REUNERT

REUNERT LIMITED

Adapting to change

Vision

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.

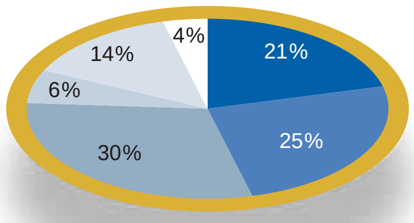
Each of these businesses will remain capable of meeting the group's objectives for sustainable growth and earnings.

Contents

Highlights

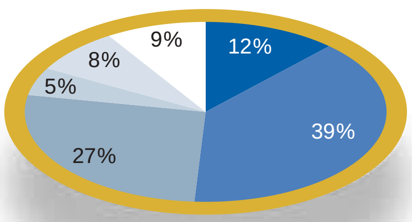
- Headline earnings per share increased by 31% to 230 cents
- Dividend increased by 30% to 118 cents per share
- Revenue grew by 20%
- EBITDA as a percentage of revenue up to 11,1% from 10,1%

Operating profit before goodwill including associate companies



	2002 Rm	2001 Rm
Office systems	**147**	*105*
Consumer products and services	**175**	*123*
Telecommunications	**209**	*103*
Reutech	**38**	*40*
Low-voltage electrical	**95**	*74*
Cables	**28**	*70*

Revenue including associate companies



	2002 Rm	2001 Rm
Office systems	**877**	*694*
Consumer products and services	**2 782**	*2 335*
Telecommunications	**1 960**	*923*
Reutech	**375**	*400*
Low-voltage electrical	**555**	*399*
Cables	**630**	*608*

Letter to shareholders

"For the fifth consecutive year, the Reunert group of companies has achieved an annual growth in headline earnings per share of more than 25%."

DEREK COOPER – CHAIRMAN

Dear Shareholder

For the fifth consecutive year, the Reunert group of companies has achieved an annual growth in headline earnings per share of more than 25%. In the same period, more than R1,2 billion has been distributed to shareholders through both ordinary dividends and a special dividend which was paid in 1999.

Headline earnings per share increased by 31%, aided by strong growth in the economy during 2002 and increased demand for the group's products and services, as well as the additional contribution resulting from our increased shareholding in Nashua Mobile (now 100%-owned) and Siemens Telecommunications (now 40%-owned).

These additional shareholdings were acquired for cash. The balance sheet remains effectively ungeared with cash resources at year-end approaching R300 million. These cash resources exclude the requisite non-recourse funding for RC&C Finance Company (Nashua Finance), which is provided by three major South African banks.

The group benefited from strong growth in the platinum-mining sector, as well as increased spending on infrastructure, especially in the telecommunications field. Demand was further stimulated by the rapid increase in low-cost housing development. These programmes are ongoing and the group's order books are at healthy levels.

Since June 2001, the group has not repurchased any of its shares. We are of the view that opportunities may present themselves to further strengthen our position in our chosen fields of activity. Management is constantly on the lookout for potential new business acquisitions. With this in mind, we plan to continue to build the group's cash resources.

Group operations

In the **low-voltage engineering sector, Circuit Breaker Industries (CBI)** has enhanced its position as the dominant force in the local market. With a wider product offering, strong local distribution channels, a welldiversified customer base, strong development capability and motivated management, the company has grown sales at a compound rate of 25% over the past three years. In the international market, sales over the same period grew by a compound 45%.

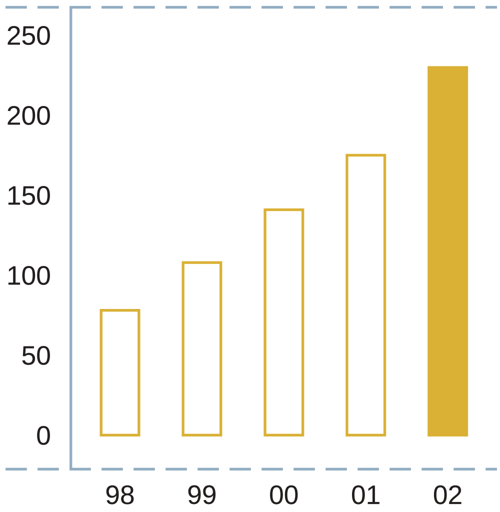
CBI's current share of the world market is small. The challenge going forward lies in unlocking this vast potential of international markets far quicker than we have done in the past. Given the current state of some of our international competitors, we are hopeful that the right opportunity for an offshore acquisition will present itself.

Nashua, Nashua Mobile and Nashua Finance have all made excellent progress and further entrenched the Nashua name in the South African marketplace. Our strategy remains one of leveraging off a well-established brand name supported by far-reaching distribution channels which will ensure continued growth in our chosen markets.

Nashua Mobile experienced another year of good growth. The benefits from our substantial investment in technology and systems are standing us in good stead in an increasingly challenging and competitive environment which is reaching saturated levels. Differentiation is important in this business and influences our future strategies. It is a dynamic market with new technologies being introduced all the time. We expect the value-added services that can be offered in this industry to continue to provide opportunities for future growth and diversification.

Nashua continued along its growth path. Its franchise network and strong office automation systems and product offering make it a strong force in the South African market. Along with **Nashua Finance and IQ Works,** it offers a complete product package and an integrated service to customers. **Royce Imaging,** the manufacturer of replacement ink-jet cartridges, has doubled its sales since being acquired a little more than a year ago.

Headline earnings per share
(Cents)



This encouraging trend clearly demonstrates the distribution strength of the Nashua channel.

NPC (Electronics), the exclusive distributor of Panasonic products in southern Africa, had a good year despite a declining consumer electronics market. The decision to focus and develop the non-consumer segment of the business is reaping rewards. Consequently the consumer electronics component contributes less than 30% of earnings. Opportunities for new growth will be vigorously pursued. NPC's principal, Matsushita of Japan, continues to provide exciting products and support in a long-standing, mutually beneficial relationship.

The order books of **Reutech,** the defence division, were filled to the extent we anticipated. Although the current year's earnings reflect a standstill situation, we are convinced our stakeholders will be rewarded for their patience. Efforts to develop specialised products by focusing on specific export markets continue to be orchestrated in a selective manner.

Siemens Telecommunications (Siemens) benefited from the buoyant African telecommunications market. By growing its customer base both inside and outside of South Africa, Siemens has taken its business to a new level, which augurs well for continued growth in the ensuing years.

Management and staff responded in an admirable way, meeting tight deadlines, which underlines the company's inherent strength. Siemens has demonstrated that it has the design and integration skills and the ability of designing, installing and commissioning networks to world-class standards. Africa remains primarily under-equipped with telecommunications infra-structure and, despite the anticipated increase in competition, we are confident Siemens will continue to produce sound financial results.

African Cables is running at high-capacity levels. Its Zimbabwean subsidiary, Cafca, augments supplies in certain strategically important areas. Order books are at record levels, with margins increasing as a result of improved manufacturing efficiency and the pursuit of continuous operational improve-ment. Due to high local demand, export sales have not grown and capital expendi-ture to increase capacity is planned for the year ahead with a consequent growth of sales into Africa.

Since the year-end Reunert has acquired Marconi plc's 51% stake in **ATC.** The transaction will become unconditional once approval has been received from the Competition authorities. We are now, for the first time, managing this troubled business and have every intention of ensuring that it reclaims its position as the leading supplier of telecommunications cable in the southern hemisphere.

Black economic empowerment

Black economic empowerment is recognised and embraced as an economic imperative in South Africa. We have concluded empowerment deals in two of our businesses and are in the process of negotiating with historically disadvantaged people to create additional empowerment deals in other operations. The commit-ment and challenge of ensuring meaningful and sustainable economic empowerment at the highest level in the group is fully accepted.

Developing people

The development of our people continues to be a major focus. Government and business leaders have recognised Reunert's corporate social involvement programme as a worthy cause which is making a positive difference to underresourced South African communities. The high-level corporate training programme started a decade ago, is gaining momentum and former students from the Reunert College have been integrated successfully into various group operations.

Effective employee succession plans are in place in all of the group's operations. Training programmes are aimed at developing and optimising our human resources, as well as at augmenting identified weaknesses in key skills needed to sustain long-term competitiveness and shareholder value. The percentage of employees with tertiary qualifications is the highest in the industry. This is especially

"Black economic empowerment is recognised and embraced as an economic imperative in South Africa."

so in the field of electronic engineering where Reunert has become the employer of choice for many gifted graduates.

Directorate

It is a privilege to have a board of the calibre that we have at Reunert. Their support and guidance are invaluable and greatly appreciated. In particular, we thank Mr P T W Curtis who retired from the board after many years of valuable and devoted service. We wish him the very best of health and luck in his retirement.

The management and staff of all our businesses have proven themselves over many years. We thank them for their valued support and continuing loyalty. It is pleasing to see how well they have coped with the increased demands placed on them as their businesses have grown. They are fully capable of taking their respective businesses further along the path of growth.

Prospects

Although it will be difficult to repeat the past year's financial performance, we are confident the results of the new year will not disappoint shareholders. We are committed to achieving real and sustainable growth in the year ahead.

Derek Cooper
Chairman

Gerrit Pretorius
Chief Executive

Sandton
18 November 2002

"The challenge going forward lies in unlocking this vast potential of international markets far quicker than we have done in the past."

GERRIT PRETORIUS – CHIEF EXECUTIVE

Board of directors

Executive directors

G Pretorius (54)

BSc, BEng, LLB, PMD
Chief Executive
Appointed to the board in 1990

Having graduated at Stellenbosch University, Gerrit Pretorius joined Fuchs Electronics as a development engineer in 1973. Following the acquisition of Fuchs by Barlow Rand in 1977 he became technical director of Fuchs Electronics. During this period he completed an LLB, studying part-time.

He was appointed managing director of ESD 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.

B P Gallagher (52)

BCom, CA(SA)
Executive Director
Appointed to the board in 1993

Pat Gallagher graduated from the University of Natal and, having completed his articles at Deloitte & Touche, stayed on for a period 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 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 Limited.

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

G J Oosthuizen (48)

Bluris, LLB
Commercial Director
Appointed to the board in 1997

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 whereafter 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.

D J Rawlinson (53)

CA(SA)

Financial Director

Appointed to the board in 1992

David Rawlinson is a chartered accountant by profession. After completing his articles he joined Coopers & 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 CG Smith, GEC and as deputy managing director of Alstom. He became financial director of Reunert and was appointed to the Reunert board in 1992.

Chairman

D E Cooper (62)

CA (SA)

Appointed to the board in 1998

Non-executive directors

B P Connellan (62)

CA(SA)

Director of companies

Appointed to the board in 1999

S D Jagoe (51)

BSc (Eng), MBA

Merchant banker

Appointed to the board in 2000

K J Makwetla (61)

PMD

Chairman of Northern Province Development Corporation

Appointed to the board in 2000

M J Shaw (64)

CA(SA)

Director of companies

Appointed to the board in 2001

C L Valkin (68)

BCom, LLB

Attorney

Appointed to the board in 2000

Dr J C van der Horst (58)

BA, LLD

Director of companies

Appointed to the board in 1993

Audit committee

M J Shaw (Chairman), B P Connellan, S D Jagoe, G Pretorius, D J Rawlinson

Remuneration committee

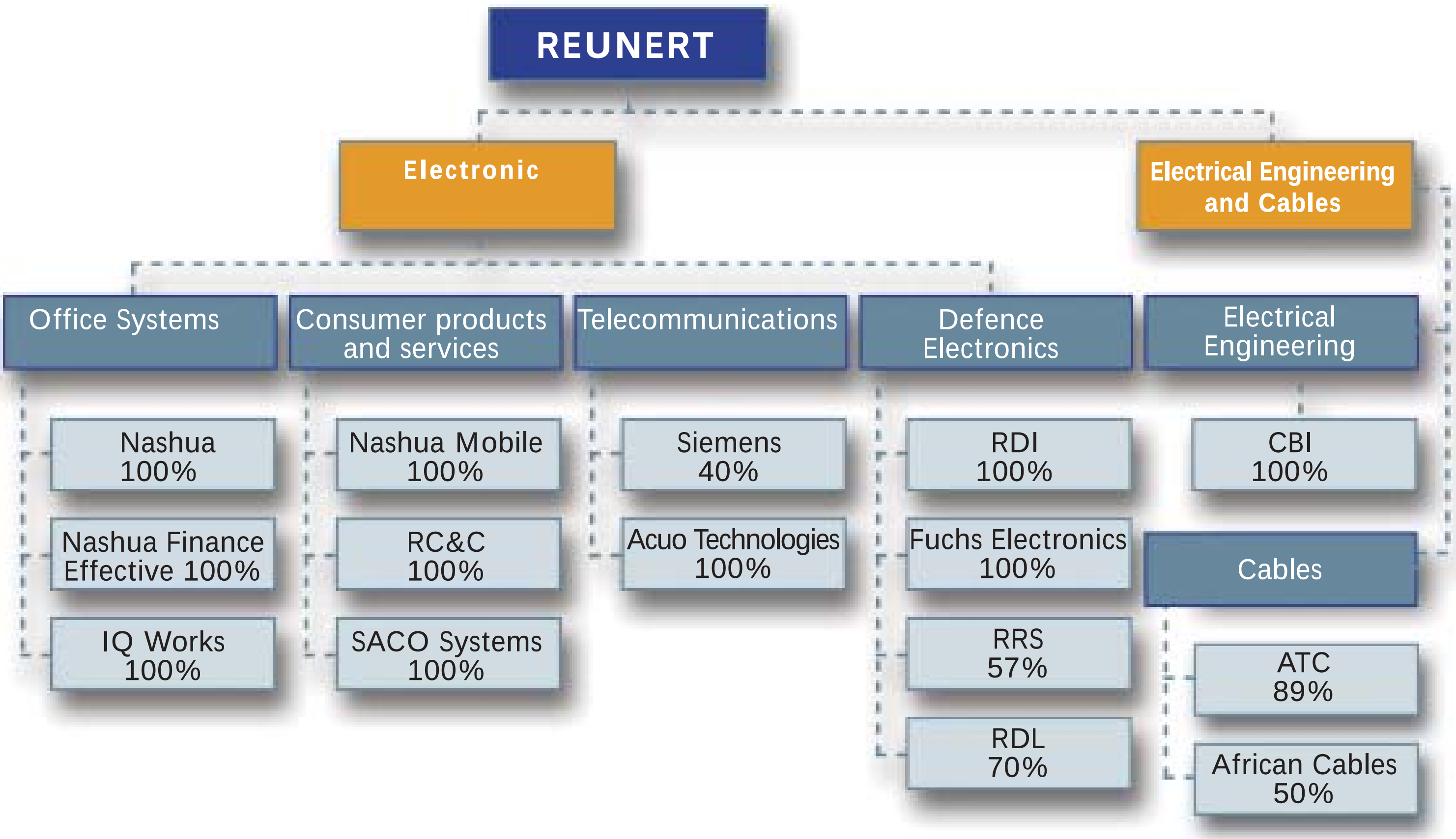
D E Cooper, S D Jagoe, J C van der Horst

Group operations

Reunert Limited is listed on the JSE Securities Exchange South Africa (JSE) under General Industrials in the electronic and electrical equipment sector. It manages a number of businesses focused on electronics and 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 its serves.

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 Barlow Rand in 1993. Today, Reunert is represented through its different operations in office automation solutions, consumer and commercial products and services, telecommunications, defence electronics, low-voltage electrical engineering and cables.

Reunert's turnover in 2002 exceeded R5 billion which was achieved by serving local and international markets. Reunert has approximately 4 300 employees, most of whom are qualified and experienced engineers, technicians, research and development professionals and field support staff.



MANAGING DIRECTOR: Nashua Limited
Chris Scoble (41)
BBusSci
With Nashua since 1985

NASHUA

The advancement of digital technology has enabled Nashua Limited to provide document storage, transmission and printing solutions in a networked environment. Products are value-added and include such respected international brands as Ricoh. Nashua is a leading supplier of office automation products, including digital and analogue photocopiers, facsimile machines, laser printers and consumables such as paper and toner. After acquiring Royce Imaging Nashua entered the refilled ink cartridge market.

Nashua has recently introduced new-generation software solutions designed to increase the productivity of managing document flow.

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 100 companies. Nashua employs 351 people at its Midrand head office in Gauteng.

Nashua Finance

RC&C Finance Company, trading as Nashua Finance, provides asset-based financial services to Nashua, Panasonic and Siemens Telecommunications customers. Based at Midrand in Gauteng, the company employs 40 people, and is managed by Mike Purnell (39), CA(SA).

www.nashua.co.za

IQ WORKS

IQ Works provides digital solutions arising from the convergence of technology. Established in July 2000 the company provides information technology (IT) solutions in specialist areas, including mobile services, technical services and enterprise content management services.

Reunert is to acquire the outstanding 50% stake held by the IQ Business Group.

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 financial institutions in South Africa. The company is managed by Gustav Vermaas (36), BCom, ACMA (UK).

Group operations

REUNERT CONSUMER AND COMMERCIAL HOLDINGS

Reunert Consumer and Commercial Holdings is the exclusive importer and distributor of well-known brands such as National, Panasonic and Technics in southern Africa. Recent additions to the product offering are Futronic and Nintendo. Futronic is targeting the value-for-money, entry-level consumer electronics market, whereas Nintendo is the exclusive distributor of Nintendo Games hardware and software.

The consumer is thus offered a wide range of products such as television sets, hi-fi equipment, digital cameras, interactive entertainment products and home appliances and gaming products from the foremost international manufacturers.

A comprehensive range of business systems such as office automation equipment, telecommunications products and systems, broadcasting and security systems and air-conditioning units are also available for a variety of commercial applications.

Most of the products used are leading-edge technology products from Matsushita Electric Industrial Corporation (MEI), supplemented, where required, by third-party products or technologies.

All products are distributed through major chain stores, discounters, franchises, independent buying groups and specialised dealers or directly through Panasonic Business Systems.

The head office operations are based at Midrand in Gauteng. The company employs 642 people.

Panasonic
The quest for zero defect

Futronic
EXPERIENCE THE FUTURE

Nintendo
GAMING 24:7

Technics
THE HEART OF THE BEAT

GROUP MANAGING DIRECTOR: Reunert Consumer and Commercial Holdings Limited
Martin Maddox (41)
BA Econ (Hons)
With the Reunert group since 1983

Websites:
www.panasonic.co.za
www.technics.co.za
www.panashop.co.za
www.sdlink.co.za
www.futronic.co.za
www.nintendo.co.za

NASHUA MOBILE

Nashua Mobile became a wholly owned subsidiary of Reunert during the financial year, following Reunert's purchase of the minority interests of Nedcor Bank Limited and Metropolitan Life Limited.

Nashua Mobile is an independent cellular service provider, marketing and selling the cellular offerings of the South African network operators Vodacom, MTN and Cell C. Nashua Mobile's main focus is on providing cellular services to business and high airtime users. In addition to selling the cellular services of the three network operators, Nashua Mobile continues to develop and market products and services designed both to improve the communications abilities of customers and to reduce their communications expenditure. With the advent of GPRS (general packet radio switching) and MMS (multimedia services) in the new financial year further opportunities exist at Nashua Mobile to enhance its service offering to customers.

Nashua Mobile's customers are serviced through an extensive network of regional offices, franchises and dealers throughout South Africa. Nashua Mobile has grown its base to just over 300 000 subscribers, of which 265 000 are contract subscribers. The company employs 509 people and its head office is based at Midrand in Gauteng.

MANAGING DIRECTOR: Nashua Mobile (Proprietary) Limited
Simon Herbert (44)
BCom, MBL
With the Reunert group since 2000

www.nashuamobile.co.za

SACO SYSTEMS

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 launched an advertising campaign aimed specifically at growing local business. This proved to be an effective move as local business grew by 74% across a broad range of industries.

Based at Midrand in Gauteng, the company employs 59 people.

MANAGING DIRECTOR: SACO Systems (Proprietary) Limited
Bill Reeler (48)
BSc Eng (Hons) Elec
With the Reunert group since 1981

www.saco.co.za

SIEMENS TELECOMMUNICATIONS

SIEMENS

Reunert increased its shareholding in Siemens Telecommunications (Siemens) from 27,5% to 40% after acquiring the shares of Marconi plc early in the 2002 financial year. Siemens SA holds the remaining 60%.

Siemens is involved in information and communications technology (ICT). 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 second fixed-line network operator participant, Easitel. It is the principal supplier to Vodacom and Cell C. Siemens has the integration skills and the ability to design, install and commission both GSM and fixed networks to world-class standards.

In addition Siemens is 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.

CHIEF EXECUTIVE OFFICER: Siemens Telecommunications (Proprietary) Limited
Pete da Silva (43)
Dip Computer Science, Dip Light Current
With Siemens since 1977

www.siemens.co.za

ACUO TECHNOLOGIES

Based at Stellenbosch in the Western Cape, with nine employees at present, Acuo Technologies was established in February 2002. Acuo is a specialist software engineering company providing turnkey software system solutions and software system integration services for telecommunications and other markets. Currently the company provides development services to Nashua Mobile and Reutech Radar Systems, involving real-time software and transaction management systems.

The company's areas of expertise include Microsoft.NET, Biztalk, Java, J2EE and Linux.

GENERAL MANAGER: Acuo Technologies (Proprietary) Limited
Carl Kies (39)
MEng
Employed by the Reunert group from 1988 to 1993 and from 2002

www.acuo.co.za

Group operations

REUTECH DEFENCE INDUSTRIES

Reutech Defence Industries, 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 electronic air weapons systems, specialising in high-tech fusing. Exports account for about 70% of revenue. The company employs 152 people.

MANAGING DIRECTOR: Reutech Defence Industries (Proprietary) Limited
Martin de Beer (37)
BSc Eng (Elect)
With the Reunert group since 1989

www.rdi.co.za

FUCHS ELECTRONICS

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

More than 90% of the company's revenue is generated through exports to Asia, Europe, South America and the Middle East. Fuchs Electronics owns the intellectual property of all the products it manufactures and markets. Based at Alberton in Gauteng, the company employs 311 people.

MANAGING DIRECTOR: Fuchs Electronics (Proprietary) Limited
Andreas Theodorou (53)
Dip Elec, Dip Datametrics
With the Reunert group since 1975

www.fuchs.co.za

REUTECH RADAR SYSTEMS

Reunert owns 57% of Reutech Radar Systems (RRS) while the European Aeronautic Defence and Space Company (EADS) has 33% and the remaining 10% is held by 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. The company employs 105 people.

CHIEF EXECUTIVE OFFICER: Reutech Radar Systems (Proprietary) Limited
Piet Smit (40)
MEng, MBA
With the Reunert group since 1987

www.rrs.co.za

REUNERT DEFENCE LOGISTICS

Reunert Defence Logistics (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.

Reunert Limited holds 70% and Kgorong Investment Holdings (Proprietary) Limited 30%. RDL is based at Midrand and has support facilities throughout South Africa. The company employs 214 people.

MANAGING DIRECTOR: Reunert Defence Logistics (Proprietary) Limited
Selwyn Newnes (45)
BCompt
With the Reunert group since 1984

www.rdlog.co.za

CIRCUIT BREAKER INDUSTRIES

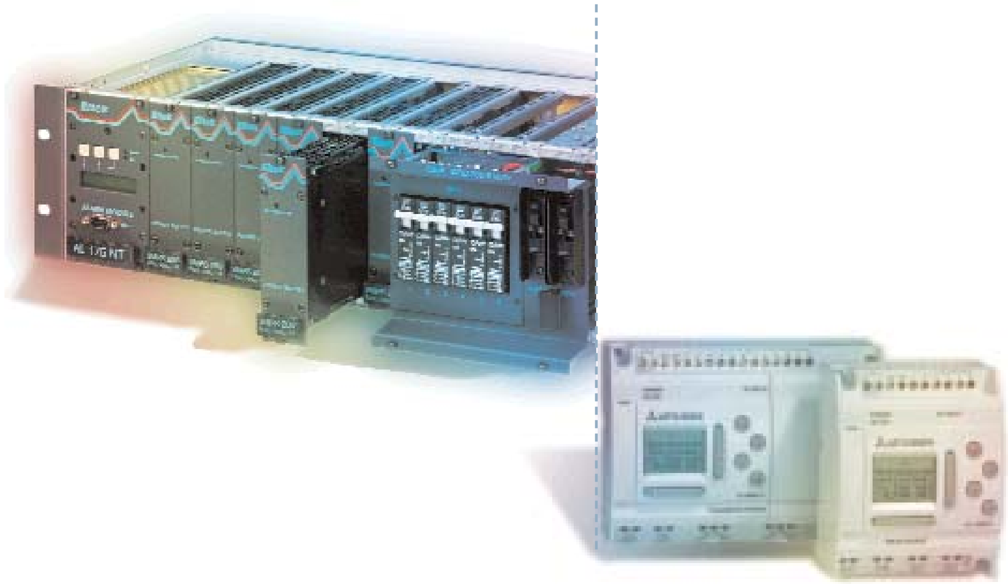
Circuit Breaker Industries (CBI) is the market leader in the manufacture and supply of low-voltage switchgear for electrical installation protection and earth leakage protection and a world leader in the field of hydraulic-magnetic circuit breaker and electronic earth leakage technology. CBI offers a wide range of metering solutions, including prepayment meters. The company entered the field of surge and lightning protection after acquiring L&T Surge in 2001. CBI has agency distribution rights for Mitsubishi motor control gear and factory automation equipment in sub-Saharan Africa.

Export sales account for 22% of the manufactured products. The target is to increase international sales to 25% of production in the 2003 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 Hy-Mag, Ecolec, Samite and Fuchs.

The head office and component manufacturing operations are based at 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 1 301 people.

MANAGING DIRECTOR: Circuit Breaker Industries Limited
Helmuth Fischer (55)
Dip Ing, Dip Wirtsch Ing
With CBI since 1984

www.cbi.co.za or www.cbibreakers.com



ATC

Reunert recently announced that it is to acquire Marconi Communications' 50,9% shareholding in ATC. The transaction is still subject to certain suspensive conditions. The shareholding structure will change further with the introduction of a black economic empowerment group as a significant shareholder. Pirelli Cables and Systems holds 10,5%.

ATC was founded in 1955 by a group of British cable manufacturers as African Telephone Cables. Its factory and head office, based at Brits in the North West, north-west of Johannesburg, was established in 1972.

ATC specialises in the manufacture of copper and optical fibre telecommunication cable for public network operators. The company also manufactures an impressive range of measurement, instrumentation, control, data and security cables for use in commerce and industry.

www.atc.co.za

MANAGING DIRECTOR DESIGNATE: ATC (Proprietary) Limited
Koos Vorster (53)
BCom, CIS, MBL
First employed by ATC in 1971

AFRICAN CABLES

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, holding a 50% share, is the company's international technology partner. The company is based at Vereeniging in Gauteng and employs 625 people.

African Cables holds a 73% share in Cafca, a Zimbabwean cable manufacturer.

www.africancables.co.za

MANAGING DIRECTOR: African Cables (Proprietary) Limited
Ernst Schutte (53)
BSc Eng Elec
With the Reunert group since 1999

Developing people

Reunert is a technology-rich company. As such, it is appropriate that the focus of its corporate efforts to assist and uplift the people of South Africa should be on areas where technical skills can be developed. It is generally accepted that the areas of science and mathematics are where most South Africans of all races require growth and development.

This is especially vital if South Africa is to assume its rightful place in technological research and development in Africa and the rest of the world. In his State of the Nation addresses during the opening of Parliament in 2000 and 2001, President Thabo Mbeki emphasised the importance of mathematics and science as part of our national human resources development strategy.

The National Strategy for Mathematics, Science and Technology Education issued by the Department of Education in 2001 includes in its main thrusts the need to "raise participation and performance by historically disadvantaged learners in mathematics and physical science" and "to increase and enhance the human resources capacity to deliver quality mathematics, science and technology education".

For these good reasons, companies of the Reunert group are individually and collectively making positive changes and investing vital resources that will help to increase the technological knowledge of many South Africans, especially people from historically disadvantaged communities. Reunert is justifiably proud that it has one of only three business representatives appointed by the Minister of Labour to the National Skills Authority.

A number of other social initiatives, particularly in the area of Aids awareness, are undertaken by group companies, some of which are outlined briefly in this report.

The Reunert group is strongly committed to advancing its role as a catalyst for promoting meaningful and sustainable black economic empowerment (BEE) across all companies. BEE programmes are in place to ensure that all aspects of the businesses, from shareholdings to procurement policies and employment equity programmes, reflect Reunert's BEE commitment.

Reunert College

The Reunert College is central to the group's corporate commitment to helping to advance meaningful socio-political change and economic empowerment in South Africa. The college was established in 1993.

The Reunert College operates under the tireless leadership of Marina Gunter

The primary focus of the college is to assist learners from historically disadvantaged communities to improve their matriculation grades for the academic subjects of mathematics, science and English. In addition, the college provides an academic bridging year to assist those students wishing to enrol for tertiary education in the science and technology fields.

To date, more than 500 learners have participated in the college's matriculation-orientated academic advancement courses. The average matriculation pass rate achieved to date by our students exceeds 95%, substantially above the average achieved for maths and science in national schools. As a result, several students have been able to enter the engineering field and a number are currently studying at a university or technikon.

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 electrical engineering, followed by mechanical and industrial engineering.

The Reunert Bursary Fund is an essential part of the college and more than 360 bursaries have been awarded since its inception. Many of the group's bursary students have subsequently been employed by the group, either as part of their practical or experiential training, or as permanent employees.

The college has initiated several other training programmes, often involving employees in the group. The remedial programme, for example, has been designed to assess and assist learners referred to the college by local community schools. Learners undergo an initial assessment where their abilities and problems are identified and a full remedial programme, including life skills training, is devised and implemented as an adjunct to the learner's normal schooling.

Reunert College operates a centre for career development and guidance. This service is open to Reunert group staff and the community, as well as college students. Working with Rand Afrikaans University, teachers in disadvantaged areas have been invited to attend career-planning workshops to enable them to apply career guidance techniques in their own schools.

In support of the National Strategy for Mathematics, Science and Technology Education, Reunert launched the WeGo project that is aimed at teachers of technology, mathematics, science and English at all levels from grades eight to 12. Teachers from selected pilot schools were invited to attend a series of Saturday morning workshops. Of concern were the many teachers who lack basic equipment and facilities in their schools. In many cases, teachers noted that they cannot conduct basic science experiments because of a lack of science equipment. Despite this, the response from the teachers who attended was gratifying and the college hopes to expand the programme in 2003.

Pearl Nhlapo received accolades as Reunert College Dux student 2002

The Reunert College will continue with its community involvement programmes in the 2003 financial year, including remedial education, school partnerships for training, career guidance for any learners, and adult basic education and training (ABET) for the community.

Other training and development initiatives

Apart from the excellent work done by the college, several Reunert companies are actively involved in education and training in their local communities.

In 1993, the staff at African Cables identified the need for additional mathematics and science training in the Vaal Triangle area.

Developing people

Having identified Riverside High School as a centre of excellence, African Cables has been sponsoring a Saturday school since 1994. To date, more than 400 pupils have been assisted. Many of them have subsequently performed significantly better at school and have since progressed to a university or technikon education.

ATC's social responsibility programme features several education-related activities, including:

- a R600 000 a year bursary scheme;
- a joint venture with Telkom, Rand Afrikaans University and Wits Technikon to develop a centre for optical communication, to which ATC and Marconi contribute R280 000 a year;
- the provision of building materials and infrastructure to Ras Primary School where, having been involved in a water supply project, the company is now assisting in the supply of electricity, as well as assisting in mathematics and science education; and
- the continuing involvement in the Madibeng Centre for Research near Brits in the North West.

NPC (Electronics) Limited, together with its Japanese principal, Matsushita Electrical Industrial Company, donated R1 million to the Mhlontlo Senior Secondary School at Mount Fletcher in the Transkei. The company has also been involved in the Twilight Children project since 1994. This project aims to help street children to become meaningful members of society by ensuring that they are cared for and educated.

Reutech Radar Systems has continued to identify needs and opportunities in its local communities and, among its many activities, has donated computers to local schools. RRS also participated in career exhibitions for tertiary education institutions in historically disadvantaged communities, as well as various local charity organisations.

Aids

The Nashua companies, in particular, have made HIV/Aids and Aids awareness their prime focus. Nashua Mobile has concentrated on donating cash and products to the Reach for a Dream Foundation and the Topsy Foundation, which takes care of HIV-positive babies and Aids orphans.

The slogan, *Spread the word and not the disease*, underpins Nashua's commitment to promoting improved HIV/Aids awareness and education, not only within Nashua itself, but also in the greater community. Targeting senior primary school children, an audience not traditionally focused on by organisations such as Love Life, Nashua has sponsored several Aids awareness programmes among learners in grades five to seven at Ivory Park and Alexandra in greater Johannesburg. Working with some of its key suppliers, school essay competitions have been organised to encourage the development of more thought and understanding of the Aids issues among children at this age level.

Nashua Nkosi's Haven

In 2001, Nashua started the Nashua vs Aids challenge to raise funds for Nkosi's Haven at Berea in Johannesburg. Funds raised in conjunction with Nashua's business partners have enabled the purchase of land adjacent to the haven, the building of a hospice facility and substantial repairs to the existing building. Nashua remains committed to using its extensive business network to promote Aids awareness in all communities.

Black economic empowerment

Reunert has adopted a multi-level approach to BEE. At the level of the listed company, Reunert continues to actively seek out appropriate shareholder groups that will add value to the group's business strategy and operations. At operating company level, several group companies have secured the participation of strategic BEE shareholders.

Kgorong Investment Holdings – an investment company owned by an institutional investor, trade unions, a women's investment group, a black professional organisation and Kgorong management and staff – currently holds 10% of Reutech Radar Systems (RRS) and 30% of Reunert Defence Logistics (RDL). In addition, Kgorong holds two seats on the RDL and RRS boards of directors.

ATC has committed itself to finding a BEE grouping to acquire ownership in the company. Reunert and its group companies expect to introduce greater BEE shareholdings during the course of the 2003 financial year.

Stephen Khupane from Atlehang Ma-Afrika which is part of African Cables' SMME programme

Wherever possible, group companies outsource to, or partner, with BEE companies. African Cables helped to establish Bogabane Engineering CC, which currently operates from the African Cables business premises. To

Marline Andrews got the opportunity to start her own catering business, MCA Caterers after Panasonic Manufacturing renegotiated its canteen services

date, this company has received business to the value of R669 000 from African Cables and is in the process of expanding and establishing itself independently.

In addition, African Cables' purchases of goods and services from local small, medium and micro enterprises (SMMEs) totalled about R14 million for the 2002 financial year. ATC has sourced goods and services to the value of R13 million from suppliers in the Brits area. While limited to importing the majority of its raw materials, ATC is committed to tripling its purchases from local BEE businesses over the next three years. The company has also been involved in establishing several SMMEs through the Greater Brits Investment Group, as well as through its own procurement and outsourcing programme.

Other group companies are also using local SMMEs where possible and RDL purchased goods and services to the value of R4,3 million from SMMEs during the 2002 financial year.

Developing people

Employment equity

At a company level, all operating companies are committed to employment equity and are progressing well in training and promoting staff within a framework of equity. The Reunert Skills Development Forum comprises members from all group companies and the forum is instrumental in assisting companies implement the letter and spirit of the new Skills Development Act, as well as in using the numerous activities of the various Sectoral Education and Training Authorities (Setas).

Group companies are either members of the Manufacturing, Engineering and Related Services Education and Training Authority (Merseta) Seta or the Information Systems, Electronics and Telecommunication Technologies (Isett) Seta. Reunert remains one of only nine companies nationally recognised by the Isett Seta to be committed to skills development.

Within each operating company in the group, staff have been identified for further training, be it at basic skills level or for management advancement. Promotion from within and on merit is the group's major means of job advancement, and is free from any form of discrimination. Preferential recruitment is given to suitably qualified people from designated groups – that is, blacks (Africans, Coloureds and Indians), women of all races and people with disabilities.

The group will, within the next few years, through selection, recruitment, training and development, together with internal promotions, create a pool of employees from designated groups with the requisite competence to perform at all levels within the organisation.

Human resources

Sound structures are maintained with the 24 trade unions recognised by the group ensuring that Reunert has enjoyed a low incidence of industrial action during the last few years.

Reunert is fortunate not to have experienced any significant direct effect on its businesses from the Aids 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. African Cables instituted a basic homecare training course for employees' spouses. This course covered many elements, including basic first aid, home-based care and care for the elderly.

Members of the group pension fund have individual choice in selecting investment portfolios. Each quarter, the various funds' investment performance is communicated to staff to allow them to switch portfolios if required. This allows employees to maintain responsibility for their own retirement planning.

Corporate governance

The Reunert Limited board of directors and group management remain firmly 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 March 2002.

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 integrity. The Reunert 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.

Board, directors and committees

Composition of the board

The Reunert board consists of 11 directors, seven of whom are non-executive directors. The composition of the board is listed on pages 6 and 7. The directors bring a wide range of experience, wisdom and professional skills to the board.

Independence of the board

The roles of the chairman and the chief executive are separate. 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 group'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.

Board members make every effort to attend the annual general meeting.

Appointment and re-election of directors

Directors are subject to retirement by rotation at least once every three years and re-election by shareholders 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 committee 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 and comprising both executive and non-executive directors, meets at least twice a year to review the group's control systems. The committee reviews the group's internal and external audit reports and agrees on the scope of the audits. Furthermore, the committee reviews audit, accounting and financial reporting issues and ensures an effective internal control environment exists in the group. 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.

The remuneration philosophy is to ensure that the company's executive directors and other senior executives are appropriately rewarded for their individual and joint contributions to the group's overall performance, having due regard to the interests of the shareholders and to the financial and commerical well-being of the group.

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 periodically by invitation.

Company secretary

The board has access to the advice and services of Reunert Management Services Limited (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 company secretary commitments effectively.

Sponsor

The company has appointed Rand Merchant Bank (RMB) 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) and reviewing all notices required in terms of its statutes and the JSE rules and regulations.

External auditing

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

The board acknowledges the responsibility for ensuring that the group implements and monitors the effectiveness of systems 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.

Accounting and internal controls

Accounting and internal 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 risks are delegated to senior executive management. The audit committee reviews these matters periodically.

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 financial year under review.

The external auditors have again confirmed 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 to assist management and directors on fulfilling their responsibility for the preparation of annual financial statements, safeguarding assets and providing answers on transactions that are executed and recorded in terms of company policies and procedures.

The internal audit department responds to these requirements by performing independent evaluations of the adequacy and effectiveness of all controls, financial reporting structures and the integrity of all information systems and records.

The internal audit department has a comprehensive internal audit and financial review plan, which entails performing detailed internal audit randomly at business units and supervising the internal audit function in the group. This department maintains an appropriate degree of independence and has unrestricted access to members of the audit committee. A detailed plan of internal audit activities and summarised audit reports are presented at audit committee meetings.

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, monitored and updated at monthly management meetings.

Non-financial matters

Reunert is committed to upholding and maintaining 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 the highest level of ethical standards for all its officers and employees in conducting business and dealing with all stakeholders.

The Community Growth Fund recognises Reunert's contribution as a socially responsible company through its approval of Reunert as a stock 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 are 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.

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 position with any outside third party. Additional closed periods are enforced as required in terms of any corporate activity.

Value added statement

	2002 R million	%	2001 R million	%	2002 % change over 2001
Revenue	**5 062,9**		4 229,8		20
Paid to suppliers for materials and services	**3 846,3**		3 151,9		22
Value added	**1 216,6**		1 077,9		13
Income from investments and associates	**130,1**		154,0		(16)
TOTAL WEALTH CREATED	**1 346,7**	**100**	1 231,9	100	9
DISTRIBUTED AS FOLLOWS:					
EMPLOYEES					
Remuneration and service benefits	**473,1**		411,5		
Add: PAYE collected on behalf of government	**90,2**		79,5		
Gross remuneration and service benefits	**563,3**	**42**	491,0	40	15
PROVIDERS OF CAPITAL					
Dividends to Reunert shareholders	**181,4**	**14**	156,5	13	16
Dividends to outside shareholders in subsidiaries	**19,6**	**1**	12,5	1	57
Interest paid on borrowings	**22,7**	**2**	13,1	1	73
	223,7	**17**	182,1	15	23
MONETARY EXCHANGES WITH GOVERNMENT					
Taxation on profits	**177,3**		145,6		
RSC levies	**8,9**		7,6		
VAT, customs duties and other taxes	**126,1**		156,3		
	312,3	**23**	309,5	25	1
RETAINED IN THE GROUP TO DEVELOP FUTURE GROWTH					
Depreciation	**46,2**	**3**	43,8	4	5
Accumulated profit	**201,2**	**15**	205,5	16	(2)
	247,4	**18**	249,3	20	(1)
TOTAL WEALTH DISTRIBUTED	**1 346,7**	**100**	1 231,9	100	9

Segmental analysis

BUSINESS AND GEOGRAPHIC SEGMENTS

BUSINESS SEGMENTS

For management purposes, the group is currently organised into six operating divisions: Office systems (Nashua Office Automation and RC&C Finance Company), Consumer products and services (Nashua Mobile, Panasonic and SACO Systems), Telecommunications, Reutech, Low-voltage electrical (CBI), and Cables (African Cables and ATC). The group overview on pages 8 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

	2002		2001		%
	Rm	**%**	Rm	%	change
ELECTRONICS					
Office systems	**876,6**	**12**	694,3	13	26
Consumer products and services	**2 782,1**	**39**	2 335,3	44	19
Telecommunications	**1 959,5**	**27**	922,5	17	112
Reutech	**375,3**	**5**	399,7	7	(6)
Total Electronics	**5 993,5**	**83**	4 351,8	81	38
ELECTRICAL ENGINEERING AND CABLES					
Low-voltage electrical	**555,2**	**8**	399,2	8	39
Cables	**629,9**	**9**	607,8	11	4
Total Electrical Engineering and Cables	**1 185,1**	**17**	1 007,0	19	18
Total operations	**7 178,6**	**100**	5 358,8	100	34
Less: Reunert's attributable portion of associate companies' revenue	**(2 115,7)**		(1 129,0)		
Revenue as reported	**5 062,9**		4 229,8		

OPERATING PROFIT BEFORE GOODWILL AMORTISATION INCLUDING ASSOCIATE COMPANIES

	2002		2001		%
	Rm	%	Rm	%	change
ELECTRONICS					
Office systems	**147,2**	**21**	104,5	20	41
Consumer products and services	**175,2**	**25**	123,2	24	42
Telecommunications	**209,0**	**30**	102,7	20	104
Reutech	**38,5**	**6**	40,0	8	(4)
Total Electronics	**569,9**	**82**	370,4	72	54
ELECTRICAL ENGINEERING AND CABLES					
Low-voltage electrical	**94,8**	**14**	74,0	14	28
Cables	**27,6**	**4**	70,4	14	(61)
Total Electrical Engineering and Cables	**122,4**	**18**	144,4	28	(15)
Total operations	**692,3**	**100**	514,8	100	34
Less: Reunert's attributable portion of associate companies' operating profit	**(178,8)**		(133,3)		
Operating profit before amortisation of goodwill as reported	**513,5**		381,5		

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

Rm	2002	2001
ELECTRONICS		
Office systems	**1 282,7**	1 062,0
Consumer products and services	**933,0**	552,8
Telecommunications	**781,4**	322,2
Reutech	**147,7**	128,2
Total Electronics	**3 144,8**	2 065,2
ELECTRICAL ENGINEERING AND CABLES		
Low-voltage electrical	**248,1**	219,5
Cables	**318,2**	369,4
Total Electrical Engineering and Cables	**566,3**	588,9
Total operations	**3 711,1**	2 654,1
Less: Reunert's attributable portion of associate companies' assets	**(715,8)**	(455,9)
Total assets (excluding cash and deferred tax) as reported	**2 995,3**	2 198,2

Segmental analysis

PROVISIONS, TRADE AND OTHER PAYABLES INCLUDING ASSOCIATE COMPANIES

Rm	2002	2001
ELECTRONICS		
Office systems	**214,0**	267,6
Consumer products and services	**604,6**	482,8
Telecommunications	**502,5**	124,2
Reutech	**197,9**	148,0
Total Electronics	**1 519,0**	1 022,6
ELECTRICAL ENGINEERING AND CABLES		
Low-voltage electrical	**95,3**	69,5
Cables	**83,4**	97,9
Total Electrical Engineering and Cables	**178,7**	167,4
Total operations	**1 697,7**	1 190,0
Less: Reunert's attributable portion of associate companies' liabilities	**(519,7)**	(162,3)
Provisions, trade and other payables as reported	**1 178,0**	1 027,7

CAPITAL EXPENDITURE EXCLUDING ASSOCIATE COMPANIES

Rm	2002	2001
ELECTRONICS		
Office systems	**3,4**	2,3
Consumer products and services	**23,0**	24,1
Telecommunications	**0,1**	–
Reutech	**3,5**	6,6
Total Electronics	**30,0**	33,0
ELECTRICAL ENGINEERING AND CABLES		
Low-voltage electrical	**8,0**	16,6
Cables	**4,0**	3,2
Total Electrical Engineering and Cables	**12,0**	19,8
Capital expenditure as reported	**42,0**	52,8

DEPRECIATION EXCLUDING ASSOCIATE COMPANIES

Rm	2002	2001
ELECTRONICS		
Office systems	1,9	1,2
Consumer products and services	17,3	15,0
Reutech	2,2	4,4
Total Electronics	21,4	20,6
ELECTRICAL ENGINEERING AND CABLES		
Low-voltage electrical	16,2	13,6
Cables	8,6	9,6
Total Electrical Engineering and Cables	24,8	23,2
Depreciation as reported	46,2	43,8

NUMBER OF EMPLOYEES EXCLUDING ASSOCIATE COMPANIES

	2002	2001
ELECTRONICS		
Office systems	391	389
Consumer products and services	1 210	901
Telecommunications	9	–
Reutech	782	948
Total Electronics	2 392	2 238
ELECTRICAL ENGINEERING AND CABLES		
Low-voltage electrical	1 301	1 314
Cables	625	596
Total Electrical Engineering and Cables	1 926	1 910
Number of employees as reported	4 318	4 148

Five-year financial review

Rm	2002	2001	2000*	1999	1998
ASSETS					
Property, plant and equipment	**157,1**	161,8	154,2	236,5	354,6
Goodwill	**360,0**	10,9			
Investments	**151,6**	188,4	176,4	135,4	160,9
RC&C Finance Company accounts receivable	**953,9**	745,1	751,6		
Deferred taxation assets	**25,9**	42,0	22,6	29,2	
Cash and cash equivalents	**283,5**	303,5	222,8	958,0	496,9
Other current assets	**1 372,7**	1 092,0	933,3	1 260,3	1 493,7
Total assets	**3 304,7**	2 543,7	2 260,9	2 619,4	2 506,1
EQUITY AND LIABILITIES					
Ordinary and preference shareholders	**1 071,1**	878,5	919,7	674,4	938,7
Outside shareholders	**103,5**	137,9	101,2	217,8	254,7
Interest of all shareholders	**1 174,6**	1 016,4	1 020,9	892,2	1 193,4
Deferred taxation liabilities	**45,9**	48,6	31,3	5,8	5,7
Long-term borrowings	**–**	2,7	4,1	4,5	5,2
RC&C Finance Company					
Short-term borrowings	**838,0**	324,0	147,2		
Current liabilities	**1 246,2**	1 152,0	1 057,4	1 716,9	1 301,8
Total equity and liabilities	**3 304,7**	2 543,7	2 260,9	2 619,4	2 506,1
RESULTS					
Revenue	**5 062,9**	4 229,8	3 340,1	4 565,5	4 919,5
Operating profit	**472,1**	379,2	273,2	296,6	234,1
Net interest and dividend income	**36,5**	59,1	58,8	95,7	35,5
Profit before abnormal items	**508,6**	438,3	332,0	392,3	269,6
Abnormal items	**(18,7)**	–	77,4	88,6	–
Profit before taxation	**489,9**	438,3	409,4	480,9	269,6
Taxation	**(177,3)**	(145,6)	(114,0)	(147,6)	(98,8)
Profit after taxation	**312,6**	292,7	295,4	333,3	170,8
Share of associate companies' profits	**89,6**	81,8	73,8	79,5	100,2
Profit after taxation including associate companies	**402,2**	374,5	369,2	412,8	271,0
Interest of outside shareholders	**(31,6)**	(42,3)	(4,2)	(53,6)	(60,6)
Headline earnings attributable to shareholders of Reunert Limited	**429,3**	335,2	284,3	274,2	211,1
Earnings attributable to shareholders of Reunert Limited	**370,6**	332,2	365,0	359,2	210,4
Headline earnings per share (cents)	**229,5**	174,8	139,6	136,8	105,6
Pro forma headline earnings per share (cents)	**229,5**	174,8	139,6	107,7**	
Basic earnings per share (cents)	**198,1**	173,3	179,2	179,2	105,2

Rm	**2002**	2001	2000*	1999	1998
CONSOLIDATED CASH FLOW STATEMENTS					
Net cash (outflow)/inflow from operating activities	**(58,9)**	197,6	360,4	373,5	474,0
Investments net of disposals to maintain operating capacity	**1,9**	(9,8)	(33,2)	28,5	(35,3)
Cash available for investments to increase operating capacity	**(57,0)**	187,8	327,2	402,0	438,7
Investments to (increase)/decrease operating capacity (net)	**(468,2)**	(75,9)	83,0	49,6	(17,4)
Net cash internally (utilised)/generated	**(525,2)**	111,9	410,2	451,6	421,3

* *Only the 2000 and 2001 information has been restated to take account of the effect of the new accounting policies adopted on 1 October 2001 of depreciating all properties and accounting for dividends in the period that the declaration takes place.*

** *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

	2002	2001	2000*	1999	1998
SHARES					
Number of ordinary shares on which					
earnings per share is based (million)	**187,0**	191,7	203,7	200,4	200,0
Net worth per share (cents) – tangible only	**380**	464	454	336	468
Net worth per share (cents) – including intangibles	**572**	470	454	336	468
Headline earnings per share (cents)	**229,5**	174,8	139,6	136,8	105,6
Pro forma headline earnings per share (cents)	**229,5**	174,8	139,6	107,7	
Basic earnings per share (cents)	**198,1**	173,3	179,2	179,2	105,2
Dividends per share (cents)					
– normal for the year	**118,0**	91,0	76,0	58,0	43,0
– special	**–**	–	–	250,0	–
Dividend cover (times)	**1,9**	1,9	1,8	2,4	2,5
Cash flow per share (cents)	**199,0**	187,9	179,9	241,4	299,5
Ordinary shares in issue (million)	**204,4**	204,1	204,0	200,5	200,4
Number of transactions – JSE	**12 765**	9 245	9 735	9 150	9 938
Number of shares traded (million)	**76,4**	67,0	79,0	122,8	90,1
Value of shares traded (R million)	**1 438,2**	969,2	691,2	987,6	773,8
Number of shares traded as a percentage					
of issued shares	**37,4**	32,9	39,0	61,2	45,0
Market price per share (cents)					
– year-end	**1 860**	1 615	1 125	800	510
– highest	**2 220**	1 850	1 230	1 000	1 400
– lowest	**1 610**	980	540	490	370
Earnings yield (%) at year-end	**12,3**	10,8	12,4	17,1	20,7
Dividend yield (%) at year-end	**6,3**	5,6	6,8	7,3	8,4
Price: Earnings ratio (times)	**8,1**	9,2	8,1	5,8	4,8
Market capitalisation (R million)	**3 802**	3 295	2 295	1 604	1 022
JSE actuaries electronics sector index at year-end					
(adjusted base 1998 = 2 267)	**3 887**	3 727	2 937	2 346	2 267
OTHER					
Number of employees	**4 318**	4 148	3 716	6 775	9 155
Revenue per employee (R000)	**1 173**	1 020	899	674	537
Operating profit per employee (R000)	**109**	91	74	44	26
Wealth created per employee (R000)	**312**	297	296	239	165
Employment cost per employee (R000)	**130**	118	109	119	94

	2002	2001	2000*	1999	1998
PROFITABILITY, ASSET MANAGEMENT, LIQUIDITY AND LEVERAGE					
EBITDA as a percentage of turnover (%)	**11,1**	10,1	9,2	8,0	6,3
Operating margin (%)	**9,3**	9,0	8,2	6,5	4,8
Net asset turn (times)	**5,9**	5,2	4,8	7,5	4,4
Return on ordinary shareholders' funds (%)	**44,1**	37,3	26,1	34,0	24,1
Return on net operating assets (%)	**70,0**	57,4	50,2	62,3	31,2
Return on net operating assets excluding investments in associates (%)	**71,5**	57,7	48,0	61,7	24,0
Taxation as a percentage of profit before taxation (excluding abnormal items)	**34,9**	33,2	34,3	37,6	36,7
Total liabilities to total shareholders' funds (%)	**177,4**	145,2	118,0	192,9	109,5
Net borrowings/(cash) to total shareholders' funds (%)	**47,5**	3,4	(7,1)	(104,7)	(40,4)
Current ratio	**1,6**	1,5	1,4	1,3	1,5
Interest cover (times)	**25,5**	34,3	9,6	N/A	N/A

* *Only the 2000 and 2001 statistics have been restated to take account of the change of accounting policies adopted on 1 October 2001 of depreciating all properties and accounting for dividends in the period that the declaration takes place.*

Definitions

Net worth per share
Ordinary shareholders' funds divided by shares in issue at year-end.

EBITDA
Earnings before interest, taxation, depreciation and amortisation of intangible assets.

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 before dividend paid and excluding the movement in RC&C Finance Company accounts receivable, 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.

Financial statements

Directors' responsibility

FOR THE YEAR ENDED 30 SEPTEMBER 2002

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 auditors in conformity with statements of South African auditing standards.

An audit committee, consisting of three 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 77 were approved by the board of directors on 18 November 2002 and are signed on its behalf by:

Derek Cooper
Chairman

Gerrit Pretorius
Chief Executive

Report of the independent auditors

FOR THE YEAR ENDED 30 SEPTEMBER 2002

TO THE MEMBERS OF REUNERT LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 40 to 77 for the year ended 30 September 2002. 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. Those 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, the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2002, 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
18 November 2002

Secretaries' certification

FOR THE YEAR ENDED 30 SEPTEMBER 2002

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 Limited
Company Secretaries

Statutory information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year 75 000 ordinary shares were issued at R14,90 per share and 300 000 ordinary shares were issued at R5,45 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

DIVIDENDS

An interim ordinary dividend No 152 of 30 cents per share was declared on 31 March 2002 and a final ordinary dividend No 153 of 88 cents per share was declared on 18 November 2002.

A total distribution of 118 cents (2001: 91 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

Messrs B P Gallagher, D J Rawlinson, M J Shaw and Dr J C van der Horst 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	
	2002	2001
D E Cooper	**–**	–
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**	30 800
G Pretorius	**390 500**	390 500
D J Rawlinson	**241 700**	241 700
M J Shaw	**–**	–
J C van der Horst	**–**	–
C L Valkin	**–**	–
	902 998	902 998

	Indirect beneficial	
	2002	2001
D E Cooper	**35 688**	35 688
B P Connellan	**10 000**	10 000
P T W Curtis		–
B P Gallagher	**–**	–
S D Jagoe	**11 000**	–
K J Makwetla	**–**	–
G Oosthuizen	**–**	–
G Pretorius	**–**	44 300
D J Rawlinson	**20 137**	20 137
M J Shaw	**–**	–
J C van der Horst	**–**	–
C L Valkin	**–**	–
	76 825	110 125

These holdings have remained unchanged up to one month prior to the posting of this annual report.

There were no non-beneficial interests in either period.

Executive directors of the company held unexercised options to subscribe for 1 355 000 (2001: 1 355 000) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire as follows:

765 000 on 26 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. For further information on share options by director, see note 29 to the annual financial statements.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2002 is:

	2002	2001
	Rm	Rm
In the aggregate net income	**234,1**	128,8
In the aggregate net losses	**(3,5)**	(19,0)
	230,6	109,8

Accounting policies

FOR THE YEAR ENDED 30 SEPTEMBER 2002

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 2002.

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 2002:

AC 107 Events after the balance sheet date
AC 116 Employee benefits
AC 135 Investment properties

1. BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting.

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 inter-company 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:

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

Inter-group 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 stated at cost to the group. 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.

Investment properties are depreciated. The group defines investment properties as those held to earn rentals or for capital appreciation or both. Where market conditions indicate a permanent decline in value, these properties are written down to this value.

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.

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 values 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 amounts of assets and liabilities in the financial statements and the corresponding tax bases 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 total contract costs. 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 that contract costs incurred 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 received.

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 BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10% of the greater of the present value of the group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

22. INFLATION ACCOUNTING

The group recognises that financial statements prepared on an 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 2002

	Notes	GROUP 2002 Rm	GROUP 2001 Rm	COMPANY 2002 Rm	COMPANY 2001 Rm
REVENUE	1	**5 062,9**	4 229,8	**2 236,6**	1 779,3
COST OF SALES		**3 639,7**	3 036,6	**1 513,9**	1 171,6
GROSS PROFIT		**1 423,2**	1 193,2	**722,7**	607,7
Other income		**21,8**	9,6	**4,2**	3,7
Other expenses		**(972,9)**	(823,6)	**(529,3)**	(422,4)
OPERATING PROFIT	2	**472,1**	379,2	**197,6**	189,0
Interest and dividends received	3	**59,2**	72,2	**165,1**	159,1
Interest paid	4	**(22,7)**	(13,1)	**(13,7)**	(1,7)
PROFIT BEFORE ABNORMAL ITEMS		**508,6**	438,3	**349,0**	346,4
Abnormal items	5	**(18,7)**	–	**10,1**	1,6
PROFIT BEFORE TAXATION		**489,9**	438,3	**359,1**	348,0
Taxation	6	**(177,3)**	(145,6)	**(74,9)**	(54,3)
PROFIT AFTER TAXATION		**312,6**	292,7	**284,2**	293,7
Share of associate companies' profits	14	**89,6**	81,8		
PROFIT AFTER TAXATION INCLUDING ASSOCIATE COMPANIES		**402,2**	374,5	**284,2**	293,7
Earnings attributable to outside shareholders in subsidiaries		**(31,6)**	(42,3)		
EARNINGS ATTRIBUTABLE TO REUNERT LIMITED SHAREHOLDERS		**370,6**	332,2	**284,2**	293,7
BASIC EARNINGS PER SHARE (CENTS)	9	**198,1**	173,3		
DILUTED BASIC EARNINGS PER SHARE (CENTS)	9	**194,6**	170,9		
HEADLINE EARNINGS PER SHARE (CENTS)	10	**229,5**	174,8		
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	10	**225,4**	172,4		
DIVIDENDS DECLARED PER SHARE (CENTS)	7	**97,0**	80,0		
DIVIDENDS PROPOSED PER SHARE (CENTS)	7	**88,0**	67,0		

Balance sheets

AT 30 SEPTEMBER 2002

	Notes	GROUP 2002 Rm	GROUP 2001 Rm	COMPANY 2002 Rm	COMPANY 2001 Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	**157,1**	161,8	**63,4**	70,7
Goodwill	12	**360,0**	10,9	**21,5**	1,0
Interest in subsidiaries	13			**304,5**	314,1
Interest in associates	14	**131,1**	155,9	**163,6**	1,2
Other investments	15	**20,5**	32,5	**20,2**	38,5
RC&C Finance Company accounts receivable	16	**953,9**	745,1		
Deferred taxation assets	17	**25,9**	42,0	**24,7**	20,5
		1 648,5	1 148,2	**597,9**	446,0
CURRENT ASSETS					
Inventory and contracts in progress	18	**659,8**	496,5	**481,4**	358,8
Accounts receivable	19	**712,9**	595,5	**231,2**	297,8
Cash and cash equivalents	20	**283,5**	303,5	**80,1**	69,4
		1 656,2	1 395,5	**792,7**	726,0
TOTAL ASSETS		**3 304,7**	2 543,7	**1 390,6**	1 172,0
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	21	**37,8**	35,0	**272,4**	269,6
Non-distributable reserves	22	**68,1**	99,8	**0,3**	0,3
Accumulated profit		**965,2**	743,7	**555,6**	469,5
		1 071,1	878,5	**828,3**	739,4
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		**103,5**	137,9		
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	17	**45,9**	48,6	**–**	–
Long-term liabilities	23	**–**	2,7	**–**	–
		45,9	51,3	**–**	–
CURRENT LIABILITIES					
Short-term loans and bank overdrafts	23	**2,8**	13,8	**–**	–
RC&C Finance Company short-term borrowings		**838,0**	324,0		
Provisions	24	**114,1**	108,9	**19,6**	22,0
Trade and other payables		**1 063,9**	918,8	**509,1**	361,3
Taxation		**65,4**	110,5	**33,6**	49,3
		2 084,2	1 476,0	**562,3**	432,6
TOTAL EQUITY AND LIABILITIES		**3 304,7**	2 543,7	**1 390,6**	1 172,0

Cash flow statements

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Notes	GROUP 2002 Rm	GROUP 2001 Rm	COMPANY 2002 Rm	COMPANY 2001 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit before working capital changes	A	**572,2**	414,1	**226,0**	205,9
(Increase)/decrease in net working capital		**(366,0)**	(44,5)	**67,5**	(23,0)
Increase in RC&C Finance Company accounts receivable		**(208,8)**	6,5		
Working capital changes	B	**(157,2)**	(51,0)	**67,5**	(23,0)
Cash generated from operations		**206,2**	369,6	**293,5**	182,9
Interest received		**55,8**	64,5	**14,0**	14,3
Interest paid		**(22,7)**	(13,1)	**(13,7)**	(1,7)
Dividends received		**111,8**	78,6	**151,1**	144,8
Taxation paid	C	**(209,0)**	(133,0)	**(94,8)**	(39,1)
Dividends paid (including outside shareholders)	D	**(201,0)**	(169,0)	**(198,1)**	(163,2)
Net cash (outflow)/inflow from operating activities		**(58,9)**	197,6	**152,0**	138,0
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		**1,9**	(9,8)	**285,8**	60,1
– Repayment of non-current loans		**14,0**	7,3	**13,9**	5,0
– Non-current loans granted		**–**	(0,9)	**–**	(3,0)
– Replacement of fixed assets		**(15,9)**	(20,4)	**(6,9)**	(10,1)
– Proceeds on disposal of fixed assets, investments and other capital items		**3,8**	4,2	**0,3**	0,3
– Net loans from subsidiaries				**278,5**	67,9
Investments to increase operating capacity		**(468,2)**	(75,9)	**(429,9)**	(184,9)
– Expansion capital expenditure		**(26,1)**	(32,4)	**(3,7)**	(14,2)
– Increase in investments		**(2,9)**	(2,8)	**–**	–
– Disposal of businesses	E	**0,8**		**0,8**	
– Acquisition of subsidiaries and businesses	F	**(440,0)**	(40,7)	**(427,0)**	(170,7)
Net cash outflow from investing activities		**(466,3)**	(85,7)	**(144,1)**	(124,8)

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by shareholders				
– Ordinary shareholders in Reunert	**2,8**	0,4	**2,8**	0,4
– Reunert shares purchased by a subsidiary	**–**	(217,9)		
– Loan advanced by outside shareholder	**2,1**			
Long-term liabilities – repaid	**(2,7)**	(1,5)	**–**	–
Net cash inflow/(outflow) from financing activities	**2,2**	(219,0)	**2,8**	0,4
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(523,0)**	(107,1)	**10,7**	13,6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(34,3)**	72,8	**69,4**	55,8
CASH AND CASH EQUIVALENTS AT END OF YEAR*	**(557,3)**	(34,3)	**80,1**	69,4
Net cash flows from operating activities before dividends paid and excluding movements in RC&C Finance Company accounts receivable	**372,1**	360,1		
Operating cash flow per share (cents)	**199,0**	187,9		
* Cash and cash equivalents are made up of:				
Cash and cash equivalents	**283,5**	303,5	**80,1**	69,4
Short-term loans and bank overdrafts	**(2,8)**	(13,8)	**–**	–
Net cash resources of the group/company excluding RC&C Finance Company	**280,7**	289,7	**80,1**	69,4
RC&C Finance Company short-term borrowings	**(838,0)**	(324,0)		
Net (borrowings)/cash and cash equivalents of the group/company	**(557,3)**	(34,3)	**80,1**	69,4

Notes to the cash flow statements

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
A. RECONCILIATION OF NET PROFIT BEFORE TAXATION TO OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	**489,9**	438,3	**359,1**	348,0
Adjusted for:				
– Net interest received	**(33,1)**	(51,4)	**(0,3)**	(12,6)
– Dividends received	**(3,4)**	(7,7)	**(151,1)**	(144,8)
– Depreciation	**46,2**	43,8	**19,0**	16,0
– Amortisation of goodwill	**41,4**	2,3	**4,7**	1,0
– (Surplus)/deficit on disposal of plant, vehicles and equipment	**(2,1)**	(1,1)	**(0,1)**	1,4
– Provision against investments in subsidiaries			**(10,1)**	(1,6)
– Net creation/(reversal) of provisions	**14,6**	(10,9)	**4,8**	(0,8)
– Other movements	**18,7**	0,8	**–**	(0,7)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**572,2**	414,1	**226,0**	205,9
B. WORKING CAPITAL CHANGES				
– Inventory and contracts in progress	**(161,5)**	(53,5)	**(121,5)**	(49,1)
– Accounts receivable	**(118,0)**	(71,3)	**66,1**	8,9
– Accounts payable and provisions	**122,3**	73,8	**122,9**	17,2
WORKING CAPITAL CHANGES	**(157,2)**	(51,0)	**67,5**	(23,0)
C. TAXATION PAID IS RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Net amounts unpaid, at beginning of year	**(110,5)**	(95,8)	**(49,3)**	(44,3)
– Current taxation per the income statement	**(163,9)**	(147,7)	**(79,1)**	(44,1)
– Net amounts unpaid, at end of year	**65,4**	110,5	**33,6**	49,3
CASH AMOUNTS PAID	**(209,0)**	(133,0)	**(94,8)**	(39,1)

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
D. DIVIDENDS PAID ARE RECONCILED TO THE AMOUNTS DISCLOSED IN THE STATEMENT OF CHANGES IN EQUITY AS FOLLOWS:				
– Charge per the statement of changes in equity	**(181,4)**	(156,5)	**(198,1)**	(163,2)
– Dividends paid to outside shareholders	**(19,6)**	(12,5)		
CASH AMOUNTS PAID	**(201,0)**	(169,0)	**(198,1)**	(163,2)
E. ANALYSIS OF DISPOSAL OF BUSINESSES				
Inventory	**0,5**		**0,5**	
Accounts receivable	**0,5**		**0,5**	
Accounts payable	**(0,2)**		**(0,2)**	
Cash on hand at time of disposal	**0,2**		**0,2**	
Cash amounts received	**1,0**		**1,0**	
Less: Cash on hand at time of disposal	**(0,2)**		**(0,2)**	
NET CASH RECEIVED	**0,8**		**0,8**	
F. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES				
Inventory	**(1,7)**	(25,9)	**(1,7)**	(23,7)
Accounts receivable	**–**	(5,1)	**–**	–
Accounts payable	**(4,1)**	1,8	**–**	–
Property, plant and equipment	**(1,3)**	(1,5)	**(1,3)**	–
Attributable share of net assets at date of acquisition	**(60,4)**	–	**(56,6)**	–
Goodwill on acquisitions	**(390,5)**	(13,2)	**(383,6)**	(2,0)
Increased capital of subsidiary			**(5,0)**	(145,0)
CASH AMOUNTS PAID	**(458,0)**	(43,9)	**(448,2)**	(170,7)
CASH PAID IN CURRENT YEAR, OWING FROM PRIOR YEAR	**(3,2)**	–	**–**	–
AMOUNTS STILL OWING TO VENDORS	**21,2**	3,2	**21,2**	–
NET CASH PAID	**(440,0)**	(40,7)	**(427,0)**	(170,7)

Statements of changes in equity

AT 30 SEPTEMBER 2002

GROUP	Share capital and premium Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 2000	252,5	88,4	469,8	810,7
Adjustment to opening accumulated profit due to changes in accounting policies			109,0	109,0
Net profit for the year			332,2	332,2
Dividends paid			(156,5)	(156,5)
Transfers from/(to) 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	743,7	878,5
Net profit for the year			370,6	370,6
Dividends paid			(181,4)	(181,4)
Transfers (to)/from reserves		(32,3)	32,3	–
Translation reserve arising		0,6		0,6
Issue of shares	2,8			2,8
Balance at 30 September 2002	**37,8**	**68,1**	**965,2**	**1 071,1**

COMPANY	Share capital and premium Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 2000	269,2	0,3	214,7	484,2
Adjustment to opening accumulated profit due to changes in accounting policies			124,3	124,3
Net profit for the year			293,7	293,7
Dividends paid			(163,2)	(163,2)
Issue of shares	0,4			0,4
Balance at 30 September 2001	269,6	0,3	469,5	739,4
Net profit for the year			284,2	284,2
Dividends paid			(198,1)	(198,1)
Issue of shares	2,8			2,8
Balance at 30 September 2002	**272,4**	**0,3**	**555,6**	**828,3**

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R323,9 million (2001: R375,5 million) and interest received by RC&C Finance Company (Pty) Limited of R150,8 million (2001: R136,8 million).				
2. OPERATING PROFIT IS STATED AFTER:				
Administration, management and other fees	**9,5**	7,4	**6,7**	3,8
Auditors' remuneration:				
Audit fees	**4,7**	4,3	**2,5**	1,7
Other fees	**0,6**	0,6	**0,2**	0,1
Expenses	**0,1**	–	**–**	–
	5,4	4,9	**2,7**	1,8
Depreciation:				
Land and buildings	**1,6**	3,2	**2,2**	1,4
Plant and equipment	**42,1**	38,2	**15,5**	13,4
Vehicles	**2,5**	2,4	**1,3**	1,2
	46,2	43,8	**19,0**	16,0
Rental income from investment properties	**1,4**	6,2	**–**	4,9
Direct operating expenses arising from investment properties that generated rental income	**0,5**	6,8	**–**	4,9
Direct operating expenses arising from investment properties that did not generate rental income	**0,4**	–	**0,1**	–
Goodwill amortised	**41,4**	2,3	**4,7**	1,0
Exchange rate differences:				
Unrealised profit	**4,9**	0,8	**3,2**	1,9
Realised profit	**6,2**	2,9	**3,3**	1,6
	11,1	3,7	**6,5**	3,5
Income from subsidiaries:				
Fees			**0,8**	1,1
Rental (included in revenue)			**4,6**	3,5
			5,4	4,6
Operating lease charges:				
Land and buildings	**15,8**	19,1	**8,8**	9,9
Vehicles and other	**1,7**	1,9	**1,6**	1,8
	17,5	21,0	**10,4**	11,7
Research and development expenditure				
Financed by revenue from customers	**57,3**	65,2	**0,3**	–
Not financed by revenue from customers	**38,2**	39,3	**27,0**	26,9
	95,5	104,5	**27,3**	26,9

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
2. OPERATING PROFIT IS STATED AFTER: (continued)				
Net surplus/(deficit) on disposal of property, plant and equipment	**2,1**	1,1	**0,1**	(1,4)
Staff costs:				
Salaries and wages	**462,6**	417,6	**97,8**	86,6
Pension and provident fund contributions	**41,8**	36,5	**5,5**	5,5
Other staff costs	**57,0**	36,0	**17,9**	15,6
	561,4	490,1	**121,2**	107,7
Number of employees	**4 318**	4 148	**1 336**	1 343
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– unlisted associate companies			**108,4**	61,9
– unlisted subsidiaries			**42,7**	82,2
– other	**3,4**	7,7	**–**	0,7
	3,4	7,7	**151,1**	144,8
Interest received:				
– subsidiaries			**1,6**	7,1
– associate companies	**6,3**	6,2		
– RC&C Finance Company (Pty) Limited	**23,0**	32,1	**0,5**	–
– other	**26,5**	26,2	**11,9**	7,2
	59,2	72,2	**165,1**	159,1
4. INTEREST PAID				
Long-term liabilities	**0,9**	0,8	**–**	–
Short-term loans and bank overdrafts	**21,8**	12,3	**13,7**	1,7
	22,7	13,1	**13,7**	1,7
Interest paid by RC&C Finance Company (Pty) Limited included in cost of sales	**89,9**	75,2		
5. ABNORMAL ITEMS				
Reversal of provision for losses in subsidiaries			**10,1**	1,6
Group's attributable share of the impairment of fixed assets in an equity accounted associate	**(18,7)**	–	**–**	–
Gross abnormal items	**(18,7)**	–	**10,1**	1,6
Taxation	**–**	–	**–**	–
Net abnormal items	**(18,7)**	–	**10,1**	1,6

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
6. TAXATION				
South African normal taxation:				
Current	**154,5**	135,7	**66,0**	50,7
Deferred	**8,8**	(1,7)	**(4,1)**	11,4
Secondary tax on companies	**15,2**	18,3	**12,0**	6,6
Adjustment for prior years – current	**(6,0)**	(6,7)	**1,1**	(13,2)
– deferred	**4,6**	(0,4)	**(0,1)**	(1,2)
	177,1	145,2	**74,9**	54,3
Foreign normal taxation:				
Current	**0,2**	0,3		
Prior	**–**	0,1		
	177,3	145,6	**74,9**	54,3
Reconciliation of rate of taxation	**%**	%	**%**	%
Apparent rate of taxation excluding abnormal items	**34,9**	33,2	**21,5**	15,7
Applicable to dividends received	**0,2**	0,5	**13,0**	12,5
Effective rate of taxation:	**35,1**	33,7	**34,5**	28,2
Movement in rate of taxation due to				
– disallowable charges	**(2,4)**	(1,2)	**(0,8)**	(0,5)
– secondary tax on companies	**(3,0)**	(4,1)	**(3,4)**	(1,9)
– adjustments from prior year	**0,3**	1,6	**(0,3)**	4,2
South African normal tax rate	**30,0**	30,0	**30,0**	30,0
7. DIVIDENDS DECLARED DURING THE YEAR				
Ordinary:				
Final 2001 – 67,0 cents per share (2000: 56,0 cents)	**136,7**	114,3	**136,7**	114,3
Interim 2002 – 30,0 cents per share (2001: 24,0 cents)	**61,4**	48,9	**61,4**	48,9
Attributable to Reunert shares held by a subsidiary	**(16,7)**	(6,7)		
	181,4	156,5	**198,1**	163,2
Final ordinary dividend proposed				
88,0 cents per share (2001: 67,0 cents)	**179,9**	136,7	**179,9**	136,7
Attributable to Reunert shares held by a subsidiary	**(15,1)**	(11,5)		
	164,8	125,2	**179,9**	136,7

	GROUP			COMPANY	
	Profit before tax Rm	Taxation Rm	Minorities Rm	Profit before tax Rm	Taxation 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 2001.					
The main changes involve the depreciation of all properties and accounting for dividends. Previously properties which were considered investment properties were not depreciated. Now, in terms of AC 123 and AC 135, the group is depreciating all properties. In accordance with AC 107, dividends to shareholders are now accounted for in the period that the dividend declaration takes place. The statement of changes in equity has been restated to take account of this change of policy. In addition, the interest of outside shareholders at 30 September 2001 increased by R17,2 million and trade and other payables reduced by R17,2 million.					
The effects of the change of policies has been to decrease the following:					
Current year	(2,9)	–	(0,1)	(1,4)	–
Prior year	(2,3)	–	(0,1)	(0,9)	–
Before prior year	(21,1)	(15,5)	(1,2)	(5,5)	(15,5)

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
9. BASIC AND DILUTED BASIC EARNINGS PER SHARE				
The earnings used to determine both earnings per share and diluted basic earnings per share are the earnings attributable to ordinary shareholders in Reunert Limited	**370,6**	332,2		
The weighted average number of shares in issue used to determine earnings per share	**187,0**	191,7		
Adjusted by the dilutive effect of unexercised share options available to executives employed in the group	**3,4**	2,7		
Weighted average number of shares used to determine diluted earnings per share	**190,4**	194,4		
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 187,0 million (2001: 191,7 million) divided into headline earnings attributable to Reunert shareholders				
Earnings attributable to Reunert Limited shareholders	**370,6**	332,2		
Adjusted for:	**58,0**	2,0		
Surplus on sale of fixed assets	**(2,1)**	(1,1)		
Amortisation of goodwill	**41,4**	2,3		
Attributable portion of impairment (note 5)	**18,7**	–		
Other	**–**	0,8		
Taxation	**0,6**	0,3		
Outside shareholders' portion	**0,1**	0,7		
Headline earnings attributable to Reunert Limited shareholders	**429,3**	335,2		

Diluted headline earnings per share is based on 190,4 million shares (2001: 194,4 million shares) and headline earnings of R429,3 million (2001: R335,2 million).

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	GROUP			COMPANY		
	Cost Rm	Accumulated depreciation Rm	Book value Rm	Cost Rm	Accumulated depreciation Rm	Book value Rm
11. PROPERTY, PLANT AND EQUIPMENT						
2002						
Freehold land and buildings						
– investment	**15,1**	**5,3**	**9,8**	**–**	**–**	**–**
– owner occupied	**80,6**	**27,1**	**53,5**	**47,2**	**12,3**	**34,9**
Leasehold land and buildings						
– owner occupied	**2,2**	**0,8**	**1,4**	**0,3**	**0,1**	**0,2**
Plant and equipment	**409,7**	**322,5**	**87,2**	**189,2**	**163,6**	**25,6**
Vehicles	**15,0**	**9,8**	**5,2**	**7,2**	**4,5**	**2,7**
	522,6	**365,5**	**157,1**	**243,9**	**180,5**	**63,4**
2001						
Freehold land and buildings						
– investment	17,6	8,1	9,5	–	–	–
– owner occupied	82,4	26,1	56,3	47,2	10,1	37,1
Leasehold land and buildings						
– owner occupied	–	–	–	0,3	0,1	0,2
Plant and equipment	387,9	296,6	91,3	180,5	149,3	31,2
Vehicles	13,0	8,3	4,7	6,2	4,0	2,2
	500,9	339,1	161,8	234,2	163,5	70,7

	Land and buildings					
	Investment Rm	Owner occupied Rm	Plant and equipment Rm	Vehicles Rm	**2002 Rm**	2001 Rm
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP						
Net book value at beginning of the year	9,5	56,3	91,3	4,7	**161,8**	154,2
Acquisition of businesses	–	–	1,0	0,3	**1,3**	1,5
Additions	–	0,5	38,8	2,7	**42,0**	52,8
Disposals	–	–	(1,8)	–	**(1,8)**	(2,9)
	9,5	56,8	129,3	7,7	**203,3**	205,6
Depreciation	0,3	(1,9)	(42,1)	(2,5)	**(46,2)**	(43,8)
	9,8	54,9	87,2	5,2	**157,1**	161,8

	Land and buildings Investment Rm	Owner occupied Rm	Plant and equipment Rm	Vehicles Rm	**2002 Rm**	2001 Rm
11. PROPERTY, PLANT AND EQUIPMENT (continued)						
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – COMPANY						
Net book value at beginning of the year	–	37,3	31,2	2,2	**70,7**	63,8
Additions	–	–	10,1	1,8	**11,9**	24,3
Disposals	–	–	(0,2)	–	**(0,2)**	(1,6)
	–	37,3	41,1	4,0	**82,4**	86,5
Depreciation	–	(2,2)	(15,5)	(1,3)	**(19,0)**	(15,8)
	–	35,1	25,6	2,7	**63,4**	70,7

NOTES

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

2. The open market value of investment properties amounts to R55,5 million (2001: R43,5 million). With the exception of one property, the valuation (R10,0 million) of which was arrived at by reference to market evidence of transaction prices for similar properties, these valuations are based on valuations by an independent valuer who holds a recognised and relevant qualification and who has recent experience in the location and category of the investment property being valued.

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

Land and buildings	3 to 20%
Plant	10 to 20%
Office equipment	10 to 20%
Computer equipment	33 to 50%
Furniture	15 to 20%
Vehicles	20 to 25%

4. The insurable value of the group's fixed assets as at 30 September 2002 amounted to R1,8 billion (2001: R1,6 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.

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	GROUP 2002 Rm	GROUP 2001 Rm	COMPANY 2002 Rm	COMPANY 2001 Rm
12. GOODWILL				
Carrying value at the beginning of the year	**10,9**	–	**1,0**	–
Add: Acquisition of businesses, associates and subsidiaries	**390,5**	13,2	**25,2**	2,0
Less: Amortisation for the year	**(41,4)**	(2,3)	**(4,7)**	(1,0)
Carrying value at the end of the year	**360,0**	10,9	**21,5**	1,0
This goodwill is written off over periods varying between one and ten years.				
13. INTEREST IN SUBSIDIARIES				
(See Annexure A)				
Shares at cost less amounts written off			**543,3**	284,5
Amounts owing by subsidiaries			**158,8**	327,4
Provision for goodwill write-off			**(45,9)**	(45,9)
			656,2	566,0
Provision for losses			**(38,2)**	(48,3)
			618,0	517,7
Amounts owing to subsidiaries			**(313,5)**	(203,6)
			304,5	314,1
14. INTEREST IN ASSOCIATES				
UNLISTED ASSOCIATE COMPANIES:				
Shares at cost	**202,8**	40,5	**163,6**	1,2
Less: Transfer to goodwill on consolidation	**(137,7)**	–		
Adjustment to carrying value	**2,7**	2,7		
Attributable interest in accumulated profit	**58,6**	96,1		
Accumulated profit at beginning of year	**96,1**	85,2		
Profit after tax and abnormal items				
– audited	**115,8**	61,0		
– unaudited	**(44,9)**	20,8		
Dividends	**(108,4)**	(70,9)		
Attributable to outside shareholders in subsidiaries	**4,7**	16,6		
Total of unlisted associate companies	**131,1**	155,9	**163,6**	1,2
Directors' valuation – unlisted associate companies	**586,9**	155,9	**163,6**	1,2
Attributable earnings from unlisted associate companies	**70,9**	81,8		

Details of share investments	GROUP Number of shares held 2002	2001	Percentage interest 2002	2001
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	**56 000**	38 500	**40**	28
IQ Works (Pty) Limited	**501**	501	**50**	50

Details of share investments	Year-end	Carrying value 2002	2001
ASSOCIATE COMPANIES:			
ATC (Pty) Limited	31 March	**59,1**	112,4
Electric Products International (Pty) Limited	30 September	**–**	–
Siemens Telecommunications (Pty) Limited	30 September	**72,0**	41,0
IQ Works (Pty) Limited	30 June	**–**	2,5
		131,1	155,9

	GROUP 2002 Rm	2001 Rm	COMPANY 2002 Rm	2001 Rm
15. OTHER INVESTMENTS				
Reunert 1988 Share Purchase Trust	**6,4**	12,2	**6,4**	12,2
Other loans and investments	**14,1**	20,3	**13,8**	26,3
Total investments	**20,5**	32,5	**20,2**	38,5
Directors' valuation – other investments	**20,5**	32,5	**20,2**	38,5
16. RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE				
Discounted deals				
Collectable within one year	**296,3**	227,4		
Collectable after one year	**582,1**	446,0		
	878,4	673,4		
Accounts receivable				
Collectable within one year	**41,9**	50,6		
Collectable after one year	**33,6**	21,1		
	75,5	71,7		
	953,9	745,1		

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.

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
17. DEFERRED TAXATION ASSETS/(LIABILITIES)				
MOVEMENT OF GROUP DEFERRED TAXATION				
Balance at beginning of year	**(6,6)**	(8,7)	**20,5**	30,7
Current tax (reversal)/charge	**(8,8)**	1,7	**4,1**	(11,4)
Adjustment for prior years	**(4,6)**	0,4	**0,1**	1,2
	(20,0)	(6,6)	**24,7**	20,5
Deferred taxation liabilities	**45,9**	48,6	**–**	–
Deferred taxation assets	**25,9**	42,0	**24,7**	20,5
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	**(32,8)**	(35,1)	**(1,2)**	(3,0)
Provisions and accruals	**11,3**	26,5	**23,6**	23,1
Advance income offset by allowed future expenditure	**4,1**	3,6	**0,2**	–
Other net	**(2,6)**	(1,6)	**2,1**	0,4
	(20,0)	(6,6)	**24,7**	20,5
18. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	**98,9**	83,5	**54,8**	45,6
Finished goods	**115,7**	77,0	**53,7**	27,9
Merchandise	**373,5**	283,1	**373,4**	282,7
Consumable stores	**1,4**	1,6	**0,6**	0,5
Work in progress	**70,3**	49,2	**–**	–
Contracts in progress	**–**	2,1	**(1,1)**	2,1
	659,8	496,5	**481,4**	358,8
The value of inventory has been determined on the following bases:				
First-in first-out	**525,4**	387,7	**476,5**	354,4
Average	**28,1**	27,6	**2,6**	3,2
Net realisable value	**35,4**	26,2	**2,3**	1,2
Other	**70,9**	55,0	**–**	–
	659,8	496,5	**481,4**	358,8
19. ACCOUNTS RECEIVABLE				
Trade receivables	**516,2**	450,3	**191,1**	168,0
Claims, prepayments and other receivables	**196,7**	145,2	**40,1**	129,8
	712,9	595,5	**231,2**	297,8

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
20. CASH AND CASH EQUIVALENTS				
Bank balances and cash	**283,5**	223,5	**80,1**	69,4
Investment in redeemable preference shares: This investment was redeemed in March 2002	**–**	80,0		
	283,5	303,5	**80,1**	69,4
During the year 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:	**0,5**	294,8		
RCCF has the ability to replace these funds in the open market through loan facilities totalling R900 million with various banks.				
21. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 (2001: 235 000 000) ordinary shares of 10 cents each	**23,5**	23,5	**23,5**	23,5
350 000 (2001: 350 000) 5,5% cumulative preference shares of R2 each	**0,7**	0,7	**0,7**	0,7
31 057 729 (2001: 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				
204 425 264 (2001: 204 050 264) ordinary shares of 10 cents each	**20,4**	20,4	**20,4**	20,4
350 000 (2001: 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	**248,5**	248,1	**248,5**	248,1
Arising on the issue of ordinary shares	**2,8**	0,4	**2,8**	0,4
At end of year	**251,3**	248,5	**251,3**	248,5
Reunert Limited shares bought back by a subsidiary 17 168 058 (2001: 17 168 058)	**(234,6)**	(234,6)		
Total issued share capital and premium	**37,8**	35,0	**272,4**	269,6

	COMPANY Number of shares	
	2002	2001
UNISSUED ORDINARY SHARES		
Total shares reserved to meet the requirements of The Reunert 1985 Share Option Scheme and The Reunert 1988 Share Purchase Scheme	**12 000 000**	10 000 000
Ordinary shares under the general authority of the directors until the forthcoming annual general meeting	**18 574 736**	20 949 736
	30 574 736	30 949 736

21. SHARE CAPITAL AND PREMIUM (continued)

THE REUNERT 1985 SHARE OPTION SCHEME

Options to take up Reunert Limited ordinary shares are granted to executives in terms of The Reunert 1985 Share Option Scheme.

The terms of the scheme allow the recipient of the options to exercise them after three years, one third each in years four to six. Any options unexercised lapse after ten years from the date of initial issue or the moment an option holder leaves the group. Should the option price exceed the market price, the option holder may decline to exercise their right to have Reunert Limited shares issued to them.

Exercise price	Number of options unexercised at the beginning of the year Thousands	Options granted during the year Thousands	Options exercised during the year Thousands	Options that lapsed during the year Thousands	Number of options unexercised at the end of the year Thousands	Amount received for options exercised R thousands
2002						
R14,90	**85**		**(75)**		**10**	**1 110**
R14,00	**30**		**–**		**30**	**–**
R5,45	**4 415**		**(300)**	**(30)**	**4 085**	**1 605**
R14,10	**2 425**			**(50)**	**2 375**	
R15,80	**1 470**			**(25)**	**1 445**	
R17,70		**290**			**290**	
	8 425	**290**	**(375)**	**(105)**	**8 235**	**2 715**

Exercise price	Number of options unexercised at the beginning of the year Thousands	Options granted during the year Thousands	Options exercised during the year Thousands	Options that lapsed during the year Thousands	Number of options unexercised at the end of the year Thousands	Amount received for options exercised R thousands
2001						
R14,90	189		(30)	(74)	85	444
R14,00	30				30	
R5,45	4 495			(80)	4 415	
R14,10		2 450		(25)	2 425	
R15,80		1 470			1 470	
	4 714	3 920	(30)	(179)	8 425	444

21. SHARE CAPITAL AND PREMIUM (continued)

Exercise price	Per annum Thousands	Periods options exercisable: Dates	Periods options exercisable: Expiry date	Options vested at the beginning of the year Thousands	Options vested at the end of the year Thousands
R14,90	10	Immediately	27 June 2004	85	10
R14,00	30	Immediately	5 May 2007	30	30
R5,45	1 362	22 October 2002 to 22 October 2004	22 October 2009	–	–
R14,10	792	1 February 2004 to 1 February 2006	1 February 2011	–	–
R15,80	482	26 September 2004 to 26 September 2006	26 September 2011	–	–
R17,70	97	16 November 2004 to 16 November 2006	16 November 2011	–	–
				115	40

LOANS GRANTED BY REUNERT LIMITED IN RESPECT OF THE SHARE OPTION SCHEME

Option holders are obliged to pay 1 cent per share for shares purchased under the option scheme, thereafter Reunert Limited may lend the shareholder the remainder of the funds required to purchase the shares at the option price. The loan is granted for a maximum of seven years. The interest rate applicable to the loan is determined in March and September each year, for the following six months, by the directors of Reunert Limited, based on a formula which takes the last dividend declared prior to granting the option divided by the option price, subject to a maximum of the official interest rate as set by South African Revenue Services from time to time.

	2002 R thousands	2001 R thousands
Amount of loans granted during the year	**–**	–

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	GROUP 2002 Rm	GROUP 2001 Rm	COMPANY 2002 Rm	COMPANY 2001 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		
Statutory and other reserves				
– at beginning of year	**0,8**	0,2	**–**	–
– other	**0,6**	0,6		
	1,4	0,8	**–**	–
Capital redemption reserve	**2,9**	2,9	**0,3**	0,3
Share of associate companies' accumulated profits				
– at beginning of year	**96,0**	85,2		
– associate earnings transferred this year	**(32,3)**	10,8		
	63,7	96,0		
	68,1	99,8	**0,3**	0,3

23. BORROWINGS	Interest rate	GROUP 2002 Rm	GROUP 2001 Rm
LONG-TERM LIABILITIES			
Unsecured	8,5%	–	7,2
Current portion included in short-term loans		–	(4,5)
		–	2,7
SHORT-TERM LOANS AND BANK OVERDRAFTS			
Bank overdrafts and acceptances		2,8	9,3
Current portion of long-term liabilities (see above)		–	4,5
		2,8	13,8

Description or nature of obligation	Carrying amount at beginning of the year Rm	Additional provisions created in the year Rm	Amounts used during the year Rm	Unused amounts reversed during the year Rm	Carrying amount at end of the year Rm
24. PROVISIONS					
GROUP					
Contract completion	3,6	3,0	(2,2)	–	4,4
Debtor recourse guarantee	48,0	–	–	–	48,0
Unfunded pension obligations	7,1	3,6	(2,7)	(6,5)	1,5
Warranty	42,3	9,8	(3,0)	(3,3)	45,8
Other	7,9	8,0	(1,5)	–	14,4
	108,9	24,4	(9,4)	(9,8)	114,1
COMPANY					
Contract completion	3,0	–	(2,1)	–	0,9
Debtor recourse guarantee	10,3	–	–	–	10,3
Warranty	4,8	–	(0,9)	(3,1)	0,8
Other	3,9	7,9	(4,2)	–	7,6
	22,0	7,9	(7,2)	(3,1)	19,6

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Rm	Rm	**Rm**	Rm
25. COMMITMENTS				
Expenditure on property, plant and equipment				
Contracted	**9,4**	3,3	**5,3**	3,0
Authorised not yet contracted	**9,5**	17,4	**8,6**	12,6
	18,9	20,7	**13,9**	15,6
The above expenditure, to occur in 2003, will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, motor vehicles and other assets				
– one year	**17,5**	18,6	**13,3**	13,0
– two to five years	**44,5**	57,9	**27,4**	37,8
– greater than five years	**3,2**	6,0	**–**	–
	65,2	82,5	**40,7**	50,8
Land and buildings	**63,2**	79,1	**39,6**	48,4
Motor vehicles	**0,5**	0,7	**0,3**	0,6
Other	**1,5**	2,7	**0,8**	1,8
Total operating lease commitments	**65,2**	82,5	**40,7**	50,8
26. CONTINGENT LIABILITIES				
Guarantees on behalf of group subsidiary companies			**50,0**	61,9
Sureties for staff loans	**0,3**	0,3	**–**	–
Total contingent liabilities	**0,3**	0,3	**50,0**	61,9

	GROUP			
	2002		2001	
	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
Short-term loans and bank overdrafts		**2,8**		13,8
RC&C Finance Company (Pty) Limited debtors guarantee given by Reunert Limited		**31,8**		21,5
Contingent liabilities (see note 26)		**0,3**		0,3
	1 029,8	**34,9**	897,8	38,3

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. The contracts will be utilised for purposes of trade during 2002 and 2003.

Details of these contracts are as follows:

	GROUP Foreign amount Million	GROUP Rand amount Million
BOUGHT		
Japanese yen	1 009,8	87,4
Euro	8,4	87,5
US dollar	24,6	259,7

29. DIRECTORS' REMUNERATION AND INTERESTS

Payable to the directors of the company by the company and its subsidiaries:

EXECUTIVE DIRECTORS

The directors' remuneration for the year ended 30 September 2002

	Salary R thousands	Bonus and performance related payments R thousands	Other benefits R thousands	Retirement and medical contributions R thousands	Total R thousands
G Pretorius	**1 514**	**850**	**193**	**347**	**2 904**
B P Gallagher	**763**	**351**	**207**	**220**	**1 541**
G J Oosthuizen	**718**	**345**	**141**	**175**	**1 379**
D J Rawlinson	**757**	**329**	**186**	**196**	**1 468**
	3 752	**1 875**	**727**	**938**	**7 292**

The directors' remuneration for the year ended 30 September 2001

	Salary R thousands	Bonus and performance related payments R thousands	Other benefits R thousands	Retirement and medical contributions R thousands	Total R thousands
G Pretorius	1 318	608	370	276	2 572
B P Gallagher	720	360	258	164	1 502
G J Oosthuizen	657	313	133	141	1 244
D J Rawlinson	696	344	227	156	1 423
	3 391	1 625	988	737	6 741

29. DIRECTORS' REMUNERATION AND INTERESTS (continued)

NON-EXECUTIVE DIRECTORS

The directors' remuneration for the year ended 30 September:

	Total paid for the year (all directors' fees) 2002 R thousands	2001 R thousands
D E Cooper	**250,0**	250,0
B P Connellan	**50,0**	55,0
P T W Curtis	**29,2**	70,0
S D Jagoe	**60,0**	55,0
K J Makwetla	**40,0**	40,0
M J Shaw	**60,0**	6,7
J C van der Horst	**40,0**	40,0
C L Valkin	**40,0**	40,0
	569,2	556,7

SHARE OPTIONS

No directors exercised options during the 2002 and 2001 years.

EXECUTIVE DIRECTORS

	Balance of unexercised share options as at 1 October 2001	Number of share options allocated during the year	Balance of unexercised share options as at 30 September 2002	Number of options exercised during the year	Option price R	Date of allocation	Date from which exercisable
G Pretorius	165 000	–	165 000	–	5,45	26 October 1999	26 October 2002
	100 000	–	100 000	–	14,10	1 February 2001	1 February 2004
	150 000	–	150 000	–	15,80	26 September 2001	26 September 2004
B P Gallagher	200 000	–	200 000	–	5,45	26 October 1999	26 October 2002
	50 000	–	50 000	–	14,10	1 February 2001	1 February 2004
	70 000	–	70 000	–	15,80	26 September 2001	26 September 2004
G J Oosthuizen	200 000	–	200 000	–	5,45	26 October 1999	26 October 2002
	50 000	–	50 000	–	14,10	1 February 2001	1 February 2004
	90 000	–	90 000	–	15,80	26 September 2001	26 September 2004
D J Rawlinson	200 000	–	200 000	–	5,45	26 October 1999	26 October 2002
	50 000	–	50 000	–	14,10	1 February 2001	1 February 2004
	30 000	–	30 000	–	15,80	26 September 2001	26 September 2004
	1 355 000	–	1 355 000	–			

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% (2001: 94%) 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 25% (2001: 29%) 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 R4,0 million (2001: R6,1 million).

29% (2001: 31%) 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 R13,7 million (2001: R13,6 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% (2001: 14,5%) of employees' pensionable earnings, with the employees' contributions remaining at 6%. The total employer contribution to this fund amounted to R1,6 million (2001: R0,6 million).

The remaining 40% (2001: 34%) of the group's total employees, who are not members of the abovementioned 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 R14,0 million (2001: R7,3 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:

DEFINED BENEFIT PLAN

Under the scheme the employees are entitled to retirement benefits equal to their number of years' service, multiplied by 2%, multiplied by their final year's salary on attainment of a retirement age of 63. No other post-retirement benefits are provided.

30. RETIREMENT BENEFIT INFORMATION (continued)

Amounts recognised in income in respect of that scheme are as follows:

	Year ended 30 September 2002 Rm
Current service cost	2,8
Interest costs	6,6
Expected return on plan assets	(5,8)
	3,6

The charge for the year has been included in other expenses.

Actual return on plan assets	14,4

The amount included in the balance sheet arising from the group's obligation in respect of defined benefit retirement benefit plans is as follows:

	2002 Rm
Present value of funded obligations	63,8
Unrecognised actuarial gains	5,6
Fair value of plan assets	(67,9)
	1,5

	2002 Rm
At the beginning of year	7,1
Prior year provision released	(6,5)
Amounts charged to income	3,6
Contributions	(2,7)
At the end of year	1,5

	2002 %
Key assumptions used:	
Discount rate	11
Inflation rate	6
Expected return on plan assets	10
Expected rate of salary increases	7,5
Future pension increases	5,7

The next statutory valuation will be performed as at 28 February 2003.

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002 Total Rm	2002 Reunert share Rm	2001 Total Rm	2001 Reunert share Rm
31. SUMMARISED FINANCIAL INFORMATION OF PRINCIPAL ASSOCIATE COMPANIES				
INCOME STATEMENT				
Revenue	**5 526,7**	**2 115,7**	3 876,5	1 124,1
Profit after tax	**236,1**	**70,9**	278,2	81,8
Dividends	**271,0**	**108,4**	248,5	70,9
BALANCE SHEET				
Interest of shareholders	**300,6**	**118,5**	385,2	131,3
Long-term liabilities	**95,7**	**38,4**	92,2	27,6
Property, plant and equipment	**260,2**	**103,4**	273,2	86,5
Deferred taxation	**45,7**	**18,3**	28,2	6,7
Net current assets	**96,3**	**37,4**	166,9	65,7

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	Accounts receivable Rm	Royalties Rm
Pirelli Cable Holding NV (Pirelli)	Pirelli is joint owner of Afcab Holdings which owns African Cables	6,1	3,4	–	–	2,2
BICC CAFCA Limited (Cafca)	African Cables owns 73% of CAFCA	0,4	1,5	0,1	–	–
EADS Deutschland GmbH (EADS)	EADS owns 33% of Reutech Radar Systems	6,8	–	–	2,6	–

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

FINANCING TRANSACTIONS WITH ASSOCIATE COMPANIES

Counterparty	Relationship	Interest earned by Reunert Rm	Interest Paid by Reunert Rm	Outstanding Balance at year-end Rm
ATC (Pty) Limited (ATC)	Reunert owns an effective 38,6% of ATC	0,3	–	–
Siemens Telecommunications (Pty) Limited (Siemens)	Reunert owns 40,0% of Siemens	6,0	–	–

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

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

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

The interest rates used in both instances are based on the daily money market call rates.

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:

	2002 Rm	2001 Rm
To pay	527,2	351,4
To receive	–	9,3

CREDIT RISK

Credit risk relates to the group's accounts receivable and RCCF 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 receivables 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.

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 R497 million (2001: R473 million) for periods up until 21 August 2006 (2001: 18 July 2005) have been entered into. The average fixed rate of the in-the-market swap is 12,70% (2001: 19,13%) and 13,90% (2001: 12,85%) for the out-of-the-market swaps.

33. FINANCIAL INSTRUMENTS (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Type of instrument	2002 Carrying amount Rm	2002 Fair value Rm	2001 Carrying amount Rm	2001 Fair value Rm
Cash and cash equivalents	**283,5**	**283,5**	303,5	303,5
Accounts receivable	**516,2**	**516,2**	450,3	450,3
RCCF accounts receivable	**953,9**	**953,9**	745,1	745,1
Accounts payable	**626,4**	**626,4**	484,0	484,0
RCCF short-term borrowings	**838,5**	**838,5**	324,0	324,0
Forward exchange contracts – imports	**527,2**	**525,7**	351,4	384,3
– exports	**–**	**–**	9,3	10,9
Interest rate swaps*		**(13,5)**		18,0

* *The market value of in-the-market swap is R13,7 million (2001: R2,9 million) and the market value of out-of-the-market swaps is R0,2 million (2001: R20,9 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 the 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.

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.

The 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, have 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%

	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 year to June 2002 (nine months to June 2001) and the balance sheet as at 30 June 2002 (30 June 2001) are reflected below:

	2002 Z$m	2001* Z$m
INCOME STATEMENT		
Revenue	**5 035**	2 129
Operating profit	**485**	158
Interest paid	**66**	28
Profit before taxation	**419**	130
Taxation	**193**	39
Profit after taxation	**226**	91
BALANCE SHEET		
ASSETS		
Non-current assets		
Property, plant and equipment	**1 047**	1 421
	1 047	1 421
Current assets		
Inventory	**478**	295
Accounts receivable	**1 639**	666
	2 117	961
TOTAL ASSETS	**3 164**	2 382
EQUITY AND LIABILITIES		
Share capital and reserves	**1 350**	1 199
Non-current liabilities		
Deferred taxation liabilities	**352**	366
Retirement benefit obligations	**–**	7
	352	373
Current liabilities		
Payables	**989**	712
Net debt	**473**	98
	1 462	810
TOTAL EQUITY AND LIABILITIES	**3 164**	2 382

The official exchange rate at 30 June 2002 was R1: Z$5,47 (30 June 2001 R1: Z$6,82)
The approximate parallel rate at 30 June 2002 was R1: Z$73 (30 June 2001 R1: Z$38,50)

** The 2001 information has been restated in terms of AC 124 on Financial Reporting in Hyperinflationary Economies.*

35. ACQUISITION OF SUBSIDIARIES AND OTHER BUSINESSES

In December 2001 the group acquired Marconi's 21,5% shareholding in Siemens Telecommunications (Pty) Limited (Siemens). During January 2002, Siemens Limited exercised an option to purchase 9% of Marconi's 21,5% from Reunert. The net effect of this transaction was that Reunert purchased an additional 12,5% of Siemens; at a cost of R161,3 million, including goodwill of R137,7 million. In December 2001 Reunert purchased the remaining 42% of Nashua Nedtel Communications (Pty) Limited (NNC) not previously held by it for R261,6 million, including goodwill of R220,7 million. The name of NNC was subsequently changed to Nashua Mobile (Pty) Limited. In February 2002 the group acquired 100% of the assets of Leaf Panasonic, a Panasonic franchise, for a consideration of R28,2 million, including goodwill of R25,2 million. In February 2002 the group acquired the Vodacom client base of Be Clear and Simple for R6,9 million.

Net assets acquired:	Siemens Rm	NNC Rm	Leaf Panasonic Rm	Be Clear & Simple Rm	Total Rm
Property, plant and equipment	–	–	1,3	–	1,3
Inventory	–	–	1,7	–	1,7
Payables and provisions	–	4,1	–	–	4,1
Attributable share of net assets at date of acquisition	23,6	36,8	–	–	60,4
Goodwill on acquisition	137,7	220,7	25,2	6,9	390,5
Cost of investment	161,3	261,6	28,2	6,9	458,0

Principal subsidiaries – Annexure A

AT 30 SEPTEMBER 2002

	Issued capital	Effective percentage holding		Interest of holding company Shares		Interest of holding company Indebtedness	
		2002	2001	**2002**	2001	**2002**	2001
	R	**%**	%	**Rm**	Rm	**Rm**	Rm
OFFICE SYSTEMS							
Nashua Limited	947 794	**100**	100	**6,3**	6,3	**(9,4)**	(7,5)
Royce Imaging Industries (Pty) Limited	100	**100**	100			**18,3**	12,0
RC&C Finance Company (Pty) Limited	4 000	**10***	10*	**13,0**	13,0	**(0,9)**	–
CONSUMER PRODUCTS AND SERVICES							
Nashua Mobile (Pty) Limited (formerly Nashua Nedtel Communications (Pty) Limited)	9 741 983	**100**	58	**267,8**	14,1	**–**	2,4
Reunert Consumer and Commercial Holdings Limited	100	**100**	100	**45,0**	45,0	**(43,1)**	(52,3)
NPC (Electronics) Limited	33 000	**100**	100	**0,2**	0,2	**(2,7)**	(0,5)
NPC (Airconditioning) Limited	200 000	**100**	100	**2,2**	2,2	**(0,7)**	(5,5)
Pansolutions (Pty) Limited	100	**100**	100			**(1,0)**	–
Futronic (Pty) Limited	100	**100**	100				
RC&C Manufacturing Company (Pty) Limited	100	**100**	100			**–**	7,0
RC&C (Parow Factory) Properties (Pty) Limited (formerly NPC Parow Factory (Pty) Limited)	2	**100**	100	**0,5**	0,5	**–**	3,5
Saco Systems Limited (formerly Reutech Global Systems Limited)	16 556	**100**	100			**5,2**	6,4
Saco Systems (Pty) Limited	96 000	**100**	100			**(0,7)**	(0,7)
TELECOMMUNICATIONS							
Acuo Technologies (Pty) Limited (formerly Reutech Commercial Electronics (Pty) Limited)	4 000	**100**	100			**(0,5)**	(0,1)
REUTECH							
Fuchs Electronics (Pty) Limited	50 000	**100**	100				
Reutech Defence Industries (Pty) Limited	600 000	**100**	100	**0,3**		**0,4**	0,4
Reunert Defence Logistics (Pty) Limited	2 000	**70**	70			**4,9**	5,1
Reutech Radar Systems (Pty) Limited	200	**57**	57	**8,6**	8,6		
Reutech Limited (formerly Reunert Mechanical Systems Limited	30 000 000	**100**	100	**5,0**			
LOW VOLTAGE ELECTRICAL							
Circuit Breakers Industries Limited	46	**100**	100			**3,8**	(1,9)
Heinemann Holdings Limited	35 000	**100**	100	**16,4**	16,4		
CABLES							
African Cables Limited	9 886 098	**50**	50				
Afcab Holdings (Pty) Limited	4 000	**50**	50			**99,9**	99,9
INVESTMENTS AND SERVICES							
Reunert Finance Company Limited	4 000 000	**100**	100	**4,0**	4,0	**(120,2)**	83,8
Bargenel Investments Limited	7	**100**	100	**168,0**	168,0	**(104,3)**	(17,6)
Reunert Management Services Limited (formerly Reunert Management Services (Pty) Limited)	4 000	**100**	100			**(0,1)**	(2,2)
Sundry				**6,0**	6,2	**(3,6)**	(8,4)
				543,3	284,5	**(154,7)**	123,8
Indebtedness (net)				**(154,7)**	123,8		
				388,6	408,3		
Provision for goodwill write-off				**(45,9)**	(45,9)		
Provision for losses				**(38,2)**	(48,3)		
Interest in subsidiaries				**304,5**	314,1		

** 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 dividends of the company.*

Share ownership analysis

AT 30 SEPTEMBER 2002

Ordinary shares	Number of shareholders	%	Number of shares Thousands	%
HOLDINGS				
1 – 500	3 406	84,5	271	0,1
501 – 2 500	439	10,9	451	0,2
2 501 – 5 000	76	1,9	282	0,1
5 001 and over	109	2,7	203 421	99,6
	4 030	100,0	204 425	100,0

	Ordinary shares %	
	2002 Millions	2001* Millions
MAJOR HOLDINGS THROUGH MANAGERS		
Old Mutual Asset Management (SA)	**23,1**	26,0
RMB Asset Management (SA)	**17,5**	15,2
Investec Asset Management (SA)	**10,3**	9,8
Sanlam Investment Managers (SA)	**5,8**	1,3
Stanlib Limited (SA)	**5,8**	6,2
Franklin Templeton Investments (US)	**3,8**	3,9
Investec Securities (SA)	**2,0**	1,5
BoE Asset Management (SA)	**1,8**	1,6
HSBC Securities (SA)	**1,4**	0,3
Oasis Asset Management (SA)	**1,3**	1,0

	Number of shareholders			
	Ordinary shares	%	5,5% cumulative preference shares	%
SHAREHOLDER SPREAD				
Public shareholders	9 972	60,3	68	85
Non-public shareholders	46	39,7	1	15,0
– Total directors	7	0,5		
– Reunert share purchase trust	36	0,7		
– Bargenel Investments Limited (share buyback)	1	8,4		
– Public Investment Commissioners (SA)	1	16,8		
– Old Mutual Life Assurance Company SA Limited	1	13,3		
– Old Sillery (Pty) Limited			1	15,0
	10 018	100	69	100

	Ordinary shares Millions	%	5,5% cumulative preference shares Thousands	%
BENEFICIAL HOLDINGS IN EXCESS OF 5% OF ISSUED SHARE CAPITAL				
Public Investment Commissioners (SA)	34,4	16,8		
Old Mutual Life Assurance Company SA Limited	27,2	13,3		
Bargenel Investments Limited	17,2	8,4		
Old Sillery (Pty) Limited			52,5	15,0
New Shelf 614 (Pty) Limited			34,2	9,8
H F Richardson			31,9	9,1
D F Foster			22,7	6,5
J Fisher			19,9	5,7
R Glyn			19,8	5,6
J E G Wright			18,2	5,2

** The 2001 information is stated as at 31 December 2001 being the earliest point at which this information is available.*

Shareholders' diary

REPORTING

Annual general meeting	11 February 2003
Financial year-end	30 September 2003
Announcement of interim results for 2003	8 May 2003
Announcement of final results for 2003	19 November 2003
Annual report for 2003 posted by	10 December 2003

DIVIDENDS

FINAL FOR 2002

Ordinary shares

Last date to trade (cum dividend)	17 January 2003
First date of trading (ex dividend)	20 January 2003
Record date	24 January 2003
Payment date	27 January 2003

Shares may not be dematerialised or rematerialised between 20 January 2003 and 24 January 2003, both dates inclusive.

5,5% cumulative preference shares

Declared	18 November 2002
Payable	17 January 2003

INTERIM FOR 2003

Ordinary and 5,5% cumulative preference shares

Declared	7 May 2003
Payable	June 2003

Please note that interim reporting dates are subject to change.

Administration

R G Drakes (55)
CA(SA) (Hons)
Financial Director
Reunert Management Services Limited

SECRETARIES

Reunert Management Services 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

Computershare Investor Services Limited
Edura, 41 Fox Street
Johannesburg

POSTAL ADDRESS

PO Box 61051
Marshalltown
2107

AUDITORS

Deloitte & Touche

INFORMATION

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

Investors, analysts and other seeking information on Reunert Limited should contact Carina de Klerk, Reunert's Communication Manager

Tel +27 11 517 9000
Fax +27 11 804 5997
E-mail: info@reunert.co.za
Visit our website at www.reunert.com

Notice of annual general meeting

Notice is hereby given that the eighty-ninth 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, 11 February 2003 at 11:00 for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited annual financial statements and group annual financial statements for the year ended 30 September 2002.
2. To elect directors in place of those retiring in accordance with the company's articles of association.
3. To determine the remuneration of non-executive directors with effect from 1 October 2002 in accordance with the company's articles of association as follows:

	Current per annum	Proposed per annum
Chairman	R250 000	R300 000
Annual fees	R40 000	R60 000
Audit committee	R10 000	R20 000
Audit committee chairman	R20 000	R30 000
Remuneration committee	R10 000	R20 000

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

SPECIAL BUSINESS

5. To consider and, if deemed fit, to pass, with or without modification, the following special and ordinary resolutions:

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."

ORDINARY RESOLUTION NO 2

"Resolved that the ordinary shares not allotted nor issued at 11 February 2003 (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 the provisions of the Companies Act, 1973 as amended (the Act), and the Listings Requirements of the JSE Securities Exchange South Africa, to allot or issue those shares at their discretion on such terms and conditions as and when they deem it appropriate to do so."

ORDINARY RESOLUTION NO 3

"Resolved that the company's directors be hereby authorised by way of a general authority to issue unissued shares in the company for cash as and when suitable opportunities arise, subject to the following limitations:

- that this authority shall not extend beyond 15 months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
- that the issue shall be to public shareholders, as defined in paragraph 4.26 of the JSE Listings Requirements and not to related parties;
- that a paid press release, giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares issued prior to the issue;
- that issues in the aggregate in any financial year shall not exceed 15% of the number of ordinary shares of the company's issued share capital, including instruments which are convertible into ordinary shares;

- that, in determining the price at which an issue for shares will be made in terms of this authority, the maximum discount permitted be 10% of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed to by the company's directors; and

- any other requirements the JSE may have.

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.

SPECIAL RESOLUTION NO 1

"Resolved that the company's directors be hereby authorised, by way of a general authority, to repurchase issued shares in the company or to permit a subsidiary of the company to purchase shares in the company, as and when deemed appropriate, subject to the following limitations:

- that this authority shall not extend beyond 15 months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;

- that any such repurchase be implemented on the open market of the JSE Securities Exchange South Africa ("JSE");

- that a paid press release giving such details as may be required in terms of the Listings Requirements of the JSE be published when the company or its subsidiaries have cumulatively repurchased 3% of the shares in issue;

- that the general repurchase may not in the aggregate in any one financial year exceed 20% of the number of shares in the company's issued share capital at the time this authority is given provided that a subsidiary of the company may not hold at any one time more than 10% of the number of issued shares of the company;

- that, in determining the price at which shares may be repurchased in terms of this authority, the maximum premium permitted be 10% above the weighted average traded price of the shares as determined over the 5 (five) days prior to the date on which the transaction was agreed; and

  the sponsor to the company provides a letter on the adequacy of working capital in terms of section 2.14 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE;

- that such repurchase shall be subject to the Companies Act (Act 61 of 1973), as amended, ("the Companies Act") and the applicable provisions of the Listings Requirements of the JSE;

- the directors undertake that, for a period of 12 months following the date of the annual general meeting or for the period of the general authority, whichever is the longer, they will not undertake any such repurchases unless:

  – the company and the group will, after payment for such maximum repurchase, be able to repay their debts in the ordinary course of business;

  – the company's and the group's assets, fairly valued according to Generally Accepted Accounting Practice and on a basis consistent with the last financial year of the company, will, after such payment, exceed their liabilities;

  – the company's and the group's ordinary share capital and reserves will, after such payment, be sufficient to meet their needs; and

– the company and the group will, after such payment, have sufficient working capital to meet their needs.

The board has no immediate intention to use this authority to repurchase shares in the company. However, the board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The reason for and the effect of the special resolution is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

SPECIAL RESOLUTION NO 2

"Resolved that the articles of association of the company be and are hereby amended by deleting the words 'twelve years' in article 96 and replacing them with the words 'three years'."

The reason for special resolution number 2 is to amend the company's articles of association to change the time period for the forfeiture of dividends declared by the company which remain unclaimed by members from twelve years to three years.

The effect of special resolution number 2 will be to change the period for the forfeiture of dividends declared but which remain unclaimed by the members of the company from twelve years to three years.

Members who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name, are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms should be forwarded to reach the registered office of the company not less than 24 hours before the time fixed for the holding of the meeting.

Members who have dematerialised their shares and registered them in the name of a CSDP or broker should contact their CSDP or broker to make the relevant arrangements to attend/vote at the meeting.

By order of the board

Reunert Management Services Limited

Company Secretaries

Sandton

18 November 2002

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.

	2002	2001
US dollar	**0,0952**	0,1107
Pound sterling	**0,0604**	0,0752
Swiss franc	**0,1403**	0,1798
German mark	**–**	0,2380
French franc	**–**	0,7979
Belgian franc	**–**	4,9070
Japanese yen	**11,6152**	13,2360
Euro	**0,0963**	0,1216

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 11 February, 2003 at 11:00 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. Special resolution No 1			
8. 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.

G R A P H I C O R
2 7 9 7 9

Visit our website: www.reunert.com

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