Reunert Limited
Incorporated in the Republic of South Africa
Reg. No 1913/004355/06 Share Code: RLO
ISIN code: ZAE000057428 Preference share code: RLZP ISIN code: ZAE00005930
("Reunert", "the group" or "the company")

UNAUDITED GROUP RESULTS
and cash dividend declaration
for the six months ended 31 March 2013

COMMENTARY

Normalised headline earnings per share declined by 14% from 298 cents to 257 cents. Revenue reduced by 8% to R5,3 billion from R5,7 billion. This decrease was predominantly in the CBI-electric and Nashua segments.

Operating profit was 21% lower at R583 million. This decline was experienced across all segments and is attributable primarily to the prevailing difficult business environment.

Basic earnings reduced by 14% to R421 million. Headline earnings per share decreased by 15% to 258 cents compared to 304 cents.

Net cash resources at 31 March 2013 amounted to R593 million, reflecting an increase of R329 million over the same date in 2012.

REVIEW OF OPERATIONS

CBI-electric

Under the current trading conditions, the revenue from our electrical business of R1,6 billion was reasonable.

The delays in external infrastructure project roll-outs have significantly impacted the segment, whilst the strike within the port and transport sector affected production at African Cables in October 2012.

The instability in the mining sector exacerbated the situation further. Exports of our electrical products increased.

Operating profit decreased by 20% to R234 million due to a reduction in revenue, margin pressures and an unfavourable product mix.

The low voltage business continued to experience strong demand for its products from export markets, mainly as a result of 4G cellular network roll-outs in Europe. The slowdown in the Australian mining sector negatively affected our Australian operation resulting in a lower profit than achieved in 2012.

The delay in certain tender awards affected the energy cables business negatively and the power installation division was underutilised due to delays in certain significant external projects. Maintenance and repair work continued at normal levels. In addition, competitive market conditions have resulted in margin reduction.

The telecommunications cables operation again experienced a disappointing first six months. In the main this was due to low demand for copper cable from Telkom. Revenue was flat with strong demand for optical fibre cable supporting turnover. Margins remained under pressure in the fibre market.

Nashua

Revenues within the Nashua segment declined by 9% to R3,3 billion, whilst operating profit decreased by 23% to R311 million.

The office automation business reflected largely static revenues. The number of units sold in the first half was lower than the prior half year where certain significant tenders boosted revenues and operating profit.

Furthermore, Rand weakness resulted in lower margins as price increases could not be passed on to customers in a difficult and competitive market.

Nashua Mobile reflected a 12% decrease in revenue. This deterioration was, in part, expected as Least Cost Routing (LCR) revenues continued to decline due to the drop in interconnect rates. The reduction in interconnect rates also resulted in enhanced hybrid packages from the networks, which negatively affected airtime revenue within this business. Net connections increased by 57 684. However, these new contracts are generally at lower subscription rates which, together with reductions in the high value LCR business, resulted in a further decline in margin over the comparative period in the prior year.

Nashua Mobile is in the process of renegotiating its service provider agreement with Vodacom. Discount rates have been reduced, which has negatively affected our margins.

The businesses of Nashua ECN and Nashua Communications were merged into a single operation with effect from 1 October 2012. The business had a challenging first half due to difficult market conditions. We are confident that the combined business is well-positioned with our converged communication offering. Sales and installations of the VoIP solution continue to be robust, although with the decreased interconnect rates, revenue reflects only nominal growth.

Quince had a sound six months with a marginal increase in its net rental book. Both revenue and operating profit increased.

Reutech

The uneven demand and phasing of contract "roll-outs" that characterises the business is reflected in an increase of 2% in revenue and a decline of 29% in operating profit. The increase in revenue is largely due to the continued demand for mining surveillance radars as well as the additional revenues from the acquisition of the SAAB Grintek business, offset by lower sales in Fuchs due to the timing of contract awards.

The decrease in operating profits is largely due to the impact of once-off costs associated with the acquisition of SAAB Grintek, which is now complete.

Prospects
While Reunert will plan for and pursue earnings growth, given the tough trading conditions, it will continue to focus on rigorous cost control, effective cash management and extracting efficiencies from its businesses. Further, we will continue to act with prudence and foresight in the short term.

Directorate and secretarial
With effect from 7 December 2012 Mr Trevor Munday was appointed as a member of the audit committee.

Mr Pat Gallagher retired from the board on 28 March 2013. The board extends its thanks to him for his service over the years and wishes him and his wife all the best in their retirement.

With effect from 1 April 2013 Ms Louisa Mojela was appointed to the board and the audit committee.

With effect from 17 May 2013 Ms Yolanda Cuba resigned from the board and the audit committee.

CASH DIVIDEND
Notice is hereby given that a gross interim cash dividend No 174 of 95 cents per ordinary share (2012: 95 cents per share) has been declared by the directors for the six months ended 31 March 2013.

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 200 807 585 ordinary shares and 350 000 5,5% cumulative preference 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, 13 June 2013
First date of trading (ex dividend)	Friday, 14 June 2013
Record date	Friday, 21 June 2013
Payment date	Monday, 24 June 2013

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 14 June 2013 and Friday, 21 June 2013, both days inclusive.

On behalf of the board

Trevor Munday
Chairman

David Rawlinson
Chief Executive

Sandton
20 May 2013

Financial information

Condensed group income statement

	Notes	Six months ended 31 March 2013 R million (Unaudited)	2012 R million (Unaudited)	% change	Year ended 30 September 2012 R million (Audited)
Revenue		5 272,2	5 748,8	(8)	11 662,2
Earnings before interest, taxation, depreciation, amortisation, other income and dividends		637,0	792,2	(20)	1 629,7
Other income		14,4	11,2		31,0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		651,4	803,4	(19)	1 660,7
Depreciation and amortisation		68,4	67,3	2	136,1
Operating profit	1	583,0	736,1	(21)	1 524,6
Net interest and dividend income	2	13,6	22,1	(38)	41,8
Profit before taxation		596,6	758,2	(21)	1 566,4
Taxation		171,5	260,0	(34)	483,8
Profit after taxation		425,1	498,2	(15)	1 082,6
Profit attributable to:					

Non-controlling interests		4,6	6,6	(30)	15,9
Equity holders of Reunert		420,5	491,6	(14)	1 066,7
Basic earnings per share (cents)	3 & 4	258,1	303,8	(15)	658,2
Diluted earnings per share (cents)	3 & 4	255,2	301,6	(15)	654,2
Headline earnings per share (cents)	3 & 4	258,2	303,7	(15)	658,3
Diluted headline earnings per share (cents)	3 & 4	255,2	301,5	(15)	654,3
Normalised headline earnings per share (cents)	3 & 4	256,5	298,0	(14)	644,4
Normalised diluted headline earnings per share (cents)	3 & 4	253,6	295,9	(14)	640,5
Cash dividend per ordinary share declared (cents)		95,0	95,0	-	370,0

Condensed group statement of comprehensive income

	Six months ended 31 March		Year ended 30 September
	2013 R million (Unaudited)	2012 R million (Unaudited)	2012 R million (Audited)
Profit after taxation	425,1	498,2	1 082,6
Other comprehensive income, net of taxation:			
Gains/(losses) arising from translating the financial results of foreign subsidiaries	3,2	(1,4)	-*
Total comprehensive income	428,3	496,8	1 082,6
Total comprehensive income attributable to:			
Non-controlling interests	4,6	6,6	15,9
Equity holders of Reunert	423,7	490,2	1 066,7

* Nil due to rounding.

Condensed group balance sheet

	Notes	31 March 2013 R million (Unaudited)	31 March 2012 R million (Unaudited)	30 September 2012 R million (Audited)
Non-current assets				
Property, plant and equipment and intangible assets		685,9	684,2	706,8
Goodwill	6	706,0	661,1	707,0
Investments and loans	7	61,9	41,8	64,3
Accounts receivable		1 186,7	1 023,2	1 066,5
Deferred taxation		28,5	27,6	33,3
Non-current assets		2 669,0	2 437,9	2 577,9
Current assets				
Inventory and contracts in progress		1 045,7	924,1	969,3
Accounts receivable, derivative assets and taxation		2 235,8	2 307,7	2 343,9
Cash and cash equivalents		818,8	454,5	696,9
Current assets		4 100,3	3 686,3	4 010,1
Total assets		6 769,3	6 124,2	6 588,0
Equity attributable to equity holders of Reunert				
Ordinary		4 449,0	3 983,0	4 441,7
Preference		0,7	0,7	0,7
		4 449,7	3 983,7	4 442,4
Non-controlling interests		52,5	47,4	56,1
Total equity		4 502,2	4 031,1	4 498,5
Non-current liabilities				
Deferred taxation		122,7	106,3	127,4
Long-term borrowings	8	26,7	0,4	25,4
Non-current liabilities		149,4	106,7	152,8
Current liabilities				
Accounts payable, derivative liabilities, provisions and taxation		1 891,7	1 795,7	1 860,1
Bank overdrafts and short-term portion of long-term borrowings (including finance leases)		226,0	190,7	76,6
Current liabilities		2 117,7	1 986,4	1 936,7
Total equity and liabilities		6 769,3	6 124,2	6 588,0

Condensed group cash flow statement

	Six months ended 31 March		Year ended 30 September
	2013 R million (Unaudited)	2012 R million (Unaudited)	2012 R million (Audited)
EBITDA	651,4	803,4	1 660,7
Increase in net working capital	(31,7)	(360,8)	(398,9)
Other (net)	14,8	7,5	26,2
Cash generated from operations	634,5	450,1	1 288,0
Net interest and dividend income	13,6	22,1	41,8
Taxation paid	(194,5)	(213,1)	(447,2)
Dividends paid (including to non-controlling interests)	(456,1)	(422,8)	(577,4)
Net cash flows from operating activities	(2,5)	(163,7)	305,2
Net cash flows from investing activities	(46,8)	(151,1)	(291,2)
Capital expenditure	(52,6)	(52,2)	(106,5)
Net cash flows from acquisition of businesses	-	-	(76,8)
Payment of outstanding purchase consideration for previous year's acquisitions	-	(90,9)	(91,5)
Non-current loans granted	-	-	(28,5)
Other	5,8	(8,0)	12,1
Net cash flows from financing activities	21,6	14,0	42,1
Shares issued	20,5	14,3	42,5
Other	1,1	(0,3)	(0,4)
(Decrease)/increase in net cash resources	(27,7)	(300,8)	56,1
Net cash resources at the beginning of the period	620,7	564,6	564,6
Net cash resources at the end of the period	593,0	263,8	620,7
Cash and cash equivalents	818,8	454,5	696,9
Bank overdrafts	(225,8)	(190,7)	(76,2)
Net cash resources at the end of the period	593,0	263,8	620,7

Condensed group statement of changes in equity

	Six months ended 31 March		Year ended 30 September
	2013 R million (Unaudited)	2012 R million (Unaudited)	2012 R million (Audited)
Share capital and premium			
Balance at the beginning of the period	242,8	200,3	200,3
Issue of shares	20,5	14,3	42,5
Balance at the end of the period	263,3	214,6	242,8
Share-based payment reserve			
Balance at the beginning of the period	766,9	751,0	751,0
Share-based payment expense	11,0	7,9	15,9
Balance at the end of the period	777,9	758,9	766,9
Equity transactions with BEE partner and non-controlling shareholder			
Balance at the beginning of the period	(34,9)	(35,3)	(35,3)
Transferred to retained income	(0,4)	-	-
Acquisition of non-controlling interest	-	0,4	0,4
Balance at the end of the period	(35,3)	(34,9)	(34,9)
BEE shares*	(276,1)	(276,1)	(276,1)
Treasury shares	(1 253,6)	(1 253,6)	(1 253,6)
Non-distributable reserves	3,9	3,9	3,9
Foreign currency translation reserves			
Balance at the beginning of the period	(2,8)	(2,8)	(2,8)
Other comprehensive income	3,2	(1,4)	-
Balance at the end of the period	0,4	(4,2)	(2,8)
Retained earnings			
Balance at the beginning of the period	4 996,2	4 493,0	4 493,0
Profit after taxation attributable to equity holders of Reunert	420,5	491,6	1 066,7
Transferred from non-distributable reserves	0,4	-	-

Cash dividends declared and paid	(447,9)	(409,5)	(563,5)
Balance at the end of the period	4 969,2	4 575,1	4 996,2
Equity attributable to equity holders of Reunert	4 449,7	3 983,7	4 442,4
Non-controlling interests			
Balance at the beginning of the period	56,1	55,2	55,2
Share of total comprehensive income	4,6	6,6	15,9
Dividends declared and paid	(8,2)	(13,3)	(13,9)
Acquisition of non-controlling interest	-	(1,1)	(1,1)
Balance at the end of the period	52,5	47,4	56,1
Total equity at end of the period	4 502,2	4 031,1	4 498,5

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

Condensed segmental analysis

	Six months ended 31 March					Year ended 30 September	
	2013 R million (Unaudited)	% of total	2012 R million (Unaudited)	% of total	% change	2012 R million (Audited)	% of total
Revenue*							
CBI-electric	1 577,8	30	1 738,3	30	(9)	3 634,3	31
Nashua	3 308,3	63	3 636,1	63	(9)	7 218,3	62
Reutech	380,5	7	372,6	7	2	805,7	7
Other	5,6	-	1,8	-		3,9	-
Revenue as reported	5 272,2	100	5 748,8	100	(8)	11 662,2	100
* Inter-segment revenue is immaterial and has not been separately disclosed.							
Operating profit							
CBI-electric	233,8	40	292,2	40	(20)	592,9	39
Nashua	310,5	53	402,5	55	(23)	838,6	55
Reutech	49,3	8	69,1	9	(29)	150,5	10
Other	(10,6)	(1)	(27,7)	(4)	62	(57,4)	(4)
Operating profit as reported	583,0	100	736,1	100	(21)	1 524,6	100

	31 March 2013 R million	% of total	31 March 2012 R million	% of total	30 September 2012 R million	% of total
Total assets						
CBI-electric	1 752,9	26	1 581,8	26	1 515,2	23
Nashua	4 184,4	62	3 899,1	64	4 101,6	62
Reutech	604,9	9	460,2	7	598,2	9
Other*	227,1	3	183,1	3	373,0	6
Total assets as reported	6 769,3	100	6 124,2	100	6 588,0	100

* Included in Other are bank balances of Rnil (2012: Rnil; September 2012: R206,4 million) relating to the group's treasury function.

Notes

	31 March 2013 R million (Unaudited)	31 March 2012 R million (Unaudited)	30 September 2012 R million (Audited)
1. OPERATING PROFIT			
Operating profit includes:			
- Cost of sales	3 763,0	4 068,8*	8 130,9
- Realised profit/(loss) on foreign exchange and derivative instruments	4,1	(6,5)	(0,1)
- Unrealised gain on foreign exchange and derivative instruments	9,9	22,5	14,3
* To improve disclosure certain costs have been reallocated to cost of sales.			
2. Net interest and dividend income			
Interest income	18,7	26,2	52,0
Interest expense	(5,1)	(4,1)	(10,7)
Dividend income	-	-	0,5
Total	13,6	22,1	41,8

3. 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)	162,9	161,8	162,0
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	1,9	1,2	1,0
Weighted average number of shares used to determine diluted basic, diluted headline and diluted normalised headline earnings per share (millions of shares)	164,8	163,0	163,0
4.1. Headline earnings			
Profit attributable to equity holders of Reunert	420,5	491,6	1 066,7
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:			
Net loss/(gain) on disposal of property, plant and equipment and intangible assets (after tax charge of R0,1 million (2012: Rnil)(September 2012: R0,4 million))	0,1	(0,2)	(1,0)
Gain on change in shareholding in investment (after tax charge of Rnil)	-	-	(0,3)
Impairment charge recognised for property, plant and equipment (after tax charge of Rnil (2012: Rnil)(September 2012: R0,5 million))	-	-	1,4
Headline earnings	420,6	491,4	1 066,8

	31 March 2013 R million (Unaudited)	31 March 2012 R million (Unaudited)	30 September 2012 R million (Audited)
4.2. Normalised headline earnings (unaudited for all periods)#			
Headline earnings (refer to note 4.1)	420,6	491,4	1 066,8
It is the group's policy to determine normalised headline earnings by eliminating the effect of the following items from attributable headline earnings:			
Net economic interest in profit attributable to all BEE partners (refer to note 5)	(2,8)	(9,2)	(22,2)
BEE share of headline and normalised headline earnings adjustments	-	-	(0,3)
Normalised headline earnings	417,8	482,2	1 044,3
5. BEE transactions (unaudited for all periods)#			
It is the group's policy that where the significant risks and rewards of ownership in respect of their equity interests have not passed to the BEE partners, these are not recognised as non-controlling interests.			
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 BEE partners	2,8	9,2	22,2
- Balance sheet interest that is economically attributable to all BEE partners	118,3	94,5	107,7

The unaudited pro forma financial information above has been prepared for illustrative purposes only to provide information on how the normalised earnings adjustments might have impacted on the financial results of the group. Because of its nature, the unaudited pro forma financial information may not be a fair reflection of the group's results of operation, financial position, changes in equity or cash flows, insofar as the economic impact of BEE transactions is concerned.

The underlying information used in the preparation of the unaudited pro forma financial information has been prepared using the relevant group accounting policy. The amounts of the adjustments are consistent with the amounts recorded under International Financial Reporting Standards (IFRS).

The adjustments are expected to continue until such time as risks and rewards of ownership transfer to the BEE partners.

The directors of the company are responsible for the compilation, contents and preparation of the unaudited pro forma financial information. Their responsibility includes determining that the unaudited pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policy of the group; and the pro forma adjustments are appropriate for the purposes of the unaudited pro forma financial information disclosed in terms of the JSE Limited Listings Requirements.

		31 March 2013 R million (Unaudited)	31 March 2012 R million (Unaudited)	30 September 2012 R million (Audited)
6.	Goodwill			
	Carrying value at the beginning of the period	707,0	654,9	654,9
	Acquisition of businesses	-	-	44,0
	Adjustment to goodwill on finalisation of acquisitions made in the prior period	(1,0)	6,2	8,1
	Carrying value at the end of the period	706,0	661,1	707,0
7.	Investments and loans			
	Loans - at cost	60,2	40,2	62,6
	Other unlisted investments - at cost	1,7	1,6	1,7
	Carrying value at the end of the period	61,9	41,8	64,3
8.	Long-term borrowings			
	Total long-term borrowings (including finance leases)	26,9	0,4	25,8
	Less: short-term portion (including finance leases)	(0,2)	-	(0,4)
		26,7	0,4	25,4

9. Basis of preparation

These condensed 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 Board (IASB) in issue and effective for the group at 30 September 2013 and the AC500 standards issued by the Accounting Practices Board. This condensed 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 and the requirements of the Companies Act, No. 71 of 2008 of South Africa. This report was compiled under the supervision of MC Krog CA (SA) (Chief Financial Officer).

The group's accounting policies, as per the audited annual financial statements for the year ended 30 September 2012, have been consistently applied. These accounting policies comply with IFRS.

10. Unconsolidated subsidiary

The financial results of Cafca Limited, a subsidiary incorporated in Zimbabwe, have not been consolidated as the group does not have management control. The amounts involved are not material to the group's results.

At 31 March 2013 Cafca's retained earnings amounted to US$9,3 million.

11. 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.

12. 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

R million (unless otherwise stated)	31 March 2013 (Unaudited)	31 March 2012 (Unaudited)	30 September 2012 (Audited)
Net worth per share (cents)	2 728	2 459	2 732
Current ratio (:1)	1,9	1,9	2,1
Net number of ordinary shares in issue (million)	163,1	162,0	162,6
Number of ordinary shares in issue (million)	200,8	199,7	200,3
Less: BEE shares (million)	(18,5)	(18,5)	(18,5)
Less: Treasury shares (million)	(19,2)	(19,2)	(19,2)
Capital expenditure	52,6	52,2	106,5
- expansion	25,0	39,3	79,9
- replacement	27,6	12,9	26,6
Capital commitments in respect of property, plant and equipment	89,6	28,7	78,3
- contracted	81,0	14,2	16,5
- authorised not yet contracted	8,6	14,5	61,8
Commitments in respect of operating leases	82,9	175,0	99,2

Secretaries' certification
In terms of section 88(2)(a) 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 2013 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

Directors

TS Munday (Chairman)*	NDB Orleyn**
SD Jagoe*	SG Pretorius*
MC Krog (Chief Financial Officer)	DJ Rawlinson (Chief Executive)
LM Mojela*	Dr JC van der Horst*
TJ Motsohi*	R Van Rooyen*

* Independent non-executive ** Non-executive

Registered office

Lincoln Wood Office Park	PO Box 784391
6 - 10 Woodlands Drive	Sandton
Woodmead	2146
Sandton	
Telephone +27 11 517 9000	

Transfer secretaries
Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Enquiries
Carina de Klerk +27 11 517 9000 or e-mail invest@reunert.co.za

For more information log on to the Reunert website at www.reunert.com

21 May 2013

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