REUNERT

REUNERT LIMITED

www.reunert.com

REVIEWED RESULTS

for the year ended 30 September 2007 and cash dividend declaration

Revenue up **16%**

Normalised headline earnings per share up **15%**

Annual cash dividend per share up **15%**

CONDENSED GROUP INCOME STATEMENT

For the year ended 30 September 2007

	Notes	2007 R million (Reviewed)	2006 R million (Audited)	% change
Revenue		9 574,4	8 236,4	16
Earnings before interest, tax, depreciation and amortisation (EBITDA)		1 393,0	1 335,9	4
Depreciation and amortisation		74,3	63,2	18
Operating profit before interest, dividends and abnormal items	1	1 318,7	1 272,7	4
Net interest and dividend income	2	54,8	64,9	(16)
Profit before abnormal items		1 373,5	1 337,6	3
Abnormal items	3	(447,6)	1,6	
Profit before taxation		925,9	1 339,2	(31)
Taxation	4	427,4	500,5	15
Profit after taxation		498,5	838,7	(41)
Share of associate companies' profits	2	148,4	95,2	56
Profit for the year		646,9	933,9	(31)
Profit for the year attributable to:				
Minority interests		7,6	11,1	(32)
Equity holders of Reunert Limited		639,3	922,8	(31)
		646,9	933,9	
Basic earnings per share (cents)	5	361,7	527,0	(31)
Diluted basic earnings per share (cents)	5	356,5	522,4	(32)
Headline earnings per share (cents)	5 & 6	272,4	524,6	(48)
Diluted headline earnings per share (cents)	5 & 6	268,4	520,0	(48)
Normalised headline earnings per share (cents)	5 & 6	570,3	495,3	15
Normalised diluted headline earnings per share (cents)	5 & 6	562,0	490,9	14
Cash dividend per ordinary share declared in respect of the current year (cents)		314,0	273,0	15
Special dividend per share declared (cents)		–	200,0	
Taxation rate excluding abnormal items and STC on the special dividend (%)		32,2	34,2	6
EBITDA as a % of revenue		14,5	16,2	(11)

CONDENSED GROUP BALANCE SHEET

As at 30 September 2007

	Notes	2007 R million (Reviewed)	2006 R million (Audited)
Non-current assets			
Property, plant and equipment and intangible assets		578,7	467,3
Goodwill	7	372,8	326,8
Investments and loans	8	727,9	148,8
RC&C Finance Company accounts receivable	14	–	985,3
Deferred taxation		37,9	59,1
		1 717,3	1 987,3
Current assets			
Inventory and contracts in progress		879,8	809,0
Accounts receivable and derivative assets		1 716,1	1 462,7
RC&C Finance Company accounts receivable	14	–	418,5
Non-current assets held for sale		–	2,6
Cash and cash equivalents	10	530,6	969,3
		3 126,5	3 662,1
Total assets		4 843,8	5 649,4
Equity attributable to equity holders of Reunert Limited			
Ordinary		2 468,3	1 680,2
Preference		0,7	0,7
		2 469,0	1 680,9
Minority interest		14,4	38,2
Total equity		2 483,4	1 719,1
Non-current liabilities			
Long-term borrowings	9	278,8	115,0
Deferred taxation		115,8	141,6
		394,6	256,6
Current liabilities			
Accounts payable, derivative liabilities, provisions and taxation		1 787,6	2 068,1
RC&C Finance Company bank borrowings	10	–	1 187,9
Shareholders for dividend		–	390,7
Bank overdrafts and short-term portion of long-term borrowings		178,2	27,0
		1 965,8	3 673,7
Total equity and liabilities		4 843,8	5 649,4

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2007

	Notes	2007 R million (Reviewed)	2006 R million (Audited)
Share capital and premium		90,8	76,9
Balance at the beginning of the year		76,9	49,4
Issue of shares		14,0	27,5
Shares cancelled in terms of buy-back of treasury shares – capital portion		(0,1)	–
Share-based payment reserve		649,9	40,4
Balance at the beginning of the year		40,4	30,8
Share-based payment expense		607,4	9,6
Contribution by Reunert to employees of joint venture and associate in terms of broad based scheme		2,1	–
Treasury shares	11	(276,1)	(282,0)
Balance at the beginning of the year		(282,0)	(282,0)
Shares cancelled in terms of buy-back of treasury shares – capital portion		0,1	–
Shares cancelled in terms of buy-back of treasury shares – dividend portion		5,8	–
Non-distributable reserves		7,3	3,7
Balance at the beginning of the year – restated		3,7	5,4
Balance at the beginning of the year – as previously reported		104,8	67,3
Share of associate company's retained earnings at the beginning of the year transferred to retained earnings	12	(101,1)	(61,9)
Transfer from retained earnings – restated		–	–
Transfer from retained earnings – as previously reported		–	39,2
Transfer from retained earnings reversed	12	–	(39,2)
Translation reserve		(0,3)	0,8
Reunert's share of equity-accounted associate's actuarially valued surplus of medical aid provision		3,9	–
Fair value adjustments		–	(2,5)
Retained earnings		1 997,1	1 841,9
Balance at the beginning of the year – restated		1 841,9	1 758,1
Balance at the beginning of the year – as previously reported		1 740,8	1 696,2
Share of associate company's retained earnings at the beginning of the year transferred from non-distributable reserves	12	101,1	61,9
Profit for the year		639,3	922,8
Transfer to non-distributable reserves – restated		–	–
Transfer to non-distributable reserves – as previously reported		–	(39,2)
Transfer to non-distributable reserves reversed	12	–	39,2
Cash dividends declared		(478,3)	(839,0)
Shares cancelled in terms of buy-back of treasury shares – dividend portion		(5,8)	–
Equity attributable to equity holders of Reunert Limited		2 469,0	1 680,9
Minority interest		14,4	38,2
Balance at the beginning of the year		38,2	43,0
Profit for the year		7,6	11,1
Dividends declared		(4,5)	(15,9)
Net movement in minorities		(26,9)	–
Total equity at end of the year		2 483,4	1 719,1

CONDENSED GROUP CASH FLOW STATEMENT

For the year ended 30 September 2007

	Notes	2007 R million (Reviewed)	2006 R million (Audited)
EBITDA		1 393,0	1 335,9
Increase in net working capital		(739,7)	(628,4)
Increase in RC&C Finance Company accounts receivable up to date of transfer	14	(300,7)	(375,6)
Increase in other working capital		(439,0)	(252,8)
Cash generated from operations		653,3	707,5
Net interest and dividend income (including associates)		200,8	120,9
Taxation paid		(568,6)	(347,4)
Dividends paid (including to minorities)		(879,3)	(464,2)
Other (net)		23,7	(4,3)
Net cash flows from operating activities		(570,1)	12,5
Net cash flows from investing activities		1 008,6	(185,7)
Net cash flows from financing activities		274,5	27,0
Increase/(decrease) in net cash resources		713,0	(146,2)
Net short-term bank borrowings at beginning of the year		(230,2)	(84,0)
Net cash resources at end of the year		482,8	(230,2)
Cash and cash equivalents		530,6	969,3
Bank overdrafts		(47,8)	(11,6)
Net cash resources excluding RC&C Finance Company bank borrowings	10	482,8	957,7
RC&C Finance Company bank borrowings	10	–	(1 187,9)
Net cash resources including RC&C Finance Company bank borrowings at end of the year		482,8	(230,2)

SUPPLEMENTARY INFORMATION

For the year ended 30 September 2007

R million (unless otherwise stated)	Notes	2007 (Reviewed)	2006 (Audited)
Net asset value per share (cents)		1 390	953
Current ratio excluding interest-bearing current liabilities (:1)		1,7	1,5
Net number of ordinary shares in issue (million)		177,7	176,3
Number of ordinary shares in issue (million)		196,2	195,3
Less: Held by subsidiary (million)	11	(18,5)	(19,0)
Capital expenditure		149,0	194,3
– expansion		86,9	134,1
– replacement		62,1	60,2
Capital commitments in respect of property, plant and equipment		80,2	108,2
– contracted		54,5	56,2
– authorised not yet contracted		25,7	52,0
Commitments in respect of operating leases		97,1	84,0
Contingent liabilities		–	3,7

CONDENSED SEGMENTAL ANALYSIS

For the year ended 30 September 2007

	2007 R million (Reviewed)	%	2006 R million (Audited)	%	% change
Revenue*					
Electrical Engineering**	3 315,1	29	2 573,7	27	29
Electronics					
Office Systems	1 224,1	11	1 234,8	13	(1)
Consumer products and services	4 592,2	41	4 109,0	43	12
Telecommunications	1 712,9	15	1 285,7	14	33
Reutech	490,5	4	317,3	3	55
Total electronics	8 019,7	71	6 946,8	73	15
Total operations	11 334,8	100	9 520,5	100	19
Less: Reunert's attributable portion of associate companies' revenue	(1 760,4)		(1 284,1)		
Revenue as reported	9 574,4		8 236,4		16

*Inter-segment revenue is immaterial and has not been disclosed.

**Revenue includes an amount of R96,3 million for inventory sold at book value from ATC (Pty) Limited (ATC) to CBI-Electric Aberdare ATC Telecom Cables (Pty) Limited (ATC/Aberdare Joint Venture).

	2007 R million (Reviewed)	%	2006 R million (Audited)	%	% change
Operating profit					
Electrical engineering	553,9	36	552,1	39	–
Electronics					
Office Systems	306,5	20	314,1	22	(2)
Consumer products and services	368,2	24	374,5	27	(2)
Telecommunications	211,2	13	142,9	10	48
Reutech	109,2	7	30,4	2	259
Total Electronics	995,1	64	861,9	61	15
Total operations	1 549,0	100	1 414,0	100	10
Less: Reunert's attributable portion of associate companies' net operating profit	(230,3)		(141,3)		
Operating profit as reported	1 318,7		1 272,7		4

NOTES

	2007 R million (Reviewed)	2006 R million (Audited)
Note 1		
Operating profit before interest, dividends and abnormal items		
Operating profit is stated after:		
– Cost of sales	6 763,1	5 647,9
– Other expenses excluding depreciation and amortisation	1 369,8	1 401,6
– Other income	(52,4)	(15,7)
– Realised loss /(profit) on foreign exchange and derivative instruments	106,9	(65,6)
– Unrealised profit on foreign exchange and derivative instruments	(6,0)	(67,7)
Note 2		
Net interest and dividend income		
Interest received	104,3	92,9
– From RC&C Finance Company (Pty) Limited (RCCF) up to date of transfer (refer to note 14)	43,5	57,2
– External	60,8	35,7
Interest paid	(57,2)	(34,9)
Dividend income other than from associate companies	7,7	6,9
Total	54,8	64,9
Dividend income from associate companies included in share of associate companies' profits	146,0	56,0
Note 3		
Abnormal items		
Net surplus on dilution in (refer to note 14) and disposal of business	118,1	5,0
Surplus on sale of non-current assets to the ATC/Aberdare Joint Venture	34,5	–
Black Economic Empowerment (BEE) expense - share-based payment (refer to note 11)	(556,6)	–
Share-based payment expense in terms of broad based scheme to group employees (refer to note 11)	(42,2)	–
Net impairments	(1,4)	(3,4)
Total before taxation	(447,6)	1,6
Taxation	14,7	–
Minority interest	0,2	–
Total	(432,7)	1,6
Note 4		
Taxation		
The tax charge for 2006 includes Secondary Tax on Companies of R43,7 million in respect of the special dividend.		
Note 5		
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)	176,7	175,1
Adjusted by the dilutive effect of:		
- Unexercised share options granted (millions of shares)	1,5	1,5
- The notional unencumbered Reunert Limited (Reunert) shares held by Bargenel Investments Limited (Bargenel) (millions of shares)*	1,1	–
Weighted average number of shares used to determine diluted basic, diluted headline, and normalised diluted headline earnings per share (millions of shares)	179,3	176,6

*The notional unencumbered Reunert shares represent the number (based on the year end share price) of the 18,5 million treasury shares held by Bargenel that could be settled out of the year end equity value of Bargenel.

	2007 R million (Reviewed)	2006 R million (Audited)
Note 6.1		
Headline earnings		
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:		
Profit attributable to equity holders of Reunert – IAS 33 basic earnings	639,3	922,8
Net surplus on dilution in and disposal of business	(118,1)	(5,0)
Surplus on disposal of property, plant and equipment and intangible assets	(35,2)	(2,6)
Net impairments	1,4	3,4
Minority effect of adjustments (nil due to rounding)	–	–
Taxation effect of adjustments	(6,1)	–
Headline earnings	481,3	918,6
Note 6.2		
Normalised headline earnings are determined by eliminating the effect of the following items in attributable headline earnings:		
Headline earnings	481,3	918,6
BEE expense – share-based payment	556,6	–
Share-based payment expense in terms of broad based scheme to group employees	42,2	–
BEE share of headline and normalised headline earnings adjustments	8,2	–
Contribution by Reunert to employees of joint venture and associate	2,1	–
Minority effect of adjustments	(0,1)	–
Taxation effect of adjustments	(9,1)	–
	1 081,2	918,6
Interest in profit that is economically attributable to BEE partners (refer to note 11)	(73,5)	(51,4)
Normalised headline earnings (basic and diluted)	1 007,7	867,2
Note 7		
Goodwill		
Carrying value at the beginning of the year	326,8	329,0
Acquisitions of businesses and minority interests	45,7	1,2
Negative goodwill taken to profit in terms of IFRS 3	1,1	–
Impairments	(0,8)	(3,4)
Carrying value at the end of the year	372,8	326,8
Note 8		
Investments and loans		
Unlisted associate companies - at cost plus equity-accounted earnings excluding goodwill (refer to note 14)	400,3	126,0
Other unlisted investments – at cost	7,0	0,3
Loans – at cost	54,5	22,5
Long-term accounts receivable	266,1	–
Total carrying value	727,9	148,8
Directors' valuation of unlisted investments		
– Unlisted associate companies	908,0	520,0
– Other unlisted investments	7,0	0,3
Note 9		
Long-term borrowings		
Total long-term borrowings (including finance leases)	386,9	115,9
Less: Short-term portion (including finance leases)	(130,4)	(15,4)
	256,5	100,3
Loan repaid by BEE partner*	22,3	14,5
	278,8	115,0

The long-term borrowings in the current year is an obligation to RCCF, which is now owned by Quince Capital Holdings (Pty) Limited (Quince), an equity-accounted associate. Various operations in the group dealing in office equipment discounted debtors with RCCF on the basis that the risk of bad debts is carried by the Reunert group operations. In terms of current accounting practice, these debtors cannot be derecognised by the Reunert group operations, accordingly the long-term portion of the debtors are included in long-term accounts receivable (refer to note 8), the short-term portion in accountsreceivable and the outstanding balance of cash received from RCCF in long-term borrowings.

The group entered into an agreement with Powerhouse Utilities (Pty) Limited (Powerhouse), whereby on 1 December 2004, 25,1% of the A shares of 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 loan has not been fully paid 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 borrowings in the prior year related to funding provided by Nedbank Limited (Nedbank) to Powerhouse for their purchase of 25,1% of the A shares of ATC. The loan was guaranteed by Reunert and in terms of current accounting practice for this transaction, was recognised on the Reunert balance sheet. The Nedbank loan was repaid by Reunert on 1 June 2007, with the effect that the loan is now payable by Powerhouse to Reunert and is disclosed as an investment in subsidiary.

*Loan repaid by the BEE partner represents a portion of the dividends paid by ATC to Powerhouse, which were used to repay a portion of the loan. In terms of current accounting practice, this is to be reflected as a long-term liability on the Reunert balance sheet. When the significant risks and rewards of ownership in the equity of ATC are deemed to have passed to the BEE partner, this portion of the loan repaid by Powerhouse will be transferred to minority interest.

NOTES

	2007 R million (Reviewed)	2006 R million (Audited)
Note 10		
Group cash resources/borrowings		
Total RCCF borrowings at the end of the year (refer to note 14)	**–**	1 254,3
Less: Funded out of other Reunert cash resources (see below)	**–**	(66,4)
RCCF bank borrowings at end of year (refer to note 14)	**–**	1 187,9
Total Reunert net cash resources at the end of the year	**482,8**	1 024,1
Less: Utilised to fund RCCF (see above) (refer to note 14)	**–**	(66,4)
	482,8	957,7
Add: Bank overdrafts	**47,8**	11,6
Cash and cash equivalents	**530,6**	969,3

Note 11

BEE Transactions

The BEE deal of Reunert was approved by shareholders on 6 February 2007. Due to the sale of Bargenel to the BEE partners, the shareholders of Peotona Group Holdings (Pty) Limited (Peotona) and the Rebatona Educational Trust, a share-based payment expense (IFRS 2) of R556,6 million has been recognised. The sale by Bargenel, which holds 18,5 million shares in Reunert was done at a 10% discount on the Reunert share price. 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 disposal 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 did not participate in any other share incentive scheme were awarded 100 Reunert shares each which will be held in a trust for a period of five years. The employees will only be able to sell the shares after five years, but have full rights to receive all dividends declared during the five-year period. The resultant expense to the Reunert group has 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. A deferred tax asset has been raised as a result of the future tax deduction.

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 have 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:

	2007	2006
– Interest in current year profit that is economically attributable to BEE partners	**73,5**	51,4
– Balance sheet interest that is economically attributable to BEE partners	**161,8**	106,3

Note 12

Basis of preparation

These condensed group financial statements have been prepared in terms of IAS 34 *"Interim Financial Reporting"* as well as in compliance with 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, with the following exception: The group's share of the associate company's retained earnings were previously transferred to a non-distributable reserve. This policy has been changed and the effect on the prior years' retained earnings and non-distributable reserves have been shown in the statement of changes in equity.

Note 13

Unconsolidated subsidiary

The financial results of Cafca Limited (Cafca), 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 to the group's results.

Note 14

Major corporate activity

ATC/Aberdare Joint Venture

A new joint venture was formed between the telecom cable divisions of ATC and Aberdare Cables (Pty) Limited (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 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).

Acquisition of Nashua Franchises

With effect from 1 April 2007, Nashua Holdings Limited (Nashua) purchased 51% of the Eastern Cape Nashua franchise. Nashua provided R11,8 million of loan finance to the other shareholders. In addition, effective from 1 June 2007, Nashua acquired 51% of the Tshwane franchise. Nashua has provided loan finance of R10,8 million to the other shareholders.

Acquisition of EADS's shares in Reutech Radar Systems (RRS)

With effect from 1 July 2007, Reunert bought the 36,5% shareholding EADS owned in RRS for R31,5 million making it a 100% owned subsidiary.

	Aberdare Rm	Nashua Franchises Rm	Reutech Radar Systems Rm	Group Rm
Net assets acquired:				
Property, plant and equipment	53,2	15,9	–	69,1
Intangible assets	1,6	–	–	1,6
Goodwill	10,7	25,7	10,2	46,6
Inventory	–	4,7	–	4,7
Accounts receivable	–	12,9	–	12,9
Net cash	6.8	1,4	–	8,2
Payables and provisions	–	(14,5)	–	(14,5)
Long-term loans	–	(24,1)	–	(24,1)
Receiver of Revenue	–	(0,3)	–	(0,3)
Deferred tax	(10,7)	0,5	–	(10,2)
Outside shareholders' interest	–	0,4	21,3	21,7
Cost of investment	61,6	22,6	31,5	115,7
Profit since acquisition	–	3,6	–	3,6
Revenue for the full year ended 30 September 2007 as though the acquisition date had been 1 October 2006	–	108,6	–	108,6
Profit for the full year ended 30 September 2007 as though the acquisition date had been 1 October 2006	–	2,9	–	2,9

RCCF

With effect from 1 May 2007 RCCF became a wholly-owned subsidiary of Quince. In terms of the deal Reunert sold the entire share capital of RCCF to Quince, a then wholly-owned subsidiary of Reunert, at a value of R375 million in exchange for additional shares in Quince. Quince then issued further shares to PSG and individuals for cash which diluted the Reunert shareholding in Quince. This transaction has resulted in Reunert recognising a profit on dilution of its shareholding in Quince of R118,1 million. Quince is now regarded as an associate company and its results have been equity-accounted for in Reunert's group results. Quince has been granted a bridging bank loan facility amounting to R1,4 billion and is finalising 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.

Financial effect of the RCCF transfer to Quince:	**Rm**
Net assets transferred	149,8
Attributable portion of goodwill arising in Quince on this transaction	107,1
Surplus on dilution (refer to note 3)	118,1
Transfer value of shares in Quince	375,0

COMMENT

In the past year Reunert's normalised headline earnings per share increased by 15% to 570,3 cents. Revenue grew by 16% to R9,6 billion, while operating profit increased marginally by 4% to R1,319 billion. The contribution from associates, mainly our 40% interest in Siemens Telecommunications (Pty) Limited, was up by 56% to R148 million.

Net cash at the end of the year amounted to R483 million despite having paid out R879 million to shareholders by way of special (R353 million) and normal (R526 million) dividends during the year.

REVIEW OF OPERATIONS

Electrical Engineering

The Electrical Engineering division, CBI-Electric, increased revenue by a pleasing 29% to R3,3 billion. However, operating profit of R554 million was similar to that achieved a year ago.

On 1 February 2007 the merger between ATC and the telecommunications cables business of Altron became effective. The results of the joint venture have been proportionately consolidated since that date.

Telecommunications cables exceeded our expectations despite the dilutionary effect of the loss of 50% of the profit since the merger with Altron's telecommunications cable business. The merger increased capacity and gave the business an economy of scale and an expanded order book. Demand increased from existing wire line operators and the second network operator, Neotel, started to add volume to the business. Vodacom and MTN, being allowed to self provide, will shortly roll out their own fibre optic transmission networks.

Revenue growth in our energy cable operation was particularly strong, resulting in improved margins. A programme to modernise and increase capacity in the facility started two years ago and was completed in September. Unfortunately, some of the benefit in margin was lost due to industrial action that lasted about four weeks.

Two new product lines were added and, given the continued strong demand for energy cables, the next reporting period should see a continued strong performance from this business.

The low-voltage business of CBI-Electric took strain during the year. Revenue was flat and operating margins came under pressure mainly because of increases in material cost and more competition in the market place.

Action has been taken to increase efficiency in the manufacturing process and reduce material costs by improving procurement practices. Marketing efforts have been stepped up in order to reclaim some of the market share lost on the residential side to Chinese imports. Thus far indications are that the corrective steps taken have been effective.

The performance of our Australian operation has been disappointing and management changes have been made which are expected to yield results.

Electronics

In the Electronics division revenue increased by 15% to R8 billion, including associate revenue of R1,8 billion. Operating profits increased by 15% to R995 million.

The Nashua group consisting of Nashua (office systems), Nashua Mobile (telecommunications service provider) and Nashua Electronics (distributor of the Panasonic range of products) now all benefit from promoting the valuable Nashua brand.

Nashua (office systems) maintained volumes, but margins declined. The rapid decline of the rand against the euro and our inability, in the short-term, to increase prices to customers, affected the bottom line negatively. In addition, in one particular category of the market our product offering was not competitive. Both these problems have been addressed and margins and revenues should be restored in the future.

Our stated strategy to get closer to our customers is slowly being implemented and, to date, we have acquired majority interests in the franchises in Tshwane and Eastern Cape. This process is ongoing and we hope to acquire interests in at least two more franchises during 2008.

Acuo Technologies, Nashua's software integration business enabled Nashua to undertake projects and services higher up the technology chain. We believe these initiatives will enable us to be more competitive, thereby retaining our position as the number one supplier of office systems in the country.

Revenue in the Consumer Products and Services segment, which includes Nashua Mobile and Nashua Electronics, increased by 12% to R4,6 billion, however operating profit declined marginally to R368 million. Nashua Mobile had an excellent year increasing both sales and operating profits in excess of 17%. However, the consumer electronics business struggled to grow sales in a fiercely competitive market. Although trading profitably, operating profit was substantially lower.

It is expected that Nashua Electronics and in particular its consumer electronics business will face another tough year. Nashua Mobile on the other hand, is well positioned to produce good results.

Reutech, the defence business, had an excellent year contributing 7% (R109 million) (2006: R30 million) to Reunert's operating profit. Revenue increased by 55% to R490 million. Indications are that future demand from the South African National Defence Force will ensure Reutech remains viable. Products that have been developed over the past five years are now nearing the production phase and should contribute meaningfully. Exports of airborne radios and electronic fuzes continued at an acceptable level and we are confident that these markets will provide a reasonable base in future.

Reutech Radar Systems has developed a product that detects moving slope walls in open pit mines. With mining safety becoming all-important, we are well positioned to benefit from this addition to our product portfolio. Systems have been sold to mining operations in South Africa, Australia and South America.

Associates

Siemens Telecommunications (Pty) Limited had its best year ever, contributing in excess of R120 million after tax profits. Effective 1 April 2007, Siemens merged their telecommunications operations with the networks businesses of Nokia to form Nokia Siemens Networks. We continue to own 40% of Nokia Siemens Networks South Africa (Pty) Limited.

Competitive pressures in the market for telecommunications infrastructure products are increasing and it is highly unlikely that the same result will be achieved in the 2008 financial year. However, our position in the market remains very strong and, if anything, the new entity is better equipped to counter any attacks from the opposition.

Apart from the traditional RCCF business (financing of office equipment) Quince also offers bridging finance (ZS Rationale) and lending against scrip (Scripfin). A capital injection of R379 million provided by the PSG Group in exchange for roughly 50% of the business has resulted in Quince being over capitalised in the short term. As foreseen, the contribution from Quince was dilutive compared to the wholly owned RCCF. This may continue for as long as Quince has excess capital. We anticipate that this position will reverse during the new year.

Prospects

The local economic environment is characterised by efforts to curb consumer spending on the one hand and published intentions to invest vast sums of money on improving the infrastructure on the other.

Rising interest rates, food and oil prices coupled with the requirements of the National Credit Act are definitely slowing down consumer spending. The overall effect is to reduce demand, thus slowing growth. Margin pressure is inevitable.

On the fixed investment side, construction is booming with the exception of residential property. The Gautrain project is going ahead and the airport expansion projects and building of stadia are underway. Eskom has announced plans and, in certain cases, issued tenders to increase capacity – as has Transnet. The mining industry, especially platinum, continues to expand. We are well positioned to benefit from these developments. In particular our low voltage and cable businesses are well entrenched as suppliers and our electrical businesses have the products and capacity to meet increased demand.

On balance, we believe that the investments into the infrastructure will more than offset the slowdown in consumer spending, assisting Reunert to achieve real earnings growth.

REVIEWED RESULTS

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

DIRECTORATE

Ms ND Orleyn was appointed to the board effective 23 May 2007.

CASH DIVIDEND

Notice is hereby given that a final cash dividend, No 163, of 241 cents per share (2006: 210 cents per share) has been declared by the directors for the year ended 30 September 2007. In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade *(cum dividend)*	Friday, 11 January 2008
First date of trading *(ex dividend)*	Monday, 14 January 2008
Record date	Friday, 18 January 2008
Payment date	Monday, 21 January 2008

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 14 January 2008 and Friday, 18 January 2008, both days inclusive.

On behalf of the board

Martin Shaw
Chairman

Gerrit Pretorius
Chief Executive

Sandton, 21 November 2007

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, ND Orleyn*, DJ Rawlinson, Dr JC van der Horst * *Non-executive

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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 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 year ended 30 September 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 Secretaries

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For more information on

REUNERT

REUNERT LIMITED

visit our website at www.reunert.com

BASTION GRAPHICS