

REUNERT

REUNERT LIMITED



AUDITED GROUP RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 SEPTEMBER 2015

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Group profile

Reunert manages a diversified portfolio of businesses in the fields of electrical engineering, (CBI-electric), information communication technologies (ICT) (Nashua), and applied electronics (Reutech). The group was established in 1888 by Theodore Reunert and Otto Lenz, and has contributed to the South African economy in numerous ways over the past 127 years. Reunert was listed on the JSE in 1948 and is included in the industrial goods and services (electronic and electrical equipment) sector of the JSE. The group operates mainly in South Africa with minor operations in Australia, Lesotho, Sweden, the USA and Zimbabwe. Group headquarters are located in Woodmead, South Africa.

Commentary

Reunert, with its strong brands, diversified customer bases and quality value offerings, delivered a solid performance in the financial year, despite the challenges in the current South African macro-economic environment. The economic growth rates achieved by the South African economy have slowed materially from those forecast for 2015 and are not expected to improve in the medium term.

Revenue and operating profit as well as earnings per share metrics are presented in the table below.

Measure	Units	2015	2014	%
Revenue	R million	8 300	7 774	7
Operating profit	R million	1 167	1 017	15
Continuing operations				
Basic earnings per share	cents	579	235	146
Headline earnings per share	cents	576	391	47
Normalised headline earnings per share	cents	568	439	29
All operations				
Basic earnings per share*	cents	604	1 202	(50)
Headline earnings per share	cents	588	506	16
Normalised headline earnings per share	cents	580	553	5

* As a consequence of the disposal of Nashua Mobile and the non-recurring nature of the 2014 profit on the sale of its subscriber bases, basic earnings per share from all operations decreased by 50% to 604 cents.

Review of operations

Electrical engineering – CBI-electric

The CBI-electric segment delivered a substantially improved performance, with revenue increasing by 14% to R4,1 billion (2014: R3,6 billion) and operating profit by 21% from R428 million to R520 million. This strong performance was driven primarily by the energy and telecommunication cables business units, which maintained strong cost control while benefiting from improved factory utilisation. These drivers resulted in improved profit margins, which further underpinned the financial performance of this segment.

In addition, the cable business units improved their respective market shares. Crucial long-term contracts were secured primarily in the industrial, state-owned entities and mining sectors. These successes position the businesses well for the future when the general market conditions are expected to tighten.

Commentary *continued*

The circuit breaker business unit had a challenging year. Product sales performed well but the contribution from the solutions business unit was disappointing. Product volumes into South Africa were strong, while export volumes remained in line with the previous year.

Cost management and asset utilisation across the spectrum of these business units continued strongly in the year under review.

Information communications technology – Nashua

The Nashua segment delivered solid progress with some significant improvements primarily in the voice businesses. Although revenue was flat, operating profit net of the discontinued operation increased by 17% from R453 million to R533 million. This was achieved through a careful evaluation of the whole supply chain and realising savings in our distribution and general overhead costs.

The sale of Nashua Mobile (telecommunication operation) was successfully concluded in the first quarter of the financial year and the management team at Office Automation was strengthened by the deployment of key Mobile team members. This provided stability and accelerated the implementation of key deliverables during the year.

In line with the improved office automation market share, the asset finance business, Quince Capital, delivered another sound performance. Credit losses remain well below industry standards and the company re-secured its A+ (ZA) long-term and A1 (ZA) short-term national credit rating for 2016.

The segment's voice businesses had a successful year with ECN breaking through the one billion voice minutes per year mark and entrenching its position as the largest independent Voice over Internet Protocol solution provider in the country. Nashua Communications, now managed by Reutech, delivered a positive performance underpinned by strong service revenues.

Applied electronics – Reutech

This segment is characterised by large contracts which take several years to conclude, with delivery extending over future years. The results of the Reutech segment are therefore largely dependent on where in the cycle its various existing and expected contracts are. Against this backdrop, this segment has increased its revenue by 8% to R1,1 billion (2014: R1,0 billion) and operating profit by 6% to R181 million (2014: R170 million). Reutech delivered a good result despite a slowdown in the communications and radar business units.

The timing of new contracts received by this segment did not fully compensate for contracts completed in the 2014 financial year. However, contracts secured during 2015 provide a strong revenue base for the year ahead. The radar business' mining surveillance radar performance remains strong. Communications secured the long-term South African National Defence Force (SANDF) tactical communications contract and products from the new factory will commence delivery in the next financial year. A large fuze order was received and resulted in full factory capacity utilisation during the second six months of the financial year, and the weaker rand supported the segmental result.

Human capital

Reunert has re-energised its investment into employees and in meeting transformation objectives. As a direct result, the top management employment equity demographic increased by more than 50% and showed significant improvement in all management classifications. The new B-BBEE codes present additional challenges, but the work to retain appropriate ratings is well advanced.

Prospects

The business drivers of the group's performance continue to be challenged by Reunert's strong concentration in the South African market. Accordingly, the future growth prospects

of the group are likely to be constrained by the domestic macro-economic environment. The group's future prospects are augmented by recently secured long-term contracts, specifically in applied electronics. These revenues, with a strong, hard currency exposure, are expected to bolster operational performance. Reunert's strengthened financial position and significant capacity to leverage its balance sheet, positions it well to execute its growth strategy.

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

Directorate

Ms Mohini Moodley and Mr Nick Thomson were appointed to the board as executive directors on 31 March 2015 and 15 June 2015 respectively. Mohini was appointed in the portfolio of human resources and transformation and Nick as chief financial officer.

Ms Phuti Mahanyele was appointed to the board as an independent non-executive director on 1 October 2015.

Ms Manuela Krog retired from the board as chief financial officer on 31 March 2015. The board and the executive committee thank her for the valuable and extensive contribution she made to Reunert during her tenure.

Cash dividend

Notice is hereby given that a gross final cash dividend No 179 of 302 cents per ordinary share (2014: 275 cents per share) has been declared by the directors for the year ended 30 September 2015.

The dividend has been declared from income reserves.

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 256,70 cents per share.

The issued share capital at the declaration date is 183 531 596 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)	Friday, 8 January 2016
First date of trading (ex dividend)	Monday, 11 January 2016
Record date	Friday, 15 January 2016
Payment date	Monday, 18 January 2016

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 11 January 2016 and Friday, 15 January 2016, both days inclusive.

On behalf of the board



Trevor Munday
Chairman



Alan Dickson
Chief executive



Nick Thomson
Chief financial officer

Sandton
20 November 2015

Independent auditor's report on summary financial statements

To the shareholders of Reunert Limited

The summary consolidated financial statements of Reunert Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 30 September 2015, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Reunert Limited for the year ended 30 September 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 20 November 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Reunert Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*.

Auditor's responsibility

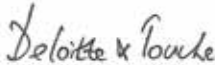
Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Reunert Limited for the year ended 30 September 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 20 November 2015 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

The logo for Deloitte & Touche, featuring the company name in a stylized, cursive script.**Deloitte & Touche**

Registered Auditor

Per: Patrick Smit

Partner

20 November 2015

Building 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton, 2196

Summarised consolidated income statement

for the year ended 30 September 2015

R million	Notes	2015	2014	% change
Revenue		8 300	7 774	7
EBITDA		1 284	1 125	14
Depreciation and amortisation		117	108	
Operating profit	2	1 167	1 017	15
Net interest income/(expense)	3	135	(10)	
Profit before abnormal items		1 302	1 007	29
Abnormal items		–	(327)	
Profit before taxation		1 302	680	91
Taxation		360	278	
Profit after taxation		942	402	134
Share of joint ventures' profit/(loss)		17	(12)	
Profit for the year from continuing operations		959	390	146
Profit for the year from discontinued operation	4	42	1 584	(97)
Profit for the year		1 001	1 974	(49)
Profit attributable to:				
Non-controlling interests		7	3	75
Equity holders of Reunert – from continuing operations		952	387	146
Equity holders of Reunert – from discontinued operation		42	1 584	(97)
Basic earnings per share from continuing operations (cents)	5 and 6	579	235	146
Diluted earnings per share from continuing operations (cents)	5 and 6	570	233	145
Basic earnings per share from discontinued operation (cents)	5 and 6	26	966	(97)
Diluted earnings per share from discontinued operation (cents)	5 and 6	25	955	(97)
Basic earnings per share (cents)	5 and 6	604	1 202	(50)
Diluted earnings per share (cents)	5 and 6	595	1 187	(50)

Cents	Notes	2015	2014	% change
Other measures of earnings per share from continuing operations				
Headline earnings per share	5 and 6	576	391	47
Diluted headline earnings per share	5 and 6	568	387	47
Normalised headline earnings per share	5 and 6	568	439	29
Diluted normalised headline earnings per share	5 and 6	560	434	29
Other measures of earnings per share				
Headline earnings per share	5 and 6	588	506	16
Diluted headline earnings per share	5 and 6	579	500	16
Normalised headline earnings per share	5 and 6	580	553	5
Diluted normalised headline earnings per share	5 and 6	572	547	5
Cash dividend per ordinary share declared				
		407	370	10

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2015

R million	2015	2014
Profit for the year	1 001	1 974
Other comprehensive income, net of taxation:		
Items that may be reclassified subsequently to profit or loss		
Gains arising from translating the financial results of foreign subsidiaries	3	–
Total comprehensive income	1 004	1 974
Total comprehensive income attributable to:		
Non-controlling interests	7	3
Equity holders of Reunert – from continuing operations	955	387
Equity holders of Reunert – from discontinued operation	42	1 584

Summarised consolidated balance sheet

at 30 September 2015

R million	Notes	2015	2014
Non-current assets			
Property, plant and equipment, investment properties and intangible assets		745	722
Goodwill	8	653	649
Investments and loans	9	95	92
Investment in joint ventures		158	149
Rental and finance lease receivables		1 463	1 465
Deferred taxation		92	51
		3 206	3 128
Current assets			
Inventory and contracts in progress		990	984
Rental and finance lease receivables		728	722
Accounts receivable and taxation		1 689	1 436
Derivative assets	10	22	8
Cash and cash equivalents		2 713	697
Assets of discontinued operation	4	51	2 607
		6 193	6 454
Total assets		9 399	9 582
Equity attributable to equity holders of Reunert		6 679	6 269
Non-controlling interests		46	63
Total equity		6 725	6 332
Non-current liabilities			
Deferred taxation		98	121
Long-term borrowings	11	239	425
Non-current liabilities of discontinued operation	4	–	251
		337	797
Current liabilities			
Accounts payable, provisions and taxation		2 003	1 455
Derivative liabilities	10	7	4
Bank overdrafts and short-term loans		77	334
Current portion of long-term borrowings		201	9
Current liabilities of discontinued operation	4	49	651
		2 337	2 453
Total equity and liabilities		9 399	9 582

Summarised consolidated cash flow statement

for the year ended 30 September 2015

R million	2015	2014
EBITDA	1 329	1 315
EBITDA from continuing operations	1 284	1 125
EBITDA from discontinued operation	45	190
Decrease/(increase) in net working capital	62	(44)
Other (net)	79	(93)
Cash generated from operations	1 470	1 178
Net interest	133	(6)
Taxation paid	(415)	(332)
Dividends paid (including to non-controlling interests)	(629)	(612)
Net cash flows from operating activities	559	228
Net cash flows from investing activities	1 641	(494)
Capital expenditure	(146)	(122)
Net cash flows arising from disposal of businesses	1 789	–
Net cash flows arising from acquisition of businesses	(19)	(219)
Movement in total rental and finance lease receivables	(2)	(192)
Non-current loans repaid	(5)	(2)
Dividends received	10	38
Other	14	3
Net cash flows from financing activities	21	439
Shares issued	32	27
Long-term borrowings (repaid)/raised	(3)	404
Equity transactions with non-controlling interest ¹	(21)	(16)
Government grant received relating to plant and equipment ¹	13	21
Other	–	3
Increase in net cash resources	2 221	173
Net cash resources at the beginning of the year	415	242
Net cash resources at the end of the year	2 636	415
Cash and cash equivalents	2 713	697
Cash and cash equivalents of discontinued operation	–	52
Bank overdrafts	–	(34)
Quince short-term borrowings	(77)	(300)
Net cash resources at the end of the year	2 636	415

¹ These balances were reported as investing activities in the 2014 annual financial statements.

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

Summarised consolidated statement of changes in equity

for the year ended 30 September 2015

R million	2015	2014
Share capital		
Balance at the beginning of the year	294	288
Issue of shares	32	27
Cancellation of issued shares	(8)	(21)
Balance at the end of the year	318	294
Share-based payment reserve		
Balance at the beginning of the year	–	–
Share-based payment expense	16	6
Transfer to retained earnings	–	(6)
Balance at the end of the year	16	–
Equity transactions with empowerment partner and non-controlling shareholders		
Balance at the beginning of the year	–	–
Net changes in non-controlling interests	(10)	(7)
Transferred to retained earnings	10	7
Balance at the end of the year	–	–
Empowerment shares*	(276)	(276)
Treasury shares		
Balance at the beginning of the year	(313)	(1 254)
Cancellation of issued shares	313	941
Balance at the end of the year	–	(313)
Foreign currency translation reserves		
Balance at the beginning of the year	3	2
Other comprehensive income	3	1
Balance at the end of the year	6	3
Retained earnings		
Balance at the beginning of the year	6 561	6 118
Profit after taxation attributable to equity holders of Reunert	994	1 970
Cash dividends declared and paid	(625)	(606)
Cancellation of issued shares	(305)	(920)
Transfer to reserves	(10)	(1)
Balance at the end of the year	6 615	6 561

R million	2015	2014
Equity attributable to equity holders of Reunert	6 679	6 269
Non-controlling interests		
Balance at the beginning of the year	63	59
Share of total comprehensive income	7	3
Dividends declared and paid	(4)	(6)
Net changes in non-controlling interests	(20)	9
Settlement of non-controlling interest loan	–	(2)
Balance at the end of the year	46	63
Total equity at end of the year	6 725	6 332

* These are shares held by Bargenel Investments (Pty) Ltd (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	2015	% of total	2014	% of total	% change
Revenue¹					
CBI-electric	4 112	45	3 611	32	14
Nashua	3 961	43	6 787	59	(42)
Reutech	1 081	12	1 000	9	8
Other	23	–	17	–	35
Total operations	9 177	100	11 415	100	(20)
Revenue from equity accounted joint ventures (CBI-electric)	(347)		(293)		
Revenue from discontinued operation (Nashua)	(530)		(3 348)		
Revenue as reported	8 300		7 774		7
Operating profit					
CBI-electric	520	42	428	36	21
Nashua ²	577	47	637	53	(9)
Reutech	181	15	170	14	6
Other ²	(42)	(4)	(36)	(3)	(17)
Total operations	1 236	100	1 199	100	3
Operating (profit)/loss from equity accounted joint ventures (CBI-electric)	(25)		2		
Operating profit from discontinued operation (Nashua)	(44)		(184)		(76)
Operating profit as reported	1 167		1 017		15

¹ Inter-segment revenue is immaterial and has not been separately disclosed.

² Net interest charged to Quince through the group treasury function has been eliminated in line with the consolidation principles of IFRS. This amounted to R77 million (2014: R82 million).

R million	2015	% of total	2014	% of total
Total assets				
CBI-electric	1 900	20	1 923	20
Nashua	3 976	43	6 399	67
Reutech	979	10	651	7
Other ³	2 544	27	609	6
Total assets as reported	9 399	100	9 582	100

³ Other consists mainly of group treasury cash balances.

Notes

1. Basis of preparation

These preliminary summarised consolidated financial statements were 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 2015 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 was prepared using the information as required by IAS 34 – Interim Financial Reporting, and complies with the Listings Requirements of the JSE Ltd and the requirements of the Companies Act, 71 of 2008, of South Africa. This report was compiled under the supervision of NA Thomson CA(SA) (chief financial officer).

The group's accounting policies, as per the audited financial statements for the year ended 30 September 2015, were consistently applied with those used in the prior year financial statements. These accounting policies comply with IFRS.

R million	2015	2014
2. Operating profit		
Operating profit includes:		
– Cost of sales	5 416	5 144
– Other expenses excluding depreciation and amortisation	1 652	1 591
– Other income	31	68
– Realised loss on foreign exchange and derivative instruments	(13)	(27)
– Unrealised gain on foreign exchange and derivative instruments	34	45
3. Net Interest		
Interest income	150	14
Interest expense	(16)	(25)
Other	1	1
Total	135	(10)

Notes continued

4. Discontinued operation

As announced in the prior year, Nashua Mobile, entered into sale agreements with the mobile network operators, in terms of which it disposed of its subscriber bases. Following the major conditions precedent in the sale agreement being met, including an unconditional approval from the Competition Tribunal on 29 September 2014, the sale was recognised in the prior financial year. The customers were transferred to the purchasers with effect from December 2014.

Arising out of this, the group income statement and related notes, which are for continuing operations only, exclude the results of the Nashua Mobile discontinued operation.

Nashua Mobile is presented in the Nashua segment of the segmental analysis.

The income statement, abridged cash flows and related notes of Nashua Mobile are presented below:

Summarised income statement

R million	2015	2014	% change
Revenue	530	3 348	(84)
EBITDA	45	190	(76)
Profit for the year	42	1 584	(97)

Summarised statement of cash flow

R million	2015	2014
Net cash flows from:		
Operating activities	(92)	183
Investing activities	1 789	4
Financing activities	–	–
Net cash inflow	1 697	187

Summarised balance sheet

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

R million	2015	2014
Assets of discontinued operation	51	2 607
Non-current liabilities of discontinued operation	–	251
Current liabilities of discontinued operation	49	651

R million	2015	2014
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)	165	164
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	2	2
Weighted average number of shares used to determine diluted basic, headline and normalised headline earnings per share (millions of shares)	167	166
6. Headline earnings		
6.1 Profit attributable to equity holders of Reunert from continuing operations	952	387
<i>Headline earnings are determined by eliminating the effect of the following items from attributable earnings:</i>		
Net gain on disposal of property, plant and equipment and intangible assets (after tax charge of R1 million)	(4)	–
Impairment of goodwill in subsidiaries (2014: after tax charge of Rnil)	–	246
Impairment of goodwill in equity accounted joint venture (2014: after tax charge of Rnil)	–	11
Impairment reversal recognised for property, plant and equipment (2014: charge of R1 million)	–	(2)
Headline earnings from continuing operations	948	642
Profit attributable to equity holders of Reunert from discontinued operation	42	1 584
Net gain on disposal of business (after tax charge of R18 million) (2014: charge of R264 million)	(22)	(1 397)
Headline earnings from discontinued operation	20	187
Headline earnings	968	829

Notes continued

R million	2015	2014
6. Headline earnings continued		
6.2 Normalised headline earnings		
Headline earnings from continuing operations (refer to note 6.1)	948	642
<i>Normalised headline earnings are determined by eliminating the effect of the following items from attributable headline earnings:</i>		
Settlement provided in respect of ATC (after a tax credit of Rnil)	–	81
Economic interest in the settlement provided in respect of ATC attributable to non-controlling interests with outstanding equity-related loan accounts	–	(8)
Net economic interest in profit attributable to non-controlling interests with outstanding equity-related loan accounts (refer to note 7)	(13)	5
Normalised headline earnings from continuing operations	935	720
Headline earnings attributable to equity holders of Reunert from discontinued operation	20	187
Normalised headline earnings	955	907
7. Non-controlling interests with outstanding equity-related loan accounts		
Where the significant risks and rewards of ownership in respect of equity interests have not passed to the non-controlling shareholders, 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 year profit/(loss) that is attributable to all affected non-controlling shareholders	13	(5)

R million	2015	2014
8. Goodwill		
Carrying value at the beginning of the year	649	792
Acquisition of businesses	13	263
Disposals of businesses and subsidiaries	(6)	–
Goodwill impaired during the year	–	(246)
Exchange differences on consolidation of foreign subsidiaries	(3)	(2)
Goodwill derecognised with discontinued operation	–	(158)
Carrying value at the end of the year	653	649
9. Investments and loans		
Loans – at cost	81	76
Investment in insurance cells – at fair value	14	14
Other unlisted investments – at cost	–	2
Carrying value at the end of the year	95	92
10. Fair Value classification and measurement		
During the year under review, the only financial instruments that the group held at fair value were:		
Derivative assets	22	8
Derivative liabilities	7	4
These were classified as Level 2 instruments in the fair value hierarchy and comprise forward exchange contracts and interest rate swaps. The fair value of these derivative financial instruments is calculated using a discounted cash flow model with the major variables being the discount rate and the spot exchange rate. The calculations were performed by major financial institutions.		
11. Long-term borrowings		
Total long-term borrowings (including finance leases) ¹	440	434
Less: short-term portion (including finance leases)	(201)	(9)
	239	425

¹ Long-term borrowings in respect of the Quince rental book amount to R200 million (2014: R404 million).

Notes continued

12. Unconsolidated subsidiary

The financial results of Cafca Ltd (Cafca), a subsidiary incorporated in Zimbabwe, have not been consolidated in the group results as the group does not have management control:

- Reunert does not have a majority vote on the board of directors of Cafca and therefore does not control the board; and
- The difficult economic circumstances in Zimbabwe have resulted in a major liquidity crisis which renders Reunert's access to economic benefits from Cafca (e.g. dividends) such that it does not have the ability to affect its variable returns through its powers over Cafca.

The amounts involved are not material to the group's results. At 30 September 2015 Cafca's retained earnings amounted to US\$14 million (2014: US\$12 million).

13. 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.

14. Events after the reporting date

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

15. Audit opinion

These summarised consolidated financial statements were derived from the group's consolidated financial statements and are consistent in all material respects with the group's consolidated financial statements. The directors take full responsibility for the preparation of the summarised consolidated financial statements. The auditors, Deloitte & Touche, issued unmodified audit opinions on the group's consolidated financial statements and on these summarised consolidated financial statements for the year ended 30 September 2015 and the audit opinions are available for inspection at Reunert's registered office. The audit was conducted in accordance with the International Standards on Auditing. The auditors' report does not necessarily report on all information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuers registered office. Any reference to future performance included in this announcement has not been reviewed or reported on by the auditors.

Supplementary information

R million (unless otherwise stated)	2015	2014
Net worth per share (cents)	4 047	3 816
Current ratio (:1)	2,6	2,6
Net number of ordinary shares in issue (million)	165	164
Number of ordinary shares in issue (million)	184	188
Less: Empowerment shares (million)	(19)	(19)
Less: Treasury shares (million)	–	(5)
Capital expenditure	146	122
– expansion	104	92
– replacement	42	30
Capital commitments in respect of property, plant and equipment	68	38
– contracted	41	22
– authorised not yet contracted	27	16
Commitments in respect of operating leases	75	75
Contingent liabilities	–	–

A full list of abbreviations and acronyms will be available in the audited financial statements.

Administration

Directors

TS Munday (Chairman)*, T Abdool-Samad*, AE Dickson (Chief executive officer), SD Jagoe*, S Martin*, P Mahanyele*, M Moodley, TJ Motsohi*, NDB Orleyn**, SG Pretorius*, MAR Taylor, NA Thomson (Chief financial officer), R Van Rooyen*
* *Independent non-executive*; ** *Non-executive*

Registered office

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54 Maxwell Drive
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PO Box 784391
Sandton, 2146
Telephone +27 11 517 9000

Transfer secretaries

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

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Ltd)

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 (CIPC) for the financial year ended 30 September 2015 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 (Pty) Ltd
Group company secretaries

Enquiries

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

23 November 2015

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REUNERT LIMITED

WWW.REUNERT.COM