



Reunert Presents

**UNAUDITED RESULTS FOR THE SIX MONTHS
ENDED 31 MARCH 2006**



Salient features

- Strong sales & volume increase
- Consumer boom
- Modest increase in demand due to infrastructural spending
- Headline earnings per share = 232,6 cents
- Dividend per share = 63 cents per share
- EBITDA as % of revenue = 14,1%

↗ 19%

REVENUE

↗ 23%

OPERATING PROFIT

↗ 29%

HEADLINE EARNINGS
PER SHARE

↗ 21 %

DIVIDEND PER SHARE

Group income statement Six months ended 31 March 2006	2006 R million	2005 R million (Restated)	% change
Revenue	3,910.9	3,275.5	19
EBITDA	551.0	448.1	23
Depreciation and amortisation	27.0	23.1	17
Operating profit	524.0	425.0	23
Net interest and dividend income	33.2	22.2	50
Profit before abnormal items	557.2	447.2	25
Abnormal items	3.3	2.4	
Profit before taxation	560.5	449.6	25
Taxation	202.0	164.1	23
Profit after taxation	358.5	285.5	26
Share of associate company's profits	53.3	29.6	80
Profit for the period	411.8	315.1	31
Minority interest	3.0	0.7	
Equity holders of Reunert Limited	408.8	314.4	30
	411.8	315.1	
Basic earnings per share (cents)	234.1	181.9	29
Diluted basic earnings per share (cents)	231.0	179.7	29
HEPS (cents)	232.6	180.5	29
Diluted HEPS (cents)	229.5	178.2	29
Normalised diluted basic eps (cents)	220.6	174.0	27
Normalised diluted heps (cents)	219.2	172.6	27
Dividends per share (cents)	63.0	52.0	21
Taxation rate excl abnormal items (%)	36.3	36.7	
EBITDA as a % of revenue	14.1	13.7	

Financial Results

These results are based on International Financial Reporting Standards (IFRS).

As a consequence of the application of IFRS, in the opinion of the Reunert board, the earnings of the group from an economic perspective have been overstated. As discussed under the normalised earnings section, the effect of this has been adjusted for in calculating normalised earnings. On this basis, headline earnings per share grew by 27%.

Effect of BEE accounting

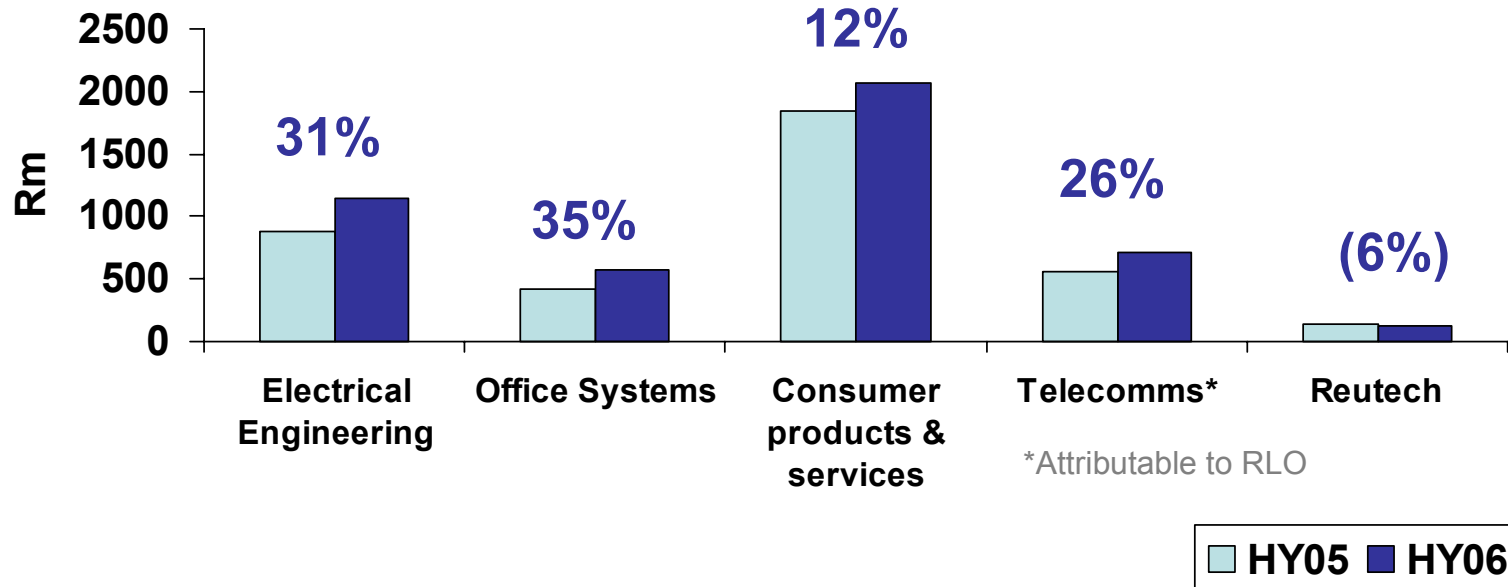
- **Not treated as minorities until all conditions have been met**
- **Once acknowledged as minorities**
 - HEPS growth reduced to 27%

Group balance sheet at 31 March 2006	2006 R million	2005 R million (Restated)
Non-current assets		
Property, plant and equipment & Intangible assets	361	333
Goodwill	330	326
Investments and loans	107	110
Finco accounts receivable	890	563
Deferred taxation	37	43
	1,725	1,375
Current assets		
Inventory and contracts in progress	555	519
Accounts receivable and derivative assets	1,099	838
Finco accounts receivable	346	198
Non-current assets held for sale	3	-
Cash and cash equivalents	676	319
	2,679	1,874
Total assets	4,404	3,249
Equity attributable		
Ordinary	1,660	1,225
Preference	1	1
	1,661	1,226
Minority interest	30	28
Total equity	1,691	1,254
Non-current liabilities		
Long-term borrowings	115	1
Deferred taxation	79	78
	194	79
Current liabilities		
Bank o/drafts & short-term portion of long-term borrowings	16	1
Finco short-term bank borrowings	1,096	625
Accounts payable, derivative liabilities, provisions & tax	1,407	1,290
	2,519	1,916
Total equity and liabilities	4,404	3,249

Group cash flow statement	2006	2005
Six months ended 31 March 2006	R million	R million
		(Restated)
EBITDA	551	448
Working Capital change		
-Finco receivables	(207)	(232)
-Other	(187)	(85)
Net interest & dividends received	81	62
Taxation Paid	(211)	(244)
Dividends Paid	(338)	(218)
CASH UTILISED BY OPERATIONS	(311)	(260)
Capital Expenditure	(49)	(24)
Net Sale/(Purchase) of businesses & investments	2	(4)
Other Movements	22	23
Actual Net Cash Flow	(336)	(265)
Movement in Finco borrowings	229	311
Net Cash Flow adjusted for Finco borrowings	(107)	46

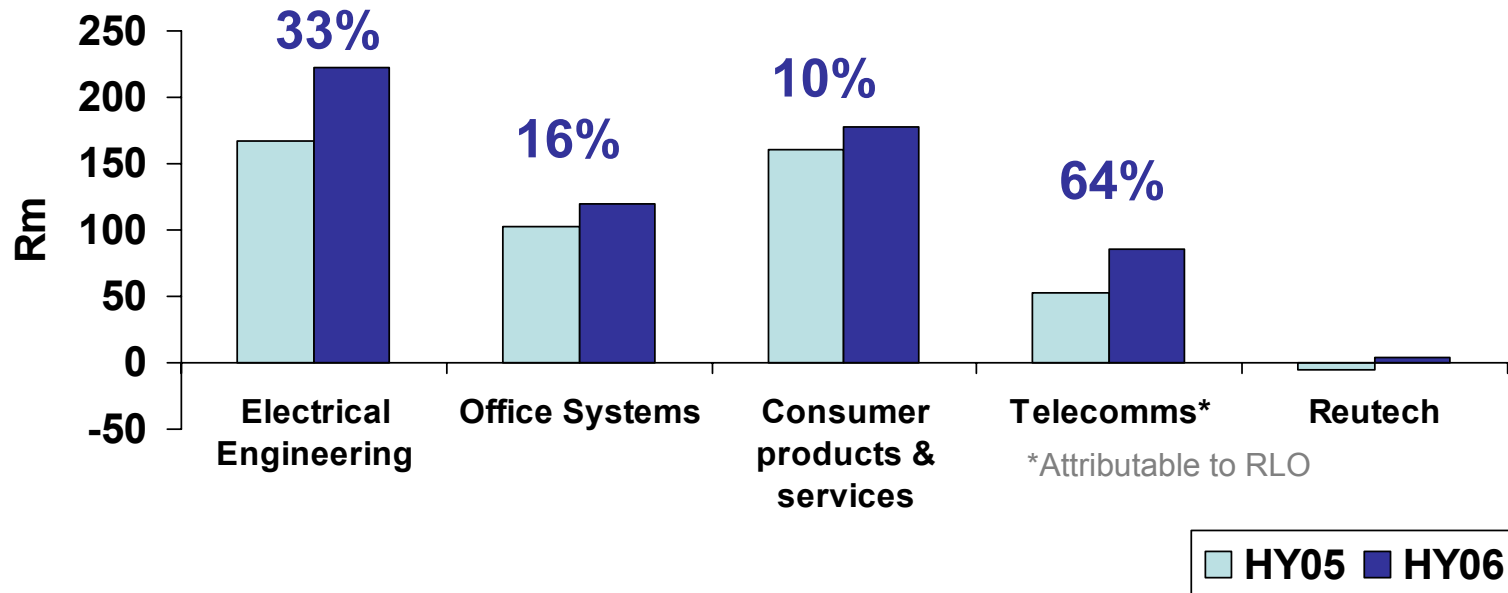
Segmental analysis

Revenue growth



Segmental analysis

Operating Profit growth



Acquisitions

- **Two small businesses**
 - R6,3 million
- **Black Dot**
 - Incorporated into Nashua Mobile
 - An ISP, website host & developer
 - Complements the strategy on Nashua Broadband
 - Exploit convergences of telecoms IT & VOIP
 - ± 35 people
- **Dynatrac**
 - Incorporated into Nashua
 - Software product
 - Provides customer with printing & copying cost management system
 - Established product with customer base
 - Opportunity to develop derivatives
 - ± 8 people

Capital Expenditure

- **Electrical engineering**
 - R114 million approved for FY06
 - Expansion: R83 million(73%)
 - Replacement R31 million (27%)
- **Electronics**
 - R70 million
 - New Nashua building in Midrand
 - Additions to Nashua Mobile



Operational Review

Circuit Breaker Industries

- **Expanding manufacturing capacity**
 - Increased demand from Europe
 - South Africa
 - Mechanising certain processes
- **Lesotho**
 - Full production
 - Satisfied with progress
- **Exports**
 - 40% growth y-o-y
 - 27% of total sales are outside SA
 - CBE products 63% growth
 - Mostly Europe
- **Australia**
 - Disappointing
 - ZAR vs Au\$ (+5%)

Category	% Sales growth
Residential	↗ 7%
Commercial & Industrial	↗ 7%
MSA Switchgear	↗ 30%
Wiring accessories	↗ 240%

African Cables

- **Sales ↗ 17% if Copper price increase stripped out**
- **Ever increasing copper price is matter of concern**
- **Capex approved to ensure sufficient capacity**
- **Cafca, Zimbabwe**
 - No improvement
 - Continue strategic intent
 - Not consolidated

	March	'05	'06	% change
Average exchange rates				
R/\$	6.02	6.34		+5%
R/€	7.85	7.58		-3%
Average Copper Prices				
\$/ton	3,179	4,615		+45%
R/ton	19,162	29,262		+53%

ATC

- **Volumes doubled**
- **Profits improved**
- **Profitability acceptable**
- **Demand expected to increase significantly**
 - Telkom broadband initiative
 - SNO
 - Botswana
 - Nigeria
- **Sufficient capacity**
 - Needs to be exploited

Nashua

- **↗ 35% growth in revenue**
- **Multi-functional machines ↗ 20% volume growth 1st half**
- **Printers ↗ 466%**
- **Acquired Dynatrack**
 - Software
 - Optimising placement of machines in office environment
 - Differentiating service to customers
- Occupied new HO building, Woodmead North

% Multi-functional machine growth

12 months Sep '05 vs 6 months March '06

Segment 1	0-19 p/min	↗ 50%
Segment 2	20-39 p/min	↗ 79%
Segment 3	40-59 p/min	↗ 58%
Segment 4	60-89 p/min	↗ 85%
Segment 5	90+p/min	↗ 60%

Finance Company

- **Long-term facilities of R1,2 billion**
 - Up from R900 million
- **Facilities provided by 3 banks**
 - RMB, ABSA, Nedbank
- **Long-term basis**
 - 5 year period

Nashua Mobile

- **High conversion rate from prepaid to contract**
 - More customers can afford contracts
 - Credit vetting criteria relaxed
- **Marked improvement in activity in broadband**
 - IBurst, 3G, HSDPA
- **Acquisition of Black Dot ISP**
- **Move towards one stop service provider**
 - Mobile, fixed line, voice of internet protocol & data services

March	'05	'06	% growth
Contract subscribers	389,968	484,728	↗ 24%
ARPU (average for period)	R555	R517	↘ 7%
Total increase in base (6mths)	28,477	68,746	↗ 141%
Total 3G cards sold	482	2,661	
Base of 3G at end of period	482	4,297	

RC&C

- **Number units HY05 to HY06**
 - Photographic & brown goods market ↗ 9%
 - White goods ↗ 17%
- **Digital explosion**
 - 30% growth in digital cameras, camcoders & plasma screens
- **Price deflation**
 - No real price deflation in white goods
 - Up to 60% in high tech electronics
- **Bad debt down**
 - April turning

Average exchange rates

March	'05	'06	% change
R/\$	6.02	6.34	+5%
R/€	7.85	7.58	-3%

Siemens Telecommunications

- **Rejuvenation of Telkom network**
- **Expansion of Vodacom 3G services**
 - HSDPA
- **Vodacom Tanzania 3G**
- **Well positioned to benefit from Telkom new generation network**
- **2nd half unlikely to match 1st half growth**

Reutech

- **Returned to profitability**
- **RDI & RDL well positioned & profitability expected to increase**
- **RRS & Fuchs Electronics need more orders**
 - Expected to be profitable for FY06
- **Profitability in 2nd half overall expected to be better**

Prospects

Most of the group's operations are expected to benefit from the current buoyant market conditions. Therefore Reunert should continue to deliver headline earnings growth in the second half of the year.