

# UNAUDITED GROUP RESULTS

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## UNAUDITED GROUP RESULTS AND CASH DIVIDEND DECLARATION

for the six months ended 31 March 2014

## REUNERT

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REUNERT LIMITED

Incorporated in the Republic of South Africa

Reg. No 1913/004355/06

Ordinary share Code: RLO

ISIN code: ZAE000057428

("Reunert", "the group" or "the company")



# COMMENTARY

On 14 April 2014 Reunert announced that its subsidiary, Nashua Mobile, had entered into separate and distinct agreements with MTN and Vodacom to dispose of its subscriber bases. As a consequence of this announcement, Nashua Mobile has been presented as a discontinuing operation in these results.

Normalised headline earnings per share from the group, including Nashua Mobile, has decreased by 8% from 256,5 cents to 237,2 cents.

Revenue from continuing operations increased by 14% to R3,7 billion, whilst operating profit increased from R449,2 million to R477,2 million. Basic earnings per share and headline earnings per share from continuing operations increased by 3% to 200,9 cents and 201,3 cents respectively.

Normalised headline earnings per share from continuing operations increased by 3% from 194,0 cents to 200,0 cents.

## REVIEW OF OPERATIONS

### CBI-ELECTRIC

Revenue from the electrical businesses increased by 12% to R1,8 billion, mainly as a result of increased sales by the energy cables business. Although revenue increased, operating profit decreased by 8% to R214,6 million as a result of margin pressure and change in product mix.

The low voltage business delivered stable revenue from its local market, but offshore operations remained under pressure. Further, higher material input costs due to the weaker rand resulted in lower margins. The solutions' business was awarded a number of contracts in the renewable energy sector, which increased revenues, although the work was performed at relatively lower margins.

In the energy cable business the continued delays in infrastructure projects had a negative impact on the activity levels of the power installation division. The tragic accident at the Ingula Pump Station site resulted in a halt in construction, which further affected this operation. The energy cable manufacturing operation was negatively affected by industrial action, which delayed certain sales. Pleasingly, the contribution from revenues recorded from the renewable energy sector more than offset the above adverse effects, although margin pressure continues to be experienced by the business.

The telecommunications cables operation had another slow six months with revenue and operating profit remaining flat.

### NASHUA

Revenue increased by 3% to R3,4 billion for the Nashua segment as a whole. However, excluding Nashua Mobile, revenue increased by 10% to R1,6 billion. Operating profit from continuing operations increased by 11% to R204,4 million, whilst operating profit, including Nashua Mobile, decreased by 8% to R290 million.

Nashua Office Automation reported an increase of 19% in revenue, which was principally due to the acquisition of Nashua North and Prodoc Svenska AB, our acquisition in Sweden. Nashua Office Automation managed to limit the impact of the weakening Rand on its margins.

## COMMENTARY CONTINUED

Revenue for Nashua Mobile decreased by 5%, as a result of continued price deflation in the mobile industry, as well as the impact of the reduced incentives received from the service providers.

Nashua Communications reported a marginal decrease in revenue. The sales and installations of our VoIP solution continue to strengthen, while the Siemens/Unify business remains subdued. The business of Nashua Communications was right-sized in October 2013, which resulted in once-off restructuring costs being incurred. As a consequence of these costs, operating profits were slightly down on the prior year.

Pansolution's revenue and operating profit declined marginally as the market remained highly competitive.

Quince, the segment's financing operation, delivered a strong performance with increased revenue and operating profits. The rental book increased to R1,9 billion over the prior reporting period due in the main to the rental book acquired from Nashua North.

## REUTECH

Reutech revenues increased by 28% over the prior period from R380,5 million to R487,7 million. This growth was delivered by all operations in the segment, with the exception of Fuchs. Operating profit increased by 58% to R77,9 million, due to the higher revenues as well as the once-off integration costs associated with the SAAB Grintek acquisition in 2013 not being repeated.

## PROSPECTS

Looking forward, Reunert will continue to pursue earnings growth, both organically and through synergistic acquisitions. However, given the sluggish economy, organic growth is expected to remain challenging. Consequently, the group will also retain its focus on rigorous cost control, effective cash management and the extraction of efficiencies from its businesses.

The financial information on which the above is based has not been reviewed or reported on by the company's external auditors.

## DIRECTORATE

With effect from 21 November 2013 Messrs Alan Dickson and Mark Taylor were appointed to the board as executive directors.

With effect from 26 November 2013 Ms Sarita Martin was appointed to the board and the audit and risk committees.

Mr Johannes van der Horst retired from the board on 17 February 2014, having reached mandatory retirement age. The board extends its sincere appreciation to him for his exemplary service over the years and wishes him and his wife all the best in their retirement.

Ms Louisa Mojela did not make herself available for re-election to the board at the AGM on 17 February 2014.

## CASH DIVIDEND

Notice is hereby given that a gross interim cash dividend No 176 of 95 cents per ordinary share (2013: 95 cents per share) has been declared by the directors for the six months ended 31 March 2014.

The dividend has been declared from income reserves and no secondary tax on companies' credits have been used.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from, or who do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 15% thus amounts to 80,75 cents per share.

The issued share capital at the declaration date is 187 256 746 ordinary shares. Reunert's income taxation reference number is 9100/101/71/7P.

In compliance with the requirements of Strate, the following dates are applicable:

Last date to trade (cum dividend)	Thursday, 12 June 2014
First date of trading (ex dividend)	Friday, 13 June 2014
Record date	Friday, 20 June 2014
Payment date	Monday, 23 June 2014

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 13 June 2014 and Friday, 20 June 2014, both days inclusive.

On behalf of the board



**Trevor Munday**  
*Chairman*

Sandton

19 May 2014



**David Rawlinson**  
*Chief Executive*



**Manuela Krog**  
*Chief Financial Officer*

## FINANCIAL INFORMATION

## Summarised group income statement

R million	Notes	Six months ended 31 March		% change	Year ended 30 September 2013 (Audited) (Restated)*
		2014 (Unaudited)	2013 (Unaudited) (Restated)*		
<b>Revenue</b>		<b>3 681,7</b>	3 242,5	14	7 246,7
Earnings before interest, taxation, depreciation, amortisation, other income and dividends		<b>514,9</b>	495,2	4	1 174,6
Other income		<b>14,2</b>	14,1		41,9
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		<b>529,1</b>	509,3	4	1 216,5
Depreciation and amortisation		<b>51,9</b>	60,1		114,0
Operating profit	1	<b>477,2</b>	449,2	6	1 102,5
Net interest and dividend income	2	<b>(7,8)</b>	9,3		11,6
Profit before taxation		<b>469,4</b>	458,5	2	1 114,1
Taxation		<b>137,0</b>	136,1		313,2
Profit after taxation		<b>332,4</b>	322,4	3	800,9
Share of joint ventures' profit	11	<b>0,5</b>	0,9		10,1
Profit for the period from continuing operations		<b>332,9</b>	323,3	3	811,0
Profit for the period from discontinuing operation	3	<b>60,4</b>	101,8	(41)	161,8
<b>Profit for the period</b>		<b>393,3</b>	425,1	(7)	972,8
<b>Profit attributable to:</b>					
Non-controlling interests		<b>3,7</b>	4,6	(20)	13,8
Equity holders of Reunert – from continuing operations		<b>329,2</b>	318,7	3	797,2
Equity holders of Reunert – from discontinuing operation		<b>60,4</b>	101,8	(41)	161,8
Basic earnings per share from continuing operations (cents)	4 & 5	<b>200,9</b>	195,6	3	488,6
Diluted earnings per share from continuing operations (cents)	4 & 5	<b>198,7</b>	193,3	3	484,0
Basic earnings per share (cents)	4 & 5	<b>237,8</b>	258,1	(8)	587,8
Diluted earnings per share (cents)	4 & 5	<b>235,1</b>	255,2	(8)	582,3

\* Restated to reflect the reallocation of the results of Nashua Mobile Proprietary Limited (Nashua Mobile) to profit from discontinuing operation and the adoption of the consolidation suite of accounting standards. Refer to Notes 3, 10 and 11 for additional information. The results before restatement reported for 30 September 2013 have been audited, although the restatements are unaudited.

## SUMMARISED GROUP INCOME STATEMENT CONTINUED

Cents	Notes	Six months ended 31 March		% change	Year ended 30 September 2013 (Audited)
		2014 (Unaudited)	2013 (Unaudited)		
<b>Other measures of earnings per share from continuing operations</b>					
Headline earnings per share	4 & 5	201,3	195,7	3	484,0
Diluted headline earnings per share	4 & 5	199,1	193,4	3	479,5
Normalised headline earnings per share	4 & 5	200,0	194,0	3	469,9
Diluted normalised headline earnings per share	4 & 5	197,9	191,7	3	465,4
<b>Other measures of earnings per share</b>					
Headline earnings per share	4 & 5	238,5	258,2	(8)	583,2
Diluted headline earnings per share	4 & 5	235,8	255,2	(8)	577,7
Normalised headline earnings per share	4 & 5	237,2	256,5	(8)	569,1
Diluted normalised headline earnings per share	4 & 5	234,6	253,5	(7)	563,7
<b>Cash dividend per ordinary share declared</b>		95,0	95,0	-	370,0

## Summarised group statement of comprehensive income

R million	Six months ended 31 March		Year ended 30 September 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)	
Profit for the period	393,3	425,1	972,8
Other comprehensive income, net of taxation:			
<b>Items that may be reclassified subsequently to profit or loss</b>			
(Losses)/Gains arising from translating the financial results of foreign subsidiaries	(0,1)	3,2	4,9
<b>Total comprehensive income</b>	393,2	428,3	977,7
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests	3,7	4,6	13,8
Equity holders of Reunert	389,5	423,7	963,9

## Summarised group balance sheet

R million	Notes	31 March 2014 (Unaudited)	31 March 2013 (Unaudited) (Restated)*	30 September 2013 (Audited) (Restated)*
<b>Non-current assets</b>				
Property, plant and equipment and intangible assets		724,3	637,6	712,5
Goodwill	7	859,3	695,2	792,2
Investments and loans	8	86,2	106,2	128,7
Investments in joint ventures		160,7	160,8	170,1
Rental and finance lease receivables		1 355,0	1 186,7	1 378,2
Deferred taxation		52,6	28,5	55,3
		3 238,1	2 815,0	3 237,0
<b>Current assets</b>				
Inventory and contracts in progress		1 062,0	972,6	1 083,9
Rental and finance lease receivables		642,7	722,2	792,5
Accounts receivable, derivative assets and taxation		1 532,2	1 461,3	1 648,0
Cash and cash equivalents		463,1	754,7	611,2
Assets held for sale	3	874,7	–	–
		4 574,7	3 910,8	4 135,6
<b>Total assets</b>		<b>7 812,8</b>	<b>6 725,8</b>	<b>7 372,6</b>
<b>Equity attributable to equity holders of Reunert</b>				
Ordinary		4 839,9	4 449,0	4 877,9
Preference		–	0,7	–
		4 839,9	4 449,7	4 877,9
Non-controlling interests		73,8	52,5	59,4
<b>Total equity</b>		<b>4 913,7</b>	<b>4 502,2</b>	<b>4 937,3</b>
<b>Non-current liabilities</b>				
Deferred taxation		64,7	113,6	131,7
Long-term borrowings	9	24,9	26,7	24,9
		89,6	140,3	156,6
<b>Current liabilities</b>				
Accounts payable, derivative liabilities, provisions and taxation		1 496,8	1 857,3	1 908,7
Bank overdrafts, short-term loans and current portion of long-term borrowings (including finance leases)		816,0	226,0	370,0
Liabilities associated with assets held for sale	3	496,7	–	–
		2 809,5	2 083,3	2 278,7
<b>Total equity and liabilities</b>		<b>7 812,8</b>	<b>6 725,8</b>	<b>7 372,6</b>

\* Restated to reflect the adoption of the consolidation suite of accounting standards. Refer to Notes 10 and 11 for additional information. The results before restatement reported for 30 September 2013 have been audited, although the restatements are unaudited.



## Summarised group cash flow statement

R million	Six months ended 31 March		Year ended 30 September
	2014 (Unaudited)	2013 (Unaudited) (Restated)*	2013 (Audited) (Restated)*
EBITDA	620,2	646,3	1 438,6
EBITDA from continuing operations	529,1	509,3	1 216,5
EBITDA from discontinuing operation	91,1	137,0	222,1
(Increase)/decrease in net working capital	(75,3)	113,2	(149,2)
Other (net)	(1,5)	1,9	(10,7)
Cash generated from operations	543,4	761,4	1 278,7
Net interest and dividend income	(6,0)	13,3	15,7
Taxation paid	(196,4)	(188,2)	(361,1)
Dividends paid (including to non-controlling interests)	(452,0)	(456,1)	(612,8)
Net cash flows from operating activities	(111,0)	130,4	320,5
Net cash flows from investing activities	(422,0)	(191,6)	(692,1)
Capital expenditure	(65,0)	(50,7)	(172,2)
Net cash flows arising from acquisition of businesses	(222,9)	–	(238,6)
Movement in total rental and finance lease receivables	(171,8)	(146,7)	(287,5)
Non-current loans granted	(1,2)	–	(17,7)
Dividends received	38,4	–	–
Other	0,5	5,8	23,9
Net cash flows from financing activities	10,2	21,6	44,9
Shares issued	10,6	20,5	46,0
Redemption of preference shares	–	–	(0,7)
Other	(0,4)	1,1	(0,4)
<b>Decrease in net cash resources</b>	<b>(522,8)</b>	<b>(39,6)</b>	<b>(326,7)</b>
<b>Net cash resources at the beginning of the period</b>	<b>241,8</b>	<b>568,5</b>	<b>568,5</b>
<b>Net (borrowings)/cash resources at the end of the period</b>	<b>(281,0)</b>	<b>528,9</b>	<b>241,8</b>
Cash and cash equivalents	463,1	754,7	611,2
Cash and cash equivalents of assets held for sale	71,7	–	–
Bank overdrafts	(815,8)	(225,8)	(369,4)
<b>Net (borrowings)/cash resources at the end of the period</b>	<b>(281,0)</b>	<b>528,9</b>	<b>241,8</b>

\* Restated to reflect the adoption of the consolidation suite of accounting standards. Refer to Notes 10 and 11 for additional information. The results before restatement reported for 30 September 2013 have been audited, although the restatements are unaudited.

The cash flow statement includes the cash flows of all operations, including the discontinuing operation, which has been recorded in terms of IFRS 5 – Non-current Assets Held for Sale.

## Summarised group statement of changes in equity

R million	Six months ended 31 March		Year ended 30 September 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)	
Share capital and premium			
Balance at the beginning of the period	288,1	242,8	242,8
Issue of shares	10,6	20,5	46,0
Redemption of preference shares	–	–	(0,7)
Cancellation of issued shares	(20,7)	–	–
Balance at the end of the period	278,0	263,3	288,1
Share-based payment reserve			
Balance at the beginning of the period	–	766,9	766,9
Share-based payment expense	12,0	11,0	29,6
Transfer to retained earnings	(12,0)	–	(796,5)
Balance at the end of the period	–	777,9	–
Equity transactions with empowerment partner and non-controlling shareholder			
Balance at the beginning of the period	–	(34,9)	(34,9)
Acquisition of non-controlling interest	–	–	(0,2)
Transferred to retained earnings	–	(0,4)	35,1
Balance at the end of the period	–	(35,3)	–
Empowerment shares*	(276,1)	(276,1)	(276,1)
Treasury shares			
Balance at the beginning of the period	(1 253,6)	(1 253,6)	(1 253,6)
Cancellation of issued shares	941,0	–	–
Balance at the end of the period	(312,6)	(1 253,6)	(1 253,6)
Non-distributable reserves			
Balance at the beginning of the period	–	3,9	3,9
Transfer to retained earnings	–	–	(3,9)
Balance at the end of the period	–	3,9	–
Foreign currency translation reserves			
Balance at the beginning of the period	2,1	(2,8)	(2,8)
Other comprehensive income	(0,1)	3,2	4,9
Balance at the end of the period	2,0	0,4	2,1
Retained earnings			
Balance at the beginning of the period	6 117,4	4 996,2	4 996,2
Profit after taxation attributable to equity holders of Reunert	389,6	420,5	959,0
Cash dividends declared and paid	(450,1)	(447,9)	(603,1)
Cancellation of issued shares	(920,3)	–	–
Transfer from reserves	12,0	0,4	765,3
Balance at the end of the period	5 148,6	4 969,2	6 117,4

## SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY CONTINUED

R million	Six months ended 31 March		Year ended 30 September 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)	
Equity attributable to equity holders of Reunert Non-controlling interests	4 839,9	4 449,7	4 877,9
Balance at the beginning of the period	59,4	56,1	56,1
Share of total comprehensive income	3,7	4,6	13,8
Dividends declared and paid	(1,9)	(8,2)	(9,7)
Acquisition of non-controlling interest	12,6	–	(0,8)
Balance at the end of the period	73,8	52,5	59,4
<b>Total equity at end of the period</b>	<b>4 913,7</b>	<b>4 502,2</b>	<b>4 937,3</b>

\* These are shares held by Bargenel Investments Limited (Bargenel), a company sold by Reunert to an accredited empowerment partner in 2007. Until the amount owing by the empowerment partner is repaid to Reunert, Bargenel is consolidated by the group as the significant risks and rewards of ownership of the equity have not passed to the empowerment partner.

## Summarised segmental analysis

R million	Six months ended 31 March				% change	Year ended 30 September 2013	
	2014 (Unaudited)	% of total	2013 (Unaudited) (Restated)	% of total		(Audited) (Restated)	% of total
<b>Revenue*</b>							
CBI-electric	1 774,1	31	1 577,8	30	12	3 505,7	31
Nashua	3 379,8	60	3 276,8	63	3	6 748,4	60
Reutech	487,7	9	380,5	7	28	1 019,9	9
Other	7,4	–	5,6	–	32	12,9	–
<b>Total operations</b>	<b>5 649,0</b>	<b>100</b>	<b>5 240,7</b>	<b>100</b>	<b>8</b>	<b>11 286,9</b>	<b>100</b>
Revenue from equity accounted joint ventures	(159,6)		(148,8)		7	(345,0)	
Revenue from discontinuing operation	(1 807,7)		(1 849,4)		(2)	(3 695,2)	
<b>Revenue as reported</b>	<b>3 681,7</b>		<b>3 242,5</b>		<b>14</b>	<b>7 246,7</b>	
<i>* Inter-segment revenue is immaterial and has not been separately disclosed.</i>							
<b>Operating profit</b>							
CBI-electric	214,6	38	233,8	40	(8)	505,5	38
Nashua	290,0	52	316,0	54	(8)	647,7	49
Reutech	77,9	14	49,3	9	58	207,0	15
Other	(19,4)	(3)	(15,9)	(3)	(22)	(29,9)	(2)
<b>Total operations</b>	<b>563,1</b>	<b>100</b>	<b>583,2</b>	<b>100</b>	<b>(3)</b>	<b>1 330,3</b>	<b>100</b>
Operating profit from equity accounted joint ventures	(0,3)		(1,5)		(80)	(15,7)	
Operating profit from discontinuing operation	(85,6)		(132,5)		(35)	(212,1)	
<b>Operating profit as reported</b>	<b>477,2</b>		<b>449,2</b>		<b>6</b>	<b>1 102,5</b>	

R million	31 March 2014 (Unaudited)	% of total	31 March 2013 (Unaudited) (Restated)	% of total	30 September 2013 (Unaudited) (Restated)	% of total
<b>Total assets</b>						
CBI-electric	2 037,3	26	1 715,7	26	1 935,4	26
Nashua	4 830,0	62	4 180,4	62	4 464,4	61
Reutech	701,3	9	604,9	9	727,2	10
Other	244,2	3	224,8	3	245,6	3
<b>Total assets as reported</b>	<b>7 812,8</b>	<b>100</b>	<b>6 725,8</b>	<b>100</b>	<b>7 372,6</b>	<b>100</b>

## Notes

R million	Six months ended 31 March		30 September 2013 (Audited) (Restated)
	2014 (Unaudited)	2013 (Unaudited) (Restated)	
<b>1. OPERATING PROFIT</b>			
Operating profit includes:			
– Cost of sales	2 436,0	2 143,8	4 637,4
– Realised gain on foreign exchange and derivative instruments	8,6	5,0	8,1
– Unrealised gain on foreign exchange and derivative instruments	11,5	9,8	30,8
<b>2. NET INTEREST AND DIVIDEND INCOME</b>			
Interest income	5,9	14,4	22,0
Interest expense	(13,7)	(5,1)	(10,9)
Dividend income	–	–	0,5
Total	(7,8)	9,3	11,6

### 3. DISCONTINUING OPERATION AND ASSET HELD FOR SALE

As announced on the JSE Securities Exchange News Service on 14 April 2014, Nashua Mobile, a wholly-owned subsidiary of Reunert, has entered into separate and distinct sale agreements with each of Mobile Telephone Networks Proprietary Limited (MTN) and Vodacom Proprietary Limited (Vodacom), on 11 April 2014, in terms of which, inter alia, Nashua Mobile will dispose of its MTN and Vodacom subscriber bases to MTN and Vodacom respectively. The culmination of these transactions will result in the disposal of the business of Nashua Mobile and its operations. It is anticipated that the disposal will be completed within the next six months. Nashua Mobile is presented in the Nashua segment of the segmental analysis.

Arising out of this the summarised group income statement and related notes have been restated to exclude the results of Nashua Mobile.

## NOTES CONTINUED

**3. DISCONTINUING OPERATION AND ASSET HELD FOR SALE CONTINUED**

The summarised income statement, abridged cashflows and related notes of Nashua Mobile are presented below:

**SUMMARISED INCOME STATEMENT**

R million	Six months ended 31 March		% change	Year ended 30 September 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)		
Revenue	1 807,7	1 849,4	(2)	3 695,2
EBITDA	91,1	137,0	(34)	222,1
Operating profit	85,6	132,5	(35)	212,1
<b>Profit for the period</b>	<b>60,4</b>	<b>101,8</b>	<b>(41)</b>	<b>161,8</b>

**SUMMARISED CASH FLOW STATEMENT**

R million	Six months ended 31 March		Year ended 30 September 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)	
Net cash flows from:			
Operating activities	110,7	348,6	330,4
Investing activities	(2,3)	(27,4)	(95,4)
Financing activities	–	–	–
<b>Net cash flow</b>	<b>108,4</b>	<b>321,2</b>	<b>235,0</b>

The major classes of assets and liabilities of Nashua Mobile at the end of the reporting period were as follows:

R million	As at 31 March 2014 (Unaudited)
Non-current assets classified as held for sale	293,2
Current assets classified as held for sale	581,5
<b>Assets classified as held for sale</b>	<b>874,7</b>
<b>Liabilities associated with asset classified as held for sale</b>	<b>496,7</b>

R million	Six months ended 31 March		Year ended 30 September 2013
	2014 (Unaudited)	2013 (Unaudited) (Restated)	(Audited) (Restated)
<b>4. NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE</b>			
Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)	163,8	162,9	163,1
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	1,9	1,9	1,6
Weighted average number of shares used to determine diluted basic, diluted headline and diluted normalised headline earnings per share (millions of shares)	165,7	164,8	164,7
<b>5.1 HEADLINE EARNINGS</b>			
Profit attributable to equity holders of Reunert from continuing operations <i>Headline earnings are determined by eliminating the effect of the following items from attributable earnings:</i>	329,2	318,7	797,2
Net loss/(gain) on disposal of property, plant and equipment and intangible assets (after tax charge of R0,1 million (2013: R0,1 million) (September 2013: R0,8 million))	0,5	0,1	(7,4)
Gain on change in shareholding in investment (after tax charge of Rnil)	–	–	(0,2)
Impairment charge recognised for property, plant and equipment (after tax credit of Rnil (2013: Rnil) (September 2013: R0,1 million))	–	–	0,3
Gain on disposal of subsidiary (after tax charge of Rnil (2013: Rnil)(September 2013: R0,5 million))	–	–	(0,2)
Headline earnings from continuing operations	329,7	318,8	789,7
Profit attributable to equity holders of Reunert from discontinuing operation	60,4	101,8	161,8
Net loss on disposal of property, plant and equipment and intangible assets (after tax credit of R0,2 million (2013: Rnil) (September 2013: Rnil))	0,5	–	–
Headline earnings from discontinuing operation	60,9	101,8	161,8
Headline earnings	390,6	420,6	951,5

## NOTES CONTINUED

R million	Six months ended 31 March		Year ended 30 September 2013
	2014 (Unaudited)	2013 (Unaudited) (Restated)	(Audited) (Restated)
<b>5.2 NORMALISED HEADLINE EARNINGS FROM CONTINUING OPERATIONS</b>			
Headline earnings from continuing operations (refer to note 5.1)	329,7	318,8	789,7
<i>It is the group's policy to determine normalised headline earnings by eliminating the effect of the following items from attributable headline earnings:</i>			
Net economic interest in profit attributable to minority interests with outstanding equity related loan accounts (refer to note 6)	(2,0)	(2,8)	(23,0)
Share of headline and normalised headline earnings adjustments	–	–	(0,1)
Normalised headline earnings from continuing operations	327,7	316,0	766,6
Headline earnings attributable to equity holders of Reunert from discontinuing operation	60,9	101,8	161,8
Normalised headline earnings	388,6	417,8	928,4
<b>6. MINORITY INTERESTS WITH OUTSTANDING EQUITY RELATED LOAN ACCOUNTS</b>			
<i>It is the group's policy that where the significant risks and rewards of ownership in respect of equity interests have not passed to the minority shareholders, these are not recognised as non-controlling interests.</i>			
Had the non-controlling interests been recognised, the effect would be the following:			
– Net economic interest in current period profit that is attributable to all affected minority shareholders	2,0	2,8	23,0
– Balance sheet interest that is economically attributable to all affected minority shareholders	104,1	118,3	147,3



R million	Six months ended 31 March		Year ended 30 September 2013
	2014 (Unaudited)	2013 (Unaudited) (Restated)	(Audited) (Restated)
<b>7. GOODWILL</b>			
Carrying value at the beginning of the period	792,2	696,2	696,2
Acquisition of businesses	225,2	–	97,0
Adjustment to goodwill on finalisation of acquisitions made in the prior period	–	(1,0)	(1,0)
Goodwill associated with non-current asset held for sale	(158,1)	–	–
Carrying value at the end of the period	859,3	695,2	792,2
<b>8. INVESTMENTS AND LOANS</b>			
Loans – at cost	75,4	59,9	74,3
Investment in insurance cells – at fair value	9,1	44,6	52,7
Other unlisted investments – at cost	1,7	1,7	1,7
Carrying value at the end of the period	86,2	106,2	128,7
<b>9. LONG-TERM BORROWINGS</b>			
Total long-term borrowings (including finance leases)	25,1	26,9	25,5
Less: short-term portion (including finance leases)	(0,2)	(0,2)	(0,6)
	24,9	26,7	24,9

#### 10. BASIS OF PREPARATION

These summarised consolidated financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of IFRS and its interpretations adopted by the International Accounting Standards Boards (IASB) in issue and effective for the group at 30 September 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committees and Financial Reporting pronouncements as issued by the Financial Reporting Standards Council. This summarised consolidated information has been prepared using the information as required by IAS 34 – Interim Financial Reporting, and complies with the Listings Requirements of the JSE Limited and the requirements of the Companies Act, No 71 of 2008, of South Africa. This report was compiled under the supervision of MC Krog (Chief Financial Officer).

The group's accounting policies, as per the audited annual financial statements for the year ended 30 September 2013, have been consistently applied except where the group adopted new or revised accounting standards. These accounting policies comply with IFRS.

## NOTES CONTINUED

**11. CHANGES IN ACCOUNTING POLICIES**

The group has adopted the new, revised or amended accounting pronouncements as issued by the IASB which became effective to the group on 1 October 2013, including some of the more significant changes listed below:

**IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS**

IFRS 10 replaces IAS 27 – Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements and SIC 12 – Consolidation – Special Purpose Entities. IFRS 10 provides a single basis for consolidation with new criteria to determine whether entities, in which the group has an interest, should be consolidated.

The adoption of IFRS 10 has resulted in the groups' interest in insurance cell captives being recognised as long term investments instead of consolidated special purpose entities of the group. The change from full consolidation to accounting for investments at fair value is not considered material. No other material subsidiaries within the group were affected.

As the majority of the insurance cell captives' assets consist of cash and cash equivalents the carrying amounts approximate fair value because of the short-term nature of these instruments.

**IFRS 11 – JOINT ARRANGEMENTS**

IFRS 11 replaces IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly-controlled Entities – Non-monetary Contributions by Ventures and changes the classification for joint operations.

Under IFRS 11, a joint arrangement is classified as either a joint operation or a joint venture based on the rights and obligations of the parties to the arrangement, the legal form of the joint arrangement and when relevant, other facts and circumstances. IFRS 11 removes the option to proportionately consolidate joint ventures and instead, all interests in joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of IFRS 11 has resulted in changes in accounting for the group's jointly controlled entities previously accounted for using the proportionate consolidation method and now will be accounted for using the equity method under IFRS 11.

Both these accounting standards have to be applied retrospectively in terms of their transitional provisions and accordingly the reported results of both comparative periods were restated.

## 11. CHANGES IN ACCOUNTING POLICIES CONTINUED

The quantitative changes resulting from adopting these standards to the prior year summarised consolidated financial statements are set out below:

### ADJUSTMENTS TO THE SUMMARISED GROUP BALANCE SHEET

R million ( ) = decrease	As at 31 March 2013	As at 30 September 2013
Non-current assets	146,0	165,2
Current assets	(189,5)	(235,6)
Non-current liabilities	(9,1)	(8,0)
Current liabilities	(34,4)	(62,4)

### ADJUSTMENTS TO THE SUMMARISED GROUP INCOME STATEMENT

R million ( ) = decrease	For the six months ended 31 March 2013	For the year ended 30 September 2013
Revenue	(180,3)	(408,7)
EBITDA	(5,1)	(22,6)
Operating profit	(1,3)	(14,9)
<b>Profit after taxation</b>	(0,9)	(10,1)
<b>Share of joint venture's profits</b>	0,9	10,1

### ADJUSTMENTS TO THE SUMMARISED GROUP CASH FLOW STATEMENT

R million ( ) = decrease	For the six months ended 31 March 2013	For the year ended 30 September 2013
Cash generated from operations	(19,8)	(51,7)
Net cash flows from operating activities	(13,8)	(40,0)
Net cash flows from investing activities	1,9	4,2
Net cash flows from financing activities	–	–
<b>Change in net cash resources</b>	(11,9)	(35,8)

The adoption of the new, revised or amended accounting pronouncements did not have a significant impact on the Statement of Changes in Equity or the Statement of Comprehensive Income for the six months ended 31 March 2013 and the year ended 30 September 2013.

## NOTES CONTINUED

**12. RESTATEMENT OF SUMMARISED GROUP CASH FLOW STATEMENT**

It is the group's view that rental and finance leases provided to customers are investing activities due to the long-term nature of these advances.

Accordingly the summarised group cash flow statement for the six months ended 31 March 2013 was restated to reflect the movement in these amounts from operating activities to investing activities.

The impact of the restatement is R146,7 million and is detailed below:

	Previously reported*	Restated
(Increase)/decrease in net working capital	(33,5)	113,2
Cash generated from operations	614,7	761,4
Net cash (outflow)/inflow from operating activities	(16,3)	130,4
Movement in total rental and finance lease receivables	–	(146,7)
Net cash outflow from investing activities	(44,9)	(191,6)

\* Cash flow as previously reported taking into account amendments arising from the adoption of IFRS 10 and 11. Refer to notes 10 and 11.

The 30 September 2013 financial statements were reported on the above basis and therefore do not require restatement.

**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 group does not have management control. The amounts involved are not material to the group's results.

At 31 March 2014 Cafca's retained earnings amounted to US\$10,9 million.

**14. OTHER MATTERS**

In our annual financial statements for the year ended 30 September 2013, note 24 we referred to a formal complaint initiated against the cables' industry and that ATC (Pty) Ltd was included as a named party.

The allegations contained in the complaint are legacy issues that relate to tenders and contracts awarded in periods before December 2009. ATC (Pty) Ltd is co-operating fully with the Competition Commission on this matter. Since the date of our annual financial statements we have engaged in settlement negotiations with the Competition Commission, which are expected to be finalised in due course.

**15. RELATED PARTY TRANSACTIONS**

The group entered into various transactions with related parties, which occurred in the ordinary course of business and under terms that are no more favourable than those arranged with independent third parties.

**16. EVENTS AFTER BALANCE SHEET DATE**

No events have occurred after the balance sheet date that require additional disclosure or adjustment to the results presented.

# SUPPLEMENTARY INFORMATION

	<b>31 March 2014 (Unaudited)</b>	<b>31 March 2013 (Unaudited) (Restated)</b>	<b>30 September 2013 (Audited) (Restated)</b>
<b>R million (unless otherwise stated)</b>			
Net worth per share (cents)	2 953	2 728	2 980
Current ratio (:1)	1,6	1,9	1,8
Net number of ordinary shares in issue (million)	163,9	163,1	163,7
Number of ordinary shares in issue (million)	187,2	200,8	201,4
Less: Empowerment shares (million)	(18,5)	(18,5)	(18,5)
Less: Treasury shares (million)	(4,8)	(19,2)	(19,2)
Capital expenditure	65,0	50,7	172,2
– expansion	53,8	23,1	137,5
– replacement	11,2	27,6	34,7
Capital commitments in respect of property, plant and equipment	48,4	88,5	126,0
– contracted	32,9	80,2	50,5
– authorised not yet contracted	15,5	8,3	75,5
Commitments in respect of operating leases	121,3	82,2	127,6

## DIRECTORS

TS Munday (Chairman)\*, DJ Rawlinson (Chief Executive), AE Dickson, SD Jagoe\*, MC Krog (Chief Financial Officer), S Martin\*, TJ Motsohi\*, NDB Orleyn\*\*, SG Pretorius\*, MAR Taylor, R Van Rooyen\*

*\* Independent non-executive; \*\* Non-executive*

## REGISTERED OFFICE

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## TRANSFER SECRETARIES

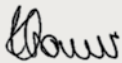
Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg, 2001  
PO Box 61051  
Marshalltown, 2107

## SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

## SECRETARIES' CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, we certify that, to the best of our knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial period ended 31 March 2014 all such returns and notices as are required of a public company in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.



**Karen Louw**  
for Reunert Management Services Proprietary Limited  
Group Company Secretaries

## ENQUIRIES

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20 May 2014







[www.reunert.co.za](http://www.reunert.co.za)

**REUNERT**

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