

REUNERT

REUNERT LIMITED

2015

UNAUDITED GROUP RESULTS AND
CASH DIVIDEND DECLARATION
for the six months ended 31 March 2015



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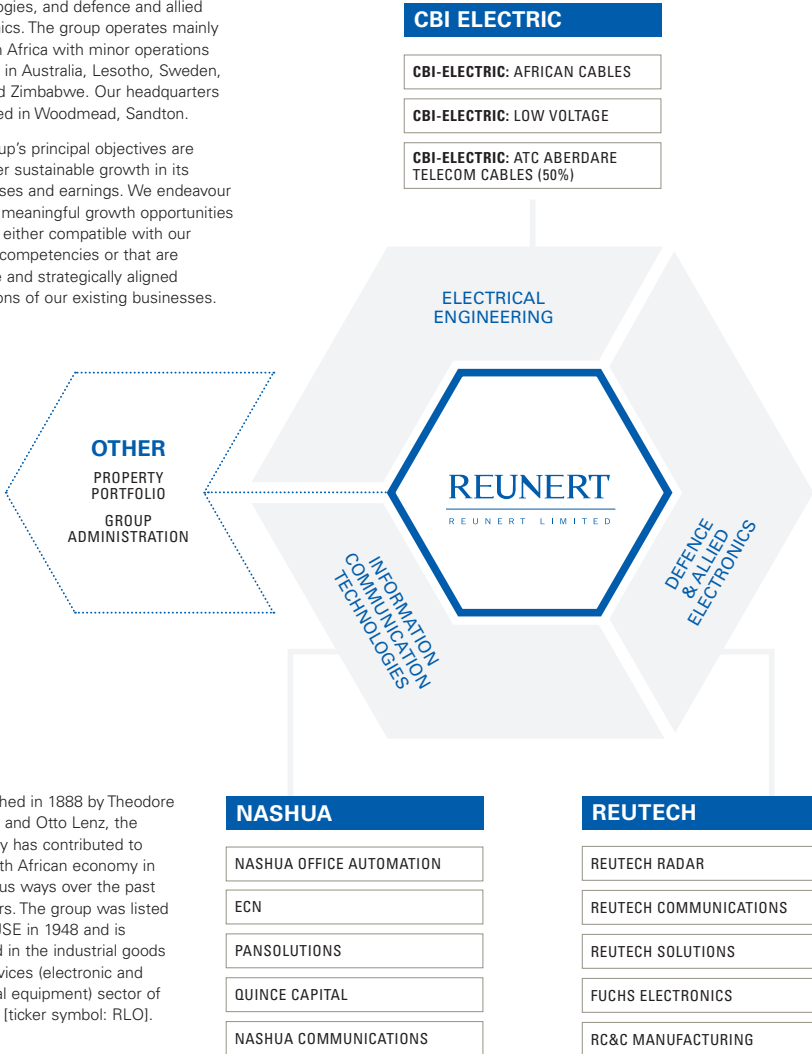
REUNERT

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")

GROUP PROFILE

Reunert manages a diversified portfolio of businesses in the fields of electrical engineering, information communication technologies, and defence and allied electronics. The group operates mainly in South Africa with minor operations situated in Australia, Lesotho, Sweden, USA and Zimbabwe. Our headquarters are based in Woodmead, Sandton.

The group's principal objectives are to deliver sustainable growth in its businesses and earnings. We endeavour to seek meaningful growth opportunities that are either compatible with our leading competencies or that are sensible and strategically aligned extensions of our existing businesses.



Established in 1888 by Theodore Reunert and Otto Lenz, the company has contributed to the South African economy in numerous ways over the past 127 years. The group was listed on the JSE in 1948 and is included in the industrial goods and services (electronic and electrical equipment) sector of the JSE (ticker symbol: RLO).

SALIENT FEATURES

		Six months ended 31 March		% Change
		2015	2014	
Revenue from continuing operations	Rm	3 935,3	3 681,7	7 ↑
Operating profit from continuing operations	Rm	502,8	477,2	5 ↑
Earnings per share from continuing operations	cents	245,7	200,9	22 ↑
Earnings per share	cents	286,5	237,8	20 ↑
Headline earnings per share from continuing operations	cents	242,1	201,3	20 ↑
Headline earnings per share	cents	264,8	238,5	11 ↑
Normalised headline earnings per share from continuing operations	cents	238,7	200,0	19 ↑
Normalised headline earnings per share	cents	261,4	237,2	10 ↑
Dividend per share	cents	105,0	95,0	11 ↑

UNAUDITED GROUP RESULTS

for the six months ended 31 March 2015

COMMENTARY

Notwithstanding a sluggish domestic economy, the adverse impact of load shedding and delays in the commencement of various national infrastructure projects, trading results for the past six months reflect a pleasing improvement over the prior year. This improvement is due to moderate, real growth in operating profit from continuing operations, additional proceeds on the sale of the Nashua Mobile subscriber bases and interest earned on the Nashua Mobile disposal proceeds.

Nashua Mobile's last month of trading was November 2014, whereafter the subscriber bases were successfully transferred. Nashua Mobile is presented as a discontinued operation, which is consistent with previous disclosures.

Revenue from continuing operations increased by 7% to R3,9 billion, whilst operating profit increased by 5% to R502,8 million.

Normalised headline earnings per share for the group, from all operations, increased by 10% to 261,4 cents, compared to the prior period. Basic earnings per share for the group, on the same basis, increased by 20% to 286,5 cents, whilst headline earnings per share for the group increased by 11% to 264,8 cents.

REVIEW OF OPERATIONS

CBI-ELECTRIC

Revenue from the segment, including the group's share from the telecoms joint venture, increased by 11% to R2,0 billion. On the back of the increase in sales volumes and improved efficiencies, operating profit increased by a pleasing 20% to R257,3 million.

African Cables experienced higher demand for cable resulting in better factory capacity utilisation, with associated improved margins. The demand was driven mainly by the municipal, mining and project business customers. This increase in volume was offset, in part, by a sharp reduction in offtake by Eskom, reduced sales of renewable energy cables due to delays in project commencement and tough conditions in the general market.

The Low Voltage business continued to deliver a positive local market performance. However, business activity has slowed from the start of the 2015 calendar year. Competition remains intense in the local market and margin protection remains a key operational objective. The disappointing South African market conditions have been partially offset by improved sales into Africa. Export volumes into the rest of the world remain in line with expectation and overall export volumes are slightly ahead of the prior period. The Solutions' business remained under pressure and was rightsized, resulting in a small restructuring cost.

Telecom Cables reduced its cost base in the prior year and returned to profitability.

COMMENTARY continued

NASHUA

Segmental revenue from continuing operations (excluding Nashua Mobile) increased by 8% to R1,7 billion. Operating profit increased by 19% to R243,7 million driven by increased volumes in ECN, a larger rental asset book in Quince and the return to profit of Nashua Communications and Prodoc.

The office automation industry continues to be characterised by strong competition resulting in ongoing margin pressure. The impact of reduced margins has been partially offset by cost reductions and improved sales across all product ranges.

The voice component of Nashua's business has delivered very pleasing results. Nashua Communications, which offers unified communication solutions, has been successful in acquiring and executing several large corporate contracts. ECN, our VoIP business, has had another successful period and has grown its customer base and minutes routed over their network. Eskom's load shedding has had an impact on sales volumes but the improved volumes and margin led to a significantly improved trading performance.

Quince Capital's first half operating results were positive, mainly due to the higher average loan book of R2,0 billion, which is a 9% increase on the prior period. Despite the challenging economic conditions, credit losses continue to be contained.

REUTECH

Revenue reduced by 13% to R423,7 million and operating profit decreased to R35,3 million. Reutech still has a material project component and delays in the receipt of certain significant project orders adversely affected the first half. Revenue from solar tracker manufacture did not recur following the successful completion of the Touwsriver project in the prior year. Traditional sales and annuity income from maintenance contracts were in line with expectation and continue to provide the platform to support the project business.

PROSPECTS

The economic conditions in South Africa are not expected to improve significantly in the near future. However, the receipt of large, medium-term base load orders by Reutech and improved trading positions in most of the group's existing businesses position Reunert well to deliver real growth in the financial year.

The group's strong balance sheet and cash position will enable the group to focus on and prioritise strategically compatible growth opportunities.

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

DIRECTORATE

Ms Manuela Krog resigned from the board, risk committee and as Chief Financial Officer on 31 March 2015. The board extends its sincere appreciation to Manuela for her services over the past four years and wishes her and her family all the best.

Mr Nick Thomson has been appointed to succeed Manuela on the board as Chief Financial Officer of Reunert on 15 June 2015. Mr Lood de Jager, the Reunert group finance executive, will serve as the acting Chief Financial Officer, from 31 March 2015 until Mr Thomson takes up his office at Reunert.

With effect from 31 March 2015 Ms Mohini Moodley was appointed to the board as Executive Director: Transformation and Human Resources as well as to the social, ethics and transformation committee. Mohini joined Reunert on 1 September 2013 in the position of group human resources and transformation executive.

CASH DIVIDEND

Notice is hereby given that a gross interim cash dividend No 178 of 105,0 cents per ordinary share (2014: 95,0 cents per share) has been declared by the directors for the six months ended 31 March 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 89,25 cents per share.

The issued share capital at the declaration date is 182 992 796 ordinary shares. Reunert's income tax 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, 11 June 2015
First date of trading (ex-dividend)	Friday, 12 June 2015
Record date	Friday, 19 June 2015
Payment date	Monday, 22 June 2015

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 12 June 2015 and Friday, 19 June 2015, both days inclusive.

On behalf of the board



Trevor Munday
Chairman



Alan Dickson
Chief Executive



Lood de Jager
Acting Chief Financial Officer

Sandton, 18 May 2015

SUMMARISED

GROUP INCOME STATEMENT

R million	Notes	Six months ended 31 March		% change	Year ended 30 September 2014 (Audited)
		2015 (Unaudited)	2014 (Unaudited)		
Revenue		3 935,3	3 681,7	7	7 773,8
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		559,2	529,1	6	1 125,1
Depreciation and amortisation		56,4	51,9		108,1
Operating profit	1	502,8	477,2	5	1 017,0
Net interest income/(expense) and dividend income	2	57,5	(7,8)		(9,9)
Profit before abnormal items		560,3	469,4	19	1 007,1
Abnormal items		–	–		(326,9)
Profit before taxation		560,3	469,4	19	680,2
Taxation		157,2	137,0		278,4
Profit after taxation		403,1	332,4	21	401,8
Share of joint ventures' profit/(loss)		6,0	0,5		(11,8)
Profit for the period from continuing operations		409,1	332,9	23	390,0
Profit for the period from discontinued operation	3	67,0	60,4	11	1 584,2
Profit for the period		476,1	393,3	21	1 974,2
Profit attributable to:					
Non-controlling interests		5,0	3,7	36	3,9
Equity holders of Reunert – from continuing operations		404,1	329,2	23	386,1
Equity holders of Reunert – from discontinued operation		67,0	60,4	11	1 584,2
Basic earnings per share from continuing operations (cents)	4 & 5	245,7	200,9	22	235,4
Diluted earnings per share from continuing operations (cents)	4 & 5	242,2	198,7	22	232,6
Basic earnings per share from discontinued operation (cents)	4 & 5	40,8	36,9	11	966,2
Diluted earnings per share from discontinued operation (cents)	4 & 5	40,2	36,4	10	954,5
Basic earnings per share (cents)	4 & 5	286,5	237,8	20	1 201,6
Diluted earnings per share (cents)	4 & 5	282,4	235,1	20	1 187,1

SUMMARISED GROUP INCOME STATEMENT continued

Cents	Notes	Six months ended 31 March		%	Year ended 30 September 2014 (Audited)
		2015 (Unaudited)	2014 (Unaudited)		
Other measures of earnings per share from continuing operations					
Headline earnings per share	4 & 5	242,1	201,3	20	391,2
Diluted headline earnings per share	4 & 5	238,6	199,1	20	386,5
Normalised headline earnings per share	4 & 5	238,7	200,0	19	439,0
Diluted normalised headline earnings per share	4 & 5	235,2	197,9	19	433,7
Other measures of earnings per share					
Headline earnings per share	4 & 5	264,8	238,5	11	505,6
Diluted headline earnings per share	4 & 5	261,0	235,8	11	499,5
Normalised headline earnings per share	4 & 5	261,4	237,2	10	553,3
Diluted normalised headline earnings per share	4 & 5	257,6	234,6	10	546,7
Cash dividend per ordinary share declared		105,0	95,0	11	370,0

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended 31 March		Year ended 30 September 2014 (Audited)
	2015 (Unaudited)	2014 (Unaudited)	
Profit for the period	476,1	393,3	1 974,2
Other comprehensive income, net of taxation:			
Items that may be reclassified subsequently to profit or loss			
Gains/(losses) arising from translating the financial results of foreign subsidiaries	(0,1)	(0,1)	0,1
Total comprehensive income	476,0	393,2	1 974,3
Total comprehensive income attributable to:			
Non-controlling interests	4,5	3,7	2,7
Equity holders of Reunert – from continuing operations	404,5	329,1	387,4
Equity holders of Reunert – from discontinued operation	67,0	60,4	1 584,2

SUMMARISED

GROUP BALANCE SHEET

R million	Notes	31 March 2015 (Unaudited)	31 March 2014 (Unaudited)	30 September 2014 (Audited)
Non-current assets				
Property, plant and equipment, investment properties and intangible assets		710,1	724,3	722,4
Goodwill	7	647,8	859,3	649,3
Investments and loans	8	93,0	86,2	91,6
Investment in joint ventures		155,0	160,7	148,5
Rental and finance lease receivables		1 534,7	1 355,0	1 465,3
Deferred taxation		51,5	52,6	51,1
		3 192,1	3 238,1	3 128,2
Current assets				
Inventory and contracts in progress		917,5	1 062,0	983,7
Rental and finance lease receivables		738,2	642,7	722,5
Accounts receivable, derivative assets and taxation		1 651,9	1 532,2	1 443,6
Cash and cash equivalents		2 521,1	463,1	697,0
Assets of discontinued operation	3	62,6	874,7	2 607,6
		5 891,3	4 574,7	6 454,4
Total assets		9 083,4	7 812,8	9 582,6
Equity attributable to equity holders of Reunert		6 300,5	4 839,9	6 269,4
Non-controlling interests		60,2	73,8	63,4
Total equity		6 360,7	4 913,7	6 332,8
Non-current liabilities				
Deferred taxation		96,2	64,7	121,2
Long-term borrowings	9	402,2	24,9	425,5
Non-current liabilities of discontinued operation	3	–	65,6	250,4
		498,4	155,2	797,1
Current liabilities				
Accounts payable, derivative liabilities, provisions and taxation		1 896,2	1 496,8	1 458,0
Bank overdrafts, short-term loans and current portion of long-term borrowings (including finance leases)		87,9	816,0	343,1
Current liabilities of discontinued operation	3	240,2	431,1	651,6
		2 224,3	2 743,9	2 452,7
Total equity and liabilities		9 083,4	7 812,8	9 582,6

SUMMARISED

GROUP CASH FLOW STATEMENT

R million	Six months ended 31 March		Year ended 30 September 2014
	2015 (Unaudited)	2014 (Unaudited)	2014 (Audited)
EBITDA	606,7	620,2	1 315,0
EBITDA from continuing operations	559,2	529,1	1 125,1
EBITDA from discontinued operation	47,5	91,1	189,9
Decrease/(increase) in net working capital	165,7	(75,3)	(43,8)
Other (net)	15,1	(1,5)	(93,2)
Cash generated from operations	787,5	543,4	1 178,0
Net interest and dividend income	57,5	(6,0)	(5,7)
Taxation paid	(192,1)	(196,4)	(332,4)
Dividends paid (including to non-controlling interests)	(455,0)	(452,0)	(612,3)
Net cash flows from operating activities	197,9	(111,0)	227,6
Net cash flows from investing activities	1 862,4	(422,0)	(472,8)
Capital expenditure	(47,3)	(65,0)	(122,1)
Net cash flows arising from disposal of businesses	1 971,2	–	–
Net cash flows arising from acquisition of businesses	–	(222,9)	(218,9)
Movement in total rental and finance lease receivables	(60,3)	(171,8)	(191,9)
Non-current loans granted	–	(1,2)	(5,9)
Dividends received	–	38,4	38,4
Other	(1,2)	0,5	27,6
Net cash flows from financing activities	(29,2)	10,2	417,9
Shares issued	5,8	10,6	26,7
Long-term borrowings (repaid)/raised	(19,7)	(0,4)	403,7
Cash flows arising from dealings with minority shareholders	(15,3)	–	(15,7)
Other	–	–	3,2
Increase/(decrease) in net cash resources	2 031,1	(522,8)	172,7
Net cash resources at the beginning of the period	414,5	241,8	241,8
Net cash resources/(borrowings) at the end of the period	2 445,6	(281,0)	414,5
Cash and cash equivalents	2 521,1	463,1	697,0
Cash and cash equivalents of discontinued operation	–	71,7	51,7
Bank overdrafts	–	(815,8)	(33,7)
Quince short-term borrowings	(75,5)	–	(300,5)
Net cash resources/(borrowings) at the end of the period	2 445,6	(281,0)	414,5

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

GROUP STATEMENT OF CHANGES IN EQUITY

R million	Six months ended	Year ended	
	31 March	2014	30 September
	2015 (Unaudited)	(Unaudited)	2014 (Audited)
Share capital			
Balance at the beginning of the period	294,1	288,1	288,1
Issue of shares	5,8	10,6	26,7
Cancellation of issued shares	(7,5)	(20,7)	(20,7)
Balance at the end of the period	292,4	278,0	294,1
Empowerment shares*	(276,1)	(276,1)	(276,1)
Treasury shares			
Balance at the beginning of the period	(312,7)	(1 253,6)	(1 253,6)
Cancellation of issued shares	312,7	940,9	940,9
Balance at the end of the period	–	(312,7)	(312,7)
Foreign currency translation reserves			
Balance at the beginning of the period	3,4	2,1	2,1
Other comprehensive income	0,4	(0,1)	1,3
Balance at the end of the period	3,8	2,0	3,4
Retained earnings			
Balance at the beginning of the period	6 560,7	6 117,4	6 117,4
Profit after taxation attributable to equity holders of Reunert	471,1	389,6	1 970,3
Cash dividends declared and paid	(452,2)	(450,1)	(606,2)
Cancellation of issued shares	(305,2)	(920,2)	(920,2)
Transfer from/(to) reserves	6,0	12,0	(0,6)
Balance at the end of the period	6 280,4	5 148,7	6 560,7
Equity attributable to equity holders of Reunert	6 300,5	4 839,9	6 269,4
Non-controlling interests			
Balance at the beginning of the period	63,4	59,4	59,4
Share of total comprehensive income	4,5	3,7	2,7
Dividends declared and paid	(2,8)	(1,9)	(6,1)
Net changes in non-controlling interests	(4,9)	12,6	9,4
Settlement of non-controlling interest loan	–	–	(2,0)
Balance at the end of the period	60,2	73,8	63,4
Total equity at end of the period	6 360,7	4 913,7	6 332,8

* These are shares held by Bargenel Investments (Pty) 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	2015 (Unaudited)	Six months ended 31 March			Year ended 30 September 2014		
		% of total	2014 (Unaudited)	% of total	% change	2014 (Audited)	% of total
Revenue¹							
CBI-electric	1 965,4	43	1 774,1	31	11	3 610,9	32
Nashua	2 227,4	48	3 379,8	60	(34)	6 787,2	59
Reutech	423,7	9	487,7	9	(13)	1 000,0	9
Other	6,8	–	7,4	–	(8)	16,6	–
Total operations	4 623,3	100	5 649,0	100	(18)	11 414,7	100
Revenue from equity accounted joint ventures	(159,1)		(159,6)		–	(292,8)	
Revenue from discontinued operation	(528,9)		(1 807,7)		(71)	(3 348,1)	
Revenue as reported	3 935,3		3 681,7		7	7 773,8	
Operating profit							
CBI-electric	257,3	46	214,6	38	20	427,6	36
Nashua ²	291,2	52	290,0	51	–	637,5	53
Reutech	35,3	6	77,9	14	(55)	169,7	14
Other ²	(25,7)	(4)	(19,4)	(3)	(33)	(35,5)	(3)
Total operations	558,1	100	563,1	100	(1)	1 199,3	100
Operating (profit)/loss from equity accounted joint ventures	(7,8)		(0,3)			1,4	
Operating profit from discontinued operation	(47,5)		(85,6)		(45)	(183,7)	
Operating profit as reported	502,8		477,2		5	1 017,0	

R million	31 March 2015 (Unaudited)	% of total	31 March 2014 (Unaudited)	% of total	As at 30 September 2014 (Audited)	% of total
Total assets						
CBI-electric	1 947,1	21	2 037,3	26	1 922,3	20
Nashua	4 032,4	45	4 830,0	62	6 399,1	67
Reutech	948,5	10	701,3	9	651,0	7
Other ³	2 155,4	24	244,2	3	610,2	6
Total assets as reported	9 083,4	100	7 812,8	100	9 582,6	100

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 R37,9 million (2014 R50,4 million) (September 2014 R82,2 million).

3 Other mainly consists of group treasury cash balances.

NOTES

R million	Six months ended 31 March		Year ended 30 September 2014
	2015 (Unaudited)	2014 (Unaudited)	(Audited)
1. OPERATING PROFIT			
Operating profit includes:			
– Cost of sales	2 642,2	2 436,0	5 143,4
– Realised (loss)/gain on foreign exchange and derivative instruments	(12,8)	8,6	(27,4)
– Unrealised gain on foreign exchange and derivative instruments	10,0	11,5	45,2
2. INTEREST AND DIVIDENDS			
Interest income	64,0	5,9	14,1
Interest expense	(6,5)	(13,7)	(24,6)
Dividend income	–	–	0,6
Total	57,5	(7,8)	(9,9)

3. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

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 unconditional approval from the Competition Tribunal on 29 September 2014, the sale was recognised. All conditions were met for the transfer of the subscriber bases to the network operators on 29 November 2014.

Arising out of this, the summarised group income statement and related notes exclude the results of Nashua Mobile.

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

3. DISCONTINUED OPERATION AND ASSETS 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 2014 (Audited)
	2015 (Unaudited)	2014 (Unaudited)			
Revenue	528,9	1 807,7	(71)		3 348,1
EBITDA	47,5	91,1	(48)		189,9
Operating profit	47,5	85,6	(45)		183,7
Profit for the period	67,0	60,4	11		1 584,2

SUMMARISED CASH FLOW STATEMENT

R million	Six months ended 31 March			Year ended 30 September 2014 (Audited)
	2015 (Unaudited)	2014 (Unaudited)		
Net cash flows from:				
Operating activities	(101,1)	110,7		183,1
Investing activities	1 971,2	(2,3)		4,3
Net cash flow	1 870,1	108,4		187,4

SUMMARISED BALANCE SHEET

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 2015 (Unaudited)	As at 31 March 2014 (Unaudited)	Year ended 30 September 2014 (Unaudited)
	Assets of discontinued operation	62,6	874,7
Non-current liabilities of discontinued operation	–	65,6	250,4
Current liabilities of discontinued operation	240,2	431,1	651,6

NOTES continued

R million	As at 31 March 2015 (Unaudited)	As at 31 March 2014 (Unaudited)	Year ended 30 September 2014 (Audited)
4. 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)	164,4	163,8	164,0
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	2,4	1,9	2,0
Weighted average number of shares used to determine diluted basic, diluted headline and diluted normalised headline earnings per share (millions of shares)	166,8	165,7	166,0
5.1 HEADLINE EARNINGS			
Profit attributable to equity holders of Reunert from continuing operations	404,1	329,2	386,1
<i>Headline earnings are determined by eliminating the effect of the following items from attributable earnings:</i>			
Net gain on disposal of business (after a tax charge of R1,3 million) (2014 Rnil) (September 2014 Rnil)	(5,7)	–	–
Net (gain)/loss on disposal of property, plant and equipment and intangible assets (after a tax charge of R0,1 million) (2014 credit of R0,1 million) (September 2014 credit of R0,1 million)	(0,3)	0,5	0,3
Impairment of goodwill in subsidiaries (after tax charge of Rnil) (2014 Rnil) (September 2014 Rnil)	–	–	245,9
Impairment of goodwill in equity accounted joint venture (after tax charge of Rnil) (2014 Rnil) (September 2014 Rnil)	–	–	10,8
Impairment reversal recognised for property, plant and equipment (after tax charge of Rnil) (2014 Rnil) (September 2014 charge of R0,6 million)	–	–	(1,7)

R million	As at 31 March 2015 (Unaudited)	As at 31 March 2014 (Unaudited)	Year ended 30 September 2014 (Audited)
5.1 HEADLINE EARNINGS continued			
Headline earnings from continuing operations	398,1	329,7	641,4
Profit attributable to equity holders of Reunert from discontinued operation	67,0	60,4	1 584,2
Net gain on disposal of business (after a tax charge of R11,9 million) (2014 Rnil) (September 2014 charge of R264,4 million)	(29,8)	–	(1 397,1)
Net loss on disposal of property, plant and equipment and intangible assets (after tax credit of R0,1 million) (2014 credit of R0,2 million) (September 2014 credit of R0,2 million)	0,1	0,5	0,5
Headline earnings from discontinued operation	37,3	60,9	187,6
Headline earnings	435,4	390,6	829,0
5.2 NORMALISED HEADLINE EARNINGS			
Headline earnings from continuing operations (refer to note 6.1)	398,1	329,7	641,4
<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)	–	–	81,0
Economic interest in the settlement provided in respect of ATC attributable to non-controlling interests with outstanding equity related loan accounts	–	–	(8,2)
Net economic interest in profit attributable to non-controlling interests with outstanding equity related loan accounts (refer to note 6)	(5,5)	(2,0)	5,5
Normalised headline earnings from continuing operations	392,6	327,7	719,7
Headline earnings attributable to equity holders of Reunert from discontinued operation	37,3	60,9	187,6
Normalised headline earnings	429,9	388,6	907,3

NOTES continued

R million	As at 31 March 2015 (Unaudited)	As at 31 March 2014 (Unaudited)	Year ended 30 September 2014 (Audited)
6. NON-CONTROLLING INTERESTS WITH OUTSTANDING EQUITY RELATED LOAN ACCOUNTS			
<i>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.</i>			
Had the non-controlling interests been recognised, the effect would be the following:			
– Net economic interest in current period profit/(loss) that is attributable to all affected non-controlling shareholders	5,5	2,0	(5,5)
– Balance sheet interest that is economically attributable to all affected non-controlling shareholders	113,4	104,1	102,0
7. GOODWILL			
Carrying value at the beginning of the period	649,3	792,2	792,2
Acquisition of businesses	–	225,2	263,1
Goodwill impaired during the period	–	–	(245,9)
Exchange differences on consolidation of foreign subsidiaries	(1,5)	–	(2,0)
Goodwill derecognised with discontinued operation	–	(158,1)	(158,1)
Carrying value at the end of the period	647,8	859,3	649,3
8. INVESTMENTS AND LOANS			
Loans – at cost	77,5	75,4	76,4
Investment in insurance cells – at fair value	13,8	9,1	13,5
Other unlisted investments – at cost	1,7	1,7	1,7
Carrying value at the end of the period	93,0	86,2	91,6
9. LONG-TERM BORROWINGS			
Total long-term borrowings (including finance leases) ¹	414,6	25,1	434,4
Less: short-term portion (including finance leases)	(12,4)	(0,2)	(8,9)
	402,2	24,9	425,5

¹ Long term borrowings in respect of the Quince rental book amount to R401,7 million (September 2014 R403,7 million)

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 1 October 2014 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 L de Jager (Acting Chief Financial Officer).

The group's accounting policies, as per the audited annual financial statements for the year ended 30 September 2014, have been consistently applied. These accounting policies comply with IFRS.

11. 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 2015 Cafca's retained earnings amounted to US\$13,2 million.

12. 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.

13. 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 2015 (Unaudited)	31 March 2014 (Unaudited)	30 September 2014 (Audited)
Net worth per share (cents)	3 832	2 953	3 816
Current ratio (:1)	2,6	1,6	2,6
Net number of ordinary shares in issue (million)	164,4	163,9	164,3
Number of ordinary shares in issue (million)	182,9	187,2	187,6
Less: Empowerment shares (million)	(18,5)	(18,5)	(18,5)
Less: Treasury shares (million)	–	(4,8)	(4,8)
Capital expenditure	47,3	65,0	122,1
– expansion	29,4	53,8	92,3
– replacement	17,9	11,2	29,8
Capital commitments in respect of property, plant and equipment	54,1	48,4	37,7
– contracted	21,1	32,9	21,4
– authorised not yet contracted	33,0	15,5	16,3
Commitments in respect of operating leases	62,5	121,3	74,7

