

Segmental analysis

BUSINESS AND GEOGRAPHIC SEGMENTS

Business segments

For management purposes, the group is currently organised into two operating divisions:

Electrical engineering (CBI-electric: low voltage (formerly Circuit Breaker Industries), CBI-electric: African Cables (formerly African Cables) and CBI-electric: telecom cables (formerly ATC)) and,

Electronics comprising Office systems (Nashua office automation, Nashua Kopano, Nashua Tshwane, Nashua Eastern Cape and RCCF/Quince (refer to note 36)), Consumer products and services (Nashua Mobile and Nashua Electronics (formerly RC&C Holdings)), Telecommunications (NSN (formerly Siemens Telecommunications and Acuo) and Reutech (Fuchs Electronics,

RDI Communications, RDL and RRS)). The group overview on pages 4 and 5 gives details of the activities of each division.

The associate companies form part of the Office systems and Telecommunications segments.

These divisions are the basis on which the group reports its primary business segments.

Segment information about these businesses is presented below.

The group's operations are situated mostly in South Africa, with minor operations situated in Germany, the United States of America and Australia. It is, therefore, not considered meaningful to disclose information on geographic segments according to location of operation.

REVENUE INCLUDING ASSOCIATE COMPANIES*

Rm	2007	%	2006	%	% change
Electrical engineering**	3 315,1	29	2 573,7	27	29
Electronics					
Office systems	1 224,1	11	1 234,8	13	(1)
Consumer products and services	4 592,2	41	4 109,0	43	12
Telecommunications	1 712,9	15	1 285,7	14	33
Reutech	490,5	4	317,3	3	55
Total Electronics	8 019,7	71	6 946,8	73	15
Total operations	11 334,8	100	9 520,5	100	19
Less: Reunert's attributable portion of associate companies' revenue	(1 760,4)		(1 284,1)		
Revenue as reported per the income statement	9 574,4		8 236,4		16

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

**Revenue includes an amount of R96,3 million for inventory sold at book value by ATC (Pty) Limited to CBI-electric Aberdare ATC Telecom Cables (Pty) Limited.

OPERATING PROFIT INCLUDING ASSOCIATE COMPANIES

Rm	2007	%	2006	%	% change
Electrical engineering	553,9	36	552,1	39	–
Electronics					
Office systems	306,5	20	314,1	22	(2)
Consumer products and services	368,2	24	374,5	27	(2)
Telecommunications	211,2	13	142,9	10	48
Reutech	109,2	7	30,4	2	259
Total Electronics	995,1	64	861,9	61	15
Total operations	1 549,0	100	1 414,0	100	10
Less: Reunert's attributable portion of associate companies' net operating profit	(230,3)		(141,3)		
Operating profit as reported in the income statement	1 318,7		1 272,7		4

TOTAL ASSETS (EXCLUDING CASH AND CASH EQUIVALENTS AND DEFERRED TAXATION ASSETS) INCLUDING ASSOCIATE COMPANIES

Rm	2007	2006
Electrical engineering	1 690,3	1 325,2
Electronics		
Office systems	1 863,4	1 839,3
Consumer products and services	1 362,9	1 241,2
Telecommunications	544,0	978,3
Reutech	223,9	109,8
Total Electronics	3 994,2	4 168,6
Total operations	5 684,5	5 493,8
Less: Reunert's attributable portion of associate companies' assets	(1 409,2)	(872,8)
Total assets (excluding cash and cash equivalents and deferred taxation assets) as reported per the balance sheet	4 275,3	4 621,0

TRADE AND OTHER PAYABLES, DERIVATIVE LIABILITIES AND PROVISIONS, INCLUDING ASSOCIATE COMPANIES

Rm	2007	2006
Electrical engineering	465,0	441,2
Electronics		
Office systems	303,5	359,6
Consumer products and services	889,3	958,7
Telecommunications	373,3	722,7
Reutech	137,7	125,6
Total Electronics	1 703,8	2 166,6
Total operations	2 168,8	2 607,8
Less: Reunert's attributable portion of associate companies' liabilities	(393,3)	(721,9)
Trade and other payables, derivative liabilities and provisions as reported per the balance sheet	1 775,5	1 885,9

CAPITAL EXPENDITURE EXCLUDING ASSOCIATE COMPANIES

Rm	2007	2006
Electrical engineering	111,3	99,8
Electronics		
Office systems	6,5	60,1
Consumer products and services	21,5	30,3
Telecommunications	0,2	0,1
Reutech	9,5	4,0
Total Electronics	37,7	94,5
Capital expenditure as reported	149,0	194,3

DEPRECIATION AND IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION OF INTANGIBLE ASSETS EXCLUDING ASSOCIATE COMPANIES

Rm	2007	2006
Electrical engineering	41,4	36,9
Electronics		
Office systems	7,5	5,0
Consumer products and services	21,0	17,1
Telecommunications	0,7	–
Reutech	5,3	4,2
Total Electronics	34,5	26,3
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets as reported	75,9	63,2

NUMBER OF EMPLOYEES EXCLUDING ASSOCIATE COMPANIES

	2007	2006
Electrical engineering	3 411	3 295
Electronics		
Office systems	419	400
Consumer products and services	1 700	1 781
Telecommunications	25	30
Reutech	968	770
Total Electronics	3 112	2 981
Number of employees as reported	6 523	6 276

	2007 Rm	2006 Rm	2005* Rm	2004** Rm	2003** Rm
CONSOLIDATED BALANCE SHEETS					
ASSETS					
Property, plant and equipment	565,7	455,4	328,4	196,2	213,7
Intangible assets	13,0	11,9	7,9	–	–
Goodwill	372,8	326,8	329,0	324,8	306,9
Investments and loans	727,9	148,8	116,2	109,9	20,8
RCCF accounts receivable	–	1 403,8	1 028,2	528,5***	1 220,0
Deferred taxation assets	37,9	59,1	37,5	56,2	33,1
Cash and cash equivalents	530,6	969,3	784,4	451,3	484,8
Other current assets	2 595,9	2 274,3	1 565,8	1 420,6	1 358,5
Total assets	4 843,8	5 649,4	4 197,4	3 087,5	3 637,8
EQUITY AND LIABILITIES					
Ordinary and preference equity holders of Reunert	2 469,0	1 680,9	1 561,7	983,1	1 156,5
Minority interest	14,4	38,2	43,0	39,7	121,2
Total equity	2 483,4	1 719,1	1 604,7	1 022,8	1 277,7
Deferred taxation liabilities	115,8	141,6	81,7	44,3	63,8
Long-term borrowings	278,8	115,0	111,7	–	–
RCCF short-term borrowings	–	1 187,9	866,8	314,1***	900,7
Current liabilities	1 965,8	2 485,8	1 532,5	1 706,3	1 395,6
Total equity and liabilities	4 843,8	5 649,4	4 197,4	3 087,5	3 637,8
CONSOLIDATED INCOME STATEMENTS					
Revenue	9 574,4	8 236,4	7 012,0	6 247,3	6 103,9
Operating profit	1 318,7	1 272,7	917,3	700,5	607,7
Net interest and dividends received	54,8	64,9	50,1	65,1	45,2
Profit before abnormal items	1 373,5	1 337,6	967,4	765,6	652,9
Abnormal items	(447,6)	1,6	3,9	6,0	–
Profit before taxation	925,9	1 339,2	971,3	771,6	652,9
Taxation	(427,4)	(500,5)	(326,5)	(309,0)	(224,4)
Profit after taxation	498,5	838,7	644,8	462,6	428,5
Share of associate companies' profits/(losses)	148,4	95,2	79,2	66,8	(82,6)
Profit for the year	646,9	933,9	724,0	529,4	345,9
Profit for the year attributable to:					
Minority interest	7,6	11,1	10,7	51,0	50,5
Equity holders of Reunert	639,3	922,8	713,3	478,4	295,4
	646,9	933,9	724,0	529,4	345,9
Headline earnings attributable to equity holders of Reunert	481,3	918,6	708,1	526,9	345,6

	2007 Rm	2006 Rm	2005* Rm	2004** Rm	2003** Rm
CONSOLIDATED CASH FLOW STATEMENTS					
EBITDA	1 393,0	1 335,9	967,2	811,9	712,3
Changes in working capital	(439,0)	(252,8)	(101,3)	113,0	210,5
Cash generated from operations excluding changes in RCCF receivables	954,0	1 083,1	865,9	924,9	922,8
Net interest and dividends received	200,8	120,9	119,3	65,1	45,2
Taxation paid	(568,6)	(347,4)	(364,9)	(313,5)	(178,7)
Ordinary dividends paid	(879,3)	(464,2)	(308,3)	(268,1)	(258,4)
Share buy back	—	—	—	(476,6)	—
Other (net)	23,7	(4,3)	29,3	(5,8)	(2,8)
Net cash flows from operating activities excluding changes in RCCF receivables	(269,4)	388,1	341,3	(74,0)	528,1
Net cash flows from investing activities	1 008,6	(185,7)	(48,5)	(250,1)	(102,8)
Net cash flows from financing activities	274,5	27,0	156,1	18,7	(17,5)
Net cash generated/(utilised) (before RCCF receivables)	1 013,7	229,4	448,9	(305,4)	407,8
(Increase)/decrease in RCCF receivables	(300,7)****	(375,6)	(499,7)	691,5***	(269,8)
Net cash generated/(utilised)	713,0	(146,2)	(50,8)	386,1	138,0

*The 2005 information has been restated to take account of the effect of adopting SAICA Circular 9/2006 and IFRS on 1 October 2004.

**The 2003 and 2004 information has not been restated to take account of the effect of adopting IFRS and is therefore still in terms of SA GAAP.

***In December 2003 R1 255,5 million was received on the sale of the RCCF debtors book.

****Increase in RCCF receivables up to the date of transfer.

VALUE ADDED *statement*

	2007 Rm	%	2006 Rm	%	% change 2007 over 2006
Revenue	9 574,4		8 236,4		16
Paid to suppliers for materials and services	7 337,0		5 677,5		29
Value added	2 237,4		2 558,9		(13)
Income from investments and associates	260,4		195,1		33
TOTAL WEALTH CREATED	2 497,8		2 754,0		(9)
DISTRIBUTED AS FOLLOWS:					
EMPLOYEES					
Remuneration and service benefits	916,5		797,1		
Add PAYE collected on behalf of government	168,1		160,3		
Gross remuneration and service benefits	1 084,6	44	957,4	35	13
PROVIDERS OF CAPITAL					
Dividends to Reunert shareholders	468,3	19	798,3*	29	(41)
Dividends economically attributable to BEE partners (as defined in note 10.3)	15,8	1	40,7	1	(61)
Dividends to outside shareholders in subsidiaries	4,5	—	15,9	1	(72)
Interest paid on borrowings	57,2	2	34,9	1	64
	545,8	22	889,8	32	(39)
PAYMENTS TO GOVERNMENT					
Taxation on profits and dividends	427,4		500,5		
VAT, customs duties and other taxes	207,4		264,0		
	634,8	25	764,5	28	(17)
RETAINED IN THE GROUP TO DEVELOP FUTURE GROWTH					
Amortisation of intangible assets and depreciation	74,3	3	63,2	2	18
Accumulated profit	158,3	6	79,1	3	100
	232,6	9	142,3	5	63
TOTAL WEALTH DISTRIBUTED	2 497,8	100	2 754,0	100	(9)

* The 2006 dividends include a special dividend declared of R390,7 million

SUMMARY *of statistics*

	2007	2006	2005**	2004***	2003***
SHARES					
Number of ordinary shares on which earnings per share is calculated (million)	176,7	175,1	173,4	189,9	188,3
Net asset value per share (cents)	1 390	953	896	572	612
Headline earnings per share (cents)	272,4	524,6	408,4	277,5	183,5
Normalised headline earnings per share (cents)	570,3	495,3	380,2*	277,5	183,5
Basic earnings per share (cents)	361,7	527,0	411,4	251,9	156,9
Dividends per share (cents) – normal	314,0	273,0	222,0	160,0	120,0
– special		200,0			
Dividend cover (times)	1,8	1,8	1,7	1,7	1,5
Cashflow per share (cents)	345,0	486,7	374,6	353,2	417,7
Ordinary shares in issue (million) (net of treasury shares)	177,7	176,3	174,4	171,8	188,8
Number of transactions – JSE	70 848	46 549	20 938	13 452	11 308
Number of shares traded (million)	176,3	138,2	92,7	94,9	76,4
Value of shares traded (R million)	13 549,1	8 519,7	3 473,0	2 129,5	1 380,4
Number of shares traded as a percentage of gross issued shares	89,9	70,7	47,9	49,7	37,1
Market price per share (cents)					
– year-end	6 700	6 814	4 230	2 790	1 710
– highest	8 800	7 745	4 400	2 900	2 230
– lowest	6 325	4 185	2 600	1 695	1 560
Earnings yield (%)	8,5	7,3	9,0	10,0	10,7
Dividend yield (%)	4,7	4,0	5,2	5,7	7,0
Price : Earnings ratio (times)	11,7	13,8	11,1	10,1	9,3
Market capitalisation (net of treasury shares)(R million)	11 904	12 012	7 376	4 792	3 228
JSE actuaries' electronics sector index at 30 September	13 886	11 644	7 851	5 328	3 852
OTHER					
Number of employees	6 523	6 276	5 320	5 169	4 918
Revenue per employee (R'000)	1 468	1 312	1 318	1 209	1 241
Operating profit per employee (R'000)	202	203	172	136	124
Wealth created per employee (R'000)	383	439	405	409	335
Employment cost per employee (R'000)	166	153	161	149	142

	2007	2006	2005**	2004***	2003***
PROFITABILITY, ASSET MANAGEMENT, LIQUIDITY AND LEVERAGE					
EBITDA as a percentage of revenue	14,5	16,2	13,8	13,0	11,7
Operating margin (%)	13,8	15,5	13,1	11,2	10,0
Net asset turn (times)	5,4	8,0	7,7	7,6	6,8
Return on ordinary shareholders' funds (%)	48,6	53,5	49,8	49,3	31,0
Return on net operating assets (%)	102,1	131,9	108,9	99,6	63,5
Return on net operating assets excluding investments in associates (%)	86,9	136,8	110,9	96,7	78,4
Taxation (excluding STC on the special dividend in 2006 and the share buy back in 2004) as a percentage of profit before taxation (excluding abnormal items)	32,2	34,2	33,8	36,4	34,4
Total liabilities to total shareholders' funds (%)	90,9	225,4	160,8	197,5	179,8
Net borrowings to total shareholders' funds (%)	—	14,6	6,6	3,2	32,8
Current ratio	1,7	1,5	1,8	1,3	1,6
Interest cover (times)	25,6	38,1	42,0	69,4	12,1

*The 2005 normalised headline earnings per share have been restated to take account of effect of the R24,1 million cost of the equity instrument offered to Powerhouse in 2005 to take up 25,1% of ATC (Pty) Ltd's shares.

**The 2005 statistics were restated in the 2006 annual report to take account of the effect of adopting IFRS on 1 October 2004 and SAICA Circular 9/06.

***The 2003 to 2004 statistics have not been restated to take account of the effect of adopting IFRS and therefore are still in terms of SA GAAP.

Definitions

Cash flow per share

Cash flow from operating activities before dividends paid, divided by the weighted average number of shares in issue during the year.

Current ratio

Current assets divided by short-term non-interest-bearing debt.

Dividend cover

Normalised headline earnings per share divided by dividends per share.

Dividend yield

Dividends per share divided by market price per share at year-end.

Earnings yield

Normalised headline earnings per share divided by market price per share at year-end.

EBITDA

Earnings (operating profit) before interest, taxation, depreciation and amortisation of intangible assets.

Headline earnings per share

Attributable earnings adjusted for attributable value of items in terms of SAICA circular 08/2007, divided by the weighted average number of ordinary shares in issue during the year.

Market capitalisation

Market price per share at year-end multiplied by number of ordinary shares in issue.

Net assets

Total assets less non-interest-bearing debt, excluding RCCF borrowings.

Net asset turn

Revenue divided by average net operating assets.

Net borrowings

Total borrowings net of cash and cash equivalents.

Net interest cover

Operating profit and dividends from associate company divided by net interest paid.

Net operating assets

Total assets excluding cash and cash equivalents, less current liabilities excluding short-term borrowings and bank overdrafts.

Net worth per share

Ordinary shareholders' funds divided by shares in issue at year-end.

Normalised headline earnings per share

Attributable headline earnings adjusted for the interest in profit that is economically attributable to BEE partners and other items included in profit that are directly associated with BEE transactions divided by the weighted average number of ordinary shares in issue during the year.

Operating margin

Operating profit divided by revenue.

Return on net operating assets

Operating profit, plus share of associate company's profit, less adjustments for capital items excluded from headline earnings, divided by average net operating assets.

Return on net operating assets excluding investments in associates

As for return on net operating assets excluding investments in and share of associate company's profit.

Return on ordinary shareholders' funds

Normalised headline earnings divided by average ordinary shareholders' funds.

Total assets

Property, plant and equipment, intangible assets, investments and current assets.

Total borrowings

Interest-bearing debt.

Total liabilities

Total liabilities excluding deferred taxation.

Abbreviations

Full name	Abbreviation	Full name	Abbreviation
Aberdare Cables (Pty) Limited	Aberdare	Pansolutions (Pty) Limited	Pansolutions
Acuo Technologies (Pty) Limited	Acuo	Peotona Group Holdings (Pty) Limited	Peotona
ATC (Pty) Limited	ATC	Powerhouse Utilities (Pty) Limited	Powerhouse
Bargenel Investments Limited	Bargenel	PSG Group Limited	PSG
Barloworld Limited	Barlows	Quince Capital Holdings (Pty) Limited	Quince
Broad-Based Black Economic Empowerment	BBBEE	Rand Merchant Bank (A division of FirstRand Bank Limited)	RMB
Black Economic Empowerment	BEE	RC&C Finance Company (Pty) Limited	RCCF
Cafca Limited	CAFCA	RDL Technologies (Pty) Limited	RDL
CBI-electric Aberdare ATC		Reunert Finance Company Limited	RFCL
Telecom Cables (Pty) Limited	Aberdare/ATC joint venture	Reunert Limited	Reunert
JSE Limited	the JSE	Reunert Management Services Limited	RMS
Kgorong Investment Holdings (Pty) Limited	Kgorong	Reutech Engineering Services (Pty) Limited	RES
Kopano Copiers (Pty) Limited	Nashua Kopano	Reutech Radar Systems (Pty) Limited	RRS
Nashua Mobile (Pty) Limited	Nashua Mobile	The group's defence businesses	Reutech
Nokia Siemens Networks SA (Pty) Limited	NSN		

Financial highlights

