Sustained growth from solid foundations

REUNERT

REUNERT LIMITED

ANNUAL REPORT 2001

2001 REUNERT ANNUAL REPORT

REUNERT

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Reunert Limited is listed on the JSE Securities Exchange South Africa (JSE) in the electronics and electrical sector. It manages a number of businesses focused on electronics and low-voltage electrical engineering.

Established in 1888 by pioneers Theodore Reunert and Otto Lenz, the group has played a major role in the South African economy for more than a century and its products are leaders in the various markets it services.

Originally listed in the engineering sector of the JSE in 1948, the company was acquired by Barlow Rand in 1980 and listed on the electronics sector three years later. Reunert was unbundled from Barlows in 1993.

In the late 1990s the group, once again, entered a restructuring process streamlining its very diverse businesses into more focused operations, since the restructuring began in 1997, various non-core or unprofitable businesses were disposed of or closed.

Today, the companies remaining in the Reunert group are focused specifically on electronics and low-voltage electrical engineering.

Reunert will manage businesses in the electronics and low-voltage electrical engineering sectors supplying value-added products, systems and solutions to local and international growth markets.

Our Vision

Each of these businesses will remain capable of meeting the group's objectives for sustainable growth and earnings.

www.reunert.com

Letter to shareholders

Derek Cooper – chairman

Dear Shareholder

It is pleasing to report that Reunert has had a good year increasing headline earnings per share by 25% to 176 cents per share and the dividend payout by 20% to 91 cents. Reunert's strategy of focusing on its core businesses, with the objective of maximising returns to shareholders, has proved successful.

Growth in Circuit Breaker Industries (CBI) and Nashua was particularly strong. Acquisitions enabled CBI to considerably broaden its product range. In the field of low-voltage electrical engineering, this company is now the undisputed leader in South Africa. Exports remain a high priority and, although good progress was achieved during the year, further improvements will be planned in the years ahead.

The acquisition of all the franchisee interests in Nashua Cellular and the subsequent merger with NedTel Cellular has proved to be highly successful. The expanded business has gained the necessary critical mass to become the biggest independent corporate contract service provider in South Africa's cellular telephony industry. In order to exploit the strong Nashua brand, Nashua NedTel Communications has been renamed Nashua Mobile and is well positioned to benefit from the recent introduction of Cell C, the third cellular telephony network operator.

Nashua itself continues to focus on the office automation business systems market and this has resulted in strong gains in both margin and market share. The ability to leverage off strong brands and a common customer base positions these two independent, but synergistic, businesses, for continuing strong growth.

Our telecommunications interests have enjoyed a particularly good year. Siemens Telecommunications (Sietel) was awarded the contract for the supply to Cell C of its entire infrastructure. Penetration into the markets

“Reunert’s strategy of focusing on its core businesses, with the objective of maximising returns to shareholders has proved successful.”

of a number of African countries continues, further entrenching the dominance of Sietel throughout the continent.

Eskom Enterprises recently announced that Siemens would be its technology partner in the rollout of its national fibre optic communication backbone for South Africa’s second fixed-line telecommunications network.

With its stated objective of becoming less dependent on defence, the group has continued transforming itself into a leading South African electronics and low-voltage electrical engineering enterprise. Defence technology and services currently contribute only 8% of profit before interest and taxation, and this trend is expected to continue in future.

Training and development of all staff remains a high priority. The Reunert College continues to provide a bridging year between school and university for historically disadvantaged students, with its curriculum focusing on mathematics, science, English and accounting. Since 1993, this bridging initiative has enabled almost 500 students to undertake tertiary education courses that may otherwise not have been available to them. This strong commitment to developing South Africa’s human capital is vital to the future socio-economic development of both the group and the country.

Reunert is fully committed to the empowerment of historically disadvantaged groups in order for them to participate successfully in South Africa’s mainstream economy. To this end a further 20% of Reunert Defence Logistics was sold to Kgorong Investment Holdings. Kgorong now owns 30% of the equity in this successful company.

We remain committed to upholding the principles of good corporate governance. The non-executive directors are each uniquely qualified to contribute to Reunert’s growth and governance. Mr Martin Shaw recently joined the board and I welcome him. The board now has more non-executive directors than executive directors. Apart from the audit and remuneration committees, which consist entirely of non-executive directors, greater emphasis is being placed on risk management within the group.

Should the world economy fail to recover quickly from its current deep recession, South Africa is likely to be negatively affected. Signs of recession are already apparent and this could inhibit growth in the local economy.

I am, however, confident that Reunert, with its strong cash resources, is well positioned to take advantage of any growth opportunities that may present themselves. Growth in earnings is expected to continue, although at a lower level than was achieved in the last two financial years.

Our continued success is in no small way dependent on our dedicated staff and management team. I have little doubt that they will, under the outstanding leadership of

Letter to shareholders

Gerrit Pretorius, continue to meet the demands of our shareholders as well as they did during 2001. On your behalf I thank them.

I also thank my fellow directors for their support and contribution to the success of the group during the year under review. I remain confident about the future of both Reunert and South Africa and look forward to another year of continuing growth and business optimisation.

Yours sincerely

Derek Cooper
Chairman
Sandton
19 November 2001

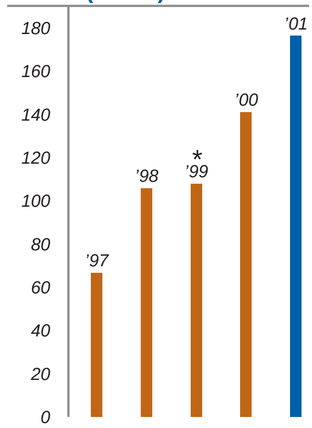
PS: I am delighted to inform you that it has just come to my attention that Reunert has acquired all the shares held by Nedcor in Nashua Mobile in a deal which valued the company at R630 million.

Reunert now owns 95% of this company with the remainder held by Metropolitan Life. The transaction is earnings enhancing.

Financial highlights

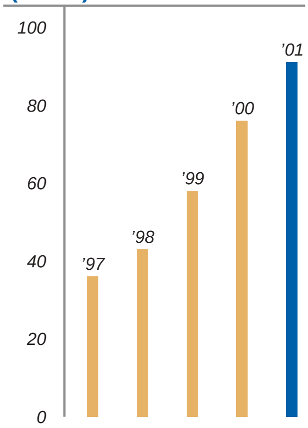
- *Headline earnings per share increased by 25% to 176,0 cents*
- *Dividend increased by 20% to 91 cents per share*
- *Revenue grew by 27%*
- *Operating profit as a percentage of revenue up to 9,0% from 8,2%*
- *RC&C Finance Company consolidated for first time*

HEADLINE EARNINGS PER SHARE (CENTS)

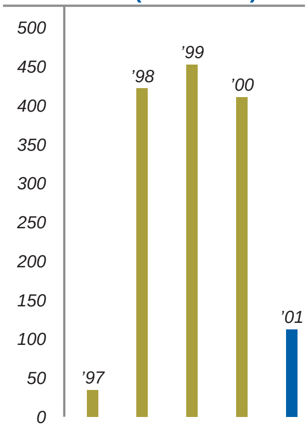


*Pro forma headline earnings per share

DIVIDENDS PER SHARE (CENTS)



NET CASH INTERNALLY GENERATED (R MILLION)



	2001	2000	% change
Group summary (R million)			
Revenue	**4 229,8**	3 340,1	27
Operating profit	**381,5**	275,5	38
Headline earnings	**337,4**	286,5	18
Ordinary share performance (cents)			
Basic earnings per share	**174,4**	180,3	
Headline earnings per share	**176,0**	140,7	25
Dividends per share	**91,0**	76,0	20
Cash flow per share	**103,1**	176,9	
Net worth per share	**406,2**	400,0	
Financial statistics (%)			
Return on ordinary shareholders' funds	**43,0**	38,6	
Return on net operating assets	**68,0**	50,3	
Number of employees	**4 148**	3 716	12

Board of directors

EXECUTIVE DIRECTORS

NAME

G Pretorius (53)

QUALIFICATIONS

BSc, BEng, LLB, PMD

POSITION

Chief Executive

DATE APPOINTED

Appointed to the board in 1990

BACKGROUND

Having graduated at Stellenbosch University Gerrit ("Boel") Pretorius joined Fuchs Electronics as a development engineer. He rose through the ranks to factory manager and technical director and following the acquisition of Fuchs by Barlow Rand in 1977, he moved to electronic systems company ESD. During this period he completed an LLB, studying part-time.

He was appointed MD in 1983 and was promoted two years later to group managing director of ESD, Fuchs and Barcom Electronics. In 1988 he attended the PMD course at Harvard University.

In 1989 he became managing director of Reutech, the electronics engineering arm of Reunert and was appointed to the Reunert board the following year.

Following the unbundling of Barlow Rand in 1993 he restructured Reunert's telecommunications interests, setting up joint ventures with Siemens Limited and GEC plc. In 1994 Pretorius was appointed chief executive of Telephone Manufacturers of South Africa (Temsa).

He was appointed CEO of Reunert Limited in April 1997.

NAME

B P Gallagher (51)

QUALIFICATIONS

BCom, CA(SA)

POSITION

Executive Director

DATE APPOINTED

Appointed to the board in 1993

BACKGROUND

Pat Gallagher graduated from the University of Natal and, having completed his articles at Deloitte & Touche, stayed on as an audit manager.

In 1976 Pat joined the Barlow Rand Group, starting at Rand Mines Properties as financial accountant and becoming company secretary. He was appointed financial director of Barlow Electronic Holdings in 1979 and in 1983 became managing director of Barlow Handling. Two years later he was appointed managing director of Barlow Appliance Company. In 1991 he was appointed managing director of Barlow Consumer Electric Products Group.

With the unbundling of the Barlow Group, Pat was appointed executive director of Reunert Limited and chairman of Reunert Consumer & Commercial Holdings.

NAME
G J Oosthuizen (47)

QUALIFICATIONS
BIuris, LLB

POSITION
Commercial Director

DATE APPOINTED
Appointed to the board in 1997

BACKGROUND
Gerrit Oosthuizen is a lawyer turned corporate executive. Apart from his legal qualifications, Gerrit has attended executive development programmes at Wits Business School, IMD Lauzanne (Switzerland) and Sophia Antipolis (France).

He practiced as an attorney for nine years before joining the Barlow Rand Group in 1987 as an industrial relations advisor. He was appointed group industrial relations manager of Barlow Rand Industries in 1990.

From 1993 to 1996 Gerrit was human resources manager at Reunert. He was appointed executive director human resources at PPC Limited in 1996.

A year later he returned to Reunert and was appointed to the board. His current responsibilities include general commercial work, corporate communications and legal affairs.

NAME
D J Rawlinson (52)

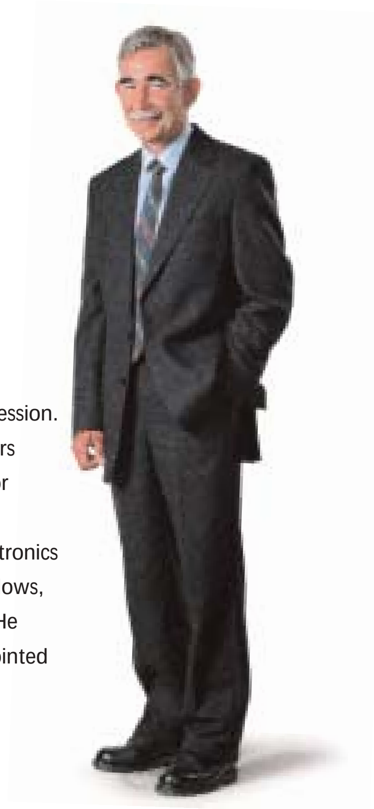
QUALIFICATIONS
CA(SA)

POSITION
Financial Director

DATE APPOINTED
Appointed to the board in 1992

BACKGROUND
David Rawlinson is a chartered accountant by profession. After completing his articles he started with Coopers and Lybrand and was then seconded to England for three years.

The past 15 years he has been involved in the electronics and electrical engineering industry working for Barlows, GEC and as deputy managing director of Alstom. He became financial director of Reunert and was appointed to the Reunert board in 1992.



GROUP DIRECTORS
CHAIRMAN

D E COOPER (61)
CA(SA)
Appointed to the board in 1998

NON-EXECUTIVE DIRECTORS

B P CONNELLAN (61)
CA(SA)
Director of companies
Appointed to the board in 1999

P T W CURTIS (70)
CA(SA), SEP
Director of companies
Appointed to the board in 1993

S D JAGOE (50)
BSC (ENG), MBA
Merchant banker
Appointed to the board in 2000

K J MAKWETLA (60)
PMD
Chairman of Northern Province Development Corporation
Appointed to the board in 2000

M J SHAW (63)
CA(SA)
Director of companies
Appointed to the board in 2001

C L VALKIN (67)
BCOM, LLB
Attorney
Appointed to the board in 2000

DR J C VAN DER HORST (57)
BA, LLD
Executive General Manager, Old Mutual
Appointed to the board in 1993

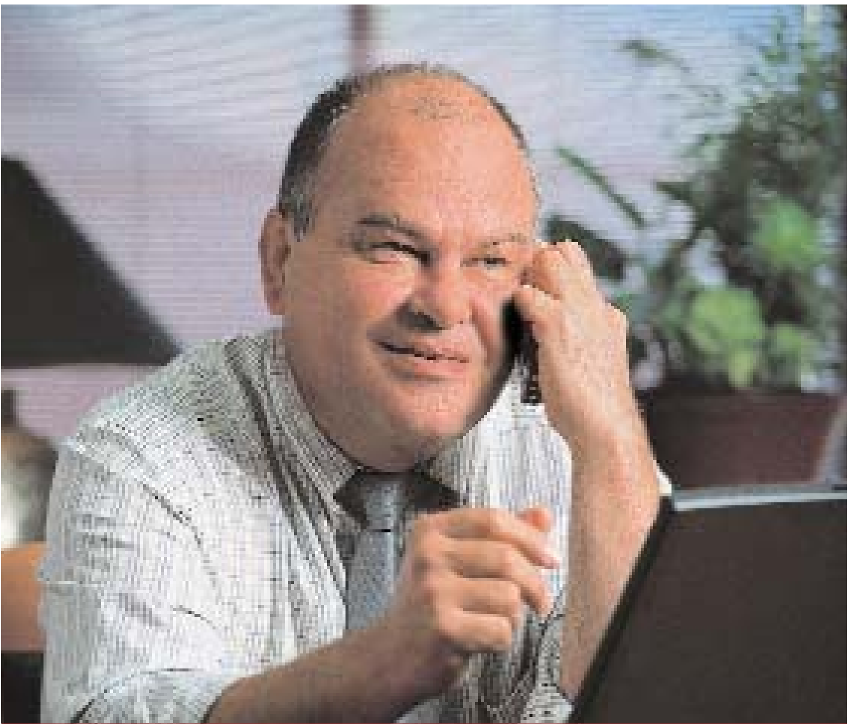
AUDIT COMMITTEE

P T W Curtis (Chairman), G Pretorius, D J Rawlinson, B P Connellan, S D Jagoe

REMUNERATION COMMITTEE

D E Cooper, P T W Curtis, J C van der Horst

Chief executive's report



Gerrit Pretorius – chief executive

"Considerable progress was achieved in implementing our long-term strategy to grow all existing businesses and to focus specifically on our core activities in the Nashua grouping and in Circuit Breaker Industries."

Reunert's results for the 2001 financial year were in line with expectations, despite our various businesses producing mixed results. Certain operations performed notably well, while others experienced tough times.

More important, however, has been the considerable progress achieved in implementing our long-term strategy to grow all existing businesses and to focus specifically on our core activities in the Nashua grouping and in Circuit Breaker Industries (CBI).

BUILDING THE NASHUA BRAND

The group's cellular telephony service provider, Nashua Mobile, came of age during the year under review and established itself as the leading independent contract service provider to corporate South Africa. Management is commended for the way in which different cultures were blended into a single, strong cohesive force.

Systems were upgraded to offer customers from both founding companies, Nashua Cellular and NedTel, the best possible service. Market share grew by more than 15%, thereby vindicating our approach of focusing on the upper end of the contract market. New products were added to clearly differentiate Nashua Mobile from its competitors. Product innovation will continue to drive the company forward.

The 37,3% equity held by Nedcor in Nashua Mobile was acquired by Reunert in a deal which valued the company at R630 million. This transaction is effective from 1 December 2001. The elimination of a significant minority interest is of strategic importance to the group since the cellular telephony business is closely aligned with that of Nashua. The acquisition is earnings enhancing.

Nashua office automation had a notably strong year with earnings growing by 50%. Ongoing investment in the brand, coupled to excellent products and service, justify Nashua's premium rating.

Nashua's acquisition in March 2001 of Royce Imaging Industries, the manufacturer of consumables used in the office environment, was successful. Strong management, competitive products and access to the Nashua customer base and distribution system augur well for the future. The full benefit of the Royce Imaging acquisition will start to materialise in the 2002 financial year.

In RC&C Finance Company, which provides financial services to Nashua and Panasonic customers, deal flow improved and the value of the rental book increased. Bad debts remain within acceptable levels. Investments were made in software systems enabling credit vetting to occur effectively in real time, thus improving turnaround time. Enhanced levels of service resulting from these investments are expected to ensure growth in the future.

The group is consolidating the finance company for the first time with the effect being clearly visible on Reunert's balance sheet. Long-term facilities are in place with major financial institutions to enable us to finance the book. Our current cash position is such that only a portion of the facilities was used during the year. Interest-rate swap contracts are in place to protect the finance company against adverse movements in interest rates.

Panasonic improved its overall performance once more and increased operating income by 28%. Emphasis is now being focused on positioning business systems products for sustainable growth. Several direct business customer outlets have either been acquired or opened to facilitate Panasonic's growth. The benefits of these initiatives are expected to start materialising in the 2002 financial year.

ACQUISITIONS INCREASE PRODUCT RANGE

CBI achieved excellent progress in broadening its product offering by acquiring the businesses of Mitsubishi South Africa and L&T Surge. CBI is well positioned for ongoing growth and remains a core asset. Its strong base in the local market provides it with a solid foundation from which to launch its international expansion programme.

CBI's exports grew by more than 48% and account for about 17% of total company sales. We are confident that this trend will continue. Investments into both product and market development will be increased. Penetration of the North American market remains a priority, despite the recent downturn in demand. Our products are frequently specified for new designs, thereby positioning us well for any upturn in the world economy. New applications are being encouraged and promotional efforts are being accelerated.

TELECOMMUNICATIONS

Siemens Telecommunications (Sietel) had an excellent year. Of particular significance was the selection of Sietel to supply the entire Cell C network infrastructure. The Cell C contract was valued at US$221 million, now more than R1,8 billion. Recently, Eskom Enterprises announced Sietel to be the technology partner for the rollout of a national fibre optic backbone for the second fixed-line telecommunications network operator.

Sietel's position as the leading network supplier in southern Africa is undisputed. Order books are at a high level and are expected to increase.

Much of the business of this company is based on a huge installed base, providing a high level of annuity income that underpins the earnings. As with all high bases, achieving better levels of growth are the future challenge.

We increased our stake in Sietel from 27,5% to 49% by acquiring Marconi's 21,5% share at a cost of R279,5 million, effective 23 November 2001. Simultaneously we granted Siemens Limited a call on 9% of the 49% for a 180 day period. If exercised our interest will reduce to 40%.

DEFENCE

Reutech, the group's electronic defence businesses, had a difficult year. Sales declined by 5% and operating profits dropped by 44% due to a higher than anticipated decline in customer orders.

Prospects, however, remain good. We are confident that the order books will be restored to acceptable levels. Timing may be such that an improvement in the performance of Reutech will only be seen in the 2003 financial year. Despite this temporary setback, we continue to invest in core technologies.

In its chosen fields of activity, Reutech offers the most comprehensive range of products compared with similar companies elsewhere in the world. With exports accounting for about 50% of sales, the rand's continuing weakness ensures that Reutech's potential earnings capacity remains attractive.

CABLES

ATC, the telecommunications cable manufacturer, experienced difficult conditions. It did not benefit from the international shortage of fibre to the extent expected previously. Annual production capacity is being increased from 350 000 fibre kilometres to one million fibre kilometres. This increase will come on stream during 2002. The timing, however, coincides with a slump in international demand.

The slump is expected to be temporary and ATC will be well positioned to benefit from the expected upturn in demand forecast for 2003. Local demand amounts to approximately 10% of future capacity and therefore future growth opportunities lie in marketing and supplying fibre beyond South Africa.

African Cables had an excellent year in what was generally a tough climate for electrical cables. Sales grew by 38% to R406 million, while an operating margin of more than

9% was achieved. The successful integration of Rosslyn Cables contributed to this improvement. The company is expected to improve further during the 2002 financial year.

Cafca, the Zimbabwean cable operation acquired by African Cables in the previous financial year, performed extremely well. Unfortunately, current dividends can only be remitted at the penalising parallel exchange rate. An ongoing shortage of foreign currency in Zimbabwe exerts a severe damper on future growth prospects. Further investments in working capital and plant will be self-funded by the Zimbabwean operation.

EXPORTS

Total export revenue, including the exports of associate companies, increased by 9% to R614 million. Revenue, excluding associate companies, from non-defence exports increased by 38% to R190 million; while defence exports dropped by 26%.

Focused investments in market development and product promotion will continue. It is our belief that much of Reunert's future growth must stem from potentially lucrative export markets, because of an already saturated local market share.

RESEARCH AND DEVELOPMENT

The group invested R104,5 million in research and development during the year. We believe that the ownership of intellectual property is essential for any business to be sustainable in a global marketplace. Our ability to control our own destiny is evident from our success in exporting to many countries around the world.

MANAGEMENT INCENTIVES

For the first time, the group's management has been incentivised on economic value-added performance criteria. Three-year targets were set at the beginning of the 2001 financial year to encourage long-term decision-making. I believe the group will benefit greatly in the future from empowering and compensating management based on agreed and quantifiable objectives aligned with our strategic road map.

SHARE BUYBACKS

The share buyback programme resulted in 17,2 million shares being bought at an average price of R13,67 a share. This represents 8,4% of Reunert's share capital. The share buyback contributed positively to the improvement in headline earnings per share.

CONCLUSION

I would like to thank my fellow directors and everyone who contributed to the group's success during the year.

I am confident that we will continue to produce real growth in the 2002 financial year, even if this growth might be lower than that achieved during the year under review.

Gerrit Pretorius
Chief Executive
Sandton
19 November 2001

Group operations

THE ELECTRONIC SECTOR

Name: Chris Scoble (40)
Qualifications: BBS
Managing director: Nashua Limited
With Nashua since 1985

Shareholding: wholly-owned business

Nashua Limited is a leading supplier of office automation products, including digital and analogue photocopiers, facsimile machines, laser printers and consumables. Products are value-added and include such respected international brands as Ricoh, Kodak and NEC.

The advancement of digital technology has enabled Nashua to provide document input storage, transmission and printing solutions in a networked environment. In the near future, Nashua is expected to introduce new-generation software solutions designed to increase the productivity of managing document flow, including the e-cabinet, an affordable document storage device.

Nashua has a well-established network of 56 franchises in South Africa, Namibia, Swaziland, Lesotho, Botswana, Zimbabwe and Zambia. Major customers account for 96 of the *Financial Mail's* top companies. Nashua employs 348 people at its Midrand head office in Gauteng.

NASHUA **www.nashua.co.za**

Name: Martin Maddox (40)
Qualifications: BA Econ (Hons)
Group managing director: NPC (Electronics) Limited
With Panasonic since 1983

Shareholding: wholly-owned business

Panasonic was established in South Africa as NPC (Electronics) Limited in 1980. The company is backed by Matshushita Electric Industrial Company (MEI) of Japan, the world's 26th largest company. Panasonic South Africa comprises four strategic business units:

- **Panasonic Consumer Company** imports and redistributes a complete range of consumer products and fast-moving consumer goods (FMCGs), ranging from video cassette recorders (VCRs) and hi-fi equipment to batteries.
- **Panasonic Manufacturing Company** manufactures a range of Panasonic televisions at Parow in the Western Cape.
- **Panasonic Systems Company** imports and redistributes systems hardware technology for various applications, including office and information technology systems, telecommunication broadcast equipment and security systems, air-conditioning systems and car audio systems.
- **Panasonic Business Systems** has introduced direct sales and service operations in Johannesburg, Pretoria and Durban. The wholly-owned operations sell and service high-quality, digitally advanced office automation and telecommunication systems.

Panasonic distributes products through major chain stores, discounters, franchises, independent buying groups and specialised dealers. The head office operations are based at Midrand in Gauteng. The company employs 359 people.

PANASONIC **www.panasonic.co.za/www.panashop.co.za**

REUTECH

Name: Jaco Budricks (49)
Qualifications: BSc Eng
Group managing director: Reutech
With the Reunert group since 1977

Reutech, consisting of four companies, represents the defence electronic businesses of the Reunert group. Most of Reutech's products are targeted at the export market.

REUTECH

Name: Claude Makins (50)
Managing director: Reutech Defence Industries (Pty) Limited
With the Reunert group since 1980

Shareholding: wholly-owned business

Reutech Defence Industries (RDI), located at New Germany in KwaZulu-Natal, develops and manufactures state-of-the-art, very high frequency (VHF) and ultra-high frequency (UHF) tactical airborne and ground-based radio communication systems and innovative air weapons systems, specialising in high-tech fusing. Exports account for approximately 70% of revenue. The company employs 271 people.

REUTECH DEFENCE INDUSTRIES

www.rdi.co.za

Name: Andreas Theodorou (52)
Qualifications: Dipl Elec, Dipl Datametrics
Managing director: Fuchs Electronics (Pty) Limited
With the Reunert group since 1975

Shareholding: wholly-owned business

Fuchs Electronics develops and manufactures a wide range of electronic fusing systems. Fuchs is a world leader in modern electronic fusing for all tube-launched ammunition rounds. Products include those used for naval, artillery, mortar and rocket applications, among others.

Approximately 90% of the company's revenue is generated through exports to Asia, Europe, South America and the Middle East, among other regions. Fuchs Electronics owns the intellectual property of all the products it manufactures and markets. Based at Alberton in Gauteng, the company employs 365 people.

FUCHS ELECTRONICS

www.fuchs.co.za

Group operations

THE ELECTRONIC SECTOR (continued)

Name: Selwyn Newnes (44)
Qualifications: BCompt
Managing director: Reutech Defence Logistics (Pty) Limited
With the Reunert group since 1984

Shareholding: 70% Reunert and 30% Kgorong Investment Holdings

RDL is a system engineering and support company. The company's services cover the entire spectrum of logistic support and management; the development and manufacture of gun and fire-control systems for armoured vehicles and naval guns; and the supply and support of Alcatel carrier internetworking equipment. RDL is based at Midrand and has support facilities throughout South Africa. The company employs 246 people.

REUTECH DEFENCE LOGISTICS

www.rdlog.co.za

Name: Piet Smit (39)
Qualifications: MEng, MBA
Chief executive officer: Reutech Radar Systems (Pty) Limited (RRS)
With Reunert group since 1987

Shareholding: 57% Reunert, 33% European Aeronautic Defence and Space (EADS) and 10% Kgorong Investment Holdings

Based at Stellenbosch in the Western Cape, RRS specialises in ground-based and ship-borne radar systems and is active in the air defence, air space control and air traffic control markets. Through a technology partnership with EADS, RRS' products are incorporated into world-class systems. Kgorong is the black economic empowerment partner. The company employs 66 people.

REUTECH RADAR SYSTEMS (RRS)

www.rrs.co.za

Name: Gustav Vermaas (35)
Chief executive officer: IQ Works (Pty) Limited
With The IQ Business Group since 1998

Shareholding: 50% Reunert and 50% IQ Business Group

IQ Works is a greenfields initiative providing digital solutions arising from the convergence of technology. The company was established in July 2000 and is a venture between Reunert and The IQ Business Group, the largest unlisted information technology (IT) company in South Africa. IQ Works provides IT solutions in specialist areas, including mobility, digital conversion and new-generation infrastructure.

IQ Works adds technology competence to Nashua and Nashua Mobile and offers IT services to other Reunert subsidiaries. Other key customers include some of the largest banks in South Africa. The company has 65 employees and is based at Midrand in Gauteng.

IQ WORKS

www.iqgroup.co.za

SIEMENS

Name: Pete da Silva (42)
Qualifications: Dip Computer Science; Dip Light Current
Chief operating officer: Siemens Telecommunications (Pty) Limited

Shareholding: 27,5% Reunert, 51% Siemens and 21,5% Marconi Communications

Siemens Telecommunications (Sietel) is involved in information and communications technology (ICT) interests. The company is a leading supplier of fixed and mobile communication systems and infrastructure for telecommunications operators. It is a major supplier to Telkom and the principal supplier to Vodacom and Cell C.

Siemens Telecommunications is also a major supplier to several fixed-line and mobile operators in the rest of sub-Saharan Africa, as well as the leading provider of corporate and enterprise networks.

SIEMENS TELECOMMUNICATIONS

www.siemens.co.za

NASHUA MOBILE

Name: Simon Herbert (43)
Qualifications: BCom, MBL
Managing director: Nashua Nedtel Communications (Pty) Limited trading as Nashua Mobile
With Reunert group since 2000

Shareholding: 58% Reunert, 37,3% Nedcor and 4,7% Metropolitan Life

Nashua Mobile was created by merging Nashua Cellular and NedTel Cellular in July 2000. Following a successful first year, this dual service provider showed positive growth, taking its subscriber base to over 250 000 cellular users. This was achieved in an increasingly competitive cellular market.

Innovative products and services include mobile banking, an electronic pre-paid recharge facility as well as the conversion of all users onto a single, sophisticated billing system; signalling the completion of a successful merger. The company employs 489 people.

NASHUA MOBILE

www.nashuamobile.co.za

SACO

Name: Bill Reeler (47)
Qualifications: BSc Eng, (Hons) Elec
Managing director: Saco Systems (Pty) Limited
With Reunert group since 1981

Shareholding: wholly-owned business

Saco Systems designs and supplies tag, track and trace solutions to a wide range of industries that need to track assets inside their companies or over a large geographical area. In addition, Saco combines access control, closed-circuit television (CCTV) technology and time-and-attendance systems in a single resource management solution. Saco is a dominant player in the southern African market and has made significant inroads into the British market for asset tracking and distribution management products.

During the year, Saco generated approximately 50% of its revenue from exports, mainly to the United Kingdom. South African customers are mainly mines or large industries, with mines generating 70% of the domestic revenue.

Based in Midrand in Gauteng the company employs 53 staff.

SACO SYSTEMS

www.saco.co.za

Group operations

THE LOW-VOLTAGE ELECTRICAL ENGINEERING SECTOR

Name: Ernst Schutte (52)
Qualifications: BSc Eng Elec
Managing director: African Cables Limited
With Reunert group since 1999

Shareholding: 50% Reunert and 50% Pirelli Cables and Systems

African Cables is one of the forerunners in the South African cable industry and is engaged in the design, development, manufacture and installation of insulated power cables. Pirelli Cables and Systems is the company's international technology partner. The company is based at Vereeniging in Gauteng and employs 596 staff.

African Cables holds a 73% share in Cafca, a Zimbabwean cable manufacturer and purchased Rosslyn Cables from ATC in September 2000.

AFRICAN CABLES — www.africancables.co.za

Name: Helmuth H Fischer (54)
Qualifications: Dipl Ing, Dipl Wirtsch Ing
Managing director: Circuit Breaker Industries Limited
With CBI since 1984

Shareholding: wholly-owned business

CBI is the market leader in the manufacture and supply of low-voltage switchgear for electrical installation protection and earth leakage protection. It is regarded as a world leader in the field of hydraulic-magnetic circuit breaker and electronic earth leakage technology. CBI offers a wide range of metering solutions, including prepayment meters. The company entered the field of surge and lightning protection after acquiring L&T Surge during the year. CBI has agency distribution rights for Mitsubishi motor control gear and factory automation equipment in sub-Saharan Africa.

Export sales account for 19% of the manufactured products. The target is to increase international sales to 24% of production in the 2002 financial year. CBI has registered its trademarks in several countries where business prospects are pursued. More than 90% of sales of manufactured products originate from technology developed and owned by CBI. Brand names include Ecolec, Samite, Fuchs and Hy-Mag.

The head office and component manufacturing operations are based in Johannesburg. The company has three assembly plants at QwaQwa in the Free State and service branches in Cape Town, Durban, Bloemfontein and Port Elizabeth. CBI sales offices in Europe and the United States complement these operations. CBI employs 1 314 people.

CIRCUIT BREAKER INDUSTRIES (CBI) — www.cbi.co.za/cbibreakers.com

Name: Cobus Malan (43)
Qualifications: BSc
Managing director: ATC (Pty) Limited
With Reunert group since 1984

Shareholding: 38,6% Reunert, 50,9% Marconi Communications and 10,5% Pirelli Cables and Systems

Based at Brits in the North-West, ATC specialises in the manufacture of communication cables for telecommunications, electricity and railway applications. ATC is the sole manufacturer of optical fibre in Africa and is a major supplier of Telkom's optical fibre and copper communication cables. Pirelli Cables and Systems is the company's international technology partner.

More than 50% of ATC's optical cable is exported.

ATC — www.atc.co.za

THE FINANCIAL SECTOR

Name: Mike Purnell (38)
Qualifications: CA(SA)
General manager: RC&C Finance Company (Pty) Limited
With the Reunert group since 1995

Shareholding: Reunert owns 100% of the "A" shares, which is the class of shares entitled to share in the profits of the company. Absa Bank, Nedcor Bank and Rand Merchant Bank each own 33,3% of the "B" shares.

RC&C Finance provides asset-based financial services to Nashua and Panasonic customers. Based at Midrand in Gauteng, the company employs 41 people.

RC&C FINANCE COMPANY

TRAINING AND DEVELOPMENT

Name: Marina Gunter (46)
Qualifications: BSc (Hons)
Human Resources Development Manager: Reunert College
With Reunert since 1993

The Reunert College was established in 1993 and forms part of a proud tradition in Reunert of investing in education, technological innovation and industrial entrepreneurship. It has two campuses, one in Alberton and the other in Boksburg, both on the East Rand near Johannesburg. The college offers academic advancement courses to historically disadvantaged groups. The main focus is on mathematics, science and accounting. Besides undertaking various other complementary training initiatives, the Reunert College manages the Reunert Bursary Fund and the Reunert Skills Development Forum.

REUNERT COLLEGE

www.reunertedu.com

Developing people

Reunert is a world-class company with aspirations to see South Africa taking its rightful place in the global community and competing successfully with the rest of the world. Recognising the increasing need to prioritise and improve science, mathematics and technology education in South Africa, Reunert has focused its social upliftment programmes in the vital area of building much-needed human capital.

REUNERT COLLEGE

With notable foresight, the Reunert College, established in 1993, acts as a cornerstone in the group's strategy to improve the educational standards of children and to fulfil a strategic support role in developing the group's future workforce. To strengthen this initiative, several group employees are actively involved in several government and private sector initiatives, all of which are aimed at improving matriculation results and addressing the competencies of educators in mathematics, science and related technological subjects.

Through the Reunert College, almost 500 students from historically disadvantaged communities have participated in academic advancement courses to improve their mathematics, science and English matriculation grades. This allows them access to tertiary education, specifically in the engineering field. The average pass rate achieved to date is higher than 95%, which is considerably higher than the 14% average achieved for maths and science in national schools.

Forty-four students will complete their bridging year at the Reunert College in 2001. Another 62 students are currently enrolled for tertiary education made possible by the Reunert College.

The Reunert College is accredited for experiential training by the technikons of the Witwatersrand, the Vaal Triangle and Pretoria. Most of the students qualify in the field of electronic engineering, followed by mechanical engineering and industrial engineering.

Various other training initiatives are linked to the college and form part of Reunert's objective to promote employment equity in the workplace. The Reunert Bursary Fund is an essential part of the college and about 360 bursaries have been awarded since its inception. Many of these students have subsequently been employed by the group, either as part of their practical or experiential training or as permanent employees.

SOCIAL RESPONSIBILITY

The companies in the group also support a range of social responsibility programmes in their own capacity. These include bursaries to people from historically disadvantaged groups and employees' children, adult basic education programmes and financial support to schools and learning institutions.

Cable manufacturers, African Cables and ATC, are taking the shortage of matriculants from designated groups passing mathematics and science to heart. African Cables sponsored further studies for a teacher and, together with Riverside High School in Vereeniging, has provided supplementary Saturday classes to more than 400 children since 1994. ATC, with Numsa and Cosatu as facilitators, is also sponsoring Saturday classes in Brits.

Circuit Breaker Industries' main social investment thrust is towards the provision of experiential training for commercial and technical students. They are involved with various technical colleges in Gauteng, providing lectures and demonstrations based on the electrical wiring code. The company has donated the CBI bus to the Johannesburg City Council's Engineering Services. This operation uses the bus to explain the safe use of electricity to first-time users.

Close relationships exist with several universities to the advantage of various group research and development programmes. ATC, in partnership with Telkom, Rand Afrikaans University (RAU) and Technikon Witwatersrand, has developed the Centre of Excellence in Optical Communications at RAU.

This year, high-technology company Reutech Radar Systems (RRS) increased its sponsorship to the University of Stellenbosch (US) to R700 000 to upgrade the microwave laboratory at US. RRS will be working closely with the university on research and development projects.

Panasonic's involvement with the Twilight Children's project started in 1992. This shelter for homeless children in Hillbrow, Johannesburg aims to help street children become productive members of society by ensuring that they are cared for and educated. About 60 young boys, aged between nine and 16 years, live at the shelter. A mentoring programme was started in 2000 and three boys will be identified to receive further education and possible work opportunities with Panasonic once their training is completed.

A range of Panasonic products has been donated to the Reach for a Dream organisation and the Topsy Foundation, which takes care of HIV-positive babies and Aids orphans.

Nashua raised over R500 000 for Nkosi's Haven, a shelter for mothers and children effected by HIV/Aids. The funds will be used to improve facilities and develop an additional hospice.

Several group companies have also donated obsolete computer equipment to schools and community projects.

Reunert also supports business initiatives such as the Business Trust that focuses on creating jobs through tourism, schooling and the reduction of crime.

ECONOMIC EMPOWERMENT

Black business empowerment group Kgorong Investment Holdings has increased its stake in Reunert Defence Logistics from 10% to 30%. Kgorong also holds a 10% share in Reutech Radar Systems.

Developing people

Various outreach initiatives have been implemented in the group. Panasonic's first empowerment franchise, Office Solutions Empowerment Company (OSEC), was appointed two years ago and is operating profitably. Zimele Broadcasting Services has been instrumental in concluding a substantial contract with the South African Broadcasting Corporation (SABC) for the supply of DVCPRO broadcasting equipment. Another initiative reaping benefits from an investment some years ago is Nashua Kopano, a 100% black-owned and managed Nashua franchisee based at Midrand.

In the past year ATC has engaged three black contractors in subcontracts to execute installation and turnkey jobs. The value of the subcontracted work was R4,5 million and formal negotiations are currently under way with a black company to undertake installation work for the second fixed-line telecommunications network operator.

About 90% of CBI's hand tools are purchased from an empowerment company and half of its requirements for overalls and dustcoats are supplied by Kunene Safety Equipment.

Over the past few years many efforts were made to identify and use service providers from disadvantaged groups for several outsourced activities, including maintenance, canteen and security services contracts.

EMPLOYMENT EQUITY

As part of the drive to expand social equity and fair labour standards, Reunert has incorporated the principles of employment equity into the strategic business plans of all group companies. The necessary employment equity plans have been submitted to the Department of Labour.

These plans form an essential part of the transformation processes designed to introduce world-class practices and standards into the workplace, acknowledging that effective performance is critical to the sustainable success of business organisations.

TRAINING AND DEVELOPMENT

The Reunert Skills Development Forum plays a vital role in implementing the Skills Development Act of 1998. Forum members are nominated from the different companies and are exposed widely to the activities of the various Sectoral Education and Training Authorities (Setas).

The companies in the group belong to the Manufacturing, Engineering and Related Services Education and Training Authority (Merseta) Seta or to the Information Systems, Electronics and Telecommunication Technologies (Isett) Seta. Reunert is recognised as one of only nine companies nationally in the Isett Seta to be committed to skills development.

Reunert endeavours to be a pacesetter in customising learnerships to its own environment and building its people's competencies. The learnerships will reach beyond the traditional blue-collar trade apprenticeship training of the past.

Several skills development facilitators are involved at Seta level to set the standard of quality assurance. Many of these facilitators will be trained to become assessors and moderators. Reunert envisages them playing an instrumental role in setting industry training standards and competencies.

During the past year Reunert continued its management development programme. In total, 39 senior executives and 32 middle managers were identified and their management potential assessed. Participants received detailed feedback on their performance and personalised developmental action plans were suggested for about 80% of the delegates. Subsequently, several of these managers participated in executive management programmes at business schools, both locally and internationally.

INDUSTRIAL RELATIONS AND SAFETY

Over the last few years Reunert has enjoyed a low incidence of industrial action, which is ascribable partly to sound structures and healthy relationships with the 24 trade unions recognised by the group. The group's managers' ability to manage these issues professionally must be commended.

HIV/AIDS

Although recognising the pandemic scale of HIV/Aids in South Africa, Reunert has fortunately not experienced any significant direct impact on its businesses as a result of the pandemic. The group enforces a non-discriminatory Aids policy and during the year most of the companies expanded their awareness programmes on the prevention of the disease.

Nashua recently received the prestigious Raptor Award for the Nashua vs Aids campaign. The award entitled "The Big Idea" was received for Nashua's merger of social responsibility with corporate sponsorship.

PENSION FUND

Individual member choice was introduced two years ago, thereby allowing members to switch pension fund portfolios every quarter. Each fund's investment performance is communicated regularly to members to allow them to make informed choices about their retirement benefits and portfolio selection. More information on retirement benefits is on page 68.

ENVIRONMENT

Reunert is a corporate member of the South African section of the World Wide Fund for Nature (WWF) and is committed to pursuing and upholding the concept of sustainable development. Most of the group's business activities do not pose a direct threat to the natural and social environments. Group companies, however, adhere to appropriate legislation and regulations and are using internationally recognised environmental management systems.

Nashua has commissioned a poison working group to help eradicate the illegal poisoning of wildlife in South Africa.

As a group committed to the fair and equitable development of South Africa, its people and its resources, Reunert will continue to take every practical step to ensure that the country remains the location of choice for its businesses and its people.

Corporate governance

The Reunert board of directors and group management are committed to promoting sound corporate governance and endorse the principles of fairness, responsibility, accountability and transparency as set out in the *King Report on Corporate Governance in South Africa* of November 1994.

Reunert strives to comply fully with the recommendations of this report, including the code of corporate practice and conduct, and motivates its staff to conduct business activities with complete integrity. The group endeavours to incorporate into its actions the best possible mutual interests of all stakeholders, including investors, employees, suppliers, customers and the communities in which it operates.

The group has taken note of the latest recommendations contained in the Second King Report that was circulated for comment in July 2001.

BOARD, DIRECTORS AND COMMITTEES

COMPOSITION OF THE BOARD

The Reunert board consists of 12 directors, eight of whom are non-executive directors. The roles of the non-executive chairman and the chief executive are kept separate. The directors bring a wide range of experience, wisdom and professional skills to the board. The composition of the board is listed on page 6.

The non-executive directors are not appointed under service contracts and their remuneration is not tied to the group's financial performance. The board meets at least once a quarter.

ROLE AND FUNCTION OF THE BOARD

The Reunert board of directors, among other functions:

- retains full and effective control of the Reunert group;
- monitors and evaluates the implementation of strategies, policies, management performance criteria and business plans;
- determines the company's purpose and values;
- ensures the group complies with sound codes of business practice;
- has unrestricted right of access to all company information, records, documents and property;
- ensures a process exists to identify key business risk areas and key performance indicators; and
- guards the interests of minorities through its independent directors.

All board members usually attend the annual general meeting.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the company's articles of association.

BOARD COMMITTEES

The board has three subcommittees: the audit committee, the remuneration committee and the executive management committee. Minutes are kept of all of these committees' meetings.

These committees can at their own discretion seek independent, outside professional advice as and when necessary. The committees are directly responsible to the board on their activities.

AUDIT COMMITTEE

The group audit committee, chaired by a non-executive director, comprising both executive and non-executive directors, meets twice a year to review the group's control systems. The names of the audit committee's members are listed on page 7.

REMUNERATION COMMITTEE

The remuneration committee comprises non-executive directors only. The names of the remuneration committee's members are listed on page 7. This committee meets periodically to make recommendations to the board on the framework of executive remuneration, including the granting of share options in terms of the Reunert Share Option Scheme. The chief executive attends these meetings by invitation.

EXECUTIVE MANAGEMENT COMMITTEE

The executive management committee comprises executive directors only. The committee usually meets weekly to attend to and oversee group matters. Senior managers of the group also attend meetings from time to time by invitation.

COMPANY SECRETARY

The board has access to the advice and services of Reunert Management Services (RMS), which fulfils the role of company secretary. The board is of the opinion that the management of RMS has the requisite attributes, experience and qualifications to fulfil its commitments effectively.

SPONSOR

The company has appointed Rand Merchant Bank as its sponsor. Its services include advising the board on the interpretation of and compliance with the listing requirements of the JSE Securities Exchange South Africa (JSE).

AUDITING AND ACCOUNTING

Deloitte & Touche has been appointed by the board to perform an independent and objective audit on the group's financial statements. The statements are prepared in terms of South African Statements of Generally Accepted Accounting Practice. Interim reports to shareholders are not audited, but are discussed with the auditors.

The directors accept responsibility for the group's system of internal, financial and operating controls. The board has established controls and procedures to ensure the accuracy and integrity of the accounting records and monitors the group's businesses and their performance.

Internal and accounting controls focus on critical risk areas. The controls are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities.

The identification of risks and the implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks are delegated to senior executive management. The audit committee reviews these matters regularly.

The controls are designed to provide reasonable assurance regarding:

- safeguarding assets against unauthorised use or disposition;
- compliance with statutory laws and regulations;
- the maintenance of proper accounting records; and
- the adequacy and reliability of financial information.

The board has not been informed by executive or internal audit management of any issue that would constitute a material breakdown in the functioning of these controls during the year under review.

The external auditors have again confirmed that they are not aware of any matters relating to Reunert's control systems that would constitute a material breakdown that could result in material losses, contingencies or uncertainties that require disclosure in the annual financial statements or the external auditors' report.

INTERNAL AUDIT

Comprehensive internal controls have been instituted. These are reviewed by the internal auditors when performing internal audits.

All business units complete an internal control matrix every six months. The matrix covers all aspects of internal control. Both the internal and external auditors review this matrix independently. Weaknesses identified through this process are analysed and reviewed and, where necessary, improvements are implemented.

The internal auditors visit Reunert business units randomly during the financial year and reports are compiled and submitted to the Reunert audit committee.

The internal audit function assists in the assessment of risk in all the group operations. Annually, either a financial director or a financial manager from one group company conducts reviews of another group company. These reviews provide an independent check on the execution of the internal financial controls, thereby ensuring that group policies and procedures are adhered to as well as providing an assessment of the risk in achieving financial year-end forecasts and deadlines.

The resultant reports are then summarised into areas of concern. These matters are followed up and discussed with the respective companies. The findings are submitted to the Reunert audit committee.

The Reunert executive has compiled a list of reserved matters. These matters can only be authorised at the highest level in the group.

RISK MANAGEMENT

The board is responsible for the total process of risk management and its effectiveness. Management is held accountable for designing, implementing and monitoring the risk management process and integrating it into the daily activities of Reunert and its subsidiary companies.

All group operations are required to regularly identify all business risks. These risks are discussed and monitored at monthly management meetings.

NON-FINANCIAL MATTERS

Reunert is committed to upholding and, where possible, exceeding best international practices in the social, ethical, safety, health and environmental spheres of its business and acknowledges the responsibility it bears as a corporate citizen in society. The group sets a high level of ethical standards for all its officers and employees in conducting business and dealing with all stakeholders.

Last year the Community Growth Fund recognised Reunert's contribution as a socially responsible company when it approved Reunert as a share to be held in its portfolios.

EMPLOYMENT EQUITY

The group supports employment equity and is committed to providing equal opportunities for all group employees. All business units have affirmative action programmes and have implemented skills development and training programmes. An in-depth review on Reunert's focus on people development appears on page 18.

COMMUNICATIONS WITH STAKEHOLDERS

Reunert is committed to ongoing and effective communication with all stakeholders. It subscribes to a policy of open, frank and timeous communication in line with JSE guidelines and sound corporate governance practice.

A wide range of channels is used to disseminate information according to the preferences of the intended target audiences. These include ongoing dialogue with institutional investors, analysts and the media, a corporate website (http://www.reunert.com) with up-to-date information on the company and its subsidiary companies and regular meetings with senior group management.

CLOSED PERIOD

The group operates a closed period prior to the publication of its interim and preliminary results. During these periods, the group's directors, officers and senior management may not deal in the shares of the company nor discuss the company's financial prospects with any outside third party. Additional closed periods are enforced as required in terms of any corporate activity.

GOING CONCERN

The board of directors confirms that the group has adequate resources to continue to operate for the foreseeable future and will remain a going concern in the year ahead.

Value added statement

FOR THE YEAR ENDED 30 SEPTEMBER 2001

	2001 Rm	**%**	2000 Rm	%	% change 2001 over 2000
Revenue	**4 229,8**		3 340,1		27
Paid to suppliers for materials and services	**3 151,9**		2 404,0		31
Value added	**1 077,9**		936,1		15
Income from investments and associates	**154,0**		165,9		(7)
TOTAL WEALTH CREATED	**1 231,9**	**100**	1 102,0	100	12
DISTRIBUTED AS FOLLOWS:					
EMPLOYEES					
Remuneration and service benefits	**411,5**		327,9		
Add: PAYE collected on behalf of government	**79,5**		75,5		
Gross remuneration and service benefits	**491,0**	**40**	403,4	37	22
PROVIDERS OF CAPITAL					
Dividends to Reunert shareholders	**175,8**	**14**	158,3	14	11
Dividends to outside shareholders in subsidiaries	**26,5**	**2**	7,4	1	258
Interest paid on borrowings	**13,1**	**1**	33,4	3	(61)
	215,4	**17**	199,1	18	8
MONETARY EXCHANGES WITH GOVERNMENT					
Taxation on profits	**145,6**		114,0		
RSC levies	**7,6**		5,9		
VAT, customs duties and other taxes	**156,3**		117,8		
	309,5	**25**	237,7	22	30
RETAINED IN THE GROUP TO DEVELOP FUTURE GROWTH					
Depreciation	**41,5**	**4**	36,7	3	13
Accumulated profit	**174,5**	**14**	225,1	20	(22)
	216,0	**18**	261,8	23	(17)
TOTAL WEALTH DISTRIBUTED	**1 231,9**	**100**	1 102,0	100	12

Segmental analysis

BUSINESS AND GEOGRAPHIC SEGMENTS

BUSINESS SEGMENTS

For management purposes, the group is currently organised into ten operating divisions: Nashua Office Automation, Nashua Mobile, Panasonic, Telecommunications, Reutech, Saco, ATC, CBI, African Cables and Financial Services. The group overview on pages 12 to 17 gives details of the activities of each division.

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 only immaterial operations situated in the United Kingdom, Germany and the United States of America. It is therefore not considered meaningful to disclose information on geographic segments according to location of operation.

REVENUE INCLUDING ASSOCIATE COMPANIES

Rm	**2001**	**%**	2000	%	% change
ELECTRONICS					
Nashua Office Automation	**554,4**	**10**	487,5	11	14
Nashua Mobile	**1 445,8**	**27**	771,0	17	88
Panasonic	**853,3**	**16**	840,0	19	2
Telecommunications	**922,5**	**17**	977,7	22	(6)
Reutech	**399,7**	**8**	422,2	9	(5)
Saco	**36,2**	**1**	52,5	1	(31)
Total Electronics	**4 211,9**	**79**	3 550,9	79	19
ELECTRICAL ENGINEERING AND CABLES					
ATC	**201,6**	**4**	196,9	4	2
CBI	**399,2**	**7**	316,2	7	26
African Cables	**406,2**	**8**	294,7	7	38
Total Electrical Engineering and Cables	**1 007,0**	**19**	807,8	18	25
FINANCIAL SERVICES	**139,9**	**2**	153,9	3	(9)
Total operations	**5 358,8**	**100**	4 512,6	100	19
Less: Reunert's attributable portion of associate companies' revenue	**(1 129,0)**		(1 172,5)		
Revenue as reported	**4 229,8**		3 340,1		27

OPERATING PROFIT INCLUDING ASSOCIATE COMPANIES

Rm	**2001**	**%**	2000	%	% change
ELECTRONICS					
Nashua Office Automation	**63,9**	**12**	42,7	11	50
Nashua Mobile	**85,6**	**17**	35,2	9	143
Panasonic	**29,8**	**6**	23,2	6	28
Telecommunications	**102,7**	**20**	88,6	22	16
Reutech	**40,3**	**8**	71,8	18	(44)
Saco	**7,9**	**1**	13,0	3	(39)
Total Electronics	**330,2**	**64**	274,5	69	20
ELECTRICAL ENGINEERING AND CABLES					
ATC	**32,5**	**6**	30,1	7	8
CBI	**74,1**	**15**	55,3	14	34
African Cables	**38,0**	**7**	3,9	1	874
Total Electrical Engineering and Cables	**144,6**	**28**	89,3	22	62
FINANCIAL SERVICES	**40,0**	**8**	35,5	9	13
Total operations	**514,8**	**100**	399,3	100	29
Less: Reunert's attributable portion of associate companies' operating profit	**(133,3)**		(123,8)		
Operating profit as reported	**381,5**		275,5		38

TOTAL ASSETS (EXCLUDING CASH AND DEFERRED TAX) INCLUDING ASSOCIATE COMPANIES

Rm	**2001**	2000
ELECTRONICS		
Nashua Office Automation	**209,9**	174,5
Nashua Mobile	**239,7**	245,2
Panasonic	**310,7**	298,6
Telecommunications	**322,2**	254,5
Reutech	**131,5**	157,3
Saco	**8,9**	22,7
Total Electronics	**1 222,9**	1 152,8
ELECTRICAL ENGINEERING AND CABLES		
ATC	**133,7**	103,6
CBI	**221,7**	171,0
African Cables	**238,7**	230,0
Total Electrical Engineering and Cables	**594,1**	504,6
FINANCIAL SERVICES	**860,9**	782,2
Total operations	**2 677,9**	2 439,6
Less: Reunert's attributable portion of associate companies' assets	**(455,9)**	(391,3)
Total assets (excluding cash and deferred tax) as reported	**2 222,0**	2 048,3

Segmental analysis

PROVISIONS, TRADE AND OTHER PAYABLES INCLUDING ASSOCIATE COMPANIES

Rm	2001	2000
ELECTRONICS		
Nashua Office Automation	**160,3**	148,9
Nashua Mobile	**275,4**	169,0
Panasonic	**210,2**	208,0
Telecommunications	**124,2**	176,7
Reutech	**149,7**	182,1
Saco	**7,7**	11,9
Total Electronics	**927,5**	896,6
ELECTRICAL ENGINEERING AND CABLES		
ATC	**38,1**	23,7
CBI	**69,5**	42,6
African Cables	**64,8**	80,7
Total Electrical Engineering and Cables	**172,4**	147,0
FINANCIAL SERVICES	**107,3**	81,2
Total operations	**1 207,2**	1 124,8
Less: Reunert's attributable portion of associate companies' liabilities	**(162,3)**	(162,8)
Provisions, trade and other payables as reported	**1 044,9**	962,0

CAPITAL EXPENDITURE EXCLUDING ASSOCIATE COMPANIES

Rm	2001	2000
ELECTRONICS		
Nashua Office Automation	**0,8**	0,6
Nashua Mobile	**17,9**	6,5
Panasonic	**6,1**	1,6
Reutech	**6,6**	3,4
Saco	**0,1**	0,1
Total Electronics	**31,5**	12,2
ELECTRICAL ENGINEERING AND CABLES		
CBI	**16,6**	8,3
African Cables	**3,2**	1,8
Total Electrical Engineering and Cables	**19,8**	10,1
FINANCIAL SERVICES	**1,5**	–
Capital expenditure as reported	**52,8**	22,3

DEPRECIATION EXCLUDING ASSOCIATE COMPANIES

Rm	2001	2000
ELECTRONICS		
Nashua Office Automation	**0,9**	0,6
Nashua Mobile	**10,9**	0,9
Panasonic	**3,3**	3,9
Reutech	**4,0**	4,5
Saco	**–**	0,1
Total Electronics	**19,1**	10,0
ELECTRICAL ENGINEERING AND CABLES		
CBI	**12,9**	17,6
African Cables	**9,2**	8,9
Total Electrical Engineering and Cables	**22,1**	26,5
FINANCIAL SERVICES	**0,3**	0,2
Depreciation as reported	**41,5**	36,7

NUMBER OF EMPLOYEES EXCLUDING ASSOCIATE COMPANIES

	2001	2000
ELECTRONICS		
Nashua Office Automation	**348**	261
Nashua Mobile	**489**	352
Panasonic	**359**	412
Reutech	**948**	843
Saco	**53**	47
Total Electronics	**2 197**	1 915
ELECTRICAL ENGINEERING AND CABLES		
CBI	**1 314**	1 193
African Cables	**596**	476
Total Electrical Engineering and Cables	**1 910**	1 669
FINANCIAL SERVICES	**41**	132
Number of employees as reported	**4 148**	3 716

Five-year financial review

	2001 Rm	2000* Rm	1999 Rm	1998 Rm	1997 Rm
ASSETS					
Property, plant and equipment	**185,2**	175,3	236,5	354,6	395,4
Goodwill	**10,9**				
Investments	**188,4**	176,4	135,4	160,9	159,5
RC&C Finance Company accounts receivable	**745,1**	751,6			
Deferred taxation assets	**42,0**	22,6	29,2		
Cash and cash equivalents	**303,5**	222,8	958,0	496,9	118,0
Other current assets	**1 092,4**	945,0	1 260,3	1 493,7	1 702,4
Total assets	**2 567,5**	2 293,7	2 619,4	2 506,1	2 375,3
EQUITY AND LIABILITIES					
Ordinary and preference shareholders	**759,9**	810,7	674,4	938,7	808,5
Outside shareholders	**122,0**	99,2	217,8	254,7	255,6
Interest of all shareholders	**881,9**	909,9	892,2	1 193,4	1 064,1
Deferred taxation liabilities	**48,6**	31,3	5,8	5,7	7,6
Long-term borrowings	**2,7**	4,1	4,5	5,2	5,6
RC&C Finance Company short-term borrowings	**324,0**	147,2			
Current liabilities	**1 310,3**	1 201,2	1 716,9	1 301,8	1 298,0
Total equity and liabilities	**2 567,5**	2 293,7	2 619,4	2 506,1	2 375,3
RESULTS					
Revenue	**4 229,8**	3 340,1	4 565,5	4 919,5	5 162,9
Operating profit	**381,5**	275,5	296,6	234,1	235,9
Net interest and dividend income	**59,1**	58,8	95,7	35,5	(20,4)
Profit before abnormal items	**440,6**	334,3	392,3	269,6	215,5
Abnormal items	**–**	77,4	88,6	–	(125,9)
Profit before taxation	**440,6**	411,7	480,9	269,6	89,6
Taxation	**145,6**	114,0	147,6	98,8	62,5
Profit after taxation	**295,0**	297,7	333,3	170,8	27,1
Share of associate companies' profit	**81,8**	73,8	79,5	100,2	52,7
Profit after taxation including associate companies	**376,8**	371,5	412,8	271,0	79,8
Interest of outside shareholders	**42,4**	4,3	53,6	60,6	8,4
Headline earnings attributable to shareholders of Reunert Limited	**337,4**	286,5	274,2	211,1	131,9
Earnings attributable to shareholders of Reunert Limited	**334,4**	367,2	359,2	210,4	71,4
Headline earnings per share (cents)	**176,0**	140,7	136,8	105,6	66,5
Pro forma headline earnings per share (cents)	**176,0**	140,7	107,7**		
Basic earnings per share (cents)	**174,4**	180,3	179,2	105,2	36,0

	2001	2000*	1999	1998	1997
	Rm	Rm	Rm	Rm	Rm
CONSOLIDATED CASH FLOW STATEMENTS					
Net cash inflow from operating activities	**197,6**	360,4	373,5	474,0	124,7
Investments net of disposals to maintain operating capacity	**(9,8)**	(33,2)	28,5	(35,3)	15,9
Cash available for investments to increase operating capacity	**187,8**	327,2	402,0	438,7	140,6
Investments to (decrease)/increase operating capacity (net)	**(75,9)**	83,0	49,6	(17,4)	(106,2)
Net cash internally generated	**111,9**	410,2	451,6	421,3	34,4

* *The 2000 information has been restated to consolidate RC&C Finance Company.*
RC&C Finance Company, which was previously equity accounted, has been consolidated with effect from 1 October 2000.

** *The ordinary shareholders of Reunert Limited received a special dividend of R510 million (R2,50 per share) on 29 October 1999. This payment had a major distorting effect on the comparability of the results of 2000 and prior years. Had this dividend been paid on 29 October 1998, the after-tax effect, calculated using an average interest rate of 16%, would have been to reduce headline earnings for 1999 of R274,2 million by R58,3 million.*

Summary of statistics

	2001	2000*	1999	1998	1997
SHARES					
Number of ordinary shares on which earnings per share is based (million)	**191,7**	203,7	200,4	200,0	198,4
Net worth per share (cents)	**406**	400	336	468	407
Headline earnings per share (cents)	**176,0**	140,7	136,8	105,6	66,5
Pro forma headline earnings per share (cents)	**176,0**	140,7	107,7		
Basic earnings per share (cents)	**174,4**	180,3	179,2	105,2	36,0
Dividends per share (cents)					
– normal	**91,0**	76,0	58,0	43,0	36,0
– special	**–**	–	250,0	–	–
Dividend cover (times)	**1,9**	1,9	2,4	2,5	1,9
Cashflow per share (cents)	**103,1**	176,9	186,4	237,0	62,9
Ordinary shares in issue (million)	**204,1**	204,0	200,5	200,4	198,8
Number of transactions – JSE	**9 245**	9 735	9 150	9 938	10 091
Number of shares traded (million)	**67,0**	79,0	122,8	90,1	57,8
Value of shares traded (R million)	**969,2**	691,2	987,6	773,8	884,6
Number of shares traded as a percentage of issued shares	**32,9**	39,0	61,2	45,0	29,1
Market price per share (cents)					
– year-end	**1 615**	1 125	800	510	1 375
– highest	**1 850**	1 230	1 000	1 400	1 920
– lowest	**980**	540	490	370	1 180
JSE actuaries electronics sector index (adjusted base 1996 = 1 630)	**3 727**	2 937	2 346	2 267	2 041
Earnings yield (%)	**10,9**	12,5	17,1	20,7	4,8
Dividend yield (%)	**5,6**	6,8	7,3	8,4	2,6
Price: earnings ratio (times)	**9,2**	8,0	5,8	4,8	20,7
Market capitalisation (R million)	**3 295**	2 295	1 604	1 022	2 733
OTHER					
Number of employees	**4 148**	3 716	6 775	9 155	11 112
Revenue per employee (R000)	**1 020**	899	674	537	465
Operating profit per employee (R000)	**92**	74	44	26	21
Wealth created per employee (R000)	**297**	297	239	165	116
Employment cost per employee (R000)	**118**	109	119	94	83

	2001	2000*	1999	1998	1997
PROFITABILITY, ASSET MANAGEMENT, LIQUIDITY AND LEVERAGE					
Operating margin (%)	**9,0**	8,2	6,5	4,8	4,6
Net asset turn (times)	**6,2**	4,8	7,5	4,4	4,9
Return on ordinary shareholders' funds (%)	**43,0**	38,6	34,0	24,1	15,9
Return on net operating assets (%)	**68,0**	50,3	62,3	31,2	25,8
Return on net operating assets excluding investments in associates (%)	**71,3**	48,1	61,7	24,0	23,7
Taxation as a percentage of profit before taxation (excluding abnormal items)	**33,1**	34,1	37,6	36,7	36,3
Total liabilities to total shareholders' funds (%)	**185,6**	148,7	192,9	109,5	123,1
Net borrowings/(cash) to total shareholders' funds (%)	**3,9**	(8,0)	(104,7)	(40,4)	5,2
Current ratio	**1,3**	1,2	1,3	1,5	1,4
Interest cover (times)	**35,0**	10,1	N/A	N/A	5,0

** Only the 2000 statistics have been restated to take account of the change of accounting policy to consolidate RC&C Finance Company with effect from 1 October 2000. RC&C Finance Company was previously equity accounted.*

Definitions

NET WORTH PER SHARE
Ordinary shareholders' funds divided by shares in issue at year-end.

OPERATING MARGIN
Operating profit divided by revenue.

TOTAL ASSETS
Property, plant and equipment, investments and current assets.

NET ASSETS
Total assets less non-interest-bearing debt, excluding Finance Company borrowings.

NET OPERATING ASSETS
Total assets excluding cash and cash equivalents, less current liabilities excluding short-term loans and bank overdrafts.

NET ASSET TURN
Revenue divided by average net operating assets.

RETURN ON ORDINARY SHAREHOLDERS' FUNDS
Headline earnings divided by average ordinary shareholders' funds.

RETURN ON NET OPERATING ASSETS
Operating profit, plus share of associate company income, 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 income.

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

NET INTEREST COVER
Operating profit and dividends from associates divided by net interest paid.

TOTAL LIABILITIES
Total liabilities excluding deferred taxation.

TOTAL BORROWINGS
Interest-bearing debt.

NET BORROWINGS
Total borrowings net of cash and short-term investments.

CASH FLOW PER SHARE
Cash flow from operating activities, divided by the weighted average number of shares in issue during the year.

DIVIDEND COVER
Headline earnings per share divided by dividends per share.

EARNINGS YIELD
Headline earnings per share divided by market price per share at year-end.

DIVIDEND YIELD
Dividend per share divided by market price per share at year-end.

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

HEADLINE EARNINGS PER SHARE
Attributable earnings adjusted for attributable value of items of a capital nature, divided by the weighted average number of ordinary shares in issue during the year.

Annual financial statements 2001

REUNERT

REUNERT LIMITED

Directors' responsibility

FOR THE YEAR ENDED 30 SEPTEMBER 2001

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors of Reunert Limited are responsible for the integrity of the annual financial statements of the company and group and the objectivity of other information presented in the annual financial statements.

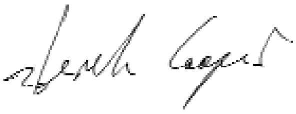
In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The annual financial statements, prepared in terms of South African Statements of Generally Accepted Accounting Practice, are examined by our external auditors in conformity with South African Auditing Standards.

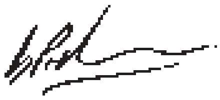
An audit committee, consisting of four non-executive directors, including the chairman, and two executive directors, meets periodically with both our internal and external auditors to ensure that internal financial controls provide reasonable assurance that the group's assets are safeguarded and that the financial records may be relied upon for the preparation of the financial statements.

The directors confirm that the group has adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.

The annual financial statements appearing on pages 40 to 75 were approved by the board of directors on 19 November 2001 and are signed on its behalf by:



D E Cooper
Chairman



G Pretorius
Chief Executive

Report of the independent auditors

FOR THE YEAR ENDED 30 SEPTEMBER 2001

TO THE MEMBERS OF REUNERT LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 40 to 75 for the year ended 30 September 2001. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, these annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2001, and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (SA)
Registered Accountants and Auditors
Sandton
19 November 2001

Secretaries' certification

FOR THE YEAR ENDED 30 SEPTEMBER 2001

The company has lodged with the Registrar all such returns as are required by a public company in terms of the Companies Act.

For Reunert Management Services (Pty) Limited
Company secretaries

Statutory information

FOR THE YEAR ENDED 30 SEPTEMBER 2001

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year 30 000 ordinary shares were issued at R14,90 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

DIVIDENDS

An interim ordinary dividend No 150 of 24 cents per share was declared on 11 May 2001 and a final ordinary dividend No 151 of 67 cents per share was declared on 19 November 2001.

A total cash distribution of 91 cents (2000: 76 cents) per ordinary share was declared for the year.

SUBSIDIARY COMPANIES

Your directors are of the opinion that the publication of information on all the company's subsidiaries in this report would entail expense out of proportion to the value to shareholders.

Annexure A to this report, however, sets out the principal subsidiaries of the company.

DIRECTORATE

During the current year Mr M J Shaw was appointed as a director of the company.

Messrs D E Cooper, B P Connellan, G Pretorius and G J Oosthuizen retire by rotation at the forthcoming annual general meeting and offer themselves for re-election.

INTERESTS OF DIRECTORS

At the reporting date, fully paid ordinary Reunert Limited shares were held directly and indirectly by the directors as indicated in the table below:

	Direct Beneficial	
	2001	2000
D E Cooper	**35 688**	35 688
B P Connellan	**33 914**	33 914
P T W Curtis	**–**	–
B P Gallagher	**206 084**	206 084
S D Jagoe	**–**	–
K J Makwetla	**–**	–
G Oosthuizen	**30 800**	105 800
G Pretorius	**390 500**	390 500
D J Rawlinson	**241 700**	241 700
M J Shaw	**–**	–
J C van der Horst	**–**	–
C L Valkin	**–**	–
	938 686	1 013 686

	Indirect Beneficial	
	2001	2000
D E Cooper	**–**	–
B P Connellan	**10 000**	10 000
P T W Curtis	**–**	–
B P Gallagher	**–**	–
S D Jagoe	**–**	–
K J Makwetla	**–**	–
G Oosthuizen	**–**	–
G Pretorius	**44 300**	50 000
D J Rawlinson	**–**	–
M J Shaw	**–**	–
J C van der Horst	**–**	–
C L Valkin	**–**	–
	54 300	60 000

There were no non-beneficial interests in either period.

Executive directors of the company held unexercised options to subscribe for 1 355 000 (2000: 765 000) ordinary shares in terms of the Reunert 1985 Share Option Scheme.

These options are due to expire as follows:
765 000 on 22 October 2009
250 000 on 1 February 2011
340 000 on 26 September 2011

The directors have no interest in the contracts entered into during the year.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2001 is:

	2001	2000
	Rm	Rm
In the aggregate net income	**129,9**	183,1
In the aggregate net losses	**(18,8)**	(16,2)
	111,1	166,9

Accounting policies

FOR THE YEAR ENDED 30 SEPTEMBER 2001

These financial statements are presented in South African rand since that is the currency in which the majority of the group's transactions are denominated.

The financial statements for the current period cover the 12-month period ended 30 September 2001.

The principal accounting policies of the group, which are set out below, comply with currently applicable South African Statements of Generally Accepted Accounting Practice. These policies are, in all material respects, consistent with those applied in the previous year except as detailed in note 8 to the annual financial statements.

Where necessary the comparative figures have been adjusted or extended to take account of the new requirements of the following revised South African Statements of Generally Accepted Accounting Practice that the group implemented in 2001:

AC 105 Leases
AC 117 Discontinuing operations
AC 128 Impairment of assets
AC 129 Intangible assets
AC 130 Provisions, contingent liabilities and contingent assets
AC 131 Business combinations
AC 132 Consolidated financial statements
AC 134 Accounting for government grants

With the exception of AC 131 Business combinations (see note 8), there are no changes in accounting policy that materially affect operating profit resulting from the adoption of the above statements in these financial statements.

1. BASE OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting, as modified for the revaluation of property.

2. COMPARATIVE FIGURES

When an accounting policy is changed, comparative figures are restated in accordance with the new policy.

3. BASIS OF CONSOLIDATION

The group annual financial statements incorporate the financial statements of the company, its subsidiaries and joint ventures.

A subsidiary is an enterprise over which the group has control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Operating results of subsidiaries acquired are included from the effective date of acquisition. Operating results of subsidiaries disposed of are included up to the effective date of sale.

Where the ability of certain foreign subsidiaries to transfer funds to South Africa is severely restricted these subsidiaries are not consolidated and the results of these subsidiaries are brought to account to the extent of dividends received.

Outside shareholders are measured as a percentage of the fair value of net assets.

All intercompany trading within the group is eliminated in the consolidated statements.

4. GOODWILL

Positive goodwill, being the excess of cost of acquisition of subsidiaries, associates and joint ventures and other businesses over the attributable fair value of the net assets at the date of acquisition, is capitalised and amortised over the expected useful life of the asset, not exceeding 20 years.

Where negative goodwill relates to expectations of future losses and expenses identified at acquisition, these are recognised in income as the losses and expenses are incurred. The portion not relating to future losses and expenses is recognised as follows:

a. the amount not exceeding the fair values of identified non-monetary assets is recognised over the remaining average useful lives of identifiable acquired depreciable or amortisable assets;

b. the amount in excess of the fair values of these assets is recognised in income immediately.

5. JOINT VENTURES

Joint ventures are those entities which are not subsidiaries and over which the group exercises joint control.

Joint control is the contractually arranged sharing of control over an economic activity.

Joint ventures are accounted for using the proportionate consolidation method, whereby the group's share of each of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line-by-line basis in the consolidated annual financial statements.

Intergroup transactions with joint ventures are accounted for as follows:

On sales made by the rest of the group to the joint venture, where the asset is returned by it, only that portion of the gain attributable to the other venturers is recognised. Where the sale is made at a loss, the full loss is recognised immediately.

Where sales are made by the joint venture to the rest of the group, no profits made by the joint venture are recognised in the group accounts until the asset has been sold to an independent party.

Any difference between the cost of the acquisition and the group's share of the net identifiable assets, fairly valued, is recognised and treated according to the group's accounting policy for goodwill.

6. ASSOCIATE COMPANIES

Associate companies are those companies in which investments are held which provide the group with the power to exercise significant influence over the financial and operating policies of those companies, but are not considered to be joint ventures.

Associate companies are accounted for by the equity method from their audited or unaudited financial statements to 30 September.

Post-acquisition earnings and reserves retained by associate companies are transferred to non-distributable reserves.

In accordance with the accounting policy on associates, goodwill, being the excess of the cost of the investment over the fair values of the proportion of the net assets purchased at the date of acquisition is added to the carrying value of the investment. The goodwill is amortised against the group's share of the associate's profits over the expected useful life of the investment.

7. INVESTMENTS

Investments are stated at cost to the group, less amounts written off. Investments are written down to give recognition to permanent declines in value.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are generally stated at cost to the group except for certain properties which have been revalued. Major improvements to existing buildings, plant and equipment are capitalised.

When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected cash flows are discounted to their present values.

Depreciation is calculated on cost over the estimated useful lives of the assets. The methods and rates used are determined by conditions in the relevant industry.

Buildings, which the group regards as investment properties are not depreciated. The group defines investment properties as those for which a ready market exists should the group wish to sell the property. Where market conditions indicate a permanent decline in value, these properties are written down to this value.

9. CAPITALISATION OF LEASED ASSETS

Assets subject to financial lease agreements, where considered material and where the group assumes substantially all the benefits and risks of ownership, are capitalised at the fair value of the leased assets and the corresponding liability raised.

The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under the operating leases are charged to income on a straight-line basis over the term of the relevant lease.

10. INVENTORY AND CONTRACTS IN PROGRESS

Inventory is stated at the lower of cost and net realisable value. The basis of determining cost is mainly the first-in first-out basis. The value of finished goods and work in progress include direct costs and relevant overhead expenditure.

Redundant and slow-moving inventory is identified and written down with regard to its estimated economic or realisable value. Consumables are written down with regard to their age, condition and utility.

Contracts in progress are valued at the lower of actual cost less progress invoicing and net realisable value. Cost comprises direct materials, labour, expenses and a proportion of overhead expenditure.

11. DEFERRED TAXATION

The charge for taxation is based on the results for the year as adjusted for items which are non-taxable or disallowed. Temporary differences arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, to the extent that it is not deductible for tax purposes or from the initial recognition of other assets and liabilities which affects neither the tax profit nor the accounting profit at the time of the transaction.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

12. REVENUE RECOGNITION

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, while revenue from services is recognised when the services are rendered.

Where the outcome of a construction contract can be reliably estimated, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that the contract costs incurred for work performed to date bear to the estimated contract cost. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Dividends are recognised when the right to receive payment is established.

Capitalisation share awards are included in dividend income in the income statement.

Interest is recognised on the time-proportion basis, taking account of the principal amount outstanding and the effective rates over the period to maturity.

13. REVENUE

Revenue comprises net invoiced sales to customers, rental from leasing fixed and moveable properties, commission and interest earned and excludes value added tax.

14. FOREIGN CURRENCIES

14.1 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the costs of hedging are included in the measurement of the underlying transaction and the transaction is therefore recorded at the forward rate.

14.2 FOREIGN CURRENCY BALANCES

Foreign assets and liabilities of South African companies, are translated into South African rand at rates ruling at 30 September.

Profits and losses on translation of trading assets and liabilities are included in operating profit. Unrealised profits on translation of non-current assets and liabilities are deferred until realised.

14.3 FOREIGN ENTITIES

Financial statements of foreign subsidiaries are translated into South African rand as follows:

- Assets and liabilities at rates of exchange ruling at the group's financial year-end.
- Income, expenditure and cash flow items at the weighted average rates of exchange during the financial year.

Differences arising on translation are reflected in non-distributable reserves.

Goodwill and fair value adjustments are considered to relate to the foreign entity.

14.4 FOREIGN CURRENCY RISK MANAGEMENT POLICY

The group covers all foreign currency commitments.

15. BORROWING COSTS

Interest on borrowings raised specifically to finance the construction of qualifying assets to prepare them for sale or use, is capitalised as part of the cost of these assets up to the date that the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

16. PROVISIONS

A provision is raised when a reliable estimate can be made of a present obligation, resulting from a past event, which will probably result in an outflow of resources, and there is no realistic alternative to settling the obligation created by the event, which occurred before the balance sheet date.

17. FINANCIAL INSTRUMENTS

17.1 FINANCIAL ASSETS

The group's principal financial assets are bank balances and cash, trade receivables and equity investments.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Equity investments, where the group is not in a position to exert significant influence or joint control, are stated at cost less impairment losses recognised, where the investment's carrying amount exceeds its estimated recoverable amount.

17.2 FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Debt instruments issued which carry a right to convert to equity that is dependent on the outcome of uncertainties that is beyond the control of both the group and the holder, are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

17.3 OFF-BALANCE SHEET DERIVATIVE INSTRUMENTS

Derivative financial instruments, comprising currency forward contracts, interest rate swap agreements and options, are not recognised in the financial statements on inception. Net income or expenses associated with interest rate swap agreements are recognised on an accrual basis over the life of the swap agreements as a component of interest.

18. RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to operating profit in the year in which it is incurred.

19. ABNORMAL ITEMS

Abnormal items are items of income or expense that arise from ordinary activities but are of such size, nature or incidence that they are separately disclosed in order to best reflect the group's performance.

20. EXTRAORDINARY ITEMS

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the group and therefore are not expected to occur frequently or regularly.

The following two events give rise to extraordinary items:

- The expropriation of assets
- An earthquake or other natural disaster

21. RETIREMENT FUNDING POLICY

Eligible employees are members of retirement schemes administered by the group which are funded in accordance with recommendations of the actuaries, or schemes with the various industries in which they are employed. The group's contributions for current service costs, past service and any supplemental benefits or enhanced contributions are charged against income when due in accordance with the rules of the funds or actuaries' recommendations.

22. INFLATION ACCOUNTING

The group recognises that financial statements prepared on a historical cost basis do not disclose true profits as they are unable to reflect the impact of inflation.

However, conventionally prepared financial statements still form the basis upon which business decisions are made and the yardstick by which companies are judged. Until a method of accounting for the effect of changing prices is developed which is meaningful, standardised, generally accepted and of benefit to users of financial statements, the group prefers to refrain from any attempt to disclose such effect.

Income statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

		GROUP		COMPANY	
		2001	2000	**2001**	2000
	Notes	**Rm**	Rm	**Rm**	Rm
REVENUE	1	**4 229,8**	3 340,1	**1 779,3**	2 165,2
COST OF SALES		**3 0˜36,6**	2 432,4	**1 171,6**	1 586,2
GROSS PROFIT		**1 193,2**	907,7	**607,7**	579,0
Other income		**9,6**	25,0	**3,7**	8,2
Other expenses		**(821,3)**	(657,2)	**(421,5)**	(455,8)
OPERATING PROFIT	2	**381,5**	275,5	**189,9**	131,4
Interest and dividends received	3	**72,2**	92,2	**159,1**	275,6
Interest paid	4	**(13,1)**	(33,4)	**(1,7)**	(7,0)
PROFIT BEFORE ABNORMAL ITEMS		**440,6**	334,3	**347,3**	400,0
Abnormal items	5	**–**	77,4	**1,6**	(2,1)
PROFIT BEFORE TAXATION		**440,6**	411,7	**348,9**	397,9
Taxation	6	**(145,6)**	(114,0)	**(54,3)**	(47,8)
PROFIT AFTER TAXATION		**295,0**	297,7	**294,6**	350,1
Share of associate companies' profits	14	**81,8**	73,8		
PROFIT AFTER TAXATION INCLUDING ASSOCIATE COMPANIES		**376,8**	371,5	**294,6**	350,1
Earnings attributable to outside shareholders in subsidiaries		**(42,4)**	(4,3)		
EARNINGS ATTRIBUTABLE TO REUNERT LIMITED SHAREHOLDERS		**334,4**	367,2	**294,6**	350,1
BASIC EARNINGS PER SHARE (CENTS)	9	**174,4**	180,3		
DILUTED EARNINGS PER SHARE (CENTS)	9	**172,0**	178,6		
HEADLINE EARNINGS PER SHARE (CENTS)	10	**176,0**	140,7		
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	10	**173,6**	139,4		
DIVIDENDS PER SHARE (CENTS)	7	**91,0**	76,0		

Balance sheets

AT 30 SEPTEMBER 2001

		GROUP		COMPANY	
		2001	2000	**2001**	2000
	Notes	**Rm**	Rm	**Rm**	Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	**185,2**	175,3	**77,1**	69,5
Goodwill	12	**10,9**	–	**1,0**	–
Interest in subsidiaries	13			**314,1**	235,4
Interest in associates	14	**155,9**	137,4		
Other investments	15	**32,5**	39,0	**39,7**	39,3
RC&C Finance Company accounts receivable	16	**745,1**	751,6		
Deferred taxation assets	17	**42,0**	22,6	**20,5**	30,7
		1 171,6	1 125,9	**452,4**	374,9
CURRENT ASSETS					
Inventory and contracts in progress	18	**496,5**	417,0	**358,8**	286,0
Accounts receivable	19	**595,9**	528,0	**297,8**	305,3
Cash and cash equivalents	20	**303,5**	222,8	**69,4**	55,8
		1 395,9	1 167,8	**726,0**	647,1
TOTAL ASSETS		**2 567,5**	2 293,7	**1 178,4**	1 022,0
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	21	**35,0**	252,5	**269,6**	269,2
Non-distributable reserves	22	**99,8**	88,4	**0,3**	0,3
Accumulated profit		**625,1**	469,8	**323,7**	214,7
		759,9	810,7	**593,6**	484,2
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		**122,0**	99,2		
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	17	**48,6**	31,3	**–**	–
Long-term liabilities	23	**2,7**	4,1	**–**	–
		51,3	35,4	**–**	–
CURRENT LIABILITIES					
Short-term loans and bank overdrafts	23	**13,8**	2,8	**–**	–
RC&C Finance Company short-term borrowings		**324,0**	147,2		
Provisions	24	**108,9**	142,8	**22,0**	36,8
Trade and other payables		**936,0**	819,2	**361,3**	326,9
Taxation		**126,4**	123,0	**64,8**	59,8
Shareholders for dividend		**125,2**	113,4	**136,7**	114,3
		1 634,3	1 348,4	**584,8**	537,8
TOTAL EQUITY AND LIABILITIES		**2 567,5**	2 293,7	**1 178,4**	1 022,0

Cash flow statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

		GROUP		COMPANY	
		2001	2000	**2001**	2000
	Notes	**Rm**	Rm	**Rm**	Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit before working capital changes	A	**425,0**	312,9	**206,7**	151,5
(Increase)/reduction in net working capital		**(55,4)**	164,5	**(23,8)**	129,1
Reduction in RC&C Finance Company accounts receivable		**6,5**	121,5		
Working capital changes	B	**(61,9)**	43,0	**(23,8)**	129,1
Cash generated from operations		**369,6**	477,4	**182,9**	280,6
Interest received		**64,5**	77,0	**14,3**	28,7
Interest paid		**(13,1)**	(33,4)	**(1,7)**	(7,0)
Dividends received		**78,6**	62,8	**144,8**	246,9
Taxation paid	C	**(133,0)**	(96,0)	**(39,1)**	(39,3)
Dividends paid (including outside shareholders)	D	**(169,0)**	(127,4)	**(163,2)**	(122,4)
Net cash inflow from operating activities		**197,6**	360,4	**138,0**	387,5
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		**(9,8)**	(33,2)	**60,1**	(189,2)
– Repayment of non-current loans		**7,3**	1,5	**5,0**	30,8
– Non-current loans granted		**(0,9)**	(25,1)	**(3,0)**	(23,6)
– Replacement of fixed assets		**(20,4)**	(12,0)	**(10,1)**	(5,8)
– Proceeds on disposal of fixed assets, investments and other capital items		**4,2**	2,4	**0,3**	1,8
– Net loans from/(to) subsidiaries				**67,9**	(192,4)
Investments to increase operating capacity		**(75,9)**	83,0	**(184,9)**	(76,6)
– Expansion capital expenditure		**(32,4)**	(10,3)	**(14,2)**	(4,7)
– Increase in investments		**(2,8)**	(7,4)	**–**	(19,1)
– Proceeds on disposal of subsidiaries and businesses	E	**–**	154,5	**–**	29,0
– Acquisition of subsidiaries and businesses	F	**(40,7)**	(53,8)	**(170,7)**	(81,8)
Net cash (outflow)/inflow from investing activities		**(85,7)**	49,8	**(124,8)**	(265,8)

	GROUP		COMPANY	
	2001 **Rm**	2000 Rm	**2001** **Rm**	2000 Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by shareholders				
– Ordinary shareholders in Reunert	**0,4**	27,4	**0,4**	27,4
– Reunert shares purchased by a subsidiary	**(217,9)**	(16,7)		
Long-term liabilities – raised	**–**	0,7	**–**	–
– repaid	**(1,5)**	(26,0)	**–**	–
Special dividend and related taxation	**–**	(568,2)	**–**	(568,2)
Net cash (outflow)/inflow from financing activities	**(219,0)**	(582,8)	**0,4**	(540,8)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(107,1)**	(172,6)	**13,6**	(419,1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**72,8**	245,4	**55,8**	474,9
CASH AND CASH EQUIVALENTS AT END OF YEAR*	**(34,3)**	72,8	**69,4**	55,8
Net cash flows from operating activities	**197,6**	360,4		
Operating cash flow per share (cents)	**103,1**	176,9		
*Cash and cash equivalents are made up of:				
Cash and cash equivalents	**303,5**	222,8	**69,4**	55,8
Short-term loans and bank overdrafts	**(13,8)**	(2,8)	**–**	–
Net cash resources of the group/company excluding RC&C Finance Company	**289,7**	220,0	**69,4**	55,8
RC&C Finance Company short-term borrowings	**(324,0)**	(147,2)		
Net (borrowings)/cash and cash equivalents of the group/company	**(34,3)**	72,8	**69,4**	55,8

Notes to the cash flow statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
A. RECONCILIATION OF NET PROFIT BEFORE TAXATION TO OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	**440,6**	411,7	**348,9**	397,9
Adjusted for:				
– Net interest received	**(51,4)**	(43,6)	**(12,6)**	(21,7)
– Dividends received	**(7,7)**	(15,2)	**(144,8)**	(246,9)
– Depreciation	**41,5**	36,7	**15,1**	20,2
– Amortisation of goodwill	**2,3**	–	**1,0**	–
– (Surplus)/deficit on disposal of plant, vehicles and equipment	**(1,1)**	1,4	**1,4**	(0,3)
– Surplus on disposal of business	**–**	(89,0)	**–**	–
– Provision against investments in subsidiaries			**(1,6)**	2,1
– Other movements	**0,8**	10,9	**(0,7)**	0,2
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**425,0**	312,9	**206,7**	151,5
B. WORKING CAPITAL CHANGES				
– Inventory and contracts in progress	**(53,5)**	(71,5)	**(49,1)**	(43,8)
– Accounts receivable	**(71,3)**	(25,1)	**8,9**	167,8
– Accounts payable and provisions	**62,9**	139,6	**16,4**	5,1
WORKING CAPITAL CHANGES	**(61,9)**	43,0	**(23,8)**	129,1
C. TAXATION PAID IS RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Amounts unpaid, at beginning of year	**(123,0)**	(140,1)	**(59,8)**	(95,5)
– Amounts overpaid, at beginning of year	**11,7**	1,8		
– Taxation provisions of subsidiaries sold	**–**	19,3		
– Current taxation per the income statement	**(147,7)**	(141,5)	**(44,1)**	(61,8)
– Taxation provisions of subsidiaries purchased	**–**	(5,0)		
– Amounts unpaid, at end of year	**126,4**	123,0	**64,8**	59,8
– Amounts overpaid, at end of year	**(0,4)**	(11,7)		
CASH AMOUNTS PAID	**(133,0)**	(154,2)	**(39,1)**	(97,5)
STC ON DIVIDEND	**–**	58,2	**–**	58,2
NORMAL TAXATION PAID	**(133,0)**	(96,0)	**(39,1)**	(39,3)
D. DIVIDENDS PAID ARE RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Amounts accrued and unpaid at beginning of year	**(113,4)**	(587,5)	**(114,3)**	(587,5)
– Charge per the statement of changes in equity	**(175,8)**	(158,3)	**(193,8)**	(159,2)
– Dividends paid to outside shareholders	**(12,5)**	(5,0)		
– Amounts accrued and unpaid at end of year	**132,7**	113,4	**144,9**	114,3
CASH AMOUNTS PAID	**(169,0)**	(637,4)	**(163,2)**	(632,4)
SPECIAL DIVIDEND PAID	**–**	510,0	**–**	510,0
NORMAL DIVIDENDS PAID	**(169,0)**	(127,4)	**(163,2)**	(122,4)

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
E. ANALYSIS OF DISPOSAL OF SUBSIDIARIES AND BUSINESSES				
Inventory		138,6		14,8
Accounts receivable		217,0		95,2
Accounts payable		(310,2)		(95,1)
Taxation provision		(19,3)		–
Property, plant and equipment		54,2		1,0
Investments		–		3,1
Deferred tax		29,3		–
Outside shareholders' interest		(132,8)		
Cash on hand at time of disposal		158,7		–
Surplus on disposal		89,0		–
CASH AMOUNTS RECEIVED AND TO BE RECEIVED		224,5		19,0
ADD: **AMOUNTS RECEIVED FROM PURCHASERS IN RELATION TO BUSINESSES SOLD IN THE PRIOR YEAR**		88,7		10,0
LESS: **CASH ON HAND AT TIME OF DISPOSAL**		(158,7)		
NET CASH RECEIVED AND TO BE RECEIVED		154,5		29,0
F. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES				
Inventory	**(25,9)**	(12,4)	**(23,7)**	–
Accounts receivable	**(5,1)**	(59,3)	**–**	–
Accounts payable	**1,8**	69,6	**–**	–
Taxation provision	**–**	5,0		
Property, plant and equipment	**(1,5)**	(10,9)	**–**	–
Deferred tax	**–**	(1,5)		
Shareholders for dividend	**–**	28,9		
Outside shareholders' interest	**–**	16,7		
Cash at time of acquisition	**–**	(38,8)	**–**	–
Goodwill on acquisitions	**(13,2)**	(89,9)	**(2,0)**	(81,8)
Increased capital of subsidiary			**(145,0)**	–
CASH AMOUNTS PAID	**(43,9)**	(92,6)	**(170,7)**	(81,8)
CASH TAKEN OVER ON ACQUISITION	**–**	38,8		
AMOUNTS STILL OWING TO VENDORS	**3,2**	–		
NET CASH PAID	**(40,7)**	(53,8)	**(170,7)**	(81,8)

Statement of changes in equity

AT 30 SEPTEMBER 2001

GROUP

	Share capital and premium Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 1999	241,8	71,0	361,6	674,4
Net profit for the year			367,2	367,2
Goodwill written off			(83,4)	(83,4)
Dividends proposed			(158,3)	(158,3)
Transfers from/(to) reserves		17,3	(17,3)	–
Translation reserve arising		0,1		0,1
Issue of shares	27,4			27,4
Reunert Limited shares bought by subsidiary	(16,7)			(16,7)
Balance at 30 September 2000	252,5	88,4	469,8	810,7
Net profit for the year			334,4	334,4
Dividends proposed			(168,3)	(168,3)
Transfers (to)/from reserves		10,8	(10,8)	–
Translation reserve arising		0,6		0,6
Issue of shares	0,4			0,4
Reunert Limited shares bought by subsidiary	(217,9)			(217,9)
Balance at 30 September 2001	**35,0**	**99,8**	**625,1**	**759,9**

COMPANY

	Share capital and premium Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 1999	241,8	4,5	102,2	348,5
Net profit for the year			350,1	350,1
Goodwill written off			(82,6)	(82,6)
Dividends proposed			(159,2)	(159,2)
Transfers from/(to) reserves		(4,2)	4,2	–
Issue of shares	27,4			27,4
Balance at 30 September 2000	269,2	0,3	214,7	484,2
Net profit for the year			294,6	294,6
Dividends proposed			(185,6)	(185,6)
Issue of shares	0,4			0,4
Balance at 30 September 2001	**269,6**	**0,3**	**323,7**	**593,6**

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R375,5 million (2000: R386,6 million) and interest received by RC&C Finance Company (Pty) Limited of R136,8 million (2000: R154,0 million).				
2. OPERATING PROFIT IS STATED AFTER:				
Administration, management and other fees	**7,4**	8,4	**3,8**	5,3
Auditors' remuneration:				
Audit fees	**4,3**	3,5	**1,7**	1,9
Other fees	**0,6**	0,8	**0,1**	0,3
Expenses	**–**	0,1	**–**	0,1
	4,9	4,4	**1,8**	2,3
Depreciation:				
Land and buildings	**0,9**	0,7	**0,5**	0,5
Plant and equipment	**38,2**	33,8	**13,4**	18,7
Vehicles	**2,4**	2,2	**1,2**	1,0
	41,5	36,7	**15,1**	20,2
Goodwill amortised	**2,3**	–	**1,0**	–
Exchange rate differences:				
Unrealised (profit)/loss	**(0,8)**	1,9	**(1,9)**	1,3
Realised profit	**(2,9)**	(0,8)	**(1,6)**	(1,1)
	(3,7)	1,1	**(3,5)**	0,2
Income from subsidiaries:				
Fees			**1,1**	0,7
Rental (included in revenue)			**3,5**	–
			4,6	0,7
Operating lease charges:				
Land and buildings	**19,1**	13,9	**9,9**	8,7
Equipment and vehicles	**1,9**	1,7	**1,8**	1,5
	21,0	15,6	**11,7**	10,2
Research and development expenditure				
Financed by revenue from customers	**65,2**	24,8	**–**	1,1
Not financed by revenue from customers	**39,3**	25,1	**26,9**	18,1
	104,5	49,9	**26,9**	19,2
Net surplus/(deficit) on disposal of plant, vehicles and equipment	**1,1**	(1,4)	**(1,4)**	0,3

Notes to the annual financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
2. OPERATING PROFIT IS STATED AFTER (continued)				
Staff costs:				
Salaries and wages	**411,3**	336,5	**80,3**	76,6
Pension and provident fund emoluments	**36,5**	36,3	**5,5**	6,7
Other staff costs	**42,3**	30,6	**21,9**	16,3
	490,1	403,4	**107,7**	99,6
Number of employees	**4 148**	3 716	**1 343**	1 231
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– unlisted subsidiaries			**82,2**	168,6
– unlisted associate companies			**61,9**	66,8
– other	**7,7**	15,2	**0,7**	11,5
	7,7	15,2	**144,8**	246,9
Interest received:				
– subsidiaries			**7,1**	23,5
– associate companies	**6,2**	3,0		
– RC&C Finance Company (Pty) Limited	**32,1**	56,9		
– other	**26,2**	17,1	**7,2**	5,2
	72,2	92,2	**159,1**	275,6
4. INTEREST PAID				
Long-term liabilities	**0,8**	0,9	**–**	–
Short-term loans and bank overdrafts	**12,3**	32,5	**1,7**	7,0
	13,1	33,4	**1,7**	7,0
Interest paid by RC&C Finance Company (Pty) Limited included in cost of sales	**75,2**	96,3		
5. ABNORMAL ITEMS				
Profit on disposal of subsidiaries	**–**	89,0	**–**	–
Provision for losses in subsidiaries			**1,6**	(2,1)
Other	**–**	(11,6)	**–**	–
Gross abnormal items	**–**	77,4	**1,6**	(2,1)
Tax	**–**	–	**–**	–
Minorities	**–**	3,6		
Net abnormal items	**–**	81,0	**1,6**	(2,1)

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
6. TAXATION				
South African normal taxation:				
Current	**135,7**	130,3	**50,7**	60,8
Deferred	**(1,7)**	(25,9)	**11,4**	(14,0)
Secondary tax on companies	**18,3**	9,5	**6,6**	0,4
Adjustment for prior years – current	**(6,7)**	1,2	**(13,2)**	0,6
– deferred	**(0,4)**	(1,6)	**(1,2)**	–
	145,2	113,5	**54,3**	47,8
Foreign normal taxation:				
Current	**0,3**	–		
Prior	**0,1**	0,5		
	145,6	114,0	**54,3**	47,8
Reconciliation of rate of taxation	**%**	%	**%**	%
Apparent rate of taxation excluding abnormal items	**33,0**	34,1	**15,6**	12,0
Applicable to dividends received	**0,5**	1,4	**12,5**	18,5
Effective rate of taxation:	**33,5**	35,5	**28,1**	30,5
Movement in rate of taxation due to				
– disallowable charges	**(1,0)**	(2,7)	**(0,4)**	(0,5)
– secondary tax on companies	**(4,1)**	(2,8)	**(1,9)**	–
– adjustments from prior year	**1,6**		**4,2**	
South African normal tax rate	**30,0**	30,0	**30,0**	30,0
7. DIVIDENDS				
Ordinary:				
Underprovision in respect of prior year dividend	**–**	4,1	**–**	4,1
Interim – 24,0 cents per share (2000: 20,0 cents)	**49,0**	40,8	**49,0**	40,8
Final – 67,0 cents per share (2000: 56,0 cents)	**136,6**	114,3	**136,6**	114,3
Other – attributable to Reunert shares bought by a subsidiary	**(17,3)**	(0,9)		
Total – 91,0 cents per share (2000: 76,0 cents)	**168,3**	158,3	**185,6**	159,2

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
8. ACCOUNTING POLICY CHANGES				
Reunert has adopted South African Statements of Generally Accepted Accounting Practice that became effective during the current financial year. This has resulted in changes in accounting policies, requiring the restatement of the comparative figures for 2000.				
The main change involves the consolidation of RC&C Finance Company (Pty) Limited which was previously equity accounted as an associate company. Had the new policies been used in 2000, the group's retained income would not have been affected. The effect of the change in policies has been to increase/(decrease) the following:				
INCOME STATEMENT				
Revenue		156,0		
Cost of sales		96,3		
Operating profit		30,9		
Taxation		11,7		
Share of associate companies' profits		(19,2)		
Earnings attributable to ordinary shareholders in Reunert Limited		–		
BALANCE SHEET				
Property, plant and equipment		0,6		
Investments		(13,0)		
RC&C Finance Company accounts receivable		751,6		
Accounts receivable		(19,9)		
Cash and cash equivalents		(483,4)		
Deferred taxation liabilities		26,8		
Trade and other payables		46,9		
Taxation		15,0		
RC&C Finance Company short-term borrowings		147,2		

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
9. BASIC AND DILUTED EARNINGS PER SHARE				
The earnings used to determine both earnings per share and diluted earnings per share are the earnings attributable to ordinary shareholders in Reunert Limited	**334,4**	367,2		
The weighted average number of shares in issue used to determine earnings per share	**191,7**	203,7		
Adjusted by the dilutive effect of unexercised share options available to executives employed in the group	**2,7**	1,9		
Weighted average number of shares used to determine diluted earnings per share	**194,4**	205,6		
10. HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS PER SHARE				
The weighted average number of ordinary shares used in the headline earnings per share calculation is 191,7 million (2000: 203,7 million) divided into headline earnings attributable to Reunert shareholders.				
Earnings attributable to Reunert Limited shareholders	**334,4**	367,2		
Adjusted for:	**2,0**	(76,0)		
Profit on disposal of subsidiaries	**–**	(89,0)		
(Profit)/loss on sale of fixed assets	**(1,1)**	1,4		
Other	**3,1**	11,6		
Tax	**0,3**	(0,4)		
Outside shareholders' portion	**0,7**	(4,3)		
Headline earnings attributable to Reunert Limited shareholders	**337,4**	286,5		

Diluted headline earnings per share is based on 194,4 million shares (2000: 205,6 million shares) and headline earnings of R337,4 million (2000: R286,5 million).

	GROUP			COMPANY		
	Cost Rm	Accumulated deprecia-tion Rm	Book value Rm	Cost Rm	Accumulated deprecia-tion Rm	Book value Rm
11. PROPERTY, PLANT AND EQUIPMENT						
2001						
Freehold land and buildings	**107,3**	**19,6**	**87,7**	**47,2**	**3,8**	**43,4**
Leasehold land and buildings	**1,9**	**0,4**	**1,5**	**0,3**	**0,1**	**0,2**
Plant and equipment	**387,9**	**296,6**	**91,3**	**180,5**	**149,2**	**31,3**
Vehicles	**13,0**	**8,3**	**4,7**	**6,2**	**4,0**	**2,2**
	510,1	**324,9**	**185,2**	**234,2**	**157,1**	**77,1**
2000						
Freehold land and buildings	102,2	18,9	83,3	42,1	3,3	38,8
Leasehold land and buildings	0,6	0,5	0,1	0,3	0,1	0,2
Plant and equipment	360,7	272,3	88,4	168,2	139,3	28,9
Vehicles	11,1	7,6	3,5	5,2	3,6	1,6
	474,6	299,3	175,3	215,8	146,3	69,5

	Land and buildings Rm	Plant and equipment Rm	Vehicles	2001 Rm	2000 Rm
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP					
Net book value at beginning of the year	83,4	88,4	3,5	**175,3**	237,3
Acquisition of businesses	–	1,5	–	**1,5**	10,9
Disposal of businesses	–	–	–	**–**	(54,2)
Additions	6,7	42,4	3,7	**52,8**	22,3
Disposals	–	(2,8)	(0,1)	**(2,9)**	(4,3)
	90,1	129,5	7,1	**226,7**	212,0
Depreciation	(0,9)	(38,2)	(2,4)	**(41,5)**	(36,7)
	89,2	91,3	4,7	**185,2**	175,3

	Land and buildings Rm	Plant and equipment Rm	Vehicles	2001 Rm	2000 Rm
11. PROPERTY, PLANT AND EQUIPMENT (continued)					
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – COMPANY					
Net book value at beginning of the year	39,0	28,9	1,6	**69,5**	81,6
Disposal of businesses	–	–	–	**–**	(1,0)
Additions	5,1	17,4	1,8	**24,3**	10,5
Disposals	–	(1,6)	–	**(1,6)**	(1,4)
	44,1	44,7	3,4	**92,2**	89,7
Depreciation	(0,5)	(13,4)	(1,2)	**(15,1)**	(20,2)
	43,6	31,3	2,2	**77,1**	69,5

NOTES

1. A register of group property may be inspected at the registered office of the company.

2. Freehold land and buildings of the group comprise:

	2001 Rm	2000 Rm
Specialised properties	**48,4**	44,0
Investment properties (note 3 below)	**39,3**	39,3
	87,7	83,3

3. The open market value of investment properties amounts to R43,5 million (2000: R43,5 million).

4. Property, plant and equipment depreciation rates are used for the following categories:

Buildings	2%
Plant	10 to 20%
Office equipment	10 to 20%
Computer equipment	33 to 50%
Furniture	15 to 20%
Vehicles	20 to 25%

5. The insurable value of the group's fixed assets as at 30 September 2001 amounted to R1,6 billion (2000: R1,5 billion). This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets which are included at market value.

Notes to the annual financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
12. GOODWILL				
Carrying value at the beginning of the year	**–**	–	**–**	–
Add: Acquisition of businesses	**13,2**	–	**2,0**	–
Less: Amortisation for the year	**(2,3)**	–	**(1,0)**	–
Carrying value at the end of the year	**10,9**	–	**1,0**	–
This goodwill is written off over periods varying between two to five years.				
13. INTEREST IN SUBSIDIARIES				
(see Annexure A)				
Shares at cost less amounts written off			**284,5**	139,5
Amounts owing by subsidiaries			**327,4**	616,4
Provision for goodwill write-off			**(45,9)**	(45,9)
			566,0	710,0
Provision for losses			**(48,3)**	(49,9)
			517,7	660,1
Amounts owing to subsidiaries			**(203,6)**	(424,7)
			314,1	235,4
14. INTEREST IN ASSOCIATES				
UNLISTED ASSOCIATE COMPANIES:				
Shares at cost	**40,5**	36,4		
Adjustment to carrying value	**2,7**	2,7		
Attributable interest in accumulated profit	**96,1**	85,2		
Accumulated profit at beginning of year	**85,2**	60,5		
Profit after tax and abnormal items				
– audited	**61,0**	54,0		
– unaudited	**20,8**	19,8		
Other	**–**	(1,5)		
Dividends	**(70,9)**	(47,6)		
Attributable to outside shareholders in subsidiaries	**16,6**	13,1		
Total of unlisted associate companies	**155,9**	137,4		
Directors' valuation – unlisted associate companies	**155,9**	137,4		
Attributable earnings from unlisted associate companies	**81,8**	73,8		

	GROUP			
	Number of shares held		Percentage interest	
Details of share investments	**2001**	2000	**2001**	2000
14. INTEREST IN ASSOCIATES (continued)				
ASSOCIATE COMPANIES:				
ATC (Pty) Limited	**123 418**	123 418	**39**	39
Electric Products International (Pty) Limited	**2 400**	2 400	**24**	24
Siemens Telecommunications (Pty) Limited	**38 500**	38 500	**28**	28
IQ Works (Pty) Limited	**501**	–	**50**	–

		Carrying value	
Details of share investments	Year-end	**2001**	2000
ASSOCIATE COMPANIES:			
ATC (Pty) Limited	31 March	**112,4**	95,5
Electric Products International (Pty) Limited	30 September	**–**	–
Siemens Telecommunications (Pty) Limited	30 September	**41,0**	41,9
IQ Works (Pty) Limited	30 June	**2,5**	
		155,9	137,4

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
15. OTHER INVESTMENTS				
Reunert 1988 Share Purchase Trust	**12,2**	19,4	**12,2**	19,4
Other loans and investments	**20,3**	19,6	**27,5**	19,9
Total investments	**32,5**	39,0	**39,7**	39,3
Directors' valuation – other investments	**32,5**	39,0	**39,7**	39,3
16. RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE				
Discounted deals	**673,4**	645,7		
Accounts receivable – collectable within one year	**50,6**	74,0		
– collectable after one year	**21,1**	31,9		
	745,1	751,6		

The discounted deals comprise the present value of discounted rental agreements which are repayable over varying periods up to a maximum of five years from balance sheet date.

Collectable within one year	**227,4**	228,9
Collectable after one year	**446,0**	416,8
	673,4	645,7

Notes to the annual financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
17. DEFERRED TAXATION ASSETS/(LIABILITIES)				
MOVEMENT OF GROUP DEFERRED TAXATION				
Balance at beginning of year	**(8,7)**	(8,4)	**30,7**	16,7
Current tax charge/(reversal)	**1,7**	25,9	**(11,4)**	14,0
Adjustment for prior years	**0,4**	1,6	**1,2**	–
Deferred tax balances of businesses disposed of	**–**	(29,3)	**–**	–
Deferred tax balances of businesses purchased	**–**	1,5	**–**	–
	(6,6)	(8,7)	**20,5**	30,7
Deferred taxation liabilities	**48,6**	31,3	**–**	–
Deferred taxation assets	**42,0**	22,6	**20,5**	30,7
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	**(35,1)**	(48,6)	**(3,0)**	(5,7)
Provisions and accruals	**26,5**	37,1	**23,1**	35,6
Advance income off set by allowed future expenditure	**3,6**	2,8	**–**	0,8
Other (net)	**(1,6)**	–	**0,4**	–
	(6,6)	(8,7)	**20,5**	30,7
18. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	**83,5**	52,5	**45,6**	36,0
Finished goods	**77,0**	69,6	**27,9**	12,6
Merchandise	**283,1**	243,6	**282,7**	243,0
Consumable stores	**1,6**	1,2	**0,5**	0,9
Work in progress	**49,2**	51,2	**–**	(5,4)
Contracts in progress	**2,1**	(1,1)	**2,1**	(1,1)
	496,5	417,0	**358,8**	286,0
The value of inventory has been determined on the following bases:				
First-in first-out	**387,7**	338,1	**354,4**	284,2
Average	**27,6**	10,8	**3,2**	–
Net realisable value	**26,2**	17,1	**1,2**	1,8
Other	**55,0**	51,0	**–**	–
	496,5	417,0	**358,8**	286,0
19. ACCOUNTS RECEIVABLE				
Trade receivables	**450,3**	409,9	**168,0**	165,4
Claims, prepayments and other receivables	**145,6**	118,1	**48,6**	19,4
Dividends accrued	**–**	–	**81,2**	120,5
	595,9	528,0	**297,8**	305,3

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
20. CASH AND CASH EQUIVALENTS				
Bank balances and cash	**223,5**	142,8	**69,4**	55,8
Investment in redeemable preference shares:	**80,0**	80,0		
This investment is redeemable in March 2002.				
	303,5	222,8	**69,4**	55,8
Excess cash in the remainder of the group is deposited on call with RC&C Finance Company (Pty) Limited (RCCF), which is a consolidated subsidiary. Balances at the end of September are:	294,8	483,4		
RCCF has the ability to replace these funds in the open market through long-term facilities totalling R900 million with various banks.				
21. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 (2000: 235 000 000) ordinary shares of 10 cents each	**23,5**	23,5	**23,5**	23,5
350 000 (2000: 350 000) 5,5% cumulative preference shares of R2 each	**0,7**	0,7	**0,7**	0,7
31 057 729 (2000: 31 057 729) redeemable preference shares of 1 cent each	**0,3**	0,3	**0,3**	0,3
	24,5	24,5	**24,5**	24,5
ISSUED SHARE CAPITAL				
204 050 264 (2000: 204 020 264) ordinary shares of 10 cents each	**20,4**	20,4	**20,4**	20,4
350 000 (2000: 350 000) 5,5% cumulative preference shares of R2 each	**0,7**	0,7	**0,7**	0,7
	21,1	21,1	**21,1**	21,1
SHARE PREMIUM				
At beginning of year	**248,1**	221,1	**248,1**	221,1
Arising on the issue of ordinary shares	**0,4**	27,0	**0,4**	27,0
At end of year	**248,5**	248,1	**248,5**	248,1
Reunert Limited shares bought back by a subsidiary 17 168 058 (2000: 1 545 700)	**(234,6)**	(16,7)		
Total issued share capital and premium	**35,0**	252,5	**269,6**	269,2

	COMPANY Number of shares	Number of shares
21. SHARE CAPITAL AND PREMIUM (continued)		
UNISSUED ORDINARY SHARES		
Total shares reserved to meet the requirements of The Reunert 1985 Share Option Scheme and The Reunert 1988 Share Purchase Scheme	**10 000 000**	6 368 500
Ordinary shares under the general authority of the directors until the forthcoming annual general meeting	**20 949 736**	24 611 236
	30 949 736	30 979 736

THE REUNERT 1985 SHARE OPTION SCHEME

Options which have been granted to executives in terms of The Reunert 1985 Share Option Scheme, and which were unexercised at 30 September 2001 are as follows:

Number of shares	Option price	Expiry date
85 000	R14,90	27 June 2004
30 000	R14,00	5 May 2007
4 415 000	R5,45	22 October 2009
2 425 000	R14,10	1 February 2011
1 470 000	R15,80	26 September 2011
8 425 000		

	COMPANY 2001 Number of shares	2000 Number of shares
Options outstanding at the beginning of the year	**4 713 500**	3 771 600
Granted	**3 920 000**	4 525 000
Exercised	**(30 000)**	(3 523 100)
Lapsed	**(178 500)**	(60 000)
Options outstanding at the end of the year	**8 425 000**	4 713 500

	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
22. NON-DISTRIBUTABLE RESERVES				
On acquisition of subsidiaries, being excess of net assets over cost of shares at dates of acquisition	**0,1**	0,1		
Arising on revaluation of property, statutory and other reserves				
– at beginning of year	**0,2**	12,0	**–**	4,2
– other	**0,6**	–		
– transfer to accumulated profit	**–**	(11,8)	**–**	(4,2)
	0,8	0,2	**–**	–
Capital redemption reserve	**2,9**	2,9	**0,3**	0,3
Share of associate companies' accumulated profits				
– at beginning of year	**85,2**	46,7		
– associate earnings transferred this year	**10,8**	38,5		
	96,0	85,2		
	99,8	88,4	**0,3**	0,3

		GROUP		COMPANY	
		2001	2000	**2001**	2000
		Rm	Rm	**Rm**	Rm
23. BORROWINGS					
LONG-TERM LIABILITIES	Interest rate				
Unsecured	8,5%	**7,2**	5,2		
Current portion included in short-term loans		**(4,5)**	(1,1)		
		2,7	4,1		
SOUTH AFRICAN BORROWINGS REPAYABLE DURING FINANCIAL YEARS					
– 2001			1,1		
– 2002		**4,5**	1,5		
– 2003		**2,0**	2,0		
– 2004		**–**	0,6		
– 2005 and on		**0,7**			
		7,2	5,2		
SHORT-TERM LOANS AND BANK OVERDRAFTS					
Bank overdrafts and acceptances		**9,3**	1,7		
Current portion of long-term liabilities (see above)		**4,5**	1,1		
		13,8	2,8		

Description or nature of obligation	Carrying amount at beginning of the year	Additional provisions created during the year	Amounts used during the year	Unused amounts reversed during the year	Carrying amount at end of the year
24. PROVISIONS					
GROUP					
Contract completion	18,1	–	(3,9)	(10,6)	3,6
Debtor recourse guarantee	48,0	–	–	–	48,0
Unfunded pension and medical obligations	11,4	7,1	(8,5)	(2,9)	7,1
Warranty	50,8	8,8	(4,2)	(13,1)	42,3
Other	14,5	1,0	(6,4)	(1,2)	7,9
	142,8	16,9	(23,0)	(27,8)	108,9
COMPANY					
Contract completion	8,3	–	(3,3)	(2,0)	3,0
Debtor recourse guarantee	10,3	–	–	–	10,3
Unfunded pension and medical obligations	5,1	–	(5,1)	–	–
Warranty	4,0	3,1	–	(2,3)	4,8
Other	9,1	0,8	(5,6)	(0,4)	3,9
	36,8	3,9	(14,0)	(4,7)	22,0

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
25. COMMITMENTS				
Expenditure on property, plant and equipment				
Contracted	**3,3**	8,5	**3,0**	7,0
Authorised not yet contracted	**17,4**	11,9	**12,6**	6,3
	20,7	20,4	**15,6**	13,3
The above expenditure, to occur in 2002, will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, plant and machinery, motor vehicles and other assets				
– one year	**18,6**	15,0	**13,0**	12,9
– two to five years	**57,9**	31,5	**37,8**	25,0
– greater than five years	**6,0**	–	**–**	–
Total operating lease commitments	**82,5**	46,5	**50,8**	37,9
26. CONTINGENT LIABILITIES				
Claims	**–**	–	**–**	–
Guarantees on behalf of third parties	**–**	1,0	**–**	–
Guarantees on behalf of group subsidiary companies			**61,9**	–
Sureties for staff loans	**0,3**	0,4	**–**	–
Total guarantees for amounts owing	**0,3**	1,4	**61,9**	–
Total contingent liabilities	**0,3**	1,4	**61,9**	–

	GROUP			
	2001		2000	
	Maximum permissible	**Actual**	Maximum permissible	Actual
	Rm	**Rm**	Rm	Rm
27. BORROWING CAPACITY				
THE BORROWINGS OF THE GROUP ARE LIMITED IN TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION				
Long-term liabilities		**2,7**		4,1
Short-term loans and bank overdrafts		**13,8**		2,8
RC&C Finance Company short-term borrowings		**324,0**		147,2
Contingent liabilities (see note 26)		**0,3**		1,4
	877,6	**340,8**	891,8	155,5

28. FOREIGN CURRENCY EXPOSURE

FORWARD EXCHANGE CONTRACTS

The group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet but were entered into to cover foreign commitments not yet due and proceeds not yet received. The contracts will be utilised for purposes of trade during 2001 and 2002.

Details of these contracts are as follows:

	GROUP	
	Foreign amount Million	Rand amount Million
BOUGHT		
Swiss francs	**0,0**	**0,2**
Japanese yen	**903,2**	**63,6**
Euro	**0,8**	**5,6**
British sterling	**0,0**	**0,3**
US dollars	**13,4**	**111,0**
SOLD		
Swiss francs	**0,1**	**0,4**
British sterling	**0,2**	**1,9**
US dollars	**4,0**	**34,6**

	COMPANY	
	2001 Rm	2000 Rm
29. DIRECTORS' EMOLUMENTS		
Payable to the directors of the company by the company and its subsidiaries		
EXECUTIVE DIRECTORS		
Salary	**3,1**	3,2
Bonus and performance related payments	**1,9**	1,7
Other benefits	**1,1**	1,3
Pension scheme contributions	**0,7**	0,5
	6,8	6,7
NON-EXECUTIVE DIRECTORS		
Directors' fees	**0,3**	0,2
Salary	**0,3**	0,3
	0,6	0,5
Total directors' emoluments	**7,4**	7,2

None of the directors' service contracts expressly provide for a notice period, and in the circumstances such service contracts are terminable on reasonable notice, which period will be less than one year.

Predetermined compensation on termination of service will be payable to the executive directors, but in all instances, the notice periods are less than one year.

30. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits for its employees, 94% (2000: 99%) of the group's employees belong to various retirement schemes.

Industrial legislation requires that certain employees be members of designated industrial schemes. At year-end 29% (2000: 31%) of the group's employees were members of such schemes, most notably the Engineering Industries Pension Fund and Metal Industries Provident Fund. The total employer contributions for the year to these funds amounted to R6,1 million (2000: R4,2 million).

Thirty-one percent (2000: 33%) of the group's total employees are members of the Lincoln Wood Provident Fund or the Reunert Retirement Fund, which consists of both the Reunert Pension Fund and Reunert Provident Fund.

The Reunert Retirement Fund is a defined contribution plan, apart from death benefits that are paid by the pension fund, which is registered in terms of the Pension Funds Act, 1956. The fund was last reviewed by the actuary at 29 February 2000 and found to be in a sound financial position. The employer's contribution rate to the provident fund remained at 10% of the employees' pensionable earnings, whilst the employees' contribution to the pension fund remained at 6%. The total employer contribution to this fund amounted to R13,6 million (2000: R12,1 million).

The Lincoln Wood Provident Fund is a defined benefit plan registered in terms of the Pension Funds Act, 1956. The employer's contribution rate is 14,5% (2000: 14,5%) of employees' pensionable earnings, with the employees' contributions remaining at 6%. The total employer contribution to this fund amounted to R0,6 million (2000: R1,2 million).

The remaining 34% (2000: 35%) of the group's total employees, who are not members of the above-mentioned schemes, participate in other benefit plans, which consist of four defined contribution plans. All are subject to the Pension Funds Act, 1956. The total employer contributions to these funds amounted to R7,3 million (2000: R5,3 million).

Five percent of the group's employees belong to defined benefit funds, with 4% belonging to the Engineering Industries Pension Fund, which is currently in surplus. The rules of this fund do not allow the group access to this surplus. Details relating to the group's defined benefit fund, which is not a designated industrial scheme, are as follows:

	Lincoln Wood Provident Fund
Proportion of current employees in the scheme to total employees (%)	0,3
Valuation interval	3 years
Last statutory valuation	29/2/2000
Valuation method used	Attained age method
Actuarial present value of promised benefits (Rm)	68,7
Actuarial value of plan assets (Rm)	61,6
Deficit (Rm)	(7,1)
Actuarial assumptions used to arrive at these values:	
Discount rate (%)	16
Estimated future salary increases (%)	14
Expected rates of return on plan assets (%)	16

Members of the Nashua Pension Fund and Nashua Executive Fund have been transferred to the Nashua Provident Fund effective from 1 August 2001.

The assets and liabilities of Lincoln Wood Provident Fund have reduced significantly since the February 1999 valuation because annuities were purchased from an insurance company to cover future obligations to pensioners.

The actuarial shortfall at 29 February 2000 of R7,1 million has been provided for in full at 30 September 2001.

	2001 Total Rm	2001 Reunert share Rm	2000 Total Rm	2000 Reunert share Rm

31. SUMMARISED FINANCIAL INFORMATION OF PRINCIPAL ASSOCIATE COMPANIES

	2001 Total Rm	2001 Reunert share Rm	2000 Total Rm	2000 Reunert share Rm
INCOME STATEMENT				
Revenue	**3 876,5**	**1 124,1**	4 075,0	1 178,5
Profit after tax	**278,2**	**81,8**	255,6	73,7
Dividends	**248,5**	**70,9**	172,9	47,5
BALANCE SHEET				
Interest of shareholders	**385,2**	**131,3**	357,4	120,5
Long-term liabilities	**92,2**	**27,6**	125,0	34,4
Property, plant and equipment	**273,2**	**86,5**	242,8	76,2
Deferred taxation	**28,2**	**6,7**	–	–
Net current assets/(liabilities)	**166,9**	**65,7**	248,2	82,0

32. RELATED PARTY TRANSACTIONS

The following related party transactions took place during the year:

TRADING WITH SHAREHOLDERS

Counterparty	Relationship	Sales Rm	Purchases Rm	Stock value at year-end Rm	Royalties Rm
Pirelli Cable Holding NV (Pirelli)	Pirelli is joint owner of Afcab Holdings which owns African Cables	1,0	5,0	–	2,3
BICC CAFCA Limited (Cafca)	African Cables owns 73% of Cafca	2,0	12,0	2,1	–
EADS Deutschland GmbH (EADS)	EADS owns 33% of Reutech Radar Systems	0,3	–	–	–

All prices are determined on an arm's length basis.

FINANCING TRANSACTIONS WITH ASSOCIATE COMPANIES

Counterparty	Relationship	Interest earned by Reunert Rm	Outstanding balance at year-end Rm
ATC (Pty) Limited (ATC)	Reunert owns an effective 38,6% of ATC	1,5	–
Siemens Telecommunications (Pty) Limited (Sietel)	Reunert owns 27,5% of Sietel	4,7	–

Both ATC and Sietel are equity accounted in the group results.

ATC deposits its excess cash with and borrows from Reunert Finance Company Limited (RFCL) with the full knowledge and approval of all of its shareholders.

Sietel borrows money from RFCL with the full knowledge and approval of all of its shareholders.

The interest rates used in both instances are the daily money market call rates available to the Reunert group.

33. FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The group is exposed to various risks at all times. These risks are managed in the following ways:

TREASURY RISK

All of the group's short-term borrowings or excess cash are directed through Reunert Finance Company Limited (RFCL), a wholly-owned subsidiary of Reunert Limited, which is run from the head office of the group.

The overnight call market is mainly used for short-term borrowings, with three to six-month borrowings used when deemed appropriate. Excess cash is deposited with RC&C Finance Company (Pty) Limited (RCCF), or with reputable financial institutions.

Derivative contracts are entered into to hedge interest rate risk only in RCCF.

The group covers all foreign currency commitments with forward exchange contracts. Foreign currency receivables are covered when there is a risk that the rand will revalue. Derivative contracts are not entered into to hedge currency risks.

The contract amounts of forward exchange contracts outstanding at the balance sheet date were:

	2001	2000
	Rm	Rm
To pay	**351,4**	509,6
To receive	**9,3**	77,7

CREDIT RISK

Credit risk relates to the group's accounts receivable and the finance company accounts receivable. The risk relating to the group's accounts receivable is managed by the performance of ongoing credit evaluations of the financial condition of all customers. The granting of credit is controlled by application and credit vetting procedures which are reviewed and updated on an ongoing basis. Where considered necessary, exports are covered by letters of credit. Use is also made of credit insurance where it is considered appropriate.

Where the recoverability of accounts receivable is considered doubtful, these are provided for.

For RCCF, the financial assets which potentially subject the company to concentrations of credit risk consist principally of discounted deals and accounts receivable. Credit risk with respect to accounts receivable and discounted deals is limited due to the large number of corporate customers comprising the company's customer base and their distribution across different geographical areas. Accounts receivable are presented net of all the allowances for doubtful receivables. The company also maintains a loan guarantee contingency provision as a general provision against discounted deals and accounts receivable.

33. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK: RCCF

Most of the company's debtors are subject to variable rates. The company borrows at variable interest rates, therefore the margin built into the various loans and debtors tend to remain constant as the market moves up and down.

Most of the company's discounted deals are sold on a fixed interest rate basis. The company's policy is to lock in at least 75% of such exposure by way of taking out fixed loans or by using interest rate swaps to achieve this objective. Contracts with open portions of R473 million (2000: R407 million) for periods up until 18 July 2005 (2000: 8 March 2004) have been entered into. The average fixed rate of the in-the-market swap is 19,13% (2000: 19,13%) and 12,85% (2000: 13,53%) for the out-of-the-market swaps.

FAIR VALUE OF FINANCIAL INSTRUMENTS

	2001		2000	
Type of instrument	**Carrying amount Rm**	**Fair value Rm**	Carrying amount Rm	Fair value Rm
Cash and cash equivalents	**303,5**	**303,5**	222,8	222,8
Accounts receivable	**450,3**	**450,3**	409,9	409,9
RCCF accounts receivable	**745,1**	**745,1**	751,6	751,6
Accounts payable	**484,0**	**484,0**	409,0	409,0
RCCF short-term borrowings	**324,0**	**324,0**	147,2	147,2
Forward exchange contracts – imports	**351,4**	**384,3**	509,6	519,5
– exports	**9,3**	**10,9**	77,7	79,7
Interest rate swaps*		**18,0**		13,3

** The market value of the in-the-market swap is R2,9 million (2000: R4,2 million) and the market value of out-of-the-market swaps is R20,9 million (2000: R17,5 million).*

The following methods and assumptions were used to determine fair values:

CASH AND CASH EQUIVALENTS

The carrying amounts approximate fair value because of the short-term nature of these instruments.

ACCOUNTS RECEIVABLE

The carrying amounts of rand denominated receivables approximate fair value because of the short-term nature of these instruments. The carrying amounts of foreign denominated receivables have been converted at the rate of exchange ruling on the last day of the financial year. These amounts approximate fair value because of the short-term nature of these instruments.

The carrying amount of RCCF long-term accounts receivable and discounted deals approximate fair value because the rates inherent in the deals are market related, and are the same rates used to discount back to present values.

33. FINANCIAL INSTRUMENTS (continued)

ACCOUNTS PAYABLE

The carrying amounts of accounts payable denominated in rand approximate fair value because of the short-term nature of these instruments. The fair value of accounts payable denominated in foreign currencies have been converted at the rate of exchange ruling on the last day of the financial year. These amounts approximate fair value because of the short-term nature of these instruments.

RCCF short-term borrowings approximate fair value because of their short-term nature.

The carrying value of the long-term RCCF borrowings approximate fair value because the interest rates inherent in the deals are at market related rates and these rates are used to discount the borrowings back to present values.

FORWARD EXCHANGE CONTRACTS

Fair value represents the foreign value of the exchange contracts converted at the forward rate that could have been obtained at the year-end on a similar contract to the same maturity date.

INTEREST RATE SWAPS

Fair value represents the net market value of equivalent instruments at balance sheet date.

34. UNCONSOLIDATED SUBSIDIARY

BICC CAFCA LIMITED (Cafca)

The financial statements of Cafca, a company incorporated in Zimbabwe, has not been consolidated in the group financial statements as the directors consider this prudent in the light of the fact that there are restrictions on the remittability of funds from Zimbabwe.

Effective holding (held via African Cables Limited)	73,2%
Attributable Reunert group holding	36,6%

The agreement to purchase Cafca was signed in September 2000, the purchase price was paid in May 2001 and Reunert representatives were appointed to the Cafca board of directors in October 2001.

	R million
Shares at cost	7,3
Less: Amount written off	(7,3)
Carrying value of investment	–

The abridged hyperinflationary accounted income statement for the nine months to June 2001 and the balance sheet as at 30 June 2001 are reflected below:

	Z$m
INCOME STATEMENT	
Revenue	1 215
Profit before interest and tax	53
Interest paid	18
Profit before tax	35
Income tax expense	15
Net profit/(loss)	20

	Z$m
BALANCE SHEET	
ASSETS	
Non-current assets	
Property, plant and equipment	666
	666
Current assets	
Inventory	138
Accounts receivable	307
	445
Total assets	1 111
EQUITY AND LIABILITIES	
Share capital and reserves	559
Non-current liabilities	
Deferred tax liabilities	171
Retirement benefit obligations	3
	174
Current liabilities	
Payables	332
Net debt	46
	378
Total equity and liabilities	1 111

The official exchange rate at 30 June 2001 was R1:Z$6,82
The approximate parallel rate at 30 June 2001 was R1:Z$38,00

35. ACQUISITION OF SUBSIDIARIES AND OTHER BUSINESSES

On 1 March 2001, the group acquired 100% of the issued capital of Royce Imaging Industries (Royce) for a consideration of R18,2 million, and the stock and customer base of Lightning and Transient Surge Protection (L&T), for a consideration of R1,8 million. On 1 May 2001 the stock of the agency for the sale of Mitsubishi electrical protection devices was purchased for R23,3 million. On 6 July 2001 the licence to sell telecommunications equipment was purchased by acquiring the shares in NPC License Holder (Pty) Limited (NPC) for R0,6 million.

Net assets acquired (Rm)	NPC	Mitsubishi	L&T	Royce	Total
Property, plant and equipment	–	–	–	1,5	1,5
Inventory	–	23,3	0,4	2,2	25,9
Accounts receivable	–	–	–	5,1	5,1
Payables and provisions	–	–	–	(1,8)	(1,8)
Goodwill on acquisition	0,6	–	1,4	11,2	13,2
Cost of investment	0,6	23,3	1,8	18,2	43,9

Principal subsidiaries

AT 30 SEPTEMBER 2001

	Issued capital	Effective percentage holding		Interest of holding company			
				Shares		Indebtedness	
		2001	2000	**2001**	2000	**2001**	2000
	R	**%**	%	**Rm**	Rm	**Rm**	Rm
ELECTRONICS							
Barcom Electronics (Pty) Limited	2	**100**	100				
Reutech Systems (Pty) Limited	50 000	**100**	100	**2,9**	2,9	**(3,4)**	(3,3)
Fuchs Electronics (Pty) Limited	50 000	**100**	100				
Reunert Technology Systems (Pty) Limited	60	**100**	100			**(1,5)**	(1,5)
Reutech Commercial Electronics (Pty) Limited	4 000	**100**	100			**(0,1)**	(0,1)
Reutech Defence Industries (Pty) Limited	600 000	**100**	100			**0,4**	0,4
Reunert Defence Logistics (Pty) Limited	2	**70**	90			**5,1**	6,5
Reutech Global Systems (Pty) Limited	5 770	**100**	100			**6,4**	3,2
Reutech Radar Systems (Pty) Limited	200	**57**	57	**8,6**	8,6		
Reunert Consumer and Commercial Holdings Limited	100	**100**	100	**45,0**	45,0	**(52,3)**	(52,4)
RC&C Manufacturing Company (Pty) Limited	100	**100**	100			**7,0**	(18,5)
Reunert Mechanical Systems Limited	25 000 000	**100**	100			**–**	(7,5)
Airomatic Limited	200 000	**100**	100	**2,2**	2,2	**(5,5)**	(4,8)
Nashua Limited	947 794	**100**	100	**6,3**	6,3	**(7,5)**	(17,0)
Nashua Nedtel Communications (Pty) Limited (Nashua Mobile)	28 417 000	**58**	58	**14,1**	14,1	**2,4**	(0,8)
NPC (Electronics) Limited	33 000	**100**	100	**0,2**	0,2	**(0,5)**	(0,3)
NPC (Parow Factory) (Pty) Limited	2	**100**	100	**0,5**	0,5	**3,5**	–
Airomatic Commercial Refrigeration (Pty) Limited	299 750	**100**	100	**2,4**	2,4	**(7,6)**	(7,9)
Futronic (Pty) Limited	100	**100**	100				
Royce Imaging Industries (Pty) Limited	100	**100**				**12,0**	

	Issued capital	Effective percentage holding		Interest of holding company			
				Shares		Indebtedness	
		2001	2000	**2001**	2000	**2001**	2000
	R	**%**	%	**Rm**	Rm	**Rm**	Rm
ELECTRICAL ENGINEERING AND CABLES							
African Cables Limited	9 886 098	**50**	50				
Circuit Breaker Industries Limited	46	**100**	100			**(1,9)**	2,5
Heinemann Holdings Limited	35 000	**100**	100	**16,4**	16,4	**–**	(8,2)
Interruptores Automaticos Hidraulicos Magneticos Hy-Mag Chile S.A.	105 194	**100**	100				
FINANCIAL							
Reunert Finance Company Limited	4 000 000	100	100	4,0	4,0	**83,8**	273,4
RC&C Finance Company (Pty) Limited	4 000	10*	10*	13,0	13,0	**–**	–
INVESTMENTS AND SERVICES							
Afcab Holdings (Pty) Limited	4 000	**50**	50			**99,9**	99,9
Bargenel Investments Limited	7	**100**	100	**168,0**	23,0	**(17,6)**	(77,4)
Reunert Management Services (Pty) Limited	4 000	**100**	100			**(2,2)**	(0,4)
Sundry				**0,9**	0,9	**3,4**	5,9
				284,5	139,5	**123,8**	191,7
Indebtedness				**123,8**	191,7		
				408,3	331,2		
Provision for goodwill write-off				**(45,9)**	(45,9)		
Provision for losses				**(48,3)**	(49,9)		
Interest in subsidiaries				**314,1**	235,4		

** Reunert Limited owns 10% of the total share capital, but 100% of the "A" shares, which is the class of shares entitled to share in the profits of the company.*

Share ownership analysis

AT 30 SEPTEMBER 2001

	Number of shareholders	%	Number of shares '000	%
HOLDINGS				
1 – 500	3 992	81,0	364	0,2
501 – 2 500	651	13,2	680	0,3
2 501 – 5 000	115	2,3	425	0,2
5 001 and over	173	3,5	202 581	99,3
	4 931	100,0	204 050	100,0

CATEGORY

Due to the recent change over to Strate an analysis by category of shareholder is not available at this point in time.

	Ordinary shares % 2001	Ordinary shares % 2000
MAJOR INDIVIDUAL HOLDINGS		
Nedcor Bank Nominees Limited	**26,0**	14,1
Old Mutual Nominees (Pty) Limited	**22,7**	18,6
Standard Bank Nominees (Pty) Limited	**20,2**	33,6
First National Nominees (Pty) Limited	**8,7**	7,6
Shares bought back by Reunert subsidiary	**8,4**	0,8
ABSA Nominees (Pty) Limited	**2,8**	13,8

Shareholders' diary

REPORTING DATES

Annual general meeting	29 January 2002
Financial year-end	30 September 2002
Announcement of interim results for 2002	7 May 2002
Announcement of final results for 2002	18 November 2002
Annual report for 2002 mailed on or about	9 December 2002

DIVIDENDS

FINAL FOR 2001

Ordinary shares

Last date to trade (cum dividend)	Friday, 18 January 2002
Last date to register transfers of certificated securities (cum dividend)	Friday, 18 January 2002
First date of trading (ex dividend)	Monday, 21 January 2002
Record date	Friday, 25 January 2002
Payment date	Monday, 28 January 2002

5,5% cumulative preference shares

Declared	19 November 2001
Payable	19 January 2002

INTERIM FOR 2002

Ordinary and 5,5% cumulative preference shares

Declared	7 May 2002
Payable	June 2002

Please note that the interim reporting dates are subject to change.

Administration

R G Drakes (54)
CA(SA) (Hons)
Financial Director
Reunert Management Services (Pty) Limited

SECRETARIES
Reunert Management Services (Pty) Limited

BUSINESS ADDRESS AND REGISTERED OFFICE
Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead, Sandton

POSTAL ADDRESS
PO Box 784391
Sandton
2146
South Africa

SHARE TRANSFER SECRETARIES
STREET ADDRESS
Mercantile Registrars Limited
11 Diagonal Street
Johannesburg

POSTAL ADDRESS
PO Box 1053
Johannesburg
2000

AUDITORS
Deloitte & Touche

INFORMATION
Reunert's share register is open to members of the public.

Investors, analysts and others seeking information on Reunert Limited should contact Carina de Klerk, Reunert's Communications Manager
Tel: (+27 11) 517-9000
Fax: (+27 11) 517-9035
E-mail: info@reunert.co.za
Visit our website at www.reunert.com

ROB DRAKES

CARINA DE KLERK

Notice of meeting

Notice is hereby given that the eighty-eighth annual general meeting of members of Reunert Limited will be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, on Tuesday, 29 January, 2002, at 10:30 for the following purposes:

1. To receive and adopt the audited annual financial statements and group annual financial statements for the year ended 30 September 2001.
2. To elect directors in place of those retiring in accordance with the company's articles of association.
3. To determine the remuneration of directors with effect from 1 October 2001 in accordance with the company's articles of association.
4. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

   ORDINARY RESOLUTION NO 1
   "Resolved that 12 000 000 (twelve million) of the unissued ordinary shares of 10 cents each in the authorised capital of the company be reserved to meet the requirements of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme and that the directors be and they are hereby specifically authorised to allot and issue those shares in terms of the scheme for the purposes of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme."

5. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

   ORDINARY RESOLUTION NO 2
   "Resolved that the ordinary shares not allotted nor issued at 1 February 2002 (excluding for this purpose the ordinary shares which have been reserved to meet the requirements of The Reunert 1985 Share Option Scheme) be placed under the control of the directors who be and they are hereby authorised, subject to section 221 of the Companies Act, 1973, as amended, to allot or issue those shares at their discretion on such terms and conditions as and when they deem it appropriate to do so."

6. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

   ORDINARY RESOLUTION NO 3
   "Resolved that the executive directors of the company having been granted 250 000 options on 1 February 2001 and 340 000 on 26 September 2001 in terms of The Reunert 1985 Share Option Scheme, the company hereby approves the allotment and issue to the said directors of any number of those shares pursuant to the exercise of such options."

7. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

   ORDINARY RESOLUTION NO 4
   "Resolved that the company's directors be hereby authorised by way of a general authority to allot and issue for cash, without restriction, all or any of the unissued shares in the share capital of the company under their control, as they in their discretion deem fit, subject to the provisions of the Listings Requirements of the JSE Securities Exchange South Africa. The authority will not exceed, in any one financial year, 15% in the aggregate of the number of shares in the company's issued share capital. This authority shall be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of this annual general meeting."

   The approval of 75% of the votes cast by shareholders present or represented by proxy at this meeting is required for this ordinary resolution to become effective.

8. Special business
   To consider and, if deemed fit, to pass, with or without modification, the following resolutions as special resolutions:

   SPECIAL RESOLUTION NO 1
   "Resolved as a special resolution that:
   (a) The directors be authorised from time to time to acquire any of its issued shares from such shareholder(s), at such price and in such manner and subject to such conditions as they in their sole and absolute discretion deem fit, provided that in making an acquisition, the directors shall comply with the provisions of –
   i. section 85 of the Companies Act, 1973 (as amended) ("the Act") and any other provisions of that Act which may be applicable; and

ii. the Listings Requirements of the JSE Securities Exchange South Africa insofar as they may be applicable.

(b) The approval given in terms of (a) shall remain in force from the date of registration of this special resolution by the Registrar of Companies until the conclusion of the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date.

(c) The company, insofar as it may be necessary to do so, approves of and authorises the purchase by any of its subsidiaries of shares in the company in the manner contemplated by and in accordance with the provisions set out in section 89 of the Act and any other provision of that Act which may be applicable.

(d) The approval in (a) shall provide general authorisation to the board of directors to purchase on behalf of the company, shares in the share capital of the company as follows:

i. it will be limited to a maximum of 20% in any one financial year of the issued share capital of the class of shares in the share capital of the company on date of granting of such authority; and

ii. the buyback price per share will not be more than 10% above the weighted average market value per share thus bought for the five business days immediately preceding the date of such buyback.

(e) The directors, having considered the effect of a maximum repurchase being implemented immediately, are of the opinion that:

i. the company and the group will be able, in the ordinary course of business, to repay its debt;

ii. the company's and the group's consolidated assets, valued according to generally accepted accounting practice, will be more than its consolidated liabilities;

iii. the company's and the group's capital will be sufficient to meet its needs for the foreseeable future; and

iv. the company and the group will have sufficient working capital to meet its needs for the foreseeable future.

(f) Since the method of repurchase and the maximum number of shares to be purchased are still to be determined by the board of directors in the future, it is confirmed that the board of directors proposes only to utilise its authority if, within their own discretion, circumstances should merit it and provided that, on the date of the buyback of the shares and taking into account the effect thereof, the company will be able to comply with the requirements of (e) (i) to (iv) above.

(g) The directors authorise, insofar as it may be necessary to do so, the purchase of the shares referred to in (c), mutatis mutandis, on the same basis and subject to the same terms and conditions as those set out in (a), (b), (d), (e) and (f) above.

The reason for the passing of this resolution is to give the company the ability to purchase its own shares by buyback or through its subsidiary companies.

The effect of this resolution will be to enable the company, in the interest of shareholders, to utilise the earnings enhancing potential which exists when buying back company shares, and to effectively utilise funds that are surplus to the company's operational requirements.

SPECIAL RESOLUTION NO 2

"Resolved as a special resolution that the company's articles of association be amended by deleting article 33(a) and (b) and substituting it with the following new article 33(a) and (b) with effect from 1 October 2001:

Borrowing powers

33(a) Subject to the provisions of (b) the directors may exercise from time to time the company's power to borrow moneys provided that, if and for so long as the company is a subsidiary of a company whose shares are listed on the JSE Securities Exchange South Africa, the total amount owing from time to time by the company in respect of moneys so borrowed by it shall not exceed the amount authorised from time to time by the company's holding or controlling company.

33(b) The directors shall procure (but as regards subsidiaries of the company only insofar as by the exercise of voting and other rights or powers of control exercisable by the company they can do so) that the aggregate amount at any one time outstanding in respect of moneys borrowed by the company and all its subsidiaries for the time being (excluding inter-company borrowings by any of them but including the amount of any outstanding guarantees or suretyships given by the company or any of its subsidiaries for the indebtedness of other persons and not already included in the aggregate amount of the moneys so borrowed, and further excluding any borrowings made by any of the company's subsidiaries who may conduct the business of a finance company, as defined below, unless such borrowings are guaranteed by the company) shall not without the previous sanction of a general meeting exceed the aggregate of –

(i) the amount of the company's issued and paid-up share capital (including any share premium) as set out in the latest consolidated annual financial statements of the company and its subsidiaries;

(ii) the amounts standing to the credit of all non-distributable and distributable reserve accounts (other than any provision for taxation) which shall include but shall not be limited to –

(A) the balance of any capital redemption reserve fund;

(B) the balance of the income statement and provision for deferred tax; and

(iii) the amount applicable to any share or interest in the share capital, distributable and non-distributable reserves (including the share premium account) of any of the subsidiaries of the company not held by the company or any of its subsidiaries;

as set out in the latest consolidated annual financial statements of the company and its subsidiaries;

Less

(iv) the amount, if any, by which any distribution out of profits earned prior to the date of the latest consolidated annual financial statements, recommended, declared or made by the company since the date, exceeds the amount provided therefor at that date;

and

(iv) adjusted

(A) to the extent to which the auditors of the company consider necessary and appropriate in respect of any subsidiary not consolidated in the latest consolidated annual financial statements;

(B) to the extent to which the auditors of the company consider necessary and appropriate to reflect any variation subsequent to the date of the latest consolidated annual financial statements in respect of (i), (ii), (iii), (iv) and (v)(A) above.

Provided that sanction shall not be required for the borrowing of any moneys intended to be applied (and actually applied) within 90 (ninety) days in the repayment (with or without any premium) of any moneys then already borrowed and outstanding and notwithstanding that such new borrowing may result in the above mentioned limit being exceeded.

For the purpose of this article 33(b) the business of a finance company shall mean the business of providing funding and other financial facilities in any manner or form for the financing of instalment and any other forms of trade credit of any kind."

The purpose of special resolution 2 is to amend the articles of association of the company to ensure that the accounting practices in regard to the treatment of goodwill, and a recently introduced accounting practice which requires the company to consolidate the income statement and balance sheet of RC&C Finance Company (Proprietary) Limited will not affect the borrowing powers of the company.

9. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company. Proxy forms must be lodged at the registered office of the company at least 24 hours before the time fixed for the meeting.

Shareholders who have dematerialised their holdings and who wish to attend the meeting in person must advise their CSDP or broker accordingly so that the necessary arrangements can be made.

By order of the board

Reunert Management Services (Pty) Limited
Company secretaries
Sandton
19 November 2001

CHANGE OF ADDRESS AND BANKING DETAILS

Shareholders are requested to notify any change of address or banking details to the share transfer secretaries.

Currency conversion table

To assist foreign investors, the table below gives the approximate value of R1,00 against selected currencies at 30 September.

	2001	2000
US dollar	**0,1107**	0,1374
Pound sterling	**0,0752**	0,0939
Swiss franc	**0,1798**	0,2377
German mark	**0,2380**	0,3054
French franc	**0,7979**	0,9764
Belgian franc	**4,9070**	6,2986
Japanese yen	**13,2360**	14,7786
Euro	**0,1216**	0,1559

REUNERT

REUNERT LIMITED

Proxy form

REUNERT LIMITED

Incorporated in the Republic of South Africa

(Registration number 1913/004355/06)

Share code: RLO   ISIN code: ZAE000005914

I/We ______________________________

of ______________________________

being a member/members of the abovementioned company do hereby appoint

____

of ______________________________

or, failing him, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, Sandton, on Tuesday, 29 January 2002, at 10:30 or at any adjournment thereof.

I/We desire to vote as follows:

	For*	Against*	Abstain*
1. Adopt annual financial statements			
2. Election of directors			
3. Directors' remuneration			
4. Ordinary resolution No 1			
5. Ordinary resolution No 2			
6. Ordinary resolution No 3			
7. Ordinary resolution No 4			
8. Special resolution No 1			
9. Special resolution No 2			

Signed this ______ day of ______ 20 ______

Signature ______ Number of shares ______

*1. Mark with an X whichever is applicable. Unless otherwise directed, the proxy will vote as he/she thinks fit.

2. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his/her stead and such proxy need not be a member of the company.

3. Proxy forms should be forwarded to the share transfer secretaries of the company to be received at least 24 hours before the time fixed for the meeting.

GRAPHICOR 24783

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.reunert.
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