

REUNERT

REUNERT LIMITED

Unaudited results for the
six months ended
31 March 2007

↗ 19%

REVENUE

↗ 16%

OPERATING PROFIT

↗ 16%

NORMALISED HEADLINE
EARNINGS PER SHARE

↗ 16%

DIVIDEND PER SHARE

Salient features

- **Strong performance**
 - Electrical Engineering, Telecommunications & Defence
- **Slow down in consumer trading**
- **Modest increase in demand due to infrastructural spending**
- **Abnormal items**
 - R572,4 million
 - BEE transaction and Employee Share Trust
- **Derivative instruments**
- **Dividend per share = 73 cents per share**
- **EBITDA 17% up**
 - as % of revenue = 13,8%

Income Statement

for the six months ended 31 March 2007

	2007 Rm	Adjusted 2007 Rm	% Change on 2006 Rm	2006 Rm
TURNOVER	4,654	4,654	19	3,911
EBITDA	643	643	17	551
Depreciation	(36)	(36)	(32)	(27)
Operating Profit	608	608	16	524
Interest & Dividends	27	27	(18)	33
Profit before abnormal items	635	635	14	557
Abnormal items	(572)	-		3
Profit before taxation	62	635	13	561
Taxation	(201)	(217)	(7)	(202)
(Loss)/Profit after taxation	(139)	418		359
Associates	64	64	21	53
Minorities	(3)	(3)		(3)
Headline earnings adjustments	(40)	(1)		(3)
Headline (loss)/earnings	(117)	478		406
Headline EPS (cents)	(67)	271		233
Normalised Headline EPS (cents)	258	258	16	222
Dividend per share (cents)	73		16	63
EBITDA %	13.8	13.8	(2)	14.1
Tax rate %	34.1	34.1	6	36.3
No. of Shares (000)	176,478	176,478		174,633

BALANCE SHEET	2007	2006
as at 31 March 2007	R million	R million
Non-current assets		
Property, plant and equipment & Intangible assets	546	361
Goodwill	337	330
Investments and loans	211	107
Finco accounts receivable	1,155	890
Deferred taxation	69	38
	2,319	1,725
Current assets		
Inventory and contracts in progress	787	555
Accounts receivable and derivative assets	1,425	1,099
Finco accounts receivable	445	346
Non-current assets held for sale	-	3
Cash and cash equivalents	73	676
	2,729	2,679
Total assets	5,048	4,404
Equity attributable to equity holders		
Shareholders	1,871	1,661
Minority interest	31	30
Total equity	1,903	1,691
Non-current liabilities		
Long-term borrowings	114	115
Deferred taxation	147	79
	262	194
Current liabilities		
Accounts payable, derivative liabilities, provisions & tax	1,670	1,407
Finco bank borrowings	1,198	1,096
Bank overdrafts & short-term portion of long-term borrowings	16	16
	2,884	2,519
Total equity and liabilities	5,048	4,404

CASH FLOW STATEMENT
for six months ended 31 March 2007

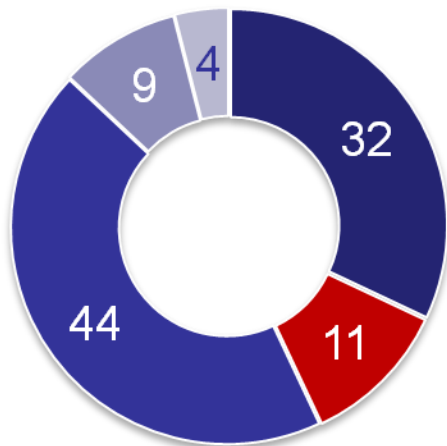
2007
R million

2006
R million

EBITDA	643	551
Increase in net working capital	(411)	(394)
Increase in Finco accounts receivable	(197)	(208)
Increase in other working capital	(215)	(187)
Cash generated from operations	232	157
Net interest and dividend income (including associates)	27	81
Taxation paid	(340)	(211)
Dividends paid (including to minorities)	(750)	(338)
Other (net)	3	5
Net cash flows from operating activities	(829)	(306)
Net cash flows from investing activities	(78)	(40)
Net cash flows from financing activities	11	11
Net decrease in cash and cash equivalents	(895)	(336)
Net short-term bank borrowings at beginning of the period	(231)	(84)
Net short-term bank borrowings at end of the period	(1,126)	(420)
Cash and cash equivalents (net)	73	676
Finco bank borrowings	(1,198)	(1,096)
Net short-term bank borrowings at end of the period	(1,126)	(420)

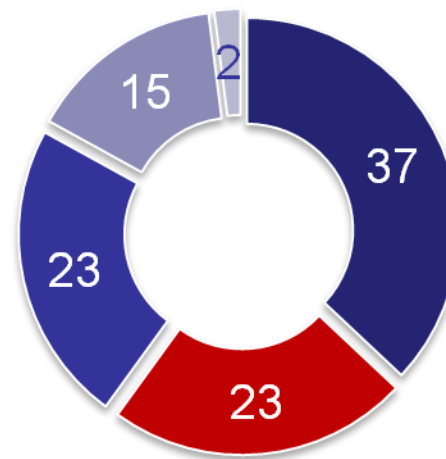
Segmental analysis: % Contribution to

Revenue



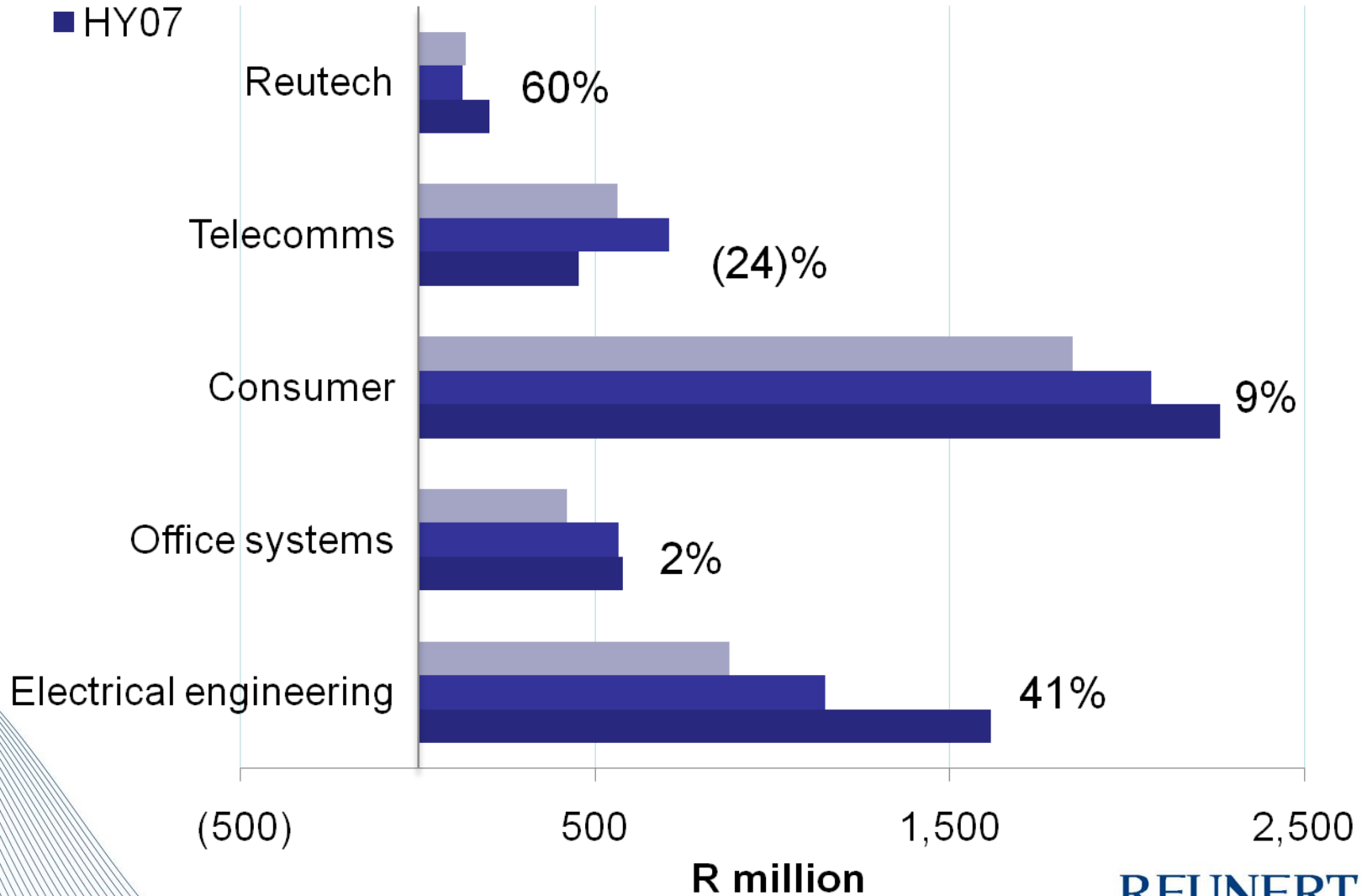
- Electrical
- Office Systems
- Consumer
- Telecomms
- Reutech

Operating Profit

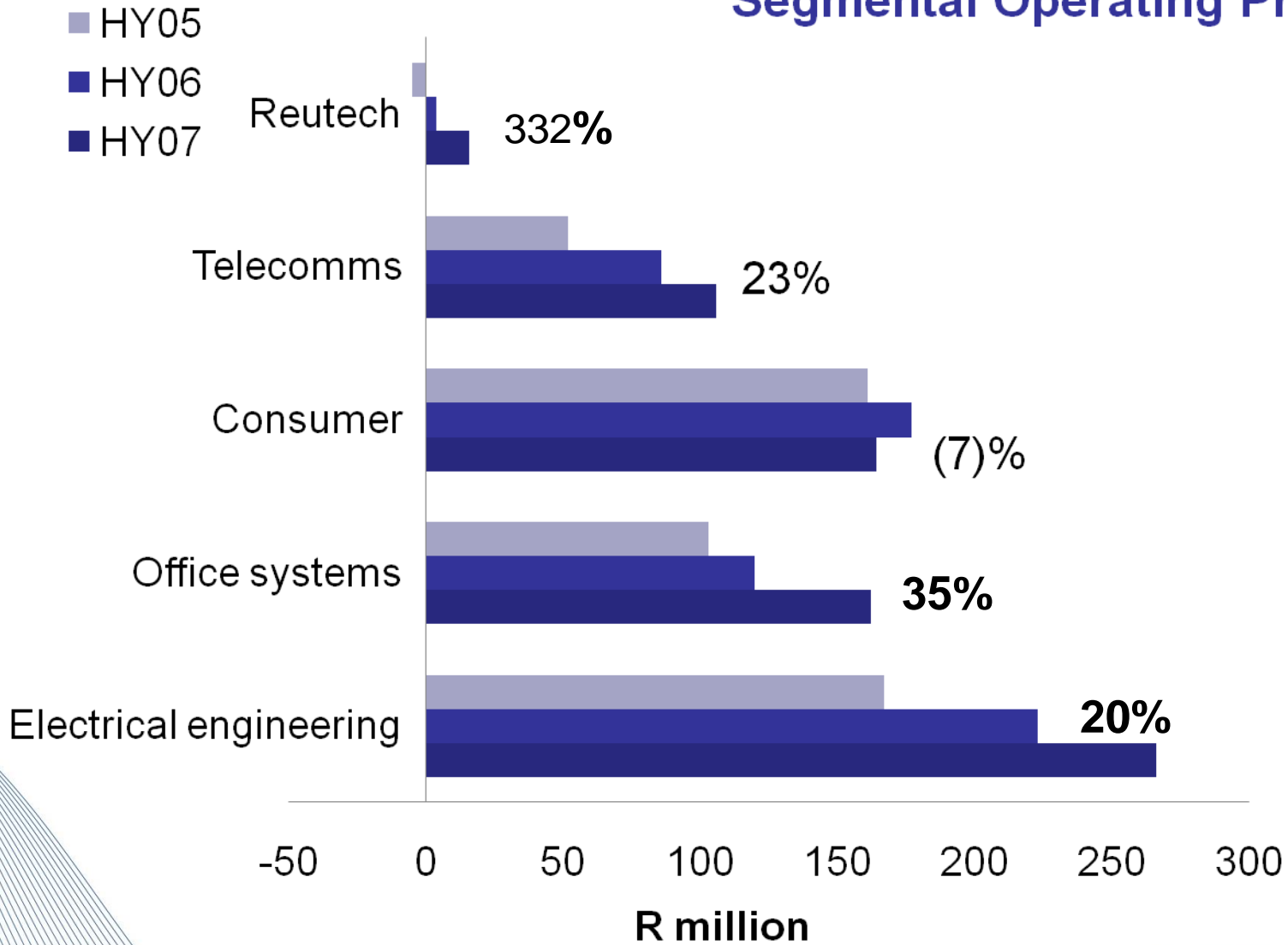


Segmental Revenue

- HY05
- HY06
- HY07



Segmental Operating Profit



Period March 2006 to March 2007

OPERATIONAL REVIEW



ELECTRICAL ENGINEERING

Energy Cables

- **Eskom requirements**
 - Reached tender stage
- **Capacity constraints addressed**
 - Adequate to meet foreseeable demand
 - Commissioning phase impact
- **Imports**
 - Increased activity
- **Cafca**
 - R21 million imported
- **Industrial Action**
 - 3 shift week

Contribution per category

Low-voltage	46% of sales
General Market	56%
Utilities	25%
Mining	17%
Other	2%
Medium & HV	54% of sales
General market	30%
Utilities	48%
Mining	5%
Other	9%

Energy Cables: Capex

Upcaster	Installed and commissioned
Compounding line	Installed and commissioned
Wire drawing machine	Installed and commissioned
Double twist stranding machine	Installed and commissioned
Drum Twister arming machine	Installed and commissioned
Bedding extruder	Installed and commissioned
New MV insulation line	To be commissioned – Aug 07
SZ lay-up line	To be commissioned – Jul 07
APL tape applicator	To be commissioned – Oct 07
ACSR equipment	To be commissioned – Sep 07

Telecommunications Cables

- **JV CBi-electric: Aberdare ATC Telecom Cables**
- **Effective 1 February 2007**
 - 50% share proportionally consolidated
- **Products**
 - Copper
 - Industrial & Data
 - Strong contribution from Lambda
 - Fibre optic cables
 - Neighbouring countries
 - Nigeria
 - Infracom/Neotel

Telecommunications Cables

- **Strong demand for all products**
 - Telkom upgrade of network
 - Creation of Neotel network
 - First orders received
 - Exports into Africa
 - Industrial demand
 - Office/Business
- **Revenue may approach R1billion**

Sales	2006	2007
By market		
Telkom	68%	64%
Industrial	23%	26%
Export	9%	10%
By product		
Copper	87%	85%
Fibre	13%	15%

Low voltage

Sales growth

Residential	5%
Commercial/Industrial	11%
MSA Switchgear	20%
Wiring accessories	81%

Residential

- Modest decline in building activity
- Increased presence of cheap imports
- Low-cost housing static

Commercial & Industrial

- Healthy demand
- Growth expected to continue

Other activities

- Factory automation
- Motor control
- Meters
- Wiring accessories

Healthy steady demand

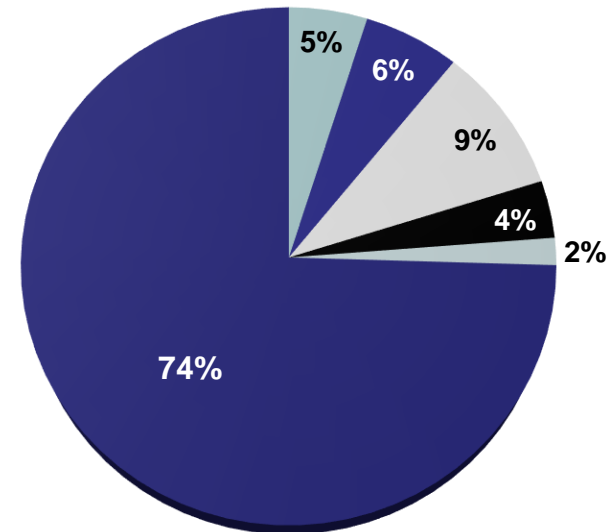
REUNERT

REUNERT LIMITED

- **Overseas subsidiaries**

- Europe: strong growth
- USA: strong growth
- Australia: flat
 - Industrial action
 - Modernising of factory
- 20% of sales to USA, Europe & Australia
- 25% of total revenue exported

Regional Sales



■ USA ■ Europe ■ Australia ■ Africa ■ Far East ■ Local



ELECTRONICS

SA Industry Statistics: Consumer Electronics

- **Brown goods**
 - $\pm 10\%$ growth in value Y-o-Y to March 2007
- **White Goods**
 - $\pm 15\%$ growth in value Y-o-Y to March 2007
 - Zero growth Jan – March 2007 vs Jan – March 2006.
- **Product Growths**
 - All Audio products 8%
 - Video Camera (1%)
 - Digital Still Camera 19%
 - Flat Panel 73%
- **Margins under pressure**
 - Product price deflation
 - Competition increasing (easy entry)

- **Market size static in 2006**
 - Nashua market share up from 22,5% to 23,8% (Infosource data 2006)
- **8,5% growth in total document volume**
 - 12 months to March 2006: 3,646 billion clicks
 - 12 months to March 2007: 3,956 billion clicks
- **Acuo Technologies**
- **Nashua Finance**
 - Release of retention money
 - R24 million – potential bad debts

Nashua Mobile

	2006	2007
Contract subscriber base	484,728	640,361
Net increase in period		155,633
% increase		32%
ARPU (average)	R517	R446
Annualised churn	10%	9%
Number Portability		
No of ports to Nashua Mobile		3,903
No of ports leaving		(1,547)
Net positive ports		2,356

Nashua Electronics

- **RC&C Holdings renamed Nashua Electronics**
 - Consumer business
 - Business systems
- **Consumer sales are down**
- **Margins squeezed**
- **Increased advertising & marketing spend**
- **Digital broadcast**
 - Opportunities
- **IAS39 adjustments**

Business Systems

PBX

- Unit growth
 - Switch to VOiP and digital/IT technology

Office Systems

- Margin erosion
 - Printers, copiers & multifunctional machines
- Increased demand for colour printing & copying

Broadcast equipment

- Move to internal storage technology & high definition

CCVE

- Strong growth lower level applications. Chinese imports
- Growth expected towards 2010 at higher end of market

Presentation products

- Well positioned

Siemens Telecommunications

- **Nokia Siemens Networks**
 - Deal effective 1 April 2007
 - Shareholders
- **Strong order book**
 - Telkom
 - Cellular networks
 - Neotel (SNO)
 - Africa

- **Excellent performance**
 - 60% improvement in revenue
 - Operating profit grew from R3,8 million to R16,4 million
- **Strong order book**
 - Up to two years
- **Business no longer for sale**
- **Forecast good contribution to profits for FY07 & FY08**

Quince Capital

- **New venture with PSG Group**
- **RC&C Finance Company + R379 million cash**
- **Deal effective 1 May 2007**
 - Earnings dilutive in short-term
- **Bridging bank loan facility of R1,4 billion**
 - Reunert guarantee
- **Securitisation facility of R5 billion**
- **Equity accounted in future**
 - Reunert share 49,9%



Prospects

Growth in normalised headline earnings per share for the full year is anticipated to be in line with the increase achieved in the first six months.

This statement has not been audited or reviewed by the external auditors

Thank you

CONTACT:

Carina de Klerk

+27 (0)11 517 9033

+27 (0)83 631 5743

carina@reunert.co.za