP CASH FLOW INFORMATION

for the year ended 30 September 2005

	2005 R million (Reviewed)	2004 R million (Audited)
EBITDA	961,8	811,9
(Increase)/decrease in net working capital	(600,7)	804,5
(Increase)/decrease in RC&C Finance Company accounts receivable*	(499,7)	691,5
(Increase)/decrease in other working capital	(101,0)	113,0
Cash generated from operations	361,1	1 616,4
Net interest and dividends received (including dividends from associates)	119,4	65,1
Taxation paid	(364,9)	(313,5)
Dividends paid (including outside shareholders)	(307,1)	(268,1)
Net cash (outflow)/inflow from operating activities	(191,5)	1 099,9
Net fixed asset and intangible additions	(35,5)	(15,0)
Acquisition of subsidiaries, businesses and other investments	(3,2)	(239,4)
Share buyback	-	(476,6)
Long-term borrowings raised	130,0	-
Other (net)	49,4	17,2
Net (decrease)/increase in cash and cash equivalents	(50,8)	386,1
Net short-term borrowings at beginning of the year	(33,2)	(419,3)
Net short-term borrowings at end of the year	(84,0)	(33,2)
Cash and cash equivalents	784,4	451,3
Bank overdrafts	(1,6)	(170,4)
Cash and cash equivalents (net)	782,8	280,9
RC&C Finance Company short-term bank borrowings (refer note 8)	(866,8)	(314,1)
Net short-term borrowings at end of the year	(84,0)	(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

for the year ended 30 September 2005

	2005 R million (Reviewed)	2004 R million (Audited) Restated
Balance at beginning of the year as previously reported	933,5	1 156,5
Restatement (debtor recourse provision) (refer note 11)	46,6	46,6
Change in accounting policy (negative goodwill) (refer note 9)	3,0	-
Restated balance	983,1	1 203,1
Earnings attributable to ordinary shareholders in Reunert Limited	709,2	478,4
Dividends paid	(298,6)	(243,5)
Issue of shares in terms of Share Option Scheme	26,7	18,7
Share option reserve arising (refer note 9)	6,7	-
Reserve created on expensing of option to Powerhouse Utilities (refer note 9)	24,1	-
Reunert Limited shares bought back by subsidiary as part of the share buyback	-	(47,4)
Shares cancelled in terms of the share buyback	-	(429,2)
Change in accounting policy (negative goodwill) (refer note 9)	-	3,0
Fair value adjustments and other	2,3	-
Balance at end of the year	1 453,5	983,1

SUPPLEMENTARY INFORMATION

for the year ended 30 September 2005

R million (unless otherwise stated)	2005 (Reviewed)	2004 (Audited) Restated
Net asset value per share (cents) including goodwill	834	572
Net asset value per share (cents) excluding goodwill	645	383
Current ratio excluding interest-bearing current liabilities (-1)	1,8	1,3
Net number of ordinary shares in issue (million)	174,4	171,8
Number of ordinary shares in issue (million)	193,4	190,8
Less: Held by subsidiary (million)	(19,0)	(19,0)
Capital expenditure	55,0	48,8
- expansion	22,6	28,7
- replacement	32,4	20,1
Capital commitments	68,9	25,1
- contracted	42,6	22,4
- authorised not yet contracted	26,3	2,7
Commitments in respect of operating leases	50,7	36,4
Contingent liabilities	5,6	9,6

COMMENTS

The past year has been exceptional for Reunert. Strong domestic economic growth and the share buyback in September 2004 resulted in headline earnings per share increasing by 46% from 278 to 406 cents per share.

Total dividends increased by 39% to 222 cents per share and a final dividend of 170 cents per share has been declared.

Review of operations

ELECTRICAL ENGINEERING

Turnover grew by 36% to R2 billion while operating profit increased to R324 million up 49%.

Both CBI and African Cables experienced a period of outstanding growth. Residential and industrial construction continued to grow strongly and the necessary expansion in infrastructure for the distribution of electricity increased the demand for their products. ATC finally turned the corner and earned a modest profit with volumes increasing towards the end of the year.

ELECTRONICS

The divisions' turnover increased by 4% to R6,0 billion and operating profit grew 9% to R714 million.

Nashua's volumes grew by 22% in the multi-function machine market. Its aggressive entry into the colour laser printers resulted in significant market share gains in little over a year. The Finance Company discounted more deals than ever before and the book now exceeds the R1 billion mark after the sale of its receivables book in December 2003.

The consumer businesses, Nashua Mobile and RC&C Holdings, experienced strong demand with turnover growth of 11% to R3,8 billion and operating profit up 29% to R324 million.

Panasonic is recognised as South Africa's premier consumer electronics brand, while Futronic at the more affordable end made big inroads in the local market. The Akai brand was launched during the year and will focus on the middle range of the market.

Nashua Mobile has continued delivering quality service to more than 415 000 contract customers. Subsequent to the year-end a five-year agreement was entered into with Vodacom securing the future of this business. Nashua Mobile's aim is to continue as an independent service provider offering all three networks. Growth in the cellular phone market has been above expectations in recent years but inevitably this must fall off at some stage with resultant pressure on margins.

Siemens Telecommunications, in which Reunert holds a 40% share, experienced good order intake. Turnover on an attributable basis increased by 7% to R1 billion while operating profit increased to R132 million.

Reutech's defence businesses struggled and turnover dropped by 33% resulting in a significant reduction in operating profit to R2 million. While prospects for Reutech remain uncertain, today it forms a small part of the company's business.

Prospects

It remains our aim to grow headline earnings per share at a rate higher than inflation in a sustainable way. However, it is unlikely that this year's growth rate will be achieved in the coming financial year.

Directorate

During the year Derek Cooper resigned as chairman and director. The board records its great appreciation for his leadership, support and guidance and wishes him well in the future.

Martin Shaw was appointed chairman of the board. Kingsley Fuller joined the board in June 2005 and was appointed as chairman of the audit committee.

Reviewed results

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

Dividend

Notice is hereby given that final ordinary share dividend No 159 of 170 cents per share (2004: 120 cents per share) has been declared by the directors for the year ended 30 September 2005. In compliance with the requirements of STRATE, the following dates are applicable:

Last date to trade (cum dividend)	Friday, 13 January 2006
First date of trading (ex dividend)	Monday, 16 January 2006
Record date	Friday, 20 January 2006
Payment date	Monday, 23 January 2006

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 16 January 2006 and Friday, 20 January 2006, both days inclusive.

ON BEHALF OF THE BOARD

Martin Shaw

Chairman

Gerrit Pretorius

Chief executive

Sandton, 14 November 2005

Secretaries' certification: For the year ended 30 September 2005

The company has lodged with the Registrar all such returns as are required by a public company in terms of the Companies Act (Act 61 of 1973) as amended ("the Act").

John Simmonds

For Reunert Management Services Limited

Company secretaries

REUNERT LIMITED

Incorporated in the Republic of South Africa (Reg No 1913/004355/06)